

Policy Statement

PS26/19

Aligning listed issuers'
sustainability disclosures
with international standards

September 2026

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Chapter 1

Summary

- 1.1** Climate and sustainability disclosures play a vital role in supporting well-functioning capital markets by enabling investors and issuers to assess relevant climate and sustainability risks and opportunities. High-quality disclosures help investors make informed capital allocation decisions, support more accurate market pricing, and assist issuers in strengthening strategic planning and operational resilience. In this Policy Statement (PS) we set out our final rules to align listed issuers' sustainability and climate disclosures with UK Sustainability Reporting Standards (UK SRS), the UK-endorsed version of the International Sustainability Standards Board (ISSB) Standards.
- 1.2** Our final rules adopt a comply or explain approach across the UK SRS. Climate, and sustainability risks affect firms differently and the relevance of particular disclosures will depend on an issuer's business model, strategy and risk profile. A comply or explain approach allows issuers to reflect those differences and focus on providing high-quality, decision-useful information, rather than applying the standards mechanically in a way that could produce lengthy disclosures of limited value to investors.
- 1.3** We expect investor and broader market demand for sustainability-related information to drive issuers to provide disclosures where climate and sustainability matters are relevant to their business model and risks. Where issuers do not provide financially material information in accordance with UK SRS, a proportionate explanation of their reasoning and judgement can itself provide useful information to investors.
- 1.4** Our final position reflects feedback we received to CP26/5, which was broadly positive. Most respondents supported adopting the UK SRS for listed issuers. They emphasised the value of sustainability information to investors, the importance of maintaining alignment with international standards, and the benefits of standards focused on financially material and decision-useful information.
- 1.5** However, some respondents questioned whether mandating UK SRS S2 (climate disclosures) would be proportionate and support the international competitiveness of companies operating in the UK. The existing climate disclosure requirements for listed companies, which are aligned with the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations, operate on a comply or explain basis. They have supported high levels of disclosure, particularly among the largest issuers and smaller companies where climate and sustainability risks are relevant to their business models.
- 1.6** Respondents noted that disclosures that are produced by smaller companies whose business models were not materially impacted by climate or sustainability matters on a voluntary basis, were often of limited use to investors. They raised concerns that mandatory application of UK SRS S2 could place disproportionate burdens on these smaller companies, given the costs and resources involved, and not result in useful information being disclosed. Some respondents also suggested that the proposal to implement part of UK SRS on a mandatory basis, and others on a comply or explain basis, was complicated to follow.

1.7 So, we are simplifying the regime in two ways by requiring:

- 1.** a comply or explain approach across all categories of disclosures. Our comply or explain approach brings UK SRS S2 (climate disclosures) into line with the approach we consulted on for UK SRS S1 (non-climate disclosures) and Scope 3 (emissions data). We believe this will boost the quantity, quality and comparability of financially material information while balancing investor needs with market readiness and the maturity of reporting practices.
- 2.** international commercial companies with a secondary listing and depositary receipt issuers to also report against UK SRS on a comply or explain basis, in place of the consultation proposal to signpost any reporting requirements and disclosures under their home jurisdiction.

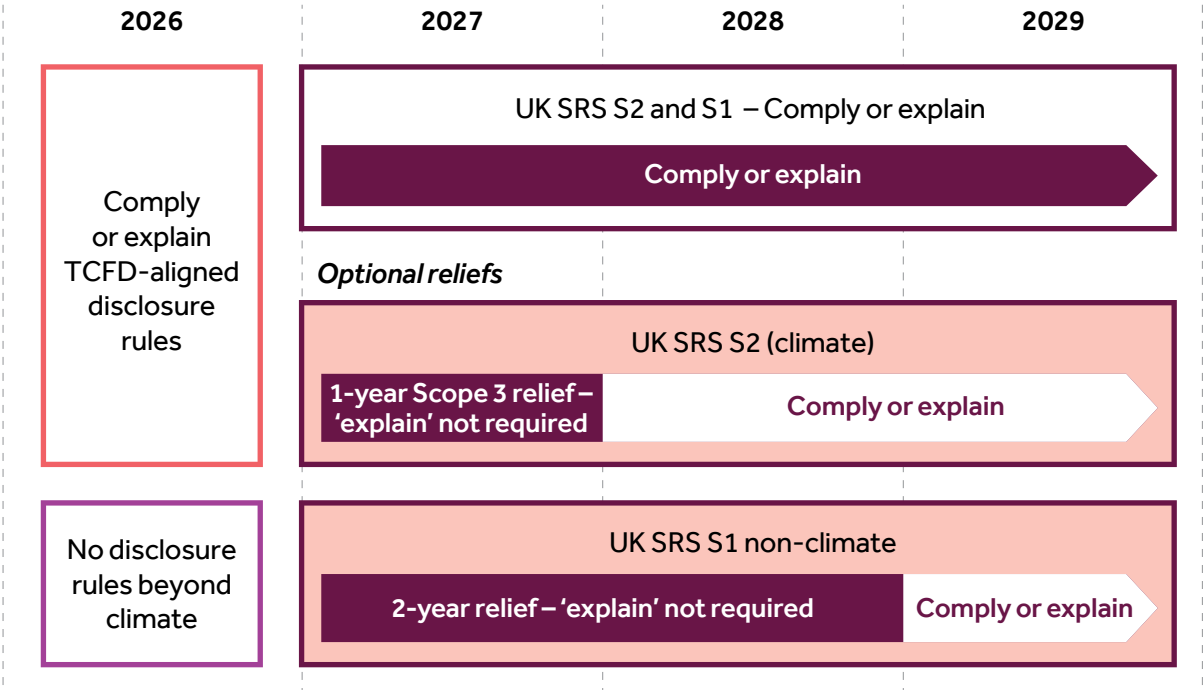
1.8 The changes from the consultation are not viewed as significant when compared with a) the consultation proposals and b) the status quo for all categories of issuers in scope under the TCFD framework. However, in order to fully test our policy position, we have updated the CBA to reflect in detail how the policy changes in the final rules will impact costs and benefits.

1.9 To help issuers apply the comply or explain rules, we are also consulting on Technical Note (TN) 803.1, as well as updates to TN 801.4 and deletion of TN 802.3. The proposals are outlined within Primary Market Bulletin (PMB) 66. We welcome feedback on these by 28 October 2026 and aim to finalise the guidance before the rules come into force.

1.10 These rules will replace the existing TCFD aligned disclosures. TCFD was set up in 2015 but disbanded in 2023. The ISSB was established in 2021 to unify fragmented climate and wider sustainability reporting frameworks—including the TCFD. The ISSB Standards build on and incorporate the TCFD Recommendations, while focusing on the disclosure of financially material information to meet the needs of investors.

1.11 To give industry time to prepare, we are using the implementation timelines we consulted on. The rules will apply to accounting periods beginning on 1 January 2027, with first reporting in 2028. To support implementation, we are providing a 1-year transitional relief for Scope 3 disclosures and a 2-year transitional relief for S1 disclosures. To support companies as they get ready to implement these new rules, we have also published some practical considerations in PMB 66. In addition, we intend to organise a series of activities to help companies and investors understand the UK SRS and what is required under our rules.

UK SRS implementation timeline



Chapter 2

Background and feedback to CP26/5

- 2.1** This chapter sets the background to this PS, a summary of the feedback we received to CP26/5, and our response.

Our current rules

- 2.2** We have worked with the Government and other UK regulators to develop the UK's climate-related disclosure framework, initially based on the TCFD Recommendations. Our current, TCFD-aligned rules for climate disclosures were introduced for premium listed companies in 2020 and extended in 2021 to other listed issuers. Following the 2024 listing regime reforms, these requirements 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 (depository receipts)

- 2.3** The TCFD framework requires organisations to disclose financially material climate risks and opportunities across 4 core pillars: Governance, Strategy, Risk Management, and Metrics & Targets. These are supported by 11 recommended disclosures and wider guidance. Our current rules require in-scope issuers to disclose against all 11 recommended disclosures on a comply or explain basis.

Proposals in CP26/5 and our response to feedback

Our proposed scope of companies making sustainability related disclosures

- 2.4** We proposed to apply our rules to the issuers listed in the 5 categories that are currently subject to our TCFD-based rules.
- 2.5** We proposed not to apply rules to companies in the following listing categories:
- Closed-ended investment funds (UKLR 11) and open-ended investment companies (UKLR 12). This is because we believe the best way to introduce requirements for investment vehicles is through obligations on the asset manager, rather than the listed funds (see [CP21/18](#), paragraph 3.7).

- Shell companies (UKLR 13) because their purpose is to undertake an acquisition or merger, they do not have substantial operations. UK SRS disclosures would not meaningfully improve the information available to investors (see CP21/18, paragraph 3.8).
- Debt and debt-like securities (UKLR 17), securitised derivatives (UKLR 18), warrants, options and other miscellaneous securities category (UKLR 19). This is because we do not consider it to be proportionate or effective to extend requirements to these issuers.

2.6 In CP26/5 we asked:

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

- 2.7** Ninety-four out of 110 respondents supported the proposed scope. Respondents noted that maintaining the existing scope was a proportionate approach as most companies already have systems and controls for sustainability reporting.
- 2.8** A few respondents suggested extending the rules to issuers in the debt and debt-like securities category. They cited the scale and importance of bond markets and the potential value of disclosures in assessing cash flow resilience and refinancing risk. Some respondents, including from the sell-side, argued that debt securities should remain out of scope. They highlighted that an extension would not be proportionate and the benefits may not justify the costs. It was also noted that debt issuers, who are currently not required to make TCFD disclosures, would be less prepared to report this information.
- 2.9** Respondents generally agreed that it is more appropriate to apply disclosure requirements to asset managers, rather than bringing UKLR 11 and UKLR 12 into scope. However, a couple of respondents suggested we consider extending the rules to these categories either now or in future. They said that putting obligations solely on asset managers risks information asymmetry, particularly in certain sectors.

Our response:

Given the broad support for our proposed approach and respondents' emphasis on the proportionality, we are maintaining the proposed scope.

We do not consider it proportionate to extend the rules to debt and debt-like securities (UKLR 17) at this time, as it would represent a significant expansion beyond our current rules. UKLR 17 captures a diverse range of debt instruments and issuers, many of which are already subject to instrument-specific disclosures that may overlap with ISSB reporting. For example, a lot of listed corporate bonds apply the International Capital Market Association (ICMA) guidelines, while creditors may request specific data directly from the borrower to account for the bespoke nature of certain securities. Furthermore, debt investors are creditors rather than owners, with risks managed through legal contracts.

We will also continue to exclude investment entities (UKLR 11 and UKLR 12) from scope. We will instead continue to apply disclosure requirements through our rules for asset managers in the ESG Sourcebook, given their role in the investment approach and as feedback did not suggest a different approach. Paragraphs 2.73-2.76 contain more detail on our approach to disclosures by asset managers, life insurers and FCA-regulated pension providers.

Reporting of UK SRS S2 climate disclosures

- 2.10** We consulted on applying the climate-related disclosure requirements in UK SRS S2 to in-scope companies on a mandatory basis, as UK SRS S2 builds on the TCFD recommendations that are currently in force. However, we proposed a 'comply or explain' approach for Scope 3 emissions. This recognised that many issuers face challenges accessing the data needed to make Scope 3 emissions disclosures.
- 2.11** Certain elements that support UK SRS S2 reporting are set out in UK SRS S1, such as conceptual foundations and some general requirements. We therefore proposed that companies apply these parts of UK SRS S1, where relevant to their climate-related disclosures.
- 2.12** We asked:

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?

- 2.13** Over 90% of the respondents to Question 2 supported replacing the TCFD-aligned climate disclosure rules with the UK SRS. Respondents highlighted the importance of alignment with international standards and the value of the UK SRS's focus on financially material information for investors. A few respondents considered the current TCFD regime sufficient or suggested removing climate disclosure requirements altogether.

- 2.14** In response to Question 3, many respondents, particularly buy-side and professional service firms, supported mandatory climate disclosures. They highlighted that this could improve the comparability, availability and quality of data. However, it was noted that professional investors often rely primarily on climate related disclosures made by larger issuers or companies more exposed to climate related risks.
- 2.15** Views among listed companies were more mixed. While several supported mandatory requirements, they raised significant caveats. This included the need for proportionality for smaller issuers and giving companies flexibility and time to develop appropriate data systems, governance and controls. Some respondents suggested we should consider a threshold-based approach that would allow smaller issuers to fall out of scope. Others suggested applying a comply or explain approach to other aspects of UK SRS S2, including anticipated financial effects, scenario analysis and industry-based metrics.
- 2.16** More broadly, several respondents highlighted the importance of maintaining proportionality in the implementation approach for listed companies. They noted the importance of ensuring that costs are manageable and the UK Listing Rules remain internationally competitive.
- 2.17** On Question 4, over two thirds of respondents who directly answered this question supported a comply or explain approach with most of the others who responded wanting to go further towards a mandatory requirement. They noted the challenges companies face in accessing relevant data to report and that methodologies are still being developed.
- 2.18** A significant number of respondents, particularly buy-side and professional services firms, considered comply or explain appropriate at this stage, while viewing mandatory disclosure as a longer-term objective. Some of these respondents requested a timeline for reviewing the approach.

Our response:

We are replacing our TCFD-aligned rules with requirements for issuers to report against UK SRS S2, including Scope 3 emissions, on a comply or explain basis. This approach supports consistent, decision-useful information for investors while recognising proportionality, market readiness and UK competitiveness concerns.

Given the feedback that disclosing fully in line with UK SRS is not yet feasible for certain smaller issuers, it would not be appropriate to introduce a mandatory approach as this may be disproportionately burdensome for small companies.

Our updated approach reflects feedback that a well-reasoned explanation can give investors decision-useful information. Where disclosures cannot be prepared in line with UK SRS, an explanation provides an important and valuable way to help investors understand the issuer's position and any next steps.

