



# Companies Act 2006

## 2006 CHAPTER 46

### PART 15

#### ACCOUNTS AND REPORTS

#### [<sup>F1</sup> CHAPTER 4A

#### STRATEGIC REPORT

##### Textual Amendments

- F1** Pt. 15 Ch. 4A inserted (with effect in accordance with reg. 1(4) of the amending S.I.) by [The Companies Act 2006 \(Strategic Report and Directors' Report\) Regulations 2013 \(S.I. 2013/1970\)](#), regs. 1(2)(3),<sup>3</sup>

##### Modifications etc. (not altering text)

- C1** Pt. 15 Ch. 4A applied in part (with modifications) by [S.I. 2008/565, reg. 3](#) (as substituted (with effect in accordance with reg. 2(4) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), [Sch. 2 para. 3](#) (with reg. 2(6)(7)))

#### **414A Duty to prepare strategic report**

- (1) The directors of a company must prepare a strategic report for each financial year of the company.
- (2) Subsection (1) does not apply if the company is entitled to the small companies exemption.
- (3) For a financial year in which—
  - (a) the company is a parent company, and
  - (b) the directors of the company prepare group accounts,

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the strategic report must be a consolidated report (a “group strategic report”) relating to the undertakings included in the consolidation.

- (4) A group strategic report may, where appropriate, give greater emphasis to the matters that are significant to the undertakings included in the consolidation, taken as a whole.
- (5) In the case of failure to comply with the requirement to prepare a strategic report, an offence is committed by every person who—
  - (a) was a director of the company immediately before the end of the period for filing accounts and reports for the financial year in question, and
  - (b) failed to take all reasonable steps for securing compliance with that requirement.
- (6) A person guilty of an offence under this section is liable—
  - (a) on conviction on indictment, to a fine;
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.

**Modifications etc. (not altering text)**

- C2** S. 414A applied (with modifications) by S.I. 2008/1911, reg. 12A (as inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 4** (with reg. 2(6)(7))

**414B Strategic report: small companies exemption**

A company is entitled to [<sup>F2</sup>the] small companies exemption in relation to the strategic report for a financial year if—

- (a) it is entitled to prepare accounts for the year in accordance with the small companies regime, or
- (b) it would be so entitled but for being or having been a member of an ineligible group.

**Textual Amendments**

- F2** Word in s. 414B inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **6** (with reg. 3)

**414C Contents of strategic report**

- (1) The purpose of the strategic report is to inform members of the company and help them assess how the directors have performed their duty under section 172 (duty to promote the success of the company).
- (2) The strategic report must contain—
  - (a) a fair review of the company’s business, and
  - (b) a description of the principal risks and uncertainties facing the company.

[<sup>F3</sup>Section 414CZA (section 172(1) statement) and sections 414CA and 414CB (non-financial [<sup>F4</sup>and sustainability] information statement) make further provision about the contents of a strategic report.]

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- (3) The review required is a balanced and comprehensive analysis of—
- (a) the development and performance of the company’s business during the financial year, and
  - (b) the position of the company’s business at the end of that year, consistent with the size and complexity of the business.
- (4) The review must, to the extent necessary for an understanding of the development, performance or position of the company’s business, include—
- (a) analysis using financial key performance indicators, and
  - (b) where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters.
- (5) In subsection (4), “key performance indicators” means factors by reference to which the development, performance or position of the company’s business can be measured effectively.
- (6) Where a company qualifies as medium-sized in relation to a financial year (see sections 465 to 467), the review for the year need not comply with the requirements of subsection (4) so far as they relate to non-financial information.
- (7) In the case of a quoted company the strategic report must, to the extent necessary for an understanding of the development, performance or position of the company’s business, include—
- (a) the main trends and factors likely to affect the future development, performance and position of the company’s business, and
  - (b) information about—
    - (i) environmental matters (including the impact of the company’s business on the environment),
    - (ii) the company’s employees, and
    - (iii) social, community and human rights issues,including information about any policies of the company in relation to those matters and the effectiveness of those policies.
- If the report does not contain information of each kind mentioned in paragraphs (b) (i), (ii) and (iii), it must state which of those kinds of information it does not contain.
- (8) In the case of a quoted company the strategic report must include—
- (a) a description of the company’s strategy,
  - (b) a description of the company’s business model,
  - (c) a breakdown showing at the end of the financial year—
    - (i) the number of persons of each sex who were directors of the company;
    - (ii) the number of persons of each sex who were senior managers of the company (other than persons falling within sub-paragraph (i)); and
    - (iii) the number of persons of each sex who were employees of the company.
- (9) In subsection (8), “senior manager” means a person who—
- (a) has responsibility for planning, directing or controlling the activities of the company, or a strategically significant part of the company, and
  - (b) is an employee of the company.
- (10) In relation to a group strategic report—

