

Consultation Paper

CP26/5**

Aligning listed issuers' sustainability disclosures with international standards

January 2026

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Chapter 1

Executive Summary

We are consulting on how we evolve our rules for listed companies' sustainability disclosures

- 1.1** Sustainability risks and opportunities, including climate risks, can have financial impacts on the long-term value and resilience of listed companies. Investors have said they value clear, consistent financially material information about how these risks—and the opportunities they create—could impact company performance and market value. They want relevant and robust disclosures for accurate pricing of securities and to maintain trust and integrity in UK markets. This information also underpins the development of innovative financial products that meet the evolving needs of the market.
- 1.2** We already have rules for listed companies' sustainability disclosures. Our current rules are aligned with the Task Force on Climate-related Financial Disclosures (TCFD), which was created in 2015 but disbanded in 2023. These rules have played a role in supporting market integrity and driving up standards of disclosures. The International Sustainability Standards Board (ISSB) was established in 2021, to unify fragmented climate and wider sustainability reporting frameworks—including the TCFD. Given the end of the TCFD and the transition to ISSB Standards we have to consider how our rules need to evolve.
- 1.3** Around 40 jurisdictions covering roughly 40% of global capital markets are planning to adopt or use the ISSB Standards. The UK is one of these and the Government is currently in the process of developing UK Sustainability Reporting Standards (UK SRS) to tailor the ISSB Standards for the UK. The Government's aim is to promote international alignment and competitiveness and provide clarity about the future of disclosure in the absence of TCFD. Following the Government's draft UK SRS, we are consulting on replacing our current TCFD-aligned listing rules with requirements for in-scope listed companies to report against UK SRS. We are consulting now, based on the draft UK SRS. This is to ensure we have sufficient time to consult and engage UK issuers and market participants on our implementation approach. Once we have carefully considered feedback and the UK SRS is finalised, we will finalise our proposed rules.
- 1.4** The scope of our proposals aligns with our existing TCFD-based rules. Our proposals on what listed companies should report have been informed by extensive engagement with industry, statutory panels and by considering the approaches taken by jurisdictions that have already endorsed the ISSB Standards. We believe our approach is pragmatic and proportionate, reflecting the preparedness of listed companies. We recognise that the TCFD Recommendations will become obsolete as countries move to align with the new standards. In line with the ISSB's approach, we focus on the disclosure of information that could reasonably be expected to affect companies' prospects and is therefore useful for investors.

- 1.5** Leveraging the strong foundation set by our TCFD-aligned requirements, we are proposing that companies in scope move to mandatory reporting against UK SRS S2, which covers climate disclosures and is an area where reporting is already high across companies. However, we are not proposing to require mandatory reporting of Scope 3 emissions data, which we propose can continue to be reported on a 'comply or explain' basis.
- 1.6** We recognise that wider sustainability (non-climate) reporting (against UK SRS S1) will be new to many of these listed companies and may present challenges. We are therefore proposing that this non-climate reporting can be on a 'comply or explain' basis against UK SRS S1.
- 1.7** Mandating that companies have transition plans is a matter for Government. However, we acknowledge that investors find this information useful. So we are proposing that companies in scope disclose whether and where they have published a transition plan, or the reason why not. We also propose requiring them to disclose whether they have obtained third-party assurance on sustainability disclosures.
- 1.8** The exception to the approach described above, is in relation to international companies that have their primary listing in another jurisdiction. To minimise duplication with requirements that international issuers face in the markets where they have their primary listing, we are proposing a flexible approach. Our proposals focus on transparency of the sustainability-related reporting requirements and standards (including in relation to transition plans) applicable in an issuer's primary listing location or place of incorporation, or any standards or requirements that such issuers voluntarily apply. Under our proposals, these issuers would also be required to disclose whether they have obtained third-party assurance on sustainability disclosures.
- 1.9** Our proposals are designed to increase transparency, and boost the quantity, quality and comparability of financially material information. At the same time, we recognise that it is vital we take a practical approach—one that gives industry enough time to prepare for these changes. We're focused on striking the right balance between providing investors with the information they need to make informed decisions and recognising the maturity of reporting practices and the readiness of the market. In that context we welcome feedback on our proposals, with a view to helping retain the UK's position as a world leader in sustainable finance and supporting UK competitiveness and growth.

Next steps

- 1.10** We welcome responses by 20 March 2026. You can use the form on our website or email cp26-5@fca.org.uk. You can also send requests to engage with us to the above inbox.
- 1.11** We aim to finalise our rules and publish our policy statement (PS) in autumn 2026. This is subject to the final UK SRS. We will use the feedback received to inform our final rules and PS.

Chapter 2

Developments in international sustainability disclosure standards

- 2.1** This chapter explains the current framework for climate disclosures in the UK Listing Rules. We also summarise the development of new international reporting standards on sustainability, which form the basis of our proposals.

Current climate-related disclosure rules: TCFD

- 2.2** Over many years we have worked closely with the Government and other UK regulators to develop a regulatory framework for the reporting of climate-related financial information, drawing initially on the TCFD Recommendations.
- 2.3** The TCFD was established in 2015 by the Financial Stability Board (FSB) to create a global framework for companies to disclose climate-related financial risks and opportunities. The TCFD published its Final Report in 2017 which provided Recommendations for the disclosure of climate-related risks and opportunities covering 4 'pillars': governance, strategy, risk management and metrics and targets. These were supported by 11 Recommended Disclosures and wider guidance.
- 2.4** We worked with the Government and other regulators to develop a Roadmap to adopt the TCFD Recommendations in UK law and regulation. In 2020, we introduced climate disclosure rules for premium listed companies. These rules required them to state whether they have made disclosures aligned with the TCFD Recommendations or explain why not. In 2021, these rules were extended to cover issuers of standard listed shares and depositary receipts representing equity shares.
- 2.5** In 2024, we streamlined the listing regime which included removing the premium and standard listing segments and creating a simpler equity listing category for commercial companies while retaining categories that describe and set rules appropriate to other types of security or issuer. The climate disclosure rules were carried over, to apply to 5 listing categories:
- equity shares (commercial companies)
 - equity shares (transition)
 - non-equity shares and non-voting equity shares,
 - equity shares (international commercial companies secondary listing)
 - certificates representing certain securities (depositary receipts)

The International Sustainability Standards Board (ISSB) Standards

- 2.6** The IFRS Foundation announced the establishment of the ISSB at COP 26, Glasgow, in 2021, with support from G20 Leaders, the FSB and investors seeking a global baseline for sustainability disclosures. It aimed to consolidate existing reporting frameworks, including the TCFD Recommendations, into a global standard for high-quality, comprehensive sustainability disclosures, focused on the needs of investors and financial markets.
- 2.7** After consultation with stakeholders globally, the ISSB published its first 2 standards in June 2023:
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
 - IFRS S2 Climate-related Disclosures
- 2.8** IFRS S2 builds on the TCFD's recommended climate disclosures (see the ISSB's Comparison document for differences between these standards and TCFD Recommendations). However, IFRS S1 goes further by covering wider sustainability-related risks and opportunities.
- 2.9** IOSCO and the FSB endorsed the standards in 2023 and called on their member jurisdictions to consider adopting them. Subsequently, the TCFD was disbanded, with ongoing monitoring responsibilities transferred to the ISSB.
- 2.10** So far, around 40 jurisdictions are introducing ISSB Standards in their legal or regulatory frameworks. Some have already mandated reporting.

UK approach to adopting ISSB Standards

- 2.11** The UK Government established a process to assess the suitability of the ISSB Standards for use in the UK. As part of this process, in June 2025 the Government launched a consultation on exposure drafts of the UK SRS, which are based on the ISSB Standards.
- 2.12** Further to advice from industry and regulatory engagement, the Government's UK SRS consultation proposes some minor amendments to the ISSB Standards. These amendments reflect their use in a UK context, while retaining the advantages of international comparability.
- 2.13** We are now consulting on the basis of the draft UK SRS but will ensure our final rules reflect the final version of the standards. When we refer to UK SRS in this document, we refer to the draft UK SRS.
- 2.14** We are consulting on the basis of the draft UK SRS, which consist of two parts – UK SRS S1 and UK SRS S2, that in the main align with IFRS S1 and IFRS S2 respectively.

- 2.15** UK SRS S1 sets out general content requirements that apply to sustainability-related disclosures where there is no specific standard. At present, the only topic-specific standard is S2 on climate. UK SRS S1 prompts issuers to consider various sources of international guidance including the Sustainability Accounting Standards Board (SASB) Standards and Climate Disclosure Standards Board (CDSB) Standards on Water- and Biodiversity-related Disclosures to support the standard.
- 2.16** UK SRS S1 also contains key concepts that apply to all sustainability disclosures, including those on climate. These are discussed further in the context of our proposed requirements for climate-related disclosures (paragraph 4.5).
- 2.17** UK SRS S2 sets out requirements that relate specifically to climate-related risks and opportunities. This part of the standard broadly aligns with TCFD Recommendations but also requires additional detail in certain areas. An example is Scope 3 emissions reporting (indirect greenhouse gas emissions in the value chain of the entity), and any information about climate-related transition plans the entity has. UK SRS S2 also requires entities to disclose industry-based metrics.
- 2.18** We have received feedback that Scope 3 reporting remains difficult for some listed companies because it involves collecting emissions data from, for example, third parties involved in the development and delivery of the company's products and/or services. These challenges were acknowledged in the Government's UK SRS consultation, and have also been discussed at an international level. We have considered this in developing our proposals and have sought to ensure listed companies have sufficient time to prepare and implement our proposed rules in this evolving area.
- 2.19** The reason we are consulting now is to outline a clear direction of travel, to seek stakeholders' views and to enable market participants to begin preparing to use the new standards. We are not seeking to re-open discussion on the content of the UK SRS themselves. We have worked closely with the Department of Business and Trade (DBT), which is leading on the UK SRS, when drafting this consultation to ensure consistency. We have also considered the feedback DBT received to its draft consultation. In January 2026, DBT published a [letter](#) updating on its plans for the development of the UK SRS. When the final UK SRS are published, we will consider these alongside the feedback to this CP to determine whether we need to make any further changes to our proposals, before finalising our rules.
- 2.20** The Government's UK SRS consultation was published alongside consultations on climate-related transition plan requirements and the assurance of sustainability reporting. These are not part of the Government's assessment of ISSB Standards but are important context for our proposals and are discussed further in chapters 6 and 7 respectively.

Chapter 3

Scope and overview

- 3.1** This chapter sets out our proposed scope and a summary of our overall approach to updating the UK Listing Rules to refer to the UK SRS. Subsequent chapters cover the specific proposed rule changes.

Scope

- 3.2** In identifying the scope of listed companies that are subject to our rules, we seek to support use of the UK SRS as a foundation for sustainability disclosures, while adopting a proportionate approach.
- 3.3** We consider that maintaining the focus on listed companies that are subject to our TCFD-aligned rules is appropriate for the current level of progress and development of climate and sustainability reporting. The majority of these companies already have processes to report on climate-related information and are at risk of using an outdated disclosure framework, because TCFD has been disbanded, if we do not amend our rules.
- 3.4** We propose to apply our new rules to companies in the following listing categories, with some variation depending on the category:
- commercial companies category (UKLR 6)
 - secondary listing category (UKLR 14)
 - depositary receipts category (UKLR 15)
 - non-equity shares and non-voting equity shares category (UKLR 16)
 - transition category (UKLR 22)

Listing categories that are not in scope of our proposals

- 3.5** In line with our approach for TCFD-aligned disclosures, we do not propose to apply our proposals to listed companies in the following categories:
- Closed-ended investment funds category (UKLR 11) and open-ended investment companies (UKLR 12): We consider that the best way to introduce requirements for investment vehicles is through obligations on the asset manager, rather than the listed funds (see [CP21/18](#), page 16).
 - Shell companies category (UKLR 13): These companies do not have substantial operations, given they predominately consist of cash or short-dated securities, or their purpose is to undertake an acquisition or merger. As such, the disclosure of sustainability-related risks or opportunities in line with the UK SRS is not expected to meaningfully improve the information available to investors (see [CP21/18](#), page 17).
 - Debt and debt-like securities category (UKLR 17): We do not consider it to be proportionate to extend the scope to these issuers at this time.

- Securitised derivatives category (UKLR 18) and warrants, options and other miscellaneous securities category (UKLR 19): We do not consider it to be proportionate or effective to extend requirements to these issuers.

Question 1: Do you agree with the proposed scope for our rules? If not, what alternative scope would you suggest and why?

Summary of proposals

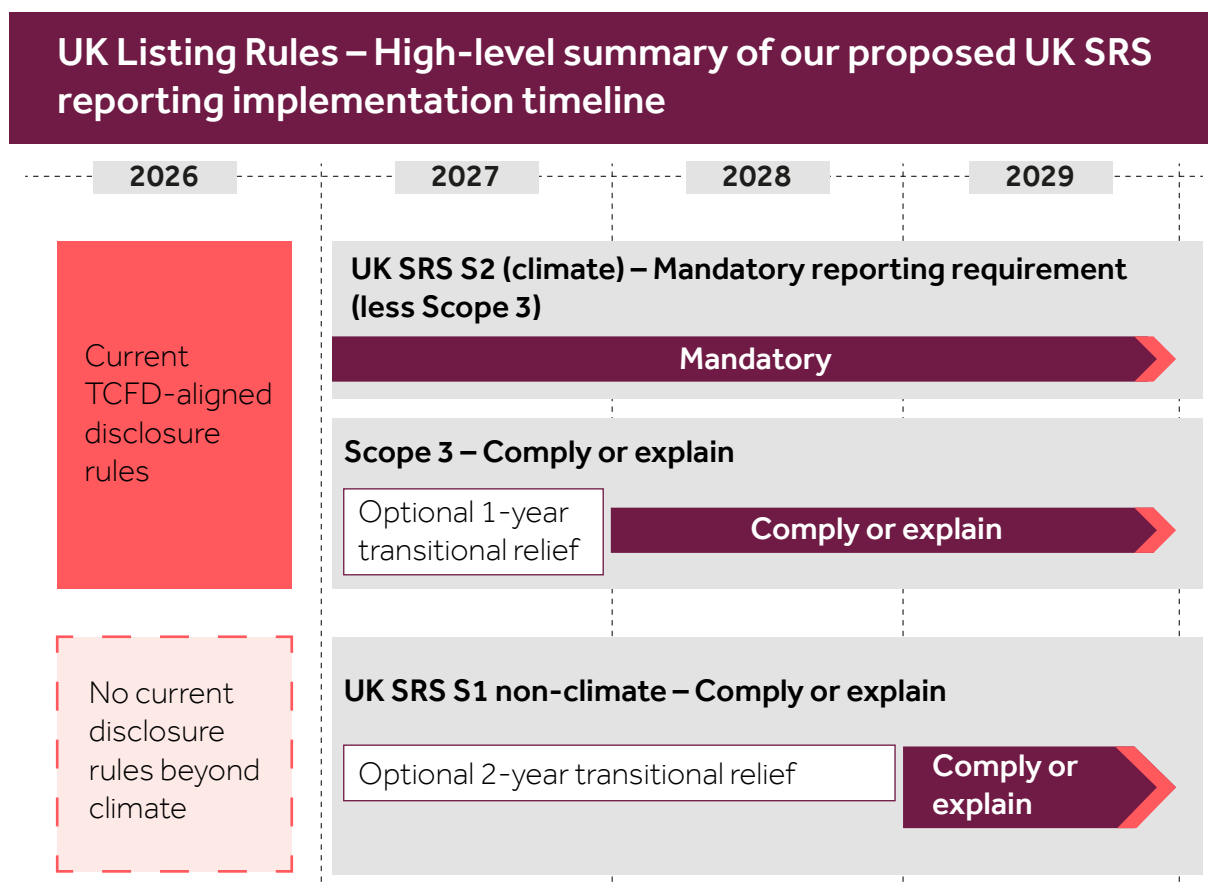
3.6 The diagram below provides a summary of our proposals and the implementation timeline.

Figure 1



- 3.7** We aim for our proposed rules to come into force from 1 January 2027.
- 3.8** Implementation of our proposals for reporting against the UK SRS would be for accounting periods beginning on or after 1 January 2027.
- 3.9** In-scope issuers could take advantage of the UK SRS transitional reliefs for reporting against UK SRS S2 in relation to Scope 3 emissions (1-year deferral) and UK SRS S1 in relation to non-climate disclosures (up to 2-year deferral). Listed companies taking advantage of these reliefs would therefore be required to report against our proposed new rules for:
- UK SRS S2 in relation to Scope 3 emissions – from accounting periods beginning on or after 1 January 2028.
 - UK SRS S1 in relation to non-climate – from accounting periods beginning on or after 1 January 2029.

Figure 2



- 3.10** For more details on all of our proposals, please see Chapters 4 to 9, with proposals for implementation and transitional arrangements for reporting against the UK SRS set out in Chapter 8.

Chapter 4

Climate-related disclosures

- 4.1** In this chapter, we set out our climate-related disclosure proposals for companies with a listing in either the commercial companies, non-equity shares and non-voting equity shares, or transition categories.
- 4.2** Related proposals for implementation and transitional arrangements are in Chapter 8.

Our proposals

Mandatory reporting of UK SRS S2 climate disclosures (excluding Scope 3)

- 4.3** We have seen consistent improvement in the alignment of disclosures with TCFD Recommendations, since climate-related reporting was introduced on a 'comply or explain' basis (since January 2021 for our previous premium listing segment, and January 2022 for our previous standard listed segment). This is evidenced in both FCA and FRC produced thematic reviews, including [FCA \(2022\)](#), [FRC \(2022\)](#), and [FRC \(2023\)](#).
- 4.4** Given this progress, and the fact that UK SRS S2 broadly corresponds with the TCFD Recommendations, we consider it appropriate to delete our current TCFD-aligned climate disclosure rules. We propose to replace them with rules that require companies with a listing in these categories to make climate-related disclosures in line with UK SRS S2, on a mandatory basis. This is with the exception of disclosures relating to Scope 3 emissions, which we discuss further from paragraph 4.6. We consider this will lead to greater transparency and improve the quantity, quality, and comparability of information available to investors.
- 4.5** The majority of core content requirements for climate disclosures are included in UK SRS S2. However, certain elements that underpin the reporting of this information are outlined in UK SRS S1. Specifically, these are the conceptual foundations, judgements, uncertainties and errors as well as the defined terms, application guidance and qualitative characteristics of useful sustainability-related financial information appendices. There are also paragraphs in the core contents section of UK SRS S1 on short, medium and long-term time horizons (paragraph 31) and reporting metrics and targets (paragraphs 49, 50, 52 and 53), and paragraphs in the general requirements section (paragraphs 60 to 71) which are relevant for climate disclosures but not directly set out in UK SRS S2. So, we propose to include a rule which requires companies, when reporting climate-related disclosures under UK SRS S2 (including disclosures relating to Scope 3 emissions), to apply these sections of UK SRS S1 as relevant to such climate-related disclosures.

Question 2: Do you agree that we should replace our TCFD-aligned rule (which has not been updated since 2023 due to TCFD being disbanded) and guidance with requirements to report against UK SRS S2 (and relevant aspects of UK SRS S1)? This would be for companies with a listing in the commercial companies, non-equity shares and non-voting equity shares, and transition categories. If not, what alternative approach would you suggest and why?

Question 3: Do you agree that the UK SRS S2 reporting requirements should apply on a mandatory basis (with the exception of Scope 3 emissions, as addressed in Q4)? If not, what alternative approach would you suggest and why?

Comply or explain reporting of UK SRS S2 Scope 3 emissions

- 4.6** UK SRS S2 contains disclosure requirements relating to Scope 3 greenhouse gas emissions. Disclosure of Scope 3 emissions forms part of our current TCFD-aligned climate-related rules, which are implemented on a 'comply or explain' basis. We have received feedback as part of our pre-consultation engagement that Scope 3 emissions data can be material and important for investors. However, unlike the other aspects of TCFD, it still remains difficult for listed companies to access quality data. This is particularly because it involves collecting emissions data from third parties in a listed company's value chain. For example, data from third parties involved in the development and delivery of the company's products and/or services.
- 4.7** The Government's UK SRS consultation acknowledged the challenges of reporting Scope 3 emissions. This challenge has also been discussed at an international level. In its consultation, the Government noted that companies may need more time to adjust their systems and controls to report against these specific UK SRS S2 standards. For this reason, in its consultation, DBT sought views on a 1-year transitional relief from disclosing Scope 3 emissions (maintaining the relief that ISSB provides).
- 4.8** To account for the current challenges with collecting data about greenhouse gas emissions, we propose to replace our current TCFD-aligned rules and guidance with rules implementing Scope 3 emissions reporting under UK SRS S2 on a 'comply or explain' basis. Even once the transition reliefs end, listed companies in these categories would report against UK SRS S2 Scope 3 provisions on a 'comply or explain' basis. Where a listed company chooses to 'explain', we propose that they be required to:
- Identify the specific paragraphs of UK SRS S2 where it has not produced Scope 3 disclosures.
 - Explain the reasons for not making these Scope 3 disclosures.
 - Explain any steps being taken or planned to be taken to make those disclosures in the future, including the timeframe for making the disclosures.

- 4.9** As explained in paragraph 4.5, certain elements of the UK SRS that underpin the reporting of climate-related information are outlined in UK SRS S1. The proposed rule to require companies when reporting climate-related information under UK SRS S2 to apply the sections of UK SRS S1 as relevant to the disclosure of climate-related information, would also be applicable where a listed company opts to disclose against the UK SRS S2 standards relating to Scope 3 (in full or in part), rather than 'explain'.
- 4.10** We believe this approach is flexible. However, we welcome views on this, in particular, whether our proposals (which would apply in addition to a 1-year transitional relief) offer sufficient flexibility for listed companies.
- 4.11** We are not proposing to include a requirement for a compliance statement in our rules, in addition to the requirement already in UK SRS S1. We consider it should be clear from any explanations given in relation to Scope 3 emissions what elements of UK SRS S2 are not being complied with. However, by opting to 'explain' rather than to 'comply' in relation to Scope 3 emissions, an issuer may not be able to state compliance with the UK SRS. We welcome views on our approach.
- 4.12** We will also provide more detail as a follow-up to this consultation, on the interaction of our proposed approach with the UK SRS S1 statement of compliance provisions once the final UK SRS have been published.

Question 4: Do you agree that UK SRS S2 Scope 3 reporting should apply on a 'comply or explain' basis, for companies with a listing in the commercial companies, non-equity shares and non-voting equity shares, or transition categories? If not, what alternative approach would you suggest and why?

Location of UK SRS S2 climate-related disclosures

- 4.13** We propose that the climate-related disclosures and, where relevant, any explanations on Scope 3 emissions, be made in companies' annual financial reports, consistent with UK SRS S1 paragraph 60. We propose that climate-related information may be included in the annual financial report by cross reference in the circumstances set out in UK SRS S1 paragraphs B45 to B47. We are not proposing to specify in which section of the annual financial reports the reporting should be included. This is to provide listed companies with flexibility to integrate their disclosures within their wider reporting and to facilitate interoperability where they may be subject to other reporting requirements. However, listed companies would be required to specify where in their annual financial reports climate-related disclosures and any Scope 3 related explanations are located.

Question 5: Do you agree with our proposals regarding the location of UK SRS S2 climate-related disclosures? If not, what alternative approach would you suggest and why?

Chapter 5

Wider sustainability disclosures

- 5.1** In this chapter, we set out our proposals for wider sustainability disclosures, beyond climate, for companies with a listing in either the commercial companies, non-equity shares and non-voting equity shares, or transition categories.
- 5.2** Related proposals for implementation and transitional arrangements are in Chapter 8.

