

Annex D: List of consultation questions by chapter

1. Introduction

Q1. Do you agree or disagree with the government's objectives and principles for modernising corporate reporting? Please explain your answer.

Q2. Do you agree or disagree that the government should focus requirements in the annual reports and accounts on the needs of creditors and investors, including potential creditors and investors? Please explain your answer.

2. Understanding how corporate reporting supports investor and creditor decisions

Q3. Considering the UK's regulatory landscape as a whole, which type of disclosures are most useful for decision-making from either a company, or investor and creditor, perspective?

Q4. What weaknesses or gaps, if any, have you identified in the UK's corporate reporting landscape? How do those weaknesses or gaps impact economic decision-making, if at all?

Q5. Reflecting on your answer to Q4, are there any information gaps particularly noticeable to specific types of company or sector? Do these gaps affect investment decisions and, if so, how?

Q6. What is your view on the benefits or drawbacks of aligning reporting requirements for publicly listed and private companies? Please explain your answer.

Q7. When making financial decisions, how useful are disclosures produced by private companies?

Q8. What value do investors and creditors place on information deriving from the Companies Act 2006 compared to other sources of information?

3. Categories of companies and application of rules on corporate reporting: a simplified framework

Q9. Do you agree or disagree that medium-sized companies should be able to access the same accounting and reporting regime available to small companies, through an expanded SME regime? Please explain your answer.

Q10. An exemption to audit currently exists for companies who qualify for the small companies regime. Do you agree or disagree that the audit exemption should be expanded to include companies eligible for the medium-sized company regime?

Please explain your answer. We are interested in evidence of the costs and benefits of audit for medium-sized companies, and the role of audited accounts in companies obtaining loan finance or other credit.

Q11. Do you agree or disagree with the government's approach to allow more group companies that are micro-entities or small or medium-sized companies to use the relevant accounting and audit exemptions, even if they are a member of a group that includes a regulated financial services provider? Please explain your answer. In addition, should the ineligibility criteria be amended? If so, how?

Q12. What are your views on updating the definition of an employee to improve the way the size of a company is determined? What kind of changes would you recommend and why?

Q13. What are your views on introducing a 'very large' company threshold? Please explain your answer, including how the threshold should be defined and what disclosures should apply.

Q14. Do you have any further comments on the government's proposals for a simplified reporting framework, including on thresholds, exemptions and/or ineligibility, or anything else?

4. Re-imagining the UK's financial reporting framework

Q15. What are your views on the financial reporting proposals as set out in the consultation? Please explain your response, such as which proposals you agree or disagree with and why, and what you think needs reform the most.

Q16. Do you support moving to a solvency model for determining the legality of dividends? Please explain your answer. If you do support the proposal, what key features should be included in that solvency regime?

Q17. Do you have any further comment on the government's proposals on financial reporting? Are there any other proposals that government should consider?

5. Strategic, financially material reporting

Q18. Should the purpose of the strategic report be expanded from informing members of the company (existing investors) to also include potential investors, and creditors and potential creditors? Please explain your answer.

Q19. Do you agree or disagree with the proposed approach to baseline reporting set out in the consultation? Please explain your answer.

Q20. Do you agree or disagree that the following areas are appropriate for baseline reporting? (a) company business model (b) performance review (c) resources and relationships (d) company strategy; and, (e) risks. Please explain your answer.

Q21. Are there any other reporting areas that would be useful for investors and creditors to see as part of baseline reporting? Please give reasons for your answer.

Q22. Do you agree or disagree with removing the specific disclosure requirements in 414CB and 414C(7)(b) where they are not financially material to the company? For the following areas: (a) environmental matters (b) employees (c) social matters (d) community matters (e) respect for human rights and (f) anti-corruption and anti-bribery matters, what are the advantages and risks of removal?

Q23. Do you agree or disagree that these companies should produce baseline reporting in their strategic report: (a) Publicly listed companies and large private companies (including companies that are not micro-entities, or small or medium-sized) (b) A "very large" threshold, as set out in chapter 3 (c) Only publicly listed companies. Please explain your answer.

Q24. Should the government (further) extend which companies can take advantage of exemptions from the strategic report, for example, to include all wholly-owned subsidiaries with a UK parent, or any other examples? Please explain your answer.

Q25. Do you have any further comment on the government's proposals in the strategic report section? Are there any other proposals that government should consider?

Q26. What areas of energy and carbon reporting do you think should be prioritised by DESNZ for review or improvement in future reforms? Please explain your answer.

Q27. Do you have views on the location of sustainability and climate-related information within the strategic or annual report?

Q28. Do you have any further comment on the government's proposals in this sustainability-related disclosures section? Are there any other proposals that the government should consider?

Q29. What are your views on introducing an additional cyber risk reporting disclosure for very large companies (using the new very large company reporting threshold discussed in chapter 3)? If you think an alternative established Companies Act reporting threshold would be more appropriate, please explain.

Q30. Do you have any further comment on the effectiveness of the existing risk reporting framework?

Q31. Do you agree or disagree that reporting companies should be required to be transparent about the assurance of strategic reporting information in the annual report, in order to help investors and creditors make financial decisions concerning the company? Please explain your answer.

Q32. Does your organisation already provide transparency on the assurance that has been undertaken of strategic reporting? What transparency and assurance do you provide? What are the costs and benefits of doing so?

Q33. Do you have any other feedback or alternative proposals for how the government can ensure credibility and confidence in strategic reporting? When responding to this question, please outline the relative benefit and costs for reporting companies and/or investors and creditors.

