

Ashurst

AGC Conference 2025 - Planning your 2026 AGM and reporting agenda

Wednesday 26 November 2025



AGC Conference 2025 - Planning your 2026 AGM and reporting agenda

Timings	Agenda
8:30 – 9:00	Registration and breakfast
9:00 – 9:05	Welcome introduction <i>Will Chalk</i> , Ashurst
9:05– 10:00	Preparing for sustainability reporting requirements and Transition Plans – what you need to know <i>Becky Clissmann</i> , Ashurst; <i>Eleanor Reeves</i> , Ashurst; <i>Maria-Laure Knapp</i> , Ashurst; and <i>Tom Cummins</i> , Ashurst
10:00 – 10:30	Corporate Crime update <i>Ruby Hamid</i> , Ashurst
10:30 – 10:45	Networking and refreshments
10:45 – 12:00	Governance, reporting and AGMs in 2026 <i>Will Chalk</i> , Ashurst; <i>John Papadakis</i> , Ashurst; and <i>Maureen Beresford</i> , Financial Reporting Council



Speakers



Will Chalk

Ashurst

Partner, Corporate Governance



Eleanor Reeves

Ashurst

Partner, Environment & Safety



Maria-Laure Knapp

Ashurst

Director, Risk Advisory Climate Change and Sustainability



Becky Clissmann

Ashurst

Sustainability Counsel



Tom Cummins

Ashurst

Senior Counsel, Disputes



Ruby Hamid

Ashurst

Partner, Global Investigations



Maureen Beresford

Financial Reporting Council

Director, Corporate Governance and Stewardship



John Papadakis

Ashurst

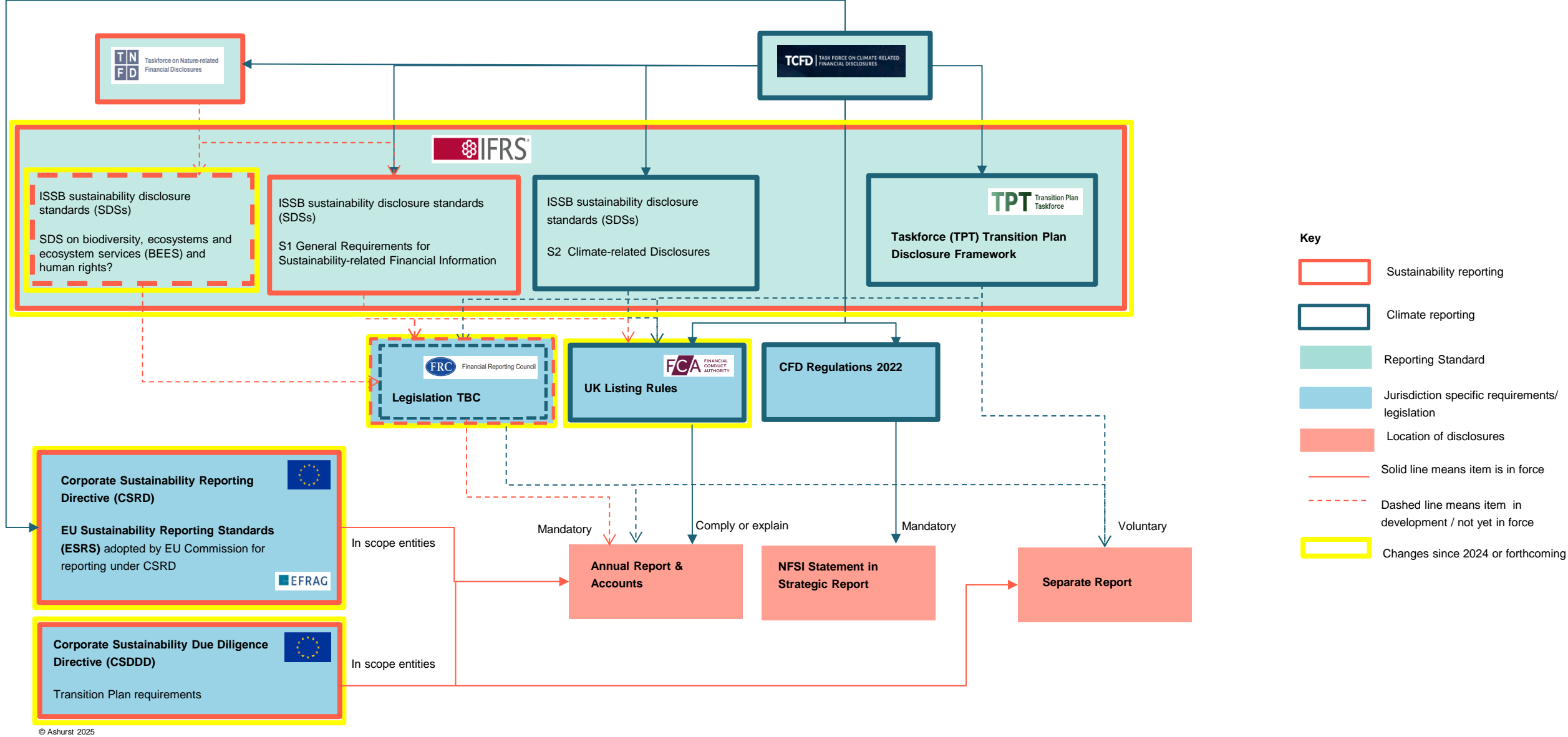
Counsel, Incentives

Sustainability reporting:
Developments and Key Trends - what
you need to know

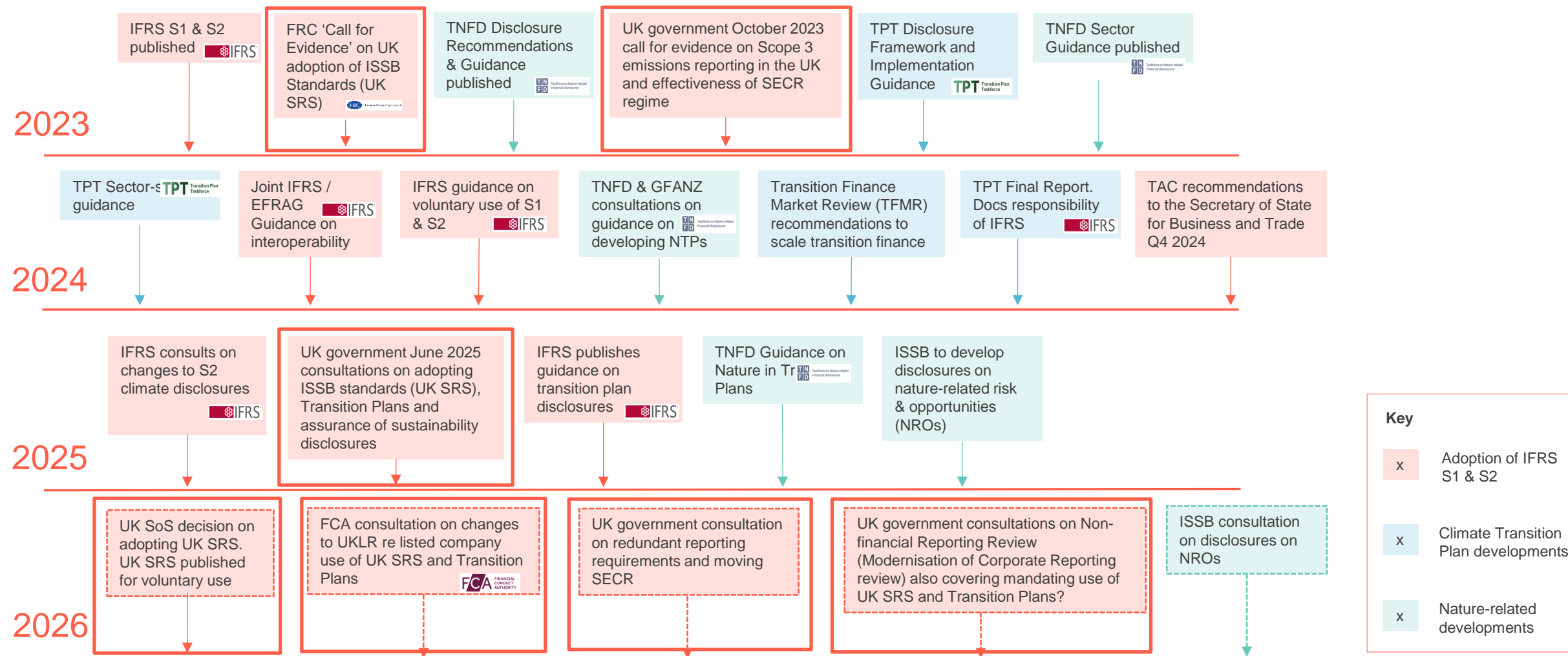
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Becky Clissmann and Tom Cummins, Ashurst

UK overview of sustainability & climate reporting



UK SRS, Climate Transition Plans and Nature-related Developments



UK consultation on UK SRS and ISSB developments

Endorsement with minor amendments only



Proposes to endorse IFRS S1 and S2 with 6 amendments

- Extension of 'climate-first' transition relief
- Transition reliefs to be linked to mandatory reporting
- Referencing SASB standards and industry-based guidance to be voluntary not mandatory
- Removing the ISSB transition relief that permits delayed reporting in the first year
- Removing the requirement to use GICS codes
- Removing the “effective date” clauses in IFRS S1 and S2
- NB ISSB's proposed amendments to S2 likely to be adopted to maintain global baseline

Timeline



- Decision by SoS expected later this year/ early 2026
- Further consultations on mandating use of the UK SRS by the FCA and the UK government for listed and economically significant companies (respectively)

International endorsement of ISSB SRS



- 17 jurisdictions (inc Australia and Hong Kong) have adopted/ set a target for endorsing S1 and S2
- a further 16 (inc the UK) are taking steps towards endorsement

Further standards

- Following research on BEES and Human Capital, ISSB will introduce disclosure requirements on nature-related risks and opportunities

UK consultation on transition plans

Consultation issues



- High level consultation to gather information on transition planning and use cases – no specific proposals
- Looked at:
 - **Scope** - only large, "economically significant" companies? SMEs excluded – NB trickle-down issues
 - **Design** of TPs – considering the role of TPT's Disclosure Framework or whether the disclosures in IFRS S2 (UK SRS 2) would provide sufficient information on climate mitigation, adaptation and resilience
 - **Disclosing** the TP – options being considered include disclosure of existing TP or explain why not got a TP or mandatory disclosure
 - Aligning a TP with **climate ambition** – 1.5 degrees alignment?
 - **Implementing a TP** – NB CS3D negotiations
 - **Adaptation** and resilience as well as mitigation?
 - Inclusion of **nature**?
 - **Legal risk** - Section 463 safe harbour
 - Role of high integrity **carbon credits**

Timeline

- Proposals will be brought forward in conjunction with UK govts decisions on the UK SRS and assurance consultations

UK consultation on assurance regime

Consultation issues



- Proposes a **voluntary registration regime** for sustainability-related financial disclosures assurance providers
- Operated by the Audit, Reporting and Governance Authority (ARGA) (now to be the Corporate Reporting Authority – CRA) once established
- Profession-agnostic - both audit and non-audit professionals and firms can register if they meet the eligibility criteria
- Regime would recognise an assurance provider as being capable of conducting assurance of disclosures against the UK SRS and other domestic standards based on ISSB disclosures, the TCFD and the European Sustainability Reporting Standards (ESRS)
- Other issues:
 - Mandatory assurance and scope
 - How regime would interact with EU requirements and existing UK regulations such as the non-audit services fee cap

Timeline

- Proposals will be brought forward in conjunction with decisions on the UK SRS consultation

Impact on companies

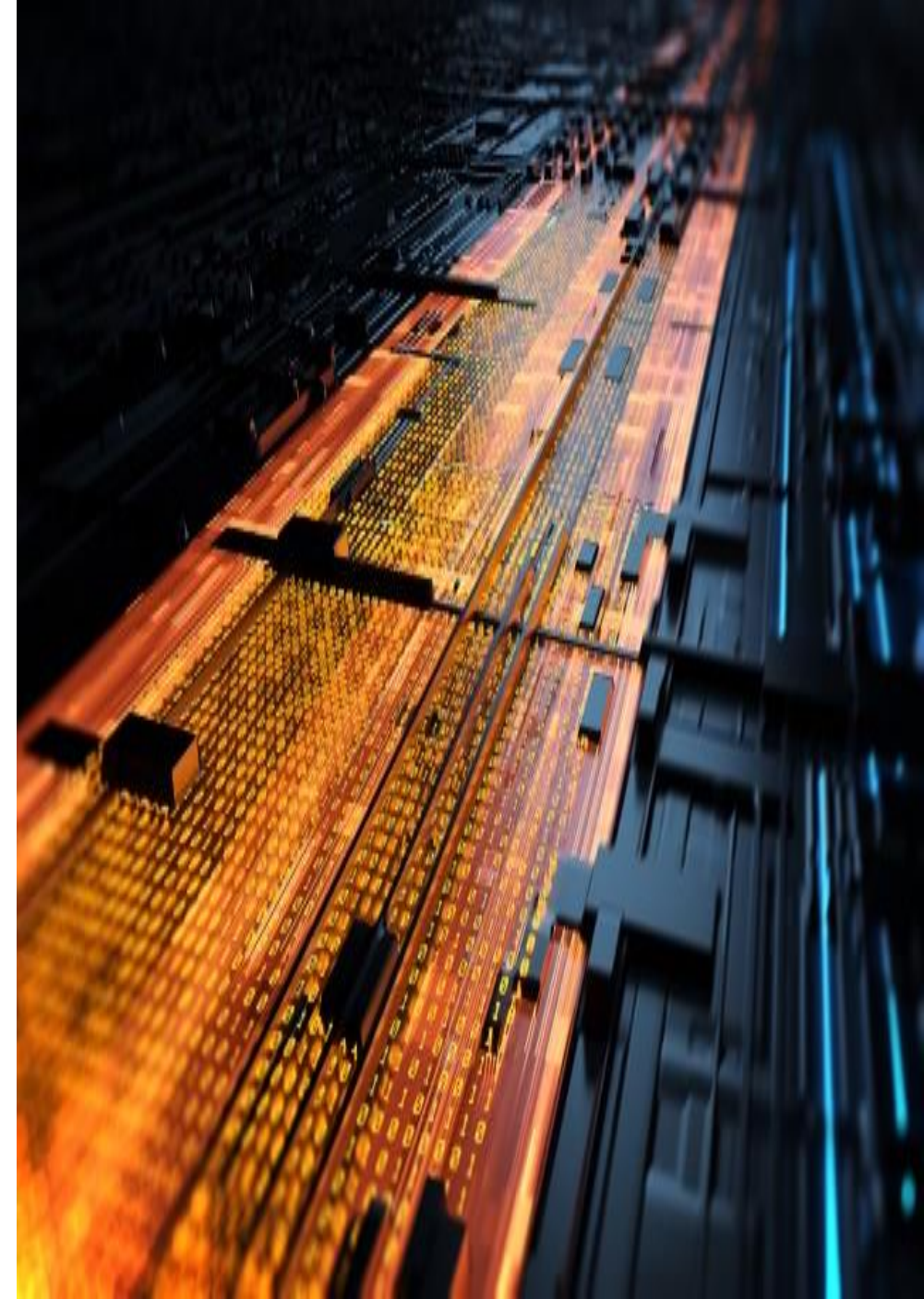
Risks, business implications, strategic positioning opportunities and potential gaps

Impacts on companies	Risks	Key next steps
<p>UK Sustainability Disclosure Requirements (UK SDR)</p> <ul style="list-style-type: none">• In-scope of new UK reporting requirements?• Uplift from existing reporting? <p>Transition Plan</p> <ul style="list-style-type: none">• Within scope of future mandatory TP regime?• Uplift of existing approach to managing climate risks, mitigation and adaptation?	<ul style="list-style-type: none">• Fuller disclosure than at present required?• Access to data• Requirement for assurance?• Additional resources needed <p>Opportunities</p> <ul style="list-style-type: none">• Showcase existing sustainability work and successes to help improve financing, & engage external stakeholders• Broaden and repurpose any work already done on materiality to achieve EU and UK reporting compliance	<p>UK SDR</p> <ul style="list-style-type: none">• Monitor UK SDR developments and understand when obligations will commence• Map changes needed to uplift existing reporting to compliance with new UK regime <p>Transition Plan</p> <ul style="list-style-type: none">• If in-scope of UK TP regime, follow developments and plan for compliance within relevant timeframes• Consider any uplift of existing approach to meet UK TP regime requirements (likely to reference TPT Disclosure Framework)

Trends in sustainability reporting

Dynamic landscape

- **Streamlining** of requirements (EU Omnibus and UK approach)
- Increasing focus on **interoperability**
- Increasing consideration of **nature impacts**
- Shift in emphasis in response to geopolitical context – **greenhushing**
- Shift towards **integrated reporting** although stand-alone reports still used
- **Use of AI** to write/ assess reports (important to consider tagging)



Impact of greenwashing considerations on sustainability reporting

- **Greenwashing, and its variants: greenhushing, greenwishing, greenlighting, greenshifting...**
- **What's the risk?**
 - Regulatory action (CMA, ASA)
 - Shareholder claims (FSMA)
 - Consumer/activist claims
 - Director liability
- **Recent examples:** TotalEnergies (France); JBS (New York)

Greenwashing risk: areas of concern and mitigants

Areas frequently cited as giving rise to concern

- How can we obtain reliable data?
- How do we balance short, and longer term, considerations?
- How can we assess uncertain climate scenarios?
- How do we address factors which are outside our control?

Mitigants

- Clarity, not jargon
- Accurate and verifiable data
- Current versus potential solutions
- Assumptions about external factors
- Expert input, where required
- Realism, and identification of funding

Reflections on market practice

Eleanor Reeves & Maria-Laure Knapp, Ashurst

Navigating a choppy regulatory sea: decision pathways for 2026

Clarify your reporting approach and activate interoperability

1

Clarify external drivers

- Map implications from EU rollback, UK slowdown, inconsistent but nevertheless relevant regulatory requirements
- Engage investors and key stakeholders to gauge expectations, comparability, and assurance expectations before finalizing disclosures.

2

Choose your publication stance deliberately and calibrate the depth of disclosure to usefulness and credibility, mindful of signalling effects

- What you will publish (and not publish)
- How you will frame materiality
- How you will align with standards like ISSB
- What your overall disclosure approach and messaging will be

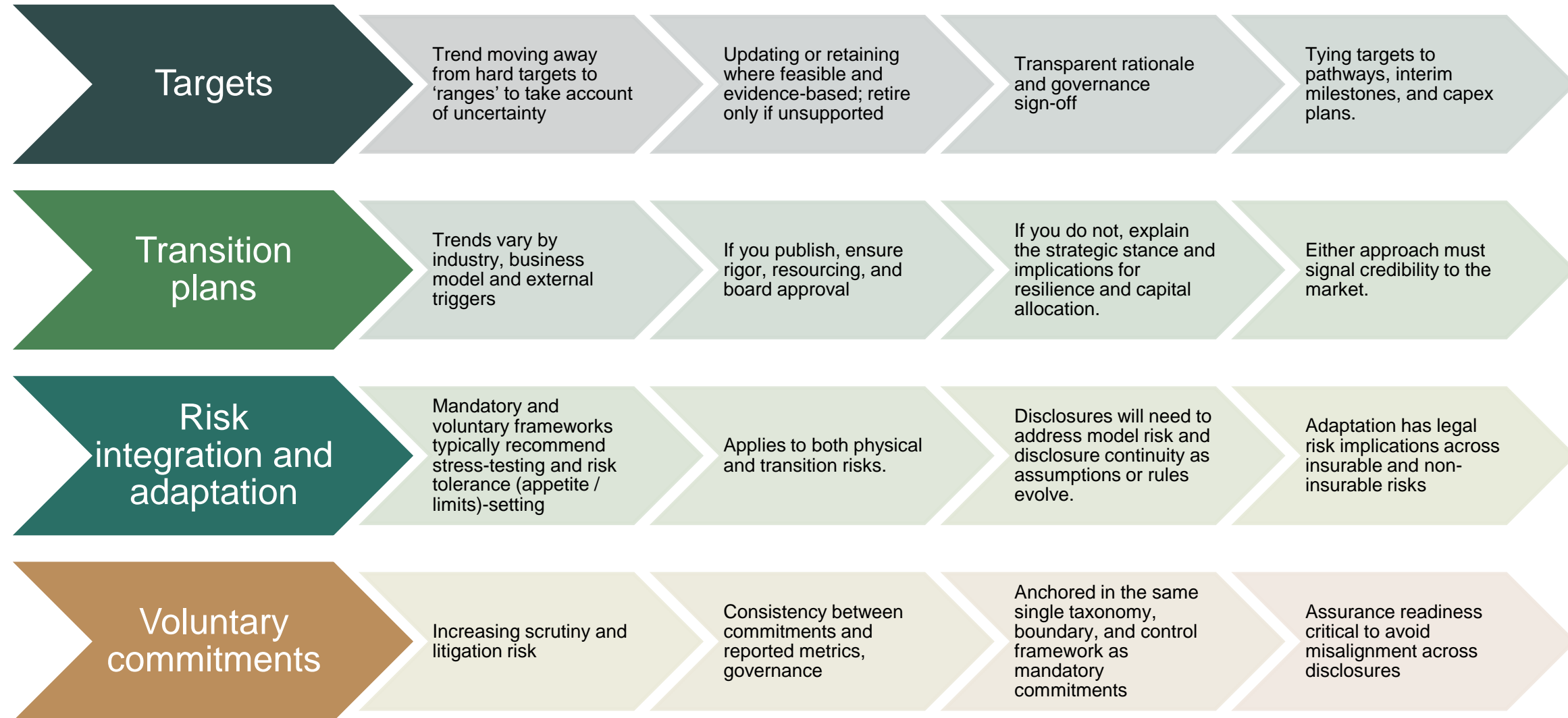
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Plan for the medium and longer-term by operationalising interoperability