We remind issuers of their obligations under DTR 4.1.8R to disclose the principal risks and uncertainties facing the issuer. Where climate risk is

among an issuer's principal risks and uncertainties, issuers should consider how this is appropriately reflected in their reporting when choosing to 'explain' and not disclosing the information in line with UK SRS S2.

We did consider feedback about adopting a size-based approach. However, the listing rules are designed to be simple and consistent for issuers and investors. Size-based thresholds would increase complexity, especially as companies fluctuate in size which could cause them to cross in and out of thresholds. They could make comparisons across issuers more difficult, particularly where similar companies fall in and out of scope. Further, the impact climate risks have on a company depends on the company's business model and industry specific climate vulnerabilities, not its size. For example, energy and transport companies, regardless of their size, are likely to be highly impacted by climate risks. To help issuers apply the comply or explain rules, we are also consulting on TN 803.1 which can be found in PMB 66.

TN 803.1 provides guidance on:

- The level of detail to include when complying or explaining.
- Examples of how issuers could explain.
- Interactions between our comply or explain rules and the UK SRS statement of compliance.

We welcome feedback by 28 October 2026.

We also aim to support preparers and users with implementation of our rules through further engagement (such as webinars) and ongoing reviews. We outline our supervisory approach in more detail later in this PS.

Location of UK SRS S2 climate-related disclosures

2.19 We proposed that the climate-related disclosures and, where relevant, any explanations relating to Scope 3 emissions should be included in companies' annual financial reports, including by cross-reference in line with UK SRS S1 paragraphs B45 to B47. To provide flexibility, we did not specify in which section of the annual financial reports the reporting should be included. Instead, we proposed that listed companies specify where in their annual financial reports disclosures and related explanations are located.

2.20 In CP26/5 we asked:

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?

2.21 We received 94 responses. A significant majority of respondents supported the proposal. They noted that it would facilitate connectivity between sustainability-related information and financial information. Respondents also endorsed cross referencing as a pragmatic way to promote transparency while avoiding duplicative reporting.

- 2.22** A minority of respondents suggested removing the flexibility of cross referencing. They said that requiring disclosures to be made within the annual financial report would improve accessibility and make it easier for investors to make connections between material sustainability and financial information.
- 2.23** One respondent suggested removing the requirement to include disclosures in the annual financial report. They said this would give companies additional flexibility and reduce compliance burdens.
- 2.24** Some respondents asked us to clarify in the rules that cross referencing is permitted in line with UK SRS S1.

Our response:

Given the strong support for our proposed approach, we are maintaining the requirement for climate-related disclosures and/or explanations, including on Scope 3 emissions, to be included in companies' annual reports. Issuers may use cross-referencing, where permitted under UK SRS S1 (paragraphs B45 to B47).

We acknowledge the suggestion to mandate disclosures in the annual financial reports. However, this would deviate from the ISSB baseline and remove the flexibility built into the international standards.

In response to the calls for clarity on cross-referencing, we have explicitly acknowledged in our rules that this is permitted in line with UK SRS S1 Appendix B, paragraphs B45-B47.

One respondent called for removing the requirement to disclose in the annual financial reports. However, we consider that doing so could undermine comparability and reduce investors' and other users' access to material sustainability information.

Reporting of UK SRS S1 disclosures

- 2.25** We proposed applying wider sustainability disclosure requirements under UK SRS S1 on a comply or explain basis. This recognised that these requirements may be newer and more challenging for issuers. Where an issuer chooses to 'explain' instead of 'comply', we proposed that they should provide clear explanations to investors about any sustainability-related risks or opportunities that have not been disclosed.
- 2.26** We also proposed that if a listed company has not identified any such risks or opportunities, it must state this in their annual financial report.

2.27 We asked:

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?

- 2.28** Most respondents (78 out of 113) agreed with our proposed approach. More than a quarter of these caveated their support with a request for us to set out a clear path towards mandatory adoption of UK SRS S1.
- 2.29** Several respondents requested further clarity on what would constitute a meaningful explanation, although some cautioned against an over-prescriptive requirement, which could become onerous and costly.
- 2.30** A small number of respondents did not consider the 2-year transitional relief necessary alongside a comply or explain approach.
- 2.31** Nearly a third of the respondents disagreed with the proposals. Of these, several respondents, primarily investors and other stakeholders, including non-governmental organisations and accountants, supported mandatory application of UK SRS S1 requirements. They considered that mandatory requirements would improve investor decision-making, while a comply or explain approach could lead to under-reporting of financially material information and reduce comparability. They also noted that materiality and proportionality mechanisms are already built into the standards.
- 2.32** A small number of, mainly issuer, respondents, opposed a comply or explain approach. They favoured either a voluntary approach, or extending the transitional reliefs until the UK SRS include additional sustainability topic standards.

Our response:

Given the broad support for our proposals, we have proceeded with applying UK SRS S1 disclosure requirements on a comply or explain basis. While we have had rules on climate reporting aligned with the TCFD framework since 2021, we have not previously required reporting of wider sustainability risks and opportunities against a specific framework. Responses to CP26/5 suggest that some listed companies have developed processes and gained experience in reporting this information, but others haven't. Our approach recognises these challenges and gives listed companies time to adjust.

We remind issuers of their obligations under DTR 4.1.8R to disclose the principal risks and uncertainties facing the issuer. Where sustainability risks are among an issuer's principal risks and uncertainties, issuers should consider how those are appropriately reflected in their reporting when choosing to 'explain' and not disclosing the information in line with UK SRS S1.

Our proposed TN provides further guidance and examples on how to apply our comply or explain UK SRS rules, including UK SRS S1.

We also set out our approach to transitional reliefs in pages 28-30.

Location of UK SRS S1 disclosures

2.33 We proposed that disclosures and/or any explanations under UK SRS S1 should be included in companies' annual financial reports, without specifying in which section they should appear, consistent with UK SRS S1 paragraph 60. We also proposed that in the circumstances set out in UK SRS S1 paragraphs B45 to B47, information may be included by cross reference.

2.34 In CP26/5 we asked:

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?

2.35 Most respondents supported the proposal. A minority of respondents proposed removing the flexibility to cross reference, for the same reasons noted in paragraph 2.22. A minority of respondents did not support our proposal. One considered that the benefits of UK SRS S1 have not yet been evidenced and that requiring disclosures in the annual report would impose disproportionate burdens on issuers. Two proposed removing the disclosure requirement in the annual report for the same reasons specified in paragraph 2.23.

Our response:

We are proceeding with our proposal. It provides listed companies with flexibility while ensuring investors can easily find reporting locations in the annual report.

Transition plan disclosures

2.36 UK SRS S2 does not require entities to have a climate-related transition plan. However, if a company has one, it must disclose certain information about it. Last year the Department for Energy Security and Net Zero (DESNZ) also sought views on a range of potential implementation options to take forward the Government's manifesto commitment on transition plans.

2.37 To prevent overlap with DESNZ's ongoing work, we proposed updating our current Handbook Guidance, which requires listed companies to take Section C of the TCFD Annex 'Guidance for All Sectors' into account. We proposed replacing this with a requirement for issuers to disclose in their annual report whether they have a climate-related transition plan, and if so, where it can be found. If an issuer does not have a

climate-related transition plan, we proposed that it explains why not. We proposed applying these requirements to companies with a listing in the commercial companies, non-equity shares and non-voting equity shares, or transition categories.

2.38 In CP26/5 we asked:

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?

2.39 Respondents strongly supported the proposals, with over 80% of those who answered this questions agreeing with Question 8, and 77 out of 82 agreeing with Question 9.

2.40 Most respondents to Question 8 considered the proposal to be a proportionate and decision-useful transparency measure. Some noted that a clear statement regarding non-disclosure could support investor stewardship and comparability between issuers, without mandating the preparation of transition plans.

2.41 Certain respondents requested clarity on what would constitute a high-quality explanation where an issuer has not published a transition plan. A minority of respondents also asked whether transition plans published outside the annual financial report would meet the proposed requirement, and whether disclosures should be standalone or integrated within other reporting.

2.42 Some respondents asked us to go further with our requirements, including by mandating transition plans or signalling a pathway to mandatory disclosure. Similarly, some considered that a requirement limited to disclosing whether and where a transition plan exists risks being insufficiently decision useful, particularly if explanations are weak or generic.

2.43 Several preparer and professional body respondents expressed concerns about potential duplication with UK SRS S2. Some also cautioned against pre-empting the outcome of the Government's transition plan consultation. They emphasised the importance of avoiding regulatory misalignment or a de facto mandate emerging ahead of government policy decisions.

2.44 Respondents strongly supported the proposal to refer to the IFRS Educational Material on Transition Plans in Guidance. Many agreed that this could promote international comparability, and stakeholders welcomed material that builds on the Transition Plan Taskforce (TPT) Disclosure Framework. Many respondents noted that the material should be framed clearly as optional. Otherwise, assurance providers, in particular, may expect issuers to adopt the material in full.

Our response:

We welcome the strong support for our proposals across both questions, and the broad agreement that a transparency-based approach is appropriate. We have decided to proceed with the requirements and guidance as consulted on.

We are not requiring listed companies to produce transition plans. Nor are we introducing requirements for the location of transition plans. Issuers may choose to publish a standalone transition plan or incorporate their transition plan within other reporting. On the concerns about duplication with UK SRS S2, we consider the proposals to be complementary rather than duplicative. Our proposals focus on transparency around the existence and location of transition plans, whereas UK SRS S2 sets out disclosure requirements where a transition plan exists.

We have finalised the scope of these requirements as consulted on, with the secondary listing and depositary receipts categories remaining out of scope. We did not receive substantive feedback suggesting a change to this approach. We also recognise that requirements regarding transition plans can be influenced by jurisdiction-specific factors. This includes national net zero targets and wider decarbonisation objectives.

We note respondents' emphasis on the quality of explanations where a transition plan has not been published. However, given the varying maturity of transition planning across issuers and its different relevance across sectors, we are not placing requirements around the content of explanations. This is different to our comply or explain regime for UK SRS disclosures, where explanations must include certain information.

On Question 9, we agree that use of the IFRS Educational Material should remain optional. We recognise the importance of issuers retaining flexibility to use other materials, such as the TPT Disclosure Framework.

As suggested by several respondents, we will continue to engage with the Government on this topic. We will also keep our requirements under review within the broader context, seeking to avoid duplication where possible.

Assurance

2.45 In CP26/5 we proposed requiring 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. Where listed companies have sought 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).

2.46 In CP26/5 we asked:

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?

- 2.47** Over 90% of the respondents to this question supported the proposal. Many agreed that transparency on whether assurance has been obtained, and details such as the provider, scope, level and standards would enhance the comparability of sustainability assurance. Several noted that this transparency would support investor stewardship, while avoiding the costs and potential unintended consequences of mandating assurance prematurely.
- 2.48** Buy-side respondents commonly viewed the proposed approach as proportionate. They recognised that the sustainability assurance market is still developing, although several supported a longer-term move towards mandatory disclosure.
- 2.49** Respondents also suggested further assurance related disclosures, including:
- An explanation where assurance has not been obtained.
 - Disclosure of the assurance conclusion, particularly for private assurance reports.
 - Greater transparency over specific standards applied, such as whether the assurance provider used International Standard on Sustainability Assurance (ISSA) (UK) 5000.
- 2.50** Some stakeholders highlighted the cost and resource implications of assurance. They cautioned against creating implicit requirements to obtain assurance before the market is sufficiently mature.
- 2.51** A small number of respondents disagreed with the proposal. They argued either that the disclosure requirements would not add value as one would expect companies to disclose assurance information where it is useful, or that the FCA should go further and mandate assurance.

Our response:

We are proceeding with our proposal as consulted on. Consistent with most of the feedback, we consider that disclosure of whether assurance has been obtained, and the provider, scope, level and standards applied, will provide decision-useful information to investors. It will also support assessments of the reliability and comparability of sustainability assurance.

We acknowledge stakeholders' interest in recognised standards such as ISSA (UK) 5000. However, to maintain flexibility for issuers, we will retain the proposal to simply disclose the sustainability assurance standards used.

On private assurance reports, we will not require the publication of the assurance opinion. We consider that where assurance reports are private, investors can engage directly with the issuers on further details about the assurance.

We are not requiring explanations in the absence of assurance being sought. This is to ensure a proportionate approach at this stage given the nascency of the market.

Longer-term approach to sustainability assurance

2.52 In CP26/5, we sought views on the potential benefits, costs, and design of any future mandatory assurance requirements for sustainability-related information. This was intended to inform our longer-term approach. It recognised both the increasing demand for assurance and the development of the Government's registration regime for sustainability assurance providers.

2.53 In CP26/5 we asked:

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.

2.54 Across responses to Questions 11 and 12, respondents broadly supported a longer-term move towards greater use of assurance, while urging caution on the timing and implementation of any mandatory regime.

2.55 Many buy-side respondents supported a future move to mandatory assurance. Issuer views were more mixed. Some supported mandatory assurance in the future, and others opposed it, including in the longer term. Respondents consistently emphasised that any move towards mandatory assurance should depend on market readiness, including the maturity of UK SRS reporting and assurance market capacity.

2.56 Respondents suggested that UK SRS reporting should be embedded over multiple reporting cycles before mandatory assurance requirements are considered. Suggested review timelines ranged from 2 to 5 years.

2.57 Several respondents supported a sequenced approach, initially focused on quantitative disclosures, such as Scope 1 and Scope 2 emissions, with potential extension over time to selected governance disclosures and targets.

- 2.58** Some respondents suggested areas of reporting which should be deprioritised from any sustainability assurance requirements. This included Scope 3 emissions, narrative and forward-looking disclosures, and sustainability disclosures under UK SRS S1.
- 2.59** Most respondents considered that if mandatory assurance were introduced in future, limited assurance would be more feasible than reasonable assurance. This was primarily due to market maturity and cost considerations.
- 2.60** Respondents emphasised that any future regime should take into account company size, sector-specific characteristics, and data maturity. Some suggested adopting elements of flexibility, such as comply or explain approaches or variable frequency of assurance.

