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UK SRS DEMYSTIFIED: WHAT SUSTAINABILITY REPORTERS NEED TO KNOW

YOUR PRESENTERS

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THE CONTEXT

WHAT YOU NEED TO KNOW ABOUT THE UK'S NEW SUSTAINABILITY REPORTING REGIME

THE UK'S EXISTING SUSTAINABILITY REPORTING LANDSCAPE

A variety of regulatory reporting frameworks cover different sustainability topics and different classes of companies.

SDR Reporting

- The FCA's **Sustainability Disclosure Requirements** regime includes a general **anti-greenwashing rule**, in force since May 2024
- Applies to **all FCA-authorised firms** and requires sustainability-related claims to be **consistent, clear, fair and not misleading**, and capable of being substantiated

TCFD Disclosure

- Since 2022, FCA disclosure rules require **TCFD-aligned climate reporting** for major categories of **UK-listed issuers**, principally premium- and standard-listed companies, on a "comply or explain" basis
- This requires disclosure of **TCFD's four pillars**: Governance, Strategy, Risk Management, and Metrics & Targets, which are also **central to UK SRS disclosure**

Modern Slavery Act

- Companies doing business in the UK with **global turnover ≥ £36m** must publish an annual modern slavery statement
- Where material, modern slavery risks and disclosures should feed into **UK SRS S1 reporting**

Prospectus Rules

- The FCA's new **Prospectus Rules (PRM)**, in force from **January 2026**, require equity issuers admitted to regulated markets to disclose material climate-related risks and opportunities
- Disclosures follow the **TCFD / ISSB four-pillar structure** (Governance, Strategy, Risk Management, Metrics & Targets), closely aligned with **UK SRS S2**

WHAT ARE THE UK SRS?

- The UK-endorsed versions of **IFRS S1** (general sustainability) and **S2** (climate), which are standards developed by the International Sustainability Standards Board (**ISSB**).
  - Includes minor **targeted adaptations** designed for the UK market.
- The standards cover **sustainability- and climate-related financial disclosures**, structured across four pillars:

Governance	**Risk Management**
Strategy	**Metrics & Targets**

- Disclosures are based on **financial materiality**, information reasonably expected to influence the decisions of **investors** and other primary **users of financial reports**.

What's confirmed

- The **DBT formally endorsed UK SRS S1 and S2** in February 2026 and the standards are **available for voluntary use** immediately.
- The FCA conducted a consultation (CP26/5) on mandating the UK SRS for listed companies, which is now closed. An **FCA Policy Statement** with final rules is **expected in Autumn 2026**.

What's still pending

- **Mandatory scope & timeline for listed companies:** The FCA has proposed mandatory application for certain listed issuers from accounting periods beginning 1 January 2027, subject to final rules.
- **Large private companies:** Government has indicated future consideration of economically significant private companies under wider corporate reporting reform, but no confirmed scope or date yet.

THE UK SRS ARE BUILT ON FAMILIAR FOUNDATIONS

Your company may be better prepared for the UK SRS than you realise – and the work you do to comply will pay dividends across jurisdictions.

A GLOBAL STANDARD, NOT A DOMESTIC OUTLIER

- **The UK SRS is based on IFRS S1 and S2** — the same standards being adopted across **30+ jurisdictions worldwide**, including Australia, Canada, Japan, Singapore, Nigeria, and Brazil.
- The UK is joining a **global movement** toward a common reporting baseline — not creating a parallel one.
- The work done to comply with the UK SRS has **value beyond the UK**.

BUILT ON ESTABLISHED FRAMEWORKS

- The UK SRS S1 and S2 did not emerge from nowhere — they were **deliberately built on two frameworks that UK companies have been engaging with for years:**
  - **SASB** — industry-specific metrics that many companies already reference for sustainability reporting.
  - **TCFD** —climate disclosure framework that has been mandatory for UK premium-listed companies since 2022.

UK SRS PREPAREDENESS HELPS OVERSEAS

- Other countries have already mandated IFRS-aligned disclosures — companies operating in those jurisdictions will find **cross-border disclosure** requirements **largely identical**.
- **CSRD/ESRS**: despite the EU's use of double materiality rather than financial materiality, **significant structural overlap** exists across governance, climate disclosures, and metrics and targets, meaning UK SRS work **meaningfully reduces CSRD compliance** effort.