- ISSB as a credible baseline amid EU rollback, UK slowdown and overseas regimes—what does good look like in governance, materiality and assurance?
- Reporting boundaries, unified data models for metrics / targets, documented methodologies (incl. Scope 3)
- Identify opportunities to make use of work already undertaken when your scope changes: (double materiality assessment outputs, scenario analysis and resilience assessments)

Signalling and resilience: targets, transition plans and risk

Targets, transition plans, and risk: meeting stakeholder expectations while maintaining credibility

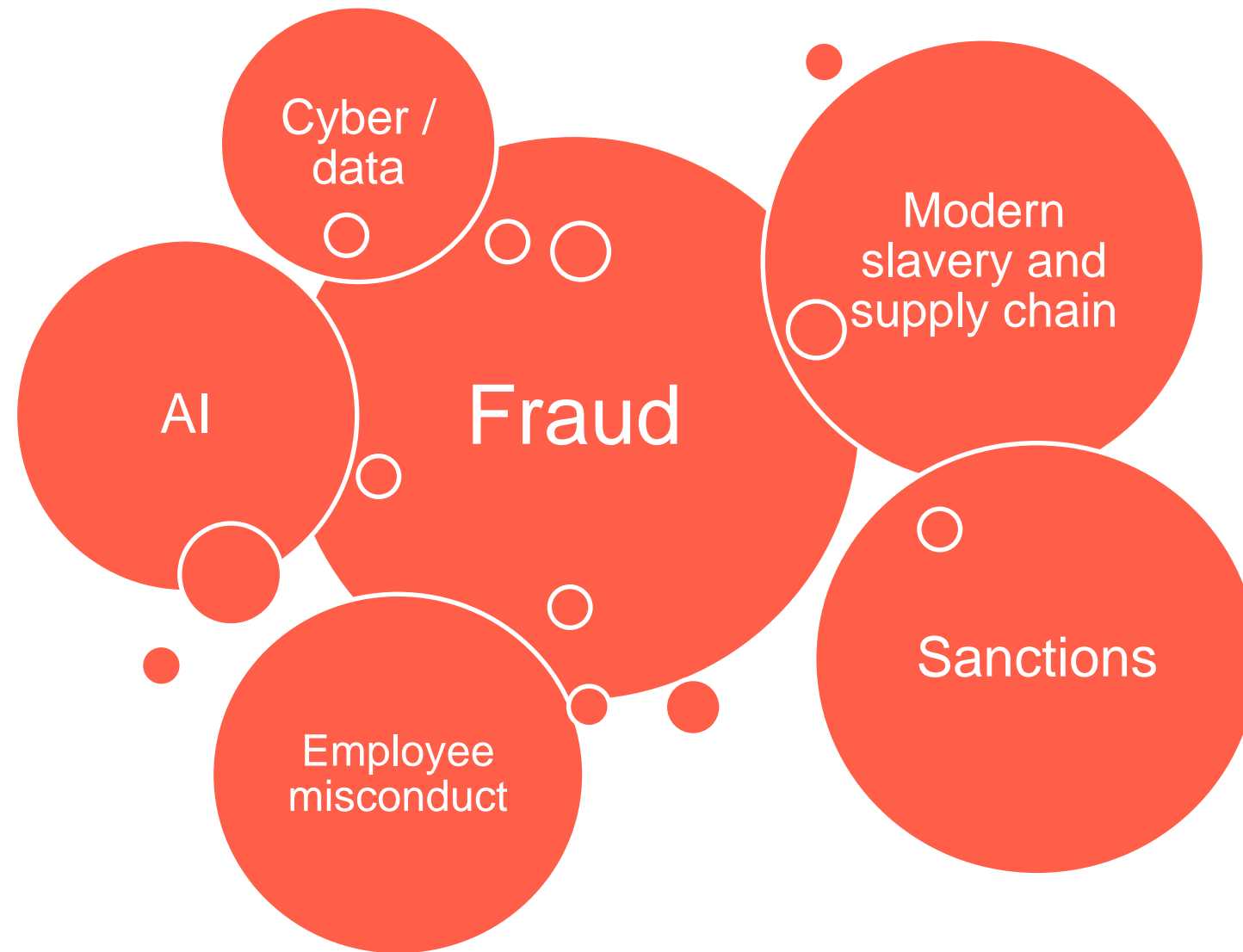


Overview of the current corporate criminal risks that boards should be conscious of in 2026

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Ruby Hamid, Ashurst

Hot Topics in Corporate Crime



Management of fraud risk: ECCTA

- Fraud is the most prevalent crime in the UK – accounting for over 40% of all crimes in England & Wales
- UK Finance Annual Fraud Report 2025 says £1.17bn stolen through fraud in 2024 and 3.31m confirmed cases (up 12%)
- Next UK Financial Action Task Force assessment is 2027



November 16–22, 2025



Sanctions: Global Update

Continued focus on Russia

- Trump administration imposes first direct sanctions on Russia (Rosneft and Lukoil)
- UK also targets Rosneft and Lukoil
- EU imposes 19th package of sanctions on Russia (focusing on energy and financial sectors)
- Snapback of Iran sanctions: the death of the 2015 nuclear deal
- Coordinated US and UK sanctions against scam centres under human rights sanctions; ensnares extensive economic interests

Enforcement focus: UK

- Significant uptick in activity by Office of Financial Sanctions Implementation (OFSI) 2024-2025 data:
 - 400 new investigations and 57 enforcement actions
 - 6 public enforcement actions in 2025

Recent UK Development

Colorcon Limited - Sept 2025 **pharmaceutical sector**

- 2022 payments to Russian employees and service providers with accounts at Russian banks
- C disclosed to OFSI, but after a 4 month delay: not timely enough, so lower discount than would otherwise have been applied to fine
- Payments to non-sanctioned persons with accounts at sanctioned banks breaches sanctions
- Using a general licence requires compliance with reporting obligations: failure to do so was an aggravating factor for OFSI
- Need to refresh risk assessment and sanctions policies: C criticised for 2018 era procedures
- Screen all relevant counterparties, not just customers, and don't rely on third party (including your bank) screening

Round-up: AML and Foreign Influence Registration

UK's Foreign Influence Registration Scheme

- **National Security Act 2023** introduced two-tier **Foreign Influence Registration Scheme (FIRS)** on 1 July 2025:
 - **Political Influence tier**: register with Home Office if a person undertakes political influence activity in the UK at the direction of any foreign power;
 - **Enhanced tier**: if the foreign power is Russia or Iran
- Aims to provide greater transparency around foreign influence on UK politics.
- Relevant to range of sectors incl medical, technology, defence, lobbying
- Individual or **organisation** which is in the arrangement with the foreign power that is **required to register. Failing** to register is **criminal offence**
- **Guidance** issued. Implementing tailored compliance programme, incl appropriate policies and training, to ensure potentially in-scope activities are identified and registered in a timely manner

Recent AML Developments

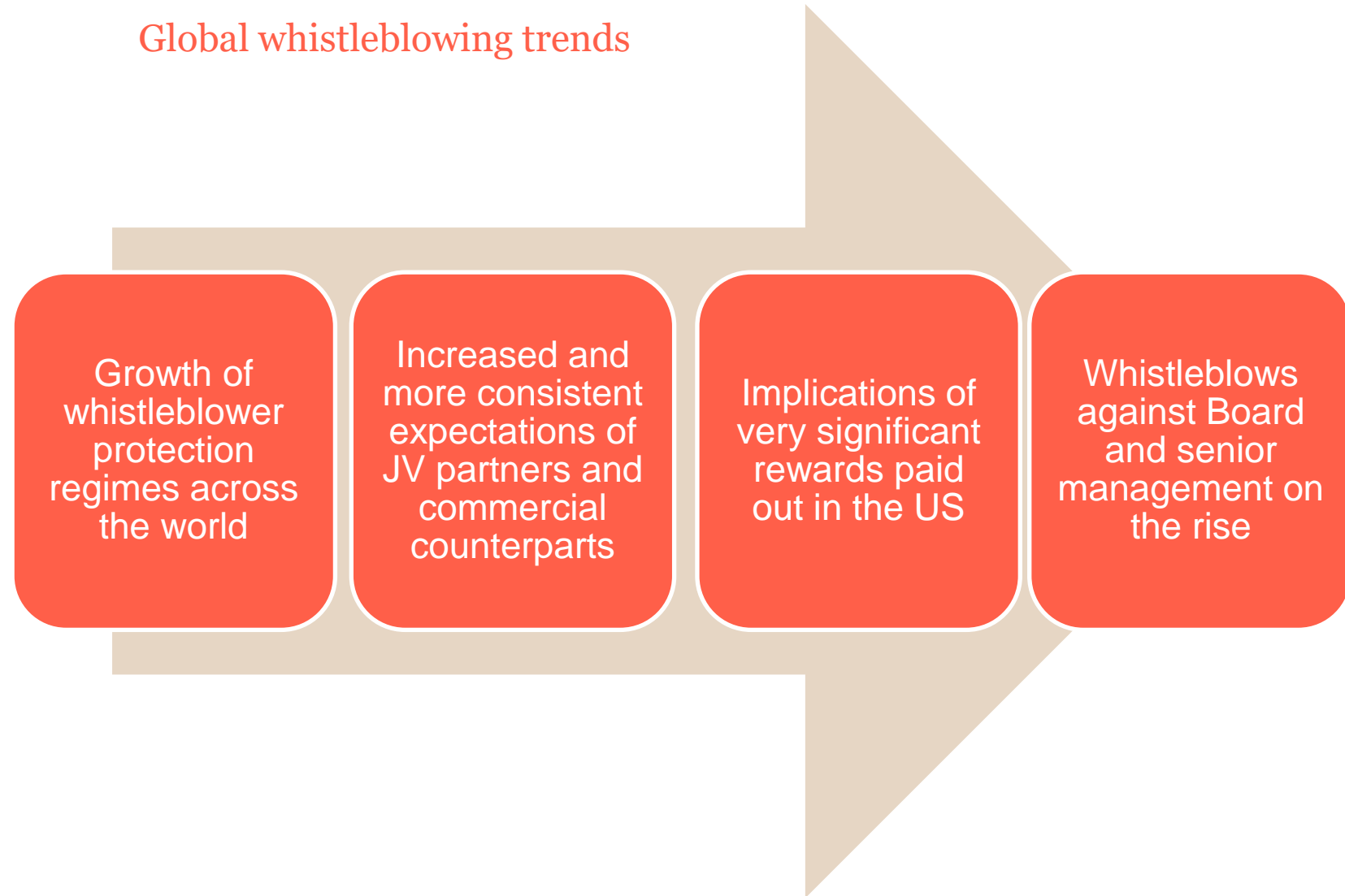
- **(R (World Uyghur Congress) v NCA (2025))**: purchase of criminal property for market rate at arms length (for “**adequate consideration**”) does **not fully cleanse its criminal origin**
- Purchaser may **still commit an offence** if they transfer the suspected criminal property to another
- POCA investigations and offences can extend to **imports into UK**
- For **regulated firms** note the recent HMT proposed amendments to Money Laundering Regulations. Headlines:
 - **Refining** the requirement for enhanced due diligence (**EDD**) to “unusually complex or unusually large” transactions, relative to sector or nature of transaction)
 - High-risk third countries triggering EDD **limited to those on the FATF 'black list'** and no longer includes those on the 'grey' list
 - Strengthening **cooperation between AML supervisory and other bodies**, by bringing Companies House and the Financial Regulators Complaints Commissioner into the scope of existing information sharing provisions.

Round-up: Whistleblowing

UK developments

- New research argues that UK should pay whistleblowers – potential for consultation
- Private Members Bill to establish independent Office of the Whistleblower
- Whistleblower protections expanded to cover reports of breaches of financial, trade and transport sanctions to OFSI
- Failure to prevent sexual harassment duty now in force
- Proposed amendment to Employment Rights Bill: duty on employers to take reasonable steps to investigate whistleblowing concerns

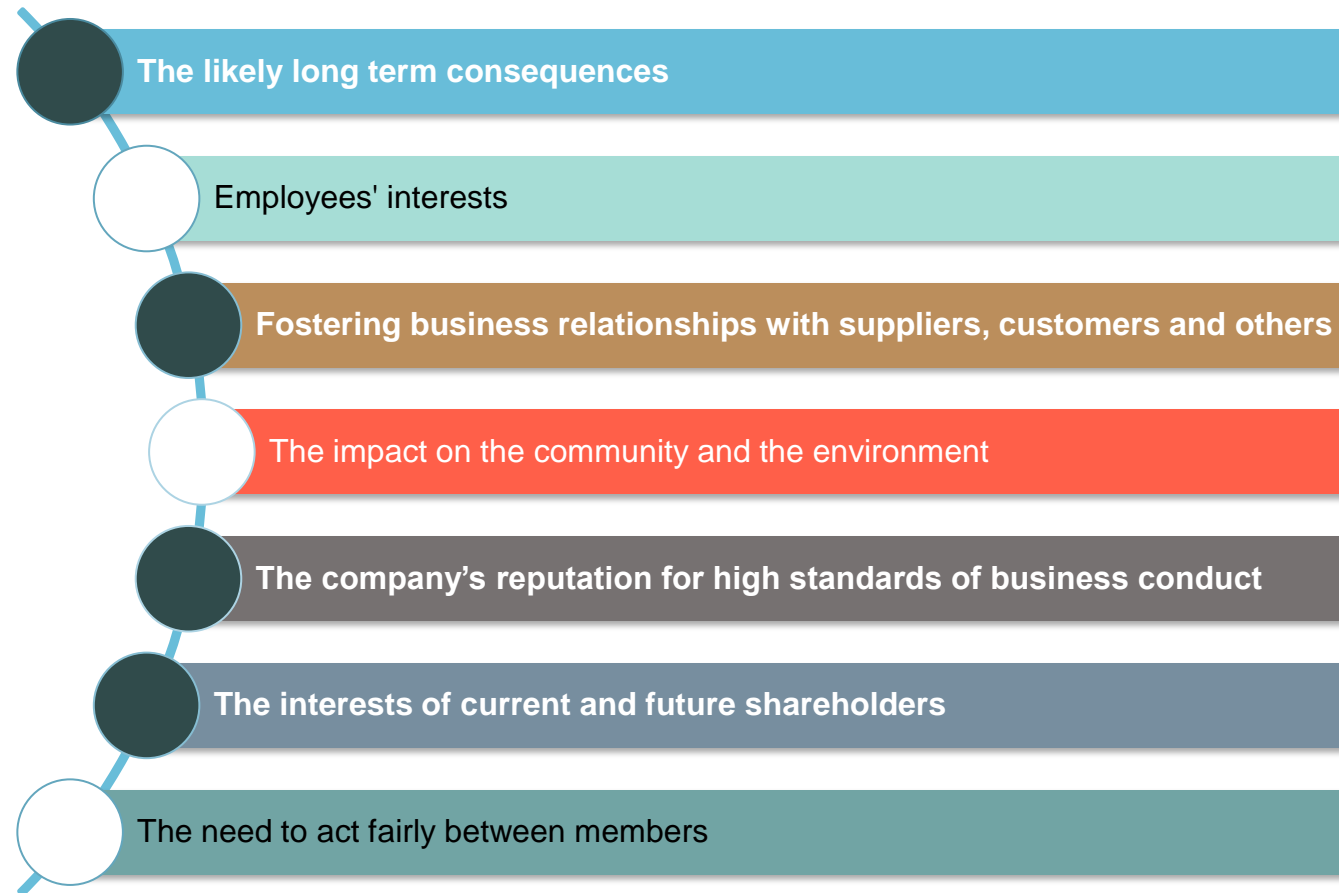
Global whistleblowing trends



Role of Board Director in corporate crime prevention

Directors' duty to promote the success of the company

A director of a company must act in the way he / she considers, in good faith, would be most likely to **promote the success of the company** for the benefit of its members as a whole, and when doing so, have regard (**among other matters**) to:



KEY IMPACTS

- The overriding duty of directors is to promote the success of the company
- This includes complying with law and regulation and with the legal expectations of a director
- Oversight of corporate crime prevention programmes falls within this duty

Expansion of corporate criminal liability

- New law defining the way **corporates are liable for the criminal acts of their employees** – the ‘identification doctrine’ came into force December 2023
- Test **was**: a company was criminally liable for misconduct committed by small number of senior individuals identified as its "**directing mind and will**"
- Test **is now**: company is criminally liable for misconduct committed by a wider class of individuals identified as a "**senior manager**"
- Applies not just to fraud but to all **economic crimes**: fraud, bribery, money laundering, financial sanctions, tax evasion
- Senior manager is someone with **significant role in decision-making** in the company
- **Crime and Policing Bill** would extend this to **all** criminal offences

KEY IMPACTS

- Increases the population of employees who can create criminal liability for the company
- Provides more tools for prosecutors to tackle corporate offending
- Creates a second route for corporate criminal liability for **economic** crime including money laundering offences
- Requires the company to identify its ‘senior manager’ population and take steps to manage conduct risk
- Addresses perceived lack of accountability for corporate wrongdoing for economic crime
- Likely expansion to all corporate crimes

Heightened enforcement risk

SFO: expected approach post implementation of failure to prevent fraud offence on 1 September 2025

Corporate Co-operation and Enforcement Guidance and increased encouragement to consider Deferred Prosecution Agreements

Enforcement by other authorities: OFSI, HMRC, OTSI, FCA (new powers as AML regulator)

Enhanced prosecutorial toolkit: interplay between “senior manager” liability and failure to prevent fraud

Safeguards against corporate crime risk

Risk based controls

Layered monitoring

**Customer/third party vendor
awareness and education**

**Develop a playbook for responding
to incidents**

**Effective whistleblower escalation
and investigation**

**Management information and
governance**

Governance, reporting and AGMs in 2026

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Governance reporting and expectations for 2026 – the FRC's view

Maureen Beresford, Financial Reporting Council



Financial Reporting Council

Governance reporting and expectations for 2026

Maureen Beresford

Confidential

26 November 2025

Corporate Governance and Stewardship Team

Overview

We set:

UK Corporate Governance Code

UK Stewardship Code

The Wates Principles



Maureen Beresford – Director, Corporate Governance and Stewardship

The UK Corporate Governance Code 2024



Underpinned by the **FCA's Listing Rules** and the Disclosure Transparency Rules



Applies to companies listed on the **UK main market** in the commercial companies category or the closed-ended investment funds category (Formally Premium listed category)



Companies must **apply** the Principles and **comply** with, or explain against the Provisions



Separate **Code Guidance** which contains suggestions of good practice to support directors and their advisors in applying the Code.

Comply or Explain

What does 'comply or explain' mean?

- The Corporate Governance Code is not 'one size fits all'.
- Flexibility in how companies report against the Code.
- We welcome departures from provisions of the Code where companies provide clear, meaningful and context-specific explanations for their approach.

'Comply or explain' in practice

- Departure from the Code **can** represent good corporate governance
- An explanation is essential for transparency.
- A meaningful explanation should:
 - **Set out the background,**
 - **provide a clear rationale for the action the company is taking,**
 - **describe any risks and mitigating actions to address them,**
 - **and set out timescales for compliance.**

2024 Code Revisions

An increased emphasis on 'comply or explain'

Amendments to Section 1 also highlight the importance of high-quality explanations.

Outcomes-based reporting to deliver more relevant and concise annual reports

Encourage reporting on specific, relevant outcomes of the governance activities.

Strengthened but proportionate reporting on risk management and internal controls

New declaration in annual reports on effectiveness of risk management and internal controls.

Up to date Guidance

Guidance to support reporting but not prescriptive.

Overview

Review process

- A sample of companies' annual reports are reviewed to assess the quality of reporting against the UK CG Code
- Sample of 100 FTSE 100, 250 and SmallCap companies
- Identify areas where reporting can be improved and highlight good examples of reporting

Factors we consider

- The size and maturity of the company
- The sector in which they operate
- We are looking for company-specific and time-relevant information



Departures from the UK Corporate Governance Code

Total number of companies disclosing a departure from at least one Code provision

Annual review	2022	2023	2024	2025
Number of companies	73	63	28	25

Provisions with the highest number of departures

■ 2025 ■ 2024 ■ 2023

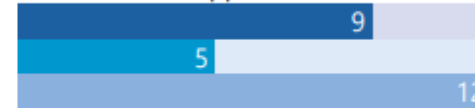
Provision 24

Establishment and composition of the audit committee



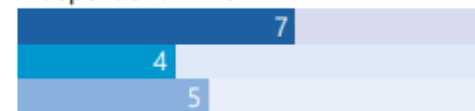
Provision 19

Chair tenure not exceeding nine years since their first appointment to the board



Provision 11

Board composition with a majority of independent NEDs



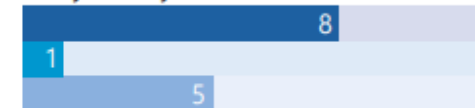
Provision 9

Chair independence on appointment and the combined roles of chair and CEO



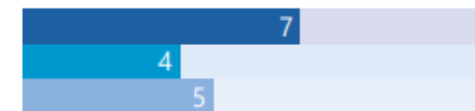
Provision 21

Board performance review at least every three years



Provision 32

Establishment and composition of the remuneration committee



Board leadership and company purpose

Shareholder Engagement

- Nearly all companies reported that the board had engaged with shareholders beyond AGMs.
- More companies provide specific information on their engagement methods, the topics discussed, and the feedback received.
- **Many companies stated in their report that the board and committee chairs are available to meet with shareholders during or outside the general meetings.**

Stakeholder engagement

- 75 companies disclosed direct, face-to-face engagement between the board and the workforce.
- Only 25 companies provided any detail on the topics discussed or the feedback received..
- Appointment of a designated NED by the board remained the most adopted mechanised for workforce engagement.
- Most companies did not report any direct board engagement with other stakeholders.