Our response:

We will keep the case for mandating sustainability assurance under review, including through post-implementation monitoring of UK SRS. We acknowledge the strong support for focussing on quantitative and well-established metrics, and concerns about cost and resource implications. When considering any future proposals regarding mandatory assurance, we will consider respondents' views as well as the appropriate timing, scope and level of assurance. We will also take into account market readiness and international developments, as well as domestic developments such as the Financial Reporting Council (FRC)'s voluntary sustainability assurance register.

Secondary listing and depositary receipts

- 2.61** The equity shares (international commercial companies secondary listing) and certificates representing certain securities categories are for non-UK companies with a primary overseas listing that use the UK market only for a secondary listing. They take a disclosure-based approach, avoiding duplicative governance and transaction requirements by allowing companies to follow their primary home market rules.
- 2.62** In CP26/5, we proposed that these companies include a statement in their annual financial reports setting out:
- Any climate or sustainability disclosure requirements, including transition plan requirements, that apply in the issuer's primary overseas listing location or place of incorporation, with signposting to the relevant disclosures. This includes requirements that would apply but for any relief or exemption, which must be explained.
 - Any climate or sustainability standards or requirements, including transition plan requirements, voluntarily adopted for any admitted equity shares, with signposting to the relevant disclosures.

2.63 We asked:

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?

2.64 We received 66 responses to Question 15. Aside from one individual respondent who opposed any requirements for international companies, two thirds of respondents supported our proposed rules with one third calling for further requirements.

2.65 Respondents who supported the proposals said the approach was pragmatic and proportionate, would reduce complexity and avoid duplicative reporting. They also noted that it would provide useful transparency and information for investors.

2.66 Several respondents were concerned that, where home jurisdictions have no sustainability reporting requirements, the proposed approach would allow issuers to make no sustainability disclosures. They said the lack of minimum reporting requirements could create an uneven playing field between UK and international companies and reduce data availability and comparability for investors compared with current TCFD requirements.

2.67 A few respondents seeking further requirements said the proposal effectively subjects UK companies to higher disclosure requirements than international companies. They warned this could create unintended incentives for UK companies to move their listings overseas, downgrade their UK listing to a secondary listing, or use depositary receipts to avoid sustainability disclosure obligations.

Our response:

We recognise feedback that the rules should go further to address potential divergence between UK and international companies. We are therefore requiring international companies to report against UK SRS on a 'comply or explain' basis, which aligns with the current approach to TCFD.

Where sustainability reporting in a company's home jurisdiction aligns with the outcomes of UK SRS, it may already broadly comply. Companies may therefore rely on home-jurisdiction reporting to reduce duplication. However, where UK SRS requirements are not met in full, companies must provide an explanation. Further detail is in the proposed TN 803.1.

Assurance

2.68 We wanted to ensure consistency with the approach set out regarding assurance. So, we proposed 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.

2.69 In CP26/5 we asked:

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?

2.70 Responses were mainly supportive. Many respondents explicitly supported extending the same transparency approach to the secondary listing and depositary receipts categories as applies to other listing categories in scope of this consultation.

2.71 Respondents generally saw the proposal as pragmatic and proportionate, providing useful information for investors without requiring mandatory assurance. Some highlighted the importance of compatibility with international requirements, particularly for issuers operating across multiple jurisdictions. A small number argued we should go further, including by moving towards mandatory assurance.

2.72 Several respondents also reiterated points made in response to Question 10, including their reasons for supporting the proposal.

Our response:

We are proceeding with the proposal as consulted on, as it supports transparency and consistency across companies.

We acknowledge feedback on compatibility with other jurisdictions. We consider that this transparency-based approach can work alongside international regimes, including where assurance is mandatory.

We also note calls from a minority of respondents to move more quickly towards mandatory assurance. As in our responses to Questions 11 and 12, we do not consider it the appropriate time to introduce mandatory assurance but will keep this under review.

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

2.73 To avoid duplicative reporting, we proposed consequential changes to the ESG Sourcebook. These would enable asset managers, life insurers and FCA-regulated pension providers to cross-refer to UK SRS S2 disclosures in their TCFD entity report. We noted we are also carrying out work to consider the longer-term sustainability disclosure framework for these firms.

2.74 We asked:

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?

2.75 Most respondents supported the proposal, considering it proportionate and practical and likely to minimise reporting costs and burden. Some respondents asked for more clarity on the interaction between UK SRS and the rules in the ESG Sourcebook. Others suggested measures to support effective cross-referencing, including precise signposting, accessible disclosures, and confirmation that UK SRS disclosures meet the TCFD entity-level requirements.

2.76 Respondents also welcomed our longer-term work to streamline the sustainability reporting framework for these firms. They encouraged us to move quickly and clearly communicate our progress. Some specifically called for us to consider UK SRS as part of this work, to support consistent application across the economy.

Our response:

Given the strong support, we are finalising the consequential amendment to ESG 2.2.6R as proposed. Firms subject to TCFD requirements under ESG 2.1.1R will be able to cross refer to their UK SRS disclosures in their TCFD entity report. This will allow them to avoid duplicative reporting when meeting their TCFD requirements.

There is no requirement for firms in scope of the ESG Sourcebook to apply UK SRS. However, they may choose to cross-refer to their UK SRS disclosures made under UKLR, where they are in scope of both regimes. We have not set out any further expectations on effective signposting beyond the rules and guidance in ESG 2.1. 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 line with the new UK SRS rules.

We continue to consider how to streamline and enhance our sustainability reporting framework for asset managers, life insurers and FCA-regulated pension providers. We will update on any future plans in due course.

Longer-term topics and supervisory approach

Digital reporting

2.77 In CP26/5, we asked discussion questions to inform the implementation and future development of our rules in the longer term. On digital reporting, we sought to understand whether there is both investor demand and market readiness for digital reporting to inform any future proposals in this area.

2.78 We asked:

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?

2.79 Respondents noted that the costs of implementing digital reporting would mainly relate to upfront implementation and capability building. This would include system and software upgrades, controls and governance, staff training and external advisory fees.

2.80 Respondents considered these costs would fall more heavily on smaller or less digitally mature issuers.

2.81 Respondents also highlighted several benefits of digital reporting. Digital tagging could improve accessibility and comparability of sustainability data, while machine-readable reporting could allow users and AI tools to extract, compare and integrate data more efficiently. Respondents considered quantitative and standardised metrics most suitable for tagging, including Scope 1, 2 and 3 emissions. Overall, respondents were broadly supportive of digital reporting. However, they cautioned that implementation should follow once taxonomy, disclosure practice, systems and issuer capability are more mature. Although views on market readiness varied, many supported a phased approach with larger issuers first, and a longer lead time for smaller issuers.

Our response:

Based on feedback, and consistent with our consultation position, we are not proposing requirements for issuers to digitally tag their sustainability disclosures. However, we continue to engage with the Government on the regulatory framework for digital reporting in the UK.

Supervisory approach

2.82 We will be responsible for monitoring and enforcing compliance with our rules for UK SRS and transition plan disclosures by listed companies, along with the FRC. We asked:

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

2.83 Respondents consistently emphasised that effective supervision will be critical to the success of the regime, with many supporting a proportionate and risk-based approach, particularly in the early years of implementation. Several respondents highlighted that UK SRS represents a significant expansion from TCFD-aligned reporting. This means that issuers will require time to build capability, systems, controls and data quality. As such, respondents emphasised the importance of a supportive supervisory approach, focused on guidance and continuous improvement.

2.84 We were asked to provide clear supervisory expectations, including what constitutes a useful explanation under the comply or explain provisions. Respondents highlighted the value of thematic reviews and examples, pointing to previous thematic reviews on TCFD. Respondents also highlighted the risk of comply or explain being perceived as mandatory compliance. Several respondents recommended building in formal review points (eg after 2-5 years) to assess the effectiveness of the regime. This could include evaluating the operation of 'comply or explain', disclosure quality and market readiness for further requirements, such as on assurance.

Our response:

We welcome the detailed feedback on our future supervisory strategy.

The proposed TN 803.1, setting out guidance on comply or explain in the context of the new rules can be found [here](#). We welcome feedback on this by 28 October 2026 and aim to finalise it before the rules come into force.

We are also publishing alongside this PS in Primary Market Bulletin 66, some practical considerations to support companies as they get ready to implement the new rules.

In addition, we intend to organise activities to help companies and investors to understand the UK SRS and what is required under our rules. More details will be available on our website.

In [PMB 36](#), we set out our approach to supervising TCFD aligned climate-related disclosure requirements. We intend to provide updated information regarding our supervisory approach to UK SRS in the second half of 2027, in time for the first reporting season under the new rules.

We will keep our requirements under review to consider how the rules are working, the benefit of proposing any further requirements and to provide aggregated feedback to the market to support further progress. We will continue to work closely with the FRC, as well as the Government and other regulators where appropriate, to ensure a coherent supervisory framework.

Implementation and transitional arrangements

2.85 Our proposed implementation approach aimed to give issuers sufficient time to prepare and implement our rules. We proposed that the rules would be effective for accounting periods starting on or after 1 January 2027 and transitional reliefs would apply for Scope 3, UK SRS S1 (non-climate) disclosures, comparative information and measuring GHG emissions. We also proposed that companies could either continue to report against TCFD or voluntarily comply with UK SRS before accounting periods beginning on or after 1 January 2027.

2.86 We asked the following questions:

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?

2.87 The majority of respondents broadly supported our proposed approach. These respondents agreed that it would provide issuers with sufficient time and flexibility to meet the requirements. They particularly welcomed the transitional reliefs, which they agreed reflect the challenges in those areas and would give issuers time to improve their reporting gradually. They also welcomed the 1 January 2027 effective date, as well as the option to be an 'early adopter'.

2.88 However, some respondents did not agree that the implementation approach would give issuers sufficient time to prepare. Issuers, in particular, stated that this would depend on when our final rules are published. Some encouraged us to review our approach following developments in other jurisdictions, mainly the EU's European Sustainability Reporting Standards (ESRS), and to ensure reliefs are aligned. Another alternative suggestion included to extend the reliefs for UK SRS S1 until non-climate topic standards are incorporated into UK SRS.

2.89 A small proportion considered the implementation timelines to be too long. They acknowledged the need for transitional arrangements but encouraged us to move quicker given market familiarity with climate reporting and the pace of ISSB adoption elsewhere. Some asked us to apply the ISSB's 1-year relief for S1 rather than the proposed 2-year relief, and to rely on the proportionality mechanisms in the standards.

2.90 Some respondents asked us to clarify how the reliefs work in practice. This included how they work with 'comply or explain' requirements, how they work where one standard (UK SRS S2) applies before the other (UK SRS S1), and how they interact with the final UK SRS.

- 2.91** Most of the comments on early adoption called for early adopters to be allowed to use transitional reliefs. Respondents felt that the proposals would penalise these issuers and disincentivise early adoption. Only a few issuers said they would adopt early, and a small number said they might adopt, or partially adopt early. Some requested further clarity on how this would interact with the UK SRS statement of compliance.

Our response:

We are finalising our implementation approach broadly as proposed. The rules will apply from accounting periods beginning on or after 1 January 2027. This is the effective date of the rules.

The timebound reliefs for Scope 3 and S1 are no longer set out in the final UK SRS standards. The standards instead state that where entities are required to apply the standards under UK laws or regulations, the application of the standards, including reliefs, will be determined by the FCA rules or government regulations. As set out in a letter to us, the Government's approach reflects stakeholders' requests for clarity about how the reliefs embedded in the draft UK SRS would interact with FCA rules.

We are retaining our proposed 1-year Scope 3 relief and 2-year S1 relief to give issuers more time to prepare for the newer or more challenging disclosures before the 'comply or explain' rules apply. Issuers must disclose the reliefs and transitional provisions they are using but are not required to explain why.

The final UK SRS have retained the relief on comparative information and the relief allowing companies to use an alternative method for measuring greenhouse gas emissions for 1-year. These also apply when issuers prepare disclosures under our rules.

The transitional reliefs apply from the date of initial application. This is the beginning of a listed issuers' annual reporting period, which begins on or after 1 January 2027 but before 1 January 2028.

For early adopters voluntarily making UK SRS disclosures before accounting periods beginning on or after 1 January 2027, we have removed the rule that prevents them from using the transitional reliefs. This, in effect, enables early adopters to use the reliefs available for accounting periods beginning on or after 1 January 2027 for an additional year.

We have clarified how our rules interact with the UK SRS statement of compliance statement in the TN that we are consulting on.

Chapter 3

Our new rules

- 3.1** In this section we set out in brief our new rules on listed issuers' sustainability disclosures.
- 3.2** These rules are included as an Appendix to this PS.

Our approach to setting these rules

- 3.3** We have taken an outcomes and evidence-based approach, consistent with our operational objective to protect and enhance the integrity of the UK financial system and our secondary objective of international competitiveness and growth. We recognise that there are a range of stakeholder views about how we should proceed on these disclosures. In this respect, we note feedback about the potential costs for issuers, particularly smaller issuers, of making these disclosures if they are set on a mandatory basis.
- 3.4** We note also concerns about costs of mandatory requirements on overseas issuers from jurisdictions which are not signed up to the ISSB standards. Respondents highlighted the potential impacts on the competitiveness of the UK as a listing venue.
- 3.5** We have revisited the initial cost benefit analysis to reflect the move from mandatory application of UK SRS S2, to comply or explain.

