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STATUTORY INSTRUMENTS

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**2022 No. 46**

**LIMITED LIABILITY PARTNERSHIPS**

**The Limited Liability Partnerships (Climate-related Financial Disclosure) Regulations 2022**

<i>Made</i>	- - - -	<i>17th January 2022</i>
<i>Laid before Parliament</i>		<i>18th January 2022</i>
<i>Coming into force</i>	- -	<i>6th April 2022</i>

The Secretary of State makes the following Regulations in exercise of the powers conferred by sections 15 and 17(3) of the Limited Liability Partnerships Act 2000<sup>(1)</sup>.

**PART 1**

**INTRODUCTION**

**Citation and commencement**

**1.—**(1) These Regulations may be cited as the Limited Liability Partnerships (Climate-related Financial Disclosure) Regulations 2022.

(2) These Regulations come into force on 6th April 2022 and apply in respect of any financial year of a limited liability partnership which commences on or after that date.

**PART 2**

**AMENDMENT OF PART 5 OF THE LIMITED LIABILITY PARTNERSHIPS (ACCOUNTS AND AUDIT) (APPLICATION OF COMPANIES ACT 2006) REGULATIONS 2008**

**2.—**(1) The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008<sup>(2)</sup> (the “2008 Regulations”) are amended as set out below.

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(1) [2000 c. 12](#). Section 17 has been amended but the amendments are not relevant for the purposes of these Regulations.  
(2) [S.I. 2008/1911](#). Regulation 12A was inserted by [S.I. 2017/1164](#).

(2) The modified section 414C (contents of strategic report), provided for by regulation 12A, is amended as follows—

(a) For subsection (1), substitute—

“(1) The strategic report of a traded LLP and of a banking LLP—

- (a) must contain a fair review of the LLP’s business and a description of the principal risks and uncertainties facing the LLP; and
- (b) where subsection (1A) applies, must in addition to the information described in paragraph (a), contain climate-related financial disclosures.

(1A) This subsection applies to any traded LLP or banking LLP which, in the relevant year to which the strategic report relates, either—

- (a) has more than 500 employees; or
- (b) is a parent LLP and the aggregate number of employees for a group headed by the LLP is more than 500.

(1B) For the purposes of subsection (1A), the number of employees of an LLP or of a group headed by an LLP means the average number of persons employed by the LLP or the group headed by the LLP 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 LLP or the group headed by the LLP 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.”;

(b) After subsection (4), insert—

“(4A) In this section and section 416A, “climate-related financial disclosures” means—

- (a) a description of the LLP’s governance arrangements in relation to assessing and managing climate-related risks and opportunities;
- (b) a description of how the LLP 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 LLP’s overall risk management process;
- (d) a description of—
  - (i) the principal climate-related risks and opportunities arising in connection with the LLP’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 LLP’s business model and strategy;
- (f) an analysis of the resilience of the LLP’s business model and strategy, taking into consideration different climate-related scenarios;
- (g) a description of the targets used by the LLP 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.

(4B) Where the members of an LLP reasonably believe that, having regard to the nature of the LLP'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 (4A)(e), (f), (g) or (h) is not necessary for an understanding of the LLP's business, the members may omit the whole or (as the case requires) the relevant part of that climate-related financial disclosure.

(4C) Where the members omit the whole or part of a climate-related financial disclosure in reliance on subsection (4B) the strategic report must provide a clear and reasoned explanation of the members' reasonable belief mentioned in that subsection.

(4D) The Secretary of State may issue guidance on the climate-related financial disclosures, which are described in subsection (4A), and otherwise in connection with the requirements of this section."

3. In the modified section 474 (Minor definitions) provided for by regulation 32, in the definition of "traded LLP", for "regulated market" substitute "UK regulated market".

## PART 3

### AMENDMENT OF PART 5A OF THE LIMITED LIABILITY PARTNERSHIPS (ACCOUNTS AND AUDIT) (APPLICATION OF COMPANIES ACT 2006) REGULATIONS 2008

4.—(1) Regulation 12B of the 2008 Regulations, which applies sections 415, 415A, 416 and 419 of the Companies Act 2006 with modifications, is amended as set out below.

(2) After the modified section 416 (contents of energy and carbon report), provided for by regulation 12B, insert—

#### **"416A Climate-related financial disclosures in the energy and carbon report**

(1) The energy and carbon report of a large LLP for a financial year must set out climate-related financial disclosures.

(2) A "large LLP" means—

(a) an LLP which is not a traded LLP nor a banking LLP;

(b) where in the relevant financial year—

(i) the LLP is not a parent LLP, an LLP which has more than 500 employees and an annual turnover of more than £500 million;

(ii) the LLP is a parent LLP, the aggregate number of employees for a group headed by that LLP is more than 500 and the group headed by it has an annual turnover of more £500 million.