Division of responsibilities

Overboarding

- Most companies disclosed information about the external commitments of their directors and confirmed that each board member has sufficient capacity to fulfil their responsibilities.
- Reporting would be improved if companies provided information on the factors that they consider when considering whether directors have sufficient time to fulfil their duties.

The role of the senior independent director (SID)

- The role of **the SID was held by a woman in 52%** of companies in our sample.
- Compared to **Chair and CEO 16% and CEO 8%**
- Reporting on the role of the SID is often boilerplate and repeats the language in the Code. We encourage companies to provide company specific and time relevant information about the role of their SID.

Audit, risk and internal controls

Risk and internal controls

- All companies described their principal risks and action to manage or mitigate these.
- All companies in our sample stated that they had reviewed the effectiveness of their risk management and internal control systems.
- Fewer companies stated that they had monitored their risk management and internal control systems.
- Around half of companies stated that the review covered financial, operational and compliance controls. Some companies mentioned other controls covered in the review such as cyber security, IT, governance, legal, climate and whistleblowing.

Disclosures should make it easy and clear for the reader to understand that the board has carried out a review. Good reporting includes:

- Who carried out the review
- The units and individuals consulted with and what information was provided to the board or relevant committee.
- Where relevant, the recognised framework, standard, or guidelines the board used to assess effectiveness.
- Reporting may also explain which material controls were considered and from where the information on these controls was sourced.
- While not a requirement or expectation in the Code, companies may also include any internal or external assurance received.

Risk and internal controls

Provision 29

- More than half of companies in our sample mentioned the changes to the Code.
- Companies reported that they are preparing for the new Provision 29 by:
 - Updating the boards and its committees on the changes
 - Utilising and building on current governance structures and processes
 - Reviewing and enhancing internal control frameworks
 - Identifying material controls
 - Carrying out a dry run of the process

Material Controls

In 2024, the Committee focused on ensuring compliance with the enhanced requirements of the 2024 UK Corporate Governance Code regarding internal controls. This included supporting the development of a comprehensive Group-wide programme to reconfirm our material controls, encompassing all key risk areas.

The Committee actively engaged with management on this programme throughout the year, receiving regular updates on key activities such as:

- Defining the scope of those material controls that should be included in the Board's attestation and our approach to assessing their effectiveness
- Engaging with external experts and peers to benchmark best practices
- Reviewing and updating roles and responsibilities for internal controls, considering the impact of the Group's restructuring programme
- Enhancing the Group's Risk and Control Framework to ensure it continues to be robust and includes clear risk appetite statements and metrics
- Establishing our assurance approach to enable us to better provide evidence of the effectiveness of material controls

The Committee is pleased with the progress made in 2024 in strengthening our control environment. This will remain a key focus area in 2025 as we continue to embed these changes and prepare for the 2024 Code reporting requirements

Source: ITV, p.98

Changes to Provision 29 (from 1 January 2026)

- The changes to Provision 29 on risk management and internal controls build on the same Provision in the 2018 Code.
- The scope of the new Provision will remain the same, but a declaration is now required.

Provision 29 – 2018 Code	Provision 29 – 2024 Code
<p>The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.</p>	<p>The board should monitor the company's risk management and internal control framework and, at least annually, carry out a review of its effectiveness. The monitoring and review should cover all material controls, including financial, operational, reporting and compliance controls.</p> <p>The board should provide in the annual report:</p> <ul style="list-style-type: none"> • A description of how the board has monitored and reviewed the effectiveness of the framework; • a declaration of effectiveness of the material controls as at the balance sheet date; and • a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues.

Reporting on the effectiveness of internal controls

To avoid confusion and ambiguity, companies should avoid using general language such as:

"The board (or a relevant committee) reviews the effectiveness of risk management and internal control systems."

Disclosures should make it easy and clear for the reader to understand that the board has carried out a review. Good reporting includes:

- Proportionate reporting
- The nature of the board's involvement and that of Committees, management, internal audit.
- Bottom Up or Top Down approach, mix
- Use of combining controls v single controls
- Perhaps the extent of how things may change going forwards eg are the controls acting as expected?
- **While not a requirement or expectation in the Code, companies may also include any internal or external assurance received.**

Reporting in 2027

Companies should avoid:

- Listing their material controls
- Technical discussions of approach
- Reporting more than two pages

The FRC will not:

- Comment on whether the material controls are the right ones for the company. This is a board decision.
- Provide wording for the declaration.
- Suggest the number of material controls any one company should have.

The disclosure relates to governance, accountability and oversight.

Cyber and Artificial Intelligence

Cyber

- This is a growing area of reporting. 85% of companies included cybersecurity as a principal risk
- **66%** of companies discussed mitigating actions or monitoring cyber risk.
- Almost half of companies promoted a strong cyber security culture through awareness campaigns/training.
- **Should a board member be responsible for cyber risk?**

Artificial intelligence

- Is AI a risk or Opportunity - almost a quarter disclosing it as a principal or emerging risk.
- Only one company reported that AI was used to develop the chief internal auditor's reports.
- Not clear the amount of information the board knows about how AI is being deployed in the company

Remuneration

Review findings

- Remuneration reporting continues to remain at a very high level clear, transparent and of a high standard.
- The revised Code has prompted a few organisations to revisit and refine their current malus and clawback arrangements to ensure continued alignment with regulatory expectations and evolving best practice.

Guidance changes

- Recognises that many companies support NEDs in building a personal shareholding in the company, which helps align the interests of independent NEDs with those of shareholders.
- Continues to promote that boards may pay NEDs a portion of fees in shares to align interests with shareholders and strengthen long-term commitment.
- Clarifies that boards may offer share options or similar rights to acquire shares as part of NED remuneration, provided independence is maintained and no performance-related conditions are included.
- Encourages companies that adopt alternative arrangements to clearly disclose such remuneration structures in their annual reports.

The Wates Principles



Underpinned by the Companies **Miscellaneous Reporting Regulations 2018**.



Applies to very large private companies that have either more than
➤ **2,000 employees**
➤ and/or a **turnover of more than £200 million**, and a **balance sheet of more than £2 billion**



Applies at the **Entity**, rather than Group level. This means that subsidiaries have to report.



The six Principles are high level and should be adopted on an **Apply or Explain** basis.



Reporting against the Wates Principles

Context

- FRC will issue a report later this year..
- Aim to provide insights that are supportive and proportionate and assist companies to improve their reporting for users of reports

Findings

- Strongest reporting is found in relation to Principle Three (Directors Responsibilities), Principle Four (Risk and Opportunities), and Principle Six (Stakeholder Relationships and Engagement).
 - We saw better reporting on board committees, and insightful disclosures on risk.
 - Companies also made good use of signposting to avoid repetition and keep their reporting concise and useful.
- Principle One (Purpose and Leadership) and Principle Five (Remuneration) saw more boilerplate reporting.
 - Companies appear to struggle with the broadness of Principle One, particularly in relation to reporting on how culture and purpose are embedded and aligned.
 - In relation to reporting on remuneration, companies struggle against a structure that does not prioritise transparency around pay structures.

Audit reform bill

Context

- Six/ seven years since Kingman review, the CMA report on competition in the audit sector and the Sir Donald Brydon report on improving audit quality and effectiveness.
- In July 2025, the government announced further delays to the publication of a draft bill.
- In September 2025, the Department of Business and Trade published a brief letter setting out the government's current intentions.

September 2025 ministerial letter

- Regulator likely to be known as the Corporate Reporting Authority (CRA)
- Government intends to extend the definition of what is a public interest entity (PIE)
- 1,000 employees and a turnover of more than £1bn.
- Expanded regulatory sanctions against directors and measures to address the poor functioning of the audit market.

DBT – Reporting Reform

- Likely to have consultation/information on DBT plans to reduce reporting in the coming months



Financial Reporting Council

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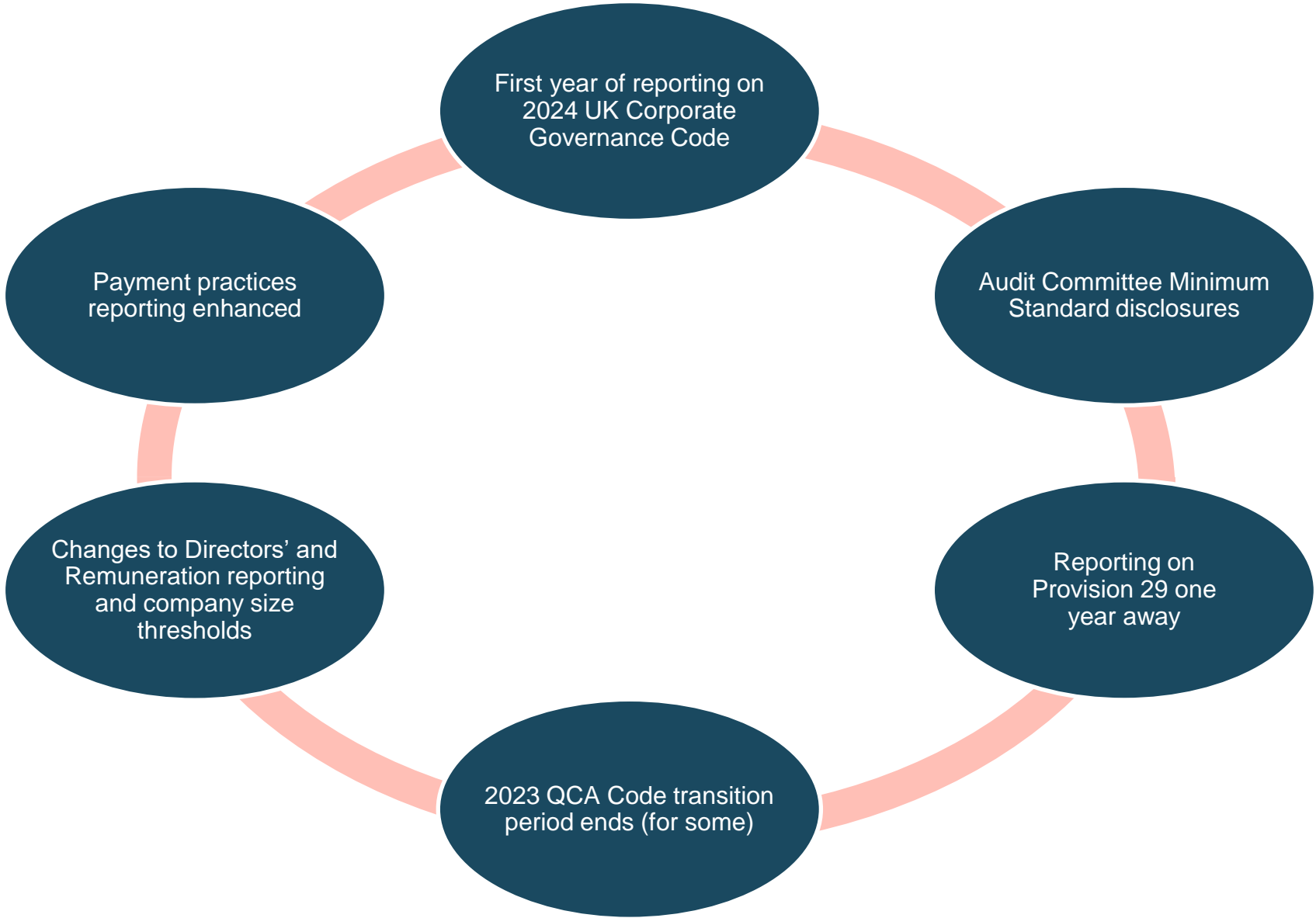
Linked 

Narrative reporting in 2026

Will Chalk and John Papadakis, Ashurst

Narrative reporting in 2026

Key issues



Narrative reporting – key recent FRC publications

FRC review focus in 2025/26



Narrative reporting - FRC Annual Review of Corporate Reporting 2024/25

Principal focus: Reporting amidst global political and economic risks

Enforcement highlights	What	Key FRC disclosure expectations	Top 10 areas (in order) where questions raised by FRC	<i>Take a step back and consider whether the annual report as a whole:</i>
Reviews – 222 annual reports (2024: 243) – but expected to increase back to the 240-260 range in 2025/26	Findings from FRC review work in 2024/25 monitoring cycle and expectations for 2025/26 Annual Reports	Pre issuance checks: Ensure sufficiently robust review process to identify common technical compliance issues – i.e. review against the top 10 areas of challenge (see next box). The FRC feel this would mean many issues avoided	1. Impairment of assets	• Tells a consistent and coherent story throughout the narrative reporting and the financial statements
Substantive letters written to companies – 37% (2024: 47%)	Less than 50% of reviews were for FTSE 350	Ensuring clear, company-specific accounting policies included for key matters – e.g. revenue recognition	2. Cash flow statements	• Is clear, concise and understandable
Required reference to correspondence in next annual report (typically a restatement of comparative information in financial statements) - 18 (2024: 26)	Most restatements continue to arise in companies outside the FTSE 350	Judgements, risks and uncertainties: Ensure clear and consistent disclosures about judgements, uncertainty and risk are given which are sufficient for users to understand the positions taken in financial statements. The FRC notes that it frequently asks for enhanced disclosure in these areas	3. Financial instruments	• Includes all and only material and relevant information necessary for users’ understanding
		FBC: Ensure the strategic report includes a fair, balanced and comprehensive review of the company’s development, position, performance and future prospects. Take care over TCFD disclosures	4. Presentation of financial statements	• Good quality reporting does not necessarily require a greater volume of disclosure

Narrative reporting - FRC Annual Review of Corporate Reporting 24/25

Strategic Reports and 2006 Act matters – specific areas of FRC challenge

Strategic reporting

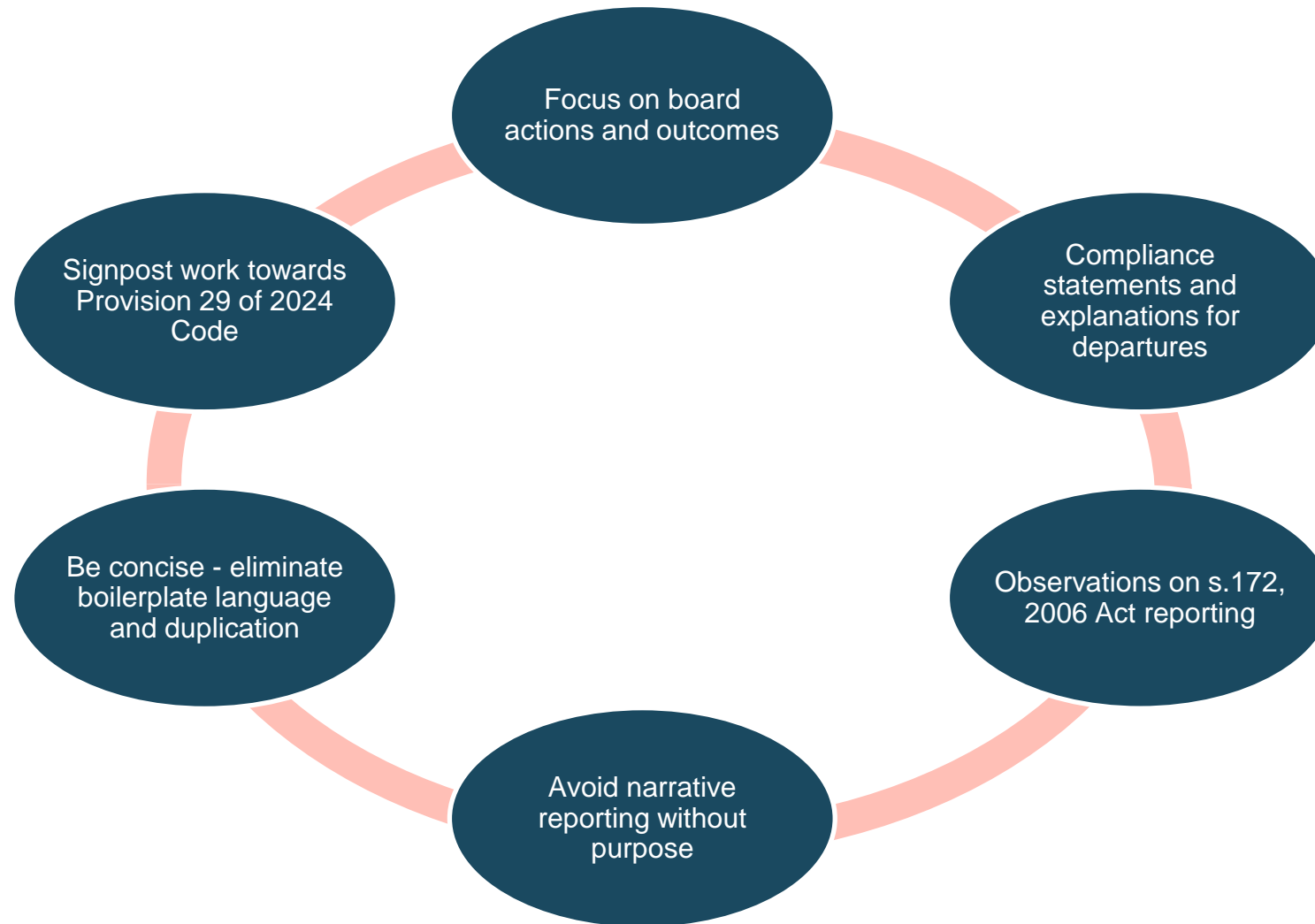
- **Narrative reporting:** More information sought where description of business model and strategy unclear, esp. in quoted companies
- **Exemptions:** Parent company heading a large group challenged for taking advantage of the small companies' exemption from presenting a strategic report
- **Reminder to use guidance:** Further guidance to ensure 'fair, balanced and comprehensive' reporting is available in FRC's **2022 Guidance on the Strategic Report** including as to the expectation of an unbiased discussion of positive and negative aspects of performance and, where appropriate, the need to include references to, and additional explanations of, amounts included in the financial statements

Distributable profits and other Companies Act 2006 issues

- Ensure all statutory requirements for the payment of dividends have been met
- Lawfulness of dividends that were not supported by the company's last audited accounts, and where interim accounts had not been filed at Companies House will be challenged
- Questions raised in relation to:
 - significant differences between the share premium balance disclosed in the consolidated and parent company financial statements
 - unrealised profits in respect of intercompany transactions included in the profit and loss account for companies preparing accounts under UK GAAP
 - the timing of the recognition of a distribution

Narrative reporting – FRC Review of Corporate Governance Reporting 24/25

FRC reporting issues and expectations

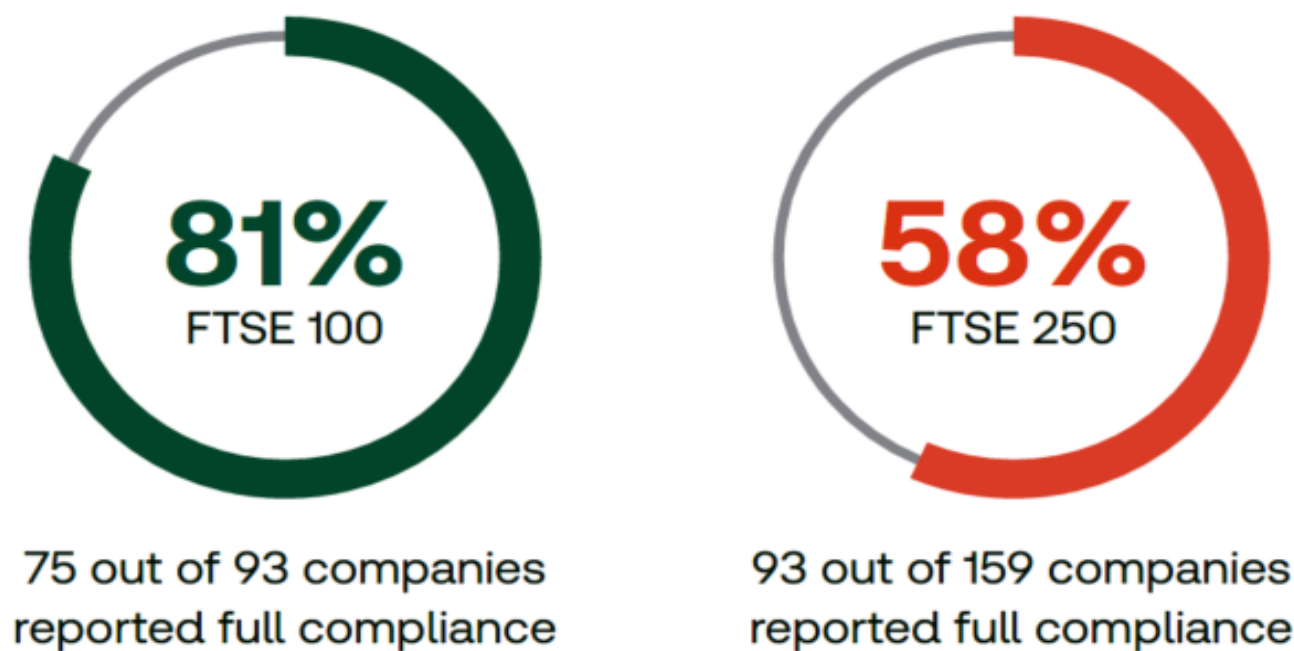


See [AGC Update – Issue 74](#)

