



March 2026

Submitted to: cp26-5@fca.org.uk

Re: FCA – Aligning listed issuers’ sustainability disclosures with international standards

Minerva welcomes the opportunity to respond to the FCA consultation recognising the significance of aligning listed issuers’ sustainability disclosures with emerging international standards. As a provider of data, research and support to sustainable stewardship, we rely on high-quality, consistent, and decision-useful corporate disclosures. The transition from voluntary or ‘comply or explain’ frameworks to clearer, more comprehensive requirements under the UK Sustainability Reporting Standards (UK SRS) represents a critical step toward improving comparability, closing persistent data gaps, and strengthening the analytical foundations on which investors, stewardship practitioners, and proxy voting decisions depend. Our response reflects Minerva’s 30 years of practical experience working with publicly disclosed sustainability information and highlights the importance of robust reporting, meaningful guidance, international alignment, and credible supervision to ensure the UK regime delivers genuine transparency rather than minimum compliance.

About Minerva

Since 1995, Minerva has provided independent, objective and expert sustainable stewardship support services to professional investors. Although some stakeholders may only think of us as a “proxy adviser”, Minerva has, for many years, provided a range of complementary services to support clients in their stewardship responsibilities.

Vote Agency	Minerva pioneered secure, point-to-point electronic vote execution and management tools.
Shareholder Voting Research	Objective and independent analysis across the three critical dimensions – governance, sustainability and remuneration.
Stewardship Support	From policy development to vote reporting and manager vote audits, our expert analysts provide tactical support to institutional investors.
ESG Data and Index Support	In addition to the core governance analysis, we also provide norms-based screening to enable clients to create bespoke ratings that support their investment thesis. Through our parent company, Solactive AG, Minerva’s data supports the creation of bespoke ESG index solutions.

Minerva's stewardship philosophy is rooted in enabling informed decision-making, not directing it. Investors are sophisticated fiduciaries, but their effectiveness depends on access to consistent, reliable and decision-useful disclosures. Our long experience working with global sustainability data has shown that voluntary or 'comply or explain' regimes too often create persistent gaps that undermine comparability, analysis and credible stewardship.

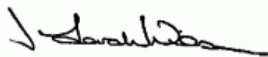
That is why we strongly support the shift toward clear, mandatory reporting under UK SRS. High-quality climate and sustainability disclosures – including robust scenario analysis, transparent Scope 3 reporting, and meaningful explanations where flexibility remains – are essential to evaluating transition plans, net-zero commitments and material sustainability risks across markets.

Our role is to help investors navigate complex sustainability issues with clarity. Strong standards, clear guidance and credible supervision are critical to closing data gaps and ensuring genuine transparency.

Should you have any questions about our individual responses, we would be happy to provide further background.

Thank you again for this opportunity to support informed stewardship.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sarah Wilson', with a stylized, flowing script.

Sarah Wilson
Chief Executive

Consultation responses

Question 3: Do you agree that the UK SRS S2 reporting requirements should apply on a mandatory basis (with the exception of Scope 3 emissions, as addressed in Q4)? If not, what alternative approach would you suggest and why?

For data and reporting, the move away from ‘comply and explain’ to fully mandatory UK SRS S2 addresses concerns on completeness and comparability across the UK market. We support the mandatory UK SRS S2 reporting; the shift from TCFD ‘comply or explain’ is a great improvement for data users, as the previous voluntary and ‘explain’ routes create coverage gaps that undermined analysis and engagement credibility. The correspondence with TCFD recommendations is noted, and for the most part under the ISSB framework, most issuers are already reporting across pillars, concepts and data types as they were previously required under TCFD. Moving to a mandatory SRS S2 brings an added benefit of increased consistency and legal certainty.

The competitive case for mandatory UK SRS S2 reporting reinforces this position. The EU’s CSRD imposes mandatory sustainability reporting with limited assurance from the outset for companies in scope, and UK-listed companies with EU operations are required to collect CSRD-equivalent data to meet these obligations. A weaker UK disclosure approach does not nurture a competitive advantage. Rather, it creates a credibility gap signalling that UK-listed companies are held to a lower standard of transparency than their European peers. This operates alongside the Government’s commitment, outlined in the Edinburgh Reforms, to establish the UK as the world’s first net-zero-aligned financial centre. This commitment was introduced to recognise that ESG data quality matters for markets and to address the importance of consistent data, which addresses market integrity concerns. These align with FCA’s stated aims in chapter 1 of this consultation, to retain the UK’s position as a world leader in sustainable finance. The introduction of mandatory UK SRS S2 reporting aligns with the significant commitment goals that support this ambition.

