

UKSIF response- FCA CP26/5: Aligning listed issuers' sustainability disclosures with international standards

About UKSIF

The UK Sustainable Investment and Finance Association (UKSIF) is the UK's leading membership organisation for sustainable finance, committed to promoting a financial system and wider economy that works for the benefit of the environment and society.

UKSIF represents a diverse range of global and UK-based financial services institutions and institutional investors committed to these aims, and our more than 300 members- representing over £19trn of global assets under management (AUM)- include investment managers, pension funds, banks, wealth managers, financial advisers, ESG data and research providers, NGOs, among other groups. UKSIF and our members have played a prominent role over recent years to facilitate a more supportive policy environment in the UK for the growth of sustainable finance and to support the private finance sector's efforts in advancing the transition to a more sustainable future. For more information, please visit uksif.org.

Introduction

The UK Sustainable Investment and Finance Association (UKSIF) welcomes the opportunity to respond to the Financial Conduct Authority's (FCA's) consultation on proposals to align listed issuers' sustainability disclosures with the forthcoming UK Sustainability Reporting Standards (SRS).¹ We note the high level of interest and engagement with the FCA's consultation from our institutional investor membership, which includes global and UK based firms, reflecting the demand among many investors for clear, high-quality financially material information on companies' sustainability risks and opportunities.

We broadly support the proposed transition from the existing TCFD-aligned disclosure framework towards requirements referencing the UK SRS S1 and S2, which represents an important milestone in the continued evolution of the UK's sustainability reporting regime for listed companies.

Overall, we view the FCA's proposals as a positive step forward towards strengthening the integrity, comparability, and international alignment of the UK's corporate sustainability disclosure framework. The proposals recognise the potential significant benefits of greater consistency and clarity in sustainability-related reporting for both companies and users of these disclosures. We are particularly pleased to see quick steps proposed to place climate-related disclosures under SRS S2 on a largely mandatory footing from 2027 for listed companies.

We expect that the transition towards the UK SRS will improve the availability of decision-useful information for investors and other users of corporate disclosures, while supporting cost efficiencies and reducing the reporting burden over time for businesses.

More specifically for issuers, over time the SRS should support lower costs of capital should companies be providing financial market participants with relevant and more decision-useful information. The standards will support interoperability for UK companies and ease risks of a fragmented approach, particularly for those companies operating internationally that often have to produce multiple reports across different reporting frameworks that result in a higher regulatory burden. They will also help act as a useful corporate governance tool for companies, helping them to identify and act upon the risks and opportunities facing their business.

For our institutional investor members, many will be heavily exposed to and invested in companies and assets from across the world and will be very reliant on non-financial reporting from non-UK headquartered companies. Therefore, the UK SRS's alignment to the ISSB's global baseline of standards remains critical to facilitate our members' efforts to address emerging sustainability risks and opportunities on behalf of their clients and beneficiaries, support the global transition, and efficiently allocate capital and price risks across the economy. We expect this will become even more relevant as more overseas jurisdictions now formally adopt, or consider moving forward with, reporting standards based on the IFRS S1 and IFRS S2.

While supportive of the direction set out in the consultation, we recommend a number of changes to ensure the SRS regime provides a clear direction of travel to preparers and investors,

¹UKSIF's consultation response is informed by our membership, though this does not necessarily reflect the views and perspectives of our entire membership, either individually or collectively.

maintains a level playing field across issuers, supports the disclosure of material information for investors, and importantly continues to support the UK's alignment with the International Sustainability Standards Board's (ISSB's) baseline standards.

In particular, it will be critical that the long-term trajectory of the UK's reporting framework remains towards full compliance with the ISSB's global baseline. Doing so would help reinforce the UK's position as a leading international financial centre and sustainable finance hub, while ensuring companies operating across multiple jurisdictions can continue to meet the ISSB's baseline through the UK's reporting requirements.

As mentioned while we largely welcome many of the consultation proposals, we would encourage the regulator to reconsider certain aspects of the measures to ensure that the UK framework can fully support the ISSB's role in advancing transparency, comparability, and clarity in international sustainability reporting.