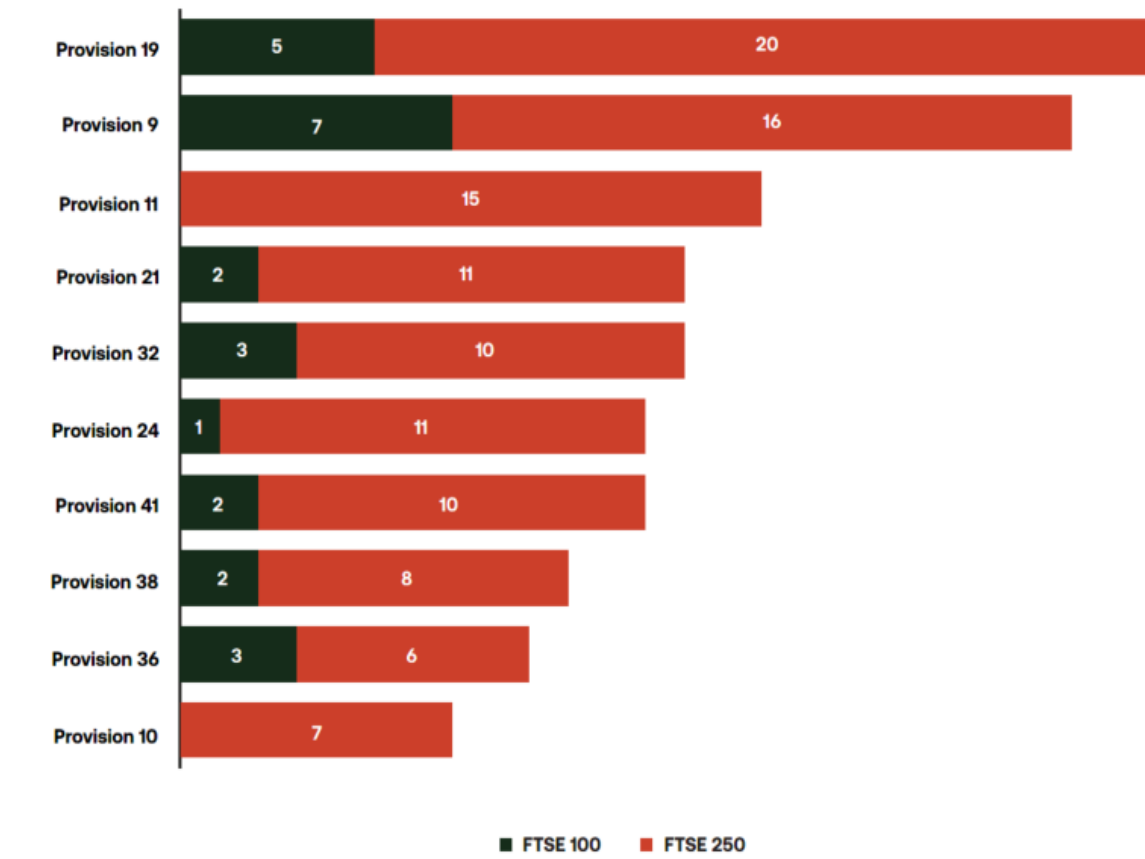
Narrative reporting – The 2018 UK Corporate Governance Code

Compliance statistics with 2018 Code Provisions

2018 Code: full compliance



Most frequent areas of non-compliance with the 2018 Code as disclosed by FTSE 350



(Source: Practical Law Annual Reporting and AGMs 2025 – What’s Market practice?)

Narrative reporting - The 2024 UK Corporate Governance Code

Financial periods beginning on or after 1 Jan 25 (excepting Provision 29)

Overview

Significantly scaled back changes relative to May 23 consultation

Structure of Code remains the same: apply the Principles and 'comply or explain' re adherence to the Provisions

Changes will apply to financial periods beginning on or after **1 Jan 25**, with exception of Provision 29 which will apply **one year later**

Revised [Corporate Governance Code Guidance](#)
- last update 5 Nov 25

Principal changes

Section 1 – Board leadership and company purpose

Board to report on outcome of decisions within the framework of the company's strategy and objectives, and how culture embedded

Section 3 – Composition, succession and evaluation

Concept of diversity in the context of board appointments and succession planning amended with the revised Code embracing diversity, inclusion and equality of opportunity in the widest sense

Section 4 – Audit, risk and internal controls

Enhanced reporting on effectiveness of controls framework for financial periods beginning on or after 1 Jan 26 but note the board's obligation to establish and maintain an effective risk management and internal control framework (**Principle O**) applies with rest of the 24 Code

[Minimum Standard on Audit Committees and the External Audit](#) (May 2023) now integrated

Section 5 – Remuneration

Directors' remuneration arrangements should include malus and clawback provisions. Companies should set out more detail on these provisions in the annual report, including an explanation of any use of them

Disclosures to focus on

- Outcomes of governance initiatives
- How culture is embedded
- Impact of 2024 Code on D&I policies and procedures
- Audit Committee Minimum Standard disclosure expectations
- Board's work on risk and internal control framework
- Work undertaken and route-map towards Provision 29 'compliance'
- Changes to exec rem in light of changes to Section 5 – i.e. malus and clawback
- Other: Governance of AI / cyber security – see voting guidelines

Narrative reporting - The 2024 UK Corporate Governance Code

Provision 29 – financial periods beginning on or after 1 Jan 26

Risk management and internal controls

The 2024 Code is more prescriptive as to how the board should report on its **monitoring and review** of risk management and internal controls. In the annual report, the board should:

- declare **how** the monitoring and review was carried out by the board
- declare the **effectiveness** of the material controls as the **balance sheet date**
- describe any **material controls** which have **not** operated effectively as at that date, and detail the **remedial action** taken (or to be taken) and any action taken in response to issues previously reported

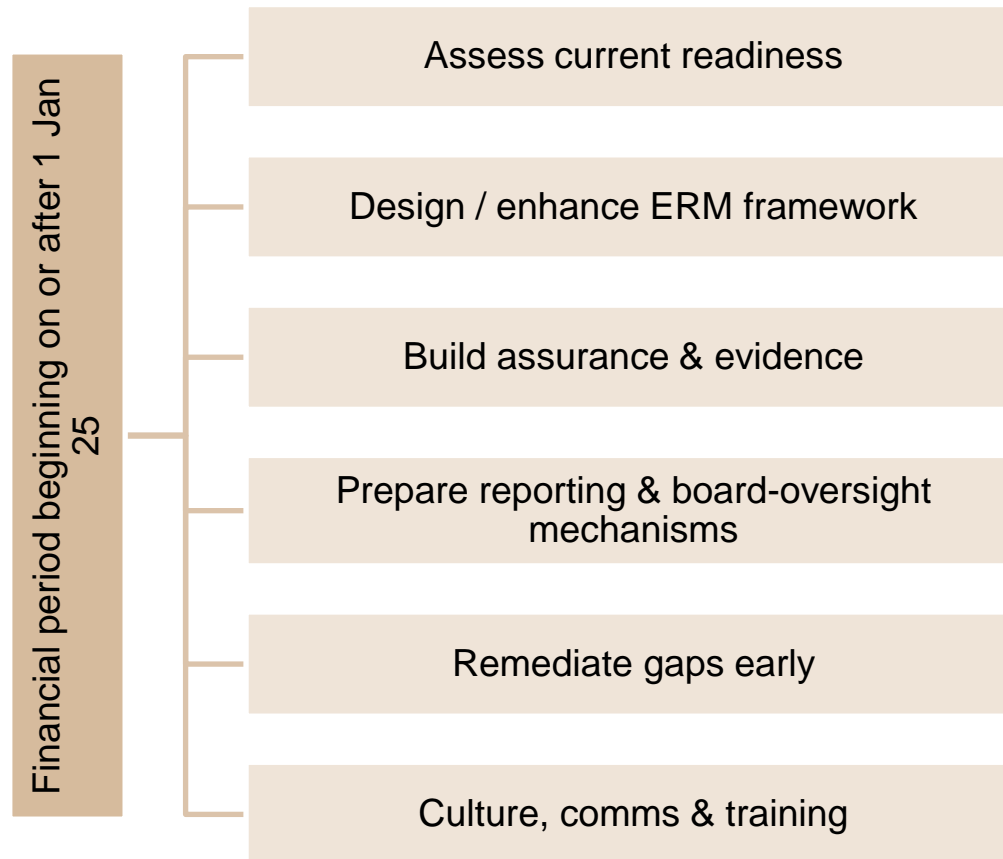
Remember: The 2024 Code expressly refers to **reporting** controls, alongside **financial, operation and compliance controls**, when setting out the material controls to be included in the board's monitoring and review processes

Risk Coalition Guidance: Raising Your Game: Guidance for board risk committees and risk functions across sectors ([apply to download](#))

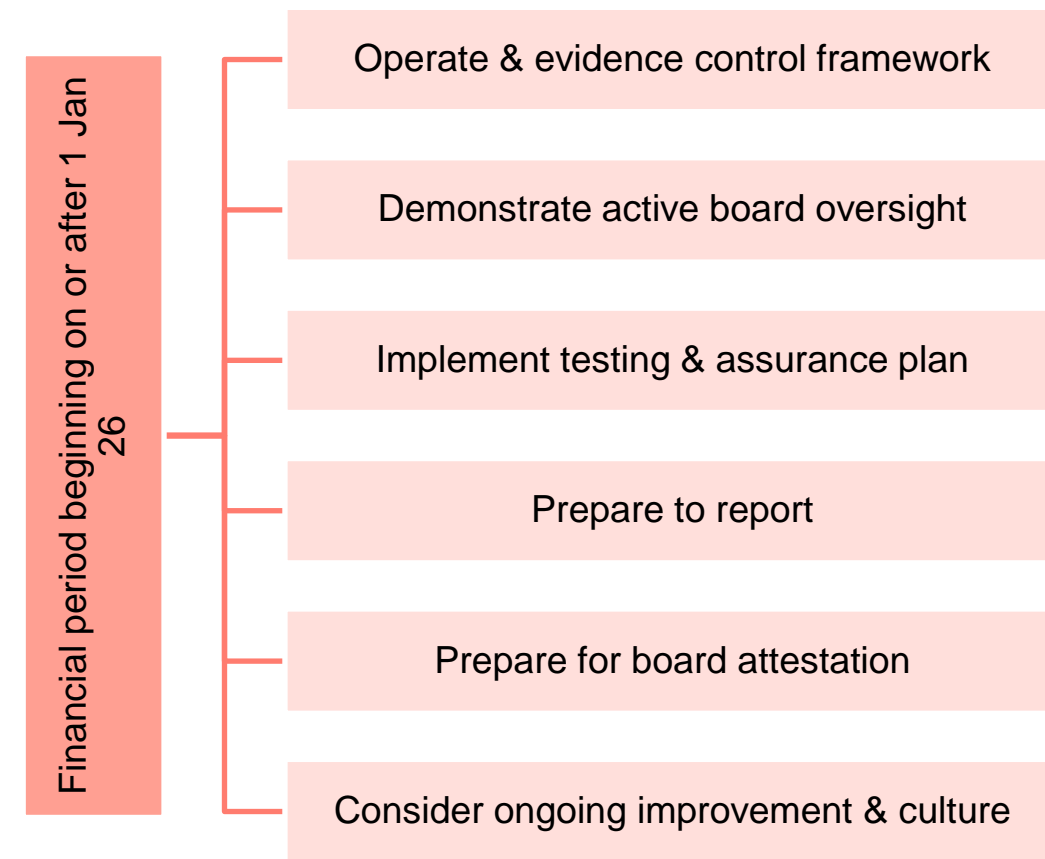
Narrative reporting - The 2024 UK Corporate Governance Code

Provision 29 - financial periods beginning on or after 1 Jan 26

Prepare in 25



Implement in 26



Narrative reporting – Going concern and related reporting guidance

Updated FRC Guidance, Feb 2025

Background:

- Updated **Going Concern Basis of Accounting and Related Reporting, including Solvency and Liquidity Risks'** (replaces 2016 version)
- Non-mandatory guidance to assist companies to prepare high-quality, company-specific disclosures about their going concern conclusions, in particular to assist them with the application of legal and regulatory requirements to:
 - assess and make disclosures related to the going concern basis of accounting and any material uncertainties in their financial statements; and
 - disclose principal risks and uncertainties, which may include risks that might impact solvency and liquidity, within their strategic report
- See full guidance [here](#) and explainer [here](#)

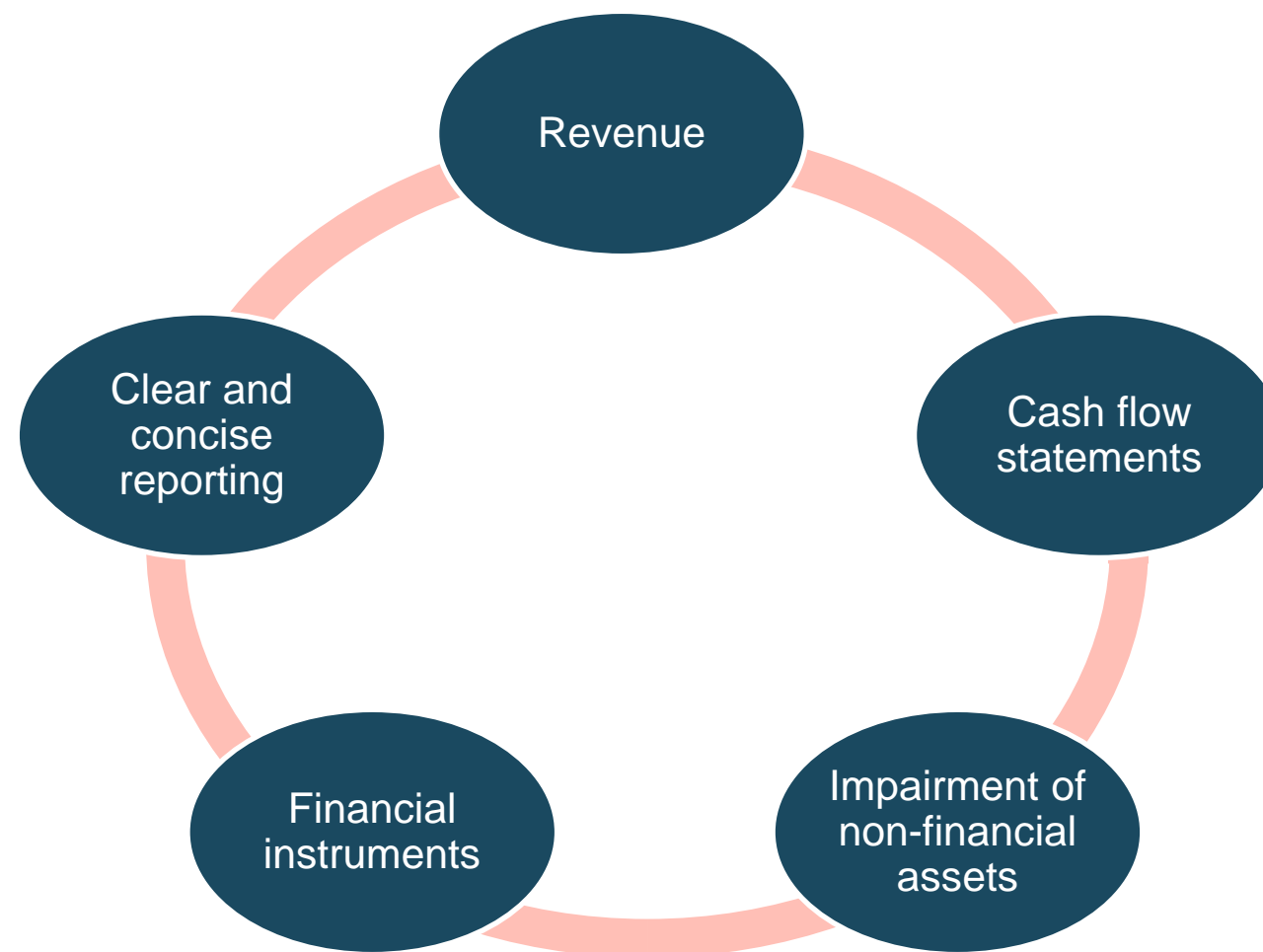
Key changes:

- Reflects changes in accounting and auditing standards
- Provides additional guidance on overarching disclosure requirements, especially in situations when significant judgement involved in the assessment of the appropriateness of the going concern basis of accounting or the conclusion that there are no material uncertainties
- Provides additional guidance on techniques that could support the assessment process

Note also: FRC's [Revised Ethical Standard](#) effective 15 December 2024

Reporting by smaller listed companies

FRC Thematic review, Nov 25



- Desktop review of 20 companies (11 outside the FTSE 350; and 9 on AIM)
- Considering the areas where historically the FRC has been more likely to find non-compliance with relevant reporting requirements

‘High quality annual reports build trust between companies and their stakeholders, often leading to better access to capital and stronger commercial relationships, providing opportunities to drive sustainable growth’

Reporting by smaller listed companies

FRC Thematic review, Nov 25 – FRC expectations

Ensure consistency between the information about revenue provided in the accounting policy, the related notes and the strategic report

Pay particular attention to the matters included in the revenue recognition accounting policy, which should include clear explanations of the timing of satisfaction of performance obligations, determination of the transaction price, agent versus principal considerations, and the associated judgement

Appropriately classify cash flows as operating, investing or financing, to exclude non-cash transactions from the cash flow statement, and ensure consistency between the amounts disclosed in the cash flow statement and the information disclosed elsewhere

Clearly explain significant judgements and estimates and key assumptions, and ensure consistent narrative throughout the annual report, when events and circumstances have triggered an impairment loss on non-financial assets

Disclose the nature and extent of risks arising from the financial instruments, such as liquidity and credit risks, and provide tailored accounting policies for more complex financial instruments that clearly describe the bases for the initial classification and subsequent measurement

Ensure clear and concise reporting by removing irrelevant detail, keeping accounting policies up to date and avoiding duplication through the use of cross references

The 2023 QCA Code (by way of reminder)

For financial periods beginning on or after 1 Apr 24 – transition period is now over

AIM Rule 26 – required website disclosure
'...details of a **recognised corporate governance code** that the board...has decided to apply, how the AIM company complies with that code, and where it departs from its chosen corporate governance code an explanation of the reasons for doing so'

Overview

- Ten Principles with 'application' expectations and related disclosures
- New remuneration-focused **Principle 9**
- **New Principle 7** is a combination of 2018 Principles 9 and 6
- Works on same '**apply and explain**' basis
- Annual report and website disclosures expanded
- Chair's statement requirements enhanced
- QCA will continue **not** to review compliance

The 2023 Principles

1. Establish a **purpose**, strategy and business model which promote long-term value for shareholders
2. Promote a corporate culture that is based on ethical values and behaviours
3. Seek to understand and meet shareholder needs and expectations
4. Take into account wider stakeholder interests, including social **and environmental** responsibilities, and their implications for long-term success
5. Embed effective risk management, **internal controls and assurance activities**, considering both opportunities and threats, throughout the organisation
6. **Establish and** maintain the board as a well-functioning, balanced team led by the chair
7. **Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities**
8. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
9. **Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture**
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other **key** stakeholders

Words in **bold and underlined** are NEW in the 2023 QCA Code

The 2023 QCA Code – disclosures to focus on

For financial periods beginning on or after 1 Apr 24

Chair’s statement	Impact of governance on purpose; outcomes of governance developments and evolution of governance as company grows
Purpose	Explanation of company purpose and its link to, and impact on, strategy (Principle 1)
Culture	Description of culture ; how tone from the top supports it and board assesses, monitors and acts on cultural indicators (Principle 2)
ESG	Quantitative and qualitative reporting on ESG to meet investor expectations (Principle 3)
Stakeholder engagement	Description of relevant ESG issues and associated KPIs. How the board receives and assimilates stakeholder information, particularly in relation to the workforce (Principle 4)
Risk management	How risks, incl. emerging risks, are identified and managed and the board assures the effectiveness of internal controls . The governance of climate-related risks and opportunities should be explained, as should how the audit committee monitors and considers auditor independence (Principle 5)
Board effectiveness	Director contribution to the Board and independence considering factors which may impair that conclusion. Expectations as to time commitment and restrictions on additional roles. Extent of shareholder consultation on NED performance-related remuneration. Impact of diversity on board effectiveness and succession planning (Principle 6)
Governance	Director development initiatives and structural governance developments such as the establishment of new committees (Principle 7)
Board performance	Plans for external board performance reviews and detail on succession plans and processes (Principle 8)
Remuneration	An entirely new Principle 9 merits significant attention in context of a company’s directors’ remuneration report, particularly link of policy on remuneration to purpose, business model, strategy and culture

