

Appendix 3.06.12 Revised UK Corporate Governance Code 2018 FRC highlights

The detailed changes include:

*Stakeholders*

- Emphasis on improving the quality of the board and company's relationships with a wider range of stakeholders.
- Taking effective action when receiving significant shareholder votes against resolutions and reporting back more promptly.
- Board responsibility for workforce policies and practices which reinforce a healthy culture.
- Engaging with the workforce through one, or a combination, of a director appointed from the workforce, a formal workforce advisory panel and a designated non-executive director, or other arrangements which meet the circumstances of the company and the workforce.
- The ability for directors and the workforce to be able to raise concerns and for effective enquiry of these concerns.

*The boardroom*

- Emphasis on importance of independence and constructive challenge of the boardroom.
- Strengthening consideration of 'overboarding'.
- A focus on diversity, the length of service of the board as a whole, and effective board refreshment.
- 'Comply or explain' provision for a maximum nine-year length of service, allowing flexibility to extend "to facilitate effective succession planning and the development of a diverse board... particularly in those cases where the chair was an existing non-executive director on appointment".
- Nomination committee responsibility for more effective succession planning that develops a more diverse pipeline. Reporting on the gender balance of senior management and their direct reports.
- Higher quality external board evaluations, emphasising the importance of the evaluator's direct contact with the board and individual directors.

*Remuneration*

- More demanding criteria for remuneration policies and practices.
- Clearer reporting on remuneration, how it delivers company strategy, long-term success and its alignment with workforce remuneration.
- Directors exercising independent judgement and discretion on remuneration outcomes, taking account of wider circumstances.
- Remuneration committee chair should have served on a remuneration committee for at least 12 months.