Our proposals

Comply or explain reporting of UK SRS S1

- 5.3** Beyond climate-related disclosure requirements (discussed in Chapter 4), UK SRS S1 (paragraph 3) requires disclosure of information about all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects.
- 5.4** Listed companies may already report some information on wider sustainability-related risks and opportunities that would be relevant for reporting on UK SRS S1. For example, UK-incorporated companies are subject to requirements under the Companies Act. Companies may also voluntarily report on various initiatives such as the SASB Standards and the Global Reporting Initiative (GRI) Standards.
- 5.5** However, whilst we have had rules on climate reporting against TCFD since 2021, we have not previously had specific rules for reporting of wider sustainability risks and opportunities. Although some listed companies may have developed processes and gained experience in reporting this information, others have not.
- 5.6** Recognising these challenges and to give listed companies time to adjust, we propose introducing a requirement for companies to report on non-climate related sustainability matters on a 'comply or explain' basis.
- 5.7** The proposals we are consulting on would require listed companies to either comply with UK SRS S1 or explain their approach to reporting any sustainability-related risks or opportunities they have identified that could reasonably be expected to affect their prospects.
- 5.8** Where an issuer chooses to 'explain' instead of 'comply', either in full or in part, and the listed company has identified sustainability-related risks or opportunities that could reasonably be expected to affect their prospects, our draft rules would require the following information in the listed companies' annual financial report:
- the relevant sustainability-related risks or opportunities for which disclosures have not been made;
 - the reasons for not including those disclosures; and

- any steps being taken or planned to be taken to make those disclosures in the future, including the timeframe for doing so.

- 5.9** We are proposing that if issuers choose to 'explain', they provide clear explanations to investors about any sustainability-related risks or opportunities that they have identified as part of their risk processes/reporting. However, we are aware that the sustainability-related risks and opportunities that companies face vary significantly depending on the listed company's industry and company-specific factors. We therefore are not proposing to require companies to set out in detail all UK SRS S1 reporting requirements not disclosed for each potential sustainability-related risk or opportunity as this could lead to lengthy explanations, with limited benefit to investors.
- 5.10** To meet the requirements in relation to UK SRS S1, issuers may be able to use analysis they have carried out in order to meet other disclosure requirements, for example in relation to DTR 4.1.8R.
- 5.11** If an issuer has not identified any sustainability-related risks and opportunities that could reasonably be expected to affect its prospects, this must be disclosed in its annual financial report.
- 5.12** We are not proposing to include a requirement for a compliance statement to be provided in our rules, in addition to the requirement already in UK SRS S1. We consider it should be clear from any explanations given in relation to UK SRS S1 what elements of UK SRS S1 are not being complied with. However, by opting to 'explain' rather than to 'comply' in relation UK SRS S1, an issuer may not be able to state compliance with the UK SRS. We welcome views on our approach.
- 5.13** We will also provide more detail as a follow-up to this consultation, on the interaction of our proposed approach with the UK SRS S1 statement of compliance provisions once the final UK SRS have been published.

Question 6: **Do you agree that UK SRS S1 non-climate reporting requirements should apply on a 'comply or explain' basis for companies with a listing in the commercial companies, non-equity shares and non-voting equity shares, or transition categories? If not, what alternative approach would you suggest and why?**

Location of UK SRS S1 disclosures

- 5.14** We propose that the sustainability-related disclosures and, where relevant, any explanations, be made in companies' annual financial reports, consistent with UK SRS S1 paragraph 60. Consistent with the approach set out in paragraph 4.13, we propose that in the circumstances set out in UK SRS S1 paragraphs B45 to B47 information may be included by cross reference. We are not proposing to specify in which section of the annual financial reports the reporting should be included, to provide listed companies with flexibility.

Question 7: Do you agree with our proposals regarding the location of UK SRS S1 sustainability-related disclosures? If not, what alternative approach would you suggest and why?

Chapter 6

Transition plan disclosures

- 6.1** In this chapter, we set out our proposals on transition plan disclosures for companies with a listing in either the commercial companies, non-equity shares and non-voting equity shares, or transition categories.
- 6.2** Related proposals for implementation and transitional arrangements are in Chapter 8.

Background

- 6.3** Transition plans set out an entity's strategy for contributing and adapting to a low emissions economy. Investors and other market participants use this information to gather insights into a business' future prospects and its response to transition and physical risks. Transition plans are also an opportunity for companies to set out how they intend to achieve any emissions targets they have set, reducing the risk of greenwashing, and are a useful complement to UK SRS S2 reporting.
- 6.4** Listed companies are not currently required to produce transition plans. However, FCA Handbook Guidance states that listed companies should take into account Section C of the TCFD Annex 'Guidance for All Sectors', which makes recommendations on transition plan disclosure but does not set out what should be covered in a transition plan.
- 6.5** The FCA has supported the development of a market-led disclosure framework as an active member of the Transition Plan Taskforce (TPT), which was formed in 2022. The TPT Disclosure Framework was developed by the UK market and has been a source of inspiration for other jurisdictions as they develop their approach to transition plans.
- 6.6** UK SRS S2 does not require entities to have a climate-related transition plan, but it requires certain disclosures if such a plan exists.
- 6.7** To drive global consistency, in June 2025 the IFRS published Educational Material on transition plan disclosures to support the application of IFRS S2. These built on the TPT Disclosure Framework, for which the IFRS Foundation took responsibility in 2024.
- 6.8** Between June and September 2025, the Department for Energy Security and Net Zero (DESNZ) conducted a consultation on climate-related transition plans, which includes proposals regarding possible disclosure requirements and implementation routes. The Government has stated that this consultation will inform its future approach to transition plan requirements.

Our proposals

- 6.9** Given the Government's consultation, it is not appropriate for us to set requirements for listed companies to have transition plans and we are proposing to remove our current guidance. We are proposing to replace it with a requirement for listed companies

to include a statement in their annual financial report explaining whether they have disclosed a climate-related transition plan, and where it can be found. If they have not published a transition plan, we propose that they state why not.

- 6.10** To encourage listed companies to disclose material information about their plans in a consistent way that is accessible for users, we are proposing to introduce FCA Handbook Guidance stating that listed companies which produce a climate-related transition plan may wish to use the IFRS Educational Material. This encourages international comparability, while building on the TPT materials.
- 6.11** To avoid duplication, we do not propose to add standalone rules or guidance to our Handbook in relation to the UK SRS S2 requirement around the disclosure of information about an entity's transition plan.

Question 8: Do you agree with our proposals for listed companies to disclose whether and where they have published a climate-related transition plan, if they have one, or stating why they have not published one? If not, what alternative approach would you suggest and why?

Question 9: Do you agree with our proposal to note in guidance that listed companies may wish to use the IFRS Educational Material? If not, what alternative approach would you suggest and why?

Chapter 7

Assurance

- 7.1** In this chapter we set out our proposals for the disclosure of information about assurance that has been obtained on a voluntary basis, for companies with a listing in either the commercial companies, non-equity shares and non-voting equity shares, or transition categories. We also seek views on our longer-term approach to sustainability assurance.

Background

- 7.2** As sustainability reporting continues to develop, companies are increasingly seeking assurance on the information that is made public. The Financial Reporting Council (FRC)'s recent Market Study found that the proportion of FTSE 350 companies obtaining sustainability assurance increased from 39% in 2019 to 57% in 2023. All stakeholders engaged by the FRC indicated that they expected demand for sustainability assurance to continue to increase over the coming years.
- 7.3** We have engaged with and supported the efforts of international standard setters to develop standards to promote consistent and high-quality assurance practices.
- 7.4** Alongside consulting on the UK SRS, in June 2025 the Government published a consultation on an oversight regime for assurance of sustainability-related financial disclosures. This acknowledged that assurance has a key role to play in delivering credible and decision-useful sustainability-related information to financial markets. It also sought views on a proposal to establish a registration and oversight regime for sustainability assurance providers. Responsibilities would be assigned to the FRC's successor body, the Audit, Reporting and Governance Authority (ARGA), once established. The Government is also seeking early views on whether mandatory assurance over UK SRS disclosures is desirable in the long term and how this could be implemented.

Our proposals

- 7.5** As the Government is considering the longer-term approach to the operation and oversight of the sustainability assurance market, we are not proposing to set mandatory requirements for the assurance of sustainability reporting at this time. However, as identified in IOSCO's report on international work to develop a global sustainability assurance framework, investors want greater transparency on the scope and nature of assurance that is obtained. We therefore want to ensure transparency is provided to investors, which will enable them to understand the quality and reliability of the information they are using.
- 7.6** To achieve this, we propose to require listed companies in scope of our UK SRS proposals to specify, in their annual financial report, whether or not they have obtained third-party sustainability assurance over their disclosures relating to UK SRS. This

would apply to our proposed rules relating both to disclosures against UK SRS S2 (including scope 3) and UK SRS S1. In the context of an 'explain' disclosure, any assurance undertaken in relation to that explanation would also need to be disclosed. We would not require listed companies to provide reasons for not choosing not to obtain assurance.

7.7 Where listed companies have obtained third-party assurance, they would be required to state:

- The name of the assurance provider.
- Which of the climate and/or sustainability-related financial disclosures or (where applicable) explanations have been assured and to what level (eg reasonable or limited assurance).
- Which assurance standards were used.
- Where the assurance report can be located (if published) and how to access it (including a hyperlink if appropriate).

Question 10: Do you agree with our proposals for transparency about third-party assurance, where it has been obtained voluntarily? If not, what alternative approach would you suggest and why?

Longer term approach to sustainability assurance

7.8 We may return to the question of mandatory assurance at a later stage, subject to the response to, and any developments following, the Government's consultation. However, in the interim we would like to gather views and evidence on the benefits and costs that may arise from mandatory assurance requirements.

Question 11: What benefits and costs would arise from mandatory assurance requirements for sustainability-related information? Where possible, please include how the benefits and costs could vary depending on factors such as the type of listed company, implementation approach or level of assurance obtained. Please be as specific as possible in your response.

Question 12: Do you have any further views on sustainability assurance which we should factor into future policy development? For example, any views on the type of information that should be assured, the feasibility of limited and reasonable assurance, or over what timeframe we should revisit our approach.

Chapter 8

Implementation approach and transitional arrangements

- 8.1** In this chapter, we set out our proposals on the implementation and transitional arrangements for the proposals in Chapters 4 to 7.
- 8.2** As with Chapters 4 to 7, our proposals relate to companies with a listing in either the commercial companies, non-equity shares and non-voting equity shares, and transition categories.

Our policy intention

- 8.3** Our proposed approach to implementation is intended to make sure that:
- Where applicable, listed companies can benefit from the transitional reliefs that are built into the UK SRS and it is clear to the market what UK SRS transitional reliefs an issuer is taking advantage of.
 - Affected listed companies have sufficient time to prepare and implement the proposed new rules.

Our proposals

Interaction with the draft UK SRS initial application and transition provisions

- 8.4** UK SRS initial application provisions UK SRS S1 E1 and UK SRS S2 C1 anticipate that both UK SRS S1 and S2 will be applied from a single commencement date. Our proposed rules for reporting against both UK SRS S1 and UK SRS S2 would come into force at the same time. However, the compliance basis would differ, as explained in Chapters 4 and 5.
- 8.5** Our intention, subject to the outcome and timing of the UK Government's final endorsement decision and feedback to this consultation, is to finalise our rules in 2026. Those rules would come into force on 1 January 2027. The new rules would then apply to accounting periods beginning on or after 1 January 2027 (this would be the effective date for application for the purposes of the UK SRS effective date and transition provisions).
- 8.6** For accounting periods beginning on or after 1 January 2027 listed companies would be able to use the transitional reliefs, built into the UK SRS, as set out in the Government's exposure drafts, which permit:
- non-disclosure under UK SRS S1 for non-climate matters for a period of 2-years from initial application; and

- non-disclosure under UK SRS S2 regarding Scope 3 emissions for a period of 1-year from initial application.

- 8.7** The reliefs also allow companies to use an alternative method for measuring greenhouse gas emissions for a period of 1-year from initial application if that method had been used immediately before and also provide some relief in relation to the disclosure of comparative information.
- 8.8** For the purposes of applying these transitional reliefs, the date of initial application would be the beginning of a listed company's annual reporting period, which begins on or after 1 January 2027 but before 1 January 2028.

UKLR proposed transitional arrangements

- 8.9** In addition to the UK SRS transitional reliefs, we propose transitional provisions to help listed companies implement our proposed new rules. Our proposals also recognise that listed companies will have different accounting periods. We explain the interaction between the two further below.
- 8.10** For listed companies with an accounting period beginning before 1 January 2027, we propose a transitional provision to allow them to either:
- Continue to use the rules and guidance in place immediately before 1 January 2027 (ie, the TCFD-aligned rules and guidance).
 - Voluntarily comply with the proposed new UK SRS-related reporting requirements.
- 8.11** We are aware that TCFD has not been updated since 2023 and some listed companies may prefer to transition to the new rules ahead of the draft UK SRS coming into force. Hence, the two options outlined above. Where a listed company wishes to comply with the proposed new rules early, the transitional reliefs in the UK SRS would not be available because they would only come into force for accounting periods beginning on or after 1 January 2027. This means listed companies would need to either 'comply' or explain why they are not complying where they are permitted to opt to 'explain'. The reason we have drafted the transitional provision in this way is to give listed companies options.
- 8.12** Listed companies with an accounting period beginning on or after 1 January 2027 but before 1 January 2028:
- Would be required to 'comply' with the proposed new UK SRS-related reporting requirements or to 'explain' where permitted to do so under our proposed rules, unless they opt to make use of the proposed UK SRS transitional reliefs summarised in paragraph 8.6.
 - A listed company using either of the UK SRS reliefs summarised in paragraph 8.6 would be required to state in its annual financial report that it has not made disclosures in accordance with UK SRS S1 non-climate and/or UK SRS S2 re Scope 3 emissions, as appropriate. This will ensure the use of these reliefs is transparent. No further explanation of non-disclosure would be required during the relief period, as use of the UK SRS transitional reliefs does not engage our proposed 'explain' provisions.

- 8.13** Listed companies that are currently making disclosures of Scope 3 emissions (partially or in full) in accordance with the current TCFD-aligned rules, may wish to continue to do so during the UK SRS S2 (regarding Scope 3 emissions) transitional relief period. Our proposed rules would not prevent this.
- 8.14** Listed companies with an accounting period beginning on or after 1 January 2028 but before 1 January 2029:
- Would be required to 'comply' with the proposed new UK SRS-related reporting requirements or to 'explain' where permitted to do so under our proposed rules, unless they opt to make use of the UK SRS S1 non-climate transitional relief (summarised in paragraph 8.6).
 - A listed company using the UK SRS S1 non-climate transitional relief (for this cohort this would be the second year of this relief), would be required to state in its annual financial report that it has not made disclosures in accordance with UK SRS S1 non-climate. This will ensure the use of the relief is transparent. No further explanation for non-disclosure would be required during this relief period, as use of this UK SRS transitional relief does not engage our proposed 'explain' provisions.
 - The UK SRS S2 (regarding Scope 3 emissions) transitional relief would not be available for accounting periods beginning on or after 1 January 2028 but before 1 January 2029, as this is a 1-year relief and will have expired.
- 8.15** In accordance with the UK SRS, listed companies are not required to disclose comparative information for the first accounting period for which disclosures (or, where applicable, partial disclosures) are made under our proposed rules. This includes the first accounting period where disclosures are made in relation to matters for which a transitional relief was used in the accounting period immediately before. However, comparative information must be disclosed from the accounting period which immediately follows the first accounting period in which full or partial disclosures (where applicable) have been made.
- 8.16** Listed companies with an accounting period beginning on or after 1 January 2029, would be required to comply with the proposed new UK SRS-related reporting requirements, as the Scope 3 and UK SRS S1 non-climate transitional reliefs will have expired at this point.
- 8.17** We welcome views on whether our proposed transitional provisions in addition to the UK SRS in-built transitional reliefs provide sufficient time for issuers in the commercial companies, non-equity and non-voting equity shares and transition listing categories to adjust and get ready to implement the proposed new approach.

- Question 13:** Do you agree with our proposed implementation approach and transitional arrangements for the commercial companies, non-equity shares and non-voting equity shares, and transition categories? If not, what alternative approach would you suggest and why?
- Question 14:** Would you expect to be an early adopter of our proposed new rules? If so, do you have any comments on our proposed approach?

Chapter 9

Secondary listing and depositary receipts categories

- 9.1** In this chapter, we set out our proposals for companies with a listing in either the secondary listing or depositary receipts categories.

Our proposals

Disclosure of applicable or voluntarily-adopted climate or sustainability standards

- 9.2** The secondary listings category is only open to non-UK incorporated companies that have a primary listing in another jurisdiction. Companies in this category are subject to a combination of the rules applicable in their primary listing location and certain targeted FCA rules. This is to avoid unnecessary overlaps or duplication which create a barrier to listing in the UK. There are currently approximately 40 companies with a listing in this category. We estimate that most of these are incorporated in overseas jurisdictions that have indicated an intention to align with ISSB Standards.
- 9.3** The depositary receipts category is for listings of securities which are certificates that represent a share in an overseas company. While the eligibility requirements for this category differ in some aspects from those of the secondary listing category, many of the continuing obligations are the same.
- 9.4** Given the similarities between the two categories, we propose a similar approach for both. To avoid duplication or frictions arising from our climate and sustainability proposals, we propose removing the TCFD climate-related disclosure requirements that currently apply to these 2 categories. Instead, we propose requiring, as applicable, a statement in a company's annual financial report setting out:
- Any climate and/or wider sustainability disclosure requirements, including transition plan requirements, to which the company is subject in relation to equity shares in their primary overseas listing location (ie, under the rules of the market of the qualifying home listing), or their place of incorporation, and signposting where the relevant disclosures and/or information can be found. This includes any requirements the issuer would be subject to were it not for any relief or exemption (in which case the nature of the relief or exemption must also be explained).
 - Any climate and/or sustainability-related disclosure standards or requirements, including relating to transition plans, voluntarily adopted in relation to any equity shares of the company which are admitted to trading, and signposting where the relevant disclosures can be found.
 - The fact that the issuer is not subject to any such climate or sustainability disclosure requirements and/or does not otherwise voluntarily follow any such climate or sustainability disclosure standards or requirements.

- 9.5** The intention is to focus the requirement on the standards applicable in relation to equity shares, and for the purposes of the depositary receipts category this would be the underlying equity shares which the certificates represent. The intention is not to capture every scenario where an overseas issuer may have multiple global listings, including for different security types, and therefore be subject to climate and/or sustainability disclosure requirements as a result. However, we welcome feedback on whether our proposed rule should be wider.
- 9.6** We are not proposing disclosures aligned with UK SRS (including for transition plans).
- 9.7** Our approach for the secondary listing category and the depositary receipts category does not involve the FCA making judgements on the legal and regulatory frameworks of other jurisdictions. However, the proposed disclosure requirements would ensure transparency and provide investors with information to help them inform their investment decisions.

Question 15: Do you agree with our proposals for companies in the secondary listing category and the depositary receipts category not to disclose against the UK SRS, but instead to disclose which overseas climate and sustainability standard they are subject to, or which they voluntarily adopt? If not, what alternative approach would you suggest and why?

Sustainability assurance

- 9.8** To ensure consistency with the approach set out in Chapter 7, we propose that listed companies in the secondary listing and depositary receipts categories state whether they have obtained third-party sustainability assurance over the disclosures they have made and/or the related information they have provided.
- 9.9** Where listed companies have obtained third-party assurance, they would be required to state:
- The name of the assurance provider.
 - Which of the climate and/or sustainability-related financial disclosures and/or related information has been assured and to what level (eg reasonable or limited assurance).
 - Which assurance standards were used
 - Where the assurance report can be located (if published) and how to access it (including a hyperlink if relevant).

Question 16: Do you agree with our proposals for transparency about third-party assurance, where it has been obtained, for companies in the secondary listing category and the depositary receipts category. If not, what alternative approach would you suggest and why?

Proposed implementation approach

- 9.10** We propose that the changes for companies with a listing in these categories would take effect for accounting periods beginning from 1 January 2027.
- 9.11** We propose a transitional provision that listed companies that have accounting periods beginning before 1 January 2027 be required to continue to apply the current TCFD-aligned rules and guidance for that reporting period.

Chapter 10

Consequential changes

- 10.1** In this chapter we set out proposed consequential amendments to other FCA Handbook Rules.

Consequential changes to FCA requirements for asset managers, life insurers and pension providers

- 10.2** Asset managers, life insurers and FCA-regulated pension providers are subject to TCFD-aligned climate disclosure rules in ESG 2 'Disclosure of climate-related financial information'. The rules require firms to make TCFD-aligned disclosures at a product and entity level on an annual basis (PS21/24). Some of these firms are also subject to related requirements under the Sustainability Disclosure Requirements (SDR) and investment labels regime (see PS23/16). Approximately 20-25% of these firms are also in scope of our climate disclosure rules for listed companies.
- 10.3** To avoid duplicative reporting, where firms produce TCFD disclosures under UKLR 6.6.6R(8) and are subject to the TCFD requirements under ESG 2.1.1R, we previously introduced a rule (ESG 2.2.6R). This allows firms to cross-refer to the UKLR disclosures in their TCFD entity report, insofar as these disclosures are relevant to their clients and consumers.
- 10.4** We therefore propose consequential changes to ESG 2.2.6R. The changes would permit firms to cross-refer to their UK SRS S2 related disclosures (including Scope 3 disclosures or explanations provided in lieu of Scope 3 disclosures), in accordance with the UK Listing Rules, in their TCFD entity report. The version of the rule in force before 1 January 2027 will continue to apply until the firm produces disclosures (and if applicable, explanations) in accordance with the new rules referring to UK SRS, as in force from 1 January 2027.
- 10.5** Making this consequential amendment will minimise duplicative reporting while we carry out work to consider the longer-term sustainability disclosure framework for these firms. Firms may also wish to use the flexibilities provided in the relevant SDR disclosure rules (ESG 5.6.5R and ESG 5.6.7R) to cross refer to non-climate reporting in line with UK SRS S1 as appropriate.

Question 17: Do you agree with our consequential amendments to enable asset managers, life insurers and FCA-regulated pension providers in scope of UKLR to cross refer to UK SRS S2 disclosures in their TCFD entity report, where applicable? If not, what alternative approach do you suggest, and why?

Chapter 11

Discussion on longer-term topics and supervisory approach

- 11.1** In this chapter we set out and seek views on related matters that will inform the implementation and future development of our rules: digital reporting and our supervisory approach. We do not intend to produce rules on these areas, but will take feedback into account when considering any future proposals.

Digital reporting

- 11.2** Digital corporate reporting can make information machine readable, which can make it easier for users to process reports. We already require certain issuers with securities admitted to a UK regulated market that report using IFRS Standards to digitally mark up (tag) their financial statements using Extensible Business Reporting Language (XBRL), as set out in DTR 4.1.17R and 4.1.18R. Separately, the IFRS Foundation has created a digital taxonomy for the ISSB Standards, which could enable issuers to tag sustainability reporting.
- 11.3** We are not proposing any requirements for issuers to digitally tag their sustainability disclosures, and any future proposals would be partially dependant on the IFRS Taxonomy being adapted to work effectively for the UK SRS.
- 11.4** We are seeking views to inform any future proposals. Specifically, whether there is investor demand for digital reporting of this information. We would also like to explore the readiness of issuers and service providers to deliver any future requirements on digital reporting, as well as potential costs.

Question 18: What are the benefits and costs of digital tagging of sustainability information? For example, are there any disclosures under UK SRS for which you would find digital tagging most useful, and how would the information be used? Please be specific in your response.

Question 19: What are your views on digital reporting? Are issuers in a position to digitise sustainability reporting, or as a service provider, to support preparers with this? If not, how long do you think it would take?

Supervisory approach

- 11.5** We are responsible for monitoring and enforcing compliance with, among other things, the UK Listing Rules, the Prospectus Regulation, the Disclosure Guidance and Transparency Rules, and the UK Market Abuse Regulation. In [Technical Note 801.3](#), we set out how these rules relate to disclosures on ESG matters, including climate change.
- 11.6** In 2021, we published Primary Market Bulletin 36 ([PMB 36](#)), which sets out our supervisory strategy for our TCFD-aligned climate-related disclosure rules located within the UK Listing Rules. In [Technical Note 802.2](#), we set out guidance on our disclosure expectations.
- 11.7** Similarly, we will be responsible for monitoring and enforcing compliance with our proposals for UK SRS and transition plan disclosures by listed companies. As such, we will be determining an appropriate supervisory strategy, with the FRC continuing to play a significant role in discharging this strategy when it reviews annual reports and accounts.
- 11.8** We plan to set out our supervisory strategy within a future Primary Market Bulletin. We will also consider the need for further guidance on our disclosure expectations through updates to our technical notes following this consultation.