Executive summary – main points in UKSIF's response

- **Support for evolution in the UK's sustainability reporting landscape towards the SRS:** We broadly welcome the proposed shift outlined by the FCA to replace existing climate-related disclosures for in-scope UK listed companies with requirements referencing the SRS S1 and S2. This represents an important milestone in the continued evolution of the UK's sustainability reporting framework, which we expect will deliver tangible economic benefits and efficiencies for both in-scope companies and users of reporting (e.g. reduced cost pressures in time for preparers reporting). The SRS will in time deliver greater consistency in reporting and enhanced interoperability with global reporting standards, supporting investors with a global presence to more effectively compare their investments. It is positive to see the SRS S2 requirements as proposed largely applying relatively quickly from 2027 for listed companies.
- **Clarity on Scope 3 GHG emissions reporting for in-scope companies:** We recommend that the FCA sets out a clear and gradual pathway towards mandatory reporting of Scope 3 emissions for in-scope listed companies. We believe that such an approach would recognise practical challenges some organisations face in measuring and reporting Scope 3 data, while importantly providing forward-looking clarity on this area of reporting to companies, investors, and wider stakeholders. As part of a 'mandatory pathway', we would support the regulator setting out specific timeframes for mandatory reporting. For example, from 2030 by which point we would expect many in-scope companies will have built necessary capacity and understanding. Should this approach not be drawn on, our secondary preference would be for the inclusion of a defined 'review clause' (for example after 3-4 years) for the regulator to re-assess the approach to Scope 3 reporting.
- **Changes to rules for companies with a secondary listing in the UK:** A further key recommendation in our response relates to the proposed treatment of companies with a secondary listing in the UK. Our preferred recommendation is for this group to be subject to broadly equivalent disclosure expectations under the SRS as other in-scope entities, which we believe would build on the existing approach taken under the TCFD regime. This should include those secondary listed issuers based in a home jurisdiction where no climate-related reporting standards exist. Our response sets out secondary

options for consideration to ensure a proportionate approach, while minimising material disclosure gaps among issuers.

- **Reporting under the UK SRS S1:** Similarly to our views on Scope 3 emissions reporting, we support confirmation of a clear and gradual pathway towards mandatory reporting under SRS S1 for in-scope listed companies, with specific reporting timeframes outlined. For example, this could be from 2030 onwards for mandatory reporting. This would be an important step particularly where sustainability-related information is financially material for investors. Our secondary preference would, similarly, be confirmation of a 'review clause' (for example after 3-4 years) by the regulator to assess the future approach to SRS S1 reporting for issuers, particularly as reporting practices among companies and wider stakeholders continue to evolve over time.
- **Clarification on SRS disclosures applying to asset managers and FCA-regulated pension providers:** We would welcome further clarification on the envisaged scope of the SRS requirements for these groups, with a view to minimising duplication in sustainability-related reporting at both product and entity-level. Some uncertainty remains around how the proposed 'cross-referencing' provisions would operate in practice for our members. Linked to this, we continue to encourage policymakers at large to provide clearer guidance on the practical transition from the current TCFD-aligned disclosure framework to SRS-based reporting for companies in the coming years. As the SRS regime is rolled out across the economy in the coming years, the regulator could consider a single source of information (e.g. on its website) that clearly outlines, in an accessible way, the scope of all companies subject to its disclosure rules. This would be for both listed issuers and institutional investors.
- **Support for good-quality, proportionate transition planning across the economy:** We look forward to seeing the outcomes shortly of the government's consultation on climate transition plans, and we recognise that the FCA's proposals will ultimately need to align with government's wider policy direction and the conclusion of its process here. More broadly, we restate our support for policymakers to move forward with a 'pathway approach' to mandatory transition plan disclosure for large listed and large privately owned companies, building on the scope and foundations of the existing Task Force on Climate-related Financial Disclosures (TCFD) aligned regime.²

²More details can be found in UKSIF's response to DESNZ's transition plans consultation in September last year <https://uksif.org/wp-content/uploads/2025/09/UKSIF-Response-DESNZs-transition-plan-requirements-consultation-1.pdf>

1. Do you agree with the proposed scope for our rules? If not, what alternative scope would you suggest and why?

Broadly speaking, **we are largely supportive of the FCA's proposed scope for the rules** and the primary focus on those listed companies already subject to TCFD-aligned disclosures in the UK.

