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## Consultation Paper CP26/5: Aligning listed issuers' sustainability disclosures with international standards

We refer to the Financial Conduct Authority's Consultation Paper CP26/5 on aligning listed issuers' sustainability disclosures with international standards, published on 30 January 2026. We welcome the opportunity to contribute an investor perspective on the FCA's proposals to update the UK Listing Rules.

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 investment manager with approximately 21,300 billion Norwegian kroner under management. Of these, about GBP 80 billion was invested in the United Kingdom at year end 2025.

As a long-term, global investor, we consider our returns over time to be dependent 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. This information informs our investment decisions, risk management processes and ownership activities. As a global investor, we have a clear interest in this information being reported in a consistent and comparable manner across markets.

We support the IFRS Sustainability Disclosure Standards (ISSB standards) as the global baseline of investor-focused standards for sustainability-related financial disclosures that are connected and complementary to financial statements. This is critical for us to formulate a holistic view of a company's performance and prospects over time and facilitates cross-border capital flows. The ISSB standards also share the same conceptual foundations as the International Accounting Standards Board (IASB) financial reporting standards. Investors will be able to receive sustainability-related financial information that is concurrent, connected and complementary to financial statements.

We therefore strongly support the FCA's proposal to replace the existing TCFD-aligned listing rules with requirements referencing the UK Sustainability Reporting Standards (UK SRS). Aligning the UK's disclosure framework with the ISSB standards is an important step towards improving the quantity, quality and comparability of sustainability-related financial information available to investors in the UK's listed markets. We have previously encouraged the UK to endorse the ISSB Standards, having previously welcomed the TCFD-aligned requirements but noting the higher granularity and broader

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scope of IFRS S1 and S2. However, we have concerns about certain aspects of the proposals that risk undermining the completeness, comparability and decision-usefulness of the information that global investors need. We summarise our key messages below and provide detailed responses to selected consultation questions in the Annex.

**Scope 3 emissions should become mandatory after the transition period.** Scope 3 can represent 40%+ of total emissions and is material for assessing transition risk. UK SRS S2's proportionality provisions — estimation, tiered measurement, and the "reasonable and supportable information without undue cost or effort" standard — already address preparedness concerns, and the materiality lens means immaterial disclosures can be omitted. An indefinite "comply or explain" risks widespread non-reporting. We recommend mandatory Scope 3 reporting for periods beginning on or after 1 January 2028, or at minimum a clear sunset date for transition to mandatory disclosure. Allowing for longer transition reliefs for Scope 3 reporting rather than an indefinite "comply or explain" approach would also be in line with the decision taken by other jurisdictions, including some where climate-related reporting has been voluntary so far and/or less mature than in the UK.

**UK SRS S1 should also have a clear mandatory reporting timeline.** Non-climate sustainability information is equally capable of being financially material, a two-year transition relief is already built in, and voluntary disclosure rates among UK listed companies are already significant. An open-ended "comply or explain" regime provides insufficient certainty for preparers or investors. We therefore encourage the FCA to set a date by which reporting under UK SRS S1 will become mandatory, rather than leaving "comply or explain" as an open-ended regime.

**Secondary-listed companies should not face weaker requirements than today.** The proposed exemption for secondary-listed issuers and depositary receipt issuers risks reducing disclosure relative to current TCFD rules. We recommend requiring these issuers to report under ISSB Standards where not already subject to equivalent home-jurisdiction requirements, strengthening ISSB's role as a global reporting passport.

**On transition plans and assurance,** we support the FCA's proposals and welcome the reference to IFRS Educational Material based on Transition Plan Taskforce outputs. On assurance, we encourage the FCA to introduce mandatory requirements over time — beginning with GHG data, with a post-implementation review as a practical first step.

Please find our detailed responses to selected consultation questions in the Annex to this letter. We thank you for considering our perspective and remain at your disposal should you wish to discuss these matters further.

Yours sincerely

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## Annex: Responses to Consultation Questions

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

We agree with the proposed scope, i.e. companies in categories UKLR 6 (commercial companies), UKLR 16, UKLR 22, UKLR 14 and UKLR 15. Maintaining consistency with the existing TCFD-aligned rules is appropriate and ensures continuity for in-scope listed companies.

### **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?**

We strongly support replacing TCFD-aligned rules with UK SRS S2 and relevant aspects of UK SRS S1. The UK SRS, based on ISSB Standards, materially improves the decision-usefulness of climate-related financial disclosures while allowing preparers to build on existing TCFD-based practice. Compared to current TCFD-aligned reporting, the benefits of the UK SRS include the adoption of an investor-focused, financial materiality lens which facilitates their consideration in investment and valuation processes. We particularly welcome the disclosure requirements which represent enhancements compared to TCFD, such as information on current and anticipated financial effects, assets exposed to transition and physical climate risk, and importantly financial allocation with disclosed capital expenditure. Another important element of differentiation between SRS S2 and the TCFD recommendations is represented by the required transition planning disclosures, which include milestones, interim targets, and capital expenditure commitments. These disclosures are key to meet our investment and engagement needs, as highlighted in our climate change expectations<sup>1</sup>.

Furthermore, the ISSB standards are grounded in IASB's conceptual framework, improving connectivity between sustainability and financial reporting — essential for a holistic view of company performance and prospects. As we noted in our submission to the UK Sustainability Disclosure Technical Advisory Committee, faithful adoption of the ISSB global baseline best serves both disclosure quality for investors and competitiveness for UK companies, given ISSB-aligned requirements are now being adopted across nearly 40 jurisdictions.

### **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?**

We agree that climate-related disclosures under UK SRS S2 should apply on a mandatory basis. Given the progress UK listed companies have made under the TCFD framework and the alignment between UK SRS S2 and the TCFD Recommendations, a mandatory approach is proportionate and appropriate. This is consistent with the FCA's objective of improving the quantity, quality and comparability of sustainability information, and with our view that ISSB adoption should occur on a mandatory compliance basis.

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<sup>1</sup> [Climate change](#)



**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?**

We disagree with applying Scope 3 reporting on an indefinite "comply or explain" basis. Value chain emissions comprise the majority of total GHG footprints in many industries and are essential for investors assessing portfolio transition risk. We expect our portfolio companies to report their Scope 3 greenhouse gas emissions in accordance with the Greenhouse Gas Protocol, and at the market-level support the mandatory adoption of ISSB-aligned climate reporting including on Scope 3 emissions<sup>2</sup>.

UK SRS S2's proportionality provisions already address data concerns — permitting estimation, a tiered measurement hierarchy, and use of only "reasonable and supportable information without undue cost or effort" in scoping the value chain and selecting measurement inputs. Combined with the one-year transition relief, these provisions provide sufficient flexibility. The overarching materiality filter in the SRS standards also means companies can omit Scope 3 where genuinely immaterial.

We encourage the FCA to adopt a similar approach to regulators and standard setters in other jurisdictions, which have signalled clear timelines towards mandatory reporting of Scope 3 GHG emissions. We recommend the FCA either: (a) make Scope 3 reporting mandatory for periods beginning on or after 1 January 2028, relying on UK SRS S2's proportionality provisions; or (b) if retaining "comply or explain," set a clear sunset date or scheduled review. The current proposal — with no sunset and no review clause — risks leaving investors with material information gaps indefinitely.

**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?**

We agree with the FCA's proposal on disclosure location. Including climate and sustainability disclosures in annual reports enhances connectivity with financial statements, supports integrated analysis, and ensures equivalent management and board oversight. The requirement to specify location aids navigability, and we support the cross-referencing provisions in UK SRS S1 paragraphs B45–B47.

**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?**

We do not support an open-ended "comply or explain" approach for wider sustainability disclosures and encourage the FCA to set a clear mandatory reporting timeline. Non-climate sustainability information is equally material for investment decisions. Whilst we understand the rationale for differentiating climate from wider sustainability disclosures — given preparers' familiarity with TCFD-aligned reporting — this does not diminish the importance of broader sustainability information for investors. Furthermore, we underline the relative maturity and strong voluntary sustainability reporting practice in the UK market<sup>3</sup>.

<sup>2</sup> [2030 Climate action plan | Norges Bank Investment Management](#)

<sup>3</sup> [The State of Play: Sustainability Disclosure and Assurance | IFAC](#)



Every disclosure requirement in UK SRS S1 is subject to a materiality filter, which addresses concerns about reporting burden. A "comply or explain" regime, by contrast, risks companies excluding information that is in fact material to their prospects. Whilst in theory "comply or explain" should not override materiality obligations, but in practice self-assessed materiality combined with an opt-out regime risks leaving significant data gaps for investors. We believe this tool is best suited for governance-related disclosures, where it allows companies to explain the rationale behind their choice of governance arrangements and adds useful depth to investors' understanding of how the business is managed and overseen. The two-year transition relief already built into UK SRS S1 — deferring reporting to periods beginning on or after 1 January 2029 — combined with the "undue cost or effort" relief, should provide adequate preparation time without the need for an indefinite opt-out. We also note the value of SASB industry standards in helping preparers identify likely material sustainability issues and the corresponding disclosures and metrics.

If the FCA retains "comply or explain," it should at minimum commit to a scheduled review with a clear view to transitioning to mandatory reporting — consistent with other jurisdictions adopting ISSB Standards on phased timelines, and providing the certainty that both companies and investors need.

**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?**

We agree with the proposals, for the same reasons outlined in our response to Question 5. We support placement in the annual report and the provision for cross-referencing.

**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?**

We support requiring listed companies to disclose whether they have published a transition plan and where, or explain why not. We expect portfolio companies to implement transition plans and welcome regulatory steps reinforcing this. As noted in our 2025 response to the Department for Net Zero and Energy Security, we focus less on standalone plan documents and more on disclosure of specific decarbonisation actions, integration into broader strategy, and annual progress reporting — with material transition plan information ultimately included in general purpose financial reporting and subject to equivalent governance and verification. The FCA's proposal is a proportionate step in this direction.

