

Sent via electronic mail

March 20, 2026

Financial Conduct Authority

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Subject: UPP comments on the Consultation Paper CP26/5: Aligning listed issuers' sustainability disclosures with international standards

Dear members of Financial Conduct Authority (FCA):

We appreciate the opportunity to comment on the Consultation Paper CP26/5: Aligning listed issuers' sustainability disclosures with international standards. We welcome the efforts of the FCA to further align existing corporate sustainability disclosure standards with International Financial Reporting Standards (IFRS) Foundation's International Sustainability Standards Board (ISSB) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and IFRS S2 Climate-related Disclosures (IFRS S2).

UPP is a jointly sponsored pension plan created by and for Ontario's university sector with over 44,000 members, and \$12.8 billion in assets under management. As a long-term investor, UPP seeks to invest responsibly and promote the health of the financial, social, and environmental systems on which capital markets rely in order to deliver strong, sustainable value to members today and tomorrow. UPP is growing a resilient fund to secure pension benefits for members today and for generations to come and is open to all employers and employees within Ontario's university community.

As an institutional investor we believe that sustainable returns over a long-term horizon can only be achieved with comprehensive integration of sustainability and climate change risks in the investment process. UPP invests across several asset classes globally and we encourage standardized high-quality reporting of sustainability-related information.

Adhering to ISSB Standards ensures the disclosure of sustainability related information worldwide, thus, reporting entities can be held accountable for transparent disclosure. For UPP and other institutional investors globally, this means a reduction of risk and uncertainty, which in turn affects investment decision-making. UPP advocates for the adoption and enforcement of such standards in alignment with ISSB Standards and we are sharing our views, alongside other investors, on jurisdictional sustainability consultations around the world.

Limiting modifications to ISSB Standards reduces fragmentation and promotes comparability for investors while streamlining and reducing the reporting burden for companies.

UPP is supportive of these key disclosure criteria that are included in the ISSB global baseline standard:

- Unified approach to the definition of materiality across jurisdictions.
- Reporting timeline aligned with financial statements and clear inclusion of a connection between the reported information and financial statements.
- Reporting included in general-purpose financial reporting.
- Provision of information across governance, strategy, risk management, metrics and targets reporting.
- Reporting should include disclosures about opportunities as well as risks including all sustainability-related risks and opportunities with potential to affect the entity's cash flows, access to finance or cost of capital over the short, medium or long term.
- Industry-specific disclosures.

- Exploration of alignment with Sustainability Accounting Standards Board (SASB) standards.
- Disclosure of scopes 1, 2 and 3 greenhouse gas emissions in alignment with GHG Protocol and publication of financed emissions.
- Disclosure of climate-related scenario analysis, targets and transition plan.

We welcome the work of the FCA on adapting ISSB standards for use in the United Kingdom and recognize the effort to align the proposed CP26/5 with IFRS S1 and IFRS S2. We have identified three areas in which the FCA's proposal could lead to the disclosure of incomplete, inconsistent and non-comparable information by reporting companies. We encourage the FCA to address the following recommendations in the final rules:

- **Avoid departures from a fully mandatory compliance basis:** The FCA proposes to retain a “comply or explain” approach for Scope 3 GHG emissions and extend it to broader sustainability disclosures under UK SRS S1, citing issuer readiness and data availability. However, UK SRS S1 and S2 already incorporate proportionality, including the use of reasonable and supportable information without undue cost or effort, and allows estimation for Scope 3 through a measurement hierarchy. If a “comply or explain” is retained, it would likely prolong gaps in financially material, decision-useful information, weakening comparability and limiting investors' ability to price risk, allocate capital efficiently, and compare UK issuers globally.
- **Set a clear signal regarding the target endpoint of the “comply or explain” regime:** Furthermore, as the FCA's proposal stands, there is no “sunsetting” of the “comply or explain” provisions, and no date for review built into the proposed rules. Since the rationale provided for introducing “comply or explain” rather than mandatory requirements is a concern regarding the preparedness of listed companies, it would reasonably be expected that the requirements would become mandatory once capacity is built. If the FCA is to retain the “comply or explain” provision, it should provide clarity regarding the timeframe for review or for transition to a mandatory approach. This would help in-scope listed companies' operational planning processes and capacity building activities, and make clear for investors when to expect comprehensive, decision-useful information.
- **Uphold the role of the ISSB Standards as a global reporting passport:** The FCA proposes to exempt secondary-listed issuers and depositary receipt issuers from UK SRS-based disclosure requirements to avoid duplicative reporting. However, this inhibits the use of ISSB Standards as a global baseline and “passport” for cross-border reporting. The proposed exemption could reduce the quantity and comparability of decision-useful information available to investors: under current FCA TCFD-aligned rules, secondary listings are in scope, whereas under the proposals an issuer with no home-jurisdiction requirements could simply state that fact and provide no substantive disclosures. It would also create an uneven playing field between UK- and overseas-headquartered issuers in UK markets and reinforce regulatory fragmentation.

In sum, UPP commends the Financial Conduct Authority for proposing updates to its current rules for listed companies' climate disclosures to better align with the ISSB's global baseline of sustainability reporting. However, we believe that the recommendations set out above should be adopted into the final rule to enhance the quality, consistency and comparability of reporting by listed issuers in the UK. It is critically important that jurisdictions around the world adopt a consistent and comparable global baseline of climate-related and sustainability-related financial disclosures to meet the needs of capital and financial markets.

Do not hesitate to contact me at delaney.greig@universitypensionplan.ca if you require any additional information.

Thank you,



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