The scope of companies covered by our new rules

- 3.6** Our new rules in this area apply to issuers listed in the following categories:
- Equity Shares (Commercial companies) (UKLR 6)
 - Equity Shares (International Commercial Companies Secondary listing) (UKLR 14)
 - Certificates representing certain securities (depositary receipts) (UKLR 15)
 - Non-equity shares and non-voting equity shares (UKLR 16)
 - Equity Shares (Transition) (UKLR 22)
- 3.7** These rules do not apply to companies in the following listing categories:
- Closed-ended investment funds (UKLR 11) and open-ended investment companies (UKLR 12) because we believe 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 (UKLR 13) because their purpose is to undertake an acquisition or merger, do not have substantial operations and UK SRS disclosures would not meaningfully improve the information available to investors (see CP21/18, page 17).

- Debt and debt-like securities (UKLR 17), securitised derivatives (UKLR 18), warrants, options and other miscellaneous securities (UKLR 19) because we do not consider it to be proportionate or effective to extend requirements to these issuers.

3.8 We have not changed our approach to evaluation of the policy from that set out in CP 26/5.

The structure and location of our new rules

- 3.9** Our new rules are set out in the amended UKLR 6.6, 11.4, 14.3, 15.3, 16.3 and 22.2, and in the ESG Sourcebook 2.2.6R.
- 3.10** Transitional provisions are set out in UKLR TP 16 and TP1 for ESG.
- 3.11** Companies in scope of the rules should refer to the instrument set out in Appendix for full details on the new requirements.

Implementation timetable

- 3.12** The rules will apply to accounting periods beginning on or after 1 January 2027 (with first reporting in 2028). This is the effective date for application for the purposes of the UK SRS effective date and transitional provisions.
- 3.13** To support implementation, we are providing a 1-year transitional relief for Scope 3 disclosures and a 2-year transitional relief for UK SRS S1 disclosures. This allows for a phased introduction of the standards and may help to reduce implementation costs for companies.

Transitional reliefs

- 3.14** Listed companies are able to use transitional reliefs, which permit:
- non-disclosure under UK SRS S1 for non-climate matters for a period of 2-years from initial application (i.e. 'climate-first' reporting); and
 - non-disclosure under UK SRS S2 regarding Scope 3 emissions for a period of 1-year from initial application.
- 3.15** The content of the reliefs is set out in UK SRS S1 and S2 respectively, and our provisions in TP 16 specify the accounting periods for which they can be applied.
- 3.16** The reliefs set out in UK SRS 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 provide relief in relation to the disclosure of comparative information. We have clarified how these should be applied within guidance provisions.
- 3.17** Our transitional provisions are summarised as follows.

- 3.18** For the purposes of applying the transitional reliefs, the date of initial application is the beginning of a listed company's annual reporting period, which begins on or after 1 January 2027 but before 1 January 2028 (unless an 'early adopter').
- 3.19** Listed companies with an accounting period beginning before 1 January 2027, can either:
- Continue to use the rules and guidance in place immediately before 1 January 2027 (i.e., the TCFD-aligned rules and guidance).
 - Voluntarily comply with the UK SRS requirements (i.e. be an early adopter). These companies can use the same transitional reliefs as would be applied for accounting periods beginning on or after 1 January 2027. Those reliefs would be available to the early adopters again for accounting periods beginning on or after 1 January 2027. Early adopters would then be able to apply the relevant reliefs for accounting periods beginning on or after 1 January 2028, as set out below.
- 3.20** Listed companies with an accounting period beginning on or after 1 January 2027 but before 1 January 2028:
- Must meet the comply or explain UK SRS S1 and S2 requirements, unless they make use of the Scope 3 and/or 'climate-first' S1 transitional reliefs summarised above. They must also meet the requirements relating to location of disclosures, transition plans and assurance (as applicable).
 - A listed company using either of the UK SRS reliefs summarised above is required to state the use of the relief and transitional provision in its annual financial report. This will ensure the use of these reliefs is transparent. No further explanation on the matters provided for in the reliefs is required during the relief period, as use of the transitional reliefs does not engage our 'explain' rules.
- 3.21** The UK SRS S2 GHG protocol relief is also available to companies applying this transitional provision (including early adopters). If this relief is used, the information produced can be used as comparative information in the accounting period which immediately follows.
- 3.22** Listed companies that are currently disclosing Scope 3 emissions (partially or in full) in accordance with the TCFD-aligned rules, may wish to continue to do so when the UK SRS S2 Scope 3 relief is available. Our rules do not prevent this.
- 3.23** Listed companies with an accounting period beginning on or after 1 January 2028 but before 1 January 2029:
- Must meet the comply or explain UK SRS S1 and S2 requirements, unless they make use of the 'climate-first' S1 transitional relief summarised above. They must also meet the requirements relating to location of disclosures, transition plans and assurance (as applicable).
 - A listed company using the 'climate-first' S1 relief is required to state the use of the relief and transitional provision in its annual financial report. No further explanation on the matters provided for in the reliefs is required during this relief period.
 - The 1-year Scope 3 relief will have expired, and companies must therefore address the comply or explain requirements.

- 3.24** Listed companies with an accounting period beginning on or after 1 January 2029, are required to comply with the UK SRS comply or explain requirements, as the Scope 3 and UK SRS S1 'climate-first' reliefs will have expired at this point.
- 3.25** In line 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 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.

Chapter 4

Cost benefit analysis

Introduction

- 4.1** In CP26/5, we provided a CBA for our proposals on aligning listed issuers' sustainability disclosures with international standards. This chapter sets out the consultation feedback on the CBA and our response.
- 4.2** It also includes updates to the CBA, which primarily reflect changes to the final rules. The rules have been adjusted following broader feedback on CP26/5, including non-CBA questions. Respondents noted that retaining mandatory requirements for UK SRS S2 could impose disproportionate costs on smaller companies and overseas-based firms as well as adversely impact the attractiveness of the UK listings market.
- 4.3** As relates to our changes to the CBA, we note the following:
- Under the final rules, the comply or explain approach applies to all of UK SRS. However, issuers that explain against some elements of UK SRS rather than comply fully may provide less complete, consistent, and comparable disclosures. We have therefore estimated how this flexibility may affect the expected benefits of our policy. We have also considered broader impacts of the approach, such as effects on the listings market, but have not quantified them.
 - We have estimated the impacts of extending our rules to international listed issuers.
 - We have estimated the costs of making 'explain' disclosures separately from other cost items to enable a clearer assessment of their significance.
- 4.4** For our final rules, we estimate a positive net present value of £174.10m. This is approximately £60m lower than the net present value of the proposals in CP26/5. However, we do not quantify the positive effects of lighter reporting burden on the competitiveness of smaller issuers and the attractiveness of the UK listing market.
- 4.5** Compared to our proposals, the final rules are expected to generate £100.04m in cost savings, with the equivalent annual net direct cost to business falling from £33.18m to £27.12m. Extending the rules to international listed issuers is estimated to generate £24.45m in additional compliance costs and £30.54m in benefits to UK equity market investors.

Our CBA in CP26/5

- 4.6** In CP 26/5, we set out the costs and benefits from our proposals, which we expected to improve the quantity, quality, and comparability of listed issuers' sustainability disclosures.
- 4.7** We estimated that these proposals would generate £519.20m in benefits to UK-based investors holding equity shares of in-scope issuers, including through higher risk-adjusted returns. We also estimated £285.59m in costs, largely accruing to issuers updating their disclosures, with the resultant net benefits being £233.61m.
- 4.8** However, we note that the estimation was limited to a subset of benefits. Other benefits, such as positive impacts on debt investors, could significantly increase net benefits to around £1.50bn.

Feedback on the CBA and our response

- 4.9** In CP 26/5, we asked the following questions about our CBA:

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.

- 4.10** Thirty-eight respondents provided comments in response to at least one question. Below, we summarise the main feedback received and set out our response.

Key assumptions

Stakeholder feedback

- 4.11** We received comments on key CBA assumptions and parameters, including:
- The share of in-scope listed issuers mostly 'explaining' against UK SRS S1 and Scope 3 emissions.
 - The alignment with UK SRS in the absence of our rules.
 - The value investors place on sustainability disclosures.
 - Average per-issuer costs, which are based on a small sample of financial sector listed issuers.
 - The costs of producing disclosures on Scope 3 emissions.
 - The scalar used for deriving the costs incurred by small and medium-sized enterprises (SMEs).

- 4.12** Multiple respondents noted our approach was evidence-based, reasonable, and proportionate. However, there was a range of views about whether the estimated parameters could be higher or lower.
- 4.13** Further, it was suggested by some respondents that the parameters would differ with issuer characteristics, such as sector and size, and could also change over time, eg due to changes in preparedness.

Our response

Our analysis was informed by readily available data, which had various limitations. These included incomplete market coverage, absence of sector-specific values, and reliance on proxies. We understand that our parameter estimates therefore involve a level of uncertainty and do not completely reflect the differences driven by issuer characteristics or potential changes over time.

However, obtaining more granular and complete data would involve burdensome data collection for companies. Moreover, parameter values depend on behavioural responses that are difficult to predict and may change over time. So new data collection may not have necessarily improved the accuracy of our estimation.

Given the above, we consider our approach proportionate. In the CP CBA, we also acknowledge the limitations of our methodology and conduct sensitivity and scenario analysis on key assumptions. The analysis shows the proposals are net beneficial even if assumptions are changed substantially.

Uncertainty and limitations in estimating benefits

Stakeholder feedback

- 4.14** Many of the respondents who commented agreed with the benefits identified in the CP CBA, noting them as consistent with their experience, expectations, or research. Some said the realised value of benefits is uncertain, including because the benefits depend on volatile factors, such as financial performance of sustainability assets. However, the comments received showed a broad consensus that benefits will likely outweigh the costs.
- 4.15** Regarding quantified benefits, respondents noted reliance on the Impact Coefficient (the Coefficient), which was taken from a single study - [Eftec \(2024\)](#). Some expressed specific concerns, including:
- Small estimation sample limits the Coefficient's reliability.
 - The Coefficient is not a valid proxy for the proposals' benefits.
 - The Coefficient does not directly capture the benefits of our specific proposals and conflates other effects, such as the impact of assurance.

- 4.16** Respondents asked for greater transparency on how we validated the Coefficient and mitigated the identified shortcomings. They also supported for greater emphasis on ranges and scenarios.

Our response

While we recognise the Coefficient is subject to uncertainty and limitations, we think it is appropriate to use the parameter to quantify the benefits of this policy. The decision to use the Coefficient is supported by the below factors.

First, the Eftec (2024) study undertook multiple steps supporting the Coefficient's robustness. The estimation was based on a representative sample of 400 UK investors, and the study's earlier phases conducted a thorough methodological validation. Further, Prof. G. Grilli's peer review assessed both the estimation approach and the sample.

Second, in the CP CBA, we validate the proposals' beneficial impacts via an evidence-based causal chain in 'Problem and rationale for intervention' and 'Benefits'. In 'Expected value of benefits', we acknowledge the conflation effects and explain our mitigating adjustments. We also compare the Coefficient to available benchmarks in 'Annex to the CBA', acknowledging the Coefficient is notably higher. Lastly, in 'Risks and uncertainties', we demonstrate our proposals remain net beneficial under substantially lower values of the Coefficient.

The impact of the 'comply or explain' approach on benefits

Stakeholder feedback

- 4.17** Some respondents noted that the use of the 'explain' option will limit disclosure comparability. This would reduce investor benefits and increase the costs issuers incur when they determine which disclosures to make. One respondent stated our CBA did not fully capture these effects. Another said the negative effects associated with the 'comply or explain' approach outweigh the benefits from its flexibility.
- 4.18** One respondent noted that our estimation assumes a linear relationship between the disclosure production costs and investor value, but often the greatest value comes from core climate disclosures, such as Scope 1 and 2 emissions, which means our approach may be understating benefits.

Our response

We acknowledge that the use of the 'explain' option could limit the comparability of disclosures in the short term. However, we explain in the 'Benefits' section of the CP CBA that issuers are likely to use this option for lower-quality disclosures with relatively limited informational value for

investors. Moreover, providing an explanation will help investors understand the issuer's position and the steps they are taking to improve disclosures.

We also recognise that our chosen 'comply or explain' approach will cause issuers to incur costs in assessing which UK SRS requirements to comply with and where to use the 'explain' option. These expenses are reflected in our familiarisation and gap analysis cost estimates. To assist issuers in containing these costs, we are consulting on TN 803.1, which sets out our expectations for the level of detail we expect from issuers when preparing disclosures, including when choosing to explain.

For these reasons, we believe that allowing issuers to use the 'explain' option for all components of UK SRS will likely have only a limited effect on the rules' benefits. We also consider our framework appropriately balances benefits with issuer readiness to provide high-quality disclosures at a reasonable cost.

Further, we recognise that benefits are likely concentrated in core climate disclosures, and assuming a linear relationship between disclosure production costs and investor value may understate the positive effects of our rules. However, this contributes to keeping our estimation of benefits conservative.

Unquantified benefits and wider economic impacts

Stakeholder feedback

4.19 Multiple respondents noted that we omit from our headline estimation substantial groups of benefits, such as debt market effects.

4.20 Some respondents suggested refinements, including:

- Improving the quantification of debt investor benefits.
- Expanding our assessment of benefits linked to reduced climate risks and biodiversity loss.
- Refining the analysis of impacts on issuers and listings activity.
- Considering in greater detail the impact of differing approaches in other jurisdictions to implementing the ISSB standards.

Our response

We recognise there are additional, unquantified impacts. As it is not reasonably practicable to estimate them, we set these out in the causal chain in 'Wider economic impacts' of the CP CBA and produce illustrative estimates for some of these effects in 'Risks and uncertainties'. We also acknowledge the effects caused by major jurisdictions taking different approaches in 'Wider economic impacts'.