This focus should, we hope, provide some reassurance to UK-based preparers, in part given the extensive work already carried out by many listed companies to report on climate-related information under TCFD.

However, as outlined in our response to Q.15, we have some concerns on the proposals for companies in the secondary listing category and we suggest some changes to ensure that an issuer in this category does at least disclose a baseline level of climate-related disclosures. We outline various options for consideration by the regulator, ranked in order of preference.

Separately, we share our views in response to Q.17 on clarifying the scope of the regulator's reporting requirements for asset managers and FCA-regulated pension providers in order to minimise the risks of duplicative reporting with other frameworks, such as TCFD and the Sustainability Disclosure Requirements (SDR).

More broadly than this, **consideration by the regulator of a single, updated source of information containing accessible details on the scope of all companies caught by disclosure requirements** would be beneficial, including for UK listed issuers and institutional investors.

This could be updated periodically (e.g. on the FCA's website) and aim to promote greater clarity for a range of organisations that may face uncertainty over whether they are subject to the FCA's disclosure rules. This single source from the regulator should ideally be less challenging to navigate in practice for organisations compared to, for example, the existing ESG Handbook which sets out the scope for TCFD-aligned disclosures for entities.

2. Do you agree that we should replace our TCFD-aligned rule (which has not been updated since 2023 due to TCFD being disbanded) and guidance with requirements to report against UK SRS S2 (and relevant aspects of UK SRS S1)? This would be for companies with a listing in the commercial companies, non-equity shares and non-voting equity shares, and transition categories. If not, what alternative approach would you suggest and why?

We largely agree with the proposed approach to replace TCFD-aligned requirements with **new requirements for corporate reporting under the UK SRS**, and we believe this would represent a positive step forward in the ongoing evolution of the UK's sustainability reporting landscape.

Crucially, it would advance further alignment with the ISSB's global baseline, helping ensure that sustainability disclosures can remain as decision-useful as possible for investors operating across multiple jurisdictions.

As part of the upcoming transition from TCFD-aligned rules to the SRS in the UK, additional guidance and support may be required from FCA during this transition phase, particularly

for relatively smaller companies. This support (e.g. in the forms of educational webinars and wider industry engagement) should be replicated across policymaker groups and regulators for different companies across the economy to assist organisations' implementation plans.

More specifically, this could cover more technical guidance on the envisaged gaps in reporting that some companies may face, and wish to consider, as they move across from TCFD-aligned reporting to the SRS S2 requirements.

This could bring some value in addressing any gaps in expectations among some UK-based preparers, including those that may not yet have made sufficient progress in their gap analysis. We note the FCA's recent letter to the Department for Business and Trade (DBT) highlighting that around 26% of IFRS S2 cross-industry disclosures go beyond TCFD representing 'substantial advancements'. For example, relating to disclosure of the financial effects of climate change, metrics, and the strategy pillar.

Guidance from the regulator could also encompass indicative examples of what could be viewed as legitimate explanations for those issuers, particularly smaller, choosing to opt for 'explain' rather than comply with certain requirements (e.g. Scope 3 emissions reporting), where this flexibility has been proposed in the rules. This could support more comparable disclosures across in-scope entities. The Financial Reporting Council's recent guidance *'Improving the quality of 'comply or explain' reporting'* for the UK Corporate Governance Code could be drawn on in part, as part of this exercise.³

Another area where additional clarification would be beneficial from the regulator relates to the legal implications of preparers reporting under the UK SRS.

As highlighted in our response last year to DBT's consultation on the 'Exposure drafts: UK Sustainability Reporting Standards', our own understanding is there would be relatively considerable legal obstacles for parties to bring legal claims against company directors through companies' use of the UK's SRS, in a similar way to the experience of the TCFD in the UK. The existing provisions in Section 463 of the UK Companies Act 2006 should provide sufficient safeguards for directors, including necessary flexibility for companies to defend themselves from parties' claims, specifically provided that they had no strong reason to doubt the reliability of climate-related information disclosed within their reports.⁴

With that said, the FCA working alongside other stakeholders may wish to assess further this question in time to provide further confidence for company directors under Section 463 of the Companies Act, including how it is applied effectively to SRS reporting.

