



Need to know

FCA consults on mandatory reporting in line with UK Sustainability Reporting Standards

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This *Need to know* outlines **CP26/5 Aligning listed issuers' sustainability disclosures with international Standards**, published by the Financial Conduct Authority (FCA) on 30 January 2026.

- The FCA proposes to require certain listed entities to report under UK Sustainability Reporting Standards (UK SRS).
- The FCA reiterates that investors view consistent, financially material information about sustainability risks and opportunities that could affect a company's performance and prospects as necessary for accurate pricing of securities and for maintaining trust and integrity in UK markets.
- The proposed new rules would replace the existing UK Listing Rules (UKLR) on reporting against the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD) and apply to the same scope of companies currently subject to TCFD reporting. However, the extent of the requirements would vary depending on the listing category of the company.
- The FCA proposes that companies in the commercial companies, transition and non-equity shares and non-voting equity shares categories move to mandatory reporting against UK SRS S2 *Climate-related disclosures* except for Scope 3 GHG emissions data, which would continue to be reported on a 'comply or explain' basis. Certain sections of UK SRS S1 *General requirements for disclosure of sustainability-related financial information* which are relevant to the provision of climate-related disclosures under UK SRS S2 would also be mandatory. Reporting on non-climate sustainability risks and opportunities under UK SRS S1 is proposed to be on a 'comply or explain' basis.
- For commercial companies, transition and non-equity shares and non-voting equity shares categories, the FCA is also proposing to require a statement in the annual financial report explaining whether a climate-related transition plan is disclosed, and where it can be found.
- For companies in the secondary listing or depositary receipts categories, the proposed rules would require disclosure of the climate and sustainability reporting requirements applicable to the company in its primary listing location or place of incorporation, or the requirements they voluntarily adopt.
- All companies in scope would be required to disclose whether they have obtained third-party assurance on sustainability disclosures.
- It is proposed that the new UKLR would come into force for accounting periods beginning on or after 1 January 2027. Companies reporting under UK SRS would be able to make use of the transitional reliefs available in the standards. The UKLR would also permit companies to report under UK SRS early, once they have been endorsed for use in the UK, with transitional provisions set out in the new UKLR.
- While the consultation is based on draft UK SRS S1 and draft UK SRS S2, the final UKLR will reflect the final versions of these standards once the UK government has endorsed them for use in the UK.
- The comment period for the consultation ends on 20 March 2026.

Background

The International Sustainability Standards Board (ISSB) was established in November 2021 to develop high-quality sustainability disclosure standards that meet investors' information needs with the objective to create a comprehensive global baseline of sustainability-related disclosures. In June 2023, the ISSB published its first two standards: IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. A Deloitte **Need to know** provided a summary of the two standards when they were issued.

Following the publication of IFRS S1 and IFRS S2 in 2023, the UK government established a framework to assess the suitability of the two standards for endorsement in the UK. The assessment process involved two advisory committees: the Policy Implementation Committee (PIC) responsible for considering public policy; and the Technical Advisory Committee (TAC), supported by the Financial Reporting Council (FRC), responsible for conducting a technical assessment of the standards.

In December 2024, the TAC concluded its assessment of the standards and submitted its recommendations to the government. Together with the recommendations of the PIC, these were considered and incorporated into exposure drafts for UK SRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and UK SRS S2 *Climate-related Disclosures*, published in June 2025. A Deloitte **Need to know** provides an overview of these exposure drafts.

The consultation period has now closed and following the feedback received, the UK government will make its final endorsement decision on the drafts of UK SRS S1 and UK SRS S2 for use in the UK. It has noted that the ISSB has finalised amendments to IFRS S2 in December 2025 and confirmed that it will review these amendments with a view to incorporating them into the final version of UK SRS S2.

The FCA has acknowledged that the current UK Listing Rules (UKLR) are aligned with the Taskforce on Climate-related Financial Disclosures (TCFD), which was created in 2015 but disbanded in 2023. Given the end of the TCFD and the transition to ISSB standards, the FCA has considered how the UKLR need to evolve. With the UK government's aim to promote international alignment and competitiveness and provide clarity about the future of disclosure in the absence of TCFD, the FCA is now consulting on replacing its current TCFD-aligned listing rules with requirements for in-scope listed companies to report against UK SRS and to require disclosures around transition plans and with regards to any third-party assurance undertaken in relation to UK SRS disclosures. The FCA is proposing a more flexible approach for international listed entities that have a primary listing in another jurisdiction and listed entities with depository receipts.

