



Consultation Paper title	Aligning listed issuers' sustainability disclosures with international standards
Summary of intervention	The climate-related reporting requirements for listed companies based on the Task Force on Climate-related Financial Disclosures (TCFD) are being superseded by the International Financial Reporting Standards (IFRS) Foundation's International Sustainability Standards Board (ISSB).
Feedback date of issue	27/05/2025
CBA Panel reference number	CBAP-0005

CBA Panel advice

Main recommendations

- **The panel commends this CBA as a strong example of early and constructive engagement with the panel, which supports transparency and informed dialogue.** The CBA demonstrates a clear and well-structured causal chain, one of the strongest the panel has reviewed to date. Future CBAs can build on this approach, particularly on early engagement and clarity of the logic between the intervention and the harms it intends to reduce.
- **Improve clarity, structure and presentation.** The panel recommends that this CBA, alongside future CBAs include an Executive Summary that clearly outlines the assessed costs and benefits. This has been a consistent suggestion in previous reviews. The panel also suggests careful consideration of what content is already covered in the Consultation paper, as this may allow the CBA to be more concise. Additionally, the panel recommends reviewing the academic studies cited, with only key references retained in the main body. These improvements would benefit future CBAs as well, and support clearer, more effective communication.
- **Revisiting the core estimates presented in the analysis, given a narrow set of assumptions appears to drive the overall findings.** While the panel does not dispute the value of the policy intervention, it expresses concern about the robustness of the estimates and the limited sensitivity analysis provided. Recognising the challenges of ex ante cost estimation, the panel highlighted the value of ex post CBA to improve future assessments. Additionally, greater transparency around key assumptions and how they influence the net present value, would strengthen the credibility of the CBA. In addition, the panel recommends a clearer articulation of the benefit assumptions, and efforts to estimate wider impacts.
- **Linking the CBA more clearly to the Government's Impact Assessment and relevant international comparisons.** The panel encourages exploring why the UK context on climate-related reporting requirements may differ from other jurisdictions, and what this means for expected costs and benefits. This would help situate the findings within a broader policy landscape.

Summary

Category	CBA Panel comments
The market	The panel considers the market section to be generally well explained. While the CBA rightly positions market improvements as broadly beneficial, the definition of 'market' is at times, too narrow. The panel recommends exploring the benefits to wider markets such as bonds and derivatives, and the implications of the market as an environment for all stakeholders, to be drawn out more fully. The panel also notes that while the policy envelope is clearly defined and appropriately acknowledges the FCA's remit, there is scope to explore it further. The panel also recommends the justification for intervention could be strengthened by clarifying between information failure and information asymmetry.
Baseline and counterfactual	The panel considers the counterfactual and policy options analysis in this CBA to be one of the strongest examples it has reviewed, with a clear and proportionate description and a well-articulated causal chain. It recommends checking for consistency with the UK Government's forthcoming CBA, given the shared policy context. The panel also suggest clarifying the proposed implementation timeline in relation to EU developments, to ensure alignment and transparency.
Evidence and data	The panel recognises that while the evidence presented is generally strong, some claims could be clearer and better supported. For example, the link between poor disclosure and lower returns could be explained more carefully. The panel encourages drawing more directly on existing research already cited in the CBA to support points about trading costs and market behaviour. The panel also suggests refining how the benefits of better pricing are described, to reflect both short-term and long-term effects.
Assumptions	The panel acknowledges that the assumptions underpinning the analysis are generally well explained, but notes that the overall conclusions rely heavily on a small number of key assumptions. The panel encourages a reconsideration of the key estimates, and that sensitivity analysis of cost estimates can still offer insight into the robustness of the findings. The panel also recommends avoiding terms like 'conservative estimate' when referring to NPVs, as these are intended to reflect expected values rather than directional judgments. The panel overall, recommends the need for transparency and clarity in how assumptions are framed and communicated.
Uncertainty	The panel recognises that some uncertainty is inherent given the narrow scope of the policy option and the limitations of the current framework. However, it recommends clearer articulation of key assumptions and broader use of scenario analysis, particularly around adoption rates, cost estimates and the impact coefficient. The panel also encourages effort to consider whether engagement with industry bodies has fully

FCA

Cost Benefit
Analysis Panel

	captured the potential costs of transitioning to a mandatory regime.
Assessment of costs and benefits	The panel advises that the CBA would benefit from clearer explanation of the assumptions driving quantified benefits and costs, especially where they are central to the NPV calculation. More robust sensitivity analysis would strengthen the analysis. The panel also recommends expanding the scope of benefits considered to include wider market effects – such as those on the ‘Rest of the World’ and financial markets like bonds and derivatives. On the cost side, the panel suggests reviewing figures for accuracy and reflecting more explicitly on distributional impacts of costs on different types of firms amidst the government’s growth objectives. The panel also notes that evolving political dynamics, particularly in the US, may influence future cost. Given the challenges of ex-ante cost estimation, the panel highlight the value of ex post analysis, as accurate costings are essential to support innovation and investment by firms.
Wider impacts	The panel advises to consider whether it is necessary for all CBAs in general, to explicitly reference the secondary growth objective. In this case, the panel notes the link and the section in the CBA is clear in showcasing the cross-cutting nature of the proposal.