Nest Invest

CP26/5: Aligning listed issuers' sustainability disclosures with international standards

Response from Nest Corporation, 20th March 2026

About Us

Nest exists to build financial peace of mind for all. We were established in 2010 as part of the automatic enrolment programme to help people save for retirement. Unlike any other pension scheme in the UK, Nest has a legal obligation to accept any employer that wishes to use us to discharge their auto enrolment obligations.

Over the last decade, Nest has grown to be one of the largest pension schemes in the UK. We are operating at scale as a high-quality, low-cost pension scheme helping 14 million members save for their retirement. Many are low to moderate earners who may be saving into a pension for the first time. We currently manage £63.8bn on their behalf.

Nest is built around the needs and behaviours of our members, from our approach to responsible investment to our focus on customer service. We now occupy a place in the market as a major Master Trust, helping to drive up standards and best practice across the industry. Nest has great potential for delivering pensions to mass market consumers for many years to come, leveraging our scale to deliver value through the combination of low costs, our market leading investment strategy and modernised services all overseen by strong trustee governance.

Response

Introductory comments

We welcome the opportunity to respond to the Financial Conduct Authority's (FCA's) consultation on proposals to align listed issuers' sustainability disclosures with the forthcoming UK Sustainability Reporting Standards (UK SRS).

As an investor in companies globally, standardisation of sustainability data and interoperability of reporting frameworks are key priorities for Nest. Alongside the UK, more than 30 jurisdictions are considering introducing International Sustainability Standards Board (ISSB) frameworks into regulation.[1] We therefore support the FCA's proposal to transition from the current disclosure requirements based on the Taskforce on Climate-related Financial Disclosures (TCFD) towards UK SRS S1 and S2. We believe that over time this reporting framework should strengthen the integrity and international alignment of the UK's reporting framework and reduce, rather than increase, the reporting burden for listed issuers.

We endorse the UK Sustainable Investment and Finance Association's (UKSIF's) response to the consultation, which is broadly supportive of the proposals but recommends several small changes.

These include:

- A pathway towards mandatory Scope 3 emissions disclosures: We recognise the practical challenges of Scope 3 reporting for companies but believe that a clear policy signal towards making these disclosures mandatory would provide firms with the impetus to build capacity in their own operations and their value chains towards better coverage and higher quality disclosures.
- Reporting under SRS S1: Like Scope 3 emissions, we would support a gradual pathway towards mandatory reporting in line with SRS S1. Non-climate sustainability considerations such as wider environmental and social factors are less well-understood than climate and disclosures remain fragmented. We believe that given the materiality of these issues, moving towards a mandatory regime would be beneficial for both corporates and investors.
- Disclosure requirements for secondary listings categories: We are supportive of the proposal to require a statement setting out the climate and/or wider disclosure requirements in issuers' primary listing location and signposting to where the relevant disclosures can be found. However, where issuers are not subject to any such disclosure requirements, we believe that they should be required to adhere to the FCA rules.

We've set out more detailed responses to a selection of the consultation questions most relevant to Nest below.

Scope and overview

Question 1: Do you agree with the proposed scope for our rules? If not, what alternative scope would you suggest and why?

Yes, we are supportive of the proposed scope.

Climate-related disclosures

Question 2: Do you agree that we should replace our TCFD-aligned rule (which has not been updated since 2023 due to TCFD being disbanded) and guidance with requirements to report against UK SRS S2 (and relevant aspects of UK SRS S1)? This would be for companies with a

[1] https://www.ifrs.org/news-and-events/news/2025/06/ifrs-foundation-publishes-jurisdictional-profiles-issb-standards/

listing in the commercial companies, non-equity shares and non-voting equity shares, and transition categories. If not, what alternative approach would you suggest and why?

Yes, we agree with the proposal.

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?

Yes, we agree with this approach, though we believe the FCA should set out a pathway towards mandatory disclosure of Scope 3 emissions, which we address in more detail in Question 4.

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?

We recognise the ongoing challenges companies face in collecting consistent and high-quality Scope 3 emissions data from their value chain. However, at the same time, we are mindful that Scope 3 emissions can account for the vast majority of an organisation's carbon footprint, as highlighted in by Department for Energy Security and Net Zero's (DESNZ's) *Call for Evidence on Scope 3 Emissions in the UK Reporting Landscape* in 2023.[2] For investors such as Nest, access to high-quality Scope 3 emissions data from corporates is a crucial component in assessing our exposure to transition risks in our portfolio. The disclosure of Scope 3 emissions has already been part of the TCFD disclosure rules on a "comply or explain" basis since 2021. However, the improvement in the disclosure and quality of the data since then has fallen short of our expectations. We believe a clear policy signal towards making these disclosures mandatory would provide firms with the impetus to build capacity in their own operations and their value chains towards better coverage and higher quality disclosures.