We would hope that additional support provided from FCA and government departments where relevant could give further assurances to companies over the upcoming SRS, with a precedent for this under previous TCFD-related guidance for groups across the investment chain in recent years from policymakers. **Should further guidance and support be considered, we expect there will be a number of lessons to be drawn from the previous experience of TCFD-related guidance** for companies and other groups.

³https://media.frc.org.uk/documents/Improving_the_quality_of_comply_or_explain_reporting_March_2026_cLjoThlr.pdf

⁴<https://uksif.org/wp-content/uploads/2025/09/UKSIF-Response-UK-SRS-Exposure-Drafts-September-2025.pdf>

Given the progress made by many UK issuers in preparing and issuing good-quality climate reporting, and the fact that the SRS S2 broadly corresponds and builds on the TCFD regime, we restate our view that it would be appropriate for the deletion of existing TCFD-aligned disclosures for in-scope companies, and replaced with mandatory disclosures in line with the SRS S2.

3. Do you agree that the UK SRS S2 reporting requirements should apply on a mandatory basis (with the exception of Scope 3 emissions, as addressed in Q4)? If not, what alternative approach would you suggest and why?

We would agree that the UK SRS S2 reporting requirements should be introduced on a mandatory basis in order to assist with as smooth a transition as possible from existing mandatory TCFD-aligned rules to the new corporate reporting regime. This would bring tangible economic benefits and clarity both for preparers and investors.

However, in our response to Q.4 we highlight our concerns on the proposed approach to Scope 3 emissions reporting and we believe that a pathway towards mandatory reporting here should be considered. This is on the basis that these emissions will often be the most material emissions category for many sectors and therefore critical to inform investor decision-making and assessments of investee companies' climate risks and exposures.

Separately, in order to enhance the quality and depth of the sustainability data ecosystem in the UK and alignment to the ISSB's baseline, which can support the UK's long-term economic competitiveness, the FCA's proposals for mandatory reporting on the SRS will need to be matched, either immediately or over time, by similar mandatory requirements from other regulators and government departments for other groups of entities. This includes for example 'economically significant' companies and privately-owned companies in the UK, which should be captured by disclosure requirements under the SRS over time.

This approach would build on the sequencing of mandatory TCFD-aligned disclosures across the UK economy and investment chain in recent years. We would advise that large UK listed companies first report on a mandatory basis under the SRS, ahead of other groups such as 'economically significant' entities.

4. Do you agree that UK SRS S2 Scope 3 reporting should apply on a 'comply or explain' basis, for companies with a listing in the commercial companies, non-equity shares and non-voting equity shares, or transition categories? If not, what alternative approach would you suggest and why?

While we agree with the assessment from FCA and certain wider stakeholder groups on the ongoing challenges for companies in accessing good-quality data relating to Scope 3 emissions, **our preference would be for the proposals to outline a 'pathway approach' whereby Scope 3 emissions reporting would be introduced gradually on a mandatory basis.**

We would welcome clearer expectations here sooner from the regulator for larger listed companies to start with, as part of this envisaged pathway. This would recognise that Scope 3 emissions can often be the most material emissions category for many sectors, and enhancements to transparency in this area remains especially critical for enabling investors to

assess a range of climate risks and opportunities, and support their capital allocation decisions.

We would support the regulator outlining specific timeframes for reporting on a mandatory basis- for example from 2030- with interim milestone measures confirmed ahead of this point.⁵ This includes the UK SRS optional 'transitional relief' followed by 'comply or explain' reporting, before mandatory reporting is formally introduced for listed companies in scope.

This recommendation for a clearly defined timeline would recognise the need for proportionality from policymakers in this specific area of emissions reporting, while importantly signalling to companies and investors a clear direction of travel for future emissions reporting.

For UK-based preparers, a clear longer-term trajectory set out towards mandatory Scope 3 reporting could provide more certainty. This includes for those businesses that have already established extensive multi-year programmes to build their Scope 3 reporting capabilities. This clearer trajectory would help in enabling these companies to plan their investments in data systems, and support supplier engagement (e.g. in collating climate data from parties in their value chains) as well as emissions estimation methodologies with greater certainty.

