

Insights

ALIGNING FCA TCFD REQUIREMENTS WITH THE UK SUSTAINABILITY REPORTING STANDARDS (SRS)

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Summary

On 1 October 2026, the FCA published Policy Statement PS26/19, confirming final rules requiring listed issuers to align their sustainability and climate disclosures with the UK Sustainability Reporting Standards (UK SRS), replacing the existing TCFD-aligned Listing Rules regime.

The new regime applies on a comply or explain basis from accounting periods beginning on or after 1 January 2027, with first reporting in 2028.

Key Rule Changes

UK SRS S1 & SRS S2

In-scope issuers must report against UK SRS S2 (climate-related disclosures), including Scope 3 emissions, on a comply or explain basis in their annual report. The FCA ruled out a mandatory approach as disproportionate, since full UK SRS-aligned disclosure is not yet feasible for some smaller issuers.

The FCA is also proceeding with UK SRS S1 disclosure requirements for non-climate reporting on a comply or explain basis in the annual report. This is the first time the FCA has required reporting of wider sustainability risks and opportunities against a specific framework.

Where an issuer does not disclose in line with UK SRS, it must provide a clear explanation. The FCA has also reminded issuers of their existing obligation under DTR 4.1.8R to disclose principal risks and uncertainties, including climate and sustainability risks where material.

Scope of issuers covered

The new rules apply to issuers in five listing 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); and Equity Shares (Transition) (UKLR 22). Closed- and open-ended investment funds, shell companies, and debt/debt-like and miscellaneous securities categories remain out of scope.

Transition Plans

Issuers are not required to produce a climate transition plan but must state in their annual report whether they have one and, if so, where it can be found. If they do not have one, they must explain why. This requirement does not apply to issuers in the secondary listing or depositary receipts categories.

Assurance

Issuers must confirm in their annual report whether they have obtained third-party sustainability assurance, giving details of the provider, scope, level and standards applied. Assurance itself remains voluntary, though the FCA will keep this under review.

Implementation timeline and transitional period

The FCA is providing a one-year transitional relief from Scope 3 emissions disclosure and a two-year transitional relief from UK SRS S1 (non-climate) disclosure, giving issuers more time to prepare for the newer or more challenging disclosures before the comply or explain rules apply in full. Issuers relying on a relief must state this in their annual report but need not explain their reasoning.

Additional one-year reliefs apply to comparative information and to an alternative method for measuring GHG emissions. Early adopters who voluntarily apply UK SRS before the effective date may also access these transitional reliefs.

Commentary

The FCA has moderated its original proposal from a mandatory obligation to a "comply or explain" obligation. Nonetheless, this remains a significant development in UK sustainability reporting. Scope 3 emissions and non-climate measures, such as nature-related disclosures, will require meaningful resourcing, training and upskilling across most organisations. The transitional periods are intended to allow this capability to be built in an orderly manner, rather than under time pressure and at disproportionate cost. While the more measured approach may be regarded by some as a concession to global pressure, in our view the UK continues to lead in this area, balancing the increased expectations placed on listed companies against the need to preserve their competitiveness.

The comply or explain framework should not be regarded as optional in substance. The FCA has paired it with a reminder of the existing obligation under DTR 4.1.8R to disclose material climate and sustainability risks. An inadequate or generic explanation, whether for non-disclosure or for the absence of a transition plan, is likely to attract investor stewardship challenge and may be relevant to greenwashing risk under the FCA's anti-greenwashing rule. Explanations should accordingly be prepared with the same rigour as the underlying disclosures and should be consistent with statements made elsewhere by the company.

Issuers should treat 2026 and early 2027 as a preparation window. This should include conducting a gap analysis against UK SRS S1 and S2, determining at an early stage which transitional reliefs will be relied upon, assigning clear ownership of the relevant disclosures across the board, sustainability function and legal team, and ensuring consistency of messaging across all public sustainability statements in advance of the first reports due in 2028.

For details of the practical implications of moving to UK SRS, please see our earlier briefing on [preparing for UK SRS and what companies need to do now](#). If you would like to discuss how these changes may affect your organisation or would welcome support in preparing for UK SRS reporting, please do not hesitate to contact the authors of this briefing or any member of our wider ESG team, who would be glad to help.

Related capabilities

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