(3) For the purposes of subsection (2), the number of employees of an LLP or of a group headed by an LLP means the average number of persons employed by the LLP or the group headed by the LLP 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 LLP or the group headed by the LLP 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.

(4) For a period that is an LLP’s financial year but not in fact a year the figure of £500 million for annual turnover given by subsection (2) must be proportionately adjusted.

(5) If the LLP’s energy and carbon report is a group energy and carbon report, the figures for each subsidiary undertaking must be those included in its individual accounts for the relevant financial year, that is—

- (a) if its financial year ends with that of the parent LLP, that financial year; and
- (b) if not, its financial year ending last before the end of the financial year of the parent LLP.

(6) If the figures referred to in paragraph (5) cannot be obtained without disproportionate expense or undue delay, the latest available figures must be taken.

(7) In this section, “climate-related financial disclosures” has the same meaning as set out in section 414C(4A).

(8) Where the members of an LLP reasonably believe that, having regard to the nature of the LLP’s business, and the manner in which it is carried on, the whole or a part of a climate-related financial disclosure described in subsection 414C(4A)(e), (f), (g) or (h) is not necessary for an understanding of the LLP’s business, the members may omit the whole or (as the case requires) the relevant part of that climate-related financial disclosure.

(9) Where the members omit the whole or part of a climate-related financial disclosure in reliance on subsection (8) the strategic report must provide a clear and reasoned explanation of the members’ reasonable belief mentioned in that subsection.

(10) The Secretary of State may issue guidance on the climate-related financial disclosures, which are required by subsection (1), and otherwise in connection with the requirements of this section.”

## PART 4

### Review

5.—(1) The Secretary of State must from time to time—

- (a) carry out a review of the regulatory provision contained in these Regulations, and
- (b) publish a report setting out the conclusions of the review.

(2) The first report must be published before 6th April 2027.

(3) Subsequent reports must be published at intervals not exceeding 5 years.

(4) Section 30(4) of the Small Business, Enterprise and Employment Act 2015<sup>(3)</sup> (“the 2015 Act”) requires that a report published under this regulation must, in particular—

- (a) set out the objectives intended to be achieved by the regulatory provision referred to in paragraph (1)(a);
- (b) assess the extent to which those objectives are achieved;
- (c) assess whether those objectives remain appropriate; and
- (d) if those objectives remain appropriate, assess the extent to which they could be achieved in another way which involves less onerous regulatory provision.

(5) In this regulation, “regulatory provision” has the same meaning as in sections 28 to 32 of the 2015 Act (see section 32 of that Act).

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(3) 2015 c. 26. Section 30 has been amended but not in a way which is relevant to these Regulations.

17th January 2022

Callanan  
Parliamentary Under Secretary of State  
Minister for Business, Energy and Corporate  
Responsibility  
Department for Business, Energy and Industrial  
Strategy

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations require certain LLPs to provide climate-related financial disclosures in their strategic report or their energy and carbon report. These Regulations apply to LLPs, with appropriate modifications, the amendments which were made to sections 414C, 414CA and 414 CB of the Companies Act 2006 (the “2006 Act”) by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 [S.I. 2022/31](#) .

Regulation 2 amends regulation 12A of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the “2008 Regulations”) which applies sections 414A, 414B and 474 of the 2006 Act to LLPs with modifications. In addition, regulation 2 requires the members of a traded or banking LLP, in either case with more than 500 employees, to include climate-related financial information in the strategic reports.

Regulation 3 amends regulation 32 to amend the definition of “traded LLP” in the modified section 474 (Minor definitions).

Regulation 4 amends regulation 12B of the 2008 Regulations, which applies sections 415, 415A, 416 and 419 of the 2006 Act to LLPs with modifications, to add a new section 416A. In addition, regulation 4 requires the members of a large LLP to include climate-related financial information in the energy and carbon report. A large LLP is defined as an LLP which is not a traded nor banking LLP and which for the relevant financial year has more than 500 employees and a turnover of more than £500 million.

Regulation 5 provides for a review of the Regulations before 6th April 2027 with subsequent reviews at intervals not exceeding five years.

A full impact assessment of the effect that this instrument will have on the costs of business and the voluntary sector is available from the Department for Business, Energy and Industrial Strategy at 1 Victoria Street, London SW1H 0ET and is published on the website [www.legislation.gov.uk](http://www.legislation.gov.uk). It is also published with the Explanatory Memorandum alongside the instrument on [www.legislation.gov.uk](http://www.legislation.gov.uk).