The FCA has decided to consult now, based on the draft UK SRS to ensure that there is sufficient time to consult and engage UK issuers and market participants on the implementation approach. The FCA states that once it has carefully considered feedback and the UK SRS are endorsed for use in the UK, it will finalise its proposed rules.

Scope

The FCA proposes to apply its new rules to companies in the following listing categories, with some variation on the disclosures required depending on the category:

- commercial companies category (UKLR 6)
- secondary listing category (UKLR 14)
- depository receipts category (UKLR 15)
- non-equity shares and non-voting equity shares category (UKLR 16)
- transition category (UKLR 22).

Overview of proposals

The following requirements are proposed for companies in the commercial companies, transition and non-equity shares and non-voting equity shares categories:

- mandatory climate-related disclosures would be required under UK SRS S2 and those parts of UK SRS S1 that underpin those disclosures as relevant to climate, but with the exception of disclosures about Scope 3 greenhouse gas (GHG) emissions
- Scope 3 GHG emissions disclosures would be required on a 'comply or explain' basis
- non-climate sustainability-related disclosures under UK SRS S1 would be required on a 'comply or explain' basis
- companies would need to specify in the annual report whether or not they have obtained third-party assurance over their disclosures relating to UK SRS and provide details of any such assurance
- companies would need 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. If a company has not published a transition plan, it would be required to state why not.

For companies with a listing in the secondary listing or depositary receipts categories, the following is required:

- companies would need to make a statement in the company's annual financial report setting out any climate and sustainability reporting requirements applicable in the primary listing location or place of incorporation, and of any reporting frameworks that have been voluntarily adopted
- if a company is not subject to any such requirements and has not voluntarily applied any, it should state that fact
- companies would need to specify in the annual report whether or not they have obtained third-party assurance over their sustainability disclosures and provide details of any such assurance.

Observation

Reporting requirements on connected information under UK SRS are consistent with the integrated approach adopted in the strategic report in the UK. These requirements provide a further opportunity to enhance connectivity between disclosures on governance, risk management, strategy and metrics and targets, as well as across the annual report more broadly to provide fair, balanced and understandable reporting of the key drivers of value and risk for the business.

Proposals for companies in the commercial companies, transition and non-equity shares and non-voting equity shares categories

Climate-related disclosures

Mandatory reporting against UK SRS S2

The FCA proposes to replace its TCFD-aligned listing rules with rules that require in-scope companies to make climate-related disclosures in line with UK SRS S2, on a mandatory basis (with the exception of disclosures relating to Scope 3 GHG emissions - see below).

The FCA acknowledges that the majority of core content requirements for climate disclosures are included in UK SRS S2. However, there are certain elements that underpin the reporting of this information, which are outlined in UK SRS S1. Specifically, these are the conceptual foundations, judgements, uncertainties and errors as well as the defined terms, application guidance and qualitative characteristics of useful sustainability-related financial information appendices. There are also paragraphs in the core contents section of UK SRS S1 on short, medium and long-term time horizons and reporting metrics and targets, and paragraphs in the general requirements section which are relevant for climate disclosures but not directly set out in UK SRS S2. As a consequence, the FCA proposes to include a rule which requires companies, when reporting climate-related disclosures under UK SRS S2 (including disclosures relating to Scope 3 GHG emissions), to apply these sections of UK SRS S1 as relevant to such climate-related disclosures.

Scope 3 GHG emissions

UK SRS S2 requires disclosures around Scope 3 greenhouse gas (GHG) emissions. However, for the first year of reporting, entities may omit these disclosures. As it still remains difficult for companies to access quality data with regard to these emissions, the FCA is proposing to require disclosures around Scope 3 GHG emissions on a 'comply or explain' basis. Where a listed company 'explains', it would be required to:

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

If a company discloses Scope 3 GHG emissions, it is required to apply the relevant concepts in UK SRS S1 that underpin these disclosures.

Observation

The proposals do not include a requirement for a compliance statement within the listing rules on the basis that there is already a requirement for a compliance statement under UK SRS S1. The FCA has stated that it should be clear from explanations provided by companies which, if any, elements of UK SRS S1 and UK SRS S2 have not been complied with. Where a company 'explains' rather than 'complies', it may not then be able to state compliance with UK SRS. The FCA has also stated that they will provide more detail as a follow up to the consultation on the interaction of their proposed approach with the UK SRS statement of compliance provisions once the final UK SRS have been published.

