

## JURISDICTIONAL SNAPSHOT: United Kingdom



*'We have set out a process and a pathway towards endorsement and the consideration of disclosure requirements for listed companies and economically significant UK-registered companies referencing UK-endorsed ISSB Standards. An independent Technical Advisory Committee has recommended the endorsement of ISSB Standards as conducive to the long-term public good in the UK.'*

*Our next step is public consultation on draft UK Sustainability Reporting Standards that are aligned with ISSB Standards, in order to finalise timely decisions on endorsement and implementation.'*

*UK Department of Business and Trade*

*The IFRS Foundation is providing this high-level overview of the regulatory approach the jurisdiction has proposed or indicated it intends to take for the adoption or other use of ISSB Standards (including local sustainability-related disclosure requirements (or standards) designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2). The IFRS Foundation has undertaken a preliminary review of the proposed regulatory framework. The final jurisdictional approach may differ from the preliminary summary provided herein. This overview may therefore differ from content the IFRS Foundation may publish in a future jurisdictional profile including as a result of additional information or changes made by a jurisdiction in finalising its regulatory approach for sustainability-related reporting.*

### Regulatory stage

In progress.

Since 2022, large UK registered companies have been subject to mandatory climate-related disclosure requirements under the Companies Act 2006, aligned with the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations. Listed companies are subject to disclosure rules in the Financial Conduct Authority's (FCA) Listing Rules, referencing the TCFD's recommendations, on a 'comply or explain' basis. These rules were introduced on a phased basis from 2021.

In addition, asset managers and FCA-regulated asset owners are subject to entity-level (as well as product-portfolio-level) climate-related disclosure requirements, referencing the TCFD's recommendations, which were introduced on a phased basis from 2022.

In 2023, the FCA finalised its Sustainability Disclosure Requirements (SDR) regime for asset managers. This introduced new entity-level disclosure requirements on a phased basis from late 2025 which build on current TCFD-aligned reporting requirements to cover all sustainability-related risks and opportunities. The FCA references IFRS S1 as a relevant document in determining the content of the disclosures.

In May 2024, the government published a [Framework and Terms of Reference for the Development of UK Sustainability Reporting Standards](#) (Framework), setting out a framework for endorsement of the ISSB Standards, as well as a pathway towards potential implementation of mandatory disclosures against the UK-endorsed standards.

The UK Secretary of State for Business and Trade is responsible for endorsing IFRS Sustainability Disclosure Standards to create UK Sustainability Reporting Standards (UK SRS). The first two UK SRS are intended to deliver functionally aligned outcomes to those resulting from the

	<p>application of ISSB Standards. Once finalised, UK SRS will become available for use by UK companies and will form the basis for any future requirements in, or amendments to, UK legislation and regulation. They do not in themselves set legal obligations for companies to use UK SRS. A Policy and Implementation Committee (PIC), comprising relevant UK government bodies, standard-setters and regulators, has been established to coordinate the process of introducing any requirements against UK SRS.</p> <p>As part of the endorsement process, and following a <a href="#">Call for Evidence</a>, a Technical Advisory Committee (TAC) was established to advise the UK government. The TAC issued its recommendations to the Secretary of State for Business and Trade (Secretary of State) in December 2024, recommending the endorsement of IFRS S1 and IFRS S2. The TAC concluded that IFRS S1 and IFRS S2 meet the government's endorsement criteria, and that endorsement of the ISSB Standards for the creation of UK SRS would be conducive to the long-term public good in the UK.</p> <p>The FCA holds responsibility for introducing requirements for UK listed companies, while the UK government is responsible for implementation decisions (via the Companies Act) that would apply to UK registered companies that do not fall within the FCA's regulatory perimeter. The FCA has indicated that, subject to the Government's endorsement process for the standards, it intends to consult in Q3 2025 on amending its rules for listed companies to move from TCFD to UK SRS. The UK government will consider decisions regarding future Companies Act requirements later in 2025.</p> <p>In its <a href="#">Primary Market Bulletin No. 49</a> issued in May 2024, the FCA noted that, until the UK endorsement is completed, listed companies are encouraged to familiarise themselves with ISSB Standards, noting also that they can start voluntarily reporting against ISSB Standards.</p>
<b>Relevant authority or authorities</b>	Department for Business and Trade Financial Conduct Authority UK Sustainability Disclosure Technical Advisory Committee

