

FCA Extends Requirements on Climate-Related Disclosures to Issuers of Standard Listed Shares and GDRs

16 February 2022

Introduction. On 17 December 2021, the FCA published its [Policy Statement](#) on “Enhancing climate-related disclosures by standard listed companies”¹, which extends existing climate-related disclosure requirements that apply to premium listed commercial companies to issuers with shares and global depository receipts (“GDRs”) listed on the standard segment of the Main Market of the London Stock Exchange. The extension of climate-related disclosure to issuers with listings on the standard segment marks the latest development in the UK government’s push towards establishing mandatory disclosure obligations in the United Kingdom that are aligned with the recommendations published by the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (the “TCFD”) in 2017.

Following the UK government’s publication of a [roadmap](#) towards this new climate-related regulatory framework in November 2020, the FCA [introduced](#) a new disclosure rule applicable to premium listed commercial companies in December 2020. The FCA then launched a [consultation](#) in June 2021 regarding its proposal to extend such new disclosure rule to a wider scope of issuers, which resulted in this Policy Statement that confirms the final rules and guidance on climate-related disclosures being implemented by the FCA.

Climate-Related Disclosure Requirements. Under the current rules², for any accounting period beginning on or after 1 January 2021, premium listed commercial companies must include in their annual report a statement setting out if they have made climate-related financial disclosures consistent with the recommendations of the TCFD.

Any premium listed commercial companies that have failed to comply with such requirements must (i) explain why they have not done so, (ii) set out any steps they are taking or plan to take to make disclosures consistent with the TCFD’s recommendations and (iii) state the timeframe within which they expect to be able to make such disclosures. Despite the “comply or explain” nature of the rules, the FCA has stated that

¹ FCA Policy Statement PS21/23.

² Listing Rule 9.8.6(8)R.

it expects issuers to be able to make climate-related disclosures consistent with the TCFD's recommendations, unless there are transitional challenges in analytical capabilities, embedding the relevant modelling or obtaining the relevant data.

Issuers of standard listed shares and GDRs will now be subject to the same climate-related disclosure requirements for their annual reports for accounting periods beginning on or after 1 January 2022.

Other changes implemented by the FCA include:

- new guidance encouraging listed companies headquartered or operating in a country that has made a net zero economy commitment (e.g., the United Kingdom) to assess to what extent they have considered that commitment in developing and disclosing their transition plans when making disclosures on their transition plans under the TCFD's recommended strategy disclosures, with issuers who do not follow the guidance encouraged to explain why; and
- encouraging listed companies to consider the Sustainability Accounting Standards Board metrics for their sector when making their disclosures against the TCFD's recommendations.

Our Recommendations. Affected issuers, in particular GDR issuers, who may not have had to make climate-related financial disclosures in their home jurisdictions, should familiarise themselves with the new requirements and assess the adequacy of their current arrangements so as to ensure that they can meet the new climate-related disclosure requirements when preparing their annual reports for accounting periods beginning on or after 1 January 2022.

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Please do not hesitate to contact us with any questions.



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