Location of UK SRS S2 disclosures

The FCA proposes that the climate-related disclosures and, where relevant, any explanations on Scope 3 GHG emissions, be made in companies' annual financial reports, consistent with UK SRS S1. The FCA proposes that the information may be included in the annual financial report by cross reference in the circumstances set out in UK SRS S1. The proposed new UKLR would not specify in which section of the annual financial reports the reporting should be included. This is intended to provide flexibility in how the disclosures are integrated within the wider reporting and to facilitate interoperability with other reporting requirements. However, companies would be required to specify where in the annual financial reports climate-related disclosures and Scope 3 GHG emissions related explanations are located.

Observation

Although UK SRS would permit information to be included in sustainability-related financial disclosures by cross reference to another report published by the entity, this is subject to various conditions being met, as set out below.

The cross-referenced information must be available on the same terms and at the same time as the sustainability-related financial disclosures, and the complete set of sustainability-related financial disclosures must not be made less understandable by including information by cross-reference.

In addition, when information required by UK SRS is included by cross reference, the sustainability-related disclosures must clearly identify the report within which that information is located and explain how to access that report, and the cross reference must be a precisely specified part of that report.

Information included by cross reference would become part of the complete set of sustainability-related financial disclosures and as such, would be required to comply with the requirements of UK SRS, including the conceptual foundations that underpin the disclosures made under UK SRS. In particular, material information in another report that is included by cross reference should not be obscured by other information in that other report.

Clarity will also be important on the extent to which any of the information in the sustainability-related financial disclosures included by cross reference has been subject to assurance, in line with the FCA's proposed disclosures on third-party assurance (see below under **Assurance**).

Sustainability disclosures on topics other than climate

UK SRS S1 requires disclosure of material information about all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects. The current UKLR do not require any disclosures of sustainability-related risks and opportunities beyond climate. To give listed companies time to adjust, the FCA proposes introducing a requirement for companies to report on non-climate sustainability-related matters only on a 'comply or explain' basis.

Where a company that has identified non-climate sustainability-related risks or opportunities that could reasonably be expected to affect its prospects 'explains' instead of 'complies', either in full or in part, the new UKLR would require the following information in the listed company's annual financial report:

- the relevant non-climate sustainability-related risks or opportunities for which disclosures have not been made
- the reasons for not including those disclosures
- any steps being taken or planned to be taken to make those disclosures in the future, including the timeframe for doing so.

A company would be required to state if they have not identified any non-climate sustainability-related risks or opportunities that could reasonably be expected to affect its prospects.

See above under **Climate-related disclosures** for the FCA's proposals on the location of the disclosures.

Observation

UK SRS incorporate the four pillars (governance, strategy, risk management, metrics and targets) and recommended disclosures of TCFD. The TCFD recommendations have been embedded into the UK reporting framework for a number of years through the existing UKLR and climate-related financial disclosure requirements introduced into the Companies Act 2006. Other existing UK reporting requirements also require information on sustainability-related matters more broadly, for example, as part of the strategic report. Many sustainability matters are already identified as principal risks. So as companies get ready to implement UK SRS, many will be able to use their existing governance, processes and controls, building on their experience in applying the requirements of and guidance on the strategic report and other statutory disclosure requirements.

There are nevertheless some differences between the TCFD recommended disclosures and UK SRS. UK SRS are reporting standards, requiring application of concepts of materiality and qualitative characteristics of information, transparency on judgements made, and a level of specificity that is not currently in TCFD.

Notably, the proposals would remove the 'comply or explain' basis of reporting on climate under UK SRS other than in relation to Scope 3 GHG emissions. The extent to which these differences will represent a significant change will, however, depend on individual facts and circumstances, including the current level of compliance with TCFD and maturity of reporting processes.

As a starting point, companies may wish to perform an analysis between the requirements in UK SRS S1 and UK SRS S2 and their current climate-and broader sustainability-related disclosures to identify any gaps and opportunities for improvement. In respect of climate, the IFRS Foundation's **Comparison: IFRS S2 Climate-related Disclosures with the TCFD recommendations** is a useful starting point.

