



# Companies Act 2006

## 2006 CHAPTER 46

### PART 15

#### ACCOUNTS AND REPORTS

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

#### STRATEGIC REPORT

#### [<sup>F1</sup> [<sup>F2</sup> 414CB] Contents of non-financial [<sup>F3</sup> and sustainability] information statement

[ The non-financial and sustainability information statement must contain the climate-<sup>F4</sup>(A1) related financial disclosures of the company.]

- (1) [<sup>F5</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>F6</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,

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- (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>F7</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-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.

<sup>F8</sup>(4A) [ Where the directors of a company reasonably believe that, having regard to the nature 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

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- 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>F9</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>F10</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>F11</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.]

#### 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), **3**
- F2** 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**
- F3** 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)**
- F4** 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)**
- F5** 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)**

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- F6** 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)**
- F7** 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)**
- F8** 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)**
- F9** 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)**
- F10** 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)**
- F11** 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)**

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**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)))

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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. 156A-156C inserted by [2015 c. 26 s. 87\(4\)](#)
- s. 156B(5) omitted by [2023 c. 56 Sch. 2 para. 26](#)
- s. 156C(2) words substituted by [2023 c. 56 s. 41\(2\)\(a\)](#)
- s. 156C(2A) inserted by [2023 c. 56 s. 41\(2\)\(b\)](#)
- s. 156C(3) substituted for s. 156C(3)-(5) by [2023 c. 56 Sch. 2 para. 27](#)
- 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. 1047(4)(i)(j) inserted by [2023 c. 56 s. 21\(2\)](#)
- s. 1087(da) substituted by [2023 c. 56 s. 52\(2\)](#)
- 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\(d\)\(ii\)](#)
- s. 1110E-110G applied by S.I. 2009/1804, reg. 60 (as amended) by [S.I. 2024/234 reg. 26](#)
- s. 11989A applied (with modifications) by S.I. 2009/1804, reg. 79A (as inserted) by [S.I. 2024/234 reg. 46](#)
- 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))