We agree that UK SRS S2 reporting requirements should apply on a mandatory basis. The move from a ‘comply or explain’ framework under TCFD to mandatory reporting under UK SRS S2 is a significant improvement that this consultation can deliver for investors and stewardship practitioners. Our ESG research and ratings are built upon publicly disclosed company information, which means that the completeness and consistency of climate-related disclosures directly determine the quality of the outputs we provide to clients. A ‘comply or explain’ basis has permitted persistent non-disclosure where explanation has functionally become a permanent alternative to compliance, creating an uneven landscape that undermines the comparability essential for credible stewardship.

Mandatory UK SRS S2 reporting resolves this structural problem and aligns the UK with the direction of travel in approximately 40 jurisdictions globally. For institutional investors exercising stewardship across international portfolios, this alignment reduces friction and supports cross-border comparability, a point our practical experience of navigating market-by-market differences has made clear. We also note that UK SRS S2 requires additional detail beyond TCFD in certain areas, notably scenario analysis, which moves from a recommendation to a requirement. We support this progression, as scenario analysis is among the most decision-relevant outputs of climate disclosure, enabling investors to assess the resilience of a company's strategy under different transition and physical risk pathways.

We would, however, encourage the FCA to publish clear qualitative guidance alongside the rules, setting out what constitutes a substantive and decision-useful disclosure rather than a formulaic or boilerplate response.

Our experience of stewardship reporting more broadly has demonstrated that rules without quality expectations risk producing minimum compliance rather than genuine transparency. The FCA's guidance should make explicit that quantity of disclosure does not substitute for quality, and that repetitive or generic statements will be treated accordingly. We therefore urge the FCA to resist any future pressure to reintroduce discretionary compliance routes for UK SRS S2 core requirements. Mandatory reporting is the foundation upon which credible stewardship, informed proxy voting and reliable ESG research depends.

We recognise that the FCA is likely to receive strong representations from smaller listed companies asserting that mandatory sustainability reporting is disproportionate for issuers with limited reporting infrastructure. We would observe, however, that such claims are frequently asserted rather than evidenced, and that many smaller quoted companies actively welcome clearer and more consistent disclosure requirements as a means of demonstrating credibility, resilience and long-term competitiveness.

Neither the academic literature nor policy experience supports the proposition that smaller quoted companies are unable to undertake sustainability reporting.¹ While smaller firms may face relatively higher fixed costs and capability constraints, the evidence indicates that where standards are clear, guidance is proportionate and implementation is phased, smaller companies are fully capable of producing decision useful- sustainability disclosures, particularly in relation to core quantitative metrics.

¹ Hans B. Christensen, Luzi Hail, and Christian Leuz, 'Mandatory CSR and Sustainability Reporting: Economic Analysis and Literature Review', *Review of Accounting Studies*, 26.4 (2021), pp. 1176–248, doi:10.1007/s11142-021-09609-5.

We have nevertheless considered proportionality carefully and accept that implementation challenges may be more pronounced for certain qualitative requirements. Our position remains that the universality of the reporting obligation should be preserved. A targeted transitional approach for companies below a defined market capitalisation threshold would be reasonable, provided that quantitative disclosures, including Scope 1 and Scope 2 emissions, remain mandatory for all. Scope 1 and Scope 2 metrics are foundational for climate related investment analysis, and any gaps in these disclosures would materially weaken the information available to stewardship practitioners, particularly pension funds that rely on issuer level emissions data to comply with their own TCFD governance and reporting obligations. Any transitional flexibility should therefore be delivered through FCA guidance, including simplified formats and sector specific illustrative examples, rather than through formal exemptions that would fragment the regime and undermine comparability.

Question 4: Do you agree that UK SRS S2 Scope 3 reporting should apply on a ‘comply or explain’ basis, for companies with a listing in the commercial companies, non-equity shares and non-voting equity shares, or transition categories? If not, what alternative approach would you suggest and why?

