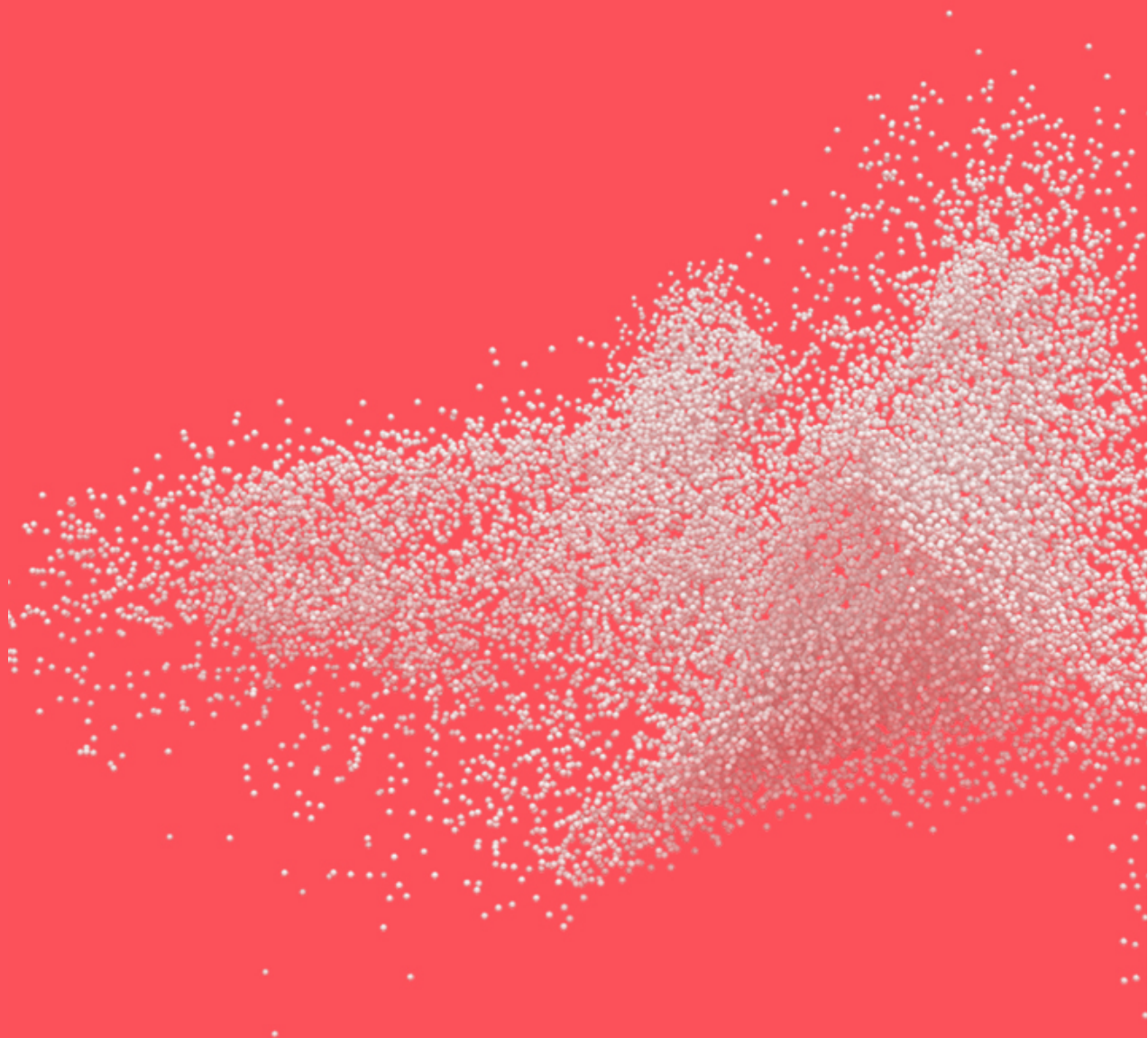


Listed issuers: FCA finalises rules on UK sustainability disclosures

October 2026



Introduction

The UK Financial Conduct Authority (FCA) has [published](#) a new policy statement (PS 26/19) setting out new requirements for listed issuers' sustainability disclosures. It follows the [publication](#) of CP26/5 earlier this year – see our [briefing](#).

