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STATUTORY INSTRUMENTS

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**2022 No. 31**

**The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022**

**PART 2**

**AMENDMENT TO THE COMPANIES ACT 2006**

**Amendment of sections 414C, 414CA and 414CB of the Companies Act 2006**

**3.** In section 414CA—

- (a) in the heading after “Non-financial” insert “and sustainability”;
- (b) before subsection (1), insert—
  - “(A1) A strategic report of a company to which this subsection applies must include a non-financial and sustainability information statement.”;
- (c) in the introductory wording of subsection (1), for “A strategic report of a company must include a non-financial information statement if the company” substitute “Subsection (A1) applies to a company if it”;
- (d) omit “or” at the end of subsection (1)(c);
- (e) after subsection (1)(d), insert—
  - “or
  - (e) a company any securities of which are admitted to trading on the market known as the Alternative Investment Market.”;
- (f) after subsection (1), insert—
  - “(1A) 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).”
- (g) in subsection (2)—
  - (i) for “subsection (1)” substitute “subsection (A1)”; and
  - (ii) after “non-financial” insert “and sustainability” in both places where it occurs;
- (h) after subsection (2) insert—
  - “(2A) A company is a “high turnover company” in relation to a financial year—
    - (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.”;
- (i) in subsection (3), for “Subsection (1) does not apply if” substitute “Subsection (A1) does not apply to a company if”;
- (j) in subsection (4)—
  - (i) for the words from the beginning to “company in that financial year,” substitute—
    - “(4) Subsection (A1) does not apply—
    - (a) to a company which was not a parent company in that financial year, if”;
    - and
  - (ii) in paragraph (b), for the words “where the company was a parent company at any time within that financial year,” substitute “to a company which was a parent company at any time within that financial year, if”;
- (k) in subsection (7), for “Subsection (1) does not apply if” substitute “Subsection (A1) does not apply to a company if”;
- (l) in subsection (8)(c), after “non-financial” insert “and sustainability”;
- (m) in subsection (10)—
  - (i) for “(1)” substitute “(A1)”;
  - and
  - (ii) after “non-financial” insert “and sustainability” in both places where it occurs.