



HM Government

# Sustainability Disclosure Requirements: Implementation Update 2024

---

# Introduction - Sustainability Disclosure Requirements

1.1 *Mobilising Green Investment: 2023 Green Finance Strategy (2023)* set out the UK Government's long-term strategy to ensure investors and consumers can access the information they need to inform capital allocation in line with their sustainability preferences or goals.<sup>1</sup> Central to this strategy is our plan for economy wide Sustainability Disclosure Requirements (SDR), as first set out in *Greening Finance: A Roadmap to Sustainable Investing (2021)*.<sup>2</sup> Building on global best practice and leading standards, SDR is a framework to facilitate and streamline the flow of robust, decision useful information between corporates, consumers and investors and capital markets.

1.2 Financial markets are global, and international interoperability is a key principle of the UK's approach to SDR. The *2023 Green Finance Strategy* contained a commitment to provide an SDR implementation update to reflect the rapid development of international standards. Following last year's launch of the International Financial Reporting Standards (IFRS) Foundation's International Sustainability Standards Board (ISSB) baseline standards, this document provides that update, setting out next steps on SDR and how industry can engage with the development of the different components.<sup>3</sup>

## Components of SDR

### IFRS Sustainability Disclosure Standards

1.3 The Government congratulated the ISSB on the publication of its inaugural standards on 26 June 2023. The *2023 Green Finance Strategy* explained that the Government is setting up an endorsement and implementation process for those standards. The Government has today published a framework document which sets out further detail about that process and the advisory committees that will be supporting the Government in taking this work forward. Please consult the framework document for further detail, including detail regarding the independent UK Sustainability Disclosure Technical Advisory Committee that is being established to provide advice to the Secretary of State for Business and Trade when making an endorsement decision.<sup>4</sup>

1.4 **The Government aims to make the UK-endorsed ISSB standards available in Q1 2025.** The endorsement process will assess the standards and, subject to a positive endorsement decision, will conclude with the publication of

---

<sup>1</sup> [Mobilising Green Investment - 2023 Green Finance Strategy](#)

<sup>2</sup> [Greening Finance: A Roadmap to Sustainable Investing](#)

<sup>3</sup> [IFRS - IFRS Sustainability Standards Navigator](#)

<sup>4</sup> [Framework for Developing UK Sustainability Reporting Standards](#)

UK-endorsed standards. These will be known as UK Sustainability Reporting Standards.

**1.5 Subject to a positive endorsement decision by the UK Government, and following a consultation process, the Financial Conduct Authority (FCA) will be able to use the UK Sustainability Reporting Standards to introduce requirements for UK-listed companies to report sustainability-related information.**

**1.6 Subject to a positive endorsement decision, the Government will also decide on disclosure requirements against UK Sustainability Reporting Standards for UK companies that do not fall within the FCA's regulatory perimeter.** That decision will take into account a number of factors, including costs for reporting companies and benefits for investors that may wish to use this information.

**1.7 The Government expects a decision regarding future requirements to be taken in Q2 2025.** At that time, the Government will also consider whether to create exemptions from pre-existing requirements in the Companies Act 2006 for those companies that choose to use the standards on a voluntary basis. Any decision that the Government takes on these matters will involve consultation and will require Parliamentary approval for the introduction of any new legislation. As a result, any changes that may be introduced would be effective no earlier than accounting periods beginning on or after 1 January 2026.

## Transition Plan Disclosures

1.8 In April 2022, the Government launched the Transition Plan Taskforce (TPT) to develop a framework to help companies communicate their plan to achieve net zero to shareholders and other stakeholders.

1.9 The Government, which co-chairs the TPT, is grateful for its important work, including the publication of their voluntary Disclosure Framework in October 2023.<sup>5</sup> The TPT's Disclosure Framework has been designed purposefully to integrate with and build from the approach to transition plans found in both the UK regulations<sup>6</sup> and FCA rules<sup>7</sup> that implement the Task Force on Climate-related Financial Disclosures (TCFD) recommendations<sup>8</sup> as well as the ISSB Standards and guidance from the Glasgow Financial Alliance for Net Zero (GFANZ) on transition plans.