By contrast, there are some risks that the proposed measures would create additional uncertainty in particular for in-scope UK entities that have made positive progress to date in assessing their Scope 3 emissions. For example under other existing regulatory or industry frameworks (whether in the UK or overseas). Organisations' corporate reporting initiatives internally could face some disruption if policy uncertainty remains in this area, and this point is very relevant given the long-term planning generally carried out by companies on a multi-year basis when it comes to establishing and delivering their sustainability-related reporting initiatives.

A clearer timeline for mandatory reporting would also help encourage a more direct dialogue within corporates and also between corporates and their investors, over the practical challenges in calculating Scope 3 emissions (for example 'on double counting'). In addition to new ways to support good-quality engagement by organisations with suppliers.

For investors specifically, continued limits over the coming years to corporate reporting on Scope 3 emissions may inhibit transparency in climate data and disclosure, with these emissions often constituting the very largest share of companies' total emissions footprint, especially those with extensive supply chains.⁶ There is notably the challenge that should some UK entities not comply with the ISSB's 'common baseline' by deciding to explain their omission of Scope 3 reporting, then this may serve to limit the comparability and decision-usefulness of disclosures across listed companies.

Should our preferred recommendation not be taken on board, **our secondary proposal would be for the regulator to confirm a 'review clause' in which its approach to reporting on Scope 3 emissions would be reviewed** within a three to four year timeframe. A further option to be

⁵One rationale we have identified for 2030 onwards is that by this point in time, we expect that many in-scope companies in the EU will have started to report on their material Scope 3 disclosures under the CSRD, as these are gradually phased in. This is expected for many companies by 2028/29 and may provide a helpful benchmark for UK based organisations.

⁶For example, research from BNP Paribas Asset Management has shown that on average, scope 3 emissions account for more than 80% of a company's total carbon footprint, with this percentage varying depending on the sector. https://www.bnpparibas-am.com/en-gb/forward-thinking/greenhouse-gas-emissions-101-demystifying-scope/?utm_source=chatgpt.com

considered potentially would be for companies in scope to consider disclosing broad ranges or methodological explanations to provide investors with transparency around any assumptions used.

This review from the regulator could reflect on any progress made by this point in terms of the following: companies' disclosure and estimations of Scope 3 emissions (e.g. through frameworks such as the SBTi's net-zero corporate framework); their broader reporting capacity on emissions; improvements in the overall data quality and consistency in estimation methodologies; and monitoring of the use of the 'explain' option by issuers to ensure it has not inadvertently become a loophole on reporting as data availability has improved.

We would hope to see over the coming years further improvements by a range of organisations in their approach to calculating Scope 3 emissions and setting Scope 3 targets, with appropriate flexibilities offered as part of this to in-scope preparers where needed.

Finally, **we would note the existing provisions on proportionality contained within the SRS S2, which we believe should offer some reassurance for UK listed companies** and could be explicitly signposted to companies by the regulator in the final policy statement. This could be beneficial for those companies that may not have good awareness at present of the SRS requirements necessarily. The existing provisions within the SRS can allow organisations to make use of reasonable data estimations and proxy data which is consistent with the ISSB's approach, intended to make reporting less challenging in practice.

Specifically, these existing provisions confirm that in-scope companies "shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort" and this applies in regard to assessing relevant value chains and assumptions for measuring emissions.

We think it will be possible for in-scope issuers to communicate to their investors and stakeholders a range of uncertainties in this area of their emissions reporting and importantly in a transparent manner, without the need necessarily for additional detailed relief measures to be introduced. As mentioned, the regulator could usefully reiterate this envisaged flexibility for UK issuers to provide reassurance where needed.⁷

5. Do you agree with our proposals regarding the location of UK SRS S2 climate-related disclosures? If not, what alternative approach would you suggest and why?

We agree with the proposals for climate-related disclosures under SRS S2 to be made in companies' annual financial reports. We continue to strongly believe in the importance of all companies sufficiently considering the connectivity between their financial and sustainability-related reporting, which we think the proposals in regard to the location of SRS S2 disclosures would support further.