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- (a) the reference to the company in subsection (8)(c)(i) is to the parent company; and
  - (b) the breakdown required by subsection (8)(c)(ii) must include the number of persons of each sex who were the directors of the undertakings included in the consolidation.
- (11) The strategic report may also contain such of the matters otherwise required by regulations made under section 416(4) to be disclosed in the directors' report as the directors consider are of strategic importance to the company.
- (12) The report must, where appropriate, include references to, and additional explanations of, amounts included in the company's annual accounts.
- (13) Subject to paragraph (10), in relation to a group strategic report this section has effect as if the references to the company were references to the undertakings included in the consolidation.
- (14) Nothing in this section requires the disclosure of information about impending developments or matters in the course of negotiation if the disclosure would, in the opinion of the directors, be seriously prejudicial to the interests of the company.

#### Textual Amendments

- F3** Words in s. 414C(2) inserted (with application in accordance with reg. 1(4) of the amending S.I.) by [The Companies \(Miscellaneous Reporting\) Regulations 2018 \(S.I. 2018/860\)](#), regs. 1(1), **3**
- F4** Words in s. 414C(2) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/31\)](#), regs. 1(2), **2**

#### Modifications etc. (not altering text)

- C3** S. 414C applied (with modifications) by [S.I. 2008/1911](#), **reg. 12A** (as inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **Sch. 3 para. 4** (with reg. 2(6)(7))) (as amended (6.4.2022) by [The Limited Liability Partnerships \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/46\)](#), regs. 1(2), **2(2)**)

#### **Section 172(1) statement**

**F5** **414CZA.**

- (1) A strategic report for a financial year of a company must include a statement (a "section 172(1) statement") which describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172.
- (2) Subsection (1) does not apply if the company qualifies as medium-sized in relation to that financial year (see sections 465 to 467).]

#### Textual Amendments

- F5** S. 414CZA inserted (with application in accordance with reg. 1(4) of the amending S.I.) by [The Companies \(Miscellaneous Reporting\) Regulations 2018 \(S.I. 2018/860\)](#), regs. 1(1), **4**

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## **[<sup>F6</sup>414CA] Non-financial [<sup>F7</sup>and sustainability] information statement**

**[<sup>F8</sup>(A1) A strategic report of a company to which this subsection applies must include a non-financial and sustainability information statement.]**

(1) [<sup>F9</sup>Subsection (A1) applies to a company if it] was at any time within the financial year to which the report relates—

- (a) a traded company,
- (b) a banking company,
- (c) an authorised insurance company, <sup>F10</sup>...
- (d) a company carrying on insurance market activity [<sup>F11</sup>or
- (e) a company any securities of which are admitted to trading on the market known as the Alternative Investment Market.]

<sup>F12</sup>[ Subsection (A1) also applies to a company if it was a high turnover company in relation to that financial year.]

(1B) Subsections (1) and (1A) are subject to subsections (3) to (7).]

(2) If the company's strategic report is a group strategic report, the non-financial [<sup>F13</sup>and sustainability] information statement to be included in the report under [<sup>F14</sup>subsection (A1)] must be a consolidated statement (a "group non-financial [<sup>F13</sup>and sustainability] information statement") relating to the undertakings included in the consolidation.

<sup>F15</sup>[ A company is a "high turnover company" in relation to a financial year—

- (2A) (a) where the company was not a parent company in that financial year, if in that year the company's turnover was more than £500 million;
- (b) where the company was a parent company at any time within that financial year, if in that year a group headed by the company had an aggregate turnover of more than £500 million net.

(2B) For a period that is a company's financial year but not in fact a year the figures for turnover given by subsection (2A) must be proportionately adjusted.

(2C) For the purposes of subsection (2A)(b)—

- (a) aggregate turnover is ascertained by aggregating the relevant figures determined for each member of the group;
- (b) "net", in relation to aggregate turnover, is to be interpreted in accordance with section 383(6).

(2D) Section 383(7) applies for the purposes of subsection (2A)(b) of this section as it applies for the purposes of section 383.]