Question 20: Do you have any comments on what we should consider when developing our supervisory strategy for the new requirements?

Annex 1

Questions in this paper

- Question 1:** Do you agree with the proposed scope for our rules? If not, what alternative scope would you suggest and why?
- Question 2:** Do you agree that we should replace our TCFD-aligned rule (which has not been updated since 2023 due to TCFD being disbanded) and guidance with requirements to report against UK SRS S2 (and relevant aspects of UK SRS S1)? This would be for companies with a listing in the commercial companies, non-equity shares and non-voting equity shares, and transition categories. If not, what alternative approach would you suggest and why?
- Question 3:** Do you agree that the UK SRS S2 reporting requirements should apply on a mandatory basis (with the exception of Scope 3 emissions, as addressed in Q4)? If not, what alternative approach would you suggest and why?
- Question 4:** Do you agree that UK SRS S2 Scope 3 reporting should apply on a 'comply or explain' basis, for companies with a listing in the commercial companies, non-equity shares and non-voting equity shares, or transition categories? If not, what alternative approach would you suggest and why?
- Question 5:** Do you agree with our proposals regarding the location of UK SRS S2 climate-related disclosures? If not, what alternative approach would you suggest and why?
- Question 6:** Do you agree that UK SRS S1 non-climate reporting requirements should apply on a 'comply or explain' basis for companies with a listing in the commercial companies, non-equity shares and non-voting equity shares, or transition categories? If not, what alternative approach would you suggest and why?
- Question 7:** Do you agree with our proposals regarding the location of UK SRS S1 sustainability-related disclosures? If not, what alternative approach would you suggest and why?
- Question 8:** Do you agree with our proposals for listed companies to disclose whether and where they have published a climate-related transition plan, if they have one, or stating why they have not published one? If not, what alternative approach would you suggest and why?

- Question 9:** Do you agree with our proposal to note in guidance that listed companies may wish to use the IFRS Educational Material? If not, what alternative approach would you suggest and why?
- Question 10:** Do you agree with our proposals for transparency about third-party assurance, where it has been obtained voluntarily? If not, what alternative approach would you suggest and why?
- Question 11:** What benefits and costs would arise from mandatory assurance requirements for sustainability-related information? Where possible, please include how the benefits and costs could vary depending on factors such as the type of listed company, implementation approach or level of assurance obtained. Please be as specific as possible in your response.
- Question 12:** Do you have any further views on sustainability assurance which we should factor into future policy development? For example, any views on the type of information that should be assured, the feasibility of limited and reasonable assurance, or over what timeframe we should revisit our approach.
- Question 13:** Do you agree with our proposed implementation approach and transitional arrangements for the commercial companies, non-equity shares and non-voting equity shares, and transition categories? If not, what alternative approach would you suggest and why?
- Question 14:** Would you expect to be an early adopter of our proposed new rules? If so, do you have any comments on our proposed approach?
- Question 15:** Do you agree with our proposals for companies in the secondary listing category and the depositary receipts category not to disclose against the UK SRS, but instead to disclose which overseas climate and sustainability standard they are subject to, or which they voluntarily adopt? If not, what alternative approach would you suggest and why?
- Question 16:** Do you agree with our proposals for transparency about third-party assurance, where it has been obtained, for companies in the secondary listing category and the depositary receipts category. If not, what alternative approach would you suggest and why?

- Question 17:** Do you agree with our consequential amendments to enable asset managers, life insurers and FCA-regulated pension providers in scope of UKLR to cross refer to UK SRS S2 disclosures in their TCFD entity report, where applicable? If not, what alternative approach do you suggest, and why?
- Question 18:** What are the benefits and costs of digital tagging of sustainability information? For example, are there any disclosures under UK SRS for which you would find digital tagging most useful, and how would the information be used? Please be specific in your response.
- Question 19:** What are your views on digital reporting? Are issuers in a position to digitise sustainability reporting, or as a service provider, to support preparers with this? If not, how long do you think it would take?
- Question 20:** Do you have any comments on what we should consider when developing our supervisory strategy for the new requirements?
- Question 21:** Do you have any comments on our cost benefit analysis?
- Question 22:** Do you have any comments on the assumptions made in our cost benefit analysis?
- Question 23:** Do you have any comments on our assessment of the estimated costs to listed companies? Please provide evidence to support your response to this question.

Annex 2

Cost benefit analysis

Executive summary

1. Limitations in the quantity, quality, and comparability of listed companies' sustainability disclosures can negatively impact market integrity due to inaccurate pricing of securities based on imperfect information. These limitations can also create inefficiencies in using sustainability information and constrain competition and innovation in the market for sustainability-linked products.
2. To improve sustainability disclosures, we are consulting on requiring listed companies to disclose in line with the UK Sustainability Reporting Standards (UK SRS), derived from the International Sustainability Standards Board (ISSB) Standards published in 2023. These proposals will impact around 515 listed companies. Broadly, our proposals will move existing requirements for climate-related disclosures from a 'comply or explain' basis to mandatory reporting and introduce 'comply or explain' for certain sustainability-related disclosures.
3. The impact of our rules will depend on how listed companies would have improved disclosures without intervention, and how they respond to the 'comply or explain' elements. We expect reporting practices to be influenced by regulatory requirements in other jurisdictions and increasing investor demand. This means some companies are likely to report against UK SRS or ISSB Standards without our proposed rules, and many will have incentives to choose to 'comply' rather than 'explain'.
4. Our proposals are expected to generate approximately £519.20m in benefits to UK-based investors in equity shares of in-scope issuers, drawing on an econometric study commissioned by the Department for Business and Trade undertaken by Efttec (2024) on the value of UK SRS reporting.
5. These benefits include:
 - Cost savings in collecting and processing sustainability information.
 - Higher risk-adjusted returns due to enhanced asset pricing, improved investment decisions, and lower trading costs.
 - Value to consumers from higher quality and more innovative sustainability-linked financial products.
6. We expect our proposals will lead to £285.59m in costs to firms. These largely accrue to in-scope listed companies updating their disclosures, particularly mandatory climate-related disclosures. Sponsors, advisers, and investment management firms will also incur familiarisation costs.

7. Overall, we expect our proposals to be net beneficial over a 10-year appraisal period, resulting in a net present value of £233.61m. Our proposals remain net beneficial even under highly unfavourable combinations of assumptions.
8. We note that in our baseline estimate we only include benefits to UK-based investors in equity shares of in-scope issuers, which we can reliably quantify. Accounting for benefits to other investor groups, such as foreign and debt investors, could increase the net present value to £1.57bn.

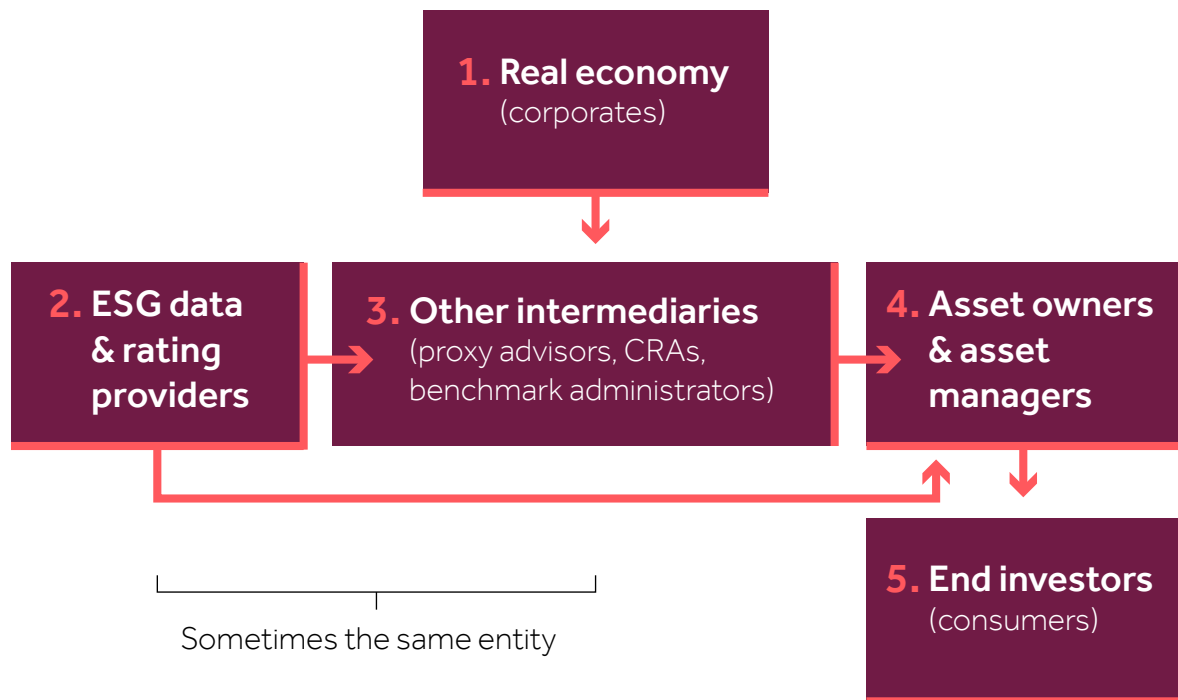
Introduction

9. Section 138I of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis (CBA) of our proposed rules. A CBA is defined as 'an analysis of the costs, together with an analysis of the benefits that will arise if the proposed rules are made'.
10. This CBA sets out our assessment of the significant impacts arising from our proposals. Where reasonably practicable, we have provided quantitative estimates of the costs and benefits. Where quantification is not feasible, we have set out a qualitative assessment. In developing our proposals, we have considered all relevant impacts and exercised judgement to determine the appropriate level of regulatory intervention.

Sustainability reporting by UK-listed companies

11. Sustainability factors, both climate and non-climate, can pose risks and opportunities for companies, potentially affecting their financial performance. At the same time, the inherent characteristics of companies, along with the strategic choices they make, can amplify or reduce their exposure to these risks, weaken or enhance their resilience, shape their ability to seize opportunities, and determine whether they deliver benefits or harms to wider stakeholders.
12. Sustainability information flows between listed companies and the financial sector, as shown in Figure 1.

Figure 1: Overview of sustainability information flows between the real economy and the financial sector



Source: ESG integration in UK capital markets: Feedback to CP21/18

13. Listed companies generate sustainability information either through public reporting or private channels, such as direct engagement with investors.
14. Based on LSEG data, there were 969 companies listed on the London Stock Exchange's (LSE) Main Market as of December 2024 with an aggregate market capitalisation of around £3.8tn.
15. Market participants, particularly asset managers, rely on sustainability information to inform capital allocation decisions, manage risk, and report to clients and regulators.
16. The largest groups of beneficial owners of the equity shares of UK-listed companies have been overseas investors (c. 58%), non-bank financial institutions (c. 25%), and individuals (11%) according to the Office for National Statistics (ONS) (2022).
17. Listed companies' sustainability disclosures are also used by non-equity investors, including:
 - Investors holding the debt liabilities issued by these companies. Sustainability information is used for assessing credit risk, pricing, and structuring various lending products, including bonds and bank loans.
 - Investors purchasing derivatives written on the value of equity shares and debt of these companies.
18. The sustainability information captured by listed companies' disclosures is consumed by Environmental, Social, and Governance (ESG) data and rating providers and other intermediaries. ESG rating providers analyse data to produce ESG ratings that help users, including asset owners and asset managers, evaluate a company's ESG

characteristics and enable better comparisons between companies (see our [Research Note](#) on the UK ESG ratings market). Other intermediaries, such as proxy advisors, credit rating agencies (CRAs), and benchmark administrators, use sustainability disclosures when (a) identifying and compiling relevant information for proxy statements, (b) producing credit ratings, and (c) constructing ESG benchmarks (eg selection, weighting, exclusions), which are used by investors to benchmark the ESG performance of companies.

Problem and rationale for intervention

19. Below we outline the areas for improvement in listed companies' sustainability disclosures. We also discuss potential harms resulting from the disclosures not keeping pace with global developments and evolving investor needs.

Limitations in sustainability disclosures

20. Our TCFD requirements represent a critical initial step for advancing sustainability disclosures (see Chapter 2). But these rules concern only climate disclosures. Global reporting practices and investor needs have evolved, creating an opportunity to strengthen UK sustainability disclosures across multiple dimensions:
- Quantity of data: In [Eftec \(2024\)](#) interviews, most UK asset managers reported facing challenges in obtaining information not covered by current requirements.
 - Quality of reporting: In 2023, the [International Organization of Securities Commission \(IOSCO\)](#) found that investors require improvements in data quality and estimation methodologies.
 - Comparability of information: A [2023 analysis](#) by the International Federation of Accountants found that 86% of companies globally use different sustainability frameworks, with significant intra-jurisdictional variation. Similarly, [Impact Investing \(2024\)](#) found UK asset managers struggle with comparing sustainability disclosures.

The harms

21. Without improvements in sustainability disclosures, the market will continue to experience several inefficiencies and harms.

Inefficiencies in producing and accessing sustainability information

22. Investors can face additional costs when collecting and processing sustainability disclosures because of limited consistency and comparability of the information. For instance, they may need to collect extra information through more costly channels, such as direct company engagement or third-party data providers. For UK asset managers, annual spending to collect and use sustainability information is estimated at £140m to £230m ([Eftec, 2024](#)).

- 23.** The lack of uniformity in reporting frameworks across jurisdictions means some issuers, especially those operating cross-border, may be required to report across differing frameworks. This may result in higher and duplicative reporting costs, thereby diverting resources that could be better spent elsewhere.

Market integrity inefficiencies in financial markets

- 24.** Investors rely on sustainability disclosures to guide their investment and trading decisions. Pedersen et al. (2021) show sustainability information influences asset pricing, a finding supported by Pástor et al. (2021). Similar effects have been documented specifically for equities by Bolton and Kacperczyk (2021) and Luo (2022), and for debt assets by Huynh and Xia (2021), Jung et al. (2018), and Kleimeier and Viehs (2021).
- 25.** If sustainability disclosures do not improve, market participants may be prevented from accessing decision-useful information, resulting in these key market harms:
- Capital misallocation: investors may be hindered in accurately assessing the true value of issued securities. Thus, they risk making inefficient capital allocation decisions and purchasing unsuitable securities, leading to lower risk-adjusted returns.
 - Trading costs: when intermediaries of investor trades lack clarity on sustainability-related risks, they restrict liquidity and widen bid-ask spreads, causing higher trading costs for investors. Investors trading without intermediaries may also incur losses from inefficient trading decisions. Krueger et al. (2024) evidence a link between sustainability disclosures and stock liquidity.
 - Mispriced cost of capital: lack of high-quality sustainability information increases uncertainty about listed firms' profitability, potentially increasing their cost of capital (Avramov et al., 2022; Gibson Brandon et al., 2021). Higher cost of capital could then discourage corporate participation in UK public financial markets and limit business activity, such as investment.

Harms on markets for sustainability-linked financial products

- 26.** There is strong investor demand for financial products linked to a firm's management of sustainability-related risks and opportunities (Morgan Stanley, 2025). However, supply may be constrained by the need to improve disclosure practices. Lack of improvements in sustainability disclosures undermine production and innovation in the market, hindering product development and increasing the risk that consumers purchase unsuitable products.

Drivers of harms

- 27.** The identified harms are driven by multiple factors discussed below.

Asymmetric information

- 28.** Current reporting practices can cause an asymmetry of information, with users lacking complete information about companies' sustainability-related risks and opportunities. This creates uncertainty for users, leading to the identified harms.

- 29.** But the market's ability to create and enforce a common reporting standard, thereby overcoming asymmetric information challenges, is undermined by differing preferences and incentives among market participants.
- 30.** There is substantial variation in the disclosure level preferred by companies:
- Some companies may withhold information to avoid reputational damage (Hummel and Schlick, 2016), and they may also fear adverse stock price effects since sustainability information is priced into security values. Underreporting sustainability information, also known as brownwashing, can reduce external scrutiny and pressure from stakeholders (Huang et al., 2022).
 - Some companies may have strong incentives to make complete disclosures to reduce perceived risk, lower capital costs, and enhance reputation. Gamerschlag et al. (2011) demonstrate 'high polluting' industries have higher disclosure levels, while Hummel and Schlick (2016) find firms with superior sustainability risk management voluntarily adopt high-quality reporting.
- 31.** There are differences in preferences between disclosure users, too (Eftec, 2024). These differences arise because disclosures are used for a broad range of purposes, from investment analysis to sustainability reporting (see section 'Sustainability reporting by UK-listed companies').
- 32.** Higher disclosure levels should benefit the market overall, as recognised by international regulatory bodies. But differing preferences about sustainability reporting among both listed companies and disclosure users mean market behaviour alone may not be sufficient to improve UK sustainability disclosure practices. Thus, a coordinated action to introduce higher disclosure standards should help overcome challenges arising from asymmetric information and differing market incentives, while also ensuring international regulatory alignment.

International misalignment and regulatory failures

- 33.** We introduced rules based on TCFD Recommendations to assist the market in improving sustainability reporting. But the rules risk falling behind developments in international standards and evolving investor expectations. The TCFD Recommendations have been superseded by the ISSB Standards, informed by extensive market feedback, to serve as a comprehensive global baseline. Unlike the TCFD Recommendations, the ISSB Standards cover both climate and wider sustainability-related risks and opportunities. According to the IFRS, over 40 jurisdictions have adopted or plan to adopt the ISSB Standards as of 2025. If we don't align our rules with the Standards, we risk lagging behind global developments and contributing to the fragmentation of reporting landscapes.

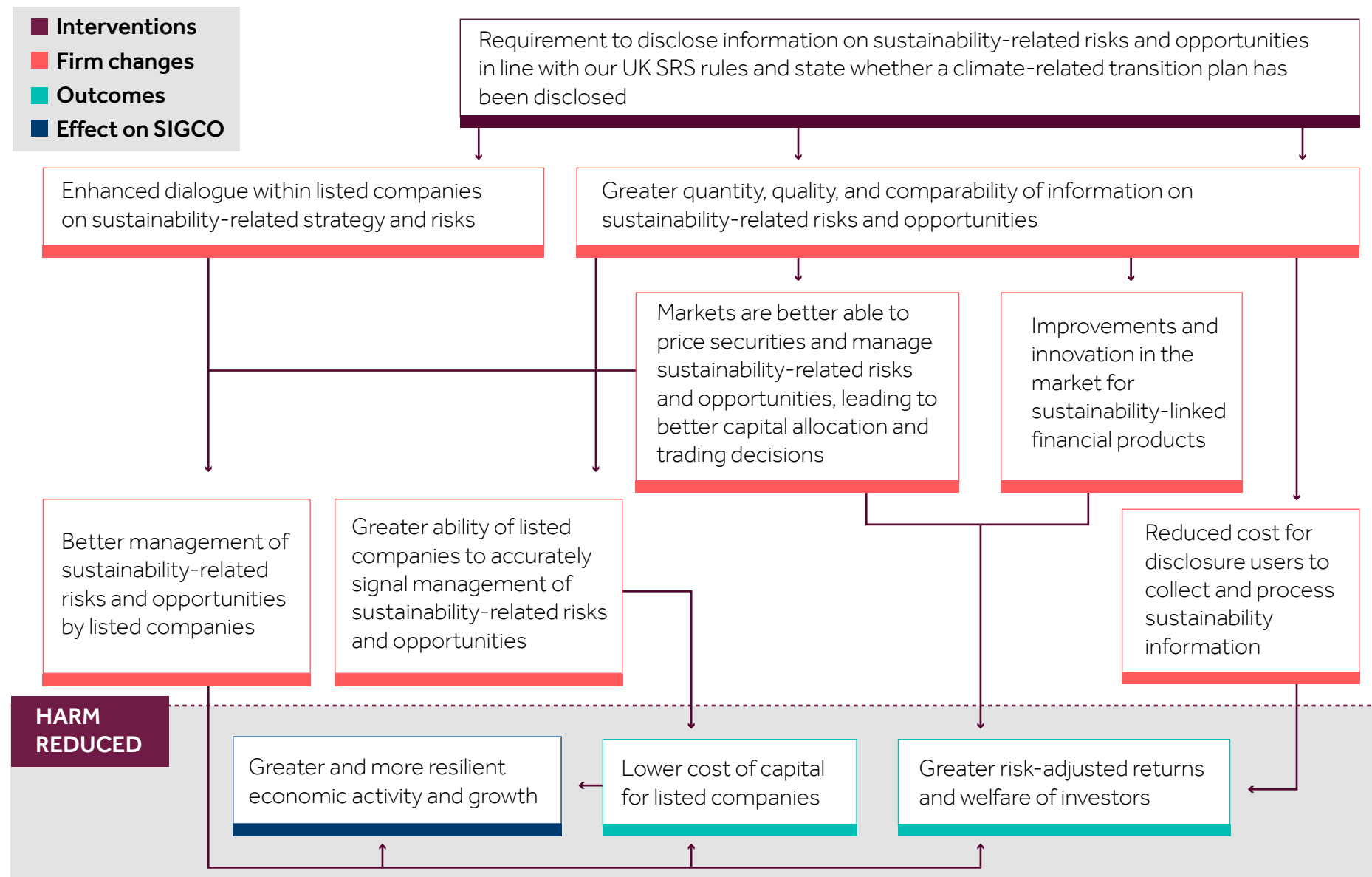
Our proposed intervention

- 34.** In this section, we summarise our proposals and briefly discuss alternative options.

Summary of UK SRS reporting proposals and causal chain

- 35.** To improve sustainability reporting and address identified harms, we propose to change our existing requirements (refer to Chapters 4 to 11 for details):
- Listed companies would no longer make 'comply or explain' climate-related disclosures in line with the TCFD Recommendations. Instead, we would require companies in specific listings categories (Chapters 4 and 5) to disclose against the UK SRS primarily on a mandatory basis in relation to climate disclosures, with a 'comply or explain' approach in relation to Scope 3 emissions and sustainability reporting beyond climate.
 - We would replace the existing transition plan guidance with a requirement for certain listed companies to state the location of their climate-related transition plan if they have published one, and to provide an explanation if they do not disclose one (Chapter 6).
 - For companies in the secondary listing or depositary receipts categories, our proposed rules would require disclosure of the climate and sustainability reporting requirements applicable to the company in its primary listing location or place of incorporation, or which they voluntarily adopt (Chapter 9).
 - We also propose requiring listed companies to disclose whether they have obtained third-party assurance on sustainability disclosures (Chapter 7).
- 36.** Our causal chain in Figure 2 summarises how we expect our proposed rules to address the harms.

Figure 2: Our causal chain



Trade-offs and alternative policy options assessment

- 37.** In developing our proposals, we aimed to balance promoting transparency of sustainability information with the additional cost burden imposed on listed companies.
- 38.** The trade-offs considered included:
- Additional information for investors: our proposals balance investors' need for decision-useful sustainability information, while not imposing disproportionate costs on issuers, or introducing potential frictions and inefficiencies, which may disincentive some companies to list in the UK.
 - Costs to listed companies from UK SRS vs status quo: our analysis indicates our proposals will be more effective at addressing the identified harms, compared with maintaining the status quo and relying on a market-driven response to investor demands. While reporting costs will increase under our proposals, we also expect some operational efficiencies linked to reporting standardisation.
 - Aligning approach for public companies with private companies: maintaining consistency with the Government's approach to private companies would require delayed implementation timeline for our disclosure rules. This would postpone the realisation of the substantial benefits identified under our proposals.
- 39.** We set out the alternative policy options considered and our analysis of each option in Table 1. We do not consider these options sufficiently address the harms identified.

Table 1: Alternative policy options considered

Alternative policy options	Overview of analysis
Maintain current rules	<ul style="list-style-type: none"> • TCFD Recommendations will become obsolete over time, increasing regulatory divergence. • Risk of additional costs for investors and issuers operating across borders. • Market behaviour alone may not be sufficient to improve sustainability reporting.
Require reporting against the UK SRS on a mandatory basis (across all climate and wider sustainability disclosures)	<ul style="list-style-type: none"> • Risk of higher costs for issuers, impacting some more than others. • May not enhance quality in challenging or new areas. • Imposes disproportionate burden on issuers, at this time.
Widen the scope of reporting, eg to debt issuers	<ul style="list-style-type: none"> • Benefits beyond equity shares are less clear and may not be proportionate.

