

DRAFT FOR CONSULTATION

[Month Year] / Primary Market / TN / 803.1

Primary Market Technical Note

UK SRS sustainability disclosures for listed companies

The information in this note is designed to help issuers and practitioners interpret our UK Listing Rules (UKLR), Prospectus Rules: Admission to Trading on a Regulated Market (PRM), Disclosure Guidance and Transparency Rules (DTR), and related legislation. The guidance notes provide answers to the most common queries we receive and represent FCA guidance as defined in section 139A FSMA

Rules

UK Listing Rules

Introduction

Issuers that are listed in the equity shares (commercial companies) category (UKLR 6); equity shares (international commercial companies secondary listing) category (UKLR 14); certificates representing certain securities category (UKLR 15); non-equity shares and non-voting equity shares category (UKLR 16); and equity shares (transition) category (UKLR 22) ('in-scope issuers') are subject to UKLR requirements to report against the UK Sustainability Reporting Standards (UK SRS) on a comply or explain basis. This means issuers

may either prepare disclosures in accordance with UK SRS or explain where their disclosures do not meet UK SRS.

This guidance note sets out our expectations for the level of detail that we would expect issuers to provide when preparing UKLR disclosures in accordance with UK SRS, including when choosing to explain. In Annex 1, UK SRS statement of compliance, we set out how the UK SRS statement of compliance requirements interact with our comply or explain rules and transitional reliefs. In Annex 2, Illustrative examples, we have provided examples of the compliance statement and explanations. The examples are intended to be illustrative and non-exhaustive.

Disclosure of financially material information

The UK SRS are published by the UK government and based on two International Sustainability Standards Board (ISSB) global baseline standards:

- IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'
- IFRS S2 'Climate-related Disclosures'

These standards are focused exclusively on disclosure of financially material information. IFRS S1 provides the overarching framework for applying all ISSB Standards, including IFRS S2. It sets out the 'Objective', 'Scope', 'Conceptual Foundations', 'Core Content' and 'General Requirements' for the application of S1 and S2 Standards. IFRS S1 sets out general requirements for preparing and disclosing sustainability-related financial information, including information about sustainability-related risks or opportunities that could reasonably be expected to affect an entity's prospects. IFRS S2 includes requirements to disclose information about climate-related risks and opportunities, including physical and transition risks.

Under S1, the IFRS Foundation defines information as material if omitting, misstating, or obscuring that information could reasonably be expected to influence the decisions that primary users (existing and potential investors, lenders, and other creditors) of general purpose financial reports make on the basis of those reports. It provides companies with detailed guidance on applying this definition through:

- IFRS Practice Statement 2: Making Materiality Judgements¹.

¹ <https://www.ifrs.org/issued-standards/list-of-standards/materiality-practice-statement/>

- IFRS Educational material: Sustainability-related risks and opportunities and the disclosure of material information²

Further information about the broader regime can be found here:

- UK Sustainability Reporting Standards guidance and documents³
- IFRS Knowledge hub: preparers guide to the IFRS Sustainability Disclosure Standards⁴

UKLR comply or explain requirements for UK SRS

Expectations when complying

UKLR Requirements

If preparing disclosures in accordance with UK SRS S2 and S1 in full, in-scope issuers must follow the requirements set out in:

Category	UK SRS S2	UK SRS S1
Equity shares (commercial companies)	UKLR 6.6.6R(7A)(a)	UKLR 6.6.6R(7B)(a)
Non-equity shares and non-voting equity shares	UKLR 16.3.23R(4)(a)	UKLR 16.3.23R(5)(a)
Equity shares (transition)	UKLR 22.2.24R(4)(a)	UKLR 22.2.24R(5)(a)
Equity shares (international commercial companies secondary listing)	UKLR 14.3.24R(4)(a)	UKLR 14.3.24R(5)(a)
Certificates representing certain securities	UKLR 14.3.24R(4)(a), as applied by UKLR 15.3.1R(3)	UKLR 14.3.24R(5)(a), as applied by UKLR 15.3.1R(3)