Cost estimates

Stakeholder feedback

- 4.21** Multiple respondents said the cost estimates are broadly in line with their expectations and are reasonable, while other respondents indicated that costs appear underestimated.
- 4.22** Some respondents noted we need to better reflect specific cost categories, including:
- One-off and ongoing costs of explaining against UK SRS.
 - One-off and ongoing costs incurred by multijurisdictional firms having to integrate reporting across disparate reporting standards.
 - Ongoing costs of continuing to produce disclosures, such the costs of data licenses, modelling upgrades, and producing structured digital reports.
 - Ongoing assurance costs, which can be substantial, and which firms may be incentivised to incur despite assurance being voluntary.

Our response

We recognise that providing a well-supported explanation for not disclosing information will impose additional costs on issuers. In the CP CBA, we accounted for familiarisation and gap analysis costs but did not model the costs of making 'explain' disclosures explicitly.

In the updated CBA, we estimate these costs separately to enable a clearer assessment of their significance. We also note that the level of detail can be short and proportionate, as explained in TN 803.1 we are consulting on.

We received information on the remaining cost categories listed above from firms and accounted for them in our estimation prepared for CP26/5. For instance, our sample included firms subject to reporting requirements in other jurisdictions, which means cost impacts on such issuers are considered. We also account for voluntary assurance costs, as these may represent a necessary cost for some issuers. Lastly, we note that greater reporting flexibility under the final rules will help issuers limit these costs.

Impact of compliance costs on smaller issuers

Stakeholder feedback

- 4.23** Respondents said our reliance on the aggregate balance between costs and benefits may overlook the burden on smaller issuers. These issuers generally have less developed sustainability reporting capabilities. As a result, they are likely to face a higher marginal uplift from the current requirements, and their profitability may be disproportionately impacted.

4.24 Respondents suggested that we:

- Assess the impact on SMEs more clearly, including by relying more on direct engagement rather than aggregate cost estimates.
- Enhance our impact assessment by considering the proportion of costs relative to revenues or market capitalisation.

Our response

We acknowledge that SME issuers are likely to face greater incremental costs and disproportionately greater impact. After the consultation closed, we held further industry discussions and are now implementing a 'comply or explain' approach for the entire UK SRS.

Options analysis

Stakeholder feedback

4.25 Respondents said that we should consider additional policy options, including:

- Making UK SRS voluntary and recognising other jurisdictions' reporting as valid for the UK market.
- Using threshold-based calibration for the rules.
- A phased approach, such as larger issuers being subject to the rules first.

Our response

During the consultation, we considered a variety of alternative policy options. Our consideration was informed by industry feedback, market knowledge and regulatory judgement. Based on this, we consider we assessed the most appropriate policy options for the UK market. Feedback on the proposed policy options is further discussed in Chapter 2.

Our updated cost benefit analysis

Summary and net impacts

4.26 We have updated our CBA estimates to reflect these changes to final rules:

- The comply or explain approach is extended from UK SRS S1 and Scope 3 emissions to all UK SRS components.

- Companies with a listing in the international commercial companies secondary listing or depositary receipts categories (international listed issuers) are now subject to the same rules as issuers with a listing in the commercial companies, transition, or non-equity shares and non-voting equity shares categories (domestic listed issuers).

4.27 In response to consultation feedback on our CBA, we have estimated the costs of making 'explain' disclosures separately from other cost items to enable a clearer assessment of their significance.

4.28 For our final rules, we estimate a positive net present value of £174.10m over the 10-year appraisal period (Table 1), with an Equivalent Annual Net Direct Cost to Business of £27.12m.

4.29 The following sections on updated costs and benefits show that, relative to our CP proposed rules:

- Our final rules are expected to generate £100.04m in cost savings due to the updated compliance basis. Extending the rules to international listed issuers is estimated to generate £6.10m in net benefits to UK equity market investors.
- Overall, the estimated net present value of our rules falls by approximately £60m. However, this reduction is likely to be overstated because our calculations overestimate the fall in investor benefits resulting from domestic listed issuers using the 'explain' option. In addition, we do not account for the decreased distortions to the competitiveness of UK SMEs and the attractiveness of UK listing markets arising from a lighter reporting burden.

Table 1: Updated 10-year present value of costs and benefits

Category	Benefits	Costs	Net benefits (Benefits-Costs)
CP rules	£519.20m	£285.59m	£233.61m
Change from CP rules	-£111.61m	-£52.10m	-£59.51m
Final rules	£407.58m	£233.49m	£174.10m

Updated assumptions on reporting patterns

4.30 The impact of the final rules depends in part on the extent to which in-scope listed issuers align with UK SRS in the counterfactual and use the 'explain' option. We have updated the framework in the CP CBA (see Figure 3 of 'Key assumptions'), which is based on the [IFRS 2024 report](#).

Domestic listed issuers

4.31 Under our final rules, the 'explain' option is extended to all UK SRS components, which is reflected in the updated assumptions on the reporting patterns of domestic listed issuers set out in Table 2.

Table 2: Updated assumptions on the reporting behaviour of domestic listed issuers

Reporting behaviour group	Share of issuers	Preparedness level
A.1: Align with most of UK SRS in the counterfactual	29%	Issuers' reporting aligned with at least 7 TCFD recommended disclosures
A.2: Align with UK SRS almost in full	15%	Issuers' reporting aligned with 5 to 6 TCFD recommended disclosures
A.3: Mostly align only with UK SRS S2 (excl. Scope 3 emissions)	19%	Issuers' reporting aligned with 3 to 4 TCFD recommended disclosures
A.4: Explain against most of UK SRS	37%	Issuers' reporting aligned with 0 to 2 TCFD recommended disclosures

- 4.32** Relative to the CP CBA, the proportions of listed issuers in Groups A.1 and A.2 remain unchanged and are taken directly from Figure 1.1 of the IFRS 2024 report.
- 4.33** The values for Groups A.3 and A.4 are also based on Figure 1.1 of the IFRS 2024 report. The figure shows that 38% of companies globally aligned their reporting with 1 to 4 TCFD recommended disclosures. The figure also shows that 18% of companies did not align their reporting with any TCFD recommendations. We assume that half of the companies producing 1 to 4 TCFD recommended disclosures aligned with only 1 to 2 disclosures. We combine these companies with those producing no TCFD recommended reporting and allocate them to Group A.4. The remaining companies are allocated to Group A.3.
- 4.34** In our updated CBA, Group A.1 does not incur costs or generate benefits, while Group A.2 bears the costs of producing all UK SRS-aligned disclosures and generates most benefits. The costs incurred by Group A.3 are split between producing some UK SRS-aligned disclosures and 'explaining' the absence of others. The benefits generated by this group, relative to Group A.2, fall in line with their expenditure on sustainability reporting. Group A.4 incurs only the costs of making 'explain' disclosures, with the benefits proportionate to that expenditure.

International listed issuers

- 4.35** In our CP CBA, we identified 89 issuers with a listing in the secondary listing or depositary receipts categories. Under our final rules, these issuers are subject to the same requirements as domestic listed issuers. However, they can comply with some or all elements of our requirements by referring to home-jurisdiction reporting where appropriate.
- 4.36** We assess sustainability reporting rules applicable in issuers' countries of incorporation and allocate reporting patterns as set out in Table 3, following these steps:
- For Groups B.1 to B.4, we derive reporting patterns from home-jurisdiction reporting requirements and issuers' preparedness levels proxied by market capitalisation. For instance, home jurisdiction rules require Group B.2 issuers to publish ISSB-aligned climate disclosures on a mandatory basis, so these firms are assumed to publish UK SRS-aligned climate disclosures regardless of our rules. While ISSB-aligned non-

climate disclosures are voluntary for these issuers, the companies in this group are large and cross-listed. We can therefore reasonably assume that preparedness levels and investor expectations provide sufficient incentives for these issuers to produce ISSB-aligned non-climate disclosures in the counterfactual too.

- For issuers in Groups B.5 and B.6, reporting behaviour assumptions are subject to greater uncertainty because ISSB reporting is not mandatory in their home jurisdictions. We therefore combine these issuers into a single group and apply the same approach as for domestic listed issuers (see 'Domestic listed issuers' above).

4.37 Assessing future reporting patterns is subject to data gaps and inherent uncertainty. We therefore rely on proportionate analysis of the available evidence, supplemented by reasonable assumptions and our judgement.

4.38 For the costs and benefits associated with producing sustainability disclosures by international listed issuers, we make the following assumptions:

- Our rules result in Groups B.1 and B.2 issuers complying by making a simple reference to their home reporting, the cost of which is expected to be negligible. So, the assumed disclosure production costs and benefits are zero.
- Issuers in Groups B.3 and B.4 make explain disclosures for either most of UK SRS or its components, incurring the corresponding costs and generating benefits in line with this expenditure.
- For issuers in Groups B.5 and B.6, our rules, alongside home-jurisdiction regulatory and investor-related drivers, provide the additional incentives needed to encourage production of some UK SRS-aligned disclosures. These firms incur the costs of making UK SRS-aligned and 'explain' disclosures in line with the assumed reporting patterns, and generate benefits proportionate to this expenditure.

Table 3: Assumptions on reporting behaviour for international listed issuers

Reporting behaviour group	Number of listed issuers	Assumption on reporting behaviour
B.1: Mandatory ISSB disclosures	36	Align with most of UK SRS in counterfactual
B.2: Mandatory climate and voluntary non-climate ISSB disclosures, large issuer	6	
B.3: Mandatory climate and voluntary non-climate ISSB disclosures, SME issuer	5	Mostly align only with UK SRS S2 (excl. Scope 3 emissions)
B.4: ISSB not adopted, no ESG disclosures made by the issuer	2	Explain against most of UK SRS
B.5: Voluntary ISSB disclosures	11	Reporting patterns allocated based on distribution in Table 2
B.6: ISSB not adopted, other ESG disclosures made by the company	29	

Updated benefits

- 4.39** We have updated our estimated benefits, which fall from £519.20m to £407.58m (Table 4). This revision reflects two main changes.
- 4.40** The first relates to our assumption that 37% of domestic listed issuers will use the 'explain' option for most of UK SRS. This reduces the estimated benefits by £142.16m, driven by a fall in the quantity, completeness, and comparability of sustainability disclosures.
- 4.41** The calculated £142.16m reduction is likely an overestimate. Listed issuers that are less prepared or face limited sustainability-related risks and opportunities are more likely to produce disclosures with relatively lower value for investors. They are also more likely to use the 'explain' option due to capability constraints or weaker investor demand for the issuers' sustainability disclosures.
- 4.42** However, we do not have a reliable basis on which to assign lower values of investor benefits to firms we expect to use the 'explain' option. We therefore continue to rely on the framework used in CP26/5 (see also 'Updated assumptions on reporting patterns' above), thereby overestimating the reduction in benefits due to the change in the compliance basis. Such an approach also has the advantage of facilitating comparability with the CP26/5 methodology and keeping the analysis conservative.
- 4.43** The second main change arises from 89 international companies becoming subject to the rules and producing a combination of UK SRS-aligned and 'explain' disclosures. This increases the estimated benefits by £30.54m, as more companies produce valuable sustainability disclosures.
- 4.44** To quantify these benefits, we generally follow the same steps as those used for domestic listed issuers. The main differences are:
- We make some adjustments to the link between reporting behaviour, disclosure production costs, and benefits attributable to our rules - see 'Updated assumptions on reporting patterns'.
 - Based on desk research, a review of available Bloomberg data, and our judgement, we assume that UK-based investors, on average, own 10% of the listed issuers' market capitalisation.

Table 4: Updated 10-year present value of quantified benefits

Impact	10-year present value
Total benefits of CP proposals	£519.20m
Benefits from disclosures made by international listed issuers	+ £30.54m
Change in benefits due to some domestic listed issuers using the 'explain' option for most of UK SRS	- £142.16m
Total benefits of final rules	£407.58m

Updated costs

4.45 We have updated our cost estimates to reflect that:

- In-scope listed issuers can now make 'explain' disclosures for all elements of UK SRS, the cost of which we now explicitly model.
- 89 international listed issuers are now subject to the same rules as domestic listed issuers and are expected to produce a combination of UK SRS-aligned and 'explain' disclosures.

4.46 Tables 5 and 6 show the average costs incurred by domestic listed issuers to produce UK SRS-aligned and 'explain' disclosures. The one-off and ongoing costs of producing 'explain' disclosures are based on our Standard Cost Model (SCM) estimates for a very small change project and for gap analysis, respectively. We take the cost estimates for large issuers directly from the SCM and derive SME-specific values as 75% of large-issuer costs, consistent with the CP CBA assumptions.

Table 5: Costs of producing sustainability disclosures for large domestic listed issuers

Reporting behaviour	Average cost per company, producing UK SRS-aligned disclosures		Average cost per company, producing 'explain' disclosures	
	One-off	Ongoing (annual)	One-off	Ongoing (annual)
Comply with all elements of UK SRS	127,900	194,700	0	0
Comply only with UK SRS S2 (excluding Scope 3 emissions)	40,400	61,500	15,200	6,100
Explain against all of UK SRS	0	0	22,200	8,900

Table 6: Costs of producing sustainability disclosures for SME domestic listed issuers

Reporting behaviour	Average cost per company, producing UK SRS-aligned disclosures		Average cost per company, producing 'explain' disclosures	
	One-off	Ongoing (annual)	One-off	Ongoing (annual)
Comply with all elements of UK SRS	95,900	146,000	0	0
Comply only with UK SRS S2 (excluding Scope 3 emissions)	30,300	46,100	11,400	4,600
Explain against all of UK SRS	0	0	16,600	6,700

4.47 International listed issuers are now expected to incur:

- The costs of making UK SRS-aligned and/or 'explain' disclosures in line with the reporting patterns outlined in 'Updated assumptions on reporting patterns'.
- Higher familiarisation and gap analysis costs of £8,900 for large and £2,800 for SME issuers.

