

Insights

FCA TECHNICAL NOTE ON THE TCFD CLIMATE-RELATED FINANCIAL REPORTING REQUIREMENTS

Mar 01, 2022

SUMMARY

In 2022, the annual reports of premium listed commercial companies should include a compliance statement setting out whether the company has made disclosures consistent with the “TCFD's recommendations and recommended disclosures”. The same requirements will apply to certain standard listed companies in 2023.

The FCA's new Technical Note sets out their expectations when companies explain non-compliance and the level of detail required when companies set out their plans to remedy this.

Disclosure requirements

LR 9.8.6R (8) and LR 14.3.27R require UK incorporated and overseas premium listed commercial companies and certain standard listed companies to include, in their annual financial report, a statement setting out:

- whether the listed company has made disclosures consistent with the “TCFD's recommendations and recommended disclosures” in its annual financial report;
- where it has made disclosures consistent with the “TCFD's recommendations and recommended disclosures” but has included some or all of these disclosures in a document other than its annual financial report, the recommendations included in the other document, a description of that document and where it can be found and the reasons for including in that document;
- where it has not included disclosures consistent with some or all of the “TCFD's recommendations and recommended disclosures”, an explanation of why, and a description of any steps it is taking or plans to take to be able to make consistent disclosures in the future – including relevant timeframes for being able to make those disclosures; and

- where in its annual financial report (or other relevant document) the various disclosures can be found.

The provisions apply to premium listed companies for financial years beginning on or after 1 January 2021 and for certain standard listed companies for financial years beginning on or after 1 January 2022.

FCA Technical Note

Where a company has not included these climate-related financial disclosures in the annual report, the FCA expects:

- companies to provide full, clear and meaningful explanations for not including such disclosures written in plain language that is easy to understand and leaves no room for ambiguity; and
- the description of the steps it is taking or plans to take in the future and the timeframe to be able to make these disclosures to provide a sufficient level of detail so that investors and stakeholders can fully understand the nature of the proposed action.

Disclosures consistent with the "TCFD's recommendations and recommended disclosures" should, in line with the Fundamental Principles for Effective Disclosure, include sufficient, company-specific information to support decision-making by investors.

[Primary Market Technical Note 802.1](#)

RELATED PRACTICE AREAS

- M&A & Corporate Finance
- Securities & Corporate Governance
- UK Public Company

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