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Corporate Governance Update

Autumn 2026

Modernisation of corporate reporting

On 07 September 2026, the Department for Business, Innovation, Science and Trade (DBIST) launched its long-awaited and wide-ranging consultation on changes to English companies' corporate reporting requirements.

Dubbed a "once-in-a-generation" review, the consultation looks to bring the UK's corporate reporting regime up to date and focus the regime to help the intended audiences (investors, creditors and other stakeholders) of corporate reporting to make informed assessments of company prospects and performance. Key measures proposed by the consultation include:

- **Rationalising the scope and thresholds of reporting requirements**: simplifying the thresholds under which companies are required to report different types of information, allowing certain medium sized companies to be eligible for an audit exemption, and removing the requirement for a parent company guarantee for wholly owned subsidiaries to be eligible for an audit exemption

- **Dividend payments**: replacing rules on distributable profits and capital maintenance with a solvency-based regime for determining the legality of dividend payments

- **Corporate communications**: moving towards a presumption in favour of digital communications to shareholders, consulting on fully virtual AGMs, shortening annual reports by moving some content onto the company's website or an online portal

The consultation is running until 30 November 2026, and DBIST is seeking views from companies, investors, creditors, and wider stakeholders. Further details can be found in our detailed summary.

Small Business Regulatory Taskforce

On 23 October 2026, the Government published the Small Business Regulatory Taskforce's report and the Government's response to that report. The Taskforce, made up of representatives from government and business, was tasked with identifying practical reforms to support the Government's commitment to reduce the administrative burden of regulation on business by 25%, and to ensure regulation supported employment, entrepreneurship and growth.

The Taskforce focused its recommendations on five themes: (i) modernising regulatory submissions; (ii) regulatory guidance; (iii) regulatory passporting; (iv) supporting SMEs in building capacity, resource and technology; and (v) regulatory enforcement, and made 15 specific recommendations to Government on these themes, 14 of which the Government accepted. Key measures recommended, and the Government's response to these, include:

- **Tell Government Once**. The Taskforce recommended that small businesses should only have to provide the same information to Government once, with HMRC, Companies House and other bodies sharing information rather than requesting it repeatedly from SMEs. The Government accepted this recommendation and will explore options for the service, working with SMEs to

identify priorities. Subject to Spending Review decisions, a delivery roadmap will be produced following next year's Spending Review.

- **Small dormant or non-trading companies filing confirmation statements**. The Taskforce recommended that small dormant or non-trading companies should not have to file a confirmation statement or pay the associated fee where no statutory information has changed since their last statement. The Government rejected this recommendation, making the point that the annual confirmation statement helps maintain the integrity of the companies register, identify inaccuracies and potential misuse, and that the filing fee is an annual contribution towards the benefits of incorporation.

- **Proposal for small and micro-entities to file profit and loss accounts with Companies House from April 2028**. The Taskforce recommended reversing this upcoming requirement, as businesses already provide this information to HMRC. The Government accepted the recommendation insofar as it concerns revising how Companies House receives these accounts, and has paused implementation while looking at ways to streamline Companies House and HMRC filing processes. The Government response did note that Companies House having access to these accounts supports corporate transparency and efforts to tackle economic crime.

- **Introduce solutions to support directors' understanding of their core responsibilities and improve compliance**. The Taskforce recommended that the Government look at how it could support directors' understanding of their core responsibilities (e.g. directors' duties), and explore options for improved guidance, information and support (including GOV.UK content). The Government accepted this recommendation and work is already underway to look at the evidence on existing guidance and support on director responsibilities, gaps in awareness, and opportunities for practical ways to improve awareness of directors' responsibilities.

FRC's Annual Review of Corporate Reporting

On 29 September 2026, the Financial Reporting Council (FRC) published its annual review of corporate reporting. Its remit covers the annual report and accounts and interim reports of listed companies and the annual reports and accounts of UK-incorporated public companies (including AIM companies), large private companies, and limited liability partnerships. The report sets out the findings from the FRC's review work in relation to the 2025/2026 monitoring cycle and the FRC's expectations for the next reporting cycle. Key points include:

- for the second year in a row, a lower proportion of reviews this year resulted in substantive queries and the number of restatements required fell

- there is some evidence of a reduction in the gap in quality between FTSE 350 companies and other companies

Key expectations for companies preparing their next annual reports and accounts include ensuring that:

- there is a sufficiently robust review process to identify common technical compliance issues
- effective oversight and control are maintained when AI is used in the corporate reporting process
- the annual report and accounts, as a whole, tell a consistent and coherent story throughout the narrative reporting and financial statements as well as being clear, concise and understandable
- the strategic report includes a fair, balanced and comprehensive review of the company's development, position, performance and future prospects

New Investment Association statement on virtual shareholder meetings

On 06 October 2026, the Investment Association (IA) published a position statement for listed companies on virtual shareholder meetings. It replaces the statement published by the IA in October 2017 which noted that members would not support amendments to articles of association that would permit companies to hold virtual only AGMs.