4.48 On the first bullet point above, in the CP CBA we estimate the costs of producing UK SRS-aligned disclosures as an uplift on the costs of producing TCFD-aligned disclosures, which domestic listed issuers are required to produce on a comply or explain basis. However, international listed issuers in Groups B.4 and B.6 are generally incorporated in jurisdictions that do not have equivalent TCFD-based reporting requirements. This means these issuers' preparedness is likely to be lower. So, we assume these issuers face 50% higher costs of producing disclosures than domestic listed issuers. The home jurisdictions of the remaining international issuers have adopted the ISSB standards, and we assume these issuers incur the same costs as domestic listed issuers.

4.49 The final impact of our updates is a change in PV costs from £285.59m to £233.49m (Table 7). A major driver of this change is cost savings of £100.04m for domestic listed issuers resulting from them being able to use the 'explain' option for all of UK SRS. The reduction in sustainability reporting burden will also reduce the costs arising from distortions to the competitiveness of UK SMEs and the attractiveness of UK listing markets. As in CP26/5, we do not quantify such cost impacts because it is not reasonably practicable to do so.

Table 7: Updated 10-year present value of costs

Impact	10-year present value
Total costs of CP proposals	£285.59m
Change in costs for domestic listed issuers from updated compliance basis	-£100.04m
Costs of making 'explain' disclosures by domestic listed issuers	+£23.49m
Change in costs for international listed issuers	+£24.45m
Total costs of final rules	£233.49m

Annex 1

List of respondents

We are obliged to include a list of the names of respondents to our consultation who have consented to the publication of their name. That list is as follows:

100Group	Corporate Reporting Users' Forum UK
ABI	CPP Investments
ACCIF (Audit Committee Chairs' Independent Forum)	Curry's PLC
ADS	Deloitte LLP
Aegon Asset Management	DNV
AFME	Dr Jacob Ross
Alex Nicols Consulting	E3G
Amelia Lo	ESG Book GmBH
Anthesis Group	EY
Arthur Cox LLP	Fidelity International
ASOS	Forvis Mazars
Australian Super	Friend Studio
BDO	G S Durairaja
BHP	GC100
British Airways	Generation Investment Management LLP
British Columbia Investment Management Corporation	Global Canopy
British Retail Consortium (BRC)	Grainger PLC
California Public Employees' Retirement System (CalPERS)	ICAEW
Capital Group	Iceberg Data Lab
Carbon Tracker	ICGN (International Corporate Governance Network)
CCLA	Impact Cubed
CDP	Impax Asset Management
CFA Institute and CFA UK	In Accord
CG Communications Ltd	Informa
Chartered Governance Institute (CGI)	Institute and Faculty of Actuaries (IFOA)
Climate Bonds Initiative	Institutional Investors Group on Climate Change (IIGCC)
CLLS	International Regulatory Strategy Group (IRSG)
Coca-Cola Europacific Partners	
CoreFiling	

Investment Association (IA)	Quilter PLC
Investor Coalition on Food Policy	Rathbones Group Plc
J O Hambro Capital	Rio Tinto PLC
Management Limited	Royal London
Just Transition Finance Lab	Saul Trustee Company
Kier Group PLC	Schroders PLC
KPMG	Severn Trent Plc
LCP	Shell
Legal and General	SSE PLC
Listing Authority Advisory	Stanford Center on Longevity and
Panel (LAAP) and Markets	RealiseLongevity
Practitioner Panel (MPP)	Taylor Roughan
Los Angeles County Employees	The Carbon Trust
Retirement Association (LACERA)	The Institute of Chartered
Lynn Paquin	Accountants of Scotland (ICAS)
Man Group	The TPI Global Climate Transition
Martin Dell	Centre (TPI Centre) at the London
Minerva Analytics	School of Economics and Political
MSCI	Science (LSE)
National Grid	UK Finance
NBIM	UK SIF
Nest Corporation	UKELA
Neuberger Berman	Unilever
Oxfordshire Pension Fund	Universities Superannuation
Partnership for Carbon Accounting	Scheme (USS) Ltd
Financials (PCAF)	University Pension Plan Ontario (UPP)
People's Partnership	WeeFin
PGIM	Weir Group PLC
PRI	Wellington Management LLP
Professor Stuart Cooper	Whitbread PLC
and Dr Lei Wang	WWF-UK
PwC	XBRL International
QCA	

Annex 2

Measuring success

1. In assessing the success of our final rules in this area we will consider how far they have led to the expected outcomes.
2. We will do this through ongoing monitoring of the market and data in the market.
3. As set out in CP 26/5 our new rules are designed to increase transparency, and boost the quantity, quality and comparability of financially material information.
4. Our key policy objectives in line with our statutory duties include:
 - Increased transparency for investors about the compliance of listed issuers with UK SRS.
 - Proportionality in relation to the costs that such compliance may impose on different types of issuers, including both large and small listed companies.
5. Ongoing market monitoring will be informed by data on the following areas:
 - Compliance of listed companies with our requirements.
 - The proportion of listed companies who have complied fully with the ISSB standards, (with all aspects of ISSB standards) and those who have complied with S1 standard only or the S2 standard solely.
 - The proportion of listed companies who have instead chosen to explain why they have not complied in full against UK SRS.
 - The costs for companies of compliance with UKSRS and for those explaining why they have not complied.
 - Investor views about the usefulness of the UK SRS disclosures in making their investment decisions and the quality of the disclosures made by listed companies.
 - Data on international compliance with the ISSB standards including the approaches of other main jurisdictions to these standards as well as the explanations of firms who choose not to comply.
 - Data on the effects of sustainability standards on overseas based listed companies and the potential effects of our requirements in this area on companies seeking to list in the UK.
 - General market sentiment about the effectiveness of our rules in this area.
6. We would aim to review data in this area periodically as part of our ongoing monitoring of the impact of the new rules.
7. We will also discuss market sentiment about the effectiveness of our rules periodically as part of our ongoing engagement with stakeholders.
8. However, we do not expect to undertake a formal post implementation review of our policy in this area.

Annex 3

Updated Compatibility Statement

1. In CP 26/5 our compatibility statement concluded that aligning issuer sustainability disclosures with international standards was consistent with our statutory objectives and regulatory principles. This analysis was supported by the feedback to the CP and remains valid.
2. However, we have changed from setting mandatory requirements for disclosures against S2 standards to setting them on a comply or explain basis given evidence that this approach would better meet our statutory objectives and regulatory principles.
3. Respondents to the CP raised concerns about the possible effects of requiring mandatory disclosures for S2 standards, particularly the costs this might impose on smaller companies and overseas based companies. Some respondents argued that these costs may be disproportionate and may reduce the attractiveness of UK listing.
4. Setting final rules on a comply or explain basis rather than on a mandatory basis for S2 standards will act to reduce costs for companies and is more consistent with our regulatory principles, for example, in relation to proportionality.
5. Since the publication of CP 26/5 there has also been a change in the approach to ISSB standards from some international jurisdictions. This may make it more difficult for some overseas based companies to comply with the standards.
6. In this context setting requirements on a comply or explain basis will also provide more flexibility for overseas based companies, maintaining the attractiveness of UK listing. This and the lower compliance costs for companies will act towards our secondary international competitiveness and growth objectives.
7. However, this change (to comply or explain) does not affect the compliance with legal requirements or with strategic and operational objectives as set out in CP 26/5.

Equality and diversity considerations

8. We have considered the equality and diversity issues that may arise from the proposals in this Policy Statement.
9. Overall, we do not consider that these rules materially impact any of the groups with protected characteristics under the Equality Act 2010.

Environmental, social & governance considerations

- 10.** In developing this Policy Statement, we have considered the environmental, social and governance (ESG) implications of our proposals and our duty under s. 1B (5) and 3B(c) of FSMA to have regard to contributing towards the Secretary of State achieving compliance with the net-zero emissions target under section 1 of the Climate Change Act 2008 and environmental targets (under s. 5 of the Environment Act 2021).
- 11.** This consideration is set out in CP 26/5 and is not affected by the change to comply or explain in our rules.

Annex 4

Abbreviations used in this paper

Abbreviation	Description
CBA	Cost Benefit Analysis
DESNZ	Department for Energy Security and Net Zero
DTR	Disclosure Guidance and Transparency Rules
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
FRC	Financial Reporting Council
FTSE	Financial Times Stock Exchange
GHG	Greenhouse Gas
IFRS	International Financial Reporting Standards
ISSA	International Standard on Sustainability Assurance
ISSB	International Sustainability Standards Board
PMB	Primary Market Bulletin
SME	Small and medium-sized enterprise
TCFD	Task Force on Climate-related Financial Disclosures
TN	Technical Note
TP	Transitional Provision
TPT	Transition Plan Taskforce
UKLR	UK Listing Rules
UK SRS	UK Sustainability Reporting Standards

Appendix 1

Made rules (legal instrument)

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 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);
 - (g) section 248 (Scheme particulars rules);
 - (h) section 261I (Contractual scheme rules); and
 - (i) section 261J (Contractual scheme particulars rules);
 - (2) regulation 6(1) (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and
 - (3) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- 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 1 January 2027.

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

Citation

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

By order of the Board
24 September 2026

Annex A

Amendments to the Glossary of definitions

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

<i>climate-related transition plan</i>	(in <i>UKLR</i>) as defined in Appendix A (Defined terms) of <i>UK SRS S2</i> .
<i>IFRS S2 guidance document on climate-related transition disclosures</i>	the guidance document ‘ 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.
<i>UK SRS</i>	the UK Sustainability Reporting Standards published in February 2026 by the Department for Business and Trade, which comprise sustainability reporting standards <i>UK SRS S1</i> and <i>UK SRS S2</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> .
<i>UK SRS S2</i>	‘ UK SRS S2: climate-related disclosures ’ published as part of the <i>UK SRS</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), UKLR 14.3.24R(4), UKLR 16.3.23R(4) or UKLR 22.2.24R(4) 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* and *UKLR 6.6.6R(8)*, 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* and, as may be applicable, information in compliance with *UKLR 6.6.6R(7A)*, *UKLR 14.3.24R(4)*, *UKLR 16.3.23R(4)* or *UKLR 22.2.24R(4)*, for its *TCFD in-scope business*. Once such climate-related financial disclosures and, as may be 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) (a) climate-related financial disclosures prepared in accordance with UK SRS S2; or
- (b) if a *listed company* has not made climate-related financial disclosures in accordance with UK SRS S2, or has made the disclosures only in part, a statement setting out:
- (i) a summary of the UK SRS S2 disclosure requirements that have not been met;
 - (ii) the reasons for not making those disclosures; and
 - (iii) any steps it is taking or plans to take to enable it to make those disclosures in the future;
- (7B) (a) sustainability-related financial disclosures prepared in accordance with UK SRS S1 (excluding the disclosures referred to in (7A));
- (b) if a *listed company* has identified any risks or opportunities of the kind described in paragraph 3 of UK SRS S1, but has not made sustainability-related financial disclosures in accordance with UK SRS S1 or has made the disclosures only in part, a statement setting out:

- (i) the relevant risks or opportunities of the kind described in paragraph 3 of *UK SRS SI* for which it has not included disclosures;
 - (ii) the reasons for not making those disclosures; and
 - (iii) any steps it is taking or plans to take to enable it to make those disclosures in the future; or
 - (c) if a *listed company* has not identified any risks or opportunities of the kind described in paragraph 3 of *UK SRS SI*, 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: [deleted]~~
 - (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~~
- (c) ~~where in its annual financial report or (where appropriate) other document the climate-related financial disclosures referred to in (a) and, as may be applicable, information required by (7A) and (7B) can be found; noting that such disclosures may be included by cross-reference to another report published by the entity in accordance with UK SRS SI Appendix B, paragraphs B45 to B47;~~
- (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, as may be applicable, information required by (7A) and (7B). If so, the *listed company* must provide 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, as may be applicable, information have been assured, and to what level of assurance (for example, reasonable or limited assurance);
 - (iii) the assurance standards used; and
 - (iv) if the assurance report has been published, the location of that report and how to access it, including a hyperlink if available; and
- (e) whether the *listed company* has published a *climate-related transition plan* (in its annual financial report or elsewhere), and:
 - (i) if it has published a *climate-related transition plan*, the location of that plan and how to access it, including a hyperlink if appropriate; or
 - (ii) if it has not published a *climate-related transition plan*, why the *listed company* has not done so;

...

6.6.6A G When making climate-related financial disclosures in accordance with UKLR 6.6.6R(7A), a listed company is reminded to apply the requirements of UK SRS SI insofar as they relate to the disclosure of climate-related financial information. The following parts of UK SRS SI may be 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 72 to 73B (Statement of compliance);
- (5) paragraphs 74 to 86 (Judgements, uncertainties and errors);
- (6) Appendix A (Defined terms);
- (7) Appendix B (Application guidance); and
- (8) Appendix D (Qualitative characteristics of useful sustainability-related financial information).

6.6.7 G ...

6.6.7A 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: [deleted]~~

- ~~(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’.~~

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: [deleted]~~

- ~~(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.~~

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. ~~[deleted]~~

~~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.~~

- 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. ~~[deleted]~~
- (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.~~

- 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), the overseas company should also note the guidance in UKLR 6.6.6AG.

...

