

**LISTING RULES (DISCLOSURE OF CLIMATE-RELATED FINANCIAL INFORMATION) (No 2) INSTRUMENT 2021**

**Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 73A (Part 6 Rules);
  - (2) section 96 (Obligations of issuers of listed securities);
  - (3) section 137A (The FCA’s general rules);
  - (4) section 137T (General supplementary powers); and
  - (5) section 139A (Power of the FCA to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 1 January 2022.

**Amendments to the Handbook**

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Listing Rules sourcebook (LR) is amended in accordance with Annex B to this instrument.

**Citation**

- F. This instrument may be cited as the Listing Rules (Disclosure of Climate-Related Financial Information) (No 2) Instrument 2021.

By order of the Board  
16 December 2021

## Annex A

### Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Insert the following new definition in the appropriate alphabetical position. The text is not underlined.

*TCFD  
Guidance on  
Metrics,  
Targets and  
Transition  
Plans* the document entitled “Guidance on Metrics, Targets, and Transition Plans” published in October 2021 by the Task Force on Climate related Financial Disclosures, available at: <https://www.fsb-tcfd.org>.

Amend the following definitions as shown.

*TCFD Annex* the document entitled “Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures” published in ~~June 2017~~ October 2021 by the Task Force on Climate-related Financial Disclosures, available at: <https://www.fsb-tcfd.org>.

*TCFD  
Technical  
Supplement  
on the Use of  
Scenario  
Analysis* the technical supplement entitled “The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities” published in June 2017 by the Task Force on Climate-related Financial Disclosures, available at: <https://www.fsb-tcfd.org>.

## Annex B

### Amendments to the Listing Rules sourcebook (LR)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

#### 9 Continuing obligations

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#### 9.8 Annual financial report

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Additional information

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9.8.6C G For the purposes of LR 9.8.6R(8), in determining whether a *listed company's* climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, the FCA considers that the following documents are relevant:

- (1) the *TCFD Final Report* and the *TCFD Annex*, to the extent not already referred to in LR 9.8.6R(8) and LR 9.8.6BG;
- (2) the *TCFD Technical Supplement on the Use of Scenario Analysis*;
- (3) the *TCFD Guidance on Risk Management Integration and Disclosure*; ~~and~~
- (4) (where appropriate) the *TCFD Guidance on Scenario Analysis for Non-Financial Companies*; ~~and~~
- (5) the *TCFD Guidance on Metrics, Targets and Transition Plans*.

...

9.8.6F G Where making disclosures on transition plans as part of its disclosures on strategy under the *TCFD Recommendations and Recommended Disclosures*, a *listed company* that is headquartered in, or operates in, a country that has made a commitment to a net zero economy, such as the UK's commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019, is encouraged to assess the extent to which it has considered that commitment in developing and disclosing its transition plan. Where it has not considered this commitment in developing and disclosing its transition plan, the FCA encourages a *listed company* to explain why it has not done so.

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**14 Standard listing (shares)**

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**14.3 Continuing obligations**

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Information to be included in annual report and accounts

- 14.3.27 R In addition to the requirements set out in DTR 4.1, a *listed company* (other than an *investment entity* or a *shell company*) must include a statement in its annual financial report setting out:
- (1) whether the *listed company* has included in its annual financial report climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures;
  - (2) in cases where the *listed company* has:
    - (a) made climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures, but has included some or all of these disclosures in a document other than the annual financial report:
      - (i) the recommendations and/or recommended disclosures for which it has included disclosures in that other document;
      - (ii) a description of that document and where it can be found; and
      - (iii) the reasons for including the relevant disclosures in that document and not in the annual financial report;
    - (b) not included climate-related financial disclosures consistent with all of the TCFD Recommendations and Recommended Disclosures in either its annual financial report or other document as referred to in (a):
      - (i) the recommendations and/or recommended disclosures for which it has not included such disclosures;
      - (ii) the reasons for not including such disclosures; and
      - (iii) any steps it is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures; and
  - (3) where in its annual financial report or (where appropriate) other document the climate-related financial disclosures referred to in (1)

can be found.