Alternative policy options	Overview of analysis
A modified approach for all overseas issuers	<ul style="list-style-type: none"> • Listing categories include a single set of tailored obligations for the type of company or security within their scope. Investors can easily see what obligations apply. • Most issuers in these categories are UK incorporated. Bespoke requirements for a small number of overseas issuers would add complexity or make the applicable obligations less clear. • However, tailored rules for overseas issuers in the secondary listing and depositary receipts categories is appropriate.
A size threshold, below which new requirements would not apply	<ul style="list-style-type: none"> • The listing rules were designed to be simple and easy for issuers and investors to understand. • Size thresholds would increase complexity and be less transparent than rules tailored to each listing category, potentially creating regulatory arbitrage risks.
Rely only on the UK SRS S2 transition plan requirements	<ul style="list-style-type: none"> • This would not require disclosure of the reason why an issuer does not have a transition plan, which we consider helpful information for investors.
Mandate issuers to have and disclose a transition plan	<ul style="list-style-type: none"> • The Government is considering transition plan requirements more broadly. • We are focusing on transparency, at this time.

Assumptions

The counterfactual

- 40.** As UK SRS is derived from the ISSB Standards, some issuers may align their disclosures with UK SRS in the absence of our rules ('the counterfactual'), affecting our proposals' impacts.
- 41.** Adoption and its impact are likely to differ depending on:
- Issuer characteristics, including their market capitalisation (size) and sector: according to the [IFRS \(2024\) Progress Report](#), globally, companies that have either greater market capitalisation or are in the insurance or energy sectors are more likely to disclose TCFD-aligned information.
 - Jurisdictions in which issuers operate: globally operating companies often adopt reporting standards from multiple jurisdictions, both to comply with local rules and to meet investor demand. Our analysis indicates approximately 90 of the 515 issuers listed in the three main categories impacted by our proposals are non-UK incorporated, some of which are based in one of the 40 jurisdictions that have adopted, or are in the process of adopting, the ISSB Standards ([IFRS, 2025](#)).
 - Requirements for private companies: the [UK Government](#) has committed to consult on economically significant companies disclosing information using the

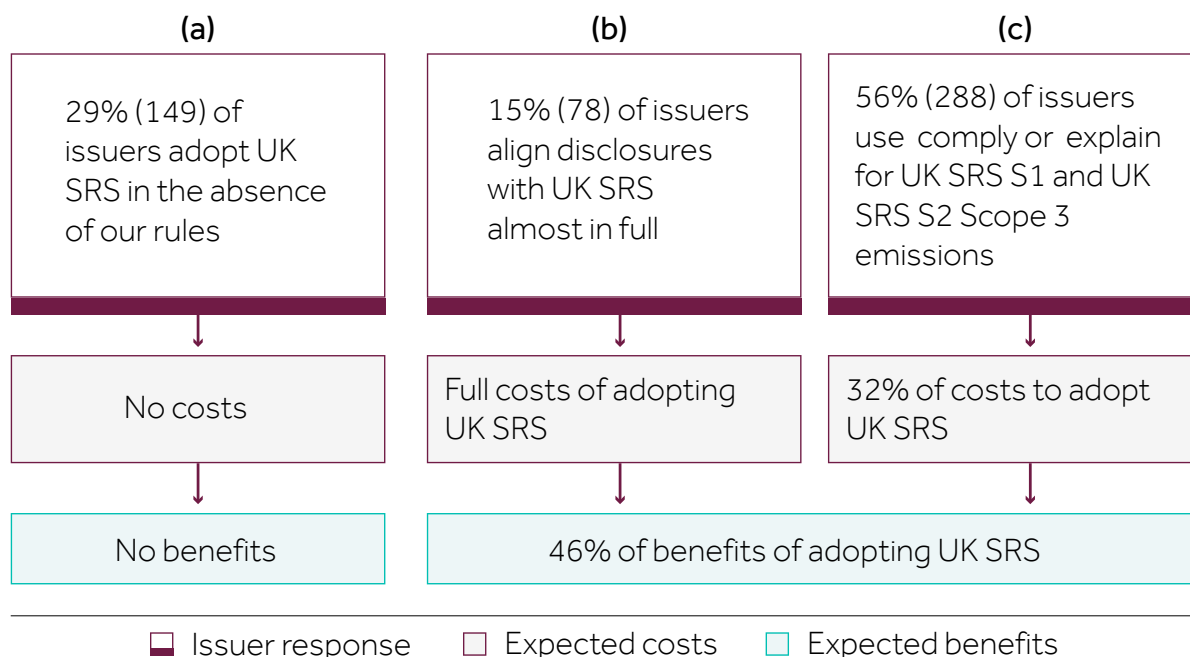
UK SRS. Requirements for private companies may increase investor expectations for public companies, in turn increasing public companies' alignment with UK SRS.

- 42.** Alignment with UK SRS in the counterfactual is highly uncertain. However, accounting for this factor is necessary to estimate the potential impacts of our proposals accurately. Therefore, we assume a certain proportion of issuers will align with UK SRS in the counterfactual (see 'Key assumptions').

Key assumptions

- 43.** Based on our analysis of the Official List as of January 2025, around 600 listed companies would be affected by our proposals. Refinitiv data suggests the January 2025 aggregate market capitalisation across all their shares (globally) was around £4.2tn. Of these, 515 listed companies with listings in either the commercial companies, non-equity shares and non-voting equity shares, or transition categories will be required to comply with our UK SRS proposals and therefore face most costs and generate most benefits of our intervention. For the remaining 89 listed companies, which have listings only in either the secondary listing or depositary receipts categories, our proposals will require disclosure of the climate or sustainability reporting requirements that apply in the company's primary listing location or place of incorporation, or which they voluntarily adopt.
- 44.** As it is not possible to credibly estimate future listings, we assess impacts based on the current number of listed companies. This also translates into the assumption that the size of the UK equity market is constant relative to economic output, and the market capitalisation of all issuers grows with UK real GDP.
- 45.** We group issuers by size using our Handbook definition: we consider those with a market capitalisation under £200m are small- and medium-sized (SME), while we classify issuers with £200m or more as large. For cost estimates, we align these categories with the medium and large classifications used in our standardised cost model (SCM). For more details on the model, please see Appendix 1 in our Statement of Policy on Cost Benefit Analyses.
- 46.** The total impacts of our proposals depend on alignment with the UK SRS in the counterfactual and the use of the 'explain' option for UK SRS S1 (non-climate) and UK SRS S2 in relation to Scope 3 emissions. Figure 3 summarises our modelling assumptions.

Figure 3: Our modelling assumptions



- 47.** To model the counterfactual, we use existing alignment with TCFD Recommendations and issuer size to approximate the proportion of issuers that may voluntarily adopt UK SRS. We assume 29% of large and small in-scope issuers by market capitalisation would align with our UK SRS proposals in the counterfactual, matching the global share of companies disclosing against at least seven TCFD Recommendations in 2023 ([IFRS, 2024](#)). We assume these issuers do not face new costs or generate new benefits.
- 48.** We assume issuers will generally use a mix of 'comply' and 'explain' in response to the 'comply or explain' elements of our rules and will improve their reporting practices over time. However, for simplicity, we model two response scenarios for the remaining 71% of in-scope issuers, using values from the [IFRS \(2024\)](#) report:
- 15% of issuers that reported against 5 to 7 TCFD Recommendations will report against UK SRS almost in full due to increased incentives to disclose sustainability information, including to meet investor expectations. We note they might 'explain' against the most costly or challenging elements of UK SRS S1 and Scope 3 emissions as they build capabilities.
 - 56% of issuers disclosing against 4 or less TCFD Recommendations mostly 'explain' against UK SRS S1 (non-climate) and Scope 3 emissions.
- 49.** We then apportion the costs of UK SRS S1 and UK SRS S2 using the ratio of climate-related to non-climate-related costs observed in the data we collected from listed companies. We base the proportion of costs attributed to reporting Scope 3 emissions on the estimated cost share from the [Australian Treasury's Impact Assessment](#) on climate reporting. Table 2 summarises these assumptions.

Table 2: Assumptions on how UK SRS costs are apportioned

UK SRS element	Share of total UK SRS costs	
	Implementation (one-off)	Ongoing reporting (annual)
S1: General Requirements for Disclosure of Sustainability-related Financial Information	60%	60%
S2: Climate-related disclosures (excluding Scope 3 emissions)	32%	32%
Scope 3 emissions	8%	8%

- 50.** The value investors in UK-listed equities place on UK SRS in terms of annual return on capital is a key driver of our estimated benefits. We have selected 0.52% as our central estimate of the benefits of reporting against UK SRS in full, leveraging a conjoint analysis study performed by [Eftec \(2024\)](#) on a representative sample of UK investors. Since we assume that 56% of issuers would largely explain against UK SRS S1 and UK SRS S2 in relation to Scope 3 emissions and would therefore incur the costs of only the mandatory elements, we adjust the asset base to reflect reduced disclosure improvements by these issuers. Specifically, we scale it down using the ratio of the present value of issuer costs under our proposals and the present value of costs issuers would have incurred if UK SRS was entirely mandatory. Thus, benefits fall to 46.31% of the benefits of fully mandatory UK SRS requirements.
- 51.** The asset base captures only the value of investments in shares of in-scope issuers which are held by UK investors and for which sustainability information is actively used. This assumption aligns the asset base with the 0.52% value (see above). We calculate the final asset base value by multiplying the value of shares of in-scope issuers by the product of: (a) proportion of all UK-listed shares held by domestic investors, (b) proportion of UK listed shares actively managed, and (c) proportion of UK investors that use sustainability information in their investment decisions.
- 52.** Although the costs of our proposals will vary based on the characteristics of issuers, we estimate average (mean) costs and apply them to the population of in-scope issuers to estimate total costs. This provides a reasonable approximation of the costs.
- 53.** The survey data used to estimate average per-issuer costs of producing UK SRS-aligned disclosures was drawn largely from large issuers. To estimate costs for SME issuers, we use a 75% scalar, which matches the ratio of small and large issuer costs to produce TCFD disclosures (excluding familiarisation and legal review) estimated in the CBA for [CP21/18](#).
- 54.** We use standard assumptions from our [Statement of Policy](#) on CBAs:
- We use the standard appraisal period of 10 years.
 - We assume 100% compliance. However, we model lower compliance in our sensitivity analysis (see 'Risks and uncertainties').

- We apply a discount rate of 3.5% to determine the present value of the stream of costs and benefits we expect to occur in future years.
- We present all values in 2025 prices.

Summary of Impacts

- 55.** We expect our proposals to enhance market efficiency by improving the quantity, quality, and comparability of sustainability reporting by in-scope issuers.
- 56.** We estimate our rules will be net beneficial, generating a net present value (NPV) of £233.61m over a 10-year period and equivalised annual net direct cost to business (EANDCB) of approximately £33.18m. This is based on:
- Around £519.20m in benefits to UK-based investors in shares of issuers in-scope of our UK SRS proposals.
 - Around £285.59m in costs, primarily driven by issuers' additional sustainability reporting requirements.

Table 3: Present values of quantified costs and benefits over 10-year period

	PV Benefits	PV Costs	NPV
Total impact	£519.20m	£285.59m	£233.61m
<i>-of which direct</i>	-	£285.59m	-
<i>-of which indirect</i>	£519.20m	-	-

- 57.** We find the NPV is sensitive to a few key parameters, yet the proposals remain net beneficial across most plausible parameter values. In the baseline estimation, we exclude benefits for many investor groups, such as investors in debt issued by in-scope issuers. Including these impacts could raise the NPV to £1.57bn. Further details are in 'Risks and uncertainties'.
- 58.** Table 4 presents a detailed summary of the benefits and costs by group affected.

Table 4: Summary of total benefits and costs, by impact type

Impact type	Benefits		Costs	
	One-off	Ongoing, annual	One-off	Ongoing, annual
Listed issuers				
Familiarisation with requirements, and gap analysis if they are in the main three listing categories <i>(Direct)</i>			£3.82m	
Provide statement on the availability of transition plan and its location if available <i>(Direct)</i>			Negligible (unquantified)	
For in-scope issuers, disclosures aligned with our UK SRS proposals <i>(Direct)</i>			£19.96m	£30.39m
Lower cost of capital, enhanced trust and reputation, better management of sustainability-related risks and opportunities <i>(Indirect)</i>		Unquantified		
UK-based investors in equity shares of in-scope issuers				
Familiarisation with policy <i>(Direct)</i>			£0.04m	
<ul style="list-style-type: none"> - Savings of costs in collecting and processing sustainability information - Higher risk-adjusted returns due to enhanced asset pricing, improved investment decisions, and lower trading costs - Non-financial value from higher quality and innovative sustainability-linked financial products <i>(Indirect)</i>		£40.77m in 2028 £72.44m average from 2029		
Sponsors and advisers to listed issuers				
Familiarisation with policy, rules, and the UK SRS <i>(Direct)</i>			£0.21m	

Impact type	Benefits		Costs	
	One-off	Ongoing, annual	One-off	Ongoing, annual
Wider economic impacts				
More resilient economic growth (Indirect)		(unquantified)		
Improved international competitiveness (Indirect)		(unquantified)		

Benefits

59. In this section, we discuss the impacts of our rules on sustainability disclosure practices in 'Impact on sustainability disclosures' and the resulting benefits in 'Benefits from improved sustainability disclosures'. We provide an estimate for a subset of expected benefits in 'Expected value of benefits', and we detail our quantification methodology in the Annex to the CBA.

Impact on sustainability disclosures

60. We expect our proposals to increase the quantity, quality, and comparability of sustainability information. These outcomes will be achieved through multiple channels.
61. Firstly, UK SRS raises our existing requirements to the advanced level of an international reporting standard. For instance, UK SRS includes more detailed guidance, reducing the scope for interpretation and divergence. The Standards also cover broader sustainability financial information, beyond climate risks.
62. Secondly, moving to mandatory reporting on climate disclosures (excluding Scope 3 emissions) ensures better alignment across the 3 in-scope listings categories.
63. Thirdly, our 'comply or explain' approach to Scope 3 emissions and non-climate elements will improve reporting in these areas too. Specifically, we expect our rules to:
- Strengthen issuer incentives to improve disclosures of this information, because investors value it. [Pedersen et al. \(2021\)](#) and [Luo \(2022\)](#) show investors value non-climate disclosures, while [Bolton and Kacperczyk \(2021\)](#) produce similar findings on Scope 3 emissions. Under our rules, listed companies will either comply or explain why they are not complying, outlining plans for producing the disclosures. This will encourage improved reporting, while helping investors understand the gaps and the steps issuers are taking to resolve them.
 - Protect the quality of reported information while disclosure practices are improving. Some issuers may choose to explain if compliance costs exceed potential benefits. But even if they did comply, the disclosures may have limitations. UK SRS has no topic-specific guidance on non-climate reporting, and issuer preparedness is lower (see Chapter 2). Similarly, estimating Scope 3

emissions requires data on business activities outside the organisation, creating data quality issues, and issuers can choose different estimation methodologies.

Benefits from improved sustainability disclosures

64. We expect our proposals to generate several benefits and discuss the core impacts in this section. Many benefits are not quantifiable, but estimates for a subset are outlined in 'Expected value of benefits'.

Improved financial market outcomes

65. We expect beneficial effects on investment decisions, because sustainability information is an important input (see 'The harms'). Better-informed investment decisions will in turn enhance market integrity, reducing price inefficiencies and delivering better risk-adjusted returns for investors.
66. There can also be positive market liquidity effects. Improved availability of sustainability information will help liquidity providers assess the riskiness of securities, leading to greater and less costly trade intermediation. Large positive effects of sustainability disclosure requirements on liquidity are found by [Krueger et al. \(2024\)](#).

Efficiency gains in accessing and providing sustainability information

67. Our proposals may facilitate efficiency gains in issuer disclosure production and disclosure users' spending linked to sustainability data. Firms can then use resources freed by these savings for higher-value activities. The increase in firm added value will represent a beneficial impact from our proposals.

Issuers

68. Some multinational issuers may experience efficiencies in the production of disclosures. Since our rules will improve alignment with global standards, multinational issuers may achieve cost savings from streamlined reporting across jurisdictions. We may also observe a reduction in the reporting burden for 89 multinational companies in the secondary listing or depositary receipts categories.
69. We can expect efficiency benefits for some non-multinational issuers. According to the analysis by [IFRS](#), having a standardised framework will help produce disclosures in an efficient way, for instance, by facilitating structured dialogue within the company. Issuers could also avoid costs such as responding to information requests from investors.

Users of disclosures

70. According to [IFRS \(2023\)](#), our rules could reduce user spending on internal activities such as reviewing company reporting ('internal spending'), as improvements in sustainability disclosures simplify data collection and analysis. At least a third of respondents to our disclosure user survey expect cost savings from better disclosures. Up to a third have experienced efficiencies from improved reporting over the past three years.

- 71.** However, potential savings on external spending (eg third-party data and ratings), which account for around 40% of investor total expenses on climate information in the US (ERM, 2022), are likely to be limited. External products provide value that company disclosures cannot fully replace, such as incorporating alternative data sources. While respondents to our disclosure user survey did not generally identify cost savings, some users may in the future rely more on company reporting (IFRS, 2023).

Enhanced quality of sustainability-linked financial products

- 72.** As our proposals improve sustainability disclosures, it will become easier to produce higher-quality sustainable investment products. For example, Kimbrough et al. (2024) find that increased comparability of sustainability reporting reduces inaccuracies in ESG ratings, which are widely used in sustainable investing. Lower costs and better inputs will thus motivate expansion of product offering (eg ESG-focused Exchange Traded Funds covering UK small cap stocks). Through efficiency impacts, our rules could also spur competition in the market by facilitating market entry, ultimately leading to lower prices and better product quality.

Expected value of benefits

- 73.** In this section, we present the estimated value of expected benefits. Further details on the methodology and data sources are in the Annex to the CBA.
- 74.** We quantify benefits for UK investors holding equity shares of in-scope issuers. We take the aggregate market capitalisation of all in-scope issuers from Refinitiv as of end January 2025. We have chosen Refinitiv as a reputable data source providing the most up-to-date data. Using assumptions from Morningstar and Eftec (2024) analysis, we focus the asset base generating benefits on actively managed assets where sustainability information is used, estimated to be £26.9bn in 2025. Our proposals will also benefit a broader asset base, including passive holdings, debt investments, and derivatives. While our methodology cannot estimate these impacts accurately, we present illustrative estimates in 'Risks and uncertainties'.
- 75.** We adjust the asset base for voluntary alignment with the UK SRS, assuming 29% of large and 29% of small in-scope issuers by market cap would align under the counterfactual (see 'Key assumptions').
- 76.** We project the asset base using the latest OBR forecasts for UK real GDP growth. We thus assume no changes in issuance or delisting, keeping the equity market size constant relative to GDP.
- 77.** Although our rules take effect in January 2027, investors will start receiving UK SRS-aligned annual reports from January 2028 after the transition period. Not all in-scope issuers publish reports in January, so using Refinitiv data, we adjust the estimated benefits in 2028 to reflect the staggered receipt of improved disclosures by investors.
- 78.** Our final benefit values are calculated by multiplying the asset base by the impact coefficient from the DBT-commissioned Eftec (2024) study. The study estimates the value UK investors place on various aspects of the ISSB Standards expressed as

annual dividend yield. These aspects include requirements for disclosures beyond current rules (eg non-climate information and Scope 3 emissions), as well as formatting improvements through requiring specific standardised metrics. Since the non-climate and Scope 3 emissions requirements of UK SRS would be on a 'comply or explain' basis, we use only the estimated investor value for specific metrics as our chosen impact coefficient.

- 79.** The central estimate for the chosen impact coefficient is 0.52% of annual return on capital. Due to Eftec's estimation methodology, the estimate combines the effects of specific measures for mandatory (climate) and non-mandatory (non-climate, Scope 3 emissions) information types. In this CBA, we assume that 56% of in-scope issuers would largely explain against UK SRS S1 (non-climate) and UK SRS S2 in relation to Scope 3 emissions and therefore incur the costs of only the mandatory elements. We therefore adjust the benefits to reflect smaller improvements in the quantity, quality, and comparability of these issuers' reporting.
- 80.** To do so, we assume that the value of benefits from specific measures scales proportionately with the total issuer costs of producing the disclosures. We generate a scalar equal to the ratio of the present value of issuer costs under our proposals and the present value of costs issuers would have incurred if UK SRS was fully mandatory. In both numerator and the denominator, we:
- Exclude issuer familiarisation and gap analysis costs. These costs relate to FCA rules specifically, rather than the UK SRS, and are therefore not directly related to producing disclosures.
 - Annualise one-off costs because we expect this expenditure to generate benefits throughout the appraisal period rather than just at the beginning.
- 81.** The resulting scalar (46.31%) is then applied to the asset base to make it more aligned with changes in issuers' disclosures. We quantify benefits by multiplying the adjusted asset base with the impact coefficient of 0.52%. We estimate no benefits in 2027, while the benefits will be £40.77m in 2028 due to staggered reporting (see Table 5). They will then rise to an average of £72.44m during 2029-2036 as all issuers update their reports and grow with the real GDP, producing a cumulative impact of £519.20m in present value terms by the end of the appraisal period.

Table 5: Summary of quantified benefits, by period

Year	2027	2028	2029-2036 (average)
Estimated benefits	£0m	£40.77m	£72.44m
10-year PV of benefits: £519.20m			

- 82.** We note that using the cost-based scalar is a substantial simplification. For instance, larger issuers are more likely to align fully with UK SRS. If we applied a corresponding assumption, the present value of benefits could rise above £600m. However, using this approach would be inconsistent with our cost methodology, where we do not vary costs with company size, beyond using averages for SME and large issuers. We therefore do not report this result as our baseline estimate.

Costs

83. In this section, we describe the main costs we expect to arise from our proposals and their estimated values, by the group affected.

Costs to issuers

Familiarisation and gap analysis

84. Around 600 listed companies will incur costs to familiarise themselves with the new requirements and to undertake a legal gap analysis to determine necessary changes.
85. We estimate these costs to be approximately £3.82m in total to the issuer population. We base this on issuers reviewing 40 pages of policy documentation (the CP) and 35 pages of the legal instrument, with the length reflecting the complexity of the proposals.
86. Table 6 shows these costs by issuer size and listings categories, along with assumptions in our SCM underpinning them.

Table 6: Familiarisation and gap analysis costs to issuers

Issuer size	Assumptions	Average cost per issuer
Issuers with listings in the commercial companies, non-equity shares and non-voting equity shares, or transition categories		
Large	Familiarisation: 20 FTE compliance staff, with an hourly salary of £68. Gap analysis: 4 FTE legal staff, with an hourly salary of £79.	£8,900
SME	Familiarisation: 5 FTE compliance staff, with an hourly salary of £63. Gap analysis: 2 FTE legal staff, with an hourly salary of £74.	£2,800
Issuers with listings only in the secondary listing or depositary receipts categories		
Large	Familiarisation: 6 FTE compliance staff, with an hourly salary of £68. Gap analysis: 2 FTE legal staff, with an hourly salary of £79.	£2,400
SME	Familiarisation: 4 FTE compliance staff, with an hourly salary of £63. Gap analysis: 1.5 FTE legal staff, with an hourly salary of £74.	£1,000
Total costs to issuers		£3.82m

Table notes: Figures are rounded to the nearest hundred.

Costs to report against our UK SRS proposals

87. In-scope issuers (515) will also incur costs to move to mandatory reporting for climate-related disclosures (excluding Scope 3 emissions) and 'comply or explain' for sustainability-related disclosures.
88. We begin by outlining the data, methodology, and limitations, then discuss the results.

