

PRI CONSULTATION RESPONSE

**FCA: Aligning listed issuers' sustainability
disclosures with international standards**

March 2026

An investor initiative in partnership with
UNEP Finance Initiative and UN Global Compact



About this consultation

The UK Financial Conduct Authority (FCA) is [consulting](#) on proposed rules to align sustainability reporting listing requirements with the UK versions of the ISSB standards (IFRS S1 and IFRS S2) – the [UK Sustainability Reporting Standards](#) (UK SRS). The final SRS are well-aligned with the ISSB standards, which roughly 40 jurisdictions have adopted or are taking steps to adopt.

These would replace the FCA’s current sustainability reporting listing rules – which are aligned with the TCFD recommendations – and would apply to listed companies in the following categories:

- Commercial companies (UKLR 6)
- Non-equity shares and non-voting equity shares (UKLR 16)
- Transition category (UKLR 22)
- Secondary listing (UKLR 14)
- Depositary receipts (UKLR 15)

The FCA is proposing mandatory reporting on climate against UK SRS S2 (aligned with IFRS S2 *Climate-related Disclosures*). It is also proposing additional “comply or explain” requirements transition plans in particular – companies would be required to disclose whether and where they have published one, or the reason why not. Finally, companies would need to disclose whether they have obtained third-party assurance on sustainability disclosures. The proposed rules would come into force for accounting periods beginning on, or after, 1 January 2027.

Unlike the ISSB standards, the proposal includes reporting on a “comply or explain” basis in two areas:

- Reporting of Scope 3 greenhouse gas (GHG) emissions data – applicable from accounting periods beginning on, or after, 1 January 2028.
- Reporting on sustainability issues beyond climate, against UK SRS S1 (aligned with IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*) – applicable from accounting periods beginning on, or after, 1 January 2029.

The PRI is the leading organisation in advancing responsible investment globally. Set up with United Nations’ support, our unique community contributes to stable financial markets and a more prosperous world for all. We bring together signatories, amplify their voices and provide resources and guidance for complex sustainability challenges. The six Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

The PRI develops policy analysis and recommendations based on signatory views and evidence-based policy research. The PRI welcomes the opportunity to respond to the FCA’s call for feedback on aligning listed issuers’ sustainability disclosures with international standards.

For more information, contact:

Louisa Guy

UK Policy Specialist

louisa.guy@unpri.org

Benjamin Taylor

Senior Analyst, Driving Meaningful Data

benjamin.taylor@unpri.org



This document is provided for information only. It should not be construed as advice, nor relied upon. PRI Association is not responsible for any decision or action taken based on this document or for any loss or damage arising from such decision or action. All information is provided “as-is” with no guarantee of completeness, accuracy or timeliness and without warranty of any kind, expressed or implied. PRI Association is not responsible for and does not endorse third-party content, websites or resources included or referenced herein. The inclusion of examples or case studies does not constitute an endorsement by PRI Association or PRI signatories. Except where stated otherwise, the opinions, recommendations and findings expressed are those of PRI Association alone and do not necessarily represent the views of the contributors or PRI signatories (individually or as a whole). It should not be inferred that any third party referenced endorses or agrees with the contents hereof. PRI Association is committed to compliance with all applicable laws and does not seek, require or endorse individual or collective decision-making or action that is not in compliance with those laws.

To inform this paper, the following group has been consulted: UK Regional Policy Reference Group

While the policy recommendations herein have been developed to be globally applicable, the PRI recognises that the way in which policy reforms are implemented may vary by jurisdiction and according to local circumstances. Similarly, the PRI recognises that there may be circumstances where there are merits to allowing market-led initiatives to precede regulatory requirements.

Copyright © PRI Association 2025. All rights reserved. This content may not be reproduced, or used for any other purpose, without the prior written consent of PRI Association.



Key recommendations

The PRI welcomes the FCA's proposal to require listed companies to report against the ISSB-aligned UK Sustainability Reporting Standards (UK SRS). As an important financial centre, the UK's near-full convergence with the ISSB standards will help to provide investors with access to decision-useful¹ sustainability information. This will help investors to allocate capital efficiently, accounting for sustainability-related financial risks and opportunities and addressing sustainability goals, while improving UK companies' access to global capital.