- 14.3.28 G For the purposes of LR 14.3.27R, in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a listed company should undertake a detailed assessment of those disclosures which takes into account:
- (1) Section C of the *TCFD Annex* entitled “Guidance for All Sectors”;
  - (2) (where appropriate) Section D of the *TCFD Annex* entitled “Supplemental Guidance for the Financial Sector”; and
  - (3) (where appropriate) Section E of the *TCFD Annex* entitled “Supplemental Guidance for Non-Financial Groups”.
- 14.3.29 G For the purposes of LR 14.3.27R, in determining whether a listed company’s climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, the FCA considers that the following documents are relevant:
- (1) the *TCFD Final Report* and the *TCFD Annex*, to the extent not already referred to in LR 14.3.27R and LR 14.3.28G;
  - (2) the *TCFD Technical Supplement on the Use of Scenario Analysis*;
  - (3) the *TCFD Guidance on Risk Management Integration and Disclosure*;
  - (4) (where appropriate) the *TCFD Guidance on Scenario Analysis for Non-Financial Companies*; and
  - (5) the *TCFD Guidance on Metrics, Targets and Transition Plans*.
- 14.3.30 G For the purposes of LR 14.3.27R, in determining whether climate-related financial disclosures are consistent with the *TCFD Recommendations and Recommended Disclosures*, a listed company should consider whether those disclosures provide sufficient detail to enable users to assess the listed company’s exposure to and approach to addressing climate-related issues. A listed company should carry out its own assessment to ascertain the appropriate level of detail to be included in its climate-related financial disclosures, taking into account factors such as:
- (1) the level of its exposure to climate-related risks and opportunities; and
  - (2) the scope and objectives of its climate-related strategy,
- noting that these factors may relate to the nature, size and complexity of the listed company’s business.
- 14.3.31 G (1) For the purposes of LR 14.3.27R, the FCA would ordinarily expect a listed company to be able to make climate-related financial disclosures consistent with the *TCFD Recommendations and Recommended Disclosures*, except where it faces transitional challenges in obtaining

relevant data or embedding relevant modelling or analytical capabilities.

- (2) In particular, the FCA would expect that a listed company should ordinarily be able to make disclosures consistent with:
- (a) the recommendation and recommended disclosures on governance in the TCFD Recommendations and Recommended Disclosures;
  - (b) the recommendation and recommended disclosures on risk management in the TCFD Recommendations and Recommended Disclosures; and
  - (c) recommended disclosures (a) and (b) set out under the recommendation on strategy in the TCFD Recommendations and Recommended Disclosures, to the extent that the listed company does not face the transitional challenges referred to in (1) in relation to such disclosures.

14.3.32 G Where making disclosures on transition plans as part of its disclosures on strategy under the TCFD Recommendations and Recommended Disclosures, a listed company that is headquartered in, or operates in, a country that has made a commitment to a net zero economy, such as the UK’s commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019, is encouraged to assess the extent to which it has considered that commitment in developing and disclosing its transition plan. Where it has not considered this commitment in developing and disclosing its transition plan, the FCA encourages a listed company to explain why it has not done so.

Insert the following new definition in the appropriate alphabetical position and amend the existing definitions as shown.

**App 1 Relevant definitions**

**App 1.1 Relevant definitions**

1.1.1 **Note:** The following definitions relevant to the *listing rules* are extracted from the *Glossary*.

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<u>TCFD Annex</u>	the document entitled “Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures” published in <del>June 2017</del> <u>October 2021</u> by the Task Force on Climate-related Financial Disclosures, available at: <a href="https://www.fsb-tcf.org">https://www.fsb-tcf.org</a> .
<u>TCFD Guidance on Metrics,</u>	the document entitled “ <u>Guidance on Metrics, Targets, and Transition Plans</u> ” published in October 2021 by the Task Force on Climate related Financial Disclosures, available at: <a href="https://www.fsb-tcf.org">https://www.fsb-tcf.org</a> .

<u>Targets and Transition Plans</u>	
...	
<u>TCFD Technical Supplement on the Use of Scenario Analysis</u>	the technical supplement entitled “The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities” published in June 2017 by the Task Force on Climate-related Financial Disclosures, available at: <a href="https://www.fsb-tcf.org">https://www.fsb-tcf.org</a> .
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Insert the following new transitional provision LR TR 17, after LR TR 16 (Transitional Provisions in relation to market capitalisation under LR 2.2.7 R(1)). The text is not underlined.

**TR 17 Transitional Provisions in relation to climate-related financial disclosures under LR 14.3.27R and LR 9.8.6R(8)**

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1.	LR 14.3.27R	R	LR 14.3.27R applies in relation to a financial year of a <i>listed company</i> beginning on or after 1 January 2022.	From 1 January 2022	1 January 2022

2.	<i>LR</i> 9.8.6CG(5) and <i>LR</i> 9.8.6FG	G	<i>LR</i> 9.8.6CG(5) and <i>LR</i> 9.8.6FG apply in relation to a financial year of a <i>listed company</i> beginning on or after 1 January 2022.	From 1 January 2022	1 January 2022
3.	<i>LR</i> 9.8.6BG and <i>LR</i> 9.8.6CG	G	In relation to a financial year of a <i>listed company</i> beginning before 1 January 2022, references to the <i>TCFD Annex</i> in <i>LR</i> 9.8.6BG and <i>LR</i> 9.8.6CG may be read as references to the document entitled “Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures” published in June 2017 by the Task Force on Climate-related Financial Disclosures, available at: <a href="https://www.fsb-tcf.org">https://www.fsb-tcf.org</a> .	From 1 January 2022	