(3) [<sup>F16</sup>Subsection (A1) does not apply to a company if]—

- (a) the company is subject to the small companies regime in relation to that financial year (see sections 382 to 384), or
- (b) the company qualifies as medium-sized in relation to that financial year (see sections 465 to 467).

(4) [<sup>F17</sup>Subsection (A1) does not apply—

- (a) to a company which was not a parent company in that financial year, if] the company had no more than 500 employees in that financial year, or

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- (b) [<sup>F18</sup>to a company which was a parent company at any time within that financial year, if] the aggregate number of employees for a group headed by that company in that financial year was no more than 500.
- (5) The number of employees means the average number of persons employed by the company in the year, determined as follows—
- (a) find for each month in the financial year the number of persons employed under contracts of service by the company in that month (whether throughout the month or not),
  - (b) add together the monthly totals, and
  - (c) divide by the number of months in the financial year.
- (6) The aggregate number of employees for a group is ascertained by aggregating the relevant figures determined in accordance with subsection (5) for each member of the group.
- (7) [<sup>F19</sup>Subsection (A1) does not apply to a company if] the company is a subsidiary undertaking at the end of that financial year and is included in—
- (a) a group strategic report of a parent undertaking of the company that satisfies the requirements in subsection (8), <sup>F20</sup>...
  - <sup>F20</sup>(b) .....
- (8) The requirements in this subsection are that—
- (a) the group strategic report relates to undertakings that include the company and its subsidiary undertakings (if any),
  - (b) the report is prepared for a financial year of the parent undertaking that ends at the same time as, or before the end of, the company's financial year, and
  - (c) the report includes a group non-financial [<sup>F21</sup>and sustainability] information statement in respect of all the undertakings included in the consolidation.
- <sup>F22</sup>(9) .....
- (10) A company to which subsection [<sup>F23</sup>(A1)] does not apply may include a non-financial [<sup>F24</sup>and sustainability] information statement in its strategic report or, as the case may be, a group non-financial [<sup>F24</sup>and sustainability] information statement in its group strategic report.

#### Textual Amendments

- F6** Ss. 414CA, 414CB inserted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Non-Financial Reporting\) Regulations 2016 \(S.I. 2016/1245\)](#), regs. 1(1), 4
- F7** Words in s. 414CA heading inserted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/31\)](#), regs. 1(2), **3(a)**
- F8** S. 414CA(A1) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/31\)](#), regs. 1(2), **3(b)**
- F9** Words in s. 414CA(1) substituted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/31\)](#), regs. 1(2), **3(c)**

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- F10** Word in s. 414CA(1)(c) omitted (with application in accordance with reg. 1(2) of the amending S.I.) by virtue of The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/31), regs. 1(2), **3(d)**
- F11** S. 414CA(1)(e) and word inserted (with application in accordance with reg. 1(2) of the amending S.I.) by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/31), regs. 1(2), **3(e)**
- F12** S. 414CA(1A)(1B) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/31), regs. 1(2), **3(f)**
- F13** Words in s. 414CA(2) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/31), regs. 1(2), **3(g)(ii)**
- F14** Words in s. 414CA(2) substituted (with application in accordance with reg. 1(2) of the amending S.I.) by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/31), regs. 1(2), **3(g)(i)**
- F15** S. 414CA(2A)-(2D) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/31), regs. 1(2), **3(h)**
- F16** Words in s. 414CA(3) substituted (with application in accordance with reg. 1(2) of the amending S.I.) by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/31), regs. 1(2), **3(i)**
- F17** Words in s. 414CA(4) substituted (with application in accordance with reg. 1(2) of the amending S.I.) by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/31), regs. 1(2), **3(j)(i)**
- F18** Words in s. 414CA(4)(b) substituted (with application in accordance with reg. 1(2) of the amending S.I.) by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/31), regs. 1(2), **3(j)(ii)**
- F19** Words in s. 414CA(7) substituted (with application in accordance with reg. 1(2) of the amending S.I.) by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/31), regs. 1(2), **3(k)**
- F20** S. 414CA(7)(b) and word omitted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by virtue of The Accounts and Reports (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/145), regs. 1(2)(b), 2, **Sch. 2 para. 12(a)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F21** Words in s. 414CA(8)(c) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/31), regs. 1(2), **3(l)**
- F22** S. 414CA(9) omitted (31.12.2020 with effect in relation to financial years beginning on or after IP completion day) by virtue of The Accounts and Reports (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/145), regs. 1(2)(b), 2, **Sch. 2 para. 12(b)** (with reg. 7(2)) (as amended by S.I. 2020/523, regs. 1(2), 10, 11); 2020 c. 1, Sch. 5 para. 1(1)
- F23** Word in s. 414CA(10) substituted (with application in accordance with reg. 1(2) of the amending S.I.) by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/31), regs. 1(2), **3(m)(i)**
- F24** Words in s. 414CA(10) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (S.I. 2022/31), regs. 1(2), **3(m)(ii)**