Data and methodology

89. To inform our assessment of costs, we used information provided by 8 companies that responded to our set of questions distributed via trade bodies in February 2025.
90. All 8 respondents are large issuers, with the majority operating in the financial sector. Most have well-established climate reporting practices, with 5 stating they are fully consistent with TCFD Recommendations. Most are expected to fall within the scope of the European Union's regime at either the entity or group level.
91. Of these 8 companies, 5 provided quantitative estimates, which form the basis for our estimated costs of UK SRS reporting requirements. Each respondent's total costs include both staff (measured in full-time equivalents, FTE) and non-staff costs (in GBP). To convert FTE estimates into monetary values, we applied a blended salary rate of approximately £105,000, constructed from FTE costs by grade provided by companies and typical salaries for sustainability roles sourced from Glassdoor. We also applied a 21.0% uplift to account for non-wage labour costs.
92. To determine the average costs by issuer type and compliance approach, we assume SME issuers incur 75% of large issuers' one-off and ongoing costs. This adjustment is based on the estimated difference in TCFD reporting costs between SMEs and larger issuers in [CP21/18](#).
93. We apply these costs to issuer populations in line with our modelling assumptions in 'Key assumptions', summarised in Figure 3.

Limitations

94. The small sample size does not capture the full range of variation in costs to align with our proposals. Most sampled issuers sit within the top third by market capitalisation, so our estimates may be biased downwards due to a higher degree of existing alignment. Conversely, they may also be biased upwards, reflecting the increased complexity associated with larger issuers' business operations.
95. Due to the limited sample, it was not feasible to calculate a weighted average that would account more precisely for issuer characteristics. This trade-off in analytical accuracy was made to avoid a more extensive and burdensome data collection effort from issuers, given the sufficient existing evidence base on sustainability reporting costs.
96. Despite these limitations, we consider these estimates a reasonable assessment of costs for the purposes of the CBA. To mitigate these risks, we use the mean total one-off and ongoing costs, rather than mean cost for each sub-category, recognising companies may have found it challenging to apportion costs. We also compared

our estimates with findings from external literature and impact assessments of sustainability reporting in other jurisdictions.

97. We conduct sensitivity analysis on these reporting costs in 'Risks and uncertainties'.

Estimated additional reporting costs

98. Issuers have established processes for producing sustainability disclosures to meet our existing TCFD requirements. The UK SRS builds on the TCFD framework, allowing issuers to adapt existing processes to meet additional UK SRS requirements, such as reporting on more quantitative metrics.
99. Issuers are likely to incur the following costs:
- One-off costs to conduct gap analysis against UK SRS and establish their updated approach to disclosures (eg establishing new methodologies for new elements of the disclosures).
 - Additional ongoing staff resources to produce more detailed disclosures (eg coordinating inputs from across the business on new quantitative metrics).
 - Seeking additional third-party assurance on new information for the disclosures, which issuers reported as forming the largest share of additional costs. Although our proposals only require a factual statement about any voluntary assurance, many issuers choose to use external assurance due to the complexity of measuring climate and sustainability impacts.
 - Additional fees for design or new data and modelling work.
100. Table 7 shows the estimated costs per issuer and for the total issuer population. The total additional reporting costs to issuers are estimated to be £19.96m for implementation and £30.39m in annual reporting costs. Over the 10-year appraisal period, this amounts to a present value of £281.51m.

Table 7: Implementation and additional annual reporting costs

Cost type	Implementation costs (one-off)		Additional annual reporting costs (annual)	
	Large	SME	Large	SME
Average cost per issuer to report against UK SRS almost in full	£0.13m	£0.10m	£0.19m	£0.15m
Average cost per issuer to report against UK SRS S2, and 'explain' against most of UK SRS S1 (non-climate) and Scope 3 emissions	£0.04m	£0.03m	£0.06m	£0.05m
Total costs to issuer population	£14.99m	£4.97m	£22.82m	£7.57m
10-year PV of costs to issuer population				£281.51m

- 101.** Some SME issuers currently outsource their sustainability reporting, based on our engagement with SME issuers and evidence on private SMEs' reporting in the European Financial Reporting Advisory's (2024) study. Even if SME issuers have some in-house capacity and capability, they are more likely to need to recruit additional expertise or to seek guidance from expert third parties to help them prepare for the new requirements.
- 102.** Our supervisory experience and the review by the Financial Reporting Council in 2023 suggests SMEs are more likely to 'explain' under our current TCFD rules. Therefore, SMEs are more likely to face a greater 'uplift' at implementation to comply with our proposed mandatory climate reporting that builds on TCFD. Some observed differences between SME and large issuers could be related to the fact that the current rules were phased in over 2022 (for previously premium listed issuers) and 2023 (for previously standard listed issuers).
- 103.** To validate the size of these estimates, we compare these costs to the incremental costs of sustainability reporting in other jurisdictions. The Corporate Sustainability Reporting Directive (CSRD) is EU legislation, currently under negotiation, that expands sustainability reporting requirements for large and listed companies. Under the CSRD, companies would report in accordance with the European Sustainability Reporting Standards (ESRS). In the European Financial Reporting Advisory Group (EFRAG)'s 2022 CBA on the first draft ESRS, reporting against these draft standards was estimated to cost large listed companies £0.29m in one-off costs and £0.32m in ongoing annual costs (in 2025 prices), and £0.12m and £0.16m for SME listed companies. This excludes costs of mandatory assurance. That is 29% to 126% higher than the one-off costs of reporting against UK SRS in full, and between 12% to 66% higher than the additional annual reporting costs. The first draft ESRS is more complex and broader in scope. For instance, ESRS applies a double materiality approach, requiring companies to assess both the financial implications of sustainability issues and the environmental and social impacts of their own operations. In this context, our estimates seem reasonable.
- 104.** EFRAG has recently published an updated version of the ESRS CBA, which reflects changes to the proposed rules made in 2025. Due to publication timelines, our published analysis considers the 2022 ESRS CBA. But the conclusions of our assessment remain broadly the same for the Draft Amended ESRS.

Transition plan transparency proposals

- 105.** The transition plan proposals are expected to generate negligible additional costs to issuers.
- 106.** Firstly, the proposals require issuers to provide simple, factual statements about disclosure of transition plans. The expected cost to agree the content and make these statements as part of sustainability disclosures is expected to be negligible. Additionally, some issuers will already make these statements in their disclosures.
- 107.** Secondly, the proposals include new guidance to signpost issuers to the IFRS Educational Material on Transition Plan Disclosure, should they wish to use it. While this may result in more issuers using the guidance to guide the format and content of their

transition plans, issuers are not required to align their reporting with the framework, so they may decide to not incur these costs.

Familiarisation costs to sponsors and advisers

- 108.** Our proposals will lead to one-off costs to sponsors and advisory firms to familiarise with the CP (40 pages), the legal instrument (35 pages), and the UK SRS, comprising UK SRS S1 (40 pages) and UK SRS S2 (37 pages).
- 109.** We consider our proposals could impact 37 approved sponsors and around 200 advisory firms (eg investment banks). The total familiarisation costs to these firms are estimated at approximately £0.21m.
- 110.** The average costs per firm and total familiarisation costs by firm size are presented in Table 8. See Table 6 for more details on the underlying assumptions.

Table 8: Familiarisation costs to sponsors and advisers, by firm size

Firm size	Number of firms	Cost per firm
Sponsors		
Large	10	£8,000
Medium	10	£1,800
Small	17	£600
Advisory firms		
Large	20	£2,700
Medium	30	£600
Small	150	£200
Total costs to firms		£0.21m

Table notes: 1. Firm sizes are based on CP23/31 (see page 169). 2. Figures are rounded to the nearest hundred.

Costs to investors

- 111.** Our proposals may lead to one-off costs to investors to familiarise themselves with the proposals. There are around 40 investment management firms which invest at initial public offering (IPO) and are likely to engage directly with our proposals rather than follow the development of our proposals via industry bodies. We consider that investment management firms are likely to be familiarising themselves with UK SRS in the absence of our intervention.
- 112.** The total familiarisation costs to these firms are estimated at approximately £0.04m.
- 113.** The average costs per firm and total familiarisation costs by firm size are presented in Table 9. See Table 6 for more details on the underlying assumptions.

Table 9: Familiarisation costs to investment management firms, by firm size

Firm size	Number of firms	Average cost per firm
Large	10	£2,700
Medium	17	£600
Small	13	£200
Total costs to firms		£0.04m

Table notes: 1. Firm sizes are based on CP23/31 (see page 169). 2. Figures are rounded to the nearest hundred.

- 114.** Additionally, an increase in the quantity of sustainability information provided in disclosures could increase investors' costs to process and analyse disclosures to capture the new value unlocked by improved disclosures, as discussed in 'Benefits'.

Costs to the FCA

- 115.** Our current supervisory approach in relation to TCFD climate-related disclosures is set out in Primary Market Bulletin 36, and we explain our plan for supervising our proposed approach in Chapter 11. Because of our proposals, we do not expect the FCA's costs to change significantly compared to the current costs associated with monitoring and enforcing compliance with the TCFD climate-related disclosure requirements.

Wider economic impacts

- 116.** Our intervention may support robust economic growth, and can positively impact international competitiveness.

Economic growth

- 117.** Environmental change exposes the economy to various risks. Extreme weather events can cause unexpected output declines (Bank of England, 2022) with resulting economic uncertainty dampening output today. There can also be material financial stability effects (Bank of England, 2019).
- 118.** The scale of the estimated impact (£233.61m, NPV) suggests the proposals are unlikely to have material direct impacts on the UK economy. But our rules can contribute to more resilient growth by strengthening the management of sustainability-related risks and opportunities by UK companies through multiple channels:
- Issuers will enhance the collection of sustainability information to comply with our rules, potentially uncovering insights and improving risk management.
 - Better disclosures may help investors steer corporate behaviour by encouraging efficient management of sustainability risks and opportunities through the cost of capital. Christensen et al. (2017) find sustainability disclosure influences corporate behaviour, including through stock market effects. Disclosure improvements

can also support investors in driving strategic change through stewardship as demonstrated in [Grewal et al. \(2016\)](#) and [Hoepner et al. \(2024\)](#).

UK international competitiveness

- 119.** Our rules can strengthen international competitiveness by enabling companies to credibly communicate on sustainability, which is challenging when disclosure comparability is an issue. The key benefits include aligning costs of capital with the management of sustainability-related risks and opportunities (see 'Drivers of harms') and enhanced trust and reputation ([Pajuelo-Moreno et al., 2024](#)).
- 120.** Our proposals will increase UK disclosure costs, potentially affecting listing competitiveness. However, the impacts are likely low because firms prioritise other, often non-cost, factors when choosing listing location ([McKinsey, 2012](#)), and disclosure costs are typically small relative to total IPO costs ([PwC, 2017](#)). Regardless, the costs of our proposals are comparable to other jurisdictions (see 'Costs to issuers'). Further, many UK companies cross-list and operate globally, including in ISSB-adopting jurisdictions, and may face these costs irrespective of our rules.
- 121.** Regulatory developments in other jurisdictions will be important drivers of overall competitiveness impacts. Over 40 jurisdictions are moving toward the ISSB Standards (see 'Drivers of harms'), although not all have strong ties with the UK.
- 122.** The EU and US capital markets are important competitors, accounting for 71% of UK portfolio investment assets in 2023 and their residents being the main investors in the UK ([ONS, 2025 Pink Book](#)). These jurisdictions are also key trade competitors with around 60 to 70% of UK trade linked to them in 2024 ([DBT, 2025](#)). Given the above, sustainability regulation in the US and the EU can be expected to meaningfully influence our rules' competitiveness impact.
- 123.** In the EU, sustainability reporting has grown substantially, with the average number of disclosures per company reaching 7.2 out of 11 recommended TCFD disclosures in 2022 ([TCFD 2023 Status Report](#)). The EU is also in the process of updating their sustainability reporting framework. Based on analysis in 'Costs to report against our UK SRS proposals', we consider our compliance costs are unlikely to exceed those of the upcoming EU rules.
- 124.** In the US, sustainability reporting has lagged the EU and the UK. [IFRS \(2024\)](#) reports only 18% of US companies referencing ISSB plan to align, compared to 49% in the UK and 35% in Europe. This limits comparability with UK reporting and increases relative UK disclosure burdens.

Risks and uncertainties

- 125.** Our NPV estimates rely on several key parameters whose values are inherently uncertain. To test the robustness of our conclusions, we conduct sensitivity analysis to see how the proposals' NPV changes if parameter values differ from our baseline assumptions.

Sensitivity to individual parameters

- 126.** A first step in assessing uncertainty is to vary each parameter individually while holding others constant, allowing us to see its effect on NPV. The results of the analysis are presented in Table 10.
- 127.** Our main conclusions are:
- The impact coefficient and counterfactual alignment drive the largest changes. Within plausible ranges, they can nearly double NPV from £233m to over £420m or reduce it to as low as around £50m. Changes in the counterfactual alignment cause similar impacts, shifting the NPV within the £11.7m to £551.5m range.
 - Costs are also a big driver with plausible variations in average per-firm costs shifting the NPV between £92.9m and £304m.
 - Compliance rate variations have far less effect, and the estimated NPV remains above £180m even if 20% of firms not aligning under the counterfactual do not comply with our rules.

Table 10: Sensitivity of our proposals' impact to changes in key parameters

Parameter	Source and justification	NPV
Impact coefficient		
0.71%	Upper bound for the confidence interval of the estimate for 'Specific measures and metrics in a standardised format required in reports', Eftec (2024) .	£423.31m
0.52%	As per the baseline.	£233.61m
0.34%	Lower bound for the confidence interval of the estimate for 'Specific measures and metrics in a standardised format required in reports', Eftec (2024) .	£53.88m
Compliance rate		
100%	As per the baseline.	£233.61m
90%	Mid-point of 100% and 80%.	£211.39m
80%	Globally, 82% of companies disclosed in line with at least 1 TCFD recommendation (IFRS, 2024). Given better track record of UK companies on sustainability reporting relative to other countries, we do not expect the compliance rate to fall below 80%.	£186.45m
Counterfactual alignment		
18%	Of the US companies that referenced the ISSB Standards in 2023-2024, the share mentioning planned alignment (IFRS, 2024). The UK has a better track record on sustainability reporting than the US, but there are economic and institutional similarities between the countries. We therefore adopt the US number for a lower bound.	£551.53m
29%	As per the baseline.	£233.61m

Parameter	Source and justification	NPV
49%	Of the UK companies that referenced the ISSB Standards in 2023-2024, the share mentioning planned alignment (IFRS, 2024). This figure excludes companies not referencing the ISSB Standards, creating an upward bias and making it a good candidate for an upper bound.	£11.66m
Average costs per firm		
50% higher	Reflecting the midpoint between the cost of our proposals and <u>ESRS</u> (see 'Costs to report against our UK SRS proposals' for more information).	£92.85m (PV cost: £426.35m)
No change	As per baseline.	£233.61m (PV cost: £285.59m)
25% lower	Half of the upper-end 50% value to place greater emphasis on potential cost increases.	£303.98m (PV cost: £215.21m)

Scenario analysis

- 128.** We also model scenarios, each combining several changes, as multiple deviations are likely. The lower scenario assumes reduced investor value for sustainability disclosures and high disclosure costs, which corresponds to reduced impact coefficient, compliance rate, and counterfactual alignment. The upper scenario reflects the opposite: high investor value and lower disclosure costs.
- 129.** Our baseline includes only UK-based equity investors. However, improved sustainability information also benefits others, including debt investors and foreign investors. We therefore extend the scenario analysis to estimate illustrative benefits for these groups.
- 130.** Table 11 presents scenario-based NPV estimates and key assumptions. Additional assumptions for calculating benefits to extra investor groups are in Table 3 in the Annex to the CBA.
- 131.** Under the upper scenario, our proposals yield an NPV of nearly £495m, while the lower scenario shows an NPV of £66m (see first-row benefits versus total costs). Including benefits to omitted investor groups indicates a substantially larger positive impact in the range of £1,255m to £2,324m, NPV.

Table 11: Scenario analysis for the NPV of the proposals

		Lower scenario	Central scenario	Upper scenario
Assumptions	Impact coefficient	0.34%	0.52%	0.71%
	Compliance rate	80%	100%	100%
	Alignment in counterfactual	18%	29%	29%
	Average per firm costs	50% higher	As per baseline	25% lower

	Lower scenario	Central scenario	Upper scenario
UK-based investors in shares of in-scope issuers	£460.63m	£519.2m	£708.9m
Foreign investors in shares of in-scope issuers	£787.8m	£887.96m	£1,212.41m
UK-based investors in debt of in-scope issuers	£219.4m	£247.29m	£337.65m
Foreign investors in debt of in-scope issuers	£182.21m	£205.37m	£280.41m
Total benefits	£1,650.03m	£1,859.82m	£2,539.37m
Total costs	£394.91m	£285.59m	£215.21m
Net impact	£1,255.13m	£1,574.23m	£2,324.16m

Monitoring and evaluation

- 132.** We will consider our rules successful if they lead to improvements in the quantity, quality, and comparability of issuers' sustainability reporting and support the use of this information by market participants to make more informed decisions.
- 133.** In Chapter 11, we set out our supervisory approach for monitoring compliance.
- 134.** Other sources of information that may be used to monitor the outcomes of our proposed rules could include:
- Evidence of the market rewarding companies adapting and disclosing sustainability-related risks and opportunities.
 - Comparable analysis between privately owned companies or leverage econometric techniques such as before-and-after analysis.
 - Academic literature on estimating market outcomes and their drivers in wholesale financial markets.
- 135.** However, we acknowledge that it may be difficult to isolate the impact of our rules from other developments, such as other regulatory changes.

Consultation with the FCA Cost Benefit Analysis Panel

- 136.** We have consulted the CBA Panel in the preparation of this CBA in line with the requirements of s138IA(2)(a) FSMA. A summary of the Panel's main recommendations and the actions we took in response to the Panel's advice is provided in Table 12 below. In addition, we made changes based on wider feedback from the CBA Panel on specific sections of the CBA. The CBA Panel publishes a summary of their feedback on their website, which can be accessed [here](#).

Table 12: CBA Panel feedback

CBA Panel Main Recommendations	Our Response
<p>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.</p>	<p>We welcome the feedback on our causal chain and our approach to early engagement with the Panel. We will leverage this experience going forward.</p>
<p>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.</p>	<p>We have taken several steps to improve clarity, structure, and presentation.</p> <p>Firstly, we have added an Executive Summary clearly outlining the assessed costs and benefits.</p> <p>Secondly, we have reviewed the academic studies cited, rationalising the choice and placing them in the most appropriate sections of the draft. Where applicable, we cross-referenced the CBA sections containing academic studies.</p> <p>Finally, we have reduced overlapping content between the CBA and the CP.</p>
<p>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.</p>	<p>To provide greater transparency around key assumptions and how they influence the net present value, we have added sensitivity analysis for key parameters.</p> <p>As relates to wider impacts, we have given them greater prominence in the qualitative discussion and produced illustrative estimates in 'Scenario analysis'.</p>
<p>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.</p>	<p>We have added a discussion of climate-related reporting developments in key jurisdictions, outlining the impacts on benefits and costs.</p>

Question 21: Do you have any comments on our cost benefit analysis?

Question 22: Do you have any comments on the assumptions made in our cost benefit analysis?

Question 23: Do you have any comments on our assessment of the estimated costs to listed companies? Please provide evidence to support your response to this question.

Annex to the CBA

Methodology for estimating benefits

- 137.** In this Annex, we outline the methodology for estimating our baseline benefit values in 'Baseline estimate'. We also provide details on our sensitivity analysis framework in 'Sensitivity and scenario analysis'.

Baseline estimate

- 138.** We estimate the benefits for UK-based investors holding equity shares of in-scope issuers, either directly or indirectly.
- 139.** For any given year, the benefits are given by:

$$\begin{aligned} \text{Benefits} = & \\ & \times \text{'Comply or explain' adjustment} \\ & \times \text{Impact Coefficient} \\ & \times \sum \text{Impacted Asset Base generating benefits (investor group X)} \end{aligned}$$

- 140.** We obtain the components of the last term using:

$$\begin{aligned} \text{Impacted Asset Base generating benefits (investor group X)} = & \\ & \text{Scalar A (investor group X)} \\ & \times \text{Scalar B (investor group X)} \\ & \times \text{Impacted Asset Base} \end{aligned}$$

- 141.** The terms contained in the two formulas are discussed separately below.

Impacted Asset Base

- 142.** The Impacted Asset Base represents the market capitalisation of in-scope issuers which would not voluntarily align with UK SRS under the counterfactual.
- 143.** We take the aggregate market capitalisation of all in-scope issuers from Refinitiv as of end January 2025. We have chosen Refinitiv as a reputable data source providing the most up-to-date data. We then project it until the end of the appraisal period in 2036 using the latest OBR forecasts for UK real GDP growth. We therefore assume no changes in issuance or delisting, keeping the equity market size constant relative to GDP. Predicting UK stock market evolution is highly uncertain, and its size relative to the GDP has oscillated around 110% since 1995 (see [World Bank data](#)), confirming this is a reasonable assumption.

- 144.** In terms of further time-related adjustments, we note:
- Our rules will start applying from 2027 with the first UK SRS-aligned annual reports becoming available throughout 2028. We therefore set the Impacted Asset Base to zero in 2027.
 - We scale the 2028 Impacted Asset Base linearly with the number of months during which a particular annual report is available to investors. To do so, we download the end-months of each in-scope issuer's financial year from Refinitiv. We assume the annual report will become available four months after year-end, and base the number of 2028 months during which investors benefit from any given UK SRS-aligned annual report, on that.
- 145.** We adjust the asset base for voluntary alignment. Companies already disclosing most TCFD Recommendations are likely to adopt ISSB Standards without our rules (see '[Key assumptions](#)'). We therefore assume 29% of large and 29% of small in-scope issuers by market cap would align in the counterfactual, matching the global share of companies disclosing at least seven TCFD Recommendations in 2023 ([IFRS, 2024](#)).
- 146.** This adjustment ensures we do not overestimate benefits, but the 29% value is a global average. While UK sustainability reporting is more prevalent than overseas, the compliance costs can be higher than in some jurisdictions. Further, there is substantial uncertainty about future corporate attitudes to sustainability reporting. Given this, a global average appears reasonable. We explore the effects of changing this assumption on our conclusions in '[Risks and uncertainties](#)'.

Scalar A

- 147.** The scalar represents the share of the Impacted Asset Base held by a particular UK investor group, and we estimate it using [ONS data](#). Estimation details together with final parameter values are in Table 1.

Table 1: Scalar A values and estimation details

Investor group	Parameter value	Estimation details
Insurance companies	2.50%	The ONS series exhibits a clear downward long-term trend. We therefore take the lowest value observed during 2014-2022.
Pension funds	1.60%	
Unit trusts	7.40%	
Investment trusts	0.90%	
Charities	0.70%	
Banks	2.36%	The ONS series exhibits medium- to long-term cyclical behaviour. We therefore take the average value observed during 2014-2022.
Other financial institutions	9.74%	
Private non-financial companies	1.90%	
Individual investors	12.16%	

Investor group	Parameter value	Estimation details
Public sector	0%	Most holdings consist of the shares of UK banking groups acquired during the financial crisis bailouts – these are not actively managed. We therefore omit this investor group from the baseline.
Foreign investors	0%	The Impact Coefficient is estimated on a sample of UK domestic investors. We therefore omit the holdings of foreign investors from the baseline.

Source: [ONS](#).

Scalar B

- 148.** Scalar B represents the value of equity shares owned by a specific investor group for which sustainability disclosures are actively used. It is obtained by multiplying the share of actively managed public equity investments (scalar B.1) by the estimated proportion of UK investors using sustainability information (Scalar B.2). Scalar B.1 is an approximation for the proportion of investments for which company reporting is reviewed (sustainability or otherwise), while Scalar B.2 approximates the share of those investments informed specifically by sustainability reporting. Estimation details together with final parameter values are in Table 2.

Table 2: Scalar B values and estimation details

Investor group	Parameter value	Estimation details
Scalar B.1 (proportion of UK listed shares which are actively managed)		
Insurance companies, Pension funds, Other financial institutions, Unit trusts, Charities, Private non-financial companies, Individuals	57%	The proportion of UK equity net assets invested in global open-ended funds, excluding money market funds, funds of funds, and feeder funds, that are non-index funds as of the end of 2024, based on Morningstar data. This value has been chosen as the best available approximation and is also consistent with some other available statistics.
Banks	50%	We adjust the 57% Morningstar statistic (see above) for the impact of banks buying back their own shares. We understand that a non-negligible proportion of the shares held by banks are their own bought back shares (ONS).
Investment trusts	100%	These investment vehicles manage their assets actively.
Scalar B.2 (proportion of UK investors that use sustainability information in their investment decisions)		

Investor group	Parameter value	Estimation details
All investor types apart from 'Individuals'	45%	The proportion of UK professional investors who spend at least one hour a week reviewing company disclosures. Taken from a survey conducted by Eftec (2024). The value is consistent with the number of professional investors who chose environmental information as either "Important" or "Very important" when making their choices as part of the experiment underlying the Impact Coefficient (see 'Impact Coefficient').
Individuals	30%	Same as above, but for a sample of private investors.