Background

The current UK Listing Rules sustainability disclosure framework is aligned with the Task Force on Climate-Related Financial Disclosures (TCFD), which was disbanded in 2023. The UK published its UK sustainability reporting standards (UK SRS) in February 2026, which are based on the International Sustainability Standards. The UK SRS are divided as follows:

- SRS 1 General Requirements for Disclosure of Sustainability-related Financial Information
- SRS 2 Climate-related Disclosures.

UK SRS S1 sets out general content requirements that apply to sustainability-related disclosures where there is no specific standard. UK SRS S2 sets out requirements that relate specifically to climate-related risks and opportunities and broadly aligns with the TCFD Recommendations. However, it also requires additional detail in certain areas such as Scope 3 emissions reporting (indirect greenhouse gas emissions in the value chain of the entity), and information about climate-related transition plans. The Standards are focussed on disclosure of financially material information and set out how to judge materiality in the context of an entity and a primary user of the information.

How will the changes impact listed companies?

ESCC and Transition Categories

Companies with shares admitted to listing on the equity shares (commercial companies) and the equity shares (transition) categories of the Official List are currently required to set out whether they have made disclosures consistent with the TCFD Recommendations in their annual financial report, on a “comply or explain” basis. They are not required to produce transition plans.

Under the new rules, ESCC/transition issuers will be required to report as follows:

UK SRS S1 (sustainability reporting) – “comply or explain” basis, with a transitional period of two years. Disclosures should be made in issuers’ annual reports but the FCA is not prescribing in which section of the annual report.

UK SRS S2 (climate related reporting but not Scope 3 emissions) – “comply or explain” basis. Disclosures should be made in issuers’ annual reports but the FCA is not prescribing in which section of the annual report.

UK SRS 2 Scope 3 emissions reporting – “comply or explain” basis, with a one-year transition period.

Transition plans – disclosure in the annual financial report as to whether there is a transition plan and, if so, where it can be found and how to access it, including a hyperlink if appropriate. If there is no transition plan, the company must explain why.

Assurance – whether or not they have obtained third-party sustainability assurance over their disclosures relating to UK SRS (both UK SRS S1 and S2 (including scope 3 emissions)), including details such as the name of the assurance provider, the assurance standards used and, if the assurance report has been published, the location of the report and how to access it including a hyperlink where appropriate.

The main change to the proposed rules in CP 26/5 is that reporting in relation to SRS 2 (climate related reporting) is to be on a “comply or explain” basis rather than a mandatory basis. This is because respondents to the consultation queried whether mandating disclosure in relation to UK SRS 2 was proportionate and would support the FCA’s international competitiveness goal, noting that the existing TCFD disclosure regime operates on a comply or explain basis. Respondents also raised concerns regarding the possible disproportionate burden that could be placed on smaller issuers if the disclosure requirement was mandatory.

International Secondary Listings and Depositary Receipts

Companies with shares admitted to the equity shares (international commercial companies secondary listing) category and the certificates representing certain securities (depositary receipts) category of the Official List are currently treated the same as ESCC companies and are required to set out whether they have made disclosures consistent with the TCFD's Recommendations in their annual financial report, on a “comply or explain” basis.

In a change to the proposals, these companies will continue to be treated the same as ESCC companies under the new rules relating to sustainability and climate disclosure although they will be out of scope of the requirements regarding disclosure of any transition plans. The initial proposals had suggested that these companies should disclose the overseas climate or sustainability disclosure requirements, including transition plan requirements, to which they were subject (or which they voluntarily adopted) rather than disclosing in relation to UK SRS. Some respondents had noted that this approach effectively was subjecting UK companies to a higher disclosure regime and that this could incentivise UK companies to move their listings elsewhere.

Investment companies

Investment companies listed under UKLRs 11 and 12 are not currently subject to the FCA's TCFD-aligned rules and will not be subject to the new UK SRS disclosure requirements either. The FCA's view is that the best way to introduce requirements for investment companies is through obligations on asset managers rather than the listed funds themselves (see CPs 21/17 and 21/18).