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UK SRS ADAPT IFRS STANDARDS FOR UK CONTEXT

A country-specific version of IFRS standards – modified to ease adoption and applicability in a UK context

	IFRS S1 / S2	UK SRS
Timing of disclosures	Sustainability report may be disclosed in the same location as information disclosed to meet other requirements.	Annual and Sustainability Reports must be published at the same time.
Phasing in non-climate topics	One-year grace period – climate only in Year 1.	Two-year grace period – climate only in Years 1–2; broader sustainability (S1) from Year 3.
Scope 3 emissions	Scope 3 required from Year 2 of adoption.	Scope 3 required from Year 2, aligned to the later UK start.
SASB industry guidance	Companies shall consider SASB when identifying disclosures.	Reference to SASB is optional, not mandatory.
Industry classification for financed emissions	GICS must be used by financial institutions.	Any appropriate standard may be used, with preference for commonly used ones (e.g. ICB, NACE).
Effective date	Effective 1 January 2024, early adoption encouraged.	FCA/government will set mandatory start dates by entity type.
Transition relief clock	Clock starts from first application, including voluntary adoption.	Clock starts when mandatory reporting applies.

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DISCLOSURE REQUIREMENTS

WHAT YOU WILL NEED TO DISCLOSE UNDER THE UK SRS

FOUR PILLARS GUIDE DISCLOSURES ACROSS TOPICS

Disclosures under the UK SRS are structured across four pillars covering how sustainability and climate risks and opportunities are governed, integrated into strategy, managed, and measured.

Governance

Board oversight of sustainability and climate risks & opportunities.

Board competencies & frequency of updates.

Strategy

Identification of physical, transition, and broader sustainability-related risks and opportunities.

Impact on business model, strategy, and financial planning over short, medium, and long-term horizons.

Risk Management

Processes for identifying, assessing, prioritising, and monitoring sustainability-related risks and opportunities.

Integration within the entity's overall enterprise risk management framework.

Metrics & Targets

Industry-specific metrics drawn from SASB standards.

For SRS S2:
Scope 1, 2 and (after a grace period) Scope 3 emissions.

Internal carbon price, if used, and progress against sustainability-related targets.

UK SRS S2 EXPANDS ON TCFD DISCLOSURES

The UK SRS S2 builds on the TCFD framework, introducing more prescriptive and quantitative climate-related disclosure requirements.

	TCFD	UK SRS S2
Financial Planning	High-level disclosure of climate impacts on strategy, financial planning and resilience	**Detailed disclosure of current and anticipated financial effects**, including impacts on financial position, performance and cash flows
Climate Risk	High-level description of climate risk identification, assessment and management processes	**Prescriptive disclosure on risk assessment,** prioritisation, assumptions and integration into enterprise risk management
Report Pillars	Same four pillars for every company, regardless of sector	Same four pillars, supplemented by **industry-based disclosure requirements derived from SASB**
GHG Inventory	Disclosure of Scope 1, 2 and, where material/relevant Scope 3 emissions; limited methodological prescription	Disclosure of **Scope 1, 2 and 3 emissions using the GHG Protocol measurement framework**

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FINANCIAL MATERIALITY DETERMINES WHAT TO DISCLOSE UNDER UK SRS S1

UK SRS S1 applies a single (financial) materiality lens — companies disclose sustainability information that could reasonably affect enterprise value.

This is narrower than the CSRD's double materiality lens (which also captures the company's outward-facing impacts on people and the environment) and distinct from the GRI's impact-based approach (which centres stakeholders rather than investors).

> Under IFRS S1, information is financially material if it could reasonably affect investors' assessment of enterprise value — across cash flows, access to finance, and cost of capital over the short, medium, or long term.

Sustainability topics → **Financial materiality filter** → **Disclosure under IFRS S1**

Materiality: IFRS Definition

- Information is material **if omitting, misstating, or obscuring it could reasonably be expected to influence the decisions of primary users**.
- **Primary users** are existing and potential investors, lenders, and other creditors who rely on the information to make capital allocation decisions.
- **Omitting** refers to the exclusion of information that could reasonably impact investment decisions.
- **Obscuring** refers to hiding or burying pertinent information.
- **Misstating** refers to the inaccurate representation of data or information that could impact investment decisions.

IFRS REPORTING IN PRACTICE: LEARNINGS FROM OTHