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Norges Bank Investment Management

Primary Markets Policy
Financial Conduct Authority
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Date: 28.10.2026

Financial Conduct Authority Primary Market Bulletin No. 66

We refer to the Financial Conduct Authority's consultation GC26/6 (Primary Market Bulletin No. 66), published on 30 September 2026, on draft Technical Note 803.1 (TN 803.1), the proposed amendments to TN 801.4 and the proposed deletion of TN 802.3. We welcome the opportunity to contribute an investor perspective on how the "comply or explain" approach in Policy Statement PS26/19 should operate in practice.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank (Norges Bank) and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investor with approximately NOK 22,700 billion under management, or 1,724 billion GBP. Of these, about GBP 90 billion was invested in the United Kingdom at end June 2026.

As a long-term, global investor, we consider our returns over time to depend on sustainable development in economic, environmental and social terms, as well as on well-functioning, legitimate and efficient markets. We need consistent, comparable, reliable and decision-useful information from companies on sustainability-related risks and opportunities that are financially material to their business. We support the IFRS Sustainability Disclosure Standards (ISSB Standards) as the global baseline for such information, and we strongly support the UK's adoption of UK SRS.

In our response to Consultation Paper 26/5, we recommended that the FCA keep climate-related disclosures under UK SRS S2 mandatory, make Scope 3 and UK SRS S1 reporting mandatory on a defined timeline, and avoid an open-ended "comply or explain" regime[1]. PS26/19 instead places all UK SRS disclosures on a "comply or explain" basis. We recognise that this policy decision has been taken and that this consultation concerns the accompanying guidance. We therefore focus our response on how the Technical Note can limit the risk that "comply or explain" results in incomplete and non-comparable disclosure.

The draft note sets out how to comply and what an explanation should contain, but it does not yet say when it is acceptable to explain. A "comply or explain" regime is not equivalent to a mandatory one. It can allow issuers to withhold material information, reduces comparability across companies and over time, and can produce explanations of variable quality. The effectiveness of the regime will depend on

[1] FCA Consultation Paper CP26/5: Aligning listed issuers' sustainability disclosures with international standards | Norges Bank Investment Management

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issuers choosing to comply, and on the FCA's approach to its supervision. Our key messages are as follows:

State the regulatory intent. Technical Note 803.1 should say that the FCA expects issuers ordinarily to disclose in accordance with UK SRS, and that the option to explain is exceptional flexibility beyond the proportionality provisions and transition reliefs already in the standards.

Apply materiality and proportionality first. UK SRS already allows issuers to omit immaterial information, to use estimates, simpler data and qualitative disclosure, and to rely on "reasonable and supportable information available without undue cost or effort". The Technical Note should clarify that existing provisions of UK SRS already address the scope of information to be disclosed and provide reliefs.

Limit explaining to exceptional and transitional circumstances. The note should state that explaining is available only where an issuer is unable, despite reasonable and proportionate efforts, to disclose in accordance with UK SRS, and that it is not available because an issuer prefers not to disclose, finds disclosure inconvenient, or has not put the necessary systems and processes in place. Explanations should give specific reasons, the steps being taken and indicate the timeline to compliance.

Refine the illustrative examples. Examples 2, 3 and 4 risk signalling that disclosure of financially material information is optional. We propose specific changes in the Annex.

Supervise and review. We encourage the FCA to monitor how issuers use the option to explain and to commit to a review, with a view to moving towards mandatory disclosure as market capacity increases. This would bring the UK market in line with several other capital markets which have already moved towards mandatory disclosure.

Our detailed responses to the consultation questions are set out in the Annex. We would welcome the opportunity to discuss our views with you.

Yours sincerely

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Annex: Responses to consultation questions

Question 1: Do you agree with our proposed expectations for complying? If not, what alternative do you suggest and why?

We broadly agree. We welcome the emphasis in the draft note on financially material information and on the "understandability" provisions of UK SRS S1 (Appendix D26–D33), which require disclosures to be clear and concise and to avoid generic information. We also welcome the reminder that certain UK SRS S1 provisions apply when an issuer reports under UK SRS S2.

Where a materiality assessment involves significant judgements, issuers should give enough information for investors to understand their basis, consistent with UK SRS S1. The draft note already expects this of explanations; it should apply equally to issuers that comply.

Question 2: Do you agree with our proposed expectations for explaining? If not, what alternative do you suggest and why?

We believe the FCA's expectations for explaining should be strengthened. We support the draft note's focus on explanations that are concise, clear and issuer-specific, and its requirement that an explanation identify precisely which requirements have not been met. However, the note does not say when it is acceptable to explain. Without that, it risks leaving the option to explain open to use in place of disclosure.

This matters because the position differs from the TCFD-aligned rules. Under those rules, explaining filled a gap left by a framework of recommendations that had no materiality concept, proportionality provisions or transition reliefs. Under the TCFD-aligned regime, the FCA's guidance set a clear expectation that explaining would be exceptional and transitional. UK SRS now embeds most of the acceptable reasons for explaining in the standards themselves, so the circumstances in which an issuer genuinely cannot disclose in accordance with UK SRS should be limited. The draft note carries over no equivalent of that expectation. We recommend the following:

- **State that explaining is exceptional and transitional.** The note should say that explaining is available only where an issuer is unable, despite reasonable and proportionate efforts, to provide information in accordance with UK SRS, having applied the materiality and proportionality provisions and transition reliefs in the standards. It should also say that explaining is not available because an issuer prefers not to disclose, considers disclosure inconvenient, or has not established the systems and processes needed to report.

- **Require specific, issuer-level reasons.** Where an issuer cites insufficient data, systems, capabilities or resources, it should explain the nature of the constraint and why the disclosure cannot currently be prepared. Generic statements that compliance would be costly or burdensome should not be accepted as an explanation. Where reasonably available, issuers should still disclose qualitative information or estimates, even where full compliance is not possible.

- **Distinguish three kinds of omission.** Issuers should make clear whether information has been omitted because it is not financially material; because a specific relief in UK SRS or the transitional provisions applies; or because it is financially material but has not been disclosed in accordance with UK SRS. For the third category, issuers should identify the gap and explain

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its significance to investors. This will help investors separate ordinary application of the standards from non-compliance.

- **Set an expectation of a timeline to compliance and report progress.** The draft note states that issuers are not required to give an expected timeframe for future disclosure, and that doing so is helpful only if one is known. We recommend that the note instead set the expectation that an explanation includes a timeline to compliance, or states why none can currently be given. Without this, investors cannot tell a genuine transitional difficulty from persistent non-disclosure. We note that the regime is intended to be transitional, and a timeline is the practical expression of that.

- **Encourage board oversight.** Consistent with our view that sustainability disclosures should be subject to equivalent governance and quality controls as financial reporting, including board sign-off, the note could indicate that decisions to explain, and any significant reporting gaps, are expected to be considered and approved by the board.

Question 3: Do you agree with our proposed guidance for international companies? If not, what alternative do you suggest and why?

We agree with the approach in principle, provided that the same standard applies to international and domestic issuers. In our response to CP26/5 we expressed concern that secondary-listed and depositary receipt issuers could end up disclosing less than under the current TCFD-aligned rules. We note that the draft note now treats these issuers as in-scope issuers subject to “comply or explain”, and we welcome this. We also support allowing international companies to rely on home reporting where it avoids duplication and supports the use of ISSB Standards as a global reporting baseline. That flexibility should not, however, result in weaker disclosure for UK investors. We recommend the following:

- **Treat home reporting as meeting UK SRS only to the extent that it does so in full.** The note should explicitly say that disclosures prepared under other frameworks or standards, such as the European Sustainability Reporting Standards under the Corporate Sustainability Reporting Directive, should count towards the UK SRS requirements only where they fully meet the relevant UK SRS requirement. Where they do not, the issuer should identify the gap and explain it in line with the expectations that apply to all issuers. We welcome Annex 1 of the draft note, which confirms that an international company that explains cannot make a statement of compliance with UK SRS.

- **Keep cross-references precise and accessible.** We support the requirement that issuers clearly identify where home disclosures can be found in the UK annual financial report. Cross-references should be specific enough for investors to locate and compare the relevant information.

- **Expect the same quality of explanation.** Explanations by international companies should meet the same expectations for specificity, reasons, steps and timeline as those of domestic issuers, so that the same level of transparency applies across UK listed markets.

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Illustrative examples in Annex 2

We welcome the illustrative examples, and Example 1 in particular, which shows an issuer correctly using the Scope 3 relief in UK SRS S2. Examples will strongly influence the level of disclosure that issuers regard as acceptable, so we recommend refining three of them. In each case the aim is to reinforce that explaining is exceptional and that disclosure of material information in accordance with UK SRS should be the norm.

Example 2 (Scope 3 emissions and targets). The issuer explains that it has not obtained sufficient Scope 3 data and is unlikely to establish quantitative targets until the reporting period beginning 1 January 2029. UK SRS S2 permits the use of estimates and of "reasonable and supportable information available without undue cost or effort", which means an issuer in this position would ordinarily be able to comply, and there would be no need to explain. The example also implies that targets can be deferred to 2029 without further justification. We recommend replacing it with a circumstance in which proportionality has been applied and a gap still remains. The draft note's own illustration in the main text, in which recent changes in an issuer's third-party providers create data gaps, is a better model. The example should also set out the steps being taken and a timeline.

Example 3 (other sustainability-related risks and opportunities). A small apparel company explains that it has not yet prepared UK SRS S1 disclosures on other risks that it has identified, such as chemicals in its products or environmental impacts in its supply chain. This is non-disclosure of identified risks, with no reasons beyond prioritisation and no timeline. It risks creating the impression that disclosure of financially material information is optional. Issuers should identify risks and opportunities using all reasonable and proportionate information available at the time of reporting. We recognise that companies cannot anticipate every risk, and the expectation should be best efforts on the information available at the time. We recommend that the example show the relief the issuer has applied under the standards, including the two-year transition relief for non-climate disclosures, why it cannot yet make the remaining disclosures, and when it expects to do so. The note should also include an illustrative set of the exceptional circumstances in which explaining is justified, beyond the standards' own proportionality provisions and transition reliefs.

Example 4 (international company using home reporting). The issuer explains that it has not disclosed Scope 3 emissions or information on identified risks and opportunities "as we are not yet required to do so in our country of incorporation". This treats the absence of a home-market requirement as a sufficient reason to explain. We recommend revising the example so that it shows a genuine gap in a home-reporting framework, together with the reasons, the steps being taken and a timeline.

Other comments

Supervision and review. The experience under the TCFD-aligned rules shows why clear expectations and supervision are needed from the outset. The FCA's 2022 review of TCFD-aligned disclosures by premium listed commercial companies found cases where issuers claimed consistency with the TCFD recommendations that their disclosures did not support[2]. The Financial Reporting Council's thematic review found that many compliance statements did not make clear whether plans to improve in later years meant non-compliance with TCFD disclosure requirements in the current year[3].

[2] Review of TCFD-aligned disclosures by premium listed commercial companies | FCA
[3] FRC TCFD disclosures and climate in the financial statements July 2022

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Both reviews recorded improvement over time, but these shortcomings arose even though FCA guidance already described explaining as exceptional and transitional.

We therefore encourage the FCA to (i) focus its supervision on the use of the option to explain under the new rules; (ii) publish its findings; and (iii) commit to a review of how the "comply or explain" regime is working, with a view to moving to mandatory disclosure over time. As we said in our response to CP26/5, a review mechanism or sunset date gives preparers and investors the certainty they need.

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