6. Simplifying corporate governance reporting

Q34. What would help companies make better use of the UK Corporate Governance Code's flexibility? Please explain your reasoning. We are interested in how the Code is used in practice rather than the Code's principles and provisions.

Q35. What are your views on the following areas for the reform of corporate governance reporting? Please explain.

- Proposals to move reporting from company level to group level?
- To redefine corporate governance in the Companies Act 2006?
- To change the location of the statement of corporate governance arrangements?

Q36. Do you have any other comments on the government's proposals in this corporate governance reporting section or any other suggestions that the government should consider? Please explain. We are interested in views on the corporate governance landscape as a whole.

7. Simplifying remuneration reporting

Q37. Do you agree or disagree with the government's proposals to retain these elements of the remuneration reporting in the directors' remuneration report? Please explain your answer.

- The annual disclosure of total single remuneration for each director, together with the Statement from the Chair of the Remuneration Committee
- Disclosure of the performance measures applied to the previous year's pay awards
- The forward-looking directors' remuneration policy
- The performance graph showing CEO pay alongside Total Shareholder Return over the past ten years.

Q38. The government proposes to retain the existing methodologies for calculating the total single figure directors receive (including salary, bonus, share options and other benefits) but are interested in ways in which they could be refined – for example, through the inclusion of a de minimis threshold. Do you agree or disagree with this proposal? Please explain your answer.

Q39. Do you agree or disagree with the government's proposals to streamline (to refine or simplify) these elements of the remuneration reporting in the directors' remuneration report? Please explain your answer.

- The requirement to include information on how the policy will be implemented the following year
- The requirement to disclose information on directors' accumulated shareholding interests in the company over time.

Q40. Do you agree or disagree with the government's proposals to remove these elements of the remuneration reporting in the directors' remuneration report? Please explain your answer.

- CEO employee pay ratio;
- the relative importance of spend on pay;
- executive directors' pay prior to the company becoming a listed company;
- the illustration of long-term incentive plan outcome in the event of 50% share price appreciation during the performance period results, which results in an artificial maximum executive pay figure that is not useful for investors;
- Information on the work of the remuneration committee, including disclosure of any parties providing advice to it;
- malus and clawback policies, and any use of malus and clawback in the previous year;
- how the remuneration committee has engaged with shareholders on pay proposals;
- how the remuneration committee has engaged with employees on pay proposals;
- how directors' remuneration aligns with wider employee pay policies;
- how a company is addressing any significant shareholder dissent on a vote on directors' remuneration
- the requirement to disclose results of annual shareholder votes on directors' remuneration.

Q41. Please indicate whether and, if so, how you think the proposals on retaining, reforming or removing the elements could be improved.

Q42. Does the current scope for reporting ('quoted companies') remain appropriate? Please explain your answer.

Q43. Do you agree or disagree with the proposal to remove the shareholders' annual advisory vote on the directors' remuneration report? Please explain your answer.

Q44. Do you have any further comment on the government's proposals in this remuneration reporting section? Are there any other suggestions that the government should consider?

8. Corporate communication for the digital age

Q45. The government has committed to making electronic communication with shareholders the default option. What factors should the government consider when introducing this change? Please give reasons for your answer and examples.

Q46. The government will make clear that a virtual location is considered a place in relation to AGMs and other meetings. Are there any additional shareholder safeguards that should accompany this change?

Q47. How does electronic formatting of the annual report and accounts impact how you use corporate reporting in your decision-making?

Q48. Do you agree or disagree that the electronic formatting of the annual report and accounts should be signed off by the directors as part of their sign-off of the report and accounts? Please explain your answer.

Q49. Where a company is audited, do you agree or disagree that the auditor should also report on the electronic formatting? Please explain your answer.

Q50. How do you anticipate new technologies (such as a hypothetical successor to iXBRL or sophisticated AI tools) will change how companies prepare or how investors and creditors will use corporate reporting in their decision-making? Please set out any implications this may have for Companies House rules and FRC technical standards.

Q51. What criteria should determine whether disclosures should be published on a company website or online portal rather than within the annual report? Please give examples, and explain your reasons.

Q52. If some disclosures were to be moved to company websites, what minimum requirements, such as retention timelines, frequency of updates, directors' sign-off, and any other factors, should apply for effective disclosure?

Q53. What additional digital technologies should be considered when reforming the corporate reporting framework? Please explain your answer, with examples of how these technologies impact corporate reporting currently and what potential impacts they might have in the future.

Q54. Do you have any further comment on the government's proposals in this digital reporting section? Are there any other suggestions that the government should consider?

9. Other reforms to streamline corporate reporting

Q55. How could the Reporting Gateway process and criteria be improved, if at all?

Q56. Do you agree with the proposal that the Reports on Payments to Governments Regulations 2014 should be revoked? Please explain your answer. In addition, should the regulations be improved and, if so, how?

Q57. Will the government's proposed measures to put auditor names on the Companies House register benefit investors and/or creditors as intended? Please explain your answer.

Q58. Do you have any further comment on the government's proposal in this auditor identification section? Are there any other proposals that the government should consider?

Q59. We are seeking to ensure Companies Act 2006 reporting requirements do not become unnecessarily burdensome in combination with other reporting frameworks (for example those set out by the FCA and the PRA). Are there any current or proposed reporting requirements that are unaligned with other regulatory frameworks? Please explain.

Q60. Are there any additional issues or considerations surrounding corporate reporting that you would want to raise with us, and that have not been covered by the consultation? Please explain what they are and why they are important.