Impact Coefficient

- 149.** The Impact Coefficient represents the value UK investors place on sustainability disclosures being fully aligned with the UK SRS expressed in terms of annual return on capital.
- 150.** We take the parameter value from the DBT-commissioned [Eftec \(2024\)](#) study on the value of UK non-financial reporting, which applied a well-established methodology to a large, representative sample of UK investors. The study estimates investor value for individual components of the ISSB Standards, on which the UK SRS is based. These components include information content beyond current rules (eg non-climate sustainability information and Scope 3 emissions) and the disclosure of specific standardised metrics. But UK SRS non-climate and Scope 3 emissions requirements will be on a 'comply or explain' basis. We therefore use only the estimated investor value for specific metrics as Impact Coefficient, which is equal to 0.52%.
- 151.** We consider this parameter to be surrounded by substantial uncertainty. In particular,
- As noted in 'Expected value of benefits', the estimate appears to combine multiple impacts, which means it does not precisely quantify our rules' impact.
 - It is unlikely to remain constant throughout the appraisal period due to evolving domestic and international developments (eg reporting rules overseas), impacting the value investors place on UK SRS-aligned disclosures.
 - It is high relative to some readily available benchmarks. It represents 52% of the UK real neutral rate (BoE, MPC Nov 2025 press conference), which is around 1% per annum, and 15% of the average real annualised FTSE100 returns of 3.5% per annum ([IG](#)). It is also high compared to 0.7-1.1pp charged on average by active public-equity investment funds ([Morningstar, 2025](#)).

- 152.** Recognising these drawbacks, we test the sensitivity of our results to the Impact Coefficient in 'Risks and uncertainties'.

'Comply or explain' adjustment

- 153.** We understand the Impact Coefficient reflects the value investors place on disclosures fully aligning with the UK SRS. But, in our CBA, we assume that 56% of issuers would largely explain against UK SRS S1 and Scope 3 emissions. We therefore adjust the asset base by multiplying it by the ratio of the present value of total issuer costs to produce UK SRS-aligned disclosures under our rules and the present value of these costs they would incur if UK SRS was entirely mandatory. We thus align the asset base with the smaller improvements in the quantity, quality, and comparability of information reported by these 56% of issuers. Further discussion can be found in 'Expected value of benefits'.

Sensitivity and scenario analysis

- 154.** Table 3 outlines our approach to quantifying the beneficial impacts to investors beyond UK-based investors in equity shares of UK-listed companies in 'Scenario analysis'.

Table 3: Assumptions underlying the estimated benefits to investors beyond UK-based investors in equity shares of UK-listed companies

Investor group	Method and assumptions
Foreign investors in the equity of in-scope issuers	<p>We multiply annual projections of the Impacted Asset Base by</p> <ul style="list-style-type: none"> • Scalar A (61%) – defined as 1 minus the sum of Scalar A across all domestic investor groups • Scalar B.1 (57%) – same as in baseline • Scalar B.2 (45%) – same as for professional investors in the baseline
Domestic investors in the debt of impacted issuers	<p>Annual projections for the Impacted Asset Base are multiplied by:</p> <ul style="list-style-type: none"> • 2014-2025 average debt-to-equity ratio of companies in FTSE-All Share index (130%) – obtained from Bloomberg Terminal. • Scalar A (55%) – 1 minus the mid-point between (a) scalar A for foreign investors in the equity of in-scope issuers; and (b) the 2014-2025 share of gilt holdings held by foreign investors, chart A.9 of the <u>2025-26 Debt Management Report</u> • Scalar B.1 (78%) – 2024 share of actively managed Europe-domiciled fixed income funds, <u>Morningstar</u>. • Scalar B.2 (45%) – same as for professional investors in the baseline <p>The impact coefficient in the central scenario is set to 0.09%, the estimated value of additional environmental disclosure from <u>Eftec (2024)</u>. We chose this estimate because debt instruments are substantially less impacted by sustainability risks relative to equity due to their fixed income nature and shorter duration. The value is among the smallest estimated in the study and concerns the impact of environmental disclosures, specifically. It is then varied between scenarios by the same percentage change as the Impact Coefficient for equity holders.</p>

Investor group	Method and assumptions
Foreign investors in the debt of impacted issuers	<p>Annual projections for the Impacted Asset Base are multiplied by:</p> <ul style="list-style-type: none"> • 2014-2025 average debt to equity ratio of companies in FTSE-All Share index (130%) – obtained from Bloomberg Terminal • Scalar A (45%) – mid-point between (a) scalar A for foreign investors in the equity of in-scope issuers; and (b) the 2014-2025 share of gilt holdings held by foreign investors, chart A.9 of the <u>2025-26 Debt Management Report</u> • Scalar B.1 (78%) – 2024 share of active Europe-domiciled fixed income funds, <u>Morningstar</u>. • Scalar B.2 (45%) – same as for professional investors in the baseline <p>The impact coefficient in the central scenario is set to 0.09% to reflect that debt holders are less impacted by sustainability risks than equity holders. This is the estimated value of additional environmental disclosures from Eftec (2024). It is then varied between scenarios by the same percentage change as the Impact Coefficient for equity holders.</p>

Annex 3

Compatibility statement

Compliance with legal requirements

- 1.** This Annex records the FCA's compliance with a number of legal requirements applicable to the proposals in this consultation, including an explanation of the FCA's reasons for concluding that our proposals in this consultation are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA).
- 2.** When consulting on new rules, the FCA is required by section 138I(2)(d) FSMA to include an explanation of why it believes making the proposed rules (a) is compatible with its general duty, under section 1B(1) FSMA, so far as reasonably possible, to act in a way which is compatible with its strategic objective and advances one or more of its operational objectives, (b) so far as reasonably possible, advances the secondary international competitiveness and growth objective, under section 1B(4A) FSMA, and (c) complies with its general duty under section 1B(5)(a) FSMA to have regard to the regulatory principles in section 3B FSMA. The FCA is also required by s 138K(2) FSMA to state its opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.
- 3.** This Annex also sets out the FCA's view of how the proposed rules are compatible with the duty on the FCA to discharge its general functions (which include rule-making) in a way which promotes effective competition in the interests of consumers (section 1B(4)). This duty applies in so far as promoting competition is compatible with advancing the FCA's consumer protection and/or integrity objectives.
- 4.** In addition, this Annex explains how we have considered the recommendations made by the Treasury under s 1JA FSMA about aspects of the economic policy of His Majesty's Government to which we should have regard in connection with our general duties.
- 5.** This Annex includes our assessment of the equality and diversity implications of these proposals.
- 6.** Under the Legislative and Regulatory Reform Act 2006 (LRRRA) the FCA is subject to requirements to have regard to a number of high-level 'Principles' in the exercise of some of our regulatory functions and to have regard to a 'Regulators' Code' when determining general policies and principles and giving general guidance (but not when exercising other legislative functions like making rules). This Annex sets out how we have complied with requirements under the LRRRA.

The FCA's objectives and regulatory principles: Compatibility statement

Strategic and operational objectives

7. The proposals set out in this consultation are primarily intended to advance the FCA's operational objective of protecting and enhancing the integrity of the UK financial system. Improving the quantity, quality, and comparability of sustainability disclosures should further improve the efficiency of asset pricing and capital allocation, enabling markets to better value securities and manage exposure to sustainability risks and opportunities. The proposals will also lead to greater management of risks and opportunities by listed companies, supporting resilience, growth and overall market stability.
8. The proposals are also relevant to the FCA's consumer protection objective as improvements in the quality of disclosures should reduce risks of greenwashing, enable investors and other stakeholders to hold listed companies to account, and therefore increase public confidence in financial markets. In addition, improvements in the quantity, quality and comparability of sustainability information, will better enable investment firms to measure sustainability impacts and design products that meet consumer needs. This increased ability to develop new and innovative sustainability-linked financial products may also lead to more effective competition. In addition, to support greater competition and open markets, we have balanced transparency needs with proportionality in our proposals for overseas companies.
9. These links to our objectives are outlined in our causal chain in Figure 2 of our CBA.
10. We consider these proposals are compatible with the FCA's strategic objective of ensuring that the relevant markets function well because although progress has been made following the introduction of our 'comply or explain' TCFD-aligned disclosure rules, further regulatory intervention is needed to address potential harms that may impair market integrity and reduce public confidence, as outlined in our CBA (Annex 2). For the purposes of the FCA's strategic objective, "relevant markets" are defined by section 1F FSMA.

Secondary international competitiveness and growth objective

11. We consider these proposals comply with the FCA's secondary objective in advancing the UK's competitiveness and its medium- to long-term growth. Our proposals will help to keep our listing regime aligned with international standards and reduce frictions for UK listed companies operating cross-border. As set out in the executive summary of this CP, our proposals also aim to help retain the UK's position as a world leader in sustainable finance, contributing to improving trust in UK financial markets and encouraging greater investment in the UK economy.

The FCA's regulatory principles

12. In preparing the proposals set out in this consultation, the FCA has had regard to the regulatory principles set out in s 3B FSMA.

The need to use our resources in the most efficient and economic way

13. Referencing the UK SRS framework in our proposals allows us to introduce measures aligned with international standards in the most efficient manner.

The principle that a burden or restriction should be proportionate to the benefits

14. The CBA in Annex 2 outlines the costs and benefits for the proposals set out in this CP. We consider that the benefits of these proposals outweigh the costs.

The need to contribute towards achieving compliance by the Secretary of State with section 1 of the Climate Change Act 2008 (UK net zero emissions target) and section 5 of the Environment Act 2021 (environmental targets)

15. Improving the quantity, quality, and comparability of sustainability information will provide investors with better information on how companies are managing their sustainability risks and opportunities, to help inform their decisions. This will enable more accurate pricing of securities and may lead to investors allocating capital towards businesses and activities that better manage climate risks and opportunities and/or provide other environmental benefits aligned with the Government's targets. However, we recognise that there may be other factors beyond our regulatory intervention that impact the level of contribution to these targets, such as consumer demand for sustainability-linked financial products.

The general principle that consumers should take responsibility for their decisions

16. Better disclosures by issuers will enable investors to make more informed investment decisions. It will also enable investment firms to design new and innovative products to more effectively meet the needs of consumers. As a result, consumers will benefit from the improved choice of products as well as greater information on their climate and wider sustainability characteristics, enabling them to make better informed decisions about which products meet their needs and preferences.

The responsibilities of senior management

17. We believe our proposals will enhance the ability of listed companies' senior management to take responsibility for their decisions by providing an internationally aligned framework that will encourage them to think about their governance, risk management and strategies relating to climate and wider sustainability risks and opportunities.

The desirability of recognising differences in the nature of, and objectives of, businesses carried on by different persons including mutual societies and other kinds of business organisation

18. We have sought to be proportionate by introducing disclosure requirements in relation to Scope 3 emissions and non-climate disclosures on a 'comply or explain' basis, acknowledging that some listed companies may be less advanced in their journey to making certain climate and sustainability disclosures. We have also proposed different requirements for companies in the secondary listing and depositary receipts categories, recognising the different nature of these companies.

The desirability of publishing information relating to persons subject to requirements imposed under FSMA, or requiring them to publish information

19. Our proposals require listed companies to make disclosures in the public domain so that they can be used by investors and other stakeholders to advance the objectives outlined in paragraphs 7-10 above. We do not propose that the information be reported to the FCA.

The principle that we should exercise of our functions as transparently as possible

20. We have sought to be as transparent as possible, indicating our direction of travel for moving towards international standards, in [PS21/23](#), [PMB 42](#) and [PMB 45](#). We also engaged with market participants while developing our proposals, including with both preparers of disclosures (listed companies) and users of the information (primarily investors). In addition, we shared our approach with our statutory panels, including the Markets Practitioner Panel and the Listing Authority Advisory Panel. They provided feedback on our proposals, including the compliance basis, which we have taken into account in these draft rules. We also engaged with the Cost Benefit Analysis Panel, as set out in Table 12 of our CBA.

Financial Crime

21. In formulating these proposals, the FCA has had regard to the importance of taking action intended to minimise the extent to which it is possible for a business carried on (i) by an authorised person or a recognised investment exchange; or (ii) in contravention of the general prohibition, to be used for a purpose connected with financial crime (as required by s 1B(5)(b) FSMA).
22. The proposals are not targeted at minimising financial crime. However, they aim to improve transparency through public disclosures, enabling investors and other users of the information to see connectivity between the narrative sustainability information disclosed by listed companies and information in their financial statements, where relevant.

Further specified matters to which the FCA must have regard – remit letter

23. We have had regard to the content of the Treasury's November 2024 remit letter. Our view is that our proposals are aligned with the Government's ambition to make the UK the world leader in sustainable finance. Our proposals will reduce frictions for UK listed companies operating cross-border, by aligning with international standards, and contribute to improving trust in UK financial markets, encouraging greater investment in the UK economy.

Expected effect on mutual societies

24. The FCA does not expect the proposals in this paper to have a significantly different impact on mutual societies as these are typically not listed issuers in the categories in scope of our proposals.

Compatibility with the duty to promote effective competition in the interests of consumers

- 25.** In preparing the proposals as set out in this consultation, we have had regard to the FCA's duty to promote effective competition in the interests of consumers. We consider that improvements in the quantity, quality, and comparability of sustainability disclosures will improve competition. For example, investment firms will be better able to measure sustainability impacts of their portfolios and design products that meet consumer needs and preferences.

Equality and diversity

- 26.** We are required under the Equality Act 2010 in exercising our functions to 'have due regard' to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, to and foster good relations between people who share a protected characteristic and those who do not.
- 27.** As part of this, we ensure the equality and diversity implications of any new policy proposals are considered.
- 28.** Overall, we do not consider that the proposals adversely impact any of the groups with protected characteristics under the Equality Act 2010 (in Northern Ireland, the Equality Act is not enacted but other antidiscrimination legislation applies). These protected characteristics include age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.
- 29.** We welcome your comments if you have any concerns. We will keep these considerations under review throughout the consultation period and in developing our final rules.

Legislative and Regulatory Reform Act 2006 (LRRRA)

- 30.** We have had regard to the principles in the LRRRA for the parts of the proposals that consist of general policies, principles or guidance and consider that we have carried out our regulatory activities in a way which is transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed.
- 31.** For example, we have been transparent about the direction of travel towards improving the quality, quantity and comparability of sustainability disclosures, we have carried out pre-consultation engagement and we are using this CP to consult with industry before introducing new rules. We ensure accountability by acting within our statutory powers to issue this consultation and we will consider feedback on the proposals, and whether any further consultation is needed, before finalising the rules.

- 32.** Our proposals are also targeted to areas where we consider there to be greatest room for improvements to address harms in the market. However, we have balanced transparency with proportionality, taking into account the current levels of preparedness and capabilities of listed companies to make the disclosures. We are taking a consistent approach to listed companies with similar characteristics according to their listed category.
- 33.** We have had regard to the Regulators' Code for the parts of the proposals that consist of general policies, principles or guidance. We consider that the approach set out in our CP, CBA and draft instrument is provided in a clear and transparent way which will help listed companies to understand and meet the requirements. We will consider feedback to this CP and refine our proposals where necessary.

Annex 4

Abbreviations in this document

Abbreviation	Description
ARGA	Audit, Reporting and Governance Authority
CBA	Cost Benefit Analysis
CDSB	Climate Disclosure Standards Board
CSRD	Corporate Sustainability Reporting Directive
DBT	Department for Business and Trade
DESNZ	Department for Energy Security and Net Zero
DTR	Disclosure Guidance and Transparency Rules
EFRAG	European Financial Reporting Advisory Group
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
FRC	Financial Reporting Council
FSB	Financial Stability Board
G20	Group of Twenty
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
IOSCO	International Organization of Securities Commissions
ISSB	International Sustainability Standards Board
PMB	Primary Market Bulletin
SASB	Sustainability Accounting Standards Board
SDR	Sustainability Disclosure Requirements

Abbreviation	Description
TCFD	Task Force on Climate-related Financial Disclosures
TPT	Transition Plan Taskforce
UKLR	UK Listing Rules
UK SRS	UK Sustainability Reporting Standards
XBRL	Extensible Business Reporting Language

Appendix 1

Draft Handbook text

UK LISTING RULES (SUSTAINABILITY REPORTING STANDARDS DISCLOSURE) INSTRUMENT 2026

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 73A (Part 6 Rules);
 - (b) section 96 (Obligations of issuers of listed securities);
 - (c) section 137A (The FCA’s general rules);
 - (d) section 137T (General supplementary powers);
 - (e) section 139A (Power of the FCA to give guidance);
 - (f) section 247 (Trust scheme rules); and
 - (g) section 261I (Contractual scheme rules); and
 - (2) regulation 6(1) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on *[date]*.

Amendments to the Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Environmental, Social and Governance sourcebook (ESG)	Annex B
UK Listing Rules sourcebook (UKLR)	Annex C

Notes

- E. In the Annexes to this instrument, the notes (indicated by “**Note:**” or “*Editor’s note:*”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- F. This instrument may be cited as the UK Listing Rules (Sustainability Reporting Standards Disclosure) Instrument 2026.

By order of the Board
[*date*]

Annex A

Amendments to the Glossary of definitions

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>IFRS S2 Guidance Document on Climate-Related Transition Disclosures</i>	the guidance document entitled ‘Disclosing information about an entity’s climate-related transition, including information about transition plans, in accordance with IFRS S2’ published by the IFRS Foundation in June 2025. Available at: https://www.ifrs.org/content/dam/ifrs/supporting-implementation/ifrs-s2/transition-plan-disclosure-s2.pdf .
<i>climate-related transition plan</i>	(in <i>UKLR 6</i> , <i>UKLR 16</i> and <i>UKLR 22</i>) as defined in Appendix A (Defined terms) of <i>UK SRS S2</i> .
<i>sustainability-related risks and/or opportunities</i>	the sustainability-related risks and opportunities referred to in paragraph 3 of <i>UK SRS S1</i> , which in summary are the sustainability-related risks and opportunities that could reasonably be expected to affect the <i>listed company’s</i> cash flows, its access to finance or cost of capital over the short, medium or long term.
<i>UK SRS</i>	the UK Sustainability Reporting Standards published on [<i>Editor’s note: insert publication date</i>] by the Department for Business and Trade, which comprise sustainability reporting standards <i>UK SRS S1</i> and <i>UK SRS S2</i> . Available at: [<i>Editor’s note: insert web address</i>].
<i>UK SRS S1</i>	[‘UK SRS S1 General requirements for disclosure of sustainability-related financial information’] published as part of the <i>UK SRS</i> . Available at: [<i>Editor’s note: insert web address</i>].
<i>UK SRS S2</i>	[‘UK SRS S2 Climate-related disclosures’] published as part of the <i>UK SRS</i> . Available at: [<i>Editor’s note: insert web address</i>].

Annex B

Amendments to the Environmental, Social and Governance sourcebook (ESG)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

2 Disclosure of climate related financial information

...

2.2 TCFD entity report

...

Approach to relevant climate-related financial disclosures contained in other reports at an entity-level

...

- 2.2.6 R (1) If a *firm* or a member of its *group* produces ~~a document, other than its annual financial report, which includes~~ climate-related financial disclosures ~~consistent with the TCFD Recommendations and Recommended Disclosures~~ and, as may be applicable, information prepared in compliance with ~~UKLR 6.6.6R(8)~~ UKLR 6.6.6R(7A) or (7B), UKLR 16.3.23R(-1) or (-2), or UKLR 22.2.24R(-1) or (-2) for its *TCFD in-scope business*, the *firm* may cross-refer to ~~these such~~ disclosures and, as may be applicable, information in its *TCFD entity report* where this ~~information~~ is relevant to *clients* or a *person* who is an investor in an *unauthorised AIF* managed by a *UK AIFM*, including hyperlinks to where the relevant disclosures and, as may be applicable, information are available.
- (2) Where a *firm* so refers, it must explain in its *TCFD entity report* the rationale for relying on the such disclosures in the supplementary document and, as may be applicable, information and how such disclosures and, as may be applicable, information are relevant to the *clients* or a *person* who is an investor in an *unauthorised AIF* managed by a *UK AIFM* of the *firm's TCFD in-scope business*.

...

Insert the following new transitional provisions, ESG TP 2, after ESG TP 1 (Transitional provisions). All the text is new and is not underlined.

TP 2 UK SRS transitional provisions

- TP 2.1 R Where a *firm* is required to prepare and publish a *TCFD entity report* under *ESG 2.1.1R* and the option to cross-reference in accordance with *ESG 2.2.6R* is available to the *firm*, *ESG 2.2.6R*, as in force immediately before 1

January 2027, will be applicable to the *firm* until the *firm* or a member of its *group* produces climate-related financial disclosures prepared in accordance with *UK SRS S2* in compliance with *UKLR 6.6.6R(7A)* or *(7B)(a)*, *UKLR 16.3.23R(-1)* or *(-2)(a)*, or *UKLR 22.2.24R(-1)* or *(-2)(a)* and, if applicable, if a *firm* produces the information required under *UKLR 6.6.6R(7B)(b)*, *UKLR 16.3.23R(-2)(b)* or *UKLR 22.2.24(-2)(b)*, for its *TCFD in-scope business*. Once such climate-related financial disclosures and, if applicable, information have been produced, *ESG 2.2.6R*, as in force from 1 January 2027, will apply.

Annex C

Amendments to the UK Listing Rules sourcebook (UKLR)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

6 Equity shares (commercial companies): continuing obligations

...

6.6 Annual financial report

...

Additional information

6.6.6 R In the case of a *listed company* incorporated in the *United Kingdom*, the following additional items must be included in its annual financial report:

...

(7) ...

(7A) subject to UKLR 6.6.6AR, climate-related financial disclosures prepared in accordance with UK SRS S2, excluding the matters referred to in (7B);

(7B) in relation to Scope 3 greenhouse gas emissions:

(a) subject to UKLR 6.6.6AR, information about Scope 3 greenhouse gas emissions in accordance with UK SRS S2. The information requirements in UK SRS S2 in relation to Scope 3 greenhouse gas emissions are set out in paragraph 29(a) which includes, if the *listed company* participates in asset management, commercial banking or insurance activities as referred to in UK SRS S2, the additional information about its financed emissions as set out in paragraph 29(a)(vi)(2) and paragraphs B58 to B63 of UK SRS S2; or

(b) if a *listed company* has not made the disclosures in (a) or has made the disclosures in (a) only in part:

(i) the specific paragraphs of UK SRS S2 for which it has not included disclosures;

(ii) the reasons for not including such disclosures; and

(iii) any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the

timeframe within which it expects to be able to make those disclosures;

(7C) in relation to sustainability-related financial disclosures, excluding the matters referred to in (7A) and (7B):

- (a) sustainability-related financial disclosures prepared in accordance with *UK SRS SI*;
- (b) if a *listed company* has not made the disclosures in (a) or has made the disclosures in (a) only in part and the *listed company* has identified *sustainability-related risks and/or opportunities*:
 - (i) the relevant *sustainability-related risks and/or opportunities* for which it has not included disclosures;
 - (ii) the reasons for not including such disclosures; and
 - (iii) any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures; or
- (c) if a *listed company* has not identified any *sustainability-related risks and opportunities*, a statement disclosing that fact;

(8) a statement ~~setting out~~ explaining:

- (a) ~~whether the *listed company* has included in its annual financial report climate related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*; [deleted]~~
- (b) ~~in cases where the *listed company* has:~~
 - (i) ~~made climate related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, but has included some or all of these disclosures in a document other than the annual financial report:~~
 - (A) ~~the recommendations and/or recommended disclosures for which it has included disclosures in that other document;~~
 - (B) ~~a description of that document and where it can be found; and~~

- ~~(C) the reasons for including the relevant disclosures in that document and not in the annual financial report;~~
- ~~(ii) not included climate-related financial disclosures consistent with all of the *TCFD Recommendations and Recommended Disclosures* in either its annual financial report or other document as referred to in (i):~~
 - ~~(A) the recommendations and/or recommended disclosures for which it has not included such disclosures;~~
 - ~~(B) the reasons for not including such disclosures; and~~
 - ~~(C) any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures; and [deleted]~~
- (c) where in its annual financial report ~~or (where appropriate) other document~~ the climate-related financial disclosures referred to in (a) and, if applicable, information required by (7A) to (7C) can be found;
- (d) whether or not the *listed company* has obtained third-party assurance over any of the climate-related financial disclosures, sustainability-related financial disclosures and/or information (as applicable) required by (7A), (7B) or (7C) and, if so, the following information:
 - (i) the name of the third-party assurance provider;
 - (ii) which of the climate-related financial disclosures, sustainability-related financial disclosures and/or information (as applicable) has been assured and to what level of assurance (for example, reasonable or limited assurance);
 - (iii) the assurance standards used; and
 - (iv) the location of the assurance report if published and how to access it, including a hyperlink if appropriate; and
- (e) whether the *listed company* has published a *climate-related transition plan* (whether in its annual financial report or elsewhere), and:

- (i) if it has, the location of the *climate-related transition plan* and how to access it, including a hyperlink if appropriate; or
- (ii) if it has not, why the *listed company* has not done so.