Shaping the Future of AIM

Sets out roadmap for AIM in response to Apr 25 discussion paper

- Targeted rule flexibilities introduced with **immediate effect** by derogations/updates to guidance with consultation on AIM Rule changes + technical guidance in **H1 2026**

Targeted rule flexibilities	Longer-term reforms/areas of future development
<p>To deliver immediate benefits, derogation requests to be considered, in respect of:</p> <ol style="list-style-type: none"> Supporting acquisitions <ul style="list-style-type: none"> Acquisition to be a substantial transaction under AIM Rule 12 (rather than an RTO) where no fundamental change of business, but shareholder vote may be required Alternative disclosure in Admission Document (rather than full Schedule Two requirements) on an RTO where both parties are publicly traded companies No automatic suspension on notification that RTO is in contemplation where appropriate alternative disclosure Changes to class tests <p>+ Increase of substantial transaction threshold from 10% to 25% - for consultation</p> Addressing unnecessary frictions <ul style="list-style-type: none"> HFI to be incorporated by reference where information is readily available to investors and will remain so Enabling use of UK GAAP No Admission Documents for new class of securities <p>+ Confirmation that following introduction of POATR regime (Jan 26) no Admission Document for further issues</p> Founder-led businesses <ul style="list-style-type: none"> DCSS meeting current Main Market requirements (applying equivalency where appropriate) permitted Fair + reasonable opinion re directors' remuneration not required where Nomad satisfied that reasonable protections in place 	<ol style="list-style-type: none"> Admission Document <ul style="list-style-type: none"> Redesign Admission Documents to be more user-friendly + valuable for companies and investors Simplified and focused on material disclosure incl. reconsideration of working capital statement Introduce incorporation by reference → reduce burden and cost Review duplicative AIM Rule 11 (General disclosure of Price Sensitive Information) disclosure in light of UK MAR Corporate governance <ul style="list-style-type: none"> Support a genuinely proportionate approach to corporate governance Nomad role <ul style="list-style-type: none"> Recalibration of Nomad role Role underpins success of AIM but re-emphasis on corporate finance value over procedural compliance More proportionate and risk-based approach More autonomy for Nomads around QE approval Upcoming engagement with firms on new technical guidance Secondary fundraisings <ul style="list-style-type: none"> Potential introduction of trading halts

Narrative reporting – diversity

Key considerations

Legal and regulatory considerations

The FRC and FCA routinely review disclosures. The FCA may require announcement via RIS of missing UKLR disclosures
Proxy voting agency voting guidelines increasingly stringent on the issue despite jurisdictional divergence

Improving the Ethnic Diversity of UK Business. Parker Review [update report](#) (Mar 25)

Reminder of new Parker Review targets

- Target: **FTSE 350 companies** to report a target for **ethnic diversity of their senior management team**, to be achieved by end 2027
- Target: **Largest 50 private companies** to meet Parker Review targets by end 2027 (including self-set target for senior management)

March 25 update report – summary of data as at 12/24

- ‘**One by end of 2021/2024/2027**’ target met by **95%** (last report, 96%) of **FTSE 100**; **82%** (last report, 70%) of **FTSE 250**; and **48%** (last report, 44%) of **largest 50 private companies**
- Average self-set targets for **representation in senior management** by end 2027: 15% - FTSE 100; 13% - FTSE 250; and 13% - largest 50 private companies
- Current attainment of **self-set targets in senior management**: 11% - FTSE 100; 9% - FTSE 250; and 9% - largest 50 private companies

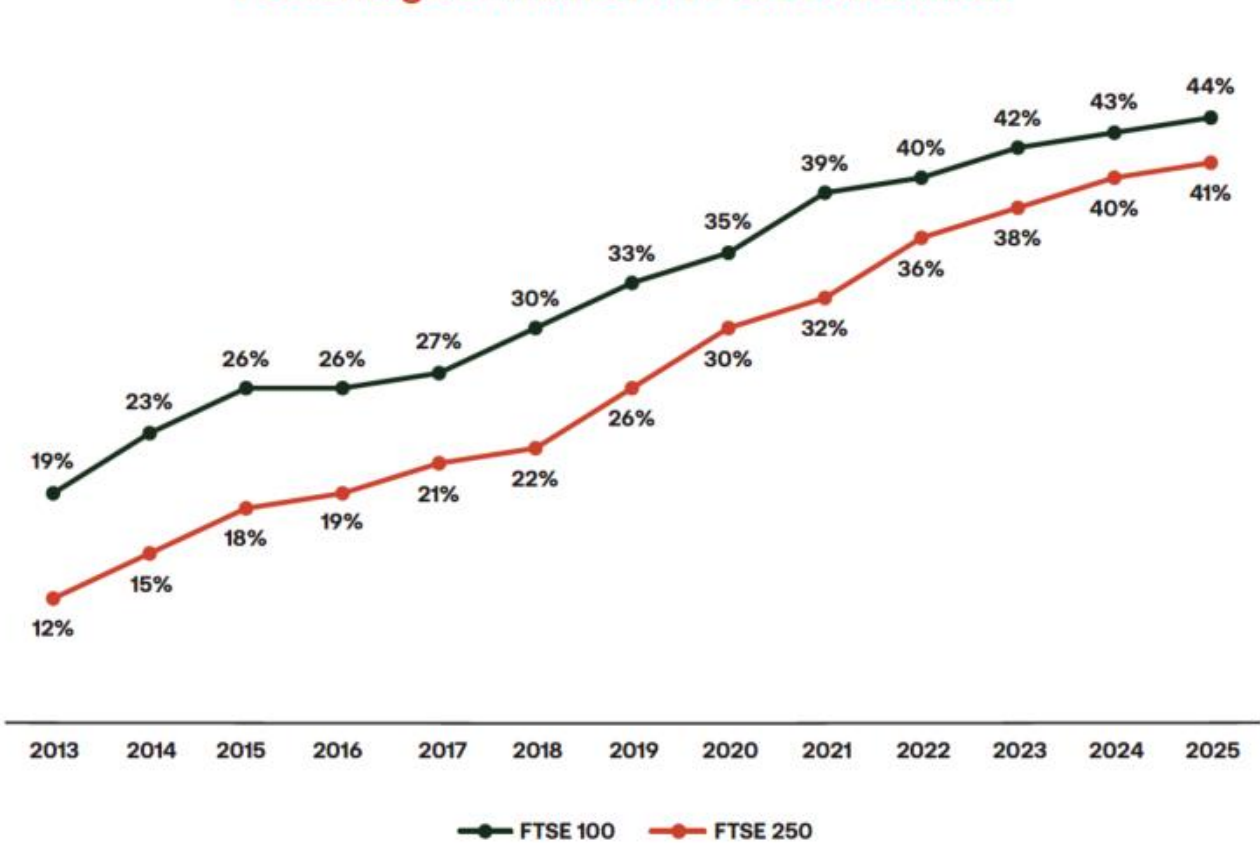
FTSE Women Leaders Review (per [latest report](#) (Feb 25) and [website](#))

- **FTSE 350**: 43.4% (last report 42.1%) Women on Boards; 35.3% (last report, 34.5%) in Senior Leadership; 56% (last report, 47%) female SIDs; 17% Chairs and 22% FDs. CEOs reduced from 20 in number to 19
- **Largest 50 private companies**: 30.5% (last report, 31%) Women on **Boards**; 36.8% (last report, 36%) in **Senior Leadership**

Narrative reporting - diversity

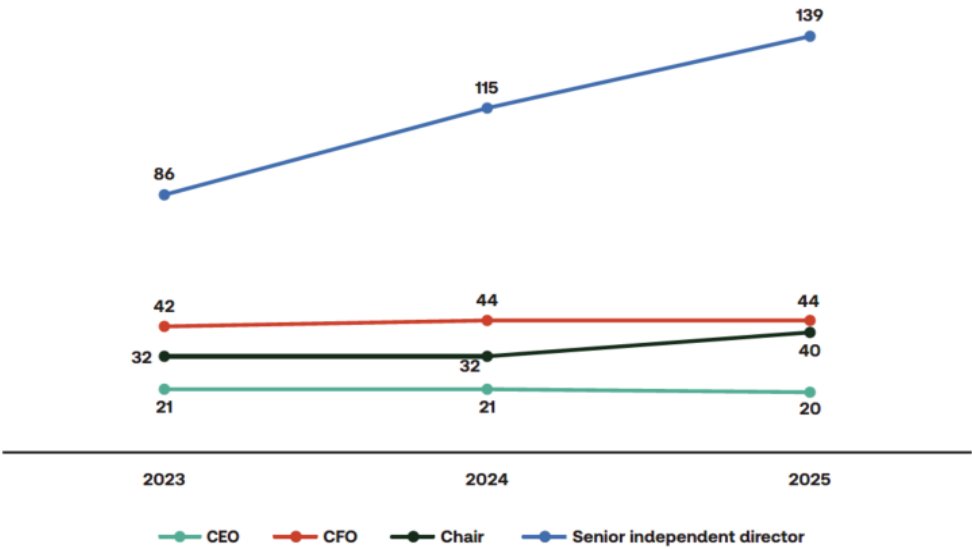
Statistics behind the disclosures

Percentage of women on FTSE 350 boards

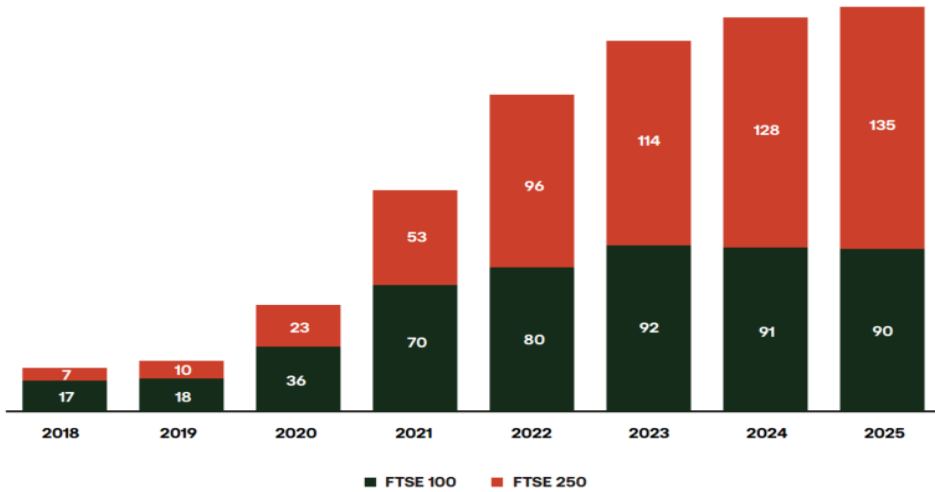


(Source: Practical Law Annual Reporting and AGMs 2025 – What’s Market practice?)

Senior board positions held by women (2023 – 2025)



Number of FTSE 350 companies disclosing at least one board member is from a minority ethnic background



The Companies (Directors' Remuneration and Audit) (Amendment) Regulations 2025

Key points to note

- **Payments to directors: From 11 May 2025**, shareholder approval is sufficient for payments not covered by the remuneration policy; no need to revise and re-approve the policy
- **Reporting:** For financial years beginning **on or after 11 May 2025**, following remuneration reporting disclosure requirements removed:
 - Deputy CEO pay if not a director
 - Annual director-versus-employee pay-change comparison – **but** still required for comparison of CEO's pay to employees' pay
 - Totals for "fixed" vs "variable" pay
 - Disclosure of remuneration policy decision-making process - **but** still required under UK Corporate Governance Code
 - Deferral periods for performance awards - **but** still required for actual deferrals of performance-related pay made during financial year
 - Vesting and holding periods for share awards - **but** still required under UK Corporate Governance Code
 - Changes to share option exercise price or date
- Changes summarised in **GC100 and Investor Group Directors' Remuneration Reporting Guidance 2025**

Finalising and publishing - FCA/FRC reminders

Structured Digital Reporting and The National Storage Mechanism

A reminder of the basics

- Annual Report must be filed with the FCA by uploading it to the National Storage Mechanism
- Annual Report must be made public at the latest four months after the end of each financial year (DTR 4.1.3R) and submitted in Extensible Hypertext Markup Language (XHTML) format (DTR 4.1.15R)
- NSM may reject an Annual Report if it is not prepared properly (DTR 4.1.15R to DTR 4.1.22R). **Remember:** if an Annual Report is rejected (per DTR 6.2.11G (4)), an issuer is expected to resubmit within the prescribed timeline (DTR 4.1.3R)

FRC insights on structured financial reporting

- Annual review of structured digital reporting (Apr 25) highlights key areas for improvement in how listed companies present their digital annual reports. While basic errors have been resolved, companies face challenges with more complex aspects
- FRC also states that it will enhance its review of digital reporting by conducting a sample review alongside its normal monitoring of annual reports. Companies with significant tagging issues may receive direct communication from the FRC

Enhancement of the FCA National Storage Mechanism

- The FCA's new rules to enhance the NSM came into force on 3 Nov 25. Changes include: requirement to include name and Legal Entity Identifier (LEI) and to use new headline codes and categories when submitting regulated information to the NSM
- See FCA Policy Statement PS24/19 for more

Payment practices reporting....and other measures

What's new?

Note new higher company-size classification thresholds for medium sized companies – i.e. the threshold used for payment reporting – see slide later in this section

The Reporting on Payment Practices and Performance (Amendment) Regulations 2024 (2024 No. 444)

Apply to financial year of an in-scope company beginning on or after 1 Jan 25

Key changes:

Value metric added - the value of invoices that have not been paid under agreed terms, alongside existing volume reporting, to improve transparency

Disputed invoices metric added – the proportion of disputed invoices which subsequently result in payments being made outside agreed payment terms

Other – clearer instructions as to how payments should be reported when third party supply chain finance provider is involved

Revised Guidance also published (Sept 24) – [click here](#)

The Reporting on Payment Practices and Performance (Amendment) Regulations 2025 (2025 No 75)

Apply to financial year of an in-scope company beginning on or after 1 Apr 25

Key changes:

New requirements to publish certain information about payment practices and policies with respect to retention clauses in **construction contracts** with suppliers

The Fair Payment Code

[Launched](#) Dec 24. Administered by the Office of the Small Business Commissioner

A voluntary code of best practice, whereby businesses can apply for awards in Gold, Silver and Bronze categories depending on the speed of their payments. **Code Principles** – being clear, fair and collaborative with suppliers

Award criteria:

Gold Award – Pay at least 95% of all invoices within 30 days

Silver Award – Pay at least 95% of all invoices within 60 days, including at least 95% of invoices to small businesses (with fewer than 50 employees) within 30 days

Bronze Award – Pay at least 95% of all invoices within 60 days

For the Fair Payment Code Application process – [click here](#)

*Note new higher company-size classification thresholds for medium sized companies – i.e. the threshold used for payment reporting - see **next slide***

Payment practices reporting....in the Directors' report

Applies to financial periods beginning on or after 1 Jan 2026 for 'large' companies

The **Companies (Directors' Report) (Payment Reporting) Regulations 2025** (2025 No 1152) add new disclosures for qualifying contracts:

- The company's payment period with its suppliers specified in its standard payment terms
- Details of any variations to those terms, as well as details of any notification/consultation conducted by the company with its suppliers before making the variation
- The average number of days taken to make payments
- The percentage and total of payments which are **not** made within the company's payment period
- The percentage and total of payments made within 30 days, within 60 days and over 61 days

The Regulations do **not** require the disclosure in annual reports of **all** information required to be disclosed by an in-scope company in its half yearly payment practices filings – these filings will continue to be required in parallel

The Regulations can be found [here](#). For more, see [AGC Update - Issue 69](#)

Also on the horizon...

DBT has [published](#) its **Small and Medium-sized Business Plan** and a consultation on possible legislative measures to address late invoice payments (closed for comments in Oct 25)

Consultation proposals: increasing board level scrutiny (assisted by audit committees) of the payment practices of large companies; maximum payment terms and deadlines for disputing invoices; mandatory statutory interest; additional reporting; financial penalties; and reducing payment practices filings to once a year

The Companies (Accounts & Reports) (Amendment & Transitional Provision) Regulations 2024

Applies to financial periods beginning on or after 6 Apr 25

Directors' report requirements reduced and company size thresholds increased

- **Duplicative and/or 'superseded' narrative reporting disclosures in Accounts Reg 2008 (as amended) removed, including:**
 - Disclosures on use of financial instruments
 - Post balance sheet events
 - R&D activity
 - Disclosures on employment of disabled persons
 - Engagement with employees, suppliers, customers and others
- **Balance sheet and turnover tests for company size determination increased by 50%:**
 - **Small companies / LLPs:** not more than £15m turnover; and not more than £7.5m BST
 - **Small company groups / LLP groups:** not more than £15m net (or £18m gross) aggregate turnover; and not more than £7.5m net (or £9m gross) aggregate BST
 - **Medium-sized companies and LLPs:** not more than £54m turnover; and not more than £27m BST
 - **Medium-sized company groups / LLP groups:** not more than £54m net (or £64m gross) aggregate turnover; and not more than £27m net (or £32m gross) aggregate BST
 - **Note transitional provisions**
 - **Employee threshold unchanged** at 'not more than 250 employees'
- **See also FRC [updates](#) to reflect the increased reporting thresholds including its [summary document](#)**

Narrative reporting reforms....on the horizon

Review of non-financial reporting framework and broader modernisation of corporate reporting review

Reducing company reporting burdens – government announces legislative changes “*as quickly as possible*” including

- Exempting most medium-sized companies from the requirement to produce a strategic report
- Exempting wholly-owned subsidiaries from producing a strategic report if they are covered by the reporting of a UK parent
- Removing the requirement for a directors’ report with some provisions to be removed entirely, and others relocated elsewhere in the Annual Report

Modernisation of Corporate Reporting Review – 2026 consultation

DBT will consult in 2026 “*aiming to restore company reporting to its original purpose, providing concise, decision-relevant information for investors and creditors while removing unnecessary burdens on businesses*”. The consultation will cover:

- Remuneration reporting
- Corporate governance reporting
- The financial reporting framework as well as improving regulatory alignment across reporting frameworks
- How corporate reporting should function in a digital age

Unlocking Business: Reform Driven by You

- A questionnaire to gather direct insight on where regulation is creating unnecessary burdens on business. Closes 16 Dec 25

See [HMT Regulation Action Plan - Progress Update and Next Steps](#) (Oct 25); [DBT Ministerial Statement](#) (Oct 25); and [questionnaire](#) seeking views

On the horizon for narrative and other reporting...

Other developments to keep an eye on.....

Ethnicity and disability pay gap reporting

Draft Equality (Race and Disability) Bill

Purpose: To tackle inequality for ethnic minority and disabled people by enshrining in law the full right to equal pay for ethnic minorities and disabled people and introducing **mandatory ethnicity and disability pay reporting** for larger employers (those with 250+ employees)

Source: *King's Speech (Jul 24)*

Consultation on how to implement mandatory ethnicity and disability pay gap reporting for large employers issued March 2025 and closed June 2025

Source: [Consultation document](#) and [webpage](#)

Still no date for implementation

SME audit and reporting challenges

FRC market study into SME audit and reporting challenges. Launched Feb 25. Expected to conclude by the end of 2025

To examine how effectively the audit market serves small and medium-sized enterprises (SMEs) and explore opportunities to reduce their reporting burden where possible

FRC Innovation and Improvement Hub

Purpose: To foster a culture of innovation

Current projects include several audit initiatives as well as **[Sandbox: simplifying annual reporting](#)**. For this project, the FRC seeks five listed companies to participate in a sandbox exercise to determine where they can streamline their annual reporting.

