



Financial Reporting Council

The Rt Hon Kemi Badenoch MP
Secretary of State for Business & Trade
President of the Board of Trade
Minister for Women & Equalities
Department for Business and Trade
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By e-mail: Badenoch.Correspondence@businessandtrade.gov.uk

22 November 2023

Dear Secretary of State,

FRC REMIT LETTER

Thank you for your letter of 22 November welcoming me to my role and updating the government's view on the FRC's remit.

It is both timely and helpful to have this clarity, especially your view on how our work contributes towards the government's broader vision to make the UK the best place in the world to start, grow and invest in a business.

I am writing to confirm that we will renew our focus on putting this updated remit into practice.

We are conscious that the UK having a good reputation for high standards of governance, audit and financial reporting generally, contributes to UK plc and its ability to attract global capital. We agree, however, that our requirements and expectations must be proportionate.

I'm keen to make sure our growth duty is appropriately embedded across all our work so we can better deliver on our core statutory purpose to enhance public trust and confidence in the quality of audit and corporate reporting and governance whilst supporting the UK's economic growth and its international competitiveness.

Our immediate priorities in this regard are to conclude our review of the UK Corporate Governance Code and then move to undertake a fundamental review of the UK Stewardship Code. We will also engage with stakeholders on a review of our guidance associated with the Corporate Governance Code. Consistent with our Policy Statement on 7 November, we want to ensure that these important and globally respected Codes achieve very effective governance and stewardship outcomes in a proportionate way, with any unnecessary or disproportionate requirements or guidance removed or streamlined. Alongside this we will continue to ensure our oversight and supervision of audit quality and financial reporting is effective.

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Thank you for your recognition that the FRC has made significant progress as an organisation. We have come a long way over the past four years, albeit I assure you we are not complacent and we will continually strive for improvement whilst we await legislation to modernise our statutory authorities in line with a transition to a new Audit, Reporting and Governance Authority. I have been encouraged in my first few weeks by how widespread the stakeholder support is for this vision. I want to assure you that the future prospect of such legislation will not distract us from undertaking our current, important, remit to the best of our ability. As requested in your letter I will be pleased to report back in a year's time on the steps that the FRC has taken in promoting competitiveness and growth.

Finally, can I place on record my sincere thanks to your team for their continued close and constructive working with my team.

Best wishes,

A handwritten signature in blue ink, appearing to be 'R Moriarty', written over a thin horizontal line.

Richard Moriarty
Chief Executive Officer