

Primary Market Technical Note

TCFD aligned climate-related disclosure requirements for listed companies

The information in this note is designed to help issuers and practitioners interpret our Listing Rules, Prospectus Regulation Rules, Disclosure Guidance and Transparency Rules, 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.

Disclosure requirements for listed companies

LR 9.8.6R(8) and LR 14.3.27R require premium listed commercial companies and certain standard listed companies to include a statement in their annual financial report setting out:

- whether they have made climate-related financial disclosures consistent with the TCFD's recommendations and recommended disclosures in their annual financial report
- where they have not made disclosures consistent with some or all of the TCFD's recommendations and/or recommended disclosures, an explanation of why, and a description of any steps they are taking or plan to take to be able to make consistent disclosures in the future – including relevant timeframes for being able to make those disclosures
- where they have included some, or all, of their disclosures in a document other than their annual financial report, an explanation of why
- where in their annual financial report (or other relevant document) the various disclosures can be found

LR 9.8.6BG, LR 9.8.6CG and LR 9.8.6DG, and LR 14.3.28G, LR 14.3.29G and LR 14.3.30G, contain guidance (including references to key TCFD documents) on determining whether climate-related financial disclosures are consistent with TCFD recommendations and recommended disclosures. We draw your attention to the Fundamental Principles of Effective Disclosure contained in Section F of the TCFD Annex in this context.

LR 9.8.6R(8)(b)(ii) and LR 14.3.27R(2)(b) deal with the situation where a listed company has not included climate-related financial disclosures consistent with all of the TCFD recommendations and recommended disclosures in either its annual financial report or in another document as referred to in LR 9.8.6R(8)(b)(i) and LR 14.3.27R(2)(a). The FCA considers that:

- When providing the reasons for not including such disclosures listed companies should provide full, clear and meaningful explanations for not including such disclosures. The explanations should be written in plain language that is easy to understand and leaves no room for ambiguity.

- Where a listed company provides details of 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 (LR 9.8.6R(8)(b)(ii)(C) and LR 14.3.27R(2)(b)(iii)), it should provide sufficient level of detail so that investors and stakeholders can fully understand the nature of the proposed action.

LR 9.8.6EG and LR 14.3.31G set out the limited circumstances in which we would expect in-scope listed companies to explain rather than disclose.

Where a listed company states in its compliance statement that it has made climate-related financial disclosures that are consistent with the TCFD recommendations and recommended disclosures, these disclosures should, in line with the Fundamental Principles for Effective Disclosure, include sufficient, company-specific information to support decision-making by investors.

While listed companies may seek the views of third parties (including external auditors and other advisers) when compiling and reviewing the climate-related financial disclosures to be included in their annual financial report, it is ultimately for a listed company, using its knowledge of the company's actual and expected activities, operating environment and exposure to physical and transition risks, to ensure that it complies with LR 9.8.6R(8) or LR 14.3.27R (as appropriate).

Other relevant provisions in relation to ESG and Climate Change

LR 9.8.6R(8) and LR 14.3.27R set out important obligations for listed companies to include a statement setting out whether they have included in their annual financial report (or another document) climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures, and to explain non-inclusion.

However, you are reminded that listed companies may be required to make disclosures on climate-related and other environmental, social and governance (ESG) matters in certain circumstances under other provisions of the Listing Rules, or under particular provisions of the Disclosure Guidance and Transparency Rules, Market Abuse Regulation and Prospectus Regulation (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 [\(TN 801.1\)](#).