- **Scope 3** is arguably the most investor-relevant emissions category for assessing transition risk and company credibility on net zero targets, however it is also in practice the most difficult to accurately obtain. The ‘comply or explain’ approach on scope 3 remaining in this regard risks continued non-disclosure, as companies can explain indefinitely without improving. An inclusion of improvement plans and outlined timeline to the ‘explain’ approach should be considered for Scope 3, to complete data gaps, provide more clarity and provide an opportunity to develop meaningful explanations with timelines.
- **Shareholder voting:** for informed voting purposes, the absence of scope 3 makes it practically impossible to assess financed emissions and net zero alignment; it has a direct effect for Say on Climate votes and sustainability-linked assessments. Ideally, an inclusion in the UK SRS S2 would require companies to state the proportion of their total emissions Scope 3 represents. Even without a full disclosure this would all data users to contextualise gaps.

We understand the rationale for proposing a ‘comply or explain’ basis for Scope 3 emissions and recognise the genuine data collection challenges that companies face in aggregating indirect value chain emissions. However, we consider that ‘comply or explain’ without a defined mandatory endpoint poses significant risks to the long-term credibility of the framework. Our position is that Scope 3 reporting should be transitional, with a firm commitment to mandatory reporting from accounting periods beginning 1 January 2029.

Scope 3 emissions are, for the majority of companies, the largest component of their total greenhouse gas footprint and in many sectors represent the primary source of transition risk exposure. For our ESG research and shareholder voting support, Scope 3 data is indispensable for assessing the credibility of net-zero commitments, evaluating the robustness of transition plans, and making informed recommendations on Say on Climate resolutions and sustainability-linked executive remuneration proposals. A persistent 'explain' option without a clear trajectory toward disclosure leaves a critical gap in the analytical foundation on which stewardship depends.

We are also concerned about the quality of 'explain' statements in practice. Our experience of stewardship reporting frameworks has shown that where explanation is permitted indefinitely, it tends to become formulaic and generic. We would therefore recommend that the FCA impose meaningful quality standards on any Scope 3 'explain' disclosure, requiring companies to identify the specific categories of Scope 3 emissions assessed as material, to state the proportion of total emissions represented by Scope 3 even where full disclosure is not yet made, and to provide a concrete improvement plan with a defined timeline. We note that a significant proportion of larger UK-listed companies already report Scope 3 at least partially under existing TCFD-aligned disclosures, and a 'comply or explain' regime that provides indefinite cover for non-disclosure risks, regressing standards for mid-cap and smaller listed companies for whom investor expectations are already well established.

Question 6: Do you agree that UK SRS S1 non-climate reporting requirements should apply on a 'comply or explain' basis for companies with a listing in the commercial companies, non-equity shares and non-voting equity shares, or transition categories? If not, what alternative approach would you suggest and why?

- UK SRS S1 covers all material sustainability risks beyond climate, including biodiversity, water, human rights, supply chain and social factors. These are critical inputs to ESG ratings, controversial activity screening and executive pay assessments. We back the phased approach but stress that 'comply or explain' should only be a short-term measure, not a lasting solution. We would like to see a firm commitment to mandatory S1 reporting from 2029.
- From a shareholder voting research perspective, the absence of consistent non-climate data creates significant asymmetry: some companies provide rich disclosures while others provide nothing, making peer comparison unreliable.
- We note that S1's coverage of governance on sustainability risks is particularly important for stewardship. Investors cannot assess whether boards are adequately overseeing nature, human capital or supply chain risks without this data.

- We would like to emphasise that the quality of ‘explain’ statements matters and should not be underestimated or overlooked. We would like the FCA to require that explanations identify specific material risks, not just generic statements of non-readiness.
- We wish to note that jurisdictions like the EU (CSRD) have already mandated broader non-financial disclosures; therefore, UK-listed companies with EU operations are likely to be already collecting much of this data.

We support the introduction of UK SRS S1 non-climate sustainability disclosures on a ‘comply or explain’ basis as a proportionate starting point, recognising that this is genuinely new territory for many listed companies. However, we wish to be clear that we regard this as a transitional arrangement only, not as a permanent settlement, and we would encourage the FCA to signal a firm pathway to mandatory compliance from 1 January 2029.

Non-climate sustainability disclosures under UK SRS S1 encompass the full range of material sustainability risks and opportunities beyond climate, including biodiversity and nature, water, human rights and labour standards, supply chain conduct, and product-related considerations. For our norms-based screening work, they represent core inputs, and our screening framework identifies conduct violations across these categories assessed against internationally recognised standards, including the UN Global Compact. When companies fail to disclose relevant information in a consistent, structured format, the burden of identification falls disproportionately on data providers and investors, who must assemble a picture from fragmented, incomparable sources.