Shell companies

As with investment companies, shell companies listed under UKLR 13 are not currently subject to the FCA's TCFD-aligned rules and will not be subject to the new UK SRS disclosure requirements either. This is because their purpose is to undertake acquisitions and they do not have substantial operations. Accordingly, the FCA's view is that UK SRS disclosures for these companies would not meaningfully improve the information available to investors.

Timing

The new rules will apply to accounting periods beginning on or after 1 January 2027 with first reporting in 2028. Transitional provisions set out transitional reliefs of two years for UK SRS 1 disclosures and one year for Scope 3 disclosures. These transitional reliefs permit non-disclosure under UK SRS 1 for non-climate matters (climate-first reporting) for a period of two years from initial application and non-disclosure under UK SRS 2 regarding Scope 3 emissions for a period of one year from initial application.

This has the following effect:

- Listed companies with an accounting period beginning before 1 January 2027
 - Should use TCFD-aligned rules and guidance unless they choose to be an early adopter (see below)

- o May voluntarily comply with UK SRS requirements and be an “early adopter”. This would permit use of the transitional reliefs which would be available for the accounting period beginning on or after 1 January 2027
- Listed companies with an accounting period beginning on or after 1 January 2027 but before 1 January 2028
 - o Must “comply or explain” with the UK SRS 1 and SRS 2 requirements unless they make use of the transitional reliefs set out above .
 - o Must disclose that they have used the transitional reliefs in their annual report
- Listed companies with an accounting period beginning on or after 1 January 2028 but before 1 January 2029
 - o Must “comply or explain” with the UK SRS 1 and SRS 2 requirements unless they make use of the “climate first” S1 transitional relief set out above
 - o Must disclose that they have used the transitional relief in their annual report
 - o Must comply or explain with the Scope 3 emissions requirements as the transitional relief will have expired

How should listed issuers apply the new disclosure requirements?

In [Primary Market Bulletin 66](#), published at the same time as PS 26/19, the FCA sets out a series of steps for listed issuers to take, including identifying financially material sustainability and climate-related risks and opportunities, reviewing governance arrangements and engaging with investors to understand their disclosure expectations.

The FCA has also [published](#) a draft technical note, TN 803.1, setting out expectations for the level of detail that it would expect issuers to provide when preparing disclosures in accordance with UK SRS, both when “complying” and “explaining”. The key features for explanations are that they must be clear, concise and cogent and issuer specific rather than generic. International companies can rely on reporting they have prepared for their qualifying home listing or country of incorporation to meet the UK SRS requirements. However, where their home disclosures do not provide all of the information required to meet UK SRS, issuers should provide an explanation. The Technical Note sets out useful illustrative examples of compliance statements and explanations that could be made under the “comply or explain” disclosure regime. The consultation closes on 28 October 2026.

In relation to enforcement, the FCA intends to provide updated information regarding its supervisory approach to UK SRS in the second half of 2027, in time for the first reporting season under the new rules. Respondents to the consultation emphasised the importance of a supportive supervisory approach, focused on guidance and continuous improvement and it is to be hoped that this will be reflected in the new supervisory approach.

Do listed issuers need to think about any other regulatory requirements when considering sustainability and climate change?

The UKLR disclosure requirements are just part of the picture when considering climate change. Primary Market Bulletin 66 reminds issuers of Listing Principle 1 (need to have adequate procedures, systems and controls) and DTR 4.1.8R which requires listed issuers to disclose principal risks and uncertainties. In addition, listed issuers should be aware of UK MAR and the need to disclose inside information as soon as possible as well as the need to disclose information under the informed assessment test when a prospectus is published.

Comment

Listed issuers will welcome the FCA's change to a "comply or explain" approach applying to both UK SRS 1 and 2, rather than disclosure in relation to UK SRS 2 being applied on a mandatory basis as had been proposed. This mirrors the current approach in relation to TCFD disclosures. The change in direction shows a willingness to listen to feedback, particularly in relation to smaller issuers who may have found mandatory disclosure onerous, and a desire on the part of the FCA to be proportionate and to simplify the reporting regime.

The UK Government is reviewing how companies are reporting against the climate-related financial disclosures set out in the Companies Act 2006 (which apply to certain larger private companies and UK companies traded on AIM which meet various financial tests) and how these disclosures are being used by investors and other users. It may be that further simplification is on the cards.

