

Insights

BEIS GUIDANCE ON MANDATORY CLIMATE-RELATED FINANCIAL REPORTING AND FTSE WOMEN LEADERS REVIEW FIRST REPORT

Feb 25, 2022

SUMMARY

To assist in-scope UK companies comply with the new mandatory climate-related financial disclosures when reporting next year, the Government has published some helpful non-binding guidance.

Separately, the first report from the FTSE Women Leaders Review has been published which shows another strong year of progress for women on boards and sets out new expectations and aspirational goals to be reached by the end of 2025.

Mandatory climate-related financial disclosures for UK companies

For accounting periods beginning on or after 6 April 2022, in-scope UK corporates will have to make TCFD-aligned climate disclosures in the non-financial and sustainability information statement in the strategic report. The provisions apply to:

- All UK registered companies that have more than 500 employees and have either securities admitted to trading on a UK regulated market, or are banking companies or insurance companies (Relevant Public Interest Entities (PIEs));
- UK registered companies with securities admitted to AIM with more than 500 employees;
- UK registered companies not included in the categories above, which have more than 500 employees and a turnover of more than £500 million; and
- LLPs with more than 500 employees and a turnover of more than £500 million.

The new BEIS guidance clarifies that:

- companies are expected to report at group level (or at company level if not included within consolidated group reporting);
- to ensure compliance, the FRC will monitor strategic reports going forward and if a company fails to comply with the disclosure requirements, a court may order the preparation of revised accounts;
- the purpose of the disclosures is to enable a reader to understand the effect of climate-related financial risks and opportunities on the business. The guidance contains details of the type of information to be included for each element of the reporting requirements; and
- those UK registered premium or standard listed companies which disclose against the TCFD recommendations and recommended disclosures on a “comply or explain” basis, as required by the Listing Rules, and which are also PIEs, are likely to meet the requirements of these new regulations.

FTSE Women Leaders Review- first report

The FTSE Women Leaders is an independent, business-led framework set up to build on the work of the Hampton-Alexander and Davies Review to increase the number of women on FTSE 350 boards and in leadership teams. Reported numbers in the first report show another strong year of progress for women on FTSE 350 boards:

- FTSE 100 is at 39.1% (up from 36.2% in 2020)
- FTSE 250 is at 36.8% (up from 33.2% in 2020)
- FTSE 350 is at 37.6% (up from 34.3% in 2020)

Reported numbers for Women in Leadership (defined as the Executive Committee & Direct Reports) show:

- FTSE 100 is at 32.5% (up from 30.6% in 2020)
- FTSE 250 is at 30.7% (up from 28.5% in 2020)

Although significant progress has been made, the rate of progress in leadership roles remains slow with almost two out of every three roles going to men and the number of female CEOs remain flat and stubbornly low. The Review therefore recognises that a robust and re-doubling of effort is needed to increase the gender balance further and sets out four new recommendations:

- increased voluntary target for FTSE 350 Boards and for FTSE 350 Leadership teams to a minimum of 40% women, by the end of 2025;

- FTSE 350 companies to have at least one woman in the Chair or Senior Independent Director role on the Board, and/or one woman in the Chief Executive or Finance Director role in the company, by the end of 2025;
- key stakeholders to set best-practice guidance, or have mechanisms in place to encourage FTSE 350 Boards that have not achieved the prior 33% target, to do so; and
- the scope of the Review is extended to include the largest 50 private companies in the UK by sales.

In addition to the above, we await the outcome of the FCA's consultation on changes to the Listing Rules and DTRs which propose a "comply or explain" statement on diversity and inclusion at board level. These proposals build upon the recommendations of the Hampton-Alexander and Davies Review and would apply to UK and overseas companies with equity shares on the premium or standard segment of the Main Market.

[FTSE Women Leaders Review – report \(February 2022\)](#)

[BEIS guidance on mandatory climate-related financial disclosures](#)

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MEET THE TEAM



Nicholas Myatt

London

nicholas.myatt@bclplaw.com

[+44 \(0\) 20 3400 4767](tel:+442034004767)



Tessa Hastie

London

tessa.hastie@bclplaw.com

[+44 \(0\) 20 3400 4516](tel:+442034004516)

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