A ‘comply or explain’ regime for S1 carries the same structural risk we have identified in relation to Scope 3: where explanation is a permitted permanent alternative, it becomes, in practice, the path of least resistance. We have observed this dynamic in stewardship reporting frameworks, where the option to explain has been used repeatedly by the same organisations without meaningful progress toward compliance. The FCA should guard against this outcome by setting a firm mandatory date, requiring ‘explain’ disclosures to identify specific material sustainability risks rather than offering generic statements of unreadiness and making clear that repeated explanations without evidence of progress will attract supervisory attention. We also note that many UK-listed companies with EU operations are already subject to CSRD requirements and are likely to be already collecting much of the underlying data necessary for UK SRS S1 compliance, making the case for a prompt transition to mandatory reporting for this cohort particularly strong.

Question 8: Do you agree with our proposals for listed companies to disclose whether and where they have published a climate-related transition plan, if they have one, or stating why they have not published one? If not, what alternative approach would you suggest and why?

We support the proposal to require listed companies to disclose whether they have published a climate-related transition plan and, if so, where it can be found, or alternatively to explain why they have not done so. For stewardship practitioners and proxy voting researchers, this disclosure requirement creates a critical accountability anchor, establishing a clear public record against which engagement activity and voting decisions can be calibrated. Transition plans are among the most decision-relevant documents a company can produce for stewardship purposes, setting out a company's strategy for navigating the transition to a lower-emissions economy including its emissions reduction targets and planned capital allocation changes.

We would, however, encourage the FCA to consider strengthening the proposal so that companies are also required to provide a brief summary of key plan commitments, specifically emissions reduction targets and the time horizons over which they apply, within the annual financial report itself, rather than relying solely on a cross-reference. Where a company states that it has not published a transition plan, the explanation should meet a meaningful quality standard. In our experience of stewardship reporting, generic statements of non-readiness without any indication of timeline or planned approach provide little useful information for engagement purposes. The FCA should also signal clearly that disclosure requirements in this area are intended to evolve in line with the Government's DESNZ consultation on mandatory transition plans.

We also recommend two additional requirements to ensure transition plan disclosure accountability over time, rather than functioning as a singular publication event. Companies that have published a plan should be required to disclose material updates to revisions, such as changes to targets, target dates or planned capital allocation, in subsequent annual reports. This would create a trackable accountability trail without the need for annual republication. Where a company's reported emissions performance or capital expenditure is materially inconsistent with its published plan, the annual report should require a clear explanation of this divergence. These do not require the FCA to assess plan adequacy but do require companies to account for gaps between commitment and delivery, and this would offer a transparency standard that applies to other areas of reporting and should also apply here.

We support the proposal to include the FCA Handbook Guidance directing companies to the IFRS Educational Material on transition plan disclosures. The IFRS Educational Material builds on the Transition Plan Taskforce (TPT) Disclosure Framework developed in the UK and promotes international comparability of transition plan content, which is an important consideration for our cross-border stewardship activities.

First, companies that have published a transition plan should be required to disclose material updates or revisions (changes to targets, target dates, or planned capital allocation) in subsequent annual reports, creating an accountability trail without requiring annual republication of the full plan. Second, where a company's reported emissions performance or capital expenditure is materially inconsistent with its published plan, the annual report disclosure should require an explicit explanation of the divergence.

Question 10: Do you agree with our proposals for transparency about third-party assurance, where it has been obtained voluntarily? If not, what alternative approach would you suggest and why?

We support the proposal to require listed companies to disclose details of any third-party assurance obtained voluntarily over their UK SRS disclosures. This requirement addresses a practical information gap that directly affects the reliability of ESG research and stewardship decision-making.

As our research is built exclusively on publicly disclosed information, knowing whether sustainability data has been independently verified is a key context consideration. Without assurance disclosure, there is no systematic way to distinguish between figures subject to independent scrutiny and those that are entirely self-reported. The proposed requirements covering the name of the assurance provider, scope and level of assurance obtained, standards applied, and location of the assurance report are well designed and should be adopted in full.

