

UK sustainability disclosure – Key developments

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Against the backdrop of increased global focus on climate-related disclosures, there have been several recent developments in the UK's sustainability reporting landscape. These include prospectus disclosure requirements, corporate governance guidance, and ongoing disclosure requirements – with further change and guidance expected in the months ahead.

Prospectus disclosure requirements

The UK's Financial Conduct Authority (FCA) published the final version of its new Prospectus Rules: Admission to Trading on a Regulated Market (PRM) on July 15, 2025. The PRM, which come into force on January 19, 2026, set out the content requirements for UK prospectuses (see our briefing on UK capital markets reform [here](#)). While the requirements of the PRM are similar to the current EU-derived prospectus regime, the FCA has introduced additional climate-related disclosure requirements.

Under the PRM, where companies identify climate-related risks as risk factors or climate-related opportunities that are material to their prospects, the following supporting information will be required to be included in the prospectus:

- a description of governance arrangements for assessing and managing climate-related risks and opportunities;
- a description of actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy and financial planning;
- if the company has published a material transition plan, a summary of key information about the transition plan (and where it may be located and inspected);
- a description of how the company identifies, assesses and manages climate-related risks; and
- if material, a description of the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

During the second half of 2025, the FCA is expected to consult and publish further guidance on climate-related disclosures required under the PRM.

Corporate governance guidance

Last year, the Financial Reporting Council (FRC) published its 2024 Corporate Governance Code and related Guidance, which generally applies to accounting periods beginning on or after January 1, 2025 (see our briefing on key corporate governance developments [here](#)).

The FRC's Corporate Governance Code Guidance, last amended on August 6, 2025, includes a section on the role of sustainability committees, acknowledging that boards are becoming increasingly focused on oversight of this area (and the related risks, opportunities, strategies, performance and disclosures).

The Guidance suggests that, amongst others:

- committees may wish to define what environmental, social and governance (ESG) areas of responsibility may fall under their remit, in their terms of reference;
- committees may consider developing, reviewing and/or monitoring companies' sustainability reporting;
- committees should, where appropriate, review or make recommendations to the remuneration committee in relation to metrics for sustainability components for the short and long term-based incentives; and
- committees can review the necessity for internal or external assurance of sustainability matters and may wish to appoint external third parties to carry out assurance of the effectiveness of policies, processes and reporting on sustainability and ESG matters, either on its own behalf or in support of the audit committee.

The Guidance also includes a direct link to [model terms of reference for board-level sustainability or ESG committees](#), published by the Chartered Governance Institute UK & Ireland (CGI). The latest update to the Guidance refers readers to the [Board Behavioural Dynamics Handbook](#), published in collaboration with the CGI, on how to enable boards to act effectively as a collective body.

Ongoing sustainability reporting requirements

On August 6, 2025, the FCA substantially updated its [webpage](#) on sustainability reporting requirements for UK listed companies.

By way of background, the creation of the International Sustainability Standards Board (ISSB) was announced at COP26, the 2021 UN Climate Change Conference in Glasgow, with the role of creating a global baseline for sustainability reporting. The UK Government has supported the ISSB, which aligns with the UK Government's aim to make the UK a global center for sustainable finance. The UK Government is now [consulting on draft UK Sustainability Reporting Standards](#) (SRS) – following consultation, these will be published in final form for voluntary use by UK companies.

The FCA now intends to consult later this year on whether and how to introduce requirements for UK listed companies to report against the SRS, with the aim of promoting international alignment and the advancement of the UK's leading role in sustainable investment.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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