
STATUTORY INSTRUMENTS

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

4. In section 414CB—

- (a) in the heading after “non-financial” insert “and sustainability”;
- (b) before subsection (1), insert—
 - “(A1) The non-financial and sustainability information statement must contain the climate-related financial disclosures of the company.”;
- (c) in subsection (1), for “The non-financial information statement must” substitute “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”;
- (d) in subsection (2), after “The information” insert “required by subsection (1)”;
- (e) after subsection (2), insert—
 - “(2A) In this section, “climate-related financial disclosures” mean—
 - (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.”;
- (f) after subsection (4), insert—
 - “(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 must provide a clear and reasoned explanation of the directors’ reasonable belief mentioned in that subsection.”;
- (g) in subsection (7), after “non-financial” insert “and sustainability”;
- (h) in subsection (8), after “non-financial” insert “and sustainability”;
- (i) after subsection (9), insert—
 - “(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.”.