#### **414CB Contents of non-financial [<sup>F25</sup>and sustainability] information statement**

[ The non-financial and sustainability information statement must contain the climate-<sup>F26</sup>(A1) related financial disclosures of the company.]

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- (1) <sup>F27</sup> If the company is of a kind described in section 414CA(1)(a), (b), (c) or (d), the non-financial and sustainability information statement must] contain information, to the extent necessary for an understanding of the company’s development, performance and position and the impact of its activity, relating to, as a minimum—
- (a) environmental matters (including the impact of the company’s business on the environment),
  - (b) the company’s employees,
  - (c) social matters,
  - (d) respect for human rights, and
  - (e) anti-corruption and anti-bribery matters.
- (2) The information <sup>F28</sup> required by subsection (1)] must include—
- (a) a brief description of the company’s business model,
  - (b) a description of the policies pursued by the company in relation to the matters mentioned in subsection (1)(a) to (e) and any due diligence processes implemented by the company in pursuance of those policies,
  - (c) a description of the outcome of those policies,
  - (d) a description of the principal risks relating to the matters mentioned in subsection (1)(a) to (e) arising in connection with the company’s operations and, where relevant and proportionate—
    - (i) a description of its business relationships, products and services which are likely to cause adverse impacts in those areas of risk, and
    - (ii) a description of how it manages the principal risks, and
  - (e) a description of the non-financial key performance indicators relevant to the company’s business.
- [ In this section, “climate-related financial disclosures” mean—
- <sup>F29</sup>(2A)
- (a) a description of the company’s governance arrangements in relation to assessing and managing climate-related risks and opportunities;
  - (b) a description of how the company identifies, assesses, and manages climate-related risks and opportunities;
  - (c) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company’s overall risk management process;
  - (d) a description of—
    - (i) the principal climate-related risks and opportunities arising in connection with the company’s operations, and
    - (ii) the time periods by reference to which those risks and opportunities are assessed;
  - (e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the company’s business model and strategy;
  - (f) an analysis of the resilience of the company’s business model and strategy, taking into consideration different climate-related scenarios;
  - (g) a description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and
  - (h) a description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-



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related opportunities and of the calculations on which those key performance indicators are based.]

- (3) In subsection (2)(e), “key performance indicators” means factors by reference to which the development, performance or position of the company’s business, or the impact of the company’s activity, can be measured effectively.
- (4) If the company does not pursue policies in relation to one or more of the matters mentioned in subsection (1)(a) to (e), the statement must provide a clear and reasoned explanation for the company’s not doing so.
- [ Where the directors of a company reasonably believe that, having regard to the nature <sup>F30</sup>(4A) of the company’s business, and the manner in which it is carried on, the whole or a part of a climate-related financial disclosure required by subsection (2A)(e), (f), (g) or (h) is not necessary for an understanding of the company’s business, the directors may omit the whole or (as the case requires) the relevant part of that climate-related financial disclosure.
- (4B) Where the directors omit the whole or part of a climate-related financial disclosure in reliance on subsection (4A) the non-financial and sustainability information statement must provide a clear and reasoned explanation of the directors’ reasonable belief mentioned in that subsection.]
- (5) The statement must, where appropriate, include references to, and additional explanations of, amounts included in the company’s annual accounts.
- (6) If information required by subsections (1) to (5) to be included in the statement is published by the company by means of a national, EU-based or international reporting framework, the statement must specify the framework or frameworks used, instead of including that information.
- (7) If a non-financial [<sup>F31</sup>and sustainability] information statement complies with subsections (1) to (6), the strategic report of which it is part is to be treated as complying with the requirements in—
- (a) section 414C(4)(b),
  - (b) section 414C(7), except as it relates to community issues,
  - (c) section 414C(8)(b), and
  - (d) section 414C(12), so far as relating to the provisions mentioned in paragraphs (a) to (c).
- (8) In relation to a group non-financial [<sup>F32</sup>and sustainability] information statement, this section has effect as if the references to the company were references to the undertakings included in the consolidation.
- (9) Nothing in this section requires the disclosure of information about impending developments or matters in the course of negotiation if the disclosure would, in the opinion of the directors, be seriously prejudicial to the commercial interests of the company, provided that the non-disclosure does not prevent a fair and balanced understanding of the company’s development, performance or position or the impact of the company’s activity.]
- [<sup>F33</sup>(10) The Secretary of State may issue guidance on the climate-related financial disclosures, which are described in subsection (2A), and otherwise in connection with the requirements of this section and section 414CA.]