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) or ~~UKLR 6.6.6R(8)~~ UKLR 6.6.6R(7A), (7B) or (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]~~
- (2) ~~in cases where the *listed company* has: [deleted]~~
 - (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~~
- (3) ~~where in its annual financial report (or where appropriate) other document the climate-related financial disclosures referred to in (1) can be found. [deleted]~~
- (4)
 - (a) climate-related financial disclosures prepared in accordance with *UK SRS S2*; or
 - (b) if a *listed company* has not made climate-related financial disclosures in accordance with *UK SRS S2*, or has made the disclosures only in part, a statement setting out:

- (i) a summary of the UK SRS S2 disclosure requirements that have not been met;
- (ii) the reasons for not making those disclosures; and
- (iii) any steps it is taking or plans to take to enable it to make those disclosures in the future;

(5)

- (a) sustainability-related financial disclosures prepared in accordance with UK SRS S1 (excluding the disclosures referred to in (4));
- (b) if a listed company has identified any risks or opportunities of the kind described in paragraph 3 of UK SRS S1, but has not made sustainability-related financial disclosures in accordance with UK SRS S1, or has made the disclosures only in part, a statement setting out:
 - (i) the relevant risks or opportunities of the kind described in paragraph 3 of UK SRS S1 for which it has not included disclosures;
 - (ii) the reasons for not making those disclosures; and
 - (iii) any steps it is taking or plans to take to enable it to make those disclosures in the future; or
- (c) if a listed company has not identified any risks or opportunities of the kind described in paragraph 3 of UK SRS S1, a statement disclosing that fact; and

(6) a statement explaining:

- (a) where in its annual financial report the disclosures and, as may be applicable, information required by (4) and (5) can be found, noting that such disclosures may be included by cross-reference to another report published by the entity in accordance with UK SRS S1 Appendix B, paragraphs B45 to B47;
- (b) whether or not the listed company has obtained third-party assurance over any of the climate-related financial disclosures, sustainability-related financial disclosures and, as may be applicable, information required by (4) and (5). If so, the listed company must provide 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, as may be applicable, information have been assured and to what level of assurance (for example, reasonable or limited assurance);
- (iii) the assurance standards used; and
- (iv) if the assurance report has been published, the location of that report and how to access it, including a hyperlink if available.

14.3.24 G When making climate-related financial disclosures in accordance with UKLR 14.3.24R(4), a *listed company* is reminded to apply the requirements of UK SRS SI insofar as they relate to the disclosure of climate-related financial information. The following parts of UK SRS SI may be 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 72 to 73B (Statement of compliance);
- (5) paragraphs 74 to 86 (Judgements, uncertainties and errors);
- (6) Appendix A (Defined terms);
- (7) Appendix B (Application guidance); and
- (8) Appendix D (Qualitative characteristics of useful sustainability-related financial information).

14.3.25 ~~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 undertake a detailed assessment of those disclosures which takes into account: [deleted]~~

- ~~(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: ~~[deleted]~~

- (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~~.

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. ~~[deleted]~~

~~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.~~

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]~~

...

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, a *listed company* (other than an *investment entity* or a *shell 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]~~
- (2) ~~in cases where the *listed company* has: [deleted]~~
 - (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~~
- (3) ~~where in its annual financial report or (where appropriate) other document the climate-related financial disclosures referred to in (1) can be found. [deleted]~~
- (4)
 - (a) climate-related financial disclosures prepared in accordance with *UK SRS S2*; or
 - (b) if a *listed company* has not made climate-related financial disclosures in accordance with *UK SRS S2*, or has made the disclosures only in part, a statement setting out:
 - (i) a summary of the *UK SRS S2* disclosure requirements that have not been met;
 - (ii) the reasons for not making those disclosures; and
 - (iii) any steps it is taking or plans to take to enable it to make those disclosures in the future;
- (5)

- (a) sustainability-related financial disclosures prepared in accordance with *UK SRS SI* (excluding the disclosures referred to in (4)):
 - (b) if a *listed company* has identified any risks or opportunities of the kind described in paragraph 3 of *UK SRS SI*, but has not made sustainability-related financial disclosures in accordance with *UK SRS SI* or has made the disclosures only in part, a statement setting out:
 - (i) the relevant risks or opportunities of the kind described in paragraph 3 of *UK SRS SI* for which it has not included disclosures;
 - (ii) the reasons for not making those disclosures; and
 - (iii) any steps it is taking or plans to take to enable it to make those disclosures in the future; or
 - (c) if a *listed company* has not identified any risks or opportunities of the kind described in paragraph 3 of *UK SRS SI*, a statement disclosing that fact; and
- (6) a statement explaining:
- (a) where in its annual financial report the disclosures and, as may be applicable, information required by (4) and (5) can be found, noting that such disclosures may be included by cross-reference to another report published by the entity in accordance with *UK SRS SI* Appendix B, paragraphs B45 to B47;
 - (b) whether or not the *listed company* has obtained third-party assurance over any of the climate-related financial disclosures, sustainability-related financial disclosures and, as may be applicable, information required by (4) and (5). If so, the *listed company* must provide 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, as may be applicable, information have been assured and to what level of assurance (for example, reasonable or limited assurance);
 - (iii) the assurance standards used; and

(iv) if the assurance report has been published, the location of that report and how to access it, including a hyperlink if available; and

(c) whether the *listed company* has published a *climate-related transition plan* (in its annual financial report or elsewhere), and:

(i) if it has published a *climate-related transition plan*, the location of that plan and how to access it, including a hyperlink if available; or

(ii) if it has not published a *climate-related transition plan*, why the *listed company* has not done so.

16.3.23 G When making climate-related financial disclosures in accordance with *UKLR 16.3.23R(4)*, a *listed company* is reminded to apply the requirements of *UK SRS SI* insofar as they relate to the disclosure of climate-related financial information. The following parts of *UK SRS SI* may be 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 72 to 73B (Statement of compliance);
- (5) paragraphs 74 to 86 (Judgements, uncertainties and errors);
- (6) Appendix A (Defined terms);
- (7) Appendix B (Application guidance); and
- (8) Appendix D (Qualitative characteristics of useful sustainability-related financial information).

16.3.23 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*.

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: [deleted]~~

- (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’.

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: [deleted]

- (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*.

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: [deleted]

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.

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: [deleted]

(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.~~

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, a *listed company* (other than an *investment entity* or a *shell 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]~~
- (2) ~~in cases where the *listed company* has: [deleted]~~
 - (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~~
- (3) ~~where in its annual financial report or (where appropriate) other document the climate-related financial disclosures referred to in (1) can be found. [deleted]~~
- (4)
 - (a) climate-related financial disclosures prepared in accordance with *UK SRS S2*; or
 - (b) if a *listed company* has not made climate-related financial disclosures in accordance with *UK SRS S2*, or has made the disclosures only in part, a statement setting out:
 - (i) a summary of the *UK SRS S2* disclosure requirements that have not been met;
 - (ii) the reasons for not making those disclosures; and
 - (iii) any steps it is taking or plans to take to enable it to make those disclosures in the future;
- (5)

- (a) sustainability-related financial disclosures prepared in accordance with *UK SRS SI* (excluding the disclosures referred to in (4)):
 - (b) if a *listed company* has identified any risks or opportunities of the kind described in paragraph 3 of *UK SRS SI*, but has not made sustainability-related financial disclosures in accordance with *UK SRS SI* or has made the disclosures only in part, a statement setting out:
 - (i) the relevant risks or opportunities of the kind described in paragraph 3 of *UK SRS SI* for which it has not included disclosures;
 - (ii) the reasons for not including those disclosures; and
 - (iii) any steps it is taking or plans to take to enable it to make those disclosures in the future; or
 - (c) if a *listed company* has not identified any risks or opportunities of the kind described in paragraph 3 of *UK SRS SI*, a statement disclosing that fact; and
- (6) a statement explaining:
- (a) where in its annual financial report the disclosures and, as may be applicable, information required by (4) and (5) can be found, noting that such disclosures may be included by cross-reference to another report published by the entity in accordance with *UK SRS SI* Appendix B, paragraphs B45 to B47;
 - (b) whether or not the *listed company* has obtained third-party assurance over any of the climate-related financial disclosures, sustainability-related financial disclosures and, as may be applicable, information required by (4) and (5). If so, the *listed company* must provide 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 as may be applicable, information have been assured and to what level of assurance (for example, reasonable or limited assurance);
 - (iii) the assurance standards used; and

- (iv) if the assurance report has been published, the location of that report and how to access it, including a hyperlink if available; and
- (c) whether the *listed company* has published a *climate-related transition plan* (in its annual financial report or elsewhere), and;
 - (i) if it has published a *climate-related transition plan*, the location of that plan and how to access it, including a hyperlink if available; or
 - (ii) if it has not published a *climate-related transition plan*, why the *listed company* has not done so.

22.2.24 G When making climate-related financial disclosures in accordance with UKLR 22.2.24R(4), a *listed company* is reminded to apply the requirements of UK SRS S1 insofar as they relate to the disclosure of climate-related financial information. The following parts of UK SRS S1 may be 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 72 to 73B (Statement of compliance);
- (5) paragraphs 74 to 86 (Judgements, uncertainties and errors);
- (6) Appendix A (Defined terms);
- (7) Appendix B (Application guidance); and
- (8) Appendix D (Qualitative characteristics of useful sustainability-related financial information).

22.2.24 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*.

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: [deleted]~~

- (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’.

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: [deleted]

- (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*.

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: [deleted]

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.

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: [deleted]

(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.~~

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 these transitional provisions is to set out the transitional reliefs available to a *listed company* or *issuer* (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 a *listed company* or *issuer* (as applicable) for which the requirements and associated *guidance* in (1) apply, these transitional provisions set out:
- (a) the transitional reliefs available in respect of the *rules*; and
 - (b) how the application and transition provisions contained in the *UK SRS*, Appendix E of *UK SRS S1* (Application and transition) and Appendix C of *UK SRS S2* (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) UKLR TP 16.3R to UKLR TP 16.6G apply to a *listed company* to which UKLR 6.6.6R or UKLR 6.6.17R apply;
 - (b) UKLR TP 16.7R to UKLR TP 16.10G apply to a *listed company* to which UKLR 14.3.24R applies;
 - (c) UKLR TP 16.11R applies to an *issuer* to which UKLR 15.3.1R applies;
 - (d) UKLR TP 16.12R to UKLR TP 16.15G apply to a *listed company* to which UKLR 16.3.23R applies; and
 - (e) UKLR TP 16.16R to UKLR TP 16.19G apply to a *listed company* to which UKLR 22.2.24R applies.
- (2) UKLR TP 16 applies from 1 January 2027.

UKLR 6.6: Handbook transitional provisions

- TP 16.3 R For accounting periods beginning before 1 January 2027, a *listed company* must either:
- (1) meet the requirements of UKLR 6.6.6R(8) (including as applied by UKLR 6.6.17R) and have regard to UKLR 6.6.8G to UKLR 6.6.12G, as they were in force immediately before 1 January 2027; or
 - (2) meet the requirements of UKLR 6.6.6R(7A), (7B) and (8) (including as applied by UKLR 6.6.17R), as modified by UKLR TP 16.4R.
- TP 16.4 R (1) For accounting periods beginning on or after 1 January 2027 but before 1 January 2028, a *listed company* must meet the requirements of UKLR 6.6.6R(7A), (7B) and (8) (including as applied by UKLR 6.6.17R), subject to the modifications in (2).
- (2) A *listed company* is not required:

- (a) to disclose its Scope 3 greenhouse gas emissions and may instead use the relief in paragraph C4 of *UK SRS S2*, provided that it states in its annual financial report that it is relying on:
 - (i) this transitional provision (*UKLR TP 16.4R(2)*); and
 - (ii) the relief in paragraph C4 of *UK SRS S2*;
 - (b) to meet the requirements of *UKLR 6.6.6R(7B)* (including as applied by *UKLR 6.6.17R*) and may instead use the relief in paragraph E3 of *UK SRS S1* for climate-first reporting, provided that it states in its annual financial report that it is relying on:
 - (i) this transitional provision (*UKLR TP 16.4R(2)*); and
 - (ii) the relief in paragraph E3 of *UK SRS S1*.
 - (3) Nothing in this provision affects the availability of the relief in paragraph C3 of *UK SRS S2* in relation to the method a *listed company* uses for measuring its greenhouse gas emissions.
- TP 16.5 R (1) For accounting periods beginning on or after 1 January 2028 but before 1 January 2029, a *listed company* must meet the requirements of *UKLR 6.6.6R(7A)*, (7B) and (8) (including as applied by *UKLR 6.6.17R*), subject to the modification in (2).
- (2) A *listed company* does not have to meet the requirements of *UKLR 6.6.6R(7B)* (including as applied by *UKLR 6.6.17R*) and may instead use the relief in paragraph E3 of *UK SRS S1* for climate-first reporting, provided that it states in its annual financial report that it is relying on:
- (a) this transitional provision (*UKLR TP 16.5R(2)*); and
 - (b) the relief in paragraph E3 of *UK SRS S1*.

UKLR 6.6: application and transition provisions in UK SRS

- TP 16.6 G For the purposes of the disclosures and information required by *UKLR 6.6.6R(7A)*, (7B) and (8) (including as applied by *UKLR 6.6.17R*), *listed companies* should note the following in respect of Appendix E of *UK SRS S1* (Application and transition) and Appendix C of *UK SRS S2* (Application and transition):
- (1) *UK SRS S1* and *UK SRS S2* – effective date (paragraph E2 of *UK SRS S1* and C2 of *UK SRS S2*)
- Subject to the use of the modifications in *UKLR TP 16.4R* and *UKLR TP 16.5R*, as applicable, a *listed company* must comply with *UKLR 6.6.6R(7A)*, (7B) and (8) (including as applied by *UKLR 6.6.17R*),

which together require information in relation to the *UK SRS* to be disclosed at the same time.

- (2) *UK SRS S1* and *UK SRS S2* – comparative information (paragraphs E1 and E4 of *UK SRS S1* and paragraph C1 of *UK SRS S2*)

A *listed company* is 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) or (7B) (including as applied by *UKLR* 6.6.17R). This includes for the first accounting period in respect of which 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 in respect of 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 E3 of *UK SRS S1*)

The relief available for a *listed company* in relation to climate-first reporting is specified in *UKLR* TP 16.4R(2) and *UKLR* TP 16.5R(2).

- (4) *UK SRS S2* – GHG protocol relief and comparative information (paragraphs C3 and C5 of *UK SRS S2*)

The relief in paragraph C3 of *UK SRS S2* is available for a *listed company* complying with *UKLR* TP 16.4R (noting *UKLR* TP 16.4R(3)). In respect of paragraph C5 of *UK SRS S2*, if the relief in paragraph C3 is used, the information produced can be used as comparative information by the *listed company* in respect of the accounting period which immediately follows the accounting period in respect of which the information was produced.

