

Insights

FCA CONSULTS ON SUSTAINABILITY DISCLOSURES FOR LISTED COMPANIES

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SUMMARY

The FCA is consulting on significant changes to how listed companies in the UK report on sustainability matters. The consultation closes on 20 March 2026, with the final rules expected in Autumn 2026. The new requirements will apply to financial years beginning on or after 1 January 2027.

The proposals aim to replace the current TCFD-aligned disclosure framework with requirements based on the new UK Sustainability Reporting Standards (UK SRS).

BACKGROUND

The Listing Rules currently require UK incorporated and overseas companies with an equity shares (commercial companies) listing to include certain statements in their annual financial report on climate-related matters, consistent with the TCFD (The Taskforce on Climate-related Financial Disclosures).

In 2023, the International Sustainability Standards Board published IFRS S1 (general sustainability disclosures) and IFRS S2 (climate-related disclosures).

PROPOSALS

The new rules will apply to companies in the following categories with some variations:

- the Equity shares commercial companies category (UKLR 6);
- the Secondary listing category (UKLR 14); and
- the Transition category (UKLR 22).

CLIMATE-RELATED DISCLOSURES - UK SRS S2

UK SRS S2 is broadly aligned with the existing TCFD Recommendations in the Listing Rules. The FCA proposes to move away from the ‘comply or explain’ basis for these rules (save for Scope 3 – see below) and instead require listed companies in these categories to make climate-related disclosures on a mandatory basis, in line with UK SRS S2.

However, given the challenges of disclosing Scope 3 emissions data which requires collecting data from third parties across a company’s value chain, the FCA proposes a one-year transitional relief to give companies time to adjust their systems and controls. Once this relief period has ended, reporting against UK SRS S2 Scope 3 provisions will be on a ‘comply or explain’ basis.

If a listed company chooses to ‘explain’, it would be required to:

- Identify the specific paragraphs of UK SRS S2 where it has not produced Scope 3 disclosures and explain the reasons for this.
- Explain any steps being taken or planned to be taken to make those disclosures in the future, including the timeframe for making the disclosures.

WIDER SUSTAINABILITY DISCLOSURES – UK SRS S1

UK SRS S1 requires disclosure of information about all sustainability-related risks and opportunities that could reasonably be expected to affect a company’s prospects. As the FCA has not previously required listed companies to report on wider sustainability risks and opportunities, such reporting will be on a ‘comply or explain’ basis to give listed companies time to adjust.

IMPLEMENTATION TIMELINE

Financial years beginning	Requirements
Before 1 January 2027	Continue with current TCFD-aligned rules, or early-adopt UK SRS requirements
On or after 1 January 2027	UK SRS S2 climate disclosures – mandatory reporting (excluding Scope 3) Scope 3 on ‘comply or explain’ basis; optional 1-year transitional relief for Scope 3
On or after 1 January 2028	Scope 3 transitional relief ends UK SRS S1 non-climate reporting on ‘comply or explain’ basis; optional 2-year transitional relief for non-climate disclosures
On or after 1 January 2029	UK SRS S1 non-climate transitional relief ends

SECONDARY LISTING CATEGORY

The FCA proposes to remove the TCFD climate-related disclosure requirements that currently apply to this category and is not proposing to mandate UK SRS disclosures. Instead, companies would be required to include a statement in their annual report setting out: (i) any climate and/or wider sustainability disclosure requirements to which they are subject in their primary listing jurisdiction or place of incorporation, with signposting to where those disclosures can be found; (ii) any sustainability standards voluntarily adopted; and (iii) confirmation if no such requirements apply. Companies must also disclose whether they have obtained third-party sustainability assurance. These changes would take effect for accounting periods beginning from 1 January 2027.

TRANSITION PLANS

The FCA plans to remove its current guidance on transition plans (as the Government is separately consulting on this). This will be replaced with a requirement for listed companies to include a statement in their annual financial report explaining whether they have disclosed a climate-related transition plan, and where it can be found.

[FCA Consultation Paper on Aligning Issuers' Sustainability Disclosures with International Standards](#)

RELATED CAPABILITIES

- Corporate
- UK Public Company
- ESG Governance, Compliance and Reporting

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