**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?**

We support the proposal to reference in FCA guidance the IFRS Educational Material, which includes specific guidance on disclosing information about an entity's climate-related transition in accordance with IFRS S2. This promotes international consistency in transition plan disclosures, building on the foundation laid by the UK's Transition Plan Taskforce framework on which this dedicated guidance was built. More broadly, we note that the ISSB's Knowledge Hub contains an expansive number of resources to support capacity building by both the IFRS Foundation itself and third party

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organisations. Referring to the ISSB materials will support the implementation of ISSB/SRS standards and help preparers through their sustainability disclosure journey.

**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?**

We agree with the proposals for transparency about third-party assurance where it has been obtained voluntarily. Investors value assurance as a mechanism for enhancing the reliability and credibility of sustainability disclosures. The requirement to disclose the provider, scope, level of assurance and applicable standards will help investors evaluate the quality of the reported information.

**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.**

Mandatory assurance requirements would enhance the reliability of sustainability disclosures — a key benefit for investors. Assurance complements ISSB-aligned disclosure by improving trust in reported information, and we believe sustainability disclosures should be subject to equivalent governance and quality controls as financial reporting, including board sign-off. External assurance has a key role in progressively bringing sustainability-related financial disclosures on par with financial statements. We are not able to provide quantitative estimates of benefits or costs.

**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.**

We support phased mandatory assurance for sustainability-related financial disclosures. Our published expectations call for reasonable assurance on Scope 1 and 2 emissions and limited assurance on remaining climate disclosures, with equivalent assurance expected for non-climate sustainability disclosures. Limited assurance is a practical starting point, with progression to reasonable assurance over time as market and policy conditions develop — a position we have communicated consistently across jurisdictions adopting ISSB standards.

We encourage the FCA to work with Government on a phased approach: beginning with GHG emissions data and progressively extending to the full scope of sustainability disclosures, with assurance requirements phased in one to two reporting cycles after mandatory disclosure obligations take effect.

We also support ISSA 5000, developed by the International Auditing and Assurance Standards Board, and welcomed its UK adoption in our FRC consultation response. A global assurance standard enhances investor trust, supports comparability across jurisdictions, and helps mitigate greenwashing risks. We value its flexibility across limited and reasonable assurance engagements and its profession-agnostic scope.

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**Question 13: Do you agree with our proposed implementation approach and transitional arrangements 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?**

We agree with the proposed implementation approach and the use of the transitional reliefs built into the UK SRS, however we urge the FCA not to adopt permanent content deviations from the ISSB standards, which negatively affects the global baseline and “building blocks” approach. The timeline – with rules coming into force on 1 January 2027, and transitional reliefs deferring Scope 3 to 2028 and non-climate disclosures to 2029 – provides sufficient lead time for listed companies. Alongside being already subject to TCFD-aligned disclosure rules, many UK-listed companies have been preparing for these enhanced requirements since the FCA's 2023 encouragement to familiarise themselves with ISSB Standards, and the growing adoption of ISSB Standards globally means the reporting ecosystem is better prepared to assist companies.

However, as noted above, we are concerned that the FCA's proposals lack a clear endpoint for the “comply or explain” elements. We recommend that the FCA include a review mechanism or sunset date so that the regime progresses to full mandatory compliance within a defined timeframe.

**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?**

We disagree with the proposed approach for secondary-listed companies and depositary receipt issuers. Under current rules, these companies face the same TCFD-aligned “comply or explain” obligations as domestic issuers. The proposal would allow an issuer with no home-jurisdiction sustainability requirements to simply disclose that fact — a clear step backwards.

We recognise the objective of avoiding duplication for issuers already subject to equivalent requirements. The appropriate mechanism, however, is the ISSB Standards as a “global reporting passport”: we recommend the FCA require secondary-listed companies and depositary receipt issuers to report in accordance with ISSB Standards, or demonstrate they are subject to equivalent home-jurisdiction requirements, rather than issuing a transparency statement alone. This would preserve current information levels for investors, support global ISSB adoption, and avoid creating a two-tier system within UK listed markets.

**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?**

We agree with the proposal to extend assurance transparency requirements to companies in the secondary listing and depositary receipts categories.

**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?**

We encourage the FCA to work towards requiring digital tagging of sustainability disclosures using the IFRS Sustainability Disclosure Taxonomy, adapted as necessary for UK SRS. Quantitative disclosures

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such as GHG emissions metrics and targets would be particularly useful in a machine-readable format. We note that the IFRS Foundation has developed a digital taxonomy for the ISSB Standards, and alignment with this taxonomy would support international comparability.

**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?**

We support digital reporting of sustainability information, as it simplifies access to relevant metrics and data in a comparable manner across companies, meeting the needs of reporting users more efficiently. We are unable to comment on issuers' ability to digitise sustainability reporting.

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