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# UK Corporate Governance Code

**[The UK Corporate Governance Code 2018](#)** (PDF) (published in July 2018) applies to accounting periods beginning on or after 1 January 2019. It places greater emphasis on relationships between companies, shareholders and stakeholders. It also promotes the importance of establishing a corporate culture that is aligned with the company purpose, business strategy, promotes integrity and values diversity.

All companies with a Premium Listing of equity shares in the UK are required under the Listing Rules to report in their annual report and accounts on how they have applied the Code. See the relevant section of the [Listing Rules](#).

The Code focusses on the application of the Principles and reporting on outcomes achieved. For the Code's Provisions, companies should disclose how they have complied with these or provide an explanation appropriate to their individual circumstances.

Carefully considered corporate governance policies and practices along with high levels of transparency can lead to improved levels of trust. This will allow investors to take a more considered view of the governance of the company, particularly where explanations have been provided.

**[The UK Corporate Governance Code 2016](#)** (PDF) remains in place for those companies whose year ends occurred before 1 January 2019.

## Explanations

It is important that companies provide clear and meaningful explanations when they choose not to comply with one of the provisions of the Code, so that their shareholders can understand the reasons for doing so and judge whether they are content with the approach the company has taken. There may be many good reasons why a company may choose not to comply and an explanation does not imply poor governance.

Explanations should be full and include reference to context and coherent rationale. They should explain how the company is fulfilling the relevant principle of the Code and also whether deviation from its provisions is time limited. Ideally explanations should be sufficiently full to meet the needs of all shareholders.

Additional background and information on 'comply or explain' is included in the FRC's paper titled [What Constitutes an Explanation under 'Comply or Explain'? \(PDF\)](#). These include, for example, providing a clear rationale for the action taken and describing any mitigating actions.

## Consultation on a revised UK Corporate Governance Code 2017/18

The review has now concluded and please [click here](#) to read the press notice and the Feedback Statement which were published alongside the new 2018 UK Corporate Governance Code.

In February 2017, the FRC announced plans for a comprehensive review of the UK Corporate Governance Code. A public consultation, including a draft revised Code, was issued in December 2017 and closed on 28 February 2018 - for details on the consultation papers and the public responses received (see [here](#)).

The review built on the Code's globally recognised strengths developed over the past 25 years. It also considered the appropriate balance between the Principles and Provisions and the growing demands on the corporate governance framework.

We have taken account of our work on [corporate culture](#) and succession planning, and the issues raised in the Government's [Green Paper](#) and the report by the [Business, Energy and Industrial Strategy \(BEIS\) Select Committee Inquiry](#).

The FRC responses to these papers:

[FRC Response to BEIS Green Paper consultation on Corporate Governance Reforms](#)

[FRC Response to the BEIS Select Committee Corporate Governance Inquiry](#)

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