Integration could be assisted further through the upcoming Modernisation of Corporate Reporting (MCR) from the Department for Business and Trade (DBT), and we look forward to seeing details of this review published shortly. The review will need to consider ways to

⁷For example, the provisions on proportionality also note that an entity's measurement of Scope 3 greenhouse gas emissions is likely to include the use of estimation rather than solely comprise direct measurement and introduces a hierarchy of considerations to support a proportionate approach to measurement.

effectively integrate sustainability-related reporting alongside annual financial reports, and in a manner that avoid duplication in reporting and added burden.

We are optimistic that over time if more companies more explicitly recognise and disclose the interconnectivities, then this will have positive impacts on the quality of information disclosed to markets and enable investors and others to make more effective capital allocation decisions.

Finally for transition plan disclosures specifically, more broadly we would like to see government move forward with delivery of a pathway towards mandatory disclosure over time, beginning with large listed and large privately owned companies, and for these disclosures to be included in standalone reports by large companies, again sequenced over a period of time.

6. Do you agree that UK SRS S1 non-climate reporting requirements should apply on a 'comply or explain' basis for companies with a listing in the commercial companies, non-equity shares and non-voting equity shares, or transition categories? If not, what alternative approach would you suggest and why?

Similarly to our response on the proposed approach to Scope 3 GHG emissions reporting for in-scope companies, we disagree with these proposals on SRS S1 reporting. Instead, **we would support a clear, gradual pathway set out by FCA towards mandatory disclosure on SRS S1 for in-scope UK listed companies.** For example, from 2030 onwards for mandatory reporting.

Similarly, **our secondary preference would again be for a 'review clause' to be included** in this area of the FCA's requirements, in which its approach to reporting on SRS S1 would be reviewed within a three to four-year timeframe should the original consultation proposals remain in place.

We believe that clearer expectations over time on corporate reporting under the SRS S1 could help deliver more decision-useful, 'investor-grade' information on sustainability risks and opportunities that would support more effective decision-making in financial markets. Increasingly, there is recognition of the financial materiality of wider sustainability factors, such as biodiversity and nature loss, and investors are now requesting more detailed insights and data from their investee companies in these areas.

This further supports our view on the need for a clear 'pathway approach' towards mandatory disclosure on SRS S1 reporting for in-scope entities in the UK. **We would also encourage the regulator to continue to follow work on the ongoing ISSB project to develop a nature-specific disclosure standard** that builds on the TNFD's framework, with a view to considering integration opportunities into corporate reporting as the ISSB's standard is finalised in due course.

Separately, we would welcome additional clarification from the regulator on what information could be envisaged to be disclosed by companies under the 'explain' option that has been set out. For example, the extent to which this would include a detailed description of a company's materiality assessment in relation to reporting under S1, alongside other issues such as information on any data gaps and indicative timelines to address data coverage in future.

7. Do you agree with our proposals regarding the location of UK SRS S1 sustainability-related disclosures? If not, what alternative approach would you suggest and why?

Yes, similarly to our response to Q.5 we agree with the proposals which we think could further reinforce the connectivity between in-scope companies' financial and non-financial reporting practices.

8. Do you agree with our proposals for listed companies to disclose whether and where they have published a climate-related transition plan, if they have one, or stating why they have not published one? If not, what alternative approach would you suggest and why?

In terms of the FCA's role through this consultation, **we would recognise the importance of government's policy direction and next steps on transition planning being considered, ahead of the regulator finalising its approach, which would need to be taken closely into account.**

More broadly than this, as outlined in our recent response to DESNZ's consultation on transition plan requirements for in-scope companies, we would like to see a **'pathway approach' outlined by policymakers towards mandatory disclosure for in-scope companies**, starting with large listed and large private companies before extending to wider groups (e.g. 'economically significant' entities).⁸

This would strike the right balance for both preparers and users of transition plans, and we suggested an initial 'comply or explain' period for in-scope companies ahead of mandation. This initial 'comply or explain' period would apply at first, and the length of this period would vary depending on the type of company in question. For listed companies, we would envisage this interim 'comply or explain' period adopted by the regulator being relatively limited (e.g. one year), given the prevalence already of transition plan reporting and planning exercises across this group.