## Proposed requirements

<b>Name of framework or standards</b>	UK Sustainability Reporting Standards, which would be intended to deliver functionally aligned outcomes to those resulting from the application of ISSB Standards IFRS S1 and IFRS S2.
<b>Date when requirements are proposed to become effective</b>	<p>The date for mandatory application of UK SRS is still to be determined and is subject to consultation by the UK government and the FCA.</p> <p>Until a determination is made on the date when UK SRS will become effective for different entities in the UK, the FCA has noted that listed companies can start voluntarily reporting using ISSB Standards.</p>
<b>Reporting entities</b>	To be determined. The Framework anticipates that UK SRS would be applicable for UK-listed companies and that consideration will be given to applicability for other economically significant companies.
<b>Required or permitted</b>	<p>The applicability of UK SRS is still to be determined.</p> <p>The FCA noted in May 2024 that listed entities can start to voluntarily report against ISSB Standards.</p>

<b>Focus</b>	To be determined. The Framework anticipates that the focus of UK SRS will be on meeting the needs of existing and potential investors, lenders and other creditors.
<b>Scope of sustainability-related risks and opportunities on which entities must report</b>	To be determined. The TAC technical assessment and endorsement recommendations (see description in the <i>Regulatory stage</i> section above) proposes a scope for UK SRS covering all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects. However, decisions on mandatory application of UK SRS have not yet been taken.
<b>Materiality filter for disclosures</b>	To be determined. Following its technical assessment and endorsement recommendations, <i>'the TAC recommends that the requirements in IFRS S1 relating to materiality are maintained without amendment.'</i>
<b>Timing, location and reporting entity</b>	To be determined. For each of these items, following its technical assessment, <i>'the TAC recommends that the related requirements in IFRS S1 should be maintained without amendment.'</i>
<b>Transition reliefs</b>	To be determined. Following its technical assessment and endorsement recommendations, the TAC recommended: <ul style="list-style-type: none"> <li>removing the transition relief in IFRS S1 paragraph E4 that permits an entity to report its annual sustainability-related financial disclosures after it has published the related financial statements in the first year of reporting.</li> <li>amending the transition relief in IFRS S1 to extend the 'climate-first' reporting relief to up to two years, such that disclosure of all sustainability-related risks and opportunities would be required by the third year of reporting using UK SRS.</li> </ul>
<b>Jurisdictional modifications from requirements in ISSB Standards</b>	To be determined. Following its technical assessment, the TAC recommended modifying IFRS S2 to not require that entities participating in commercial banking or insurance activities use the Global Industry Classification Standard (GICS) for disaggregation of greenhouse gas emissions by industry. <sup>1</sup>
<b>Additional disclosure requirements</b>	To be determined. The TAC technical assessment did not recommend any additional disclosures.
<b>Assurance requirements</b>	To be determined. The UK government has indicated an intention to consult on assurance of sustainability-related disclosures as part of commitments to strengthen audit and corporate governance. In a recent report, the FRC encouraged clarity on the policy direction here: <a href="#">Assurance of Sustainability Reporting Market Study</a> .
<b>Further information</b>	The government's key commitments in relation to sustainability disclosures were set out in <a href="#">the materials accompanying the Chancellor's 2024 Mansion House</a> speech.
<b>Relevant document(s)</b>	<a href="#">Framework for developing UK Sustainability Reporting Standards Endorsement: Technical assessment of IFRS S1 and IFRS S2</a>

<sup>1</sup> The ISSB has [proposed amendments](#) to IFRS S2 in relation to the requirement to use GICS for such industry disaggregation.