Observation

Provision 29 of the 2024 Corporate Governance Code (the 2024 Code), which came into effect from 1 January 2026, requires boards to monitor the company's risk management and internal control framework and, at least annually, carry out a review of its effectiveness. The monitoring and review should cover all material controls, including financial, operational, reporting and compliance controls. The board is also required to disclose on the effectiveness of the controls in the annual report. Application of UK SRS should go hand in hand with the consideration of risk management and material controls under Provision 29 because sustainability matters are often principal risks relevant to achieving long-term strategic objectives.

Transition plan disclosures

Transition plans set out an entity's strategy for contributing and adapting to a low emissions economy. Listed companies are not currently required to produce transition plans. UK SRS S2 also does not require entities to have a climate-related transition plan, but it requires certain disclosures if such a plan exists.

Between June and September 2025, the Department for Energy Security and Net Zero (DESNZ) conducted a **consultation** on climate-related transition plans, which included proposals regarding possible disclosure requirements and implementation routes. The UK government has stated that this consultation will inform its future approach to transition plan requirements.

Given the UK government's consultation, the FCA does not consider it appropriate for it to set requirements for listed companies to have transition plans. The FCA proposes to remove its current guidance requiring listed companies to take account of the TCFD guidance that makes recommendations on transition plan disclosure. The FCA proposes to replace it 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. If they have not published a transition plan, the FCA proposes that they should state why not.

To encourage listed companies to disclose material information about their plans in a consistent way that is accessible for users, the FCA proposes to introduce FCA Handbook Guidance stating that listed companies which produce a climate-related transition plan may wish to use the **IFRS educational material on transition plans**. This encourages international comparability, while building on the materials of the Transition Plan Taskforce (TPT).

Assurance

In June 2025, the UK government published a **consultation** on an oversight regime for assurance of sustainability-related financial disclosures. This acknowledged that assurance has a key role to play in delivering credible and decision-useful sustainability-related information to financial markets. It also sought views on a proposal to establish a voluntary registration and oversight regime for sustainability assurance providers to be operated by the FRC.

In January 2026, the UK government announced plans to establish a voluntary oversight regime and register for entities that offer third-party assurance services for sustainability-related financial disclosures, with the FRC tasked to establish an interim non-legislative regime and register by mid-2026. On this basis, the FCA does not propose to set mandatory requirements for the assurance of sustainability reporting at this stage. However, investors want greater transparency on the scope and nature of assurance that is obtained. The FCA therefore wants to ensure transparency is provided to investors, which will enable them to understand the quality and reliability of the information they are using.

To achieve this, the FCA proposes to require listed companies in scope of the proposals to specify, in their annual financial report, whether or not they have obtained third-party sustainability assurance over their disclosures relating to UK SRS. This would apply to the proposed rules relating both to disclosures against UK SRS S2 (including Scope 3) and UK SRS S1. In the context of an 'explain' disclosure, any assurance undertaken in relation to that explanation would also need to be disclosed. The FCA does not propose to require listed companies to provide reasons for choosing not to obtain assurance.

Where listed companies have obtained third-party assurance, they would be required to state:

- the name of the assurance provider
- which of the climate and/or sustainability-related financial disclosures or (where applicable) explanations have been assured and to what level (e.g. reasonable or limited assurance)
- which assurance standards were used
- where the assurance report can be located (if published) and how to access it (including a hyperlink if appropriate).

The FCA states that it may return to the question of mandatory assurance at a later stage, subject to the response to, and any developments following, the UK government's consultation. However, in the interim, the FCA would like to gather views and evidence on the benefits and costs that may arise from mandatory assurance requirements.

Effective date and transition

Effective date

The FCA aims for the proposed rules to come into force from 1 January 2027 and to apply for accounting periods beginning on or after 1 January 2027. This would be the effective date for application of the UK SRS and the transitional reliefs set out in those standards.

UK SRS transitional reliefs

For accounting periods beginning on or after 1 January 2027, in-scope companies would be able to take advantage of the transitional reliefs proposed in the draft UK SRS. This includes relief for reporting against UK SRS S2 in relation to Scope 3 GHG emissions (1-year deferral) and UK SRS S1 in relation to non-climate disclosures (2-year deferral).

Additional transitional reliefs are available in relation to comparative information and for companies that have used an alternative method for measuring GHG emissions immediately before applying UK SRS. For further information on the transitional reliefs proposed under UK SRS, see the Deloitte *Need to Know* **UK government consults on draft UK Sustainability Reporting Standards**.