[Note: Separately, paragraph 14 of *UK SRS S2* requires the disclosure by an entity of information about any *climate-related transition plan* it has, along with annual reporting on progress made against the *climate-related transition plan*.]

...

6.6.6A R A *listed company* making disclosures under UKLR 6.6.6R(7A) or (7B) must apply the following parts of *UK SRS SI* as relevant to those disclosures:

- (1) paragraphs 10 to 24 (Conceptual foundations);
- (2) paragraphs 31, 49, 50, 52 and 53 of the Core content section;
- (3) paragraphs 60 to 71 of the General requirements section;
- (4) paragraphs 74 to 86 (Judgements, uncertainties and errors);
- (5) Appendix A (Defined terms);
- (6) Appendix B (Application guidance); and
- (7) Appendix D (Qualitative characteristics of useful sustainability-related financial information).

6.6.7 G ...

6.6.7A G For the purposes of UKLR 6.6.6R(7C), in identifying *sustainability-related risks and/or opportunities*, a *listed company* may refer to and consider the applicability of the sources of guidance described in paragraph 55 and Appendix C of *UK SRS SI*.

6.6.7B G Where a *listed company* publishes a *climate-related transition plan*, it may wish to make use of the *IFRS S2 Guidance Document on Climate-Related Transition Disclosures*.

6.6.8 G ~~For the purposes of UKLR 6.6.6R(8), in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should undertake a detailed assessment of those disclosures which takes into account:~~

- (1) Section C of the *TCFD Annex* entitled ‘Guidance for All Sectors’;
- (2) (where appropriate) Section D of the *TCFD Annex* entitled ‘Supplemental Guidance for the Financial Sector’; and
- (3) (where appropriate) Section E of the *TCFD Annex* entitled ‘Supplemental Guidance for Non-Financial Groups’. [deleted]

6.6.9 G For the purposes of *UKLR 6.6.6R(8)*, in determining whether a *listed company’s* climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, the *FCA* considers that the following documents are relevant:

- (1) the *TCFD Final Report* and the *TCFD Annex*, to the extent not already referred to in *UKLR 6.6.6R(8)* and *UKLR 6.6.8G*;
- (2) the *TCFD Technical Supplement on the Use of Scenario Analysis*;
- (3) the *TCFD Guidance on Risk Management Integration and Disclosure*;
- (4) (where appropriate) the *TCFD Guidance on Scenario Analysis for Non-Financial Companies*; and
- (5) the *TCFD Guidance on Metrics, Targets and Transition Plans*. [deleted]

6.6.10 G For the purposes of *UKLR 6.6.6R(8)*, in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should consider whether those disclosures provide sufficient detail to enable users to assess the *listed company’s* exposure to and approach to addressing climate-related issues.

A listed company should carry out its own assessment to ascertain the appropriate level of detail to be included in its climate-related financial disclosures, taking into account factors such as:

- (1) the level of its exposure to climate-related risks and opportunities; and
- (2) the scope and objectives of its climate-related strategy;

noting that these factors may relate to the nature, size and complexity of the *listed company’s* business. [deleted]

6.6.11 G (1) For the purposes of *UKLR 6.6.6R(8)*, the *FCA* would ordinarily expect a *listed company* to be able to make climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, except where it faces transitional challenges in obtaining relevant data or embedding relevant modelling or analytical capabilities.

- (2) ~~In particular, the FCA would expect that a listed company should ordinarily be able to make disclosures consistent with:~~
- (a) ~~the recommendation and recommended disclosures on governance in the TCFD Recommendations and Recommended Disclosures;~~
 - (b) ~~the recommendation and recommended disclosures on risk management in the TCFD Recommendations and Recommended Disclosures; and~~
 - (c) ~~recommended disclosures (a) and (b) set out under the recommendation on strategy in the TCFD Recommendations and Recommended Disclosures, to the extent that the listed company does not face the transitional challenges referred to in (1) in relation to such disclosures. [deleted]~~

6.6.12 G ~~Where making disclosures on transition plans as part of its disclosures on strategy under the TCFD Recommendations and Recommended Disclosures, a listed company that is headquartered in, or operates in, a country that has made a commitment to a net zero economy, such as the UK's commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019, is encouraged to assess the extent to which it has considered that commitment in developing and disclosing its transition plan. Where it has not considered this commitment in developing and disclosing its transition plan, the FCA encourages a listed company to explain why it has not done so. [deleted]~~

...

6.6.17 R An overseas company with a listing of equity shares in the equity shares (commercial companies) category must include in its annual report and accounts the information in UKLR 6.6.6R(5) to (11). When including the information in UKLR 6.6.6R(7A) or (7B), the overseas company must comply with UKLR 6.6.6AR.

...

11 Closed-ended investment funds: requirements for listing and continuing obligations

...

11.4 Continuing obligations, further issuances, dealing in own securities and treasury shares

...

Annual financial statement

11.4.22 R A closed-ended investment fund is not required to comply with UKLR 6.6.1R(13), UKLR 6.6.6R(7A) to (7C) or UKLR 6.6.6R(8).

...

14 Equity shares (international commercial companies secondary listing): requirements for listing and continuing obligations

...

14.3 Requirements with continuing application

...

Information to be included in annual report and accounts

14.3.24 R In addition to the requirements set out in *DTR 4.1*, a *listed company* must include a statement in its annual financial report, setting out:

(1) ~~whether the *listed company* has included in its annual financial report climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*; [deleted]~~

(1A) (a) any climate-related financial disclosure requirements and/or sustainability-related financial disclosure requirements to which the *listed company* is subject, including in relation to transition plans, and any such requirements which the *listed company* would be subject to were it not for any relief or exemption, in which case the nature of the relief or exemption must also be explained, where such requirements arise:

(i) under the rules of the market of the *listed company's* qualifying home listing; or

(ii) in the *listed company's* country of incorporation;

(b) any climate-related financial disclosure standards or requirements, and/or sustainability-related financial disclosure standards or requirements, including in relation to transition plans, which the *listed company* voluntarily discloses against, in relation to any *equity shares* of the *listed company* which are admitted to trading; and/or

(c) that the *listed company*:

(i) is not subject to any climate-related financial disclosure requirements or sustainability-related financial disclosure requirements (including in relation to transition plans):

(A) under the rules of the market of its *qualifying home listing*; or

- (B) in its country of incorporation; and/or
- (ii) does not voluntarily disclose against any climate-related financial disclosure standards or requirements, and/or sustainability-related financial disclosure standards or requirements (including in relation to transition plans) in relation to any equity shares of the listed company which are admitted to trading;
- (2) ~~in cases where the listed company has:~~
- (a) ~~made climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures, but has included some or all of these disclosures in a document other than the annual financial report:~~
- (i) ~~the recommendations and/or recommended disclosures for which it has included disclosures in that other document;~~
- (ii) ~~a description of that document and where it can be found; and~~
- (iii) ~~the reasons for including the relevant disclosures in that document and not in the annual financial report; or~~
- (b) ~~not included climate-related financial disclosures consistent with all of the TCFD Recommendations and Recommended Disclosures in either its annual financial report or other document as referred to in (a):~~
- (i) ~~the recommendations and/or recommended disclosures for which it has not included such disclosures;~~
- (ii) ~~the reasons for not including such disclosures; and~~
- (iii) ~~any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures; and [deleted]~~
- (3) where in its annual financial report or (where appropriate) and/or other document documents the climate-related financial disclosures, sustainability-related financial disclosures and/or any related information referred to in (1) (1A) can be found and how to access this; and
- (4) whether or not the listed company has obtained third-party assurance over any of the climate-related financial disclosures, sustainability-related financial disclosures and/or any related information referred to in (1A) and, if so, the following information:

- (a) the name of the third-party assurance provider;
- (b) which of the climate-related financial disclosures, sustainability-related financial disclosures and/or any related information has been assured and to what level of assurance (for example, reasonable or limited assurance);
- (c) the assurance standards used; and
- (d) the location of the assurance report if published and how to access it, including a hyperlink if appropriate.

14.3.25 G ~~For the purposes~~ The purpose of UKLR 14.3.24R, in determining whether climate-related is to enable users to locate climate-related financial disclosures, sustainability-related financial disclosures are consistent with the TCFD Recommendations and Recommended Disclosures, a listed company should undertake a detailed assessment of those disclosures which takes into account: and/or any information related to such disclosures (such as explanations provided in lieu of disclosures where this is permitted) produced by listed companies pursuant to applicable requirements or pursuant to voluntary standards or requirements voluntarily followed, where such disclosures or information exists.

- (1) ~~Section C of the TCFD Annex~~ entitled ‘Guidance for All Sectors’;
- (2) (where appropriate) ~~Section D of the TCFD Annex~~ entitled ‘Supplemental Guidance for the Financial Sector’; and
- (3) (where appropriate) ~~Section E of the TCFD Annex~~ entitled ‘Supplemental Guidance for Non Financial Groups’.

14.3.26 G ~~For the purposes of UKLR 14.3.24R, in determining whether a listed company’s climate-related financial disclosures are consistent with the TCFD Recommendations and Recommended Disclosures, the FCA considers that the following documents are relevant:~~

- (1) ~~the TCFD Final Report and the TCFD Annex, to the extent not already referred to in UKLR 14.3.24R and UKLR 14.3.25G;~~
- (2) ~~the TCFD Technical Supplement on the Use of Scenario Analysis;~~
- (3) ~~the TCFD Guidance on Risk Management Integration and Disclosure;~~
- (4) (where appropriate) ~~the TCFD Guidance on Scenario Analysis for Non-Financial Companies; and~~
- (5) ~~the TCFD Guidance on Metrics, Targets and Transition Plans.~~
[deleted]

14.3.27 G ~~For the purposes of UKLR 14.3.24R, in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a listed company should consider whether those disclosures provide sufficient detail to enable users to assess the listed company's exposure to and approach to addressing climate-related issues.~~

~~A listed company should carry out its own assessment to ascertain the appropriate level of detail to be included in its climate-related financial disclosures, taking into account factors such as:~~

- ~~(1) the level of its exposure to climate-related risks and opportunities;
and~~
- ~~(2) the scope and objectives of its climate-related strategy;~~

~~noting that these factors may relate to the nature, size and complexity of the listed company's business. [deleted]~~

14.3.28 G (1) ~~For the purposes of UKLR 14.3.24R, the FCA would ordinarily expect a listed company to be able to make climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, except where it faces transitional challenges in obtaining relevant data or embedding relevant modelling or analytical capabilities.~~

~~(2) In particular, the FCA would expect that a listed company should ordinarily be able to make disclosures consistent with:~~

- ~~(a) the recommendation and recommended disclosures on governance in the *TCFD Recommendations and Recommended Disclosures*;~~
- ~~(b) the recommendation and recommended disclosures on risk management in the *TCFD Recommendations and Recommended Disclosures*; and~~
- ~~(c) recommended disclosures (a) and (b) set out under the recommendation on strategy in the *TCFD Recommendations and Recommended Disclosures*, to the extent that the listed company does not face the transitional challenges referred to in (1) in relation to such disclosures. [deleted]~~

14.3.29 G ~~Where making disclosures on transition plans as part of its disclosures on strategy under the *TCFD Recommendations and Recommended Disclosures*, a listed company that is headquartered in, or operates in, a country that has made a commitment to a net zero economy, such as the UK's commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019, is encouraged to assess the extent to which it has considered that commitment in developing and disclosing its transition plan. Where it has not considered this commitment in developing and disclosing its transition plan, the FCA encourages a listed company to explain why it has not done so. [deleted]~~

...

15 Certificates representing certain securities (depository receipts): requirements for listing and continuing obligations

...

15.3 Continuing obligations

...

15.3.2 R For the purposes of *UKLR* 15.3.1R(3):

...

(2) ...

(3) *UKLR* 14.3.24R(1A) must be read as if the words ‘under the rules of the market of the *listed company*’s *qualifying home listing*’ are replaced by ‘under the rules of the *overseas* regulated, regularly operating, recognised open market where the *equity shares* which the certificates represent are admitted to trading’.

...

16 Non-equity shares and non-voting equity shares: requirements for listing and continuing obligations

...

16.3 Continuing obligations

...

Information to be included in annual report and accounts

16.3.23 R In addition to the requirements set out in *DTR* 4.1, in its annual financial report, a *listed company* (other than an *investment entity* or a *shell company*) must ~~include a statement in its annual financial report, setting out:~~

(-1) subject to *UKLR* 16.3.23AR, include climate-related financial disclosures prepared in accordance with *UK SRS S2*, excluding the matters referred to in (-2);

(-2) in relation to Scope 3 greenhouse gas emissions:

(a) subject to *UKLR* 16.3.23AR, include information about Scope 3 greenhouse gas emissions in accordance with *UK SRS S2*. The information requirements in *UK SRS S2* in relation to Scope 3 greenhouse gas emissions are set out in paragraph 29(a) which includes, if the *listed company* participates in asset management, commercial banking or insurance activities

as referred to in UK SRS S2, the additional information about its financed emissions as set out in paragraph 29(a)(vi)(2) and paragraphs B58 to B63 of UK SRS S2; or

- (b) if a *listed company* has not made the disclosures in (a) or has made the disclosures in (a) only in part, include:
 - (i) the specific paragraphs of UK SRS S2 for which it has not included disclosures;
 - (ii) the reasons for not including such disclosures; and
 - (iii) any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures;
- (-3) in relation to sustainability-related financial disclosures, excluding the matters referred to in (-1) and (-2), include:
 - (a) sustainability-related financial disclosures prepared in accordance with UK SRS S1;
 - (b) if a *listed company* has not made the disclosures in (a) or has made the disclosures in (a) only in part and the *listed company* has identified *sustainability-related risks and/or opportunities*:
 - (i) the relevant *sustainability-related risks and/or opportunities* for which it has not included disclosures;
 - (ii) the reasons for not including such disclosures; and
 - (iii) any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures; or
 - (c) if a *listed company* has not identified *sustainability-related risks and opportunities*, a statement disclosing that fact;
- ~~(1) whether the *listed company* has included in its annual financial report climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*; [deleted]~~
- ~~(2) in cases where the *listed company* has:~~
 - ~~(a) made climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, but has included some or all of these disclosures in a document other than the annual financial report;~~

- (i) ~~the recommendations and/or recommended disclosures for which it has included disclosures in that other document;~~
 - (ii) ~~a description of that document and where it can be found; and~~
 - (iii) ~~the reasons for including the relevant disclosures in that document and not in the annual financial report; or~~
- (b) ~~not included climate-related financial disclosures consistent with all of the *TCFD Recommendations and Recommended Disclosures* in either its annual financial report or other document as referred to in (a):~~
 - (i) ~~the recommendations and/or recommended disclosures for which it has not included such disclosures;~~
 - (ii) ~~the reasons for not including such disclosures; and~~
 - (iii) ~~any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures; and [deleted]~~
- (3) state where in its annual financial report or (where appropriate) other document the climate-related financial disclosures referred to in (1) and, if applicable, information required by (-1) to (-3) can be found;
- (4) state whether or not the *listed company* has obtained third-party assurance over any of the climate-related financial disclosures, sustainability-related financial disclosures and/or information (as applicable) required by (-1), (-2) or (-3) and, if so, provide the following information:
 - (a) the name of the third-party assurance provider;
 - (b) which of the climate-related financial disclosures, sustainability-related financial disclosures and/or information (as applicable) has been assured and to what level of assurance (for example, reasonable or limited assurance);
 - (c) the assurance standards used; and
 - (d) the location of the assurance report if published and how to access it, including a hyperlink if appropriate; and
- (5) state whether the *listed company* has published a *climate-related transition plan* (whether in its annual financial report or elsewhere), and;

- (a) if it has, state the location of the *climate-related transition plan* and how to access it, including a hyperlink if appropriate; or
- (b) if it has not, state why the *listed company* has not done so.

[Note: Separately, paragraph 14 of *UK SRS S2* requires the disclosure by an entity of information about any *climate-related transition plan* it has, along with annual reporting on progress made against the *climate-related transition plan*.]

16.3.23 R A A *listed company* making disclosures under *UKLR 16.3.23R(-1)* or *(-2)* must apply the following parts of *UK SRS S1* as relevant to those disclosures:

- (1) paragraphs 10 to 24 (Conceptual foundations);
- (2) paragraphs 31, 49, 50, 52 and 53 of the Core content section;
- (3) paragraphs 60 to 71 of the General requirements section;
- (4) paragraphs 74 to 86 (Judgements, uncertainties and errors);
- (5) Appendix A (Defined terms);
- (6) Appendix B (Application guidance); and
- (7) Appendix D (Qualitative characteristics of useful sustainability-related financial information).

16.3.23 G B For the purposes of *UKLR 16.3.23R(-3)*, in identifying *sustainability-related risks and/or opportunities*, a *listed company* may refer to and consider the applicability of the sources of guidance described in paragraph 55 and Appendix C of *UK SRS S1*.

16.3.23 G C Where a *listed company* publishes a *climate-related transition plan*, it may wish to make use of the *IFRS S2 Guidance Document on Climate-Related Transition Disclosures*.

16.3.24 G ~~For the purposes of *UKLR 16.3.23R*, in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should undertake a detailed assessment of those disclosures which takes into account:~~

- ~~(1) Section C of the *TCFD Annex* entitled ‘Guidance for All Sectors’;~~
- ~~(2) (where appropriate) Section D of the *TCFD Annex* entitled ‘Supplemental Guidance for the Financial Sector’; and~~
- ~~(3) (where appropriate) Section E of the *TCFD Annex* entitled ‘Supplemental Guidance for Non-Financial Groups’. [deleted]~~

16.3.25 G For the purposes of ~~UKLR 16.3.23R~~, in determining whether a *listed company's* climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, the *FCA* considers that the following documents are relevant:

- (1) the *TCFD Final Report* and the *TCFD Annex*, to the extent not already referred to in ~~UKLR 16.3.23R~~ and ~~UKLR 16.3.24G~~;
- (2) the *TCFD Technical Supplement on the Use of Scenario Analysis*;
- (3) the *TCFD Guidance on Risk Management Integration and Disclosure*;
- (4) (where appropriate) the *TCFD Guidance on Scenario Analysis for Non-Financial Companies*; and
- (5) the *TCFD Guidance on Metrics, Targets and Transition Plans*.
[deleted]

16.3.26 G For the purposes of ~~UKLR 16.3.23R~~, in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should consider whether those disclosures provide sufficient detail to enable users to assess the *listed company's* exposure to and approach to addressing climate-related issues.

A *listed company* should carry out its own assessment to ascertain the appropriate level of detail to be included in its climate-related financial disclosures, taking into account factors such as:

- (1) the level of its exposure to climate-related risks and opportunities;
and
- (2) the scope and objectives of its climate-related strategy;

noting that these factors may relate to the nature, size and complexity of the *listed company's* business. [deleted]

16.3.27 G (1) For the purposes of ~~UKLR 16.3.23R~~, the *FCA* would ordinarily expect a *listed company* to be able to make climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, except where it faces transitional challenges in obtaining relevant data or embedding relevant modelling or analytical capabilities.

(2) In particular, the *FCA* would expect that a *listed company* should ordinarily be able to make disclosures consistent with:

- (a) the recommendation and recommended disclosures on governance in the *TCFD Recommendations and Recommended Disclosures*;

- (b) ~~the recommendation and recommended disclosures on risk management in the *TCFD Recommendations and Recommended Disclosures*; and~~
- (c) ~~recommended disclosures (a) and (b) set out under the recommendation on strategy in the *TCFD Recommendations and Recommended Disclosures*, to the extent that the *listed company* does not face the transitional challenges referred to in (1) in relation to such disclosures. [deleted]~~

16.3.28 G ~~Where making disclosures on transition plans as part of its disclosures on strategy under the *TCFD Recommendations and Recommended Disclosures*, a *listed company* that is headquartered in, or operates in, a country that has made a commitment to a net zero economy, such as the *UK's* commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019, is encouraged to assess the extent to which it has considered that commitment in developing and disclosing its transition plan. Where it has not considered this commitment in developing and disclosing its transition plan, the *FCA* encourages a *listed company* to explain why it has not done so. [deleted]~~

...

22 Equity shares (transition): continuing obligations

...

22.2 Continuing obligations

...

Information to be included in annual report and accounts

22.2.24 R In addition to the requirements set out in *DTR 4.1*, in its annual financial report, a *listed company* (other than an *investment entity* or a *shell company*) must ~~include a statement in its annual financial report, setting out:~~

- (-1) subject to *UKLR 22.2.24AR*, include climate-related financial disclosures prepared in accordance with *UK SRS S2*, excluding the matters referred to in (-2);
- (-2) in relation to Scope 3 greenhouse gas emissions:
 - (a) subject to *UKLR 22.2.24AR*, include information about Scope 3 greenhouse gas emissions in accordance with *UK SRS S2*. The information requirements in *UK SRS S2* in relation to Scope 3 greenhouse gas emissions are set out in paragraph 29(a) which includes, if the *listed company* participates in asset management, commercial banking or insurance activities as referred to in *UK SRS S2*, the additional information about its financed emissions as set out in paragraph 29(a)(vi)(2) and paragraphs B58 to B63 of *UK SRS S2*; or

- (b) if a *listed company* has not made the disclosures in (a) or has made the disclosures in (a) only in part, include:
 - (i) the specific paragraphs of *UK SRS S2* for which it has not included disclosures;
 - (ii) the reasons for not including such disclosures; and
 - (iii) any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures;
- (-3) in relation to sustainability-related financial disclosures, excluding the matters referred to in (-1) and (-2), include:
 - (a) sustainability-related financial disclosures prepared in accordance with *UK SRS S1*;
 - (b) if a *listed company* has not made the disclosures in (a) or has made the disclosures in (a) only in part and the *listed company* has identified *sustainability-related risks and/or opportunities*:
 - (i) the relevant *sustainability-related risks and/or opportunities* for which it has not included disclosures;
 - (ii) the reasons for not including such disclosures; and
 - (iii) any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures; or
 - (c) if a *listed company* has not identified any *sustainability-related risks and opportunities*, a statement disclosing that fact;
- (1) ~~whether the *listed company* has included in its annual financial report climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*; [deleted]~~
- (2) ~~in cases where the *listed company* has:~~
 - (a) ~~made climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, but has included some or all of these disclosures in a document other than the annual financial report;~~

- (i) ~~the recommendations and/or recommended disclosures for which it has included disclosures in that other document;~~
 - (ii) ~~a description of that document and where it can be found; and~~
 - (iii) ~~the reasons for including the relevant disclosures in that document and not in the annual financial report; or~~
- (b) ~~not included climate-related financial disclosures consistent with all of the *TCFD Recommendations and Recommended Disclosures* in either its annual financial report or other document as referred to in (a):~~
 - (i) ~~the recommendations and/or recommended disclosures for which it has not included such disclosures;~~
 - (ii) ~~the reasons for not including such disclosures; and~~
 - (iii) ~~any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures; and [deleted]~~
- (3) state where in its annual financial report or (where appropriate) other document the climate-related financial disclosures referred to in (1) and, if applicable, information required by (-1) to (-3) can be found;
- (4) state whether or not the *listed company* has obtained third-party assurance over any of the climate-related financial disclosures, sustainability-related financial disclosures and/or information (as applicable) required by (-1), (-2) or (-3) and, if so, provide the following information:
 - (a) the name of the third-party assurance provider;
 - (b) which of the climate-related financial disclosures, sustainability-related financial disclosures and/or information has been assured (as applicable) and to what level of assurance (for example, reasonable or limited assurance);
 - (c) the assurance standards used; and
 - (d) the location of the assurance report if published and how to access it, including a hyperlink if appropriate; and
- (5) state whether the *listed company* has published a *climate-related transition plan* (whether in its annual financial report or elsewhere), and;

- (a) if it has, state the location of the *climate-related transition plan* and how to access it, including a hyperlink if appropriate; or
- (b) if it has not, state the reason(s) why the *listed company* has not done so.

