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Financial Reporting Council
c/o: **codereview@frc.org.uk**

13 September 2023

Dear Sir/Madam,

Subject: Proposed updates to UK Corporate Governance Code (consultation – May 2023)

I am writing on behalf of Experian plc in response to the FRC consultation paper on changes to the UK Corporate Governance Code (the "Code"), which was issued in May 2023.

We welcome the opportunity to share our views through this consultation. We are strong believers in the importance of good corporate governance and support reform that strengthens the UK's governance environment, provided it is both proportionate and practical. We support the UK becoming a world leading example of where to stimulate business growth and creation, and agree with the ambition of the Government and others in setting out a clear agenda on how we can make changes that achieve that overall aim and objective.

Where changes are being introduced, we would continue to urge that there is sufficient flexibility for companies in how the principles are applied, that the timeline for implementation is not rushed, and that there is period of stability after the adoption date to allow for assessment of impact before any further changes are applied. A thorough impact assessment for how any changes work towards UK productivity and growth would in addition ensure that we avoid the risk of 'gold plating' beyond the remit of what is deemed to be a necessary change.

We note with interest that the views expressed in the detailed consultation response submitted by the GC100 (the association for the general counsel and company secretaries of companies in the UK FTSE 100) and the Chartered Governance Institute are broadly consistent with those of Experian. We would particularly endorse the key themes/principles outlined in the GC100 response for further consideration and reflection in the finalisation of the changes to the Code.

We would also like to draw attention to concerns that we have with specific proposed amendments to the Code, which we hope can be addressed prior to its finalisation.

Outcomes-Based Reporting

Rather than encouraging outcomes-based reporting, we believe that many of the proposed changes will further engender the trends of compliance driven "box ticking" disclosure, increasing the number of disclosures at the expense of quality of disclosure. It therefore has the potential to significantly add cost without providing meaningful enhancements to good corporate governance. (Ref: Question 1, 5, 8).

Proportionality of change

It is critical that there is a regulatory environment which allows UK-listed businesses to remain competitive, innovative, and pro-growth without the expense and distraction of unnecessary and burdensome bureaucracy. (Ref: Question 13, 14, 15, 17).

[redacted]

- The combination of corporate reform changes being introduced through Code change and proposed legislation go beyond those in other jurisdictions. The cost of implementing the reforms as proposed will be significant and will place UK-listed companies at a competitive disadvantage compared to peers operating in those other jurisdictions. In a post Brexit environment, it is critical that we focus on those reforms which have real positive impact, as assessed on a periodic basis for need. We believe some of the change proposed to the Code may not deliver the outcomes expected in a proportionate manner taking account of the investment required.

- The proposals around the Board declaration are unnecessarily broad in its nature and scope and in its expectations around continuous monitoring. A declaration based on a position at a balance sheet date would be more meaningful, proportionate and comparable to other jurisdictions. We would be happy to engage further with you on this point from a practical perspective.

- Broadening the scope of the Board's declaration to cover controls beyond financial reporting would not mitigate in any meaningful way the risk of corporate failure, whilst adding significant burdens to UK-listed enterprises. Further, this extension would require extensive guidance and implementation timescales given that the concepts of materiality, well understood within financial reporting, are not easily extendable into other risk areas without more qualitative judgement.

Clarity of guidance

While the Code should remain principles-based to allow companies to retain flexibility in how its requirements are met, detailed guidance to support the controls declaration is needed well in advance of the planned implementation date to ensure that companies do not have to invest unnecessary cost and resource. (Ref: Questions 13 and 16). By ensuring the continuation of this flexibility in a self-regulatory environment that meets the principles set out, the UK governance model will continue to work for multiple structures and sizes of companies, not all of which will be accustomed to a burdensome regime of compliance demands.

Should the proposals be adopted as proposed, and given the absence as yet of detailed guidance, we would recommend a later and phased approach to implementation which starts with internal controls over financial reporting and extends at later dates into other control areas. This would allow UK-listed companies time to ramp the significant additional cost and resources required and for sufficient time to be taken to develop and consult on implementation guidelines, without deflecting focus on the need to remain competitive and innovative in the UK market.

We would encourage that finalisation of the Code is made in conjunction with the requirements for the other Corporate Reform measures, so that the aggregate change is proportionate to its intent, with ongoing consultation and partnership with industry to ensure the practicality of approach.

We welcome an ability to input to further regulatory reform proposals as they are developed, and would appreciate the opportunity for further engagement, if helpful as this work develops, with our team working on the reform measures.

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