

UK Corporate Governance Code 2024

The Financial Reporting Council published the [updated UK Corporate Governance Code](#) on 22 January 2024, followed by [guidance](#) on 29 January.

Effective from: 1 January 2025 or, in the case of new Provision 29 on internal controls, 1 January 2026.

The structure of the Code is largely unchanged from the 2018 edition and, as the FRC advised on 7 November, does not carry forward a number of the original proposals on which the FRC consulted over Summer 2023.

A new Principle has been included to encourage companies to report on outcomes and activities. A number of provisions have been removed related to Audit Committees as these provisions are now within the [Audit Committees and the External Audit: Minimum Standard](#).

The principal changes are those around internal controls. In particular, Principle O and a new Provision 29, effective from 1 January 2026, which asks boards to make a declaration in relation to the effectiveness of their material internal controls.

The new guidance has effectively combined the existing three sets of guidance – Guidance on Board Effectiveness, Guidance on Audit Committees and Guidance on Risk Management Internal Controls and Related Financial Business – into one shorter document.

The FRC has been keen to emphasise that the guidance is no more or less than that – guidance. There has been some anecdotal evidence that some investors or their agents have been treating the guidance as part of the Code.

The FRC, however, has been very clear that the Code is on a 'comply or explain' basis and that the guidance simply offers suggestions as to how companies might demonstrate compliance. It is, emphatically, not mandatory and should not be treated as such.

For further information on the amendments to the Code please see [Key Changes to the UK Corporate Governance Code](#) and the [UK Corporate Governance Code 2024 mythbuster](#).

The Institute welcomed the new Code and guidance. Peter Swabey, Policy & Research Director commented that: "There are a number of sensible and helpful revisions and we are pleased to see that several of the suggestions in our consultation response have been included. The FRC's guidance is enormously helpful to companies in providing examples of ways in which they can demonstrate compliance with the Code and we welcome the clarity with which the guidance states that it is "not mandatory, and not part of the Code itself, and is not prescriptive. It contains suggestions of good practice to support directors and their advisers in applying the Code."