1.10 The ISSB's climate-related disclosure standard, IFRS S2, includes a requirement for companies to disclose details about their transition plan, if they

---

<sup>5</sup> [The TPT Disclosure Framework | Transition Plan Taskforce](#)

<sup>6</sup> [Guidance on Climate-related financial disclosures for companies and limited liability partnerships](#)

<sup>7</sup> [FCA rules on TCFD-aligned reporting requirements](#)

<sup>8</sup> [TCFD recommendations](#)

have one, and contains many disclosure requirements that are relevant to transition planning. The TPT Disclosure Framework provides more detailed recommendations on how to disclose effectively in line with these requirements.

1.11 Given the overlap between IFRS S2 and the TPT Disclosure Framework, **the FCA plans, through its consultation on implementing UK-endorsed ISSB standards, to consult on strengthening its expectations for transition plan disclosures with reference to the TPT Disclosure Framework.**

1.12 **Given the important role of transition planning across the economy, the Government will consult shortly on how the UK's largest companies can most effectively disclose their transition plans, meeting a key commitment of last year's Green Finance Strategy.**

### SDR & Investment Labels

1.13 The FCA finalised its Sustainability Disclosure Requirements (SDR) and investment labels regime for funds based in the UK, with the release of its policy statement on 28 November 2023.<sup>9</sup> The FCA engaged extensively with industry, including through their Disclosures and Labels Advisory Group, and carried out consumer research to support the development of proposals and finalising the rules.<sup>10</sup>

1.14 The package of measures includes investment labels, naming and marketing rules, an anti-greenwashing rule for all FCA-authorized firms, and disclosure rules. The anti-greenwashing rule comes into effect on 31 May 2024 and other parts of the regime will be phased in. Firms will be able to use labels from 31 July 2024, and naming and marketing requirements must be met by 2 December 2024, with further disclosure requirements phased in over the next two years.

1.15 **In April 2024, the FCA published a consultation on extending the SDR and labelling regime to portfolio managers based in the UK, which is open until 14 June 2024.** The FCA also finalised its guidance on the anti-greenwashing rule, following a consultation which closed in January 2024.

1.16 **In January 2024, the Government announced that it intends to consult on whether to broaden the scope of SDR to include funds under the Overseas Funds Regime. The Government intends to issue this consultation in Q3 2024.**

### UK Green Taxonomy

1.17 The Government reiterated its commitment in the *2023 Green Finance Strategy* to delivering a UK Green Taxonomy to help mobilise investment into green activities and tackle greenwashing. Developing a usable and useful

---

<sup>9</sup> [PS23/16: Sustainability Disclosure Requirements \(SDR\) and investment labels | FCA](#)

<sup>10</sup> [DLAG Terms of Reference](#)

taxonomy is a complex and technical exercise. **The Government continues to work at pace and expects to consult in due course** on the proposed UK Green Taxonomy, seeking feedback on both the overarching framework and use cases, as well as the specific activity level criteria which defines green activities.

1.18 After the Taxonomy has been finalised following consultation feedback, the Government will introduce a testing period for voluntary disclosures and use for at least two reporting years before exploring mandating disclosures. The Government has not yet made a decision on whether to introduce mandatory disclosures against the Taxonomy. Any decision on this would be subject to further consultation and would take account of the evidence from the initial voluntary phase of reporting to ensure that any potential reporting against a future Taxonomy provides accessible and reliable information that is useful to markets.

### Nature-Related Disclosures

1.19 The Government welcomes initiatives such as the Taskforce on Nature-related Financial Disclosures (TNFD) which can help businesses and financial institutions assess and address their nature-related dependencies, impacts, risks, and opportunities. The Government congratulated the TNFD on the publication of its final recommendations, which launched at the New York Stock Exchange in September 2023. The Government encourages institutions to engage in the TNFD UK National Consultation Group and consider the recommendations.