Further reading: [Sandbox website](#)

Employment Rights Bill – reporting proposals

There will be staged implementation in 2025, 2026 and 2027. **Reporting obligations include:**

Equality action plans

- New obligations for employers with 250 or more employees to publish equality action plans on an annual basis showing the steps that they are taking on gender equality
- Currently expected to be introduced on a voluntary basis from Apr 26, becoming mandatory for qualifying employers in 2027

Outsourced workers

- The introduction of regulations requiring employers with 250 or more employees to publish information regarding outsourced workers
- No current information on timing

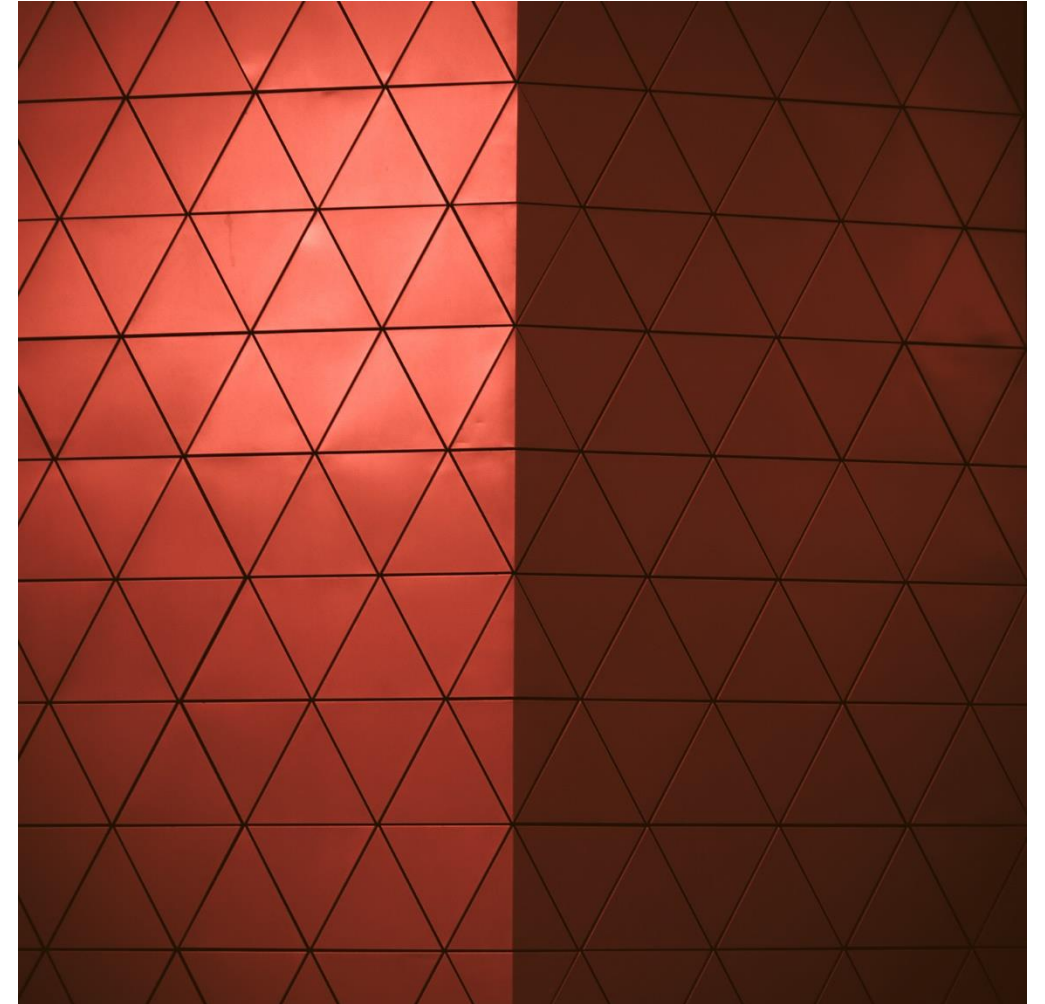
AGM retrospective and preparing for 2026

Will Chalk and John Papadakis, Ashurst

AGM retrospective and preparation for 2025

What we will cover

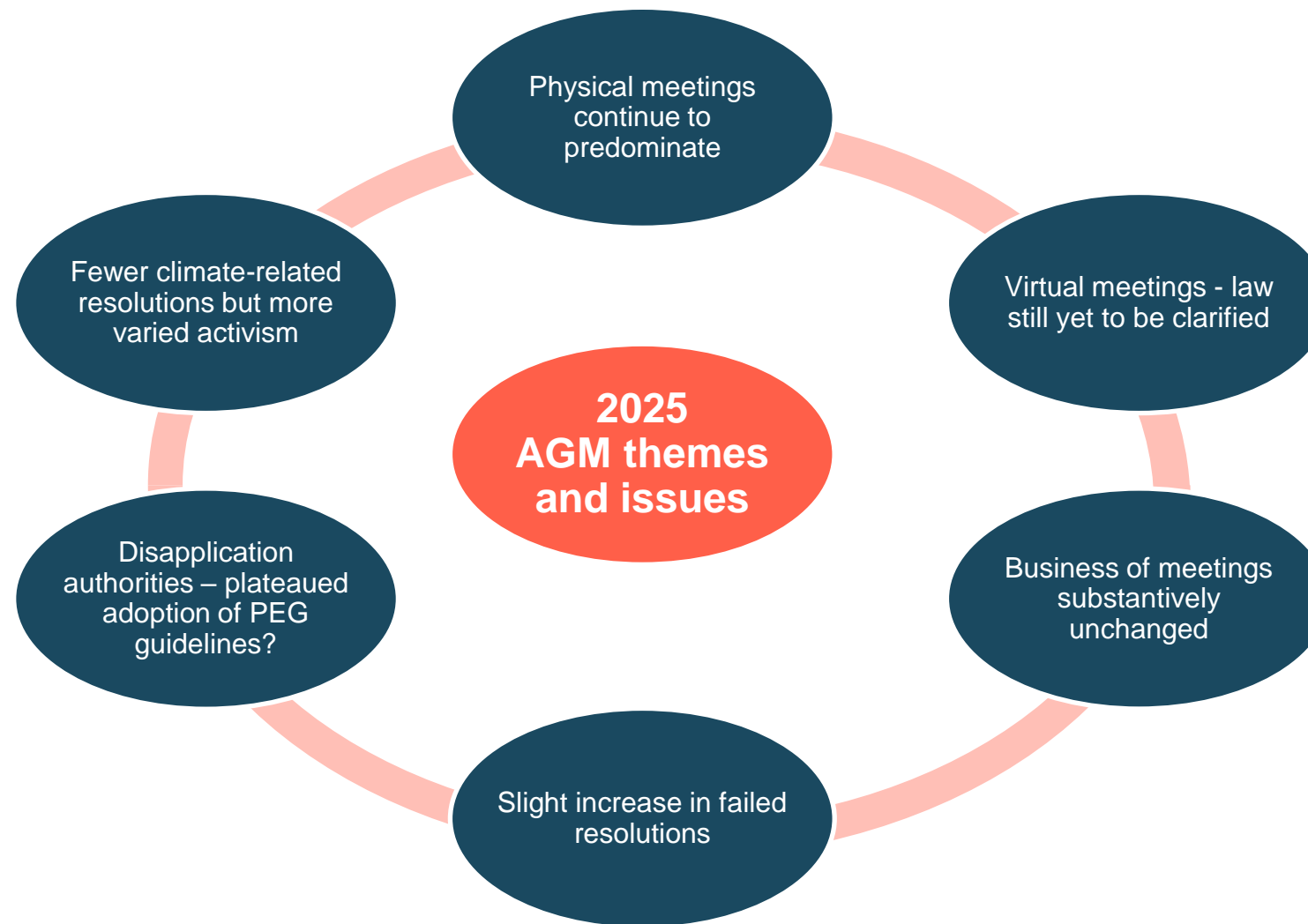
-
- A review of AGMs in 2025
-
- AGMs in 2026 – Issues to consider
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- AGMs in 2026 – Voting guidelines
-
- AGMs in 2026 - Remuneration
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AGMs in 2025

Key themes and issues

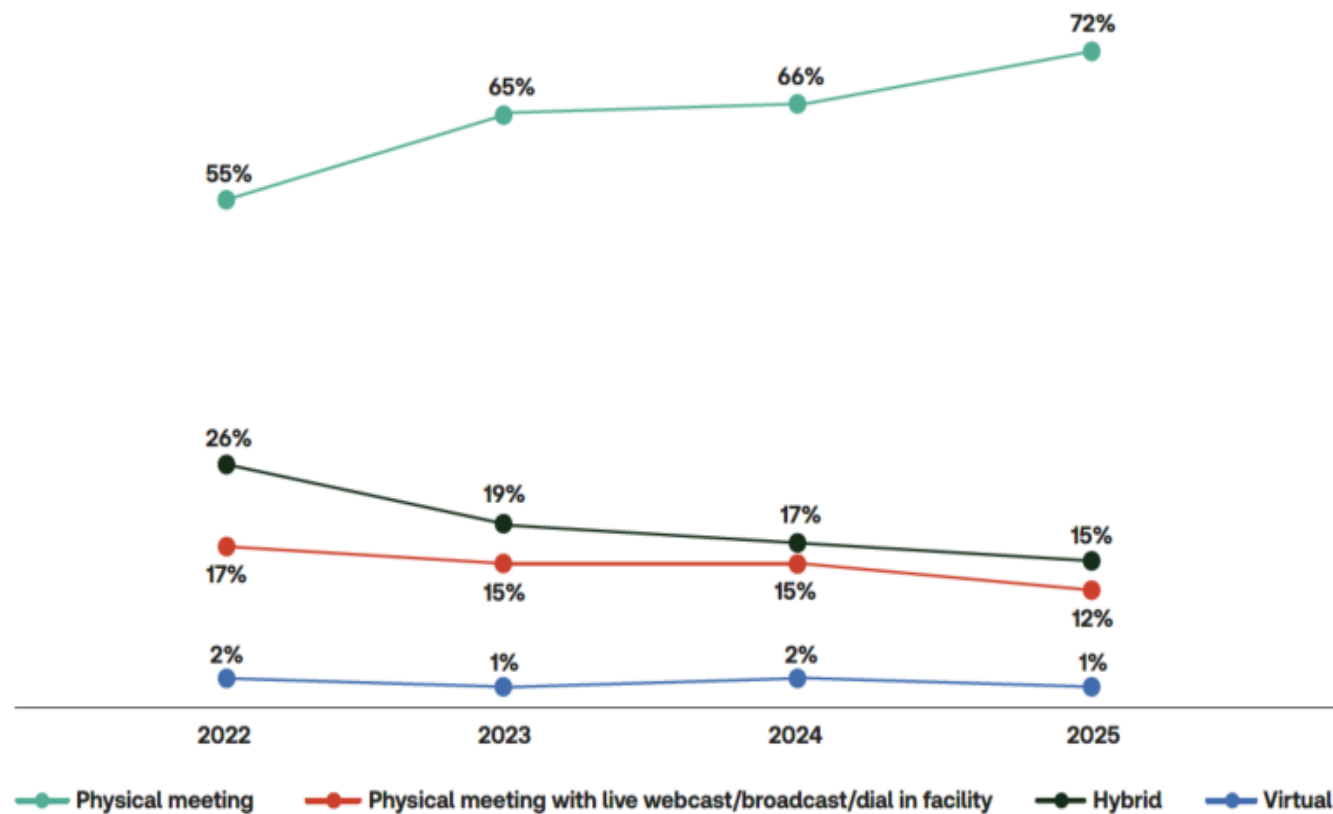
[LSE Dividend Procedures](#)
[Timetable 2026](#)



AGMs in 2025

Format of meeting

Comparison of meeting formats (2022 – 2025)



(Source: Practical Law Annual Reporting and AGMs 2025 – What's Market practice?)

'Virtual' AGMs

- Aston Martin
- Clarkson
- Bakkavor Group

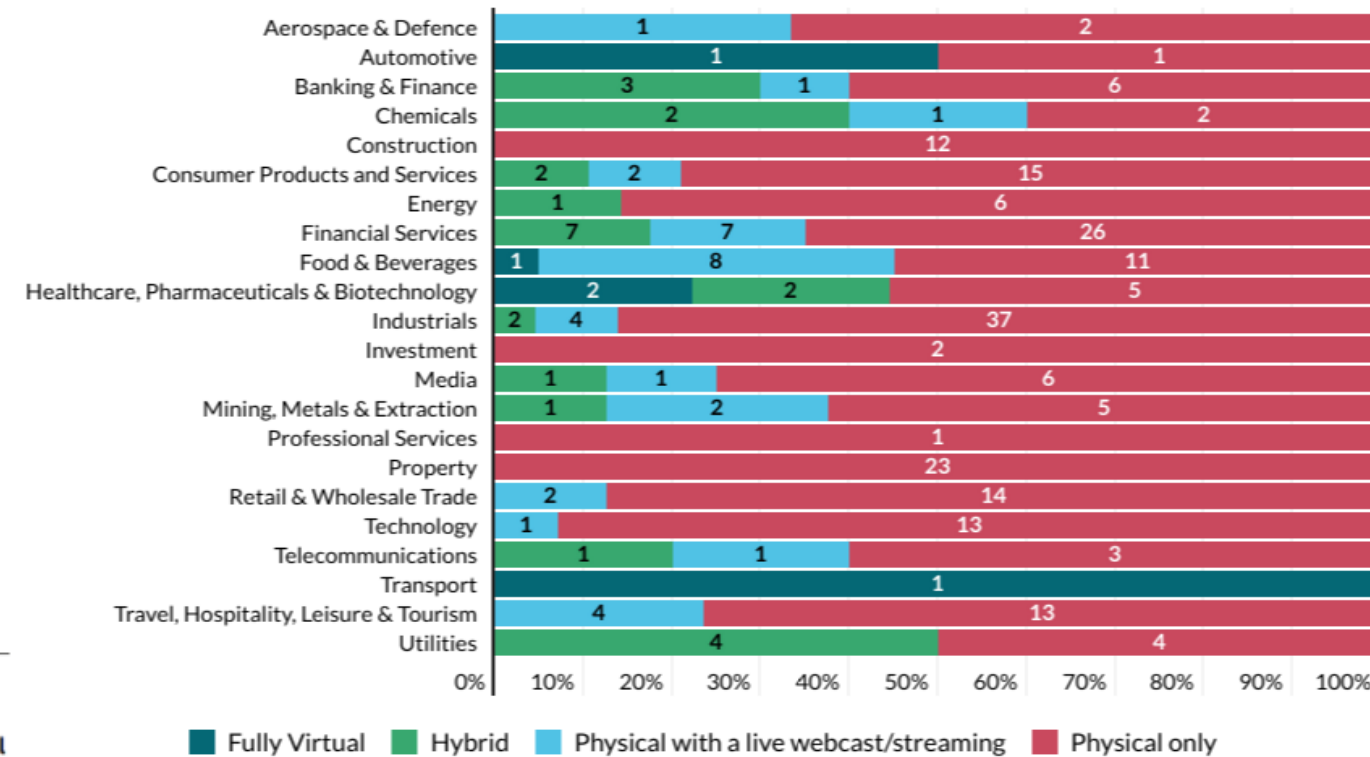
When will the law be clarified? And then what happens?!

'Digitally enabled' AGMs

- M&S Group plc
- Haleon plc
- HSBC Holdings
- AstraZeneca plc
- BAE Systems plc

Note ISS proposed changes to voting guidelines

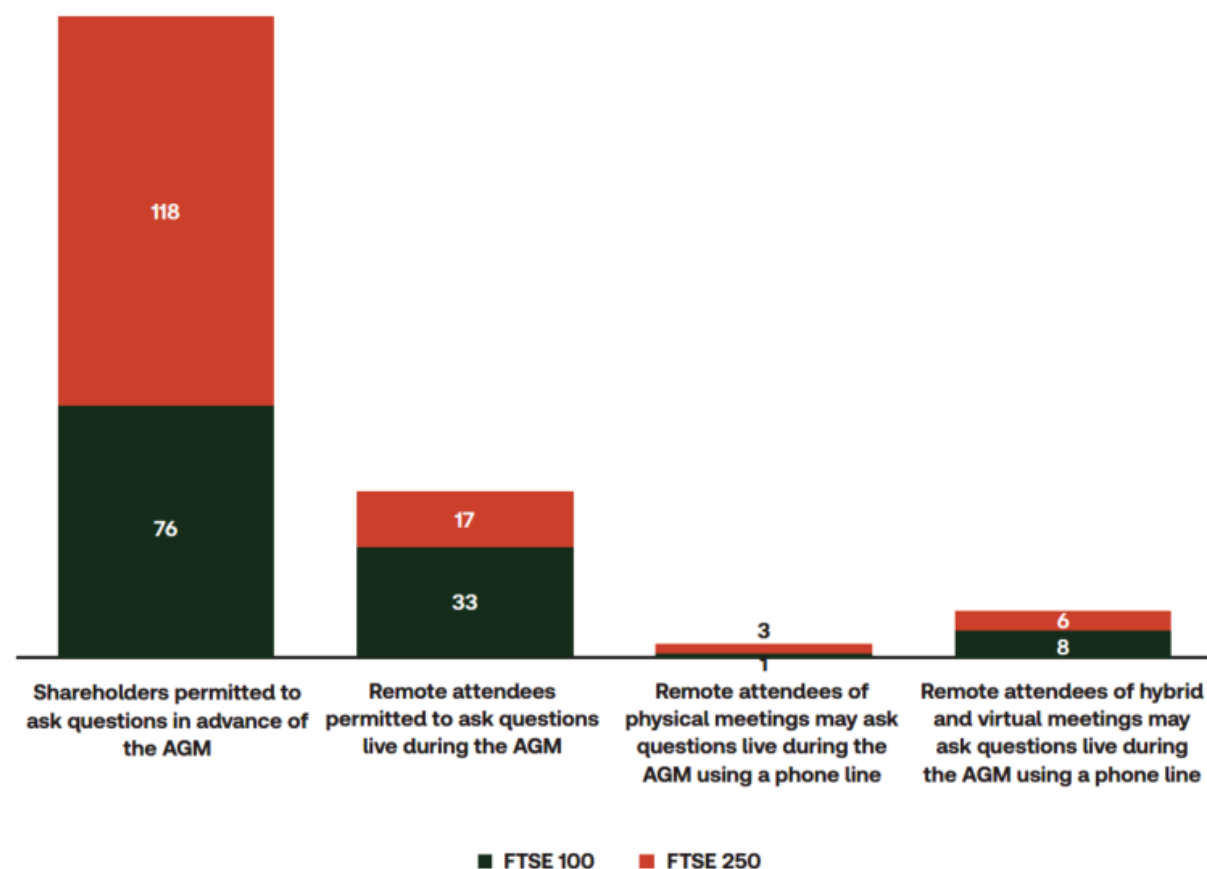
Meeting format by industry sector 2025 AGM season FTSE 350



AGMs in 2025

Questions at AGMs

Number of FTSE 350 companies offering Q&A options at their 2025 AGM



194 companies allowed questions in advance of meeting

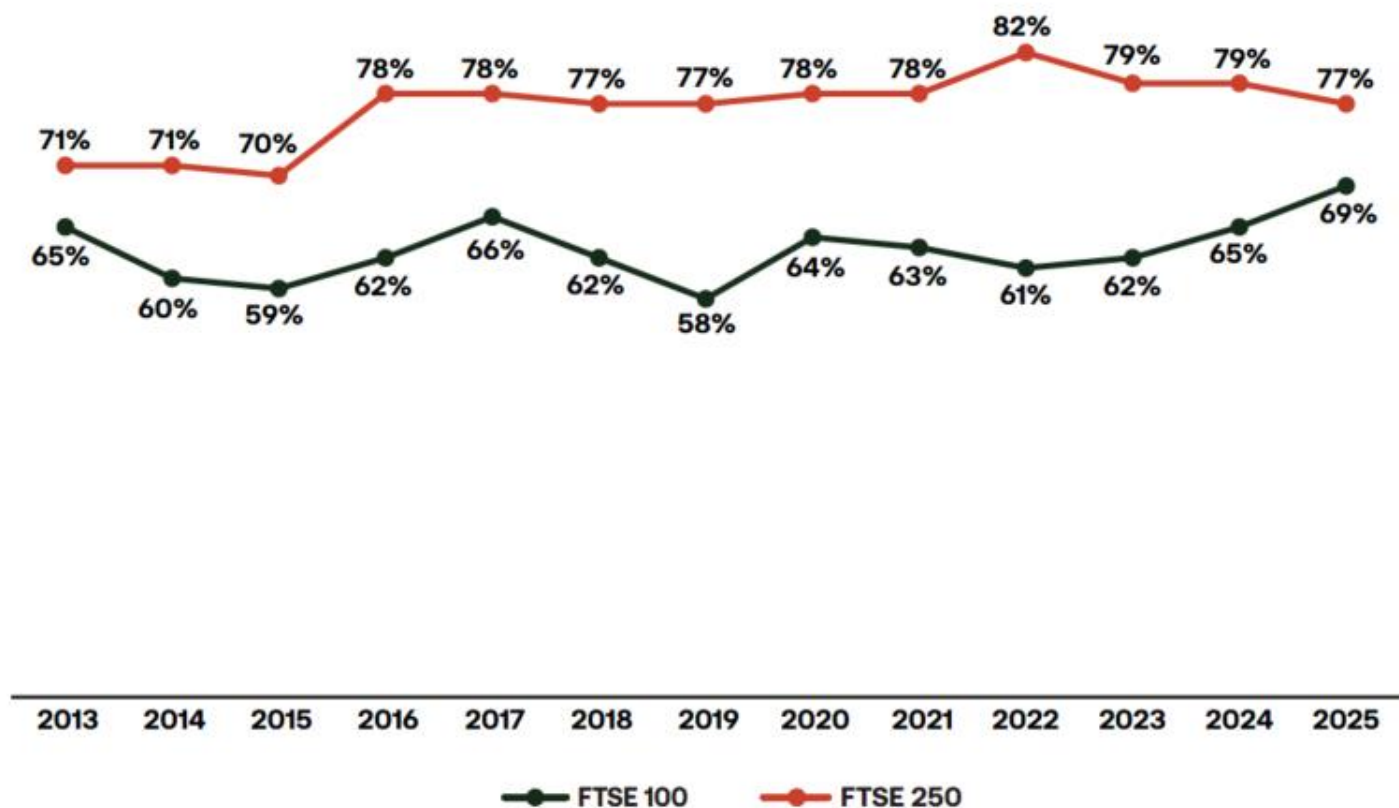
- 135 of 194 companies included explanation in AGM Notice on **how** responses would be provided
- 124 companies specified **when** answers would be given
- 33 companies confirmed that responses would be provided **before** the proxy deadline

(Source: Practical Law Annual Reporting and AGMs 2025 – What's Market practice?)