We would therefore support UKSIF's proposal for the FCA to outline a "pathway" approach for introducing mandatory Scope 3 emissions reporting gradually, preferably setting out a timeframe to give issuers a clear direction of travel. While this would be our preferred approach as we believe it sends a strong signal to issuers and investors on the direction of travel, alternatively, we would be supportive of a "review clause" for reassessing the approach to Scope 3 emissions reporting on a three-year timeframe.

Question 5: Do you agree with our proposals regarding the location of UK SRS S2 climate-related disclosures? If not, what alternative approach would you suggest and why?

Yes, we are supportive of the proposals to include the disclosures in companies' annual financial reports, in line with the current reporting regime.

Wider sustainability disclosures

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, nonequity shares and non-voting equity shares, or transition categories? If not, what alternative approach would you suggest and why?

In line with our response to question 4, we support UKSIF's proposals for a pathway towards introducing mandatory reporting in line with UK SRS S1 or, alternatively, including a review clause that assesses the feasibility on a three-year time period.

The FCA's review into firms' climate reporting in line with its rules published last summer showed that the mandatory rules have increased firms' consideration of climate risks and supported their integration

[2] **https://assets.publishing.service.gov.uk/media/652ea475697260000dccf9db/scope-3-emissions-in-the-uk-reporting-landscape.pdf**

into firms' decision-marking.[3] Non-climate sustainability factors such as wider environmental and social risks are less well-understood than climate, and disclosures remain fragmented. We believe that given the materiality of these issues, moving towards a mandatory regime would be beneficial for both corporates and investors in better understanding and managing these factors in their operations, value chains and portfolios.

Question 7: Do you agree with our proposals regarding the location of UK SRS S1 sustainability-related disclosures? If not, what alternative approach would you suggest and why?

Yes, we agree with the proposals.

Transition plan disclosures

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?

Yes, we agree with these proposals. Nest has been a vocal supporter of transition plans, which we believe are a key tool for investors when making capital allocation decisions that align with long-term sustainability goals. As outlined in **our response to DESNZ's consultation** we support corporates being required to develop and disclose transition plans. While we recognise that it is not appropriate for the FCA to move ahead of the outcome of this consultation, we would urge it to work closely with DESNZ and other departments and regulators on the implementation of the regime.

Question 9: Do you agree with our proposal to note in guidance that listed companies may wish to use the IFRS Educational Material? If not, what alternative approach would you suggest and why?

Yes, we agree with this proposal while we await the outcome of DESNZ's consultation on transition planning. The Transition Plan Taskforce (TPT) brought together subject matter experts from government, academia, corporates, financial institutions and NGOs to develop its sector-neutral as well as a set of sector-specific frameworks to establish a gold standard for transition plans, which are now hosted by IFRS. In our experience, companies and stakeholders in the broader investment community recognise and support the TPT's framework, and many have voluntarily based their reporting (at least partially) on it.

Secondary listing and depositary receipts categories

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?

While we support the concept of "equivalence" reporting in principle, we have some concerns that the proposals are weakening the disclosures required of companies with a primary listing in a jurisdiction that have not indicated an intention to align with ISSB Standards.

We are supportive of the proposal to require a statement setting out the climate and/or wider disclosure requirements required in their primary overseas listing location and signposting to where the relevant disclosures can be found. However, where issuers are not subject to any such disclosure requirements, we believe that they should be required to adhere to the FCA rules.

[3] **https://www.fca.org.uk/publications/multi-firm-reviews/climate-reporting-asset-managers-life-insurers-fca-regulated-pension-providers**

Consequential changes

Question 17: Do you agree with our consequential amendments to enable asset managers, life insurers and FCA-regulated pension providers in scope of UKLR to cross refer to UK SRS S2 disclosures in their TCFD entity report, where applicable? If not, what alternative approach do you suggest, and why?

We are broadly supportive of the amendment. As an Occupational Pension Scheme (Nest Corporation) subject to disclosure requirements set out in the 2021 Pension Schemes Act with an FCA-registered subsidiary (Nest Invest), we would welcome greater clarity on how cross-referencing could be implemented in practice.