Observation

The transitional provision available under UK SRS which permits a two-year delay in reporting on non-climate sustainability-related risks and opportunities alongside the FCA's proposal to adopt a 'comply or explain' approach for such disclosures do not remove the existing requirements to provide information on sustainability matters as part of the strategic report including within the non-financial and sustainability information statement and the s172 statement. The UK government has committed to consider the current corporate reporting requirements holistically and comprehensively, taking the opportunity of the introduction of the UK SRS to streamline and simplify the UK reporting framework in its forthcoming Modernisation of Corporate Reporting review.

Interaction of proposed UKLR transitional arrangements and UK SRS transitional reliefs

In addition to the UK SRS transitional reliefs, the FCA proposes transitional provisions to help listed companies implement the proposed new rules, dependant on the accounting period of a company.

Accounting periods beginning before 1 January 2027

The FCA proposes a transitional provision to allow companies to either:

- continue to use the rules and guidance in place immediately before 1 January 2027 (i.e. the TCFD-aligned rules and guidance)
- voluntarily apply the proposed new UK SRS-related reporting requirements.

Where a listed company chooses to apply the proposed new rules early, the transitional reliefs available under UK SRS would not be available because they would not come into force until accounting periods beginning on or after 1 January 2027.

Observation

In practice, this means that for periods beginning before 1 January 2027, companies that do not report their Scope 3 GHG emissions under UK SRS S2 and/or their non-climate sustainability disclosures in accordance with UK SRS S1 (which are available as transitional reliefs under UK SRS from 1 January 2027) would need to provide explanations for these omissions in accordance with the 'comply or explain' approach.

Accounting periods beginning on or after 1 January 2027 but before 1 January 2028

Companies would be required to 'comply' with the proposed new UK SRS-related reporting requirements or to 'explain' where permitted to do so under the proposed rules.

However, if a company is using either of the UK SRS transitional reliefs, it would be required to state in the annual financial report that it has not made non-climate sustainability-related disclosures in accordance with UK SRS S1 and/or disclosures around Scope 3 GHG emissions in accordance with UK SRS S2, as appropriate. This is to ensure the use of these reliefs is transparent. No further explanation of non-disclosure would be required during the relief period, as the use of the UK SRS transitional reliefs does not engage the proposed 'explain' provisions.

Accounting periods beginning on or after 1 January 2028 but before 1 January 2029

Companies would be required to 'comply' with the proposed new UK SRS-related reporting requirements or to 'explain' where permitted to do so under the proposed rules.

However, if a company is using the UK SRS S1 non-climate sustainability disclosures transitional relief (which would be the second year of this relief), it would be required to state in its annual financial report that it has not made non-climate-related sustainability disclosures in accordance with UK SRS S1. As above, this will ensure the use of the relief is transparent. No further explanation for non-disclosure would be required during this relief period, as use of this UK SRS transitional relief does not engage the proposed 'explain' provisions.

The transitional relief regarding Scope 3 GHG emissions would not be available for accounting periods beginning on or after 1 January 2028 but before 1 January 2029, as this is a one-year relief. Instead, the 'comply or explain' provisions under the new UKLR would apply for Scope 3 GHG emissions.

The proposed two-year 'climate-first' transition relief under draft UK SRS S1 alongside the one-year relief from disclosing Scope 3 GHG emissions available under draft UK SRS S2 is intended to enable a phased-in implementation of the final versions of UK SRS S1 and UK SRS S2. For a period beginning on or after 1 January 2027, this results in the following information under the FCA proposals:

- year 1 – climate-related risks and opportunities (mandatory) except Scope 3 emissions
- year 2 – climate-related risks and opportunities (mandatory) and in addition, scope 3 emissions required on a 'comply or explain' basis
- year 3 – climate-related risks and opportunities (mandatory), Scope 3 emissions (on a 'comply or explain' basis), and wider sustainability-related risks and opportunities (on a 'comply or explain' basis).

Proposals for companies in the secondary listing or depositary receipts categories

Disclosure of applicable or voluntarily-adopted climate or sustainability standards

The secondary listings category is only open to non-UK incorporated companies that have a primary listing in another jurisdiction. The depositary receipts category is for listings of securities which are certificates that represent a share in an overseas company.