AGMs in 2025

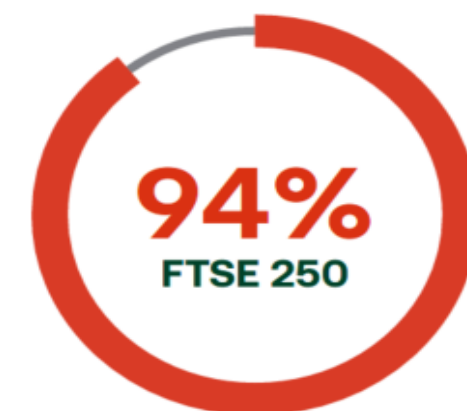
Share capital resolutions

Percentage of companies seeking additional one-third authority to allot shares



Disapplication of pre-emption rights

General authority



Enhanced disapplication

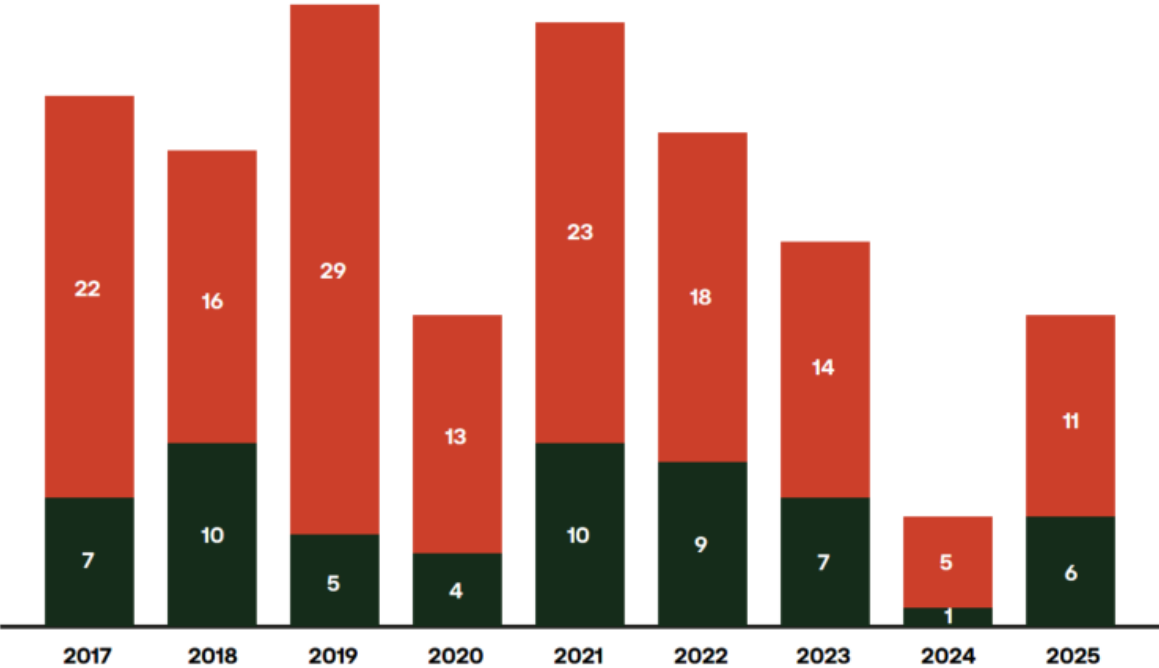


(Source: Practical Law Annual Reporting and AGMs 2025 – What's Market practice?)

AGMs in 2025

Dissent – A slight uptick compared with lowest on record

Number of FTSE 350 companies that received between 20% and 49.9% of votes against the annual remuneration report



(Source: Practical Law Annual Reporting and AGMs 2025 – What’s Market practice?)

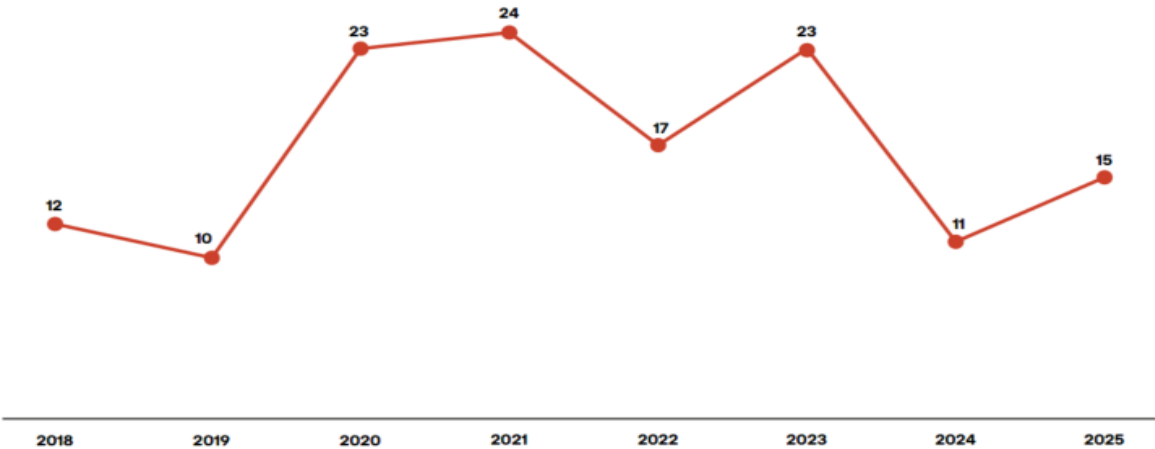
Failed resolutions by type
2025 AGM season FTSE 350



No. of failed resolutions



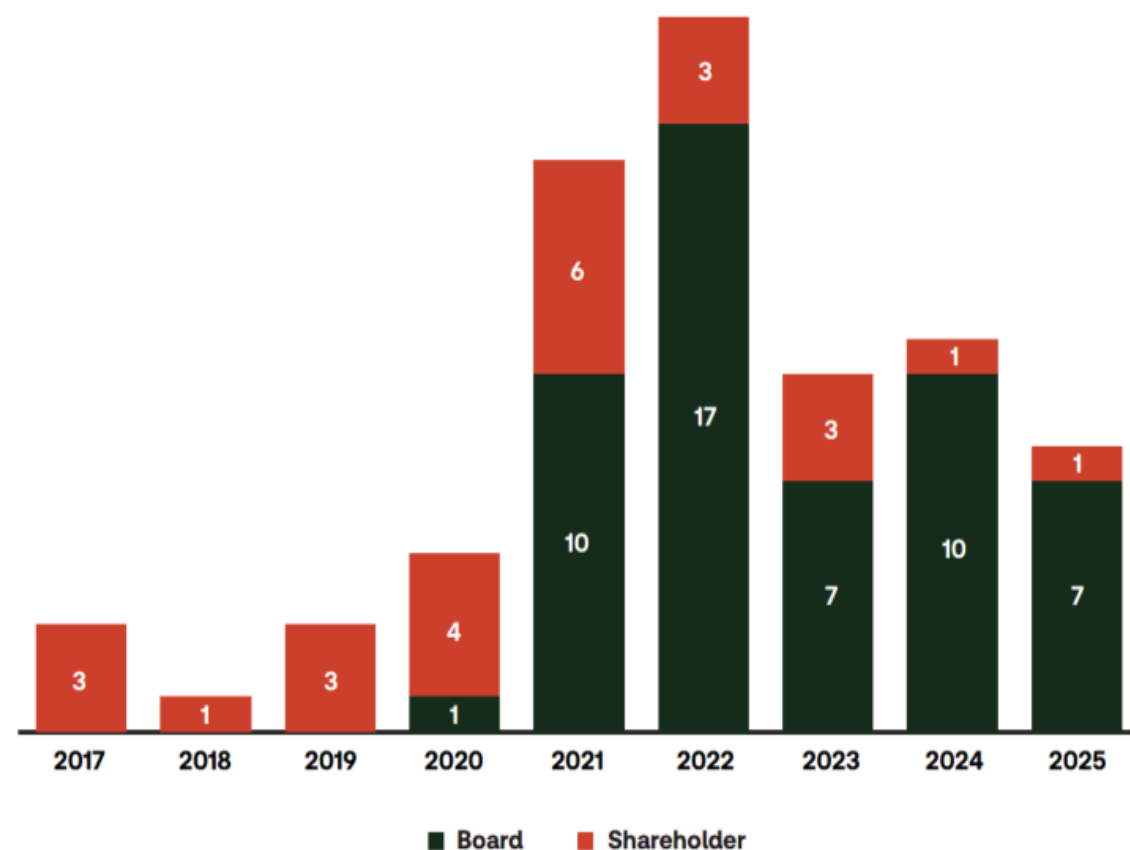
Number of failed resolutions for FTSE 350 companies between 2018 and 2025



AGMs in 2025

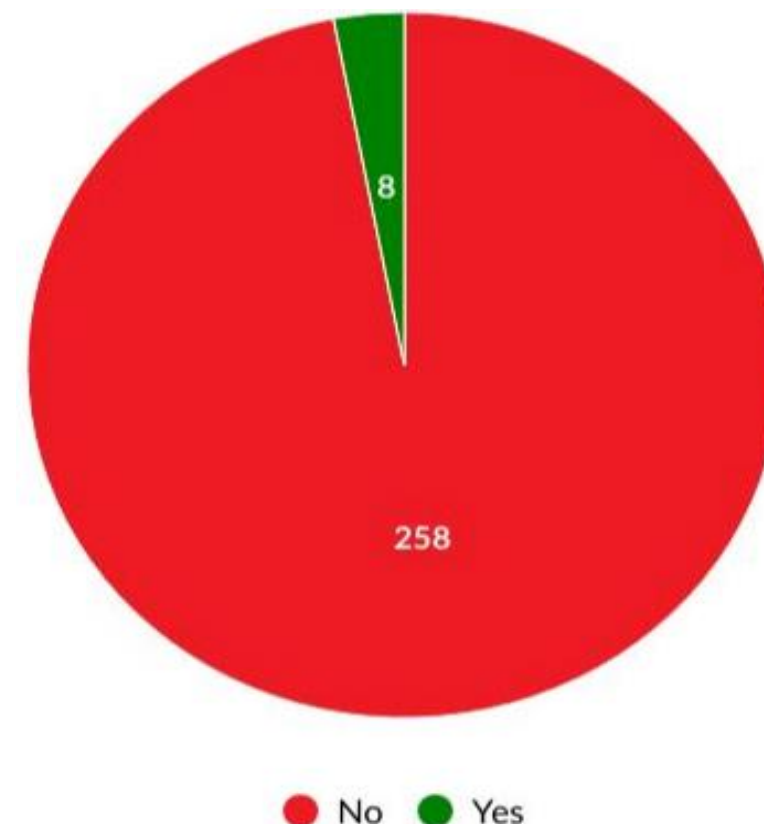
Climate-related resolutions

Number of climate-related resolutions at AGMs: board-proposed vs shareholder-requisitioned



(Source: Practical Law Annual Reporting and AGMs 2025 – What's Market practice?)

Companies that proposed a climate related resolution
2025 AGM season FTSE 350



LexisNexis

AGMs in 2025

The AIM Top 50 (sample 47 companies)

Format

- 47 companies held **physical** meetings
- 4 augmented physical meeting with webcast / broadcast / dial-in

Allotment authorities

- 96% sought a general allotment authority
- 62% sought authority over additional one-third of issued share capital

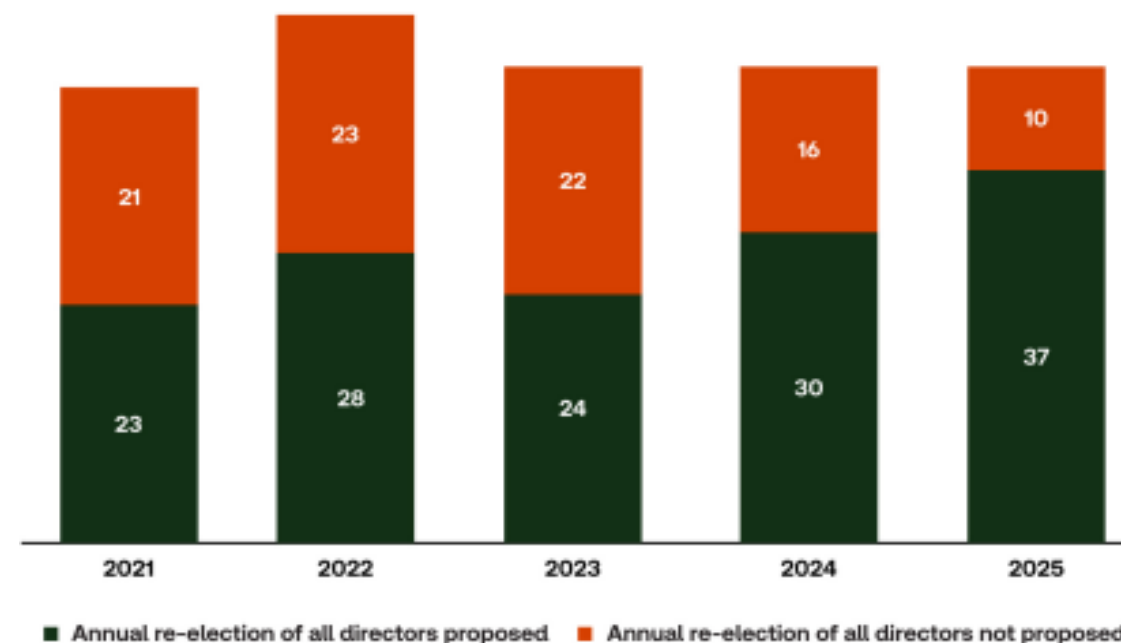
Pre-emption disapplication

- 96% sought a disapplication authority
- 72% sought an enhanced authority with nearly all following 2022 PEG SoP
- 42% sought authority to be able to make 'follow-on' offers

Remuneration reports and policies (Ashurst survey)

- Most putting Rem reports to an advisory vote
- Some also putting Rem policies to advisory votes

Re-election of directors



Disapplication of pre-emption rights

% sought	5%	10%	12%	20%	24%
	3	10	2	10	19

(Source: Practical Law Annual Reporting and AGMs 2025 – What's Market practice?)

AGMs in 2026

Key changes to voting guidelines

Glass Lewis?

*Investment Association Shareholder
Priorities?*

Activism

*ShareAction - National Living Wage
LAPFF – Climate transition plan vote
Other geo-political / environmental*

Voting guidelines – key changes

PLSA 2025 Stewardship and Voting Guidelines

In the 2025 edition of the Stewardship and Voting Guidelines, the PLSA considers:

- Recent political and economic events that have a direct impact on stewardship issues for investors
- The impact on shareholder rights caused by changes to the UK Listing Rules and AI developments
- Sustainable finance developments, including the government's focus on this area, and the PLSA's efforts to increase the focus on considering nature as part of good company practice
- Social factor developments, including the DWP Taskforce on Social Factors and the PLSA's social factor case studies
- Workforce developments, including issues such as maternity and paternity pay and leave policies, and ethnicity and disability pay reporting

The guidelines are no longer freely available – see the member's area of the [PLSA website](#)

ISS consultation for 2026 guideline changes

- ISS has [launched](#) its [Request for Comments: Proposed benchmark policy changes 2026](#), to inform changes to its international voting policies in 2026. Consultation closed 11 November 25
- **Key issue:** General meetings – ISS proposes a definition of '**in-person meeting**' to address recent practice by a small number of companies that have sought to introduce more restrictive in-person shareholder meetings, potentially reducing shareholder participation or limiting opportunities for engagement with the board
- Policy changes expected to be confirmed in late Nov 25 to be effective for shareholder meetings held on or after 1 Feb 26

The Investment Association's Principles of Remuneration (2024)

Overview and key points

Overview

- **More Flexible** – guidance not rules
- **Overarching principles** – remuneration policies should:
 - promote long-term value creation through alignment of pay with corporate strategy
 - support individual and corporate performance, sustainable long-term financial health of business and sound risk management
 - seek to deliver remuneration levels clearly linked to company performance

Takeaways for AGMs – 2025 Update

- **Remuneration proposals:** specific, well-substantiated rationales for pay proposals
- **Hybrid schemes:** appropriate only for companies with significant US footprint or where competition for global talent
- **Bonus deferrals:** proportionate approach to reduce deferral once shareholding guidelines met, but do not remove completely
- **Changes to in-flight awards:** strongly discouraged - must be consulted on and supported by shareholders
- **Independent NEDs:** fees may be partly delivered in shares, but performance-related pay remains inappropriate
- **2026 AGMs:** Scrutiny on how remuneration committees balance executive pay with wider stakeholder interests - more transparency/disclosure of reasoning needed

Guidance comparison

IA vs. ISS vs. GL

Feature	Investment Association	ISS	Glass Lewis
Approach	Principles-based, flexible	Structured	Holistic, case-by-case
Performance Equity Scrutiny	Case-by-case scrutiny with robust rationales required	High (especially with P4P misalignment)	Moderate, context-driven
Hybrid Plans	Supported only for US footprint and for competing for global talent	Flexible, guideline-aware design	Accepted with rationale
Bonus Deferral	Flexible if shareholding guidelines met with clawback/malus retained	Supported but must not increase total bonus	Flexible if shareholding guidelines met
Dilution Limits	5% limit removed; 10% remains with exceptions	Conservative (5% limit for executive schemes)	Accepts >10% with rationale
Clawback Policies	Encouraged but less prescriptive	Must be robust for say on pay support	Must cover misconduct and be disclosed

Key remuneration issues and trends – 2026

Glass Lewis Voting Guidelines 2025 and QCA Code 2023

Glass Lewis 2025 Benchmark Policy Guideline – key remuneration changes

- **Hybrid incentive plans.** New section. Companies should provide further disclosure including:
 - rationale for choosing hybrid model over single structure
 - reduction in maximum opportunity compared with previous LTIP (with explanation of methodology used to determine discount rate)
 - total holding period (pre and post-vesting) of at least 5 years
- **Dilution limits.** Share dilution should be limited to 10% in any 10-year period for companies with established businesses

QCA Corporate Governance Code 2023 – key rem points

- Remuneration policies should be put to advisory shareholder vote
- Best practice for larger companies is to put remuneration policy to binding shareholder vote
- New or significant amendments to existing share plans should be put to shareholder vote
- Code applies to financial periods that began on or after 1 April 24, although first year considered a ‘transition’ year, so full impact of Code not yet apparent

Key remuneration issues and trends – 2026

ISS 2025 AGM Season Review and Corporate Governance Code 2024

ISS 2025 AGM Season Review – key trends

- **Rem policy.** Only 32 of 600+ AIM companies presented remuneration policies for shareholder approval so far in 2025. Full compliance with QCA Corporate Governance Code 2023 expected in 2026
- **Hybrid incentive plans.** Required at minimum to have compelling rationale, reduction in maximum opportunity compared to previous LTIP and total holding period (pre and post-vesting) of at least 5 years

UK Corporate Governance Code (2024) Guidance

- Companies may encourage non-executive directors to build a personal shareholding in the company to foster alignment with shareholders and support long-term commitment
- Part of non-executive director fees may be paid in shares, provided a description is given of rationale and process
- Performance-related remuneration is **not** appropriate

UK Corporate Governance Code 2024 – malus and clawback

Provision 38. Remuneration report should include description of malus and clawback provisions, including:

- circumstances in which malus and clawback provisions could be used;
- description of period for malus and clawback and why selected period best suited to organisation; and
- whether provisions were used in last reporting period and if so, clear explanation of reason for use

Governance round-up

Will Chalk, Ashurst

Corporate governance round-up

What we will cover

-
- ECCTA overview
-
- Directors' duties
-
- Market abuse and other issues of note
-
- Governance reforms
-
- Bedtime reading
-

For another time.....

