



Corporate Governance snapshot: Preparing your annual report and AGM notice in 2023

This snapshot summarises the key developments and issues arising over the last 12 months which impact the 2022 annual report and the AGM in 2023. For further information or to obtain a copy of our briefing on preparing your annual report and AGM notice in 2023, please email one of the Corporate Governance Advisory team below.



The annual report in 2023

- **Climate disclosures:** The Listing Rules require companies to include a statement in their annual report confirming whether it (or another document) contains disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures, and to explain if they have not made such disclosures. In July 2022, the Financial Conduct Authority (FCA) published a review of TCFD disclosures and the Financial Reporting Council (FRC) also published a Thematic Review (see our blog post [here](#)). New guidance in the Listing Rules states that where a company makes disclosures on transition plans, and it is headquartered or operates in a country that has made a commitment to a net zero economy, it is encouraged to assess the extent to which it has considered that commitment in developing its transition plan (see our blog post [here](#)).
- **Additional climate-related disclosure requirements:** For financial years beginning on or after 6 April 2022, certain UK-incorporated listed companies and large private companies will need to include in their strategic report climate-related financial information broadly in line with the TCFD Recommendations and Recommended Disclosures, pursuant to changes made by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (see our detailed briefing [here](#)).
- **Structured electronic reporting:** Listed companies were required to produce their annual report in structured electronic format and to electronically tag consolidated financial statements produced in accordance with IFRS for the first time in 2022. For financial years beginning on or after 1 January 2022, companies must also tag the notes to the consolidated financial statements. The approved taxonomies for tagging are set out in [UK Transparency Directive European Single Electronic Format \(TD ESEF\) Regulation](#). In September 2022, the FRC Lab published a [report on structured digital reporting](#) which reflected on good practice.

- **Diversity-related disclosures:** New Listing Rule requirements mean that listed companies must include in their annual report a statement confirming whether they have met three board diversity targets. They must also include data in a prescribed tabular form on the gender identity or sex, and the ethnic diversity, of members of their board and executive management. Whilst these requirements apply for financial years beginning on or after 1 April 2022, the FCA is encouraging early adoption (see our snapshot [here](#)).
- **Corporate governance reporting:** The FRC has published its annual review of reporting on the UK Corporate Governance Code (see our blog post [here](#)) as well as guidance on what makes a good annual report (see our blog post [here](#)).
- **Other reporting guidance:** The FRC updated its Guidance on the Strategic Report in 2022 (see our blog post [here](#)). The FRC Lab has published various reports including on net zero disclosures (see our blog post [here](#)) and digital security risk disclosures (see our blog post [here](#)).



The AGM in 2023

- **New Pre-Emption Group Guidelines:** The PEG Guidelines were updated in November 2022. Companies may now seek disapplication authorities of up to 20%, comprising a general disapplication authority over up to 10% of issued share capital and an additional authority over up to another 10% of issued share capital where the proceeds must be used to fund an acquisition or a specified capital investment. In both cases, a further authority of up to 2% of issued share capital can be sought for a 'follow-on offer' as defined in the Guidelines. The PEG also published new template resolutions which may be used when seeking disapplication authorities (see our blog post [here](#)).
- **Sanctions:** Companies should continue to liaise with their registrars on the impact of the sanctions regimes introduced due to the war in Ukraine ahead of corporate actions including dividend payments and the voting of shares.

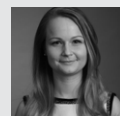
- **Latest proxy voting guidance:** ISS and Glass Lewis have published their voting guidelines for 2023. They include additional commentary on issues including board diversity, climate change and audit committees. Both confirm that they support the revised PEG Guidelines (see our blog post [here](#)).
- **FRC guidance:** The FRC published good practice guidance for company meetings in July 2022 which addresses how to run an effective AGM and maximise shareholder engagement, particularly in light of the increased use of hybrid meetings (see our blog post [here](#)).



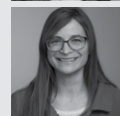
Future annual report changes

- **Sustainability disclosures:** In October 2021, the Government published a policy paper, [Greening Finance: A Roadmap to Sustainable Investing](#), which set out its ambition to green the financial system and align it with the UK's net zero commitment. Proposals covered in the paper included sustainability disclosures (which will be based on the forthcoming International Sustainability Standards Board global sustainability disclosure standards - see our blog post [here](#)), the mandatory publication of transition plans and the adoption of a UK green taxonomy.

Key contacts



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