



# Corporate Governance snapshot:

## Preparing your annual report and AGM notice in 2022

This snapshot summarises the key developments and issues arising in practice over the last 12 months which impact the 2021 annual report and the AGM in 2022. For further information or to obtain a copy of our full briefing on preparing your annual report and AGM notice in 2022, please email one of the Corporate Governance Advisory team below.



### The annual report in 2022

- **Timing:** The statement of policy issued by the Financial Conduct Authority (FCA) which effectively gives listed companies an additional two months to finalise the annual report and accounts (ie within six months of year-end) remains in force. The FCA will announce how it intends to end the policy when Covid-19 related disruption abates. See our blog post [here](#).
- **Climate disclosures:** In 2022, premium listed companies are required to include a statement in the annual report which sets out whether the report (or another document) contains disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures. Equivalent rules will apply to standard listed companies in the 2023 reporting season. Both the FCA and Financial Reporting Council (FRC) have provided guidance on how to approach these new disclosures. See our detailed briefing [here](#).
- **Structured electronic reporting:** Listed companies are now required to produce their annual report and accounts in XHTML web browser format and to electronically tag consolidated financial statements produced in accordance with IFRS. While many companies will continue to produce PDF format reports, only the XHTML format will meet the FCA's regulatory requirements. See our snapshot [here](#).
- **Corporate governance reporting:** The FRC has published its annual review of reporting on the Governance Code (see our blog post [here](#)) as well as additional guidance on improving the quality of "comply or explain" reporting (see our blog post [here](#)).
- **Other guidance:** The FRC has published various guidance including on streamlined energy and carbon reporting (see our blog post [here](#)); alternative performance measures (see our blog post [here](#)); viability and going concern disclosures (see our blog post [here](#)) and disclosures on stakeholders and decisions and preparing section 172 statements (see our blog post [here](#)) and a link to our podcast with the FRC [here](#).



### The AGM in 2022 - return to normality?

- **Format:** Absent any new restrictions on public gatherings, companies should be able to hold a more traditional in person AGM in 2022. Companies wishing to hold a hybrid meeting should consider their articles of association and the Chartered Governance Institute guidance on shareholder meetings (see our blog post [here](#)). There remains a focus on shareholder engagement activities in the run-up to the meeting.
- **Significant votes against:** Significant votes against resolutions at shareholder meetings remain an area of focus and the FRC has indicated that it intends to focus on votes against resolutions at AGMs and compliance with provision 4 of the Governance Code. Update statements issued within six months of a vote against should explain the engagement that has taken place, describe the feedback received and set out the impact on board decisions.
- **Documents on display:** Recent changes to the Listing Rules mean that proposed amendments to articles of association and share scheme rules no longer need to be on physical display "at a place in or near the City of London". Instead documents will need to be submitted to the National Storage Mechanism and available to view there from the date the notice of AGM is sent.
- **Latest AGM guidance:** ISS and Glass Lewis have published their institutional investor voting guidelines for 2022, which increasing focus on board diversity and climate-related issues. The PSLA has not yet issued new voting guidelines. See our blog posts [here](#) and [here](#).



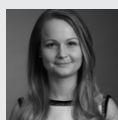
### Future annual report changes

- **Future climate-related reporting:** Subject to parliamentary approval, certain large companies will be required to disclose in the strategic report certain climate-related financial information broadly in line with the TCFD Recommendations and Recommended Disclosures for accounting periods starting on or after 6 April 2022. There will be some overlap between these new requirements and those applicable to premium and standard listed companies under the Listing Rules. See our briefing [here](#).
- **Diversity-related disclosures:** The FCA has consulted on proposals requiring premium and standard listed companies to make disclosures in relation to gender and ethnic diversity at board and executive management level. It was expected that any new disclosure requirements would apply to financial years starting on or after 1 January 2022 but the final rules have not yet been made. See our blog post [here](#).
- **Sustainability-related disclosures:** The UK Government has announced its ambitions to impose new sustainability disclosure requirements which would oblige companies to report on their environmental impact by reference to new international standards. As part of this new regime, the FCA expects to consult with stakeholders on the governance around, content and disclosure of net zero transition plans by listed companies during the first half of 2022 with the UK Government expecting companies to start publishing transition plans in 2023.

### Key contacts



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