As highlighted in our response to DESNZ's consultation, we continue to emphasise to government the importance of delivery of credible, practical transition plans for in-scope companies, largely building on the scope and foundations of the existing Task Force on Climate related Financial Disclosures (TCFD) aligned regime. In terms of the content and structure of transition plans, we look forward to seeing government's consultation provide clarity here on the envisaged important elements of credible plans. For example, relating to disclosure of an entity's governance arrangements relating to transition planning, capex allocation to help deliver on plans, the range of dependencies, and details of engagement with value chains.

10. Do you agree with our proposals for transparency about third-party assurance, where it has been obtained voluntarily? If not, what alternative approach would you suggest and why?

We largely agree with the FCA's proposals set out in this area of the consultation paper. While we do not think that reasonable assurance should necessarily be introduced from the very onset for in-scope UK issuers, we would like to see the regulator move in this direction for

⁸<https://uksif.org/wp-content/uploads/2025/09/UKSIF-Response-DESNZs-transition-plan-requirements-consultation-1.pdf>

sustainability reporting requirements over the coming years as familiarity among issuers with the SRS grows.

Also, we would welcome early visibility from the regulator on any formal upcoming assurance requirements, which would minimise unexpected cost pressures for issuers, while we would support phased implementation that recognises the value of assurance for investors and the operational work and costs for in-scope entities.

12. Do you have any further views on sustainability assurance which we should factor into future policy development? For example, any views on the type of information that should be assured, the feasibility of limited and reasonable assurance, or over what timeframe we should revisit our approach.

As mentioned previously in our response to Q.10, we largely agree with the measures set out in this area of the consultation.

In terms of the envisaged transition towards reasonable assurance requirements that we have outlined in our response, as well as early visibility from the regulator we expect there may be lessons to be drawn on from the European Union's recent experience of assurance rules under the Corporate Sustainability Reporting Directive (CSRD), which has contributed to some additional cost pressures for corporates.

15. Do you agree with our proposals for companies in the secondary listing category and the depository receipts category not to disclose against the UK SRS, but instead to disclose which overseas climate and sustainability standard they are subject to, or which they voluntarily adopt? If not, what alternative approach would you suggest and why?

Our preference would be for those companies with a secondary listing in the UK (and issuers of depository receipts) to face broadly equivalent disclosure expectations under the UK SRS. We believe this would build on similar, existing requirements under the TCFD regime, and we would like to see our recommended approach capture those secondary listed issuers based in home markets where there do not exist equivalent sustainability disclosure rules.

We hope this could avoid the negative scenario that a secondary listed issuer could disclose under FCA rules that they do not report, to any extent, under sustainability-related reporting requirements. This would result in our institutional investor members having markedly less access to material disclosures on sustainability and would risk reducing the comparability of this information available to investors and wider stakeholders in the UK's markets, when compared to today's requirements.

For this group of UK businesses where an equivalent reporting approach does not exist in their home jurisdiction, they should be subject to disclosures in line with the UK SRS. While for other secondary issuers, they should be able to retain some flexibility to report under those equivalent disclosure rules in their home markets should such rules exist there, and also have the option to report voluntarily in accordance with the SRS.

We think there is some merit in mirroring the existing cross-referencing requirements in TCFD within the upcoming UK SRS, so that businesses with a secondary listing in the UK are in scope of requirements in some form. Even, if these generally may be relatively more limited for those issuers relying on their home-market reporting judged as consistent and equivalent with the SRS.

We fully recognise the importance of maintaining the competitiveness of the UK's capital markets, and we believe this objective would be supported by ensuring those companies seeking access to UK markets provide some baseline of sustainability disclosures under the FCA's requirements, rather than no disclosures at all, where no comparable requirements exist in their home jurisdiction.

Separately, **our secondary preferred option is a 'review clause' in the rules in this area of the consultation**, in which the regulator would re-consult on its proposed approach here, should the original consultation measures remain in place.

Our recommendations, ranked in order of preference, would aim to minimise risks of regulatory arbitrage and an 'un-level playing field' on sustainability reporting experienced by domestic companies versus overseas-based companies. It would crucially support the objectives of the ISSB in advancing comparability of sustainability disclosures across sectors and companies globally, reducing fragmentation in regulatory reporting and costs incurred as a result.

Comparability in disclosures here will be very important for both issuers and investors, for example in addressing the current fragmentation in sustainability reporting in the world today that the UK SRS is seeking to play its part in addressing.

17. Do you agree with our consequential amendments to enable asset managers, life insurers and FCA-regulated pension providers in scope of UKLR to cross refer to UK SRS S2 disclosures in their TCFD entity report, where applicable? If not, what alternative approach do you suggest, and why?

Yes, we agree with the proposed amendments to allow asset managers and FCA-regulated pension providers to make cross-references to their SRS S2 disclosures within their existing TCFD entity-level reports.

With that said, we believe more work may be required to assess how this will be implemented in practice in order to avoid duplication in sustainability-related disclosures for these groups. More broadly, **there remains a real need for a more holistic vision on the future landscape of UK sustainability reporting at product-level and entity-level for asset managers and pension providers.**

For asset managers specifically, there remains some uncertainty still over the interactions between TCFD-aligned reporting, upcoming SRS reporting, and SDR reporting for managers which is recently underway under the FCA's SDR and investment labelling regime.

In regard to reporting under TCFD and the FCA's SDR regime, our thought leadership report published in October 2025 with PwC identified the challenge of timing misalignments. For example, between mid-year TCFD reports reporting on 30 June, SDR entity-level disclosures due at the start of December, and fund product reports. While recent guidance from the regulator

has been valuable, some managers we understand will still experience operational challenges with these overlapping reporting timeframes.⁹

Linked to this, **there remains a need for clarification over the future of TCFD reporting at the entity and product-level**, which we hope to see considered within the FCA's ongoing TCFD review. We are pleased to see the recent commitment by the regulator to consult on TCFD product-level reporting in the second quarter of 2026.

More broadly than this, **we could see a potential mismatch of reporting frameworks used within some financial services organisations, for instance between reporting at the wider corporate group level versus entity level.**

For FCA-regulated pension providers specifically, this group similarly face some uncertainties over the envisaged transition from TCFD-aligned rules towards the SRS regime. This uncertainty has been compounded in some respects following the implementation challenges to date for many UK pension schemes relating to the TCFD rules and accompanying guidance. We expect a number of lessons could be drawn from the previous roll-out of TCFD as regulated pension providers fall within scope of the SRS.

Another example where additional clarity would be beneficial for UK pension schemes is in regard to UK Local Government Pension Scheme (LGPS) funds, where mandatory climate reporting has been delayed in recent years leading to uncertainty for some LGPS funds. Going forward, there are some risks of misalignment in disclosures from this group with other actors in the investment chain.¹⁰

In the coming years, as the UK's reporting landscape evolves for these groups the FCA, working with relevant government departments, should continue to assess ways to streamline sustainability-related reports for firms with the overall objective of delivering high-quality reporting that is as coherent and decision-useful as possible, and effectively integrated alongside existing financial reports.

Instances of reporting overlap with financial institutions and real economy issuers falling under multiple reporting regimes in the UK should be avoided as far as possible. In our response last year to DBT's consultation on the SRS exposure drafts, we highlighted various areas of existing duplication in sustainability-related reporting (e.g. GHG emissions reporting) for companies and institutional investors.¹¹ **We would continue to encourage policymakers to continue to work closely together to promote greater coherence across the UK's evolving sustainability reporting landscape**, including for issuers, asset managers, pension funds, and wider groups.

We believe these efforts could facilitate greater ambition from policymakers in regard to more forward-looking reporting, such as transition planning. We continue to emphasise the importance of our institutional investor members, and corporates, considering robust, practical transition planning that can help serve the long-term, best interests of all end investors and beneficiaries.

⁹<https://uksif.org/wp-content/uploads/2025/10/2417-UKSIF-SDR-report-2-v4b.pdf>

¹⁰We note that the Ministry of Housing, Communities & Local Government (MHCLG) has not yet issued its policy response to its 2022 consultation on LGPS funds' reporting on climate risks.

¹¹<https://uksif.org/wp-content/uploads/2025/09/UKSIF-Response-UK-SRS-Exposure-Drafts-September-2025.pdf>