Key points to note from the new position statement (which covers hybrid meetings as well as virtual only meetings) are as follows:

- **Hybrid meetings**. IA members prefer a hybrid format that combines a physical element with the option to participate virtually rather than fully virtual meetings
- **Virtual only meetings**. Some IA members will only support virtual only meetings in exceptional circumstances and others will consider them on a case by case basis and support companies seeking approval for virtual only meetings in limited circumstances. Where special resolutions are proposed to amend existing articles of association or to adopt new articles to allow virtual only AGMs, companies should state if they are seeking flexibility or if the virtual element will be introduced at the next AGM
- **Safeguards**. A list of safeguards should be in place for the virtual element of any meeting including that the format should allow shareholders to be seen and heard by all the directors and other shareholders; all members of the board should participate and be clearly visible on screen throughout the meeting; any technology used should allow all shareholders to participate and all shareholders should have the right to ask questions during the meeting. The explanatory notes to the notice of meeting should state that the safeguards will be in place before the virtual element of the meeting takes place
- **Shareholder approval**. Companies should seek regular re-approval by way of an advisory vote every three years on whether the continued use of a virtual element of the AGM is appropriate.

> The three years starts on the third anniversary of the use of a virtual meeting. If a significant period of time has passed since the change in the articles to permit a virtual element of an AGM, shareholders will expect the company to reconfirm that they would follow the advisory process and the safeguards on the conduct of any meeting in the notice of meeting. Companies that are seeking approval to amend their articles but do not provide the relevant assurances or do not seek reapproval every three years following first use or date of the guidance will be "red topped"

The publication of the guidance follows the publication of the GC100 guidance (see our Winter 2025 update), the QCA's report in March 2026 (see our Spring 2026 update) and the Government's publication of the Modernisation of Corporate Reporting consultation (see above). Virtual meetings are clearly a hot topic, however, some questions remain in relation to the IA guidance. In particular, it is not clear whether the reapproval process will apply to articles which permit a hybrid meeting as the phrase "virtual element" is used throughout the relevant paragraph or to companies who have already held hybrid meetings in the past. In addition, in a new development, it seems that the safeguards referred to above apply to hybrid meetings given the reference to the phrase "virtual element". Companies who have already adopted a hybrid approach to shareholder meetings should read the guidance carefully, particularly as the paper includes a footnote stating that as applicable, the principles will be extended to other shareholder meetings as well as AGMs.

Glass Lewis Proxy Voting Guidelines

Glass Lewis have published their UK proxy voting guidelines for 2027, noting that there are no changes from the 2026 guidelines.

Identity verification delay and Companies House transition plan

On 05 August 2026, Companies House set out its updated transition plan for the implementation of the provisions in the Economic Crime and Corporate Transparency Act 2023 (ECCTA). The latest transition plan confirms that (i) the requirement for any third-party agent filing on behalf of a company to be registered as an authorised corporate service provider; and (ii) compulsory identity verification for any presenter filing a document at Companies House will not be implemented any earlier than November 2027 and in any case Companies House will give at least six months' notice before the measures are brought in.

The implementation of the requirement for companies to file their accounts using filing software, a reduction in the number of times a company can shorten its accounting period, and the requirement for companies to deliver a strengthened eligibility statement when claiming an audit exemption has been postponed until at least April 2028.

Directors' duties – Supreme Court decision on interpretation of section 172

On 14 July 2026, the Supreme Court issued its judgment in the case of Saxon Woods Investments Limited and Others v Francesco Costa holding that a director's conduct will be looked at objectively when considering whether they have complied with their duties under section 172 of the Companies Act 2006.

In this case, the director took a course of action which he believed was in the best interests of the Company, and did so without consulting his fellow directors (and in some instances, actively misleading them). The Court applied an objective test to Mr Costa's argument that he was acting in good faith and in the best interests of the Company, and found there had been a breach of his section 172 directors' duties. The judgment is the first Supreme Court case which analyses how a director should apply section 172 in practice - please see our briefing for further detail.

Sustainability updates

New rules for listed issuers

On 30 September 2026, the UK Financial Conduct Authority (FCA) published a new policy statement (PS 26/19) setting out new requirements for listed issuers' sustainability disclosures in relation to UK Sustainability Reporting Standards. It follows the publication of CP26/5 earlier this year – see our briefing. The new rules apply to:

- companies whose shares are listed in the equity shares commercial companies category as well as the international companies secondary listing and transition categories
- accounting periods beginning on or after 01 January 2027 with first reporting in 2028 although there are transitional reliefs

Please see our briefing for further detail.

European Commission adopts two new delegated acts

On 03 July 2026, the European Commission adopted two delegated acts on sustainability reporting – the first makes changes to the European sustainability reporting standards (ESRS) for entities in scope of the Corporate Sustainability Reporting Directive (CSRD) to simplify some of the materiality assessment involved in the sustainability reporting and also incorporate other targeted changes to reduce the reporting burden on in-scope companies. It takes into account EFRAG's December 2025 technical advice on simplification of the ESRS, and is part of the Omnibus I Simplification Package.

The second delegated act sets out voluntary reporting standards aimed at smaller companies (i.e. companies not exceeding 1,000 employees on average during the financial year) outside the scope of the CSRD that need or would like to collate sustainability reporting information. Importantly, the delegated act establishes a value chain cap, so that companies subject to the CSRD cannot require companies in their value chains to provide more information than that which is set out in the

voluntary reporting standards. The texts of these delegated acts were published in the Official Journal of the EU on 21 September 2026.

Nature-related disclosures

On 22 October 2026, the International Sustainability Standards Board (ISSB) published a consultation in relation to nature-related disclosures. The consultation proposes a non-mandatory practice statement rather than a mandatory standard and closes on 19 February 2026. The ISSB notes that IFRS S1 and S2 (implemented in the UK as UK SRS 1 and SRS 2) already include requirements for disclosures regarding nature-related risks and opportunities that could reasonably be expected to affect a business' prospects and states that the practice statement would complement the Standards, by helping companies provide material information to investors about nature-related risks and opportunities.

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