1.20 The Government has followed with interest the ISSB's *Consultation on Agenda Priorities* which recognises the importance of biodiversity, ecosystems, ecosystem services and human capital. It also notes the ISSB's recent announcement to commence research projects concerned with risk disclosure and opportunities associated with these issues, as part of an enhanced global baseline of investor-focused sustainability disclosure.<sup>11</sup> The Government continues to welcome the ongoing commitment of the ISSB to research and develop future additional standards, which could also include reporting on nature-related risks and opportunities and encourages the ISSB to take the work and the holistic nature risk management approach of the TNFD into account at the appropriate time.

---

<sup>11</sup> [IFRS - ISSB to commence research projects about risks and opportunities related to nature and human capital](#)

Figure 1 – Timeline for SDR Implementation

| SDR Element  | Organisation   | 2024  | 2025   |
|--|--|---|--|
| <p align="center"><b>IFRS Sustainability Disclosure Standards - Endorsement &amp; Implementation of UK-endorsed ISSB standards</b></p> | <p align="center"><b>Technical Advisory Committee<sup>12</sup></b></p> | <p><b>Q2</b></p> <ul style="list-style-type: none"> <li>- Assessment of IFRS S1 and IFRS S2 by the UK Sustainability Disclosure Technical Advisory Committee commences.</li> </ul> <p><b>Q4</b></p> <ul style="list-style-type: none"> <li>- Assessment concludes and recommendations provided to the Secretary of State for Business and Trade.</li> </ul> |  |
|  | <p align="center"><b>UK Government</b></p>                             |   | <p><b>Q1</b></p> <ul style="list-style-type: none"> <li>- Consultation on draft UK Sustainability Reporting Standards</li> <li>- Endorsement decision and publication of UK Sustainability Disclosure Standards, subject to a positive endorsement decision.</li> </ul> <p><b>Q2</b></p> <ul style="list-style-type: none"> <li>- Subject to a positive endorsement decision, the Government will consult on disclosure requirements against the UK Sustainability Reporting Standards for UK companies that do not fall within the FCA's regulatory perimeter.</li> </ul> |
|  | <p align="center"><b>FCA</b></p>                                       | <ul style="list-style-type: none"> <li>- Support progress towards adopting ISSB-based sustainability disclosures for listed companies.</li> </ul>   | <ul style="list-style-type: none"> <li>- Subject to endorsement process, consultation on updating TCFD-aligned rules to UK Sustainability Reporting Standards.</li> </ul>  |

<sup>12</sup> [UK Sustainability Disclosure Standards - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

|                                    |                      |  |  |
|------------------------------------|----------------------|--|--|
| <b>Transition Plan disclosure</b>  | <b>UK Government</b> | <b>Q2</b><br>- Consultation on the Government approach to transition plan disclosures for UK companies.  |  |
|                                    | <b>FCA</b>           |  | - Subject to endorsement process, consultation on strengthening transition plan disclosure expectations in line with TPT framework.  |
| <b>SDR &amp; Investment Labels</b> | <b>UK Government</b> | - Consultation on whether to broaden the scope of SDR to include funds recognised under the Overseas Funds Regime.   | - Subject to consultation outcomes, legislation required to implement SDR and labelling for OFR funds is likely to be published.   |
|                                    | <b>FCA</b>           | - Staggered implementation of final rules.<br>- Consultation on extending the regime to portfolio managers and final rules.<br>- Final anti-greenwashing guidance. | - Continued implementation of final rules.<br>- Subject to the outcomes of the Government's consultation, FCA will follow a separate process to consult and make rules for overseas funds. |
| <b>UK Green Taxonomy</b>           | <b>UK Government</b> | - Launch of consultation on the design of the UK Green Taxonomy.   |  |



© Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at: [www.gov.uk/official-documents](https://www.gov.uk/official-documents).

Any enquiries regarding this publication should be sent to us at [public.enquiries@hmtreasury.gov.uk](mailto:public.enquiries@hmtreasury.gov.uk)