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

The relief in paragraph C4 of *UK SRS S2* available for a *listed company* is specified in *UKLR* TP 16.4R(2). In respect of paragraph C5 of *UK SRS S2*, comparative information in relation to Scope 3 greenhouse gas emissions is only required in respect of the accounting period which immediately follows the first accounting period in respect of which full or partial disclosures (where applicable) have been made in accordance with *UKLR* 6.6.6R(7A) (including as applied by *UKLR* 6.6.17R).

UKLR 14.3: Handbook transitional provisions

TP 16.7 R For accounting periods beginning before 1 January 2027, a *listed company* must either:

- (1) meet the requirements of *UKLR* 14.3.24R and have regard to *UKLR* 14.3.25G to *UKLR* 14.3.29G as they were in force immediately before 1 January 2027; or
 - (2) meet the requirements of *UKLR* 14.3.24R(4), (5) and (6) as modified by *UKLR* TP 16.8R.
- TP 16.8 R (1) For accounting periods beginning on or after 1 January 2027 but before 1 January 2028, a *listed company* must meet the requirements of *UKLR* 14.3.24R(4), (5) and (6), subject to the modifications in (2).
- (2) A *listed company* is not required:
- (a) to disclose its Scope 3 greenhouse gas emissions and may instead use the relief in paragraph C4 of *UK SRS S2*, provided that it states in its annual financial report that it is relying on:
 - (i) this transitional provision (*UKLR* TP 16.8R(2)); and
 - (ii) the relief in paragraph C4 of *UK SRS S2*;
 - (b) to meet the requirements of *UKLR* 14.3.24R(5) and may instead use the relief in paragraph E3 of *UK SRS S1* for climate-first reporting, provided that it states in its annual financial report that it is relying on:
 - (i) this transitional provision (*UKLR* TP 16.8R(2)); and
 - (ii) the relief in paragraph E3 of *UK SRS S1*.
- (3) Nothing in this provision affects the availability of the relief in paragraph C3 of *UK SRS S2* in relation to the method a *listed company* uses for measuring its greenhouse gas emissions.
- TP 16.9 R (1) For accounting periods beginning on or after 1 January 2028 but before 1 January 2029 a *listed company* must meet the requirements of *UKLR* 14.3.24R(4), (5) and (6), subject to the modification in (2).
- (2) A *listed company* does not have to meet the requirements of *UKLR* 14.3.24R(5) and may instead use the relief in paragraph E3 of *UK SRS S1* for climate-first reporting, provided that it states in its annual financial report that it is relying on:
- (a) this transitional provision (*UKLR* TP 16.9R(2)); and
 - (b) the relief in paragraph E3 of *UK SRS S1*.

UKLR 14.3: application and transition provisions in UK SRS

- TP 16.10 G For the purposes of the application of *UKLR* 14.3.24R(4), (5) and (6), a *listed company* should note the following in respect of Appendix E of *UK*

SRS S1 (Application and transition) and Appendix C of *UK SRS S2*
(Application and transition):

- (1) *UK SRS S1* and *UK SRS S2* – effective date (paragraph E2 of *UK SRS S1* and C2 of *UK SRS S2*)

Subject to use of the modifications provided in *UKLR TP 16.8R* and *UKLR TP 16.9R*, as applicable, a *listed company* must comply with the requirements in *UKLR 14.3.24R(4)*, (5) and (6), which together require information in relation to the *UK SRS* to be disclosed at the same time.

- (2) *UK SRS S1* and *UK SRS S2* – comparative information (paragraphs E1 and E4 of *UK SRS S1* and paragraph C1 of *UK SRS S2*)

A *listed company* is not required to disclose comparative information for the first accounting period for which disclosures (or, where applicable, partial disclosures) are made under *UKLR 14.3.24R(4)* or (5). This includes for the first accounting period in respect of which disclosures (or, where applicable, partial disclosures) are made in relation to matters for which a transitional relief was used in respect of the accounting period immediately before. However, comparative information must be disclosed in respect of the accounting period which immediately follows the first accounting period in respect of which full or partial disclosures (where applicable) have been made.

- (3) *UK SRS S1* – climate-first reporting (paragraph E3 of *UK SRS S1*)

The relief available for a *listed company* is specified in *UKLR TP 16.8R(2)* and *UKLR TP 16.9R(2)*.

- (4) *UK SRS S2* – GHG protocol relief and comparative information (paragraphs C3 and C5 of *UK SRS S2*)

The relief in paragraph C3 of *UK SRS S2* is available for a *listed company* complying with *UKLR TP 16.8R* (noting *UKLR TP 16.8R(3)*). In respect of paragraph C5 of *UK SRS S2*, if the relief in paragraph C3 is used, the information produced can be used as comparative information by the *listed company* in respect of the accounting period which immediately follows the accounting period in respect of which the information was produced.

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

The relief in paragraph C4 of *UK SRS S2* available for a *listed company* is specified in *UKLR TP 16.8R(2)*. In respect of paragraph C5 of *UK SRS S2*, comparative information in relation to Scope 3 greenhouse gas emissions is only required in respect of the accounting period which immediately follows the first accounting period in respect of which full or partial disclosures (where applicable) have been made in accordance with *UKLR 14.3.24R(4)*.

UKLR 15.3.1R: Handbook transitional provisions

- TP 16.11 R Where a *listed company* is required by UKLR 15.3.1R(3) to meet the continuing obligations set out in UKLR 14.3, the transitional provisions in UKLR TP 16.7R to UKLR TP 16.10G apply in relation to those obligations.

UKLR 16.3: Handbook transitional provisions

- TP 16.12 R For accounting periods beginning before 1 January 2027, a *listed company* must either:
- (1) meet the requirements of UKLR 16.3.23R and have regard to UKLR 16.3.24G to UKLR 16.3.28G, as they were in force immediately before 1 January 2027; or
 - (2) meet the requirements of UKLR 16.3.23R(4), (5) and (6) as modified by UKLR TP 16.13R.

- TP 16.13 R (1) For accounting periods beginning on or after 1 January 2027 but before 1 January 2028, a *listed company* must meet the requirements of UKLR 16.3.23R(4), (5) and (6), subject to the modifications in (2).
- (2) A *listed company* is not required:
- (a) to disclose its Scope 3 greenhouse gas emissions and may instead use the relief in paragraph C4 of UK SRS S2, provided that it states in its annual financial report that it is relying on:
 - (i) this transitional provision (UKLR TP 16.13R(2)); and
 - (ii) the relief in paragraph C4 of UK SRS S2;
 - (b) to meet the requirements of UKLR 16.3.23R(5) and may instead use the relief in paragraph E3 of UK SRS S1 for climate-first reporting, provided that it states in its annual financial report that it is relying on:
 - (i) this transitional provision (UKLR TP 16.13R(2)); and
 - (ii) the relief in paragraph E3 of UK SRS S1.

- (3) Nothing in this provision affects the availability of the relief in paragraph C3 of UK SRS S2 in relation to the method a *listed company* uses for measuring its greenhouse gas emissions.

- TP 16.14 R (1) For accounting periods beginning on or after 1 January 2028 but before 1 January 2029, a *listed company* must meet the requirements of UKLR 16.3.23R(4), (5) and (6), subject to the modification in (2).
- (2) A *listed company* does not have to meet the requirements of UKLR 16.3.23R(5) and may use the relief in paragraph E3 of UK SRS S1 for

climate-first reporting, provided that it states in its annual financial report that it is relying on:

- (a) this transitional provision (*UKLR* TP 16.14R(2)); and
- (b) the relief in paragraph E3 of *UK SRS S1*.

UKLR 16.3: application and transition provisions in UK SRS

- TP 16.15 G For the purposes of the application of *UKLR* 16.3.23R(4), (5) and (6), a *listed company* should note the following in respect of Appendix E of *UK SRS S1* (Application and transition) and Appendix C of *UK SRS S2* (Application and transition):
- (1) *UK SRS S1* and *UK SRS S2* – effective date (paragraph E2 of *UK SRS S1* and C2 of *UK SRS S2*)

Subject to the use of the modifications provided in *UKLR* TP 16.13R and *UKLR* TP 16.14R, as applicable, a *listed company* must comply with the requirements in *UKLR* 16.3.23R(4), (5) and (6), which together require information in relation to the *UK SRS* to be disclosed at the same time.
 - (2) *UK SRS S1* and *UK SRS S2* – comparative information (paragraphs E1 and E4 of *UK SRS S1* and paragraph C1 of *UK SRS S2*)

A listed company is 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(4) or (5). 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 E3 of *UK SRS S1*)

The relief available for a *listed company* is specified in *UKLR* TP 16.13R(2) and *UKLR* TP 16.14R(2).
 - (4) *UK SRS S2* – GHG protocol relief and comparative information (paragraphs C3 and C5 of *UK SRS S2*)

The relief in paragraph C3 of *UK SRS S2* is available for a *listed company* complying with *UKLR* TP 16.13R (noting *UKLR* TP 16.13R(3)). In respect of paragraph C5 of *UK SRS S2*, if the relief in paragraph C3 is used, the information produced can be used as comparative information by a *listed company* in the accounting periods which immediately follow the accounting period in which the information was produced.

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

The relief in paragraph C4 of *UK SRS S2* available for a *listed company* is specified in *UKLR TP 16.13R(2)*. 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(4)*.

UKLR 22.2: Handbook transitional provisions

- | | | |
|-------------|-----|--|
| TP
16.16 | R | For accounting periods beginning before 1 January 2027, a <i>listed company</i> must either: |
| | (1) | meet the requirements of <i>UKLR 22.2.24R</i> and have regard to <i>UKLR 22.2.25G</i> to <i>UKLR 22.2.29G</i> , as they were in force immediately before 1 January 2027; or |
| | (2) | meet the requirements of <i>UKLR 22.2.24R</i> (4), (5) and (6) as modified by <i>UKLR TP 16.17R</i> . |
| TP
16.17 | R | <p>(1) For accounting periods beginning on or after 1 January 2027 but before 1 January 2028, a <i>listed company</i> must meet the requirements of <i>UKLR 22.2.24R</i> (4), (5) and (6), subject to the modification in (2).</p> <p>(2) A <i>listed company</i> is not required:</p> <p style="padding-left: 20px;">(a) to disclose its Scope 3 greenhouse gas emissions and may instead use the relief in paragraph C4 of <i>UK SRS S2</i>, provided that it states in its annual financial report that it is relying on:</p> <p style="padding-left: 40px;">(i) this transitional provision (<i>UKLR TP 16.17R(2)</i>); and</p> <p style="padding-left: 40px;">(ii) the relief in paragraph C4 of <i>UK SRS S2</i>;</p> <p style="padding-left: 20px;">(b) to meet the requirements of <i>UKLR 22.2.24R(5)</i> and may instead use the relief in paragraph E3 of <i>UK SRS S1</i> for climate-first reporting, provided that it states in its annual financial report that it is relying on:</p> <p style="padding-left: 40px;">(i) this transitional provision (<i>UKLR TP 16.17R(2)</i>); and</p> <p style="padding-left: 40px;">(ii) the relief in paragraph E3 of <i>UK SRS S1</i>.</p> <p>(3) Nothing in this provision affects the availability of the relief in paragraph C3 of <i>UK SRS S2</i> in relation to the method a <i>listed company</i> uses for measuring its greenhouse gas emissions.</p> |

- TP 16.18 R (1) For accounting periods beginning on or after 1 January 2028 but before 1 January 2029, a *listed company* must meet the requirements of *UKLR 22.2.24R* (4), (5) and (6), subject to the modification in (2).
- (2) A *listed company* does not have to meet the requirements of *UKLR 22.2.24R*(5) and may use the relief in paragraph E3 of *UK SRS S1* for climate-first reporting, provided that it states in its annual financial report that it is relying on:
- (a) this transitional provision (*UKLR TP 16.18R*(2)); and
 - (b) the relief in paragraph E3 of *UK SRS S1*.

UKLR 22.2: application and transition provisions in UK SRS

- TP 16.19 G For the purposes of the application of *UKLR 22.2.24R*(4), (5) and (6), a *listed company* should note the following in respect of Appendix E of *UK SRS S1* (Application and transition) and Appendix C of *UK SRS S2* (Application and transition):
- (1) *UK SRS S1* and *UK SRS S2* – effective date (paragraph E2 of *UK SRS S1* and C2 of *UK SRS S2*)
- Subject to use of the modifications provided in *UKLR TP 16.17R* and *UKLR TP 16.18R*, a *listed company* must comply with the requirements in *UKLR 22.2.24R*(4), (5) and (6), which together require information in relation to the *UK SRS* to be disclosed at the same time.
- (2) *UK SRS S1* and *UK SRS S2* – comparative information (paragraphs E1 and E4 of *UK SRS S1* and paragraph C1 of *UK SRS S2*)
- A *listed company* is 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*(4) or (5). 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 E3 of *UK SRS S1*)
- The relief available for a *listed company* is specified in *UKLR TP 16.17R*(2) and *UKLR TP 16.18R*(2).
- (4) *UK SRS S2* – GHG protocol relief and comparative information (paragraph C3 and C5 of *UK SRS S2*)
- The relief in paragraph C3 of *UK SRS S2* is available for a *listed company* complying with *UKLR TP 16.17R* (noting *UKLR TP*

16.17R(3)). In respect of paragraph C5 of *UK SRS S2*, if the relief in paragraph C3 is used, the information can be used as comparative information by a *listed company* in the accounting periods which immediately follow the accounting period in which the information was produced.

- (5) *UK SRS S2* – scope 3 relief and comparative information (paragraphs C4 and C5 of *UK SRS S2*)

The relief in paragraph C4 of *UK SRS S2* available for a *listed company* is specified in *UKLR TP 16.17R(2)*. 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(4)*.

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