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### Textual Amendments

- F6** Ss. 414CA, 414CB inserted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Non-Financial Reporting\) Regulations 2016 \(S.I. 2016/1245\)](#), regs. 1(1), **4**
- F25** Words in s. 414CB heading inserted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/31\)](#), regs. 1(2), **4(a)**
- F26** S. 414CB(A1) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/31\)](#), regs. 1(2), **4(b)**
- F27** Words in s. 414CB(1) substituted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/31\)](#), regs. 1(2), **4(c)**
- F28** Words in s. 414CB(2) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/31\)](#), regs. 1(2), **4(d)**
- F29** S. 414CB(2A) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/31\)](#), regs. 1(2), **4(e)**
- F30** S. 414CB(4A)(4B) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/31\)](#), regs. 1(2), **4(f)**
- F31** Words in s. 414CB(7) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/31\)](#), regs. 1(2), **4(g)**
- F32** Words in s. 414CB(8) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/31\)](#), regs. 1(2), **4(h)**
- F33** S. 414CB(10) inserted (with application in accordance with reg. 1(2) of the amending S.I.) by [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/31\)](#), regs. 1(2), **4(i)**

## 414D Approval and signing of strategic report

- (1) The strategic report must be approved by the board of directors and signed on behalf of the board by a director or the secretary of the company.
- (2) If a strategic report is approved that does not comply with the requirements of this Act, every director of the company who—
  - (a) knew that it did not comply, or was reckless as to whether it complied, and
  - (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the report from being approved,
 commits an offence.
- (3) A person guilty of an offence under this section is liable—
  - (a) on conviction on indictment, to a fine;
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.]

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**Changes to legislation:** *There are outstanding changes not yet made by the legislation.gov.uk editorial team to Companies Act 2006. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)*

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**Modifications etc. (not altering text)**

- C4** S. 414D applied (with modifications) by S.I. 2008/1911, reg. 12A (as inserted (with effect in accordance with reg. 2(5)(a) of the amending S.I.) by [The Statutory Auditors Regulations 2017](#) (S.I. 2017/1164), reg. 1(2)(3), **Sch. 3 para. 4** (with reg. 2(6)(7)))

**Changes to legislation:**

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Companies Act 2006. Any changes that have already been made by the team appear in the content and are referenced with annotations.

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

- Act amendment to earlier affecting provision S.I. 1989/638, Sch. 4 by [S.I. 2024/410 Sch. 2 para. 1](#)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 11(1) by [S.I. 2013/1971 reg. 9\(a\)](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 3(4) by [S.I. 2013/1971 reg. 4](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)

**Whole provisions yet to be inserted into this Act (including any effects on those provisions):**

- s. 479A(2)(c)(zi) inserted by [S.I. 2019/177 reg. 4\(b\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 4 substituted by regs. 4, 4A immediately before IP completion day by S.I. 2019/1392, regs. 1(2), 4)
- s. 479B(a)(iii) amendment to earlier affecting provision S.I.2008/1991 reg.34 by [S.R. 2024/78 reg. 31\(4\)](#)
- s. 479B(a)(iii) amendment to earlier affecting provision S.I.2008/1991 reg.34A by [S.R. 2024/78 reg. 31\(5\)](#)
- s. 1087A-1807C applied by S.I. 2009/2436, Sch. 1 para. 20(1)(ca) (as substituted) by [S.I. 2024/410 Sch. 2 para. 5\(d\)\(ii\)](#)
- Sch. 10 para. 6(2D) inserted by [S.I. 2019/177 reg. 28\(e\)](#) (This amendment not applied to legislation.gov.uk. Reg. 28(e) omitted immediately before IP completion day by virtue of S.I. 2020/523, regs. 1(2), 14(e)(iv))
- Sch. 10 para. 7(2A) inserted by [S.I. 2019/177 reg. 29\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 29 substituted immediately before IP completion day by S.I. 2020/523, regs. 1(2), 14(f))