When preparing disclosures in accordance with UK SRS S2, issuers are reminded that certain provisions of S1 apply, even if the issuer does not comply with S1 in full. These provisions are set out in:

²<https://www.ifrs.org/content/dam/ifrs/supporting-implementation/issb-standards/issb-materiality-education-material.pdf>

³ <https://www.gov.uk/government/collections/uk-sustainability-reporting-standards-guidance-and-documents>

⁴ <https://www.ifrs.org/sustainability/knowledge-hub/>

Category	UKLR Guidance
Equity shares (commercial companies)	UKLR 6.6.6AG
Non-equity shares and non-voting equity shares	UKLR 16.3.23AG
Equity shares (transition)	UKLR 22.2.24AG
Equity shares (international commercial companies secondary listing)	UKLR 14.3.24AG
Certificates representing certain securities	UKLR 14.3.24AG, as applied by UKLR 15.3.1R(3)

When identifying sustainability-related risks and opportunities of the kind described in paragraph 3 of UK SRS S1, a listed company may refer to and consider the applicability of the sources of guidance described in paragraph 55 and Appendix C of UK SRS S1.

UK SRS S1 paragraphs 72 - 73B outline conditions under which issuers are permitted to make an explicit and unreserved statement of compliance with the standards. There is no separate requirement for a compliance statement to be made under UKLR. See Annex 1, UK SRS statement of compliance, for further detail.

Level of detail

In accordance with UK SRS, information on climate-related and wider sustainability-related risks and opportunities of the kind described in paragraph 3 of UK SRS S1 must be disclosed if it could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.

We also remind issuers of the UK SRS S1 Appendix D26 - D33 'understandability' provisions. These include requirements for disclosures to be clear and concise, for example, by avoiding generic information and unnecessary duplication.

Expectations when explaining

UKLR Requirements

If in-scope issuers are not preparing disclosures in accordance with all parts of UK SRS, they must follow the requirements for explaining set out in:

Category	UK SRS S2	UK SRS S1
Equity shares (commercial companies)	UKLR 6.6.6R(7A)(b)	UKLR 6.6.6R(7B)(b)
Non-equity shares and non-voting equity shares	UKLR 16.3.23R(4)(b)	UKLR 16.3.23R(5)(b)
Equity shares (transition)	UKLR 22.2.24R(4)(b)	UKLR 22.2.24R(5)(b)
Equity shares (international commercial companies secondary listing)	UKLR 14.3.24R(4)(b)	UKLR 14.3.24R(5)(b)
Certificates representing certain securities	UKLR 14.3.24R(4)(b), as applied by UKLR 15.3.1R(3)	UKLR 14.3.24R(5)(b), as applied by UKLR 15.3.1R(3)

For UK SRS S2, an issuer's explanation must include a summary of the disclosure requirements it has not met. For UK SRS S1, an issuer's explanation must include a statement on the sustainability-related risks and opportunities of the kind described in paragraph 3 of UK SRS S1, that it has not disclosed.

The explanations must also include a statement on the reasons why the issuer has not prepared disclosures in accordance with UK SRS. This can be a short, proportionate explanation. However, the explanation should not omit material information.

If an issuer is taking steps or plans to take steps to make the disclosures in future, this fact must be included within the explanation. We do not require issuers to include an expected timeframe for being able to make the disclosures in future, but if a timeframe is known or estimated, it would be helpful to set this out within the explanation.

With respect to UK SRS S1, if an issuer has not identified any sustainability-related risks and opportunities of the kind described in paragraph 3 of UK SRS S1, they must provide a brief statement of that fact. This can be a sentence confirming that they have not identified sustainability-related risks and opportunities.

Level of detail

Our rules do not require an explanation for each requirement of the UK SRS that has not been met. However, the explanation must clearly identify both the UK SRS S2 disclosure requirements that have not been met and any other sustainability-related risks and opportunities, of the kind described in paragraph 3 of UK SRS S1, for which disclosures have not been prepared in accordance with UK SRS S1.