[Note: Separately, paragraph 14 of *UK SRS S2* requires the disclosure by an entity of information about any *climate-related transition plan* it has, along with annual reporting on progress made against the *climate-related transition plan*.]

22.2.24 R A listed company making disclosures under UKLR 22.2.24R(-1) or (-2) must
A apply the following parts of UK SRS S1 as relevant to those disclosures:

- (1) paragraphs 10 to 24 (Conceptual foundations);
- (2) paragraphs 31, 49, 50, 52 and 53 of the Core content section;
- (3) paragraphs 60 to 71 of the General requirements section;
- (4) paragraphs 74 to 86 (Judgements, uncertainties and errors);
- (5) Appendix A (Defined terms);
- (6) Appendix B (Application guidance); and
- (7) Appendix D (Qualitative characteristics of useful sustainability-related financial information).

22.2.24 G For the purposes of UKLR 22.2.24R(-3), in identifying *sustainability-related*
B *risks and/or opportunities*, a *listed company* may refer to and consider the applicability of the sources of guidance described in paragraph 55 and Appendix C of UK SRS S1.

22.2.24 G Where a *listed company* publishes a *climate-related transition plan*, it may
C wish to make use of the *IFRS S2 Guidance Document on Climate-Related Transition Disclosures*.

22.2.25 G ~~For the purposes of UKLR 22.2.24R, in determining whether climate related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should undertake a detailed assessment of those disclosures which takes into account:~~

- ~~(1) Section C of the *TCFD Annex* entitled ‘Guidance for All Sectors’;~~
- ~~(2) (where appropriate) Section D of the *TCFD Annex* entitled ‘Supplemental Guidance for the Financial Sector’; and~~
- ~~(3) (where appropriate) Section E of the *TCFD Annex* entitled ‘Supplemental Guidance for Non-Financial Groups’. [deleted]~~

22.2.26 G For the purposes of ~~UKLR 22.2.24R~~, in determining whether a *listed company's* climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, the *FCA* considers that the following documents are relevant:

- (1) the *TCFD Final Report* and the *TCFD Annex*, to the extent not already referred to in ~~UKLR 22.2.24R~~ and ~~UKLR 22.2.25G~~;
- (2) the *TCFD Technical Supplement on the Use of Scenario Analysis*;
- (3) the *TCFD Guidance on Risk Management Integration and Disclosure*;
- (4) (where appropriate) the *TCFD Guidance on Scenario Analysis for Non-Financial Companies*; and
- (5) the *TCFD Guidance on Metrics, Targets and Transition Plans*.
[deleted]

22.2.27 G For the purposes of ~~UKLR 22.2.24R~~, in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a *listed company* should consider whether those disclosures provide sufficient detail to enable users to assess the *listed company's* exposure to and approach to addressing climate-related issues.

A *listed company* should carry out its own assessment to ascertain the appropriate level of detail to be included in its climate-related financial disclosures, taking into account factors such as:

- (1) the level of its exposure to climate-related risks and opportunities;
and
- (2) the scope and objectives of its climate-related strategy,

noting that these factors may relate to the nature, size and complexity of the *listed company's* business. [deleted]

22.2.28 G (1) For the purposes of ~~UKLR 22.2.24R~~, the *FCA* would ordinarily expect a *listed company* to be able to make climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, except where it faces transitional challenges in obtaining relevant data or embedding relevant modelling or analytical capabilities.

(2) In particular, the *FCA* would expect that a *listed company* should ordinarily be able to make disclosures consistent with:

- (a) the recommendation and recommended disclosures on governance in the *TCFD Recommendations and Recommended Disclosures*;

- (b) ~~the recommendation and recommended disclosures on risk management in the *TCFD Recommendations and Recommended Disclosures*; and~~
- (c) ~~recommended disclosures (a) and (b) set out under the recommendation on strategy in the *TCFD Recommendations and Recommended Disclosures*, to the extent that the *listed company* does not face the transitional challenges referred to in (1) in relation to such disclosures. [deleted]~~

22.2.29 G ~~Where making disclosures on transition plans as part of its disclosures on strategy under the *TCFD Recommendations and Recommended Disclosures*, a *listed company* that is headquartered in, or operates in, a country that has made a commitment to a net zero economy, such as the *UK's* commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019, is encouraged to assess the extent to which it has considered that commitment in developing and disclosing its transition plan. Where it has not considered this commitment in developing and disclosing its transition plan, the *FCA* encourages a *listed company* to explain why it has not done so. [deleted]~~

...

Insert the following new transitional provisions, UKLR TP 16, after UKLR TP 15 (Transitional provisions: admission to listing of further issuances). All the text is new and is not underlined.

TP 16 UK SRS transitional provisions

Purpose

- TP 16.1 G (1) The purpose of this transitional provision is to set out the transitional reliefs available to *listed companies* or *issuers* (as applicable) for the *rules* requiring disclosures and information in relation to the *UK SRS* and the associated *guidance* under:
- (a) *UKLR 6.6*;
 - (b) *UKLR 14.3*;
 - (c) *UKLR 15.3*;
 - (d) *UKLR 16.3*; and
 - (e) *UKLR 22.2*.
- (2) Accordingly, for the *listed companies* or *issuers* (as applicable) for whom the requirements in (1)(a) to (e) apply, this transitional provision sets out:
- (a) the transitional reliefs available in respect of the *rules*; and

- (b) how the application and transition provisions contained in the *UK SRS*, in Appendix E of *UK SRS S1* (Initial application and transition) and Appendix C of *UK SRS S2* (Initial application and transition), apply in the context of the provisions referred to in (1).

Application and duration

- TP 16.2 R (1) The *rules and guidance* in UKLR TP 16 apply as set out below:
- (a) for *listed companies* to which UKLR 6.6.6R or UKLR 6.6.17R applies, UKLR TP 16.3R to UKLR TP 16.6G;
 - (b) for *listed companies* to which UKLR 14.3.24R applies, UKLR TP 16.7R;
 - (c) for *issuers* to which UKLR 15.3.1 applies, UKLR TP 16.8R;
 - (d) for *listed companies* to which UKLR 16.3.23R applies, UKLR TP 16.9R to UKLR TP 16.12G; and
 - (e) for *listed companies* to which UKLR 22.2.24R applies, UKLR TP 16.13R to UKLR TP 16.16G.
- (2) UKLR TP 16 applies from [date].

UKLR 6.6: Handbook transitional provisions

- TP 16.3 R (1) For accounting periods beginning before 1 January 2027, a *listed company* must comply with either:
- (a) UKLR 6.6.6R(8) or UKLR 6.6.17R (as appropriate) and UKLR 6.6.8G to UKLR 6.6.12G, as they were in force immediately before 1 January 2027; or
 - (b) UKLR TP 16.4R(1).
- (2) If the *listed company* chooses to comply with UKLR TP 16.4R(1), it must apply solely the *rules and guidance* referred to in UKLR TP 16.4R(1).
- TP 16.4 R For accounting periods beginning on or after 1 January 2027 but before 1 January 2028, a *listed company* must either:
- (1) comply with the reporting requirements set out in UKLR 6.6.6R(7A) to (8) and UKLR 6.6.6AR or in UKLR 6.6.17R (as appropriate) (as supported by the *guidance* in UKLR 6.6.7AG and UKLR 6.6.7BG); or
 - (2) comply with the reporting requirements set out in UKLR 6.6.6R(7A) to (8) and UKLR 6.6.6AR or in UKLR 6.6.17R (as appropriate) (as

supported by the applicable *guidance*) subject to the following modifications:

- (a) the *listed company* is not required to provide the disclosures or information required in *UKLR 6.6.6R(7B)*, provided that a statement is included in the *listed company's* annual financial report that the *listed company* has not made disclosures in accordance with *UK SRS S2* relating to Scope 3 greenhouse gas emissions; and/or
- (b) the *listed company* is not required to provide the disclosures or information required in *UKLR 6.6.6R(7C)*, provided that a statement is included in the *listed company's* annual financial report that the *listed company* has not made sustainability-related (non-climate) disclosures in accordance with *UK SRS S1*.

To the extent the modification in 2(a) is not used, the *listed company* must comply with *UKLR 6.6.6R(7B)*. To the extent the modification in 2(b) is not used, the *listed company* must comply with *UKLR 6.6.6R(7C)*.

- TP 16.5 R For accounting periods beginning on or after 1 January 2028 but before 1 January 2029, a *listed company* must either:
- (1) comply with the reporting requirements set out in *UKLR 6.6.6R(7A)* to (8) and *UKLR 6.6.6AR* or in *UKLR 6.6.17R* (as appropriate) (as supported by the *guidance* in *UKLR 6.6.7AG* and *UKLR 6.6.7BG*); or
 - (2) comply with the reporting requirements set out in *UKLR 6.6.6R(7A)*, (7B) and (8) and *UKLR 6.6.6AR* or in *UKLR 6.6.17R* (as appropriate) (as supported by the applicable *guidance*), but the *listed company* is not required to provide the disclosures or information required in *UKLR 6.6.6R(7C)*, provided that a statement is included in the *listed company's* annual financial report that the *listed company* has not made sustainability-related (non-climate) disclosures in accordance with *UK SRS S1*.

UKLR 6.6: application and transition provisions in UK SRS

- TP 16.6 G For the purposes of the application of *UKLR 6.6.6R(7A)* to (7C) or *UKLR 6.6.17R* (as appropriate), *listed companies* should note the following in respect of Appendix E of *UK SRS S1* (Initial application and transition) and Appendix C of *UK SRS S2* (Initial application and transition):
- (1) *UK SRS S1* and *UK SRS S2*: effective date (paragraph E1 of *UK SRS S1* and paragraph C1 of *UK SRS S2*)
- Subject to use of the modifications provided in *UKLR TP 16.4R(2)* and *UKLR TP 16.5R(2)*, a *listed company* must comply with the requirements in *UKLR 6.6.6R(7A)* to (7C) (including as applied

through *UKLR* 6.6.17R), which require disclosures or information in relation to the *UK SRS*, at the same time.

- (2) *UK SRS S1* and *UK SRS S2*: comparative information (paragraphs E3 and E5 of *UK SRS S1* and paragraph C3 of *UK SRS S2*)

Listed companies are not required to disclose comparative information for the first accounting period for which disclosures (or, where applicable, partial disclosures) are made under *UKLR* 6.6.6R(7A), (7B) or (7C) or under *UKLR* 6.6.17R (as it applies those provisions). This includes for the first accounting period where disclosures (or, where applicable, partial disclosures) are made in relation to matters for which a transitional relief was used in the accounting period immediately before. However, comparative information must be disclosed from the accounting period which immediately follows the first accounting period in which full or partial disclosures (where applicable) have been made.

- (3) *UK SRS S1*: climate-first reporting (paragraph E4 of *UK SRS S1*)

The relief available for *listed companies* is specified in *UKLR* TP 16.4R(2)(b) and *UKLR* TP 16.5R(2).

- (4) *UK SRS S2*: GHG protocol relief and comparative information (paragraphs C4(a) and C5 of *UK SRS S2*)

The relief in paragraph C4(a) of *UK SRS S2* is available for *listed companies* for accounting periods beginning on or after 1 January 2027 but before 1 January 2028. In respect of paragraph C5 of *UK SRS S2*, if the relief in paragraph C4(a) is used, the information produced can be used by *listed companies* in accounting periods beginning on or after 1 January 2028 as comparative information.

- (5) *UK SRS S2*: Scope 3 relief and comparative information (paragraphs C4(b) and C5 of *UK SRS S2*)

The relief in paragraph C4(b) of *UK SRS S2* available for *listed companies* is specified in *UKLR* TP 16.4R(2)(a). In respect of paragraph C5 of *UK SRS S2*, comparative information in relation to Scope 3 greenhouse gas emissions is only required from the accounting period which immediately follows the first accounting period in which full or partial disclosures (where applicable) have been made under *UKLR* 6.6.6R(7B) or under *UKLR* 6.6.17R (as it applies this provision).

UKLR 14.3: Handbook transitional provisions

- TP 16.7 R For accounting periods beginning before 1 January 2027, a *listed company* must comply with *UKLR* 14.3.24R and *UKLR* 14.3.25G to *UKLR* 14.3.29G as they were in force immediately before 1 January 2027.

UKLR 15.3.1R: Handbook transitional provisions

- TP 16.8 R For accounting periods beginning before 1 January 2027, an *issuer* must comply with UKLR 14.3.24R and UKLR 14.3.25G to UKLR 14.3.29G (as those provisions are applied by UKLR 15.3.1R(3)) as they were in force immediately before 1 January 2027.

UKLR 16.3: Handbook transitional provisions

- TP 16.9 R (1) For accounting periods beginning before 1 January 2027, a *listed company* must comply with either:
- (a) UKLR 16.3.23R and UKLR 16.3.24G to UKLR 16.3.28G, as they were in force immediately before 1 January 2027; or
 - (b) UKLR TP 16.10R(1).
- (2) If the *listed company* chooses to comply with UKLR TP 16.10R(1), it must apply solely the *rules* and *guidance* referred to in UKLR TP 16.10R(1).

- TP 16.10 R For accounting periods beginning on or after 1 January 2027 but before 1 January 2028, a *listed company* must either:
- (1) comply with the reporting requirements set out in UKLR 16.3.23R and UKLR 16.3.23AR (as supported by the *guidance* in UKLR 16.3.23BG to UKLR 16.3.23CG); or
 - (2) comply with the reporting requirements set out in UKLR 16.3.23R and UKLR 16.3.23AR (as supported by the applicable *guidance*) subject to the following modifications:
 - (a) the *listed company* is not required to provide the disclosures or information required in UKLR 16.3.23R(-2), provided that a statement is included in the *listed company's* annual financial report that the *listed company* has not made disclosures in accordance with UK SRS S2 relating to Scope 3 greenhouse gas emissions; and/or
 - (b) the *listed company* is not required to provide the disclosures or information required in UKLR 16.3.23R(-3), provided that a statement is included in the *listed company's* annual financial report that the *listed company* has not made sustainability-related (non-climate) disclosures in accordance with UK SRS S1.

To the extent the modification in 2(a) is not used, the *listed company* must comply with UKLR 16.3.23R(-2). To the extent the modification in 2(b) is not used, the *listed company* must comply with UKLR 16.3.23R(-3).

- TP 16.11 R For accounting periods beginning on or after 1 January 2028 but before 1 January 2029, a *listed company* must either:

- (1) comply with the reporting requirements set out in *UKLR 16.3.23R* and *UKLR 16.3.23AR* (as supported by the *guidance* in *UKLR 16.3.23BG* to *UKLR 16.3.23CG*); or
- (2) comply with the reporting requirements set out in *UKLR 16.3.23R(-1)*, *(-2)*, *(3)*, *(4)* and *(5)* and *UKLR 16.3.23AR* (as supported by the applicable *guidance*), but the *listed company* is not required to provide the disclosures or information required in *UKLR 16.3.23R(-3)*, provided that a statement is included in the *listed company's* annual financial report that the *listed company* has not made sustainability-related (non-climate) disclosures in accordance with *UK SRS S1*.

UKLR 16.3: application and transition provisions in UK SRS

TP
16.12

G For the purposes of the application of *UKLR 16.3.23R(-1)* to *(-3)*, *listed companies* should note the following in respect of Appendix E of *UK SRS S1* (Initial application and transition) and Appendix C of *UK SRS S2* (Initial application and transition):

- (1) *UK SRS S1* and *UK SRS S2*: effective date (paragraph E1 of *UK SRS S1* and paragraph C1 of *UK SRS S2*)

Subject to use of the modifications provided in *UKLR TP 16.10R(2)* and *UKLR TP 16.11R(2)*, a *listed company* must comply with the requirements in *UKLR 16.3.23R(-1)* to *(-3)*, which require disclosures or information in relation to the *UK SRS*, at the same time.
- (2) *UK SRS S1* and *UK SRS S2*: comparative information (paragraphs E3 and E5 of *UK SRS S1* and paragraph C3 of *UK SRS S2*)

Listed companies are not required to disclose comparative information for the first accounting period for which disclosures (or, where applicable, partial disclosures) are made under *UKLR 16.3.23R(-1)*, *(-2)* or *(-3)*. This includes for the first accounting period where disclosures (or, where applicable, partial disclosures) are made in relation to matters for which a transitional relief was used in the accounting period immediately before. However, comparative information must be disclosed from the accounting period which immediately follows the first accounting period in which full or partial disclosures (where applicable) have been made.
- (3) *UK SRS S1*: climate-first reporting (paragraph E4 of *UK SRS S1*)

The relief available for *listed companies* is specified in *UKLR TP 16.10R(2)(b)* and *UKLR TP 16.11R(2)*.
- (4) *UK SRS S2*: GHG protocol relief and comparative information (paragraphs C4(a) and C5 of *UK SRS S2*)

The relief in paragraph C4(a) of *UK SRS S2* is available for *listed companies* for accounting periods beginning on or after 1 January 2027 but before 1 January 2028. In respect of paragraph C5 of *UK*

SRS S2, if the relief in paragraph C4(a) is used, the information produced can be used by *listed companies* in accounting periods beginning on or after 1 January 2028 as comparative information.

- (5) *UK SRS S2: Scope 3 relief and comparative information* (paragraphs C4(b) and C5 of *UK SRS S2*)

The relief in paragraph C4(b) of *UK SRS S2* available for *listed companies* is specified in *UKLR TP 16.10R(2)(a)*. In respect of paragraph C5 of *UK SRS S2*, comparative information in relation to Scope 3 greenhouse gas emissions is only required from the accounting period which immediately follows the first accounting period in which full or partial disclosures (where applicable) have been made under *UKLR 16.3.23R(-2)*.

UKLR 22.2: Handbook transitional provisions

- | | | |
|-------------|---|---|
| TP
16.13 | R | <p>(1) For accounting periods beginning before 1 January 2027, a <i>listed company</i> must comply with either:</p> <ul style="list-style-type: none"> (a) <i>UKLR 22.2.24R</i> and <i>UKLR 22.2.25G</i> to <i>UKLR 22.2.29G</i>, as they were in force immediately before 1 January 2027; or (b) <i>UKLR TP 16.14R(1)</i>. <p>(2) If the <i>listed company</i> chooses to comply with <i>UKLR TP 16.14R(1)</i>, it must apply solely the <i>rules</i> and <i>guidance</i> referred to in <i>UKLR TP 16.14R(1)</i>.</p> |
| TP
16.14 | R | <p>For accounting periods beginning on or after 1 January 2027 but before 1 January 2028, a <i>listed company</i> must either:</p> <ul style="list-style-type: none"> (1) comply with the reporting requirements set out in <i>UKLR 22.2.24R</i> and <i>UKLR 22.2.24AR</i> (as supported by the <i>guidance</i> in <i>UKLR 22.2.24BG</i> to <i>UKLR 22.2.24CG</i>); or (2) comply with the reporting requirements set out in <i>UKLR 22.2.24R</i> and <i>UKLR 22.2.24AR</i> (as supported by the applicable <i>guidance</i>) subject to the following modifications: <ul style="list-style-type: none"> (a) the <i>listed company</i> is not required to provide the disclosures or information required in <i>UKLR 22.2.24R(-2)</i>, provided that a statement is included in the <i>listed company's</i> annual financial report that the <i>listed company</i> has not made disclosures in accordance with <i>UK SRS S2</i> relating to Scope 3 greenhouse gas emissions; and/or (b) the <i>listed company</i> is not required to provide the disclosures or information required in <i>UKLR 22.2.24R(-3)</i>, provided that a statement is included in the <i>listed company's</i> annual financial report that the <i>listed company</i> has not made sustainability- |

related (non-climate) disclosures in accordance with *UK SRS SI*.

To the extent the modification in 2(a) is not used, the *listed company* must comply with *UKLR 22.2.24R(-2)*. To the extent the modification in 2(b) is not used, the *listed company* must comply with *UKLR 22.2.24R(-3)*.

- TP 16.15 R For accounting periods beginning on or after 1 January 2028 but before 1 January 2029, a *listed company* must either:
- (1) comply with the reporting requirements set out in *UKLR 22.2.24R* and *UKLR 22.2.24AR* (as supported by the *guidance* in *UKLR 22.2.24BG* to *UKLR 22.2.24CG*); or
 - (2) comply with the reporting requirements set out in *UKLR 22.2.24R(-1)*, *(-2)*, *(3)*, *(4)* and *(5)* and *UKLR 22.2.24AR* (as supported by the applicable *guidance*), but the *listed company* is not required to provide the disclosures or information required in *UKLR 22.2.24R(-3)*, provided that a statement is included in the *listed company's* annual financial report that the *listed company* has not made sustainability-related (non-climate) disclosures in accordance with *UK SRS SI*.

UKLR 22.2: application and transition provisions in UK SRS

- TP 16.16 G For the purposes of the application of *UKLR 22.2.24R(-1)* to *(-3)*, *listed companies* should note the following in respect of Appendix E of *UK SRS SI* (Initial application and transition) and Appendix C of *UK SRS S2* (Initial application and transition):
- (1) *UK SRS SI* and *UK SRS S2*: effective date (paragraph E1 of *UK SRS SI* and paragraph C1 of *UK SRS S2*)

Subject to use of the modifications provided in *UKLR TP 16.14R(2)* and *UKLR TP 16.15R(2)*, a *listed company* must comply with the requirements in *UKLR 22.2.24R(-1)* to *(-3)*, which require disclosures or information in relation to the *UK SRS*, at the same time.
 - (2) *UK SRS SI* and *UK SRS S2*: comparative information (paragraphs E3 and E5 of *UK SRS SI* and paragraph C3 of *UK SRS S2*)

Listed companies are not required to disclose comparative information for the first accounting period for which disclosures (or, where applicable, partial disclosures) are made under *UKLR 22.2.24R(-1)*, *(-2)* or *(-3)*. This includes for the first accounting period where disclosures (or, where applicable, partial disclosures) are made in relation to matters for which a transitional relief was used in the accounting period immediately before. However, comparative information must be disclosed from the accounting period which immediately follows the first accounting period in which full or partial disclosures (where applicable) have been made.

- (3) *UK SRS S1: climate-first reporting (paragraph E4 of UK SRS S1)*

The relief available for *listed companies* is specified in *UKLR TP 16.14R(2)(b)* and *UKLR TP 16.15R(2)*.

- (4) *UK SRS S2: GHG protocol relief and comparative information (paragraph C4(a) and C5 of UK SRS S2)*

The relief in paragraph C4(a) of *UK SRS S2* is available for *listed companies* for accounting periods beginning on or after 1 January 2027 but before 1 January 2028. In respect of paragraph C5 of *UK SRS S2*, if the relief in paragraph C4(a) is used, the information produced can be used by *listed companies* in accounting periods on or after 1 January 2028 as comparative information.

- (5) *UK SRS S2: Scope 3 relief and comparative information (paragraphs C4(b) and C5 of UK SRS S2)*

The relief in paragraph C4(b) of *UK SRS S2* available for *listed companies* is specified in *UKLR TP 16.14R(2)(a)*. In respect of paragraph C5 of *UK SRS S2*, comparative information in relation to Scope 3 greenhouse gas emissions is only required from the accounting period which immediately follows the first accounting period in which full or partial disclosures (where applicable) have been made under *UKLR 22.2.24R(-2)*.

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