The FCA proposes removing the TCFD climate-related disclosure requirements that currently apply to these two categories. Instead, the FCA proposes requiring, as applicable, a statement in the company's annual financial report setting out:

- any climate and/or wider sustainability disclosure requirements, including transition plan requirements, to which the company is subject in relation to equity shares in their primary overseas listing location (i.e. under the rules of the market of the qualifying home listing), or their place of incorporation, and signposting where the relevant disclosures and/or information can be found. This includes any requirements the issuer would be subject to were it not for any relief or exemption (in which case the nature of the relief or exemption must also be explained)
- any climate and/or sustainability-related disclosure standards or requirements, including relating to transition plans, voluntarily adopted in relation to any equity shares of the company which are admitted to trading, and signposting where the relevant disclosures can be found
- the fact that the issuer is not subject to any such climate or sustainability disclosure requirements and/or does not otherwise voluntarily follow any such climate or sustainability disclosure standards or requirements.

Observation

The FCA is proposing a more flexible approach for the secondary listing and depositary receipts categories. This differs from the current UKLR requirements for TCFD reporting which does not provide any differentiation in reporting requirements between the different categories of in-scope companies. The FCA states in its consultation that this approach does not involve the FCA making judgements on the legal and regulatory frameworks of other jurisdictions but that the proposed disclosure requirements would ensure transparency and provide investors with information to help them inform their investment decisions.

The focus on ensuring transparency of the sustainability reporting requirements and standards applied by international issuers will help minimise duplication of reporting for these entities. This is increasingly important as different jurisdictions introduce their own sustainability-related reporting requirements.

Sustainability assurance

The FCA proposes that listed companies in the secondary listing and depositary receipts categories state whether they have obtained third-party sustainability assurance over the disclosures they have made and/or the related information they have provided.

Where listed companies have obtained third-party assurance, they would be required to state:

- the name of the assurance provider
- which of the climate and/or sustainability-related financial disclosures and/or related information has been assured and to what level (e.g. reasonable or limited assurance)
- which assurance standards were used
- where the assurance report can be located (if published) and how to access it (including a hyperlink if relevant).

Effective date and transition

The FCA proposes that the changes for companies in the secondary listing and depositary receipts categories would take effect for accounting periods beginning from 1 January 2027 and that the changes cannot be applied early. Therefore, for accounting periods beginning before 1 January 2027, the current TCFD-aligned rules and guidance continue to apply.

Consequential changes to FCA requirements for asset managers, life insurers and pension providers

Asset managers, life insurers and FCA-regulated pension providers are subject to TCFD-aligned climate disclosure rules under ESG 2 'Disclosure of climate-related financial information' which requires disclosures at a product and entity level on an annual basis. Some of these firms are also subject to additional sustainability disclosure requirements, including requirements under the Sustainability Disclosure Requirements (SDR) and current UKLR requirements for TCFD reporting. Where firms are subject to both the UKLR TCFD requirements and the TCFD requirements under UK ESG 2, the FCA had previously introduced a rule (ESG 2.2.6R) which permits such firms to cross-refer to the UKLR TCFD disclosures in their TCFD entity report, to the extent that those disclosures are relevant to their clients and consumers.

The FCA is proposing to amend ESG 2.2.6R to permit firms to cross refer from their TCFD entity report to their UK SRS S2 related disclosures, including Scope 3 GHG emissions disclosures or explanations provided in place of those disclosures, provided in accordance with the UKLR. The FCA is proposing this consequential change while it continues to consider the longer-term sustainability disclosure framework for these firms.

The FCA has also stated that these firms may wish to make use of the flexibility available under the relevant SDR rules to cross refer to any non-climate sustainability reporting provided in accordance with UK SRS S1, as appropriate.

Digital reporting

The FCA is not proposing to introduce requirements for issuers to digitally tag their sustainability disclosures at this time. The FCA has stated that any future proposals would depend, in part, on the IFRS digital taxonomy for the ISSB standards being adapted to work effectively for UK SRS.

Comment period

The comment period for the consultation ends on 20 March 2026.

Observation

Deloitte welcomes the publication of the FCA's consultation as an important milestone in achieving a global baseline of consistent, high-quality and comparable sustainability information addressing the needs of capital markets. The FCA reiterates that investors view consistent, financially material information about sustainability risks and opportunities that could affect a company's performance and prospects as necessary for accurate pricing of securities and for maintaining trust and integrity in UK markets.

Further information

If you have any questions about the amendments, please speak to your usual Deloitte contact.

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GAAP in the UK on DART allows access to the full IFRS Standards and UK GAAP, linking to and from:

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- illustrative financial statements for entities reporting under IFRS Accounting Standards and UK GAAP.

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