We would add that where an assurance report has been published, the disclosure should include a direct hyperlink to the report rather than a general statement of availability, as assurance reports can be difficult to locate within lengthy annual reports. This has the potential to align well with XBRL and data tagging implementation, allowing clear identification of the standard and levels of assurance. Where a company has obtained assurance in prior reporting periods but has not done so in the current period, this change should be explicitly disclosed and explained, as a reduction in assurance coverage is a material data quality signal. The disclosure should also clearly distinguish between limited and reasonable assurance, as these represent materially different levels of scrutiny.

Consistent with our position on Question 11 below, we regard this transparency requirement as a stepping stone toward mandatory assurance rather than as a permanent end state. The information it generates will provide the FCA with valuable market intelligence on voluntary assurance adoption trends, such as providers, scope, level and standards applied. This will enable the FCA to monitor market concentration in sustainability assurance, track the uptake of standards such as ISAE 3000 and ISSA 500, and identify sectors where voluntary assurance is lagging behind.

We would also like to see a commitment to published aggregated analysis of voluntary assurance trends as part of annual reporting on UK SRS.

Question 11: What benefits and costs would arise from mandatory assurance requirements for sustainability-related information? Where possible, please include how the benefits and costs could vary depending on factors such as the type of listed company, implementation approach or level of assurance obtained. Please be as specific as possible in your response.

This question is closely related to the work we have contributed to the Government's parallel consultation on developing an oversight regime for assurance of sustainability-related financial disclosures.² The fundamental benefit of mandatory assurance is enhanced reliability. Our ESG research and ratings are built exclusively on publicly disclosed company data, and the quality of our outputs depends entirely on the quality of what companies report publicly. Unassured sustainability data is subject to errors, omissions and in the most serious cases, manipulation that may not be detectable from the reported figures alone. Mandatory assurance would provide greater confidence in the data underlying ESG ratings, norms-based screening assessments and voting research, improved comparability across issuers, and a meaningful deterrent against greenwashing, particularly in relation to net zero commitments and product sustainability claims.

We acknowledge that assurance carries compliance costs for listed companies, particularly for smaller and mid-cap issuers. These costs will vary depending on the scope and level of assurance required, with limited assurance generally less burdensome than reasonable assurance. A phased approach beginning with limited assurance over core quantitative metrics, Scope 1 and 2 GHG emissions, before extending to Scope 3 and broader S1 disclosures, would allow companies to build assurance capacity progressively. A profession-agnostic assurance regime, consistent with our response to the Government's assurance oversight consultation, would support competition and accessibility, while international alignment of assurance standards, particularly with ISSA 5000 and ISAE 3000, would reduce costs for companies already obtaining assurance under overlapping regimes such as CSRD.

² Department for Business and Trade, 'Developing an Oversight Regime for Assurance of Sustainability-Related Financial Disclosures', 2025 <<https://www.gov.uk/government/consultations/assurance-of-sustainability-reporting>>.

We recommend that the FCA commit to a trajectory toward mandatory assurance, with a clear timetable communicated in the Policy Statement. We would suggest limited assurance over core UK SRS S2 quantitative disclosures from accounting periods beginning 1 January 2028, with the scope progressively extended to cover Scope 3 and UK SRS S1 disclosures as the assurance market matures and the ARGA registration regime is established. The FRC's Market Study found that 57% of FTSE 350 companies already obtained sustainability assurance in 2023, up from 39% in 2019,³ demonstrating that the market is moving in this direction regardless of regulatory intervention. Mandatory requirements would accelerate and universalise this trend, closing the gap between current leaders and laggards and providing the data reliability that informed stewardship requires.

Question 15: Do you agree with our proposals for companies in the secondary listing category and the depositary receipts category not to disclose against the UK SRS, but instead to disclose which overseas climate and sustainability standard they are subject to, or which they voluntarily adopt? If not, what alternative approach would you suggest and why?

Where it avoids unnecessary duplication for issuers whose primary regulatory obligations sit in another jurisdiction, we support a lighter-touch approach for companies in the secondary listing and depositary receipts categories. However, the proposal, as drafted, risks creating a material gap in the availability and accessibility of sustainability information necessary for investors to discharge their statutory stewardship and voting obligations.

Under the Shareholder Rights Directive II (SRD II), institutional investors and asset managers are required to develop and disclose a stewardship policy, including how they integrate sustainability considerations into voting and engagement, and how they exercise and explain voting decisions. For these obligations to be met in practice, investors and their service providers must be able to identify, locate and assess issuer sustainability disclosures in a consistent and verifiable manner. A generic statement that a company is subject to an overseas sustainability regime, without a clear reference to the underlying disclosures, is insufficient to support compliant voting analysis and reporting under SRD II.

