

Department for Business & Trade
Old Admiralty Building
Admiralty Place
London SW1A 2DY



By email

17 September 2025

Dear Sir/Madam,

FCA Listing Authority Advisory Panel response to the Department for Business & Trade Consultation: Exposure draft of UK Sustainability Reporting Standards: UK SRS S1 and UK SRS S2

The FCA Listing Authority Advisory Panel (LAAP) is an independent statutory panel that advises the FCA on policy issues which affect issuers of securities, and on policy and regulation proposals from the FCA listings function. The FCA is required to establish and maintain these Panels under FSMA. The FCA Board appoints Panel members and not as representatives of any individual firm; they are expected to contribute to the respective Panels from the perspective of wholesale and securities markets or the primary market sub-sector in which they are working, drawing on their personal experience and expertise and industry sentiment more generally.

Although this consultation does not explicitly seek input on the scope or implementation of sustainability reporting requirements, we believe it is important to articulate our position. The UK must adopt a pragmatic and proportionate approach to implementing the UK Sustainability Reporting Standards (SRS), as well as any related policy interventions concerning transition plans and sustainability assurance. It is essential to remain mindful of the UK's leadership in this space, safeguard its international competitiveness and draw on lessons from the approaches taken by other jurisdictions.

Supportive of UK SRS

Relevant to question 1, 10 and 11 of the UK SRS Exposure Draft consultation

We are supportive of the UK SRS, particularly its alignment with IFRS S1 and S2, which enhances global harmonisation and facilitates meaningful

engagement between the financial sector and the business community. Sustainable investment and green industries represent a major growth opportunity for the UK, with the green economy now the fourth largest globally by market capitalisation¹.

Consistent, high-quality sustainability data is essential for effective risk management and capital allocation. However, persistent data gaps remain a challenge. The UK SRS can help address these gaps by delivering decision-useful, comparable, and consistent information.

Beyond compliance, sustainability reporting offers strategic benefits, for example guiding long-term planning, improving operational efficiency, and enhancing resilience. The consolidation of fragmented frameworks through ISSB-aligned standards should reduce duplication and reporting burdens, especially for cross-border companies.

We welcome the Government's proposal to make minimal amendments to ISSB standards in developing the UK SRS as the advantages of a global baseline and interoperability diminish quickly once all jurisdictions implement local amendments or operate on different timelines.

Phased Approach – Starting with voluntary adoption until the market develops a clearer picture of the costs/benefits

Relevant to questions 12 and 19 of the UK SRS Exposure Draft consultation

The cost of sustainability disclosures is already a widely cited frustration among listed companies. The introduction of UK SRS adds incremental burdens that must be acknowledged. It is essential for the UK Government to recognise both the initial uplift costs and the ongoing operational expenses associated with implementation, and we are conscious of a variation in the level of preparedness to shift to ISSB greatly varies.

TCFD has provided a useful base for companies, however it should be recognised that the quality of TCFD reporting is varied. More than 50% of the IFRS S2 cross-industry disclosure requirements are additional to TCFD, and another 26% are substantial advancements to the TCFD recommendations². UK Government should therefore not underestimate the lift on companies to transition from TCFD to ISSB, particularly the need to invest in systems and platforms to improve data governance, quality and audibility.

¹ [Inside the green economy: what it is and why it matters | LSEG](#)

² [IFRS S2 Climate Disclosure Requirements](#)

In general, listed companies recognise the strategic benefits of sustainability reporting, however, there is less of a consensus on the impact of sustainability disclosure frameworks on the cost of and access to capital. Despite increased reporting in recent years, companies are not seeing a reduction in queries from investors, customers or rating agencies, suggesting limited efficiency gains and a constant cycle of information collection and disclosures. Companies also explain the frustration of sustainability resources being consumed by reporting and assurance, limiting their capacity for actual sustainability strategy delivery.

We recommend that the Government endorses UK SRS and makes the standards available for use on an equivalent (to TCFD) voluntary basis from FY2026; this provides flexibility for companies in the near term where they can continue with the current approach of TCFD reporting or move early to the new standards.

While we support the principles underpinning UK SRS, there is not yet compelling evidence that mandatory adoption would deliver benefits commensurate with the costs. A period of voluntary adoption would enable a more informed evaluation of the standards' effectiveness and create a runway towards the standards becoming a reporting requirement.

Proportionality and parity across markets

Relevant to questions 13, 14, and 15 of the UK SRS Exposure Draft consultation

We strongly advocate for a proportional framework where reporting requirements are based on company size. A "one size fits all" approach is not appropriate given the diversity of companies operating in the UK. For UK listed companies any requirements should recognise the capacity to absorb both current and any additional requirements differs greatly between a FTSE 100 company and a listed SME.

