



# Companies Act 2006

## 2006 CHAPTER 46

### PART 15

#### ACCOUNTS AND REPORTS

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

#### STRATEGIC REPORT

#### [<sup>F1</sup>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>F2</sup>Section 414CZA (section 172(1) statement) and sections 414CA and 414CB (non-financial [<sup>F3</sup>and sustainability] information statement) make further provision about the contents of a strategic report.]

- (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

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- (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—
- (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.

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- (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.]

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#### 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** 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**
- F3** 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**

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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)))
- C2** 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)**)

**Changes to legislation:**

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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))