³ Financial Reporting Council, *Assurance of Sustainability Reporting Market Study: Final Report* (Financial Reporting Council, 2025)
<https://media.frc.org.uk/documents/Assurance_of_Sustainability_Reporting_Market_Study_Final_Report.pdf>.

The issue is further reinforced by the statutory obligations placed on UK pension schemes under the Pensions Act 1995 and associated regulations, including requirements to assess, manage, and report on financially material climate-related risks and to undertake stewardship activities. Pension funds rely on issuer-level sustainability disclosures as a core input into their own governance, risk management, and reporting processes, including TCFD-aligned disclosures. Where sustainability information for secondary-listed issuers cannot be readily identified and assessed, this undermines pension schemes' ability to meet their legal obligations and weakens the integrity of the stewardship chain.

We therefore recommend that companies in the secondary listing and depositary receipts categories be required to provide a direct, stable hyperlink to their primary sustainability disclosures, together with a clear statement of whether those disclosures are prepared under an ISSB-aligned or equivalent standard. Where a company is not subject to any climate or sustainability disclosure requirements in its home jurisdiction and does not voluntarily adopt a recognised international standard, this absence should be explicitly disclosed, as it is itself a decision-relevant data point for stewardship and voting purposes. We also recommend that the FCA clarify whether companies subject to ISSB-aligned requirements in their home jurisdiction will be treated as meeting the spirit of the UK SRS regime, to provide certainty for investors, pension schemes, and research providers assessing cross-border disclosure coverage.

Question 18: What are the benefits and costs of digital tagging of sustainability information? For example, are there any disclosures under UK SRS for which you would find digital tagging most useful, and how would the information be used? Please be specific in your response.

Digital tagging of sustainability disclosures would be transformative for data operations and would improve timeliness and accuracy, in particular, UK SRS disclosures would benefit from tagging, such as GHG emissions, governance disclosures, such as board oversight or risk management integration. The use of tagged and structured sustainability data would have a range of use for proxy report preparation, ESG rating assessments, and regulatory reporting support. We are in support of this, in particular in that it aligns with IFRS foundation creation of XBRL taxonomy for ISSB standards,⁴ and alignment with this will enhance international comparability and reduce issuer burden.

⁴ International Accounting Standards Board, *IFRS Accounting Taxonomy 2024—Update 1: IFRS 18 Presentation and Disclosure in Financial Statements* (IFRS Foundation, 2025) <<https://www.ifrs.org/content/dam/ifrs/publications/amendments/english/2025/iasb-tu-2025-1-ifrs18.pdf>>.

As an ESG research and data provider, our work depends directly on the quality and accessibility of company-disclosed sustainability information. In practice, much of this data is embedded in narrative annual and sustainability reports in unstructured formats, requiring manual extraction. This is time-consuming, introduces avoidable differences in interpretation and delays the availability of data for meaningful qualitative analysis and evaluation. Digital tagging would materially improve the accuracy, consistency and efficiency of sustainability data processing.

Quantitative climate metrics, particularly Scope 1, Scope 2 and where disclosed Scope 3 GHG emissions would be the highest-value targets for early tagging. These figures are numerically precise, internationally standardised in methodology and directly comparable across companies and time periods. Emissions reduction targets and progress reporting, currently presented in highly varied formats across company reports, would also benefit significantly from structured tagging that captures the target year, baseline year, target level and current progress in a machine-readable format. We are also developing automated data processing capabilities and can confirm that the accuracy of any automated processing is fundamentally dependent on the consistency and structure of the underlying source data. Mandatory structured tagging would directly accelerate our automation programme and improve the reliability of our research outputs.

We would strongly encourage the FCA to align with the IFRS XBRL taxonomy already developed by the IFRS Foundation for the ISSB Standards, rather than developing a separate UK-specific taxonomy. This would avoid additional burden on issuers who are already preparing for IFRS-aligned reporting in other jurisdictions and maintain the international comparability that is central to the UK SRS regime's objectives. We recommend a phased approach beginning with quantitative climate metrics under UK SRS S2 before extending to qualitative disclosures as taxonomy development and issuer capability mature.

Question 19: What are your views on digital reporting? Are issuers in a position to digitise sustainability reporting, or as a service provider, to support preparers with this? If not, how long do you think it would take?