Governance of AI

Cyber readiness and response

New Public Offerings regime

The Economic Crime and Corporate Transparency Act 2023

Timeline of key milestones that are **in force**

26 October 2023	<ul style="list-style-type: none"> Received Royal Assent
26 December 2023	<ul style="list-style-type: none"> New 'senior manager' test for corporate criminal liability effective
4 March 2024	<ul style="list-style-type: none"> New obligation for companies and LLPs to have a physical registered office address and an email addresses New powers granted to Companies House including removing false and misleading information from the register
1 May 2024	<ul style="list-style-type: none"> New fees regime introduced permitting Companies House to charge higher incorporation and annual fees to fund investigation and enforcement activities against those misusing the register
1 October 2024	<ul style="list-style-type: none"> New powers for Companies House to issue enhanced financial penalties for any relevant offences committed under ECCTA or the Companies Act 2006
27 January 2025	<ul style="list-style-type: none"> New powers for Companies House to assess applications from individuals seeking to have residential addresses suppressed from public disclosure where they have been used as a registered office address

The Economic Crime and Corporate Transparency Act 2023

Timeline of key milestones that are **in force**

18 March 2025	<ul style="list-style-type: none"> Companies House to expedite striking off of companies formed for a false basis Firms regulated for anti-money laundering purposes able to register with Companies House as authorised corporate service providers (ACSPs)
18 May 2025	<ul style="list-style-type: none"> Individual directors, LLP members and persons exercising significant control (PSCs) permitted to voluntarily verify their identity, either directly with Companies House or indirectly via an ACSP
1 September 2025	<ul style="list-style-type: none"> New failure to prevent fraud offence effective
18 November 2025	<ul style="list-style-type: none"> Identity verification compulsory for new directors, LLP members and PSCs 12-month period begins requiring existing directors, LLPs and PSCs to verify their identity Identity verification provisions not yet in force for corporate directors, corporate LLPs and registrable relevant entities
18 November 2025	<ul style="list-style-type: none"> No longer necessary to maintain the register of directors, register of directors' residential addresses, register of secretaries and the PSC register at the registered office. The information in these registers will need to be provided and will be held at Companies House

The Economic Crime and Corporate Transparency Act 2023

Mandatory identity verification deadlines from 18 Nov 25

For existing directors, individual PSCs and individual LLP members, the IDV deadlines are:

- For **existing directors**: when the company's first annual confirmation statement after 18 November 2025 is filed
- For **individual PSCs who are also directors**: within 14 days of the company's first confirmation statement due date falling after 18 Nov 25
- For **individual PSCs who are also not directors**: within 14 days of the first day of their month of birth falling after 1 Dec 25
- For **existing individual members of an LLP**: when the LLP's first annual confirmation statement after 18 Nov 2025 is filed
- For **existing individual PSCs of an LLP who are also members of the LLP**: within 14 days of the LLP's first confirmation statement due date falling after 18 Nov 25
- For **existing individual PSCs of an LLP who are not also members of the LLP**: within 14 days of the first day of their month of birth after 1 Dec 25
- For **directors of an overseas company with a UK establishment**: by the first anniversary of the date the overseas company registered the UK establishment falling after 18 Nov 25

The Economic Crime and Corporate Transparency Act 2023

Key changes expected to be implemented **in 2026**

Spring	<ul style="list-style-type: none"> IDV to be extended to corporate directors, corporate LLP members and registrable relevant entities (corporate PSCs)
Spring	<ul style="list-style-type: none"> New filing restrictions to be introduced requiring a person filing a document at Companies House to have either completed identity verification or be registered as an ACSP
Spring	<ul style="list-style-type: none"> Extension of key ECCTA provisions to limited partnerships
Autumn	<ul style="list-style-type: none"> Companies House begin enforcement against those who have failed to verify their identity
Autumn	<ul style="list-style-type: none"> New provisions facilitating greater cross-checking of information and data between Companies House and other public and private sector bodies will come into force
Autumn	<ul style="list-style-type: none"> Software-only filing for all accounts The option for small companies and micro-businesses to file abridged accounts will be removed 'Small' companies will also be required to also file their directors' report Companies claiming an audit exemption will be required to provide an enhanced statement from their directors on the balance sheet, specifying exemption claimed and confirming the company is eligible Restrictions on the number of times that a company can shorten its accounting reference period
Autumn	<ul style="list-style-type: none"> Corporate director reforms

Directors' duties

New developments

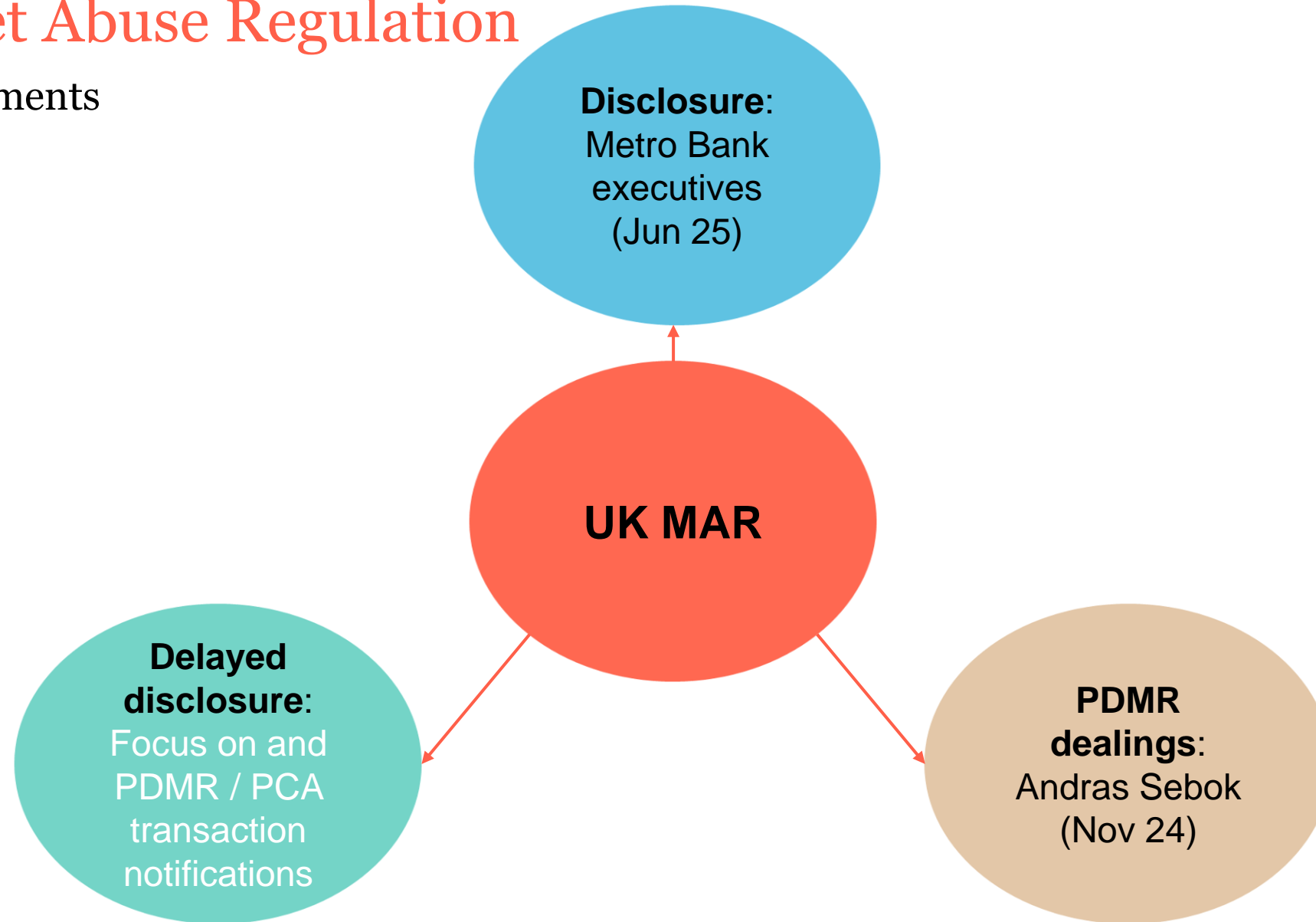
For another session: **Cyber Security and Resilience (Network and Information Systems) Bill**

See also: **Director Perceptions of Section 172**, research findings from Ipsos

Cyber Governance Code of Practice	AI Cyber Security Code of Practice	Reform of section 172	Abolition of the shareholder rule confirmed
<ul style="list-style-type: none">Published by DSIT to support directors in driving greater cyber resilienceContains five principles: Risk management; Strategy; People; Incident planning, response and recovery; and Assurance and oversightAccompanied by Cyber Governance training resources and a 'Toolkit for Boards'Underpinned by 'Cyber Essentials' scheme <p>See the Code of Practice here and further background in AGC Update – Issue 65</p> <p>See ministerial letter on subject (Oct 25)</p>	<ul style="list-style-type: none">Voluntary AI Cyber Security Code of Practice published by the governmentTo give businesses and public services the confidence they need to harness AI safelySets out how organisations can protect themselves from a range of cyber threats such as AI attacks and system failuresIncludes implementing cyber security training programmes focused on AI vulnerabilities, developing recovery plans following potential cyber incidents, and carrying out robust risk assessments <p>See Code here</p>	<ul style="list-style-type: none">Company Directors (Duties) Bill – a private member's bill, has had second reading in House of CommonsA Bill to amend section 172 of the Companies Act 2006 to require company directors to balance their duty to promote the success of the company with duties in respect of the environment and the company's employeesBetter Business Act coalition – also proposing to amend Section 172 to align shareholder interests with those of employees, customers, local communities and the environment	<ul style="list-style-type: none">This means that companies may now assert privilege against shareholders.Will enable companies to seek and receive legal advice without needing to be concerned that such advice may need to be disclosed to shareholders in litigation brought by them

UK Market Abuse Regulation

Latest developments



Disclosing Inside Information

FCA enforcement against Metro Bank executives – Key takeaways

Facts, findings and fines

2016 – 2018	Metro Bank classifies certain commercial loans secured on immovable property (CLIP loans) and buy-to-let loans in lower-risk regulatory categories. Issue becomes clear in early to mid 2018, amid wider issues being discussed with the PRA.
24 Oct 2018 - Q3 Trading Update	<p>Metro Bank announced that, in respect of its commercial lending portfolio, its Risk Weighted Assets (RWA) totalled £7,398m. It also stated that 'capital ratios remain robust' and that total capital as a %age of RWA was 19.1%. Those figures were incorrect</p> <p>Announcement made despite company, CEO and CFO (among others) being aware of need for a substantial adjustment to RWA as a result of misclassification of CLIP loans.</p>
23 Jan 2019 – FY 2018 results prev	FY 2018 results preview published with RWA corrected and increased to approx. £8.9bn. Share price dropped by 39%
8 Dec 2022 – FCA final notice and decision notices	<p>FCA fined Metro Bank approx. £10m for breach of UKLR 1.3.3R - it had failed to take reasonable care to ensure that the Q3 Trading Update was not false or misleading and did not omit anything likely to affect the import of the information contained within it. The bank accepted that this was the case and did not appeal the decision</p> <p>FCA also considered that CEO and CFO were 'knowingly concerned' in breach and imposed a penalty under s.91 of the Financial Services and Markets Act 2000 on the CEO of approx. £223,000 and on the CFO of £135,000</p>

Practice points

Materiality	UKLR only breached where information is materially misleading or material information has been omitted
Approaching information which might be misleading	<p>Despite the fact that at the time of the announcement in question a review of the wider RWA position was ongoing, it was known that the content of the announcement was nevertheless inaccurate</p> <p>Where an issuer knows there is an error in information which has been disclosed to the market, as it did in this case, and knows that the error might be material, it cannot simply assume that it is immaterial. That would omit something which is 'likely to affect the import of the information' which is being disclosed and would therefore not meet the requirements of UKLR 1.3.3R</p>
Briefing legal counsel	<p>When seeking advice on disclosure obligations, ensure that legal counsel is properly briefed as to the full factual matrix and provided with the opportunity to review proposed disclosures</p> <p>The decision shows that the where there has been a breach of the Listing Rules and the FCA alleges an individual was knowingly concerned in that breach, the courts will be thorough in examining governance procedures followed and the content and context of any legal advice that was acted upon. For an individual to relieve themselves of liability on the basis that they followed legal advice the advice needs to be reliable (see below)</p>
Being 'knowingly concerned'	<p>The test to be 'knowingly concerned', as formulated in the judgment, is:</p> <ul style="list-style-type: none"> - a person must have been actually involved in the contravention; merely passive knowledge is not sufficient; and - a person must have had knowledge of the facts on which the contravention depends; and - it is immaterial whether (s)he had knowledge of the law, unless: <ul style="list-style-type: none"> a. (s)he had received and was relying on independent legal advice that the activity concerned was not in contravention of the law; and b. that advice was based on a correct and complete factual matrix

Delaying the disclosure of Inside Information

Primary Market Bulletin 59, [AGC Update – Issue 72](#)

Note that the DDII notification portal will be updated in due course – see PMB 57 in [AGC Update Issue 69](#)

FCA review findings – DDII notifications between Apr 22 and Mar 24

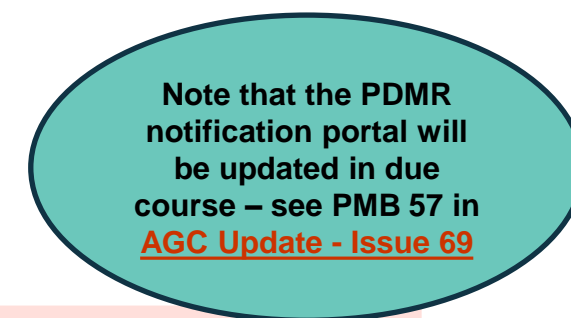
Reminder	Article 17(4) of UK MAR allows issuers to delay the disclosure of inside information if three conditions are met
Key findings	<ul style="list-style-type: none">• There was a 39% decrease in DDII notifications per day compared to the previous review• Approximately 18% of equity issuers on the trading venues reviewed submitted DDII notifications, down from 25% previously• The average delay in disclosure increased by seven days to 35.2 days, though delays for unscheduled financial information decreased by six days• The majority of notifications related to 'M&A', 'business updates' and 'placings and corporate finance'• Debt-only issuers made significantly fewer notifications than equity issuers• The proportion of equity issuers submitting DDII notifications on AIM (17%), the Aquis markets (3%) and the Professional Securities Market and the International Securities Market (3%) was lower than on the Main Market (21%)• 43 issuers submitted at least one DDII notification seven or more days after the inside information was disclosed to the public
Conclusions	<ul style="list-style-type: none">• Review policies and procedures, esp. as regards delay and notification to the regulator• Consider need for a Disclosure Committee• Tread carefully if considering a delay particularly in relation to business updates, financial performance. Take advice

Strategic leaks and unlawful disclosure

Primary Market Bulletin 54

Key FCA concern about the unlawful disclosure of inside information contrary to UK MAR

Deliberate leaks	<p>FCA has noted uptick in instances of deliberate leaks to the press of inside information which resulted in significant changes to share prices. Examples:</p> <ul style="list-style-type: none"> • Details of discussions between board of target and bidder following possible offer approach • Where target board has rejected an approach but a revised offer is likely
Specific FCA focus	<p>Inadvertent leaks, by hinting at market sensitive information (even if specific details are not mentioned)</p> <p>Strategic leaks where inside information is deliberately given to the press by individuals at issuer or adviser</p> <p>FCA concerned that such acts are considered acceptable within issuers and advisers</p>
FCA reminder	<p>Such leaks may constitute a breach of UK MAR, Article 14 (prohibition on unlawful disclosure)</p> <p>FCA reminder issued that Article 14 of UK MAR applies to individuals regardless of whether they are employed by an issuer</p> <p>Rule 2.1(a) of the Takeover Code – need for secrecy prior to announcement</p>
Responsibilities	<p>FCA reminder that best practice reminders in mitigating unlawful disclosure and limiting market abuse was issued in Primary Market Bulletin 42 and Primary Market Bulletin 52</p> <p>FCA believes written policies and procedures must be accompanied by a culture and practices which actively discourage leaks</p>
Note also findings of Market Watch 83	<p>Principal focus on corporate finance firms, not issuers</p> <p>FCA want to see better management of the number and identity of Market Sounding Recipients</p>








Disclosing Inside Information

FCA enforcement against András Sebők – Key facts and findings

Background	<p>AS was a senior executive at Wizz Air; regular access to inside information - classified as a PDMR</p> <p>Between April 2019 and November 2020 (Relevant Period), AS effected multiple trades in Wizz Air shares. Net result of trades was that AS sold entirety of his holding in Wizz Air shares which (as at April 2019) stood at 14,700 shares valued at £454,377</p> <p>During the Relevant Period on multiple occasions AS received emails reminding him of his obligations as a PDMR, referred him to Wizz Air's Share Dealing Code & reminded him as to the commencement of closed periods. FCA felt it reasonable to expect AS in his role to read important documentation</p> <p>AS' employment contract also contained section: "Dealing in securities", requiring AS to adhere to provisions of MAR as implemented by Share Dealing Code</p> <p>AS sought authority for transactions & notified Wizz Air on one occasion only during Relevant Period</p> <p>AS considered to be on notice as to his PDMR obligations, though FCA noted that AS not provided with any individual training on MAR / his PDMR responsibilities</p>
Breaches	<p>Article 19(1) requires a PDMR to notify the issuer and the FCA of transactions in the issuer's shares within specified time period</p> <p>During the Relevant Period, AS breached Article 19(1) by failing to notify Wizz Air and the FCA of 115 transactions within time period, or at all</p> <p>Article 19(11) sets out restrictions on a PDMR's ability to transact in shares of issuer during closed periods</p> <p>AS traded in Wizz Air shares on 18 separate occasions in the Relevant Period during several closed periods prior to announcement of Wizz Air's interim and year-end financial reports. AS did not seek Wizz Air's authorisation</p>
Issuer impact	<p>Due to AS' failure to notify, Wizz Air was unable to announce necessary PDMR notifications to the market in accordance with Art 19(3)</p> <p>AS's failure to seek prior authorisation from Wizz Air as required by Share Dealing Code resulted in Wizz Air not being given the opportunity to approve or reject AS' personal account dealing</p>
Sanction	<p>£123,500 financial penalty; AS agreed to resolve matter and qualified for a 30% discount</p>
FCA monitoring	<p>As part of its monitoring work, FCA has developed new alerts using position and transaction reports</p> <p>FCA monitoring work triggered investigation into AS' transactions</p> <p>FCA has now launched Market Oversight Data & Intelligence Department</p>

Other issues of note

	FCA Quarterly Consultation (CP25/24) - Focus on share buyback notification obligations	See AGC Update – Issue 71
	Publication of 2026 LSE Dividend Procedures Timetable	See AGC Update – Issue 71
	Launch of the revised FCA Handbook website	See AGC Update – Issue 71
	Enhancements to the National Storage Mechanism – 3 Nov 25	See AGC Update – Issue 69
	Dematerialisation of Shareholdings – Taskforce established: report in 2026	See AGC Update – Issue 72

Governance and other reforms on the horizon

Other issues to keep an eye on.....

Audit and corporate governance reform

Department of Business and Trade [letter](#) dated 21 Jul 25: the draft Audit Reform Bill has been put on hold due to volume of other legislation for the duration of this Parliamentary session

Noting that oversight of the market has improved dramatically since Carillion, the Minister states that the aim is to ensure that *“our reforms strike the right balance between oversight and assurance for investors, whilst not placing unnecessary additional burdens on business”*

DBT states that it is consulting with a range of stakeholders to refine its proposals, incl. as regards the extension of Public Interest Entity status to the largest unlisted businesses

Note that FRC slated to become the Corporate Reporting Authority (CRA) **not** ARGA!

Corporate re-domiciliation

The Independent Expert Panel on Corporate Re-domiciliation [Final Report](#) on the introduction of a two-way re-domiciliation regime (Oct 24)

To allow bodies corporate registered outside the UK to become a UK company and also to allow UK companies to re-domicile outside the UK

The government intends to consult on proposed regime design in due course. No further developments as yet

See [AGC Update – Issue 57](#)

Dematerialisation of securities / T+1 settlement

Dematerialisation Taskforce set up (Oct 25)

The government has [published](#) the terms of reference for its Dematerialisation Market Action Taskforce (**DEMAT**) which has the task of finalising processes for implementing an intermediated system of shareholding as recommended by the Digitisation Taskforce in its [final report](#) issued in July 2025

The final report recommended changes in stages, with Step 1 being the abolition of paper share certificates and the replacement of ‘certificated’ share registers with ‘digitised’ share registers

The Chair of DEMAT is to report back by Summer 2026 with a recommended ‘go-live’ date for Step 1, which is to be achieved before the end of 2027

Note HMT [policy note](#) on mandatory T+1 settlement and a draft version of the [Central Securities Depositories \(Amendment\) \(Intended Settlement Date\) Regulations 2026](#)

Bedtime reading....

Key publications from the FRC, the FRC Lab, and others in 2025

FRC Thematic and Annual Reviews	FRC Consultations	Other FRC/FRC LAB	Miscellaneous
Annual Review of Corporate Governance Reporting 2024/25 (Nov 25) Reporting by the UK's smaller listed companies (Nov 25) IFRS 2 – Share-based Payment (Oct 25) Investment Trusts, Venture Capital Trusts and similar Closed-ended Entities (Oct 25) Annual Review of Corporate Reporting 2024/25 (Sept 25) Climate-related Financial Disclosures by AIM and Large Private Companies (Jan 25)	Reminder: FRC publishes consultations at quarterly intervals October 25 consultations – enhanced auditing standards to strengthen fraud detection and evaluation of going concern (ISA 240 and 570); audit enforcement procedures; ISA 700 Series; FRED 88 July 25 consultations - covering audit of SMEs; emerging findings of SME audit market study; PIE auditor registration regulations; FRS 102 amendments, and taxonomy suite 2026	Various 2025 'In conversation' podcasts incl. 2024 Code and Remuneration ; 2024 Code and applying Principles ; 2024 Code and Culture ; and Differences between Statutory Audit and Assurance , and others FRC latest Annual Enforcement Review (Jul 25) UK Stewardship Code 2026 (Jun 25) and final guidance (Oct 25) Stakeholder insights on the future of digital reporting (May 25), following discussion paper Annual (24/25) insights on structured digital reporting (Apr 25) Filing of Structured Annual Reports page (last updated Mar 25) FRC releases updates to reflect reporting threshold amendments (Mar 25) Updated guidance to support going concern reporting (Feb 25) Recommendations for the sustainability assurance market (Feb 25), following market study FRC to lead governance of Wates Principles for Large Private Companies (Dec 24)	Investment Association letter to Remuneration Committee Chairs (Nov 25) Pre-Emption Group Annual Monitoring Report (Nov 24) Director Perceptions of Section 172 (Sept 25)

Ashurst

Questions

4

Thank you



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