For example, the explanation could indicate the headings or paragraphs for requirements in the standard(s) that have not been disclosed.

In general, we expect explanations to be proportionate, reflecting the issuers' circumstances. For example, explanations may be short where that is sufficient to give investors a clear understanding of the information that has not been disclosed, and the relevant facts and reasons why. Issuers should briefly describe any significant judgements underpinning their assessment, where necessary.

A concise explanation can still help investors understand the issuer's current reporting position, assess the significance of information not prepared in accordance with UK SRS, and monitor progress where the issuer intends to develop its disclosures over time.

The key features we expect to see in explanations are:

- **Clear, concise and cogent:** a well-reasoned explanation, written in plain language that is easy to understand and minimises room for ambiguity.
- **Issuer-specific:** account for the issuers' specific circumstances rather than generic statements. For example, an issuer may explain that they cannot disclose Scope 3 emissions due to recent changes in its third-party providers and consequential data gaps.

International companies

Issuers listed in the international commercial companies secondary listing category (UKLR 14) and certificates representing certain securities category (UKLR 15) are referred to in this guidance note collectively as 'international companies'.

International companies can rely on reporting they have prepared for their qualifying home listing⁵ or country of incorporation ('home reporting') to meet the UK SRS requirements. However, where their home disclosures do not provide all of the information required to meet UK SRS, the issuers should provide an explanation consistent with the comply or explain requirements set out in the table above.

International companies may meet these requirements by cross referring in their UK annual financial report to relevant disclosures for their home reporting, provided that they clearly identify where those disclosures can be found in accordance with UKLR 14.3.24R(6)(a). Any explanation required under the UKLR comply or explain requirements should be included in the UK annual financial report and meet the expectations set out above.

Other relevant provisions in relation to sustainability and climate change

Listed companies are reminded that they may be required to make disclosures on climate-related and other sustainability matters in certain circumstances under other provisions of the UKLR, or under particular provisions of the Disclosure Guidance and Transparency Rules sourcebook (DTR), UK Market Abuse Regulation (UK MAR), the Public Offers and Admissions to Trading Regulations 2024 (POATRs), and the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (PRM) (this may be as part of periodic financial reports, a prospectus, or other publications or ad hoc announcements, as applicable). More information on these provisions is set out in Technical Note (TN 801.5).

Issuers should also note that the UKLR requirements described in this Technical Note operate separately from any obligations that may apply under the Companies Act 2006, including the strategic report requirements in Chapter 4A of Part 15 of that Act, or under applicable accounting standards. Compliance with the UKLR requirements does not

⁵ as per the FCA Handbook [Glossary Term](#)

affect any obligation an issuer has to comply with the Companies Act, or any requirements under applicable accounting standards.

Annex 1: UK SRS Statement of compliance

UK SRS S1 paragraphs 72 – 73B outline conditions under which an issuer is permitted to make a statement of compliance with the standards.

An issuer preparing disclosures in accordance with UK SRS S2 and/or S1 in full must make an explicit, unreserved statement of compliance.

An issuer cannot make an explicit and unreserved statement of compliance with a UK SRS standard if it explains that it has not met one or more disclosure requirements of UK SRS S2, or has not disclosed, in accordance with UK SRS S1, one or more sustainability-related risks or opportunities of the kind described in paragraph 3 of that standard. The issuer must instead include an explanation in its annual financial report to help investors understand its circumstances.

The table below summarises how the UK SRS statement of compliance applies in conjunction with the comply or explain rules and transitional reliefs in UKLR.