Whether a company is public or private has no bearing on its exposure to sustainability risks and opportunities and in turn its relevance to investors' or any of its other stakeholder's sustainability goals. There should be a level playing field in sustainability reporting requirements between public and private companies and the same size thresholds applied to both.

While it is a well-established principle that listed companies are generally subject to more extensive disclosure requirements than private companies, the demand for sustainability information is no longer limited to public equity investors. Private equity funds, lenders, insurers, local authorities, customers, and pension funds increasingly require ESG data from private companies to assess risk and align with their own sustainability goals.

Private companies are already being asked for this information, so standardising the requirement for economically significant private companies—using size thresholds based on revenue or employee numbers, as is common internationally—would ensure consistency and comparability across the market.

We support a proposal to apply the same size thresholds for public and private companies, ensuring that only those with significant economic impact are required to disclose. This approach balances the need for transparency with proportionality and addresses the concerns of institutional investors and other stakeholders who cite limited information from private companies as a pain point.

We encourage government to work closely alongside the FCA to agree appropriate and the same timelines for implementation – this is to avoid scenarios where AIM and Main Market companies are subject to different reporting requirements. In a similar vein, size thresholds should be the same across UK capital markets. This coordination is critical to avoid scenarios where AIM and Main Market companies of the same size are subject to different or multiple reporting requirements.

International Competitiveness

Relevant to questions 15, 16 and 19 of the UK SRS Exposure Draft consultation

The UK has undergone its most extensive capital markets reform in four decades, driven by the FCA’s overhaul of the UK Listings Rule. Any amendments to company sustainability reporting requirements should be complementary to these efforts, not contradictory and overly burdensome. The overarching focus should be to enhance transparency and investor confidence without undermining the UK’s attractiveness as a listing venue.

Whilst over 35 jurisdictions are stated to be adopting or working towards adoption of the ISSB standards, the nature and timeline of implementation varies significantly from country to country. For example, in some jurisdictions the standards have been adopted only voluntarily (e.g. Canada), some jurisdictions are only adopting mandatory requirements for S2 (e.g. Australia, Hong Kong) and some jurisdictions are announcing delays of up to five years in the implementation of their ISSB-aligned standards (e.g. Singapore).

Even with the changes to thresholds post-Omnibus, many UK private and listed companies will continue to be in scope of the EU’s CSRD, which goes beyond the ISSB standards in topic scope and depth, particularly through its double materiality and broader disclosure requirements. To support

companies and avoid unnecessary duplication, it is critical that the UK Government pursue equivalence with CSRD to meet any UK SRS requirements. To clarify, we are not suggesting that the UK should align with CSRD in place of the UK Sustainability Reporting Standards (ISSB). Rather, our proposal is that where a UK company falls within the scope of CSRD requirements and is, for example, reporting against the European SRS at a Group level, it should be permitted to apply equivalence to meet any UK SRS requirements. This approach would help avoid duplication and reduce the reporting burden for UK companies with significant operations in the EU.

The UK should view the evolution of its sustainability reporting requirements in this international context and ensure it does not create conditions that would leave it at a competitive disadvantage.

Transition Plans

Relevant to the DESNZ Transition Plan Requirements Consultation

We recognise the value of transition plans in helping businesses identify and manage climate-related risks, align operations and investments with sustainability goals, and demonstrate accountability to stakeholders. They facilitate capital flows by enabling investors to make informed decisions, reduce exposure to stranded assets, and ensure their portfolios are resilient and aligned with net-zero commitments. In June, ISSB published new guidance on providing high-quality transition-related information when applying IFRS S2, building off the TPT materials. UK Government focus should be on integrating transition plans into the UK SRS framework utilising this guidance, rather than creating standalone disclosure requirements. This will ensure coherence and avoid duplication.

We support a flexible, ambition-agnostic approach to transition planning. While some market participants would prefer to mandate the publication of transition plans so the investors can understand and manage portfolio alignment, the content should not be prescriptive. Feedback from companies of all sizes is that they are taking transition planning seriously, although some are not as progressed in their thinking as might be expected and they feel 'one size doesn't fit all'. A deeper understanding and clearer communication of the benefits of transition plans are needed: for both companies and their stakeholders. Companies should therefore have the flexibility to tailor their plans to their specific context, strategy, and risk profile.

We would welcome the opportunity to discuss any of these points further.

Yours faithfully,

[signed]

Mandy Gradden
Chair, FCA Listing Authority Advisory Panel