We support a phased approach to digital tagging, starting with quantitative metrics before extending to governance disclosures.

As a service provider that processes high volumes of sustainability disclosures from company reports, we are well placed to comment on the market's readiness for digital reporting and its necessity.

Minerva's current data collection relies on manual extraction from company-published documents, principally Annual Reports and Sustainability Reports in PDF format. PDFs may serve their purpose for narrative communication, but for structured data analysis, they pose significant problems: figures are embedded in the running text, tables break across pages without consistent formatting, and identical metrics are presented in incompatible layouts across companies and reporting years. This variability is not a minor inconvenience; it is a structural barrier to comparability.

We have been trialling AI tools to support our analysts in extracting and processing sustainability data and can confirm, from direct experience, that the reliability of these tools is fundamentally constrained by the absence of structured source data. AI-based extraction from unstructured narrative documents is prone to misattribution, hallucination, and loss of provenance: a figure extracted by a language model from a PDF cannot be traced to a tagged, auditable source without manual verification, which negates much of the efficiency gain.

Our approach to AI is that it augments human judgement rather than replaces it, but even in an augmentation model, the quality of the output depends entirely on the quality and structure of the input. This is not a theoretical concern. As AI tools are increasingly marketed as solutions for sustainability data processing, the risk that investment decisions and stewardship activities are informed by data whose provenance cannot be verified becomes a systemic threat to market integrity. Mandatory digital tagging under an internationally aligned XBRL taxonomy would address this directly, providing machine-readable data with embedded source attribution that supports reliable automation without sacrificing the auditability on which informed stewardship depends.

On the question of issuer readiness, the principal barrier is not the technology tools for XBRL tagging but rather taxonomy maturity and the uncertainty introduced by the draft status of the UK SRS. Once the final UK SRS is published and a confirmed taxonomy is available, we expect issuers to be able to implement digital tagging for quantitative metrics within a reporting cycle. We therefore encourage the FCA to engage with the IFRS Foundation to confirm UK alignment with the ISSB XBRL taxonomy as part of the UK SRS finalisation process, so that issuers and service providers can plan with certainty and align with international standards.

Question 20: Do you have any comments on what we should consider when developing our supervisory strategy for the new requirements?

We welcome the FCA's invitation to comment on its supervisory strategy and consider this to be one of the most consequential aspects of the consultation. Rules without credible and active supervision risk producing a compliance theatre rather than genuine transparency. Our experience of stewardship reporting frameworks has demonstrated this clearly: where oversight mechanisms are passive or absent, reporting quality deteriorates over time and those who maintain high standards are disadvantaged relative to those who do not. The FCA's supervisory strategy should therefore centre on a clear articulation of what good disclosure looks like under UK SRS S2 and, in due course, S1 building on its existing Technical Note 802.2⁵ with updated guidance that addresses the additional requirements of UK SRS and provides concrete illustrations of substantive versus superficial disclosure.

We recommend that the FCA's supervisory strategy include proactive monitoring of disclosure quality rather than reactive enforcement. Periodic thematic reviews of sustainability disclosures across sectors, with findings published, would help raise the floor and signal to the market that the FCA is actively assessing quality. Targeted reviews of 'explain' disclosures under the comply or explain elements, specifically Scope 3 and UK SRS S1, would assess whether explanations are substantive and whether companies are making demonstrable progress toward compliance. Annual publication of compliance monitoring data disaggregated by listing category and sector would enable market participants to assess coverage across their investment universe.

Consistent with our response to the Government's assurance oversight consultation,⁶ public reporting on supervisory outcomes is essential for building market confidence and driving genuine improvement, and the educational value of publishing findings and lessons learned should not be underestimated.

⁵ Financial Conduct Authority, *TCFD Aligned Climate-Related Disclosure Requirements for Listed Companies*, Primary Market Technical Note TN 802.2 (London, 2025)
<<https://www.fca.org.uk/publication/primary-market/tn-802-2.pdf>>.

⁶ *Developing an Oversight Regime for Assurance of Sustainability-Related Financial Disclosures: Consultation Response from Minerva Analytics*, (Minerva Analytics, 2025)
<<https://www.manifest.co.uk/wp-content/uploads/2025/09/Minerva-Analytics-An-oversight-regime-for-assurance-of-sustainability-related-financial-disclosures-Consultation.pdf>>.