	UK SRS S2	UK SRS S1
Issuer meets the requirements of UK SRS S1 and UK SRS S2 in full.	Makes a statement of compliance.	Makes a statement of compliance.
Issuer meets the requirements of UK SRS S2 in full⁶, including through use of the transitional reliefs in UK SRS S2 paragraphs C3 and C4, as applied in UKLR TP16.	Makes a statement of compliance. Must state use of transitional provisions and reliefs.	Cannot make a statement of compliance. Must state use of transitional provisions and reliefs.
Issuer uses the UK SRS S1 relief in paragraph E3 of UK SRS S1, as applied in UKLR TP16.		
Issuer meets the requirements of UK SRS S1 in full but explains for part of UK SRS S2.	Cannot make a statement of compliance. Must include an explanation.	Makes a statement of compliance.
Issuer meets the requirements of UK SRS S2 in full but explains for part of UK SRS S1.	Makes a statement of compliance.	Cannot make a statement of compliance.

⁶ If issuers provide explanations under UK SRS requirements (e.g. UK SRS S1 paragraph 40 and UK SRS S2 paragraph 21), they are meeting the requirements of the standards and can make a statement of compliance, provided that all other requirements of UK SRS are met. They do not need to provide a further explanation under our rules.

	UK SRS S2	UK SRS S1
		Must include an explanation.
Issuer explains in relation to all or part of UK SRS S1 and UK SRS S2.	Cannot make a statement of compliance. Must include an explanation.	Cannot make a statement of compliance. Must include an explanation.

The table applies to all categories of in-scope issuers, including international companies. Therefore, if international companies do not meet UK SRS requirements in full and explain under our rules, they cannot make a statement of compliance with UK SRS.

Annex 2: Illustrative examples

These are illustrative examples of compliance statements and explanations that could be made under the UKLR comply or explain rules for UK SRS disclosures. They are not exhaustive and address only those requirements. Issuers should also consider any other legal or regulatory disclosure obligations that apply, as described under “Other relevant provisions in relation to sustainability and climate change” above.

Example 1: issuer makes a statement of compliance with UK SRS S2.

Statement of compliance: In producing the climate-related financial disclosures made in this report, we have met all the requirements of UK SRS S2. We have used the relief provided for in UK SRS S2 paragraph C4, and UKLR TP 16.4R(2). Therefore, these disclosures do not include Scope 3 greenhouse gas emissions.

Example 2: issuer has not disclosed climate-related targets in accordance with UK SRS S2.

Our report includes climate-related financial disclosures prepared in accordance with UK SRS S2 requirements, except in relation to Scope 3 emissions (paragraph 29(a)(vi)) and targets (paragraphs 33 – 37). We have not yet been able to obtain sufficient Scope 3 data to make the disclosures required under the standards, or to understand the indirect climate impacts of our business. We are working with our suppliers to obtain Scope 3 information in time for the next reporting period. However, we are unlikely to be able to analyse the data and establish appropriate quantitative targets until the reporting period beginning 1 January 2029.

Example 3: issuer has not made disclosures in accordance with UK SRS S1 for all sustainability-related risks and opportunities of the kind described in paragraph 3 of that standard.

We are a small apparel company with a small number of employees. Sustainability is important to us and we are prioritising work to understand the impacts of sustainability risks and opportunities that are contained in paragraph 3 of UK SRS S1. We have focused on risks and opportunities relating to sustainable sourcing and labour conditions in our supply chain. Our report includes information prepared and disclosed in accordance with UK SRS S1. However, we have not yet prepared disclosures in accordance with UK SRS S1 on other risks that we have identified (such as those relating to use of chemicals in our products or environmental impacts in our supply chain).

Example 4: international company meets UK SRS requirements in part by using home reporting.

We are subject to climate and sustainability reporting requirements in our country of incorporation, referred to as [Standards XYZ]. We have disclosed climate-related financial information in accordance with those requirements in our sustainability report [from page x], which can be accessed via the sustainability section of our webpage, or from [this link]. However, we have not disclosed Scope 3 emissions in accordance with UK SRS S2 paragraph 29(a)(vi) as we are not yet required to do so in our country of incorporation.

Although we have identified sustainability-related risks and opportunities related to energy management and both workplace and customer health and safety, we have not yet disclosed information in accordance with UK SRS S1, as we are not yet required to do so in our country of incorporation.