The PRI's key recommendations are for the FCA to:

- **Provide companies with an extra year to report on Scope 3 emissions (i.e. disclosure in 2030) and non-climate sustainability-related risks and opportunities (i.e. disclosure in 2031)**, rather than having these requirements fully on a comply-or-explain basis. We acknowledge the value of an initial comply-or-explain approach but recommend a phased approach towards mandatory disclosure. This allows for proportionality, while ensuring investors can access this information where material. For comparison, our suggested timeline would allow in-scope companies to disclose this information later than all companies in scope of the EU Corporate Sustainability Reporting Directive, and five years later than large and listed companies under the CSRD.
- Ensure **coherence and clarity** on how UK SRS is rolled out across listed companies and an extension of the SRS to asset managers and FCA-regulated pension providers. Mandatory requirements should avoid duplication with existing sustainability reporting.
- Support **transparency on third-party assurance** obtained over sustainability reporting where it has been obtained voluntarily – including which elements have been assured, the scope of assurance conducted, and which conclusions have been reached. The PRI supports limited assurance requirements with a move to reasonable assurance in the future, once assurance providers and companies have built capacity – including the necessary internal processes and controls needed to ensure data quality and evidence reliability.
- Require companies in the **secondary listing and depositary receipts** categories to report against the UK SRS, and not just disclose which overseas sustainability standards they report against instead. This will ensure that investors can access comparable and high-quality data from these companies.
- As an interim measure until the final government decision on transition plan requirements, we welcome the FCA's proposed safeguards to encourage companies to disclose information about their transition plans on a 'comply or explain' basis. We restate our position that **government transition plan requirements** should set out expectations to adopt, disclose and implement through best endeavours their climate-related transition plans aligned with net zero by 2050, including whether and how interim targets (5-10 years) are aligned with the Paris Agreement.

The UK government should consider building on the global baseline in the future

Investors' data needs are shaped by their responsible investment objectives. Approaches can include a combination of: (i) focusing on incorporating ESG risks and opportunities; (ii) addressing the drivers of financially material sustainability risks; and (iii) actively pursuing sustainability outcomes beyond investment value. All three approaches exist within PRI's signatory base.

Therefore, while all investors need sustainability-related information to inform their assessment of companies' risks and opportunities, some investors also need information to understand and manage a company's impacts and their alignment with sustainability goals and thresholds. PRI's [Legal Framework for](#)

¹ As set out in the PRI's [Investor Data Needs framework](#), to be decision-useful, sustainability information must be available, accessible, verifiable, comparable across multiple dimensions, a faithful representation and relevant to investors.



[Impact](#) report demonstrates that as part of their responsibilities to clients and beneficiaries, investors may need to assess the sustainability outcomes which affect the system-level risks to which their portfolio is exposed, and therefore long-term returns. This is especially true for so-called universal owners, such as sovereign wealth funds who invest across entire economies. Many institutional investors now accept that, in acting in their clients' and beneficiaries' best financial interests, they should consider and respond to system-level risks that may affect long-term returns.

While the ISSB standards are expected to enable disclosure of some of this information, they are unlikely to provide investors with all the information they need on companies' impacts and dependencies. Therefore, in line with the IFRS Foundation's "building blocks" approach, the UK government should eventually consider disclosure requirements additional to the ISSB standards, capturing more information on entities' sustainability impacts and dependencies. Similar to the approach of the European Union and Chinese Ministry of Finance, such additions should build on the GRI standards given their widespread global uptake.

As the SRS is rolled out across the economy and extended to asset managers and FCA-regulated pension providers, coherence between government and regulators should be prioritised to avoid regulatory fragmentation. Policy makers should give sufficiently clear guidance around the transition from current TCFD-aligned disclosure framework to SRS reporting. The implementation of mandatory requirements under SRS should **avoid duplication with existing sustainability reporting requirements** to minimise additional compliance burden.

Detailed response

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

Investors need decision-useful sustainability disclosure from investees across various sizes and sectors. However, signatory feedback indicates that many companies still do not provide them with adequate sustainability data, despite being exposed to significant climate and other sustainability-related risks. An extended scope could help to address this data gap and would promote more comparable and better-quality sustainability disclosure across investors' portfolios.

More generally, we recommend also mandating the SRS for large private companies that may not be listed, but whose **size, market influence and economic activities give them economic relevance** – although we recognise this falls beyond the FCA's remit and would require amendments to the Companies Act.

This would have limited implications for economy-wide reporting burden. According to the UK Department for Business and Trade's [2025 Business Population estimates for the UK](#), large companies (i.e. with over 500 employees and a turnover of more than £500 million) represent less than 0.1% of private sector businesses in the UK. This number includes large and listed companies, which would already be captured under the FCA's proposal. Further, these companies are already required to report against TCFD-aligned requirements from the Department for Business and Trade, facilitating the transition to ISSB-aligned requirements.

The UK's investable universe covers equities, fixed income and private companies. For climate aware investment decisions to be made across these asset classes, investors need climate data on the whole universe, not just listed equities. As fixed income is the largest exposure for most UK asset owners and because a significant share of issuers are not listed (for example water companies, electricity networks), obtaining the data needed to report on transition-aligned fixed income portfolios remains a challenge. Additionally, reporting regulations should be the same across public and private markets to avoid companies choosing not to list or to encourage carbon intensive assets to move to unlisted markets.



Question 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?

The PRI supports this proposal. Transitioning from TCFD- to UK SRS-aligned disclosures is needed to ensure interoperability with the ISSB standards, which nearly 40 jurisdictions have adopted or are in the process of adopting – and by extension to ensure comparability of reporting across investors’ global portfolios.

The ISSB standards build on the TCFD recommendations, among other well-established voluntary sustainability frameworks. This will allow preparers to leverage existing practice, while giving investors access to additional reporting they need – e.g. reporting on transition plans, scenario analysis and targets in addition to TCFD. The standards are also underpinned by the structure and concepts of accounting standards from the International Accounting Standards Board (IASB), which are already followed by UK companies. Mandating the UK SRS would therefore bring the quality of sustainability reporting closer to that of financial reporting and improve connectivity with the financial statements.

Finally, unlike the TCFD recommendations, the ISSB standards require companies to report material information on non-climate sustainability-related risks and opportunities. Importantly, the definition of material information should be applied consistently. As set out in our response to Question 6, investors urgently need high-quality reporting on a wide range of sustainability topics, including but not limited to climate, where material to investment decisions.

Question 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?

The PRI supports the proposal to mandate UK SRS S2 reporting requirements for listed companies. This will provide investors with the comparable, high-quality climate reporting they need to need (and often lack) from portfolio companies for decision-making. It will also harmonise requirements for preparers with the nearly 40 other jurisdictions that have now adopted the ISSB standards or are taking steps to do so.

In 2024 we published a [call to action](#) for jurisdictions to commit to adopting both ISSB standards at pace. This was issued in collaboration with the London Stock Exchange Group, UN Sustainable Stock Exchanges initiative and World Business Council for Sustainable Development – and endorsed by 121 investors, companies, stock exchanges and other organisations. As we engage with local markets around the world, we have consistently found that investors support the adoption of the ISSB standards by international and local standard setting and policymaking bodies.

Question 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?

The PRI does not support this proposal. We acknowledge the challenges of Scope 3 reporting highlighted in the consultation and support the initial “comply or explain” with a phased approach towards mandatory reporting. We recommend that **reporting on Scope 3 emissions is delayed by an additional year for preparers** – i.e. made applicable from accounting periods beginning on or after 1 January 2029, such that reporting starts in 2030. For comparison, our suggested timeline would allow in-scope UK companies to disclose this information later than all companies in scope of the EU Corporate Sustainability Reporting Directive (CSRD), and five years later than large and listed companies under the Directive.



Disclosure of Scope 3 emissions is important to investors because these are the most impactful kind of emissions for some industries. The proposed comply or explain provision could lead to a large share of emissions not being reported by some companies – potentially compromising investors’ access to material information. This is because companies would be able to omit Scope 3 emissions disclosures for reasons that extend beyond the materiality of these emissions. To avoid this, the decision on whether to report this information should be based on materiality, similar to other requirements.

However, we understand that Scope 3 emissions can be difficult to report, that methodologies (e.g. related to facilitated emissions) are evolving, and that there may be difficulties in providing assurance in the near term. Providing companies with another year to report this information will allow them to build capacity, facilitated by a growing set of relevant guidance within the ISSB’s [Knowledge Hub](#). Further, because ISSB-aligned requirements to disclose Scope 3 emissions in most other jurisdictions will have entered into force, UK entities will be able to leverage peer company Scope 3 disclosure in their own reporting.

Question 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?

The PRI supports the proposal to mandate inclusion of sustainability-related disclosures in companies’ annual financial reports. This would help to ensure that information investors need for decision-making is captured in one place, facilitating analysis, and that it is subject to the same level of management oversight as the accounts. It could also enhance **connectivity between sustainability disclosures and the financial statements**, giving investors more clarity on the financial implications of companies’ sustainability-related risks and opportunities (and management thereof). More generally, integrated reporting provides investors with a better view of organisational performance by connecting financial and sustainability data.

Question 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?

The PRI does not support this proposal. We recommend that **reporting on non-climate sustainability-related risks and opportunities is instead delayed by an additional year for preparers** – i.e. made applicable from accounting periods beginning on or after 1 January 2030, such that reporting starts in 2031. For comparison, our suggested timeline would allow in-scope UK companies to disclose this information later than all companies in scope of the EU Corporate Sustainability Reporting Directive (CSRD), and six years later than large and listed companies under the Directive.

This is because investors urgently need high-quality reporting on a wide range of sustainability topics, including but not limited to climate, where material to investment decisions. For example, nature is increasingly being identified as a material risk to a number of sectors in the UK – as evidenced by recent [Defra research](#). This is also evidenced by the emergence of the Taskforce on Nature-related Financial Disclosures (TNFD) Framework and the Taskforce on Inequality and Social-related Financial Disclosures (TISFD), among other well-supported initiatives to meet investor data needs on sustainability issues beyond climate. Noting that under SRS S1, companies will be able to disclose against these frameworks, at least until additional issue-specific standards are developed beyond climate.

As for climate, investors benefit from material information on governance, strategy, risk management and metrics and targets related to these issues – to inform their assessment of entities’ prospects. This proposal would limit investors’ access to this information, thereby compromising their ability to make effective decisions. To avoid this, the decision not to report this information should be based on materiality, similar to other requirements, with proportionality achieved through an additional one-year phase-in. In contrast, taking a comply or explain provision to achieve proportionality would allow companies to exclude this information even if it is material.



Question 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?

The PRI supports the proposal to mandate inclusion of sustainability-related disclosures in companies' annual financial reports, for the reasons set out in response to Question 5.

Question 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?

As highlighted in our [response](#) to the UK government's consultation on transition plan requirements and implementation routes, requirements should set out **expectations to adopt, disclose and implement through best endeavours their climate-related transition plans aligned with net zero by 2050, including whether and how interim targets (5-10 years) are aligned with the Paris Agreement**. As an interim measure, we welcome the FCA's proposed safeguards to encourage companies to disclose information about their transition plans on a 'comply or explain' basis. However, mandatory transition plan requirements are the right long-term direction to ensure consistent transparency across investee companies.

A comply or explain approach has led to difficulties in the comparability of transition plans as without a mandatory requirement that defines the components and expectations on transition plans, the disclosure baseline between corporate transition plans diverge significantly. Mandatory transition plan requirements would enable investors to compare steps entities are taking to transition, allowing them to capture transition-related opportunities and manage transition risks.

Transition plans are an essential tool for catalysing climate action, mitigating risk, and seizing the opportunities associated with the transition. They provide explanations of both how an organisation will meet its commitments, the scenarios it is planning for, and the key dependencies that underpin the implementation of its strategy. Transition plans can support the FCA's overall aim to ensure that financial markets function effectively and efficiently, alongside enhancing market integrity. Credible transition plans enable the flow of material information to support business' risk and capital allocation decisions, as well as offering an evidence base for climate claims and a structured framework for strategic transformational change. Poor quality and inconsistent transition plan disclosures that inform decision-making may jeopardise these aims. Companies should not be able to promote themselves as 'net zero' or 'Paris-aligned' without a detailed and credible transition plan.

Transition plan requirements can improve corporate and investor efforts to decarbonise and ultimately strengthen economy-wide resilience to the impacts of climate change. They shed light on the policy barriers and dependencies that entities rely upon to transition effectively. They can also be an engagement tool between investors and government, with clear steers on the policies to prioritise from an entity's perspective to fulfil their transition plan commitments.

We recommend phasing-in the application of transition plan requirements with a TCFD-style rollout, starting with UK-registered financial institutions and FTSE100 companies. A phased-in roll-out would help address initial reporting challenges, whilst allowing companies across sizes and sectors to be gradually brought into scope. The government should clarify that transition plans can be cross-referenced under UK SRS S2 and IFRS S2, in line with a building blocks approach.

Question 9: Do you agree with our proposal to note in guidance that listed companies may wish to use the IFRS Educational Material? If not, what alternative approach would you suggest and why?

The PRI supports this proposal. The ISSB's [Knowledge Hub](#) contains an extensive and growing library of capacity building resources from the ISSB and third-party organisations, designed to support the implementation of ISSB standards by preparers at all stages in their sustainability reporting journey.



Encouraging companies to leverage these materials would improve implementation of the standards, and by extension disclosure for investors as users of this information.

Question 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?

The PRI supports this proposal, as it would enhance trust in the accuracy of sustainability information and the underlying reporting mechanisms and controls. To help investors ascertain the verifiability of sustainability reporting, companies should be required to disclose which elements of sustainability disclosure were assured, the scope of assurance conducted, and the conclusions reached.

Sustainability assurance needs to give confidence to investors that data is correct, trustworthy and usable. A UK assurance regime should establish clear minimum standards and consistent processes across providers. Independence from management and accountability to investors is critical. PRI's engagement with UK investors on sustainability assurance found support for voluntary regime given the nascency in the assurance market overall, but the quality of assurance provision should be a core area of focus for future regulation. The International Auditing and Assurance Standards Board's (IAASB) standards for third-party assurance establishes a global baseline, covering both limited and reasonable assurance engagements, and could be used as a reference point in the FCA's guidance.

Question 11: What benefits and costs would arise from mandatory assurance requirements for sustainability-related information? Where possible, please include how the benefits and costs could vary depending on factors such as the type of listed company, implementation approach or level of assurance obtained. Please be as specific as possible in your response.

The PRI is unable to provide detailed views on this question – but generally supports the proposed sustainability assurance requirements as set out in response to Question 10.

Question 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.

The PRI supports **limited assurance requirements with a move to reasonable assurance in the future, once assurance providers and companies have built capacity** – including the necessary internal processes and controls needed to ensure data quality and evidence reliability.

While reasonable assurance entails a higher work burden for assurers and cost burden for companies, investors are demanding sustainability information that is as accurate and reliable as the financial statements, which are subject to reasonable assurance. We expect reasonable assurance costs to decrease as companies (and assurance providers) build capacity in this area.

As for the type of information that should be assured, investors would benefit from assurance on many elements of sustainability reporting, including:

- Whether all material risks and opportunities have been identified.
- Appropriateness of policies, governance processes and internal controls.
- Suitability of frameworks, methodologies and assumptions used to calculate metrics.
- Relevance and accuracy of metrics disclosed.

We are unable to comment on whether and when the above areas should be subject to reasonable assurance because investor preferences vary on this question, often as a function of client demand.



Question 13: Do you agree with our proposed implementation approach and transitional arrangements² for the commercial companies, non-equity shares and non-voting equity shares, and transition categories? If not, what alternative approach would you suggest and why?

The PRI supports the proposal to limit content deviations from the ISSB standards and achieve proportionality mainly by phasing-in certain requirements. This is preferable because full content alignment with the standards will provide investors with more comparable and better-quality disclosures across their portfolios.

Question 14: Would you expect to be an early adopter of our proposed new rules? If so, do you have any comments on our proposed approach?

The PRI is not a preparer and therefore does not have a response to this question.

Question 15: Do you agree with our proposals for companies in the secondary listing category and the depositary 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?

The PRI does not support this proposal, as it could reduce the availability, comparability and quality of information about sustainability-related risks and opportunities available to investors. We recommend these companies are instead required to report pursuant to the UK SRS.

We understand these proposals have been made to limit reporting burden. However, if enacted, companies disclosing against a foreign regulatory regime whose requirements fall well below the UK SRS could simply state that they comply with these rules, without reporting against the UK SRS – thereby undermining investors' access to decision-useful data from these companies.

Question 16: Do you agree with our proposals for transparency about third-party assurance, where it has been obtained, for companies in the secondary listing category and the depositary receipts category. If not, what alternative approach would you suggest and why?

The PRI supports this proposal. As set out in response to Questions 10-12, transparency about third-party assurance can help investors to ascertain the verifiability of reporting, and we expect costs to decrease as companies build capacity in this area.

Question 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?

The PRI supports this proposal, with the caveat that the sequencing of reporting requirements should be logical and consistent. Companies should provide investors with the data required to report on portfolio emissions.

² These are to allow for early implementation of the rules, onboard reliefs included within the ISSB standards, grant a one-year relief for reporting on Scope 3 emissions, and grant a two-year relief for reporting on non-climate sustainability-related risks and opportunities.



Question 18: What are the benefits and costs of digital tagging of sustainability information? For example, are there any disclosures under UK SRS for which you would find digital tagging most useful, and how would the information be used? Please be specific in your response.

The PRI is unable to provide detailed views on this question – but generally supports digital tagging as it can significantly improve the accessibility of data for investors.

Question 19: What are your views on digital reporting? Are issuers in a position to digitise sustainability reporting, or as a service provider, to support preparers with this? If not, how long do you think it would take?

The PRI is unable to provide detailed views on this question – but generally supports digital reporting as it can significantly improve the accessibility of data for investors, many of whom access sustainability information through data providers.

The PRI has experience of contributing to public policy on sustainable finance and responsible investment across multiple markets and stands ready to support the work of the FCA further to improve sustainability disclosure in the UK.

Please send any questions or comments to policy@unpri.org.

More information on www.unpri.org