

State Street Global Advisors
10 Churchill Place
Canary Wharf
London
ssga.com

13 September 2023

The Financial Reporting Council
Submitted via email to: codereview@frc.org.uk

Re: Revisions to the UK Corporate Governance Code

Dear Sir/Madam:

State Street Global Advisors¹ appreciates the opportunity to provide feedback on the proposed revisions issued by the Financial Reporting Council (“FRC”) on the UK Corporate Governance Code.²

State Street Global Advisors is the investment arm of State Street Corporation, a leading provider of financial services to institutional investors. Our approach to proxy voting and issuer engagement is premised on the belief that companies with robust governance practices are often better positioned to generate long-term value and manage risk.

We continue to support the FRC’s work to strengthen the Code and while the consultation paper addresses revisions to several important aspects of the Code, we have limited our response in this letter to the proposed policy options relating to directors’ commitments (question 4), which we, in summary, support.

Division of responsibilities – directors’ commitments

The consultation paper discusses the importance of companies taking into consideration demands on directors’ time when making board appointments and concludes that the current provisions of the Code need to more accurately reflect standard practice. Out of the two policy options presented to revise expectations in this regard, we support the first proposal, which would require companies:

“[...] to specify that the annual board performance review should consider each director’s commitments to other organisations, and how directors are able to make sufficient time available to discharge their role effectively.”³

¹ USD 3.8 trillion assets under management, as of June 30, 2023; this includes approximately USD 63 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated. Please note all AUM is unaudited.

² [UK Corporate Governance Code consultation document \(frc.org.uk\)](https://www.frc.org.uk/consultation/uk-corporate-governance-code-consultation-document)

³ Para 24, pg. 6.

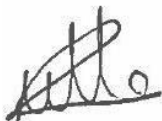
This is consistent with State Street Global Advisors' expectations of investee companies, which can be found in our "[Guidance on Board Oversight of Director Time Commitments](#)." As we have long believed, investors would benefit from increased transparency over how Nominating Committees assess their directors' time commitments and what factors are included in this discussion. 173 of our investee companies in the U.S. have updated their corporate governance guidelines and are now aligned with our disclosure expectations. Further, the Council of Institutional Investors, a leading industry body in the U.S., has also updated its governance policies to introduce enhanced disclosure expectations regarding director time commitments. ⁴

Consistent with the FRC's first proposed policy option, we expect companies to disclose the board's annual review process for evaluating directors' overall time commitments, and so we fully support a similar approach being adopted in the UK Corporate Governance Code.

We hope our experience of the effectiveness of this proposed approach will be useful in your review. Please do not hesitate to contact Benjamin Colton [Benjamin_colton@ssga.com] should you wish to discuss this submission in more detail.

Yours sincerely,

Alex Castle



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Chief Executive Officer,
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Karen Wong



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⁴ https://www.cii.org/corp_gov_policies#BOD (CII Corporate Governance Policies, Article 2.11)