

São Paulo, September 13th, 2023

Mr. David Styles

Director of Corporate Governance and Stewardship

Financial Reporting Council

Sent by e-mail to: codereview@frc.org.uk

Brazilian Institute of Corporate Governance (IBGC) – Comments to the UK Corporate Governance Code Consultation

Dear Mr. Styles,

Thank you for the opportunity to comment on the UK Corporate Governance Code Consultation. The UK Code serves as a cornerstone for corporate governance practices, not only within the United Kingdom but also as a global benchmark. Its principles and guidelines play a pivotal role in shaping ethical, transparent, and accountable corporate behavior, which is essential for the long-term sustainability and success of organizations. The IBGC appreciates the opportunity to engage in this crucial dialogue and contribute to the enhancement of the UK Code. We are looking forward to continuous collaboration and the positive impact that our collective efforts will undoubtedly have on the global landscape of corporate governance.

We welcome the new reference in Provision 1:

The board should assess the basis on which the company generates and preserves value over the long-term. It should describe in the annual report how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the company's business model and how environmental and social matters are taken into account in its governance contributes to the delivery of its strategy, including its climate ambitions and transition planning.

Elevating reporting on the impact of governance in the Provision 1 strategy for Principle D, separating it from environmental and social matters, is a salutary recognition of the importance of governance activity. Corporate governance must always be thought of and carried out based on its impacts and results.

After considering the reviews with the support of the IBGC technical team, we present our suggestions in the next page.

Yours sincerely,



Public Affairs Team

IBGC

Original version	IBGC suggestion	Comments
Provision 3: The chair should ensure that the board has a clear understanding of the views of shareholders, and report in the annual report on the outcomes of the engagement which has taken place with them during the reporting period.	Provision 3: The chair should ensure that the board has a clear understanding of the views of shareholders and stakeholders , and report in the annual report on the outcomes of the engagement which has taken place with them during the reporting period.	This practice cannot be limited to shareholders alone. It may also be relevant in relation to stakeholders. In the sixth edition of the <i>Code of Best Corporate Governance Practices</i> , the IBGC recommends: “ <i>The board of directors should create relationship and engagement channels with shareholders and other stakeholders, for example, by means of specific meetings with these audiences, with an adequate definition of the board’s spokesperson and compliance with the need for secrecy on certain matters to avoid information asymmetries</i> ”.
Principle I	Principle I	Taking into account the UK Code's benchmark function for developing corporate governance codes for other

<p>Both appointments and succession plans should be based on merit and objective criteria. They should promote equal opportunity, and diversity and inclusion of protected characteristics and nonprotected characteristics including cognitive and personal strengths</p>	<p>Both appointments and succession plans should be based on merit and objective criteria. They should promote equal opportunity, and diversity and inclusion of protected characteristics and nonprotected characteristics (age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation), including cognitive and personal strengths.</p>	<p>jurisdictions, we suggest maintaining the list of diversity characteristics. Removing the list of priority diversity characteristics reduces the sense of urgency for affirmative actions aimed at diversity of gender, social and ethnic. Therefore, for better communication, it is important to still mention these diversity characteristics which is related in the Equality Act 2010 to highlight their strategic priority.</p>
<p>26. The main roles and responsibilities of the audit committee should include:</p> <p>(...)</p> <ul style="list-style-type: none"> • monitoring the integrity of narrative reporting, including sustainability matters, and reviewing any significant reporting judgements; 	<p>26. The main roles and responsibilities of the audit committee should include:</p> <p>(...)</p> <ul style="list-style-type: none"> • monitoring the integrity of narrative reporting, including sustainability matters, and reviewing any significant reporting judgements, ensuring alignment of the disclosure with high-quality internationally recognized standards. 	<p>With the issuance of IFRS S1 and IFRS S2 by the International Sustainability Standards Board (ISSB), a new era of sustainability-related financial disclosures began. More and more companies and investors seek international standards for sustainability-related disclosures. Therefore, it is important to ensure that the sustainability report is aligned with high-quality internationally recognized standards.</p>

About IBGC

Founded on November 27th, 1995, the Brazilian Institute of Corporate Governance (IBGC), a civil organization, is the Brazilian reference and one among the main reference organizations for corporate governance worldwide. Its purpose is to generate and disseminate knowledge on the best corporate governance practices and influence the most diverse agents in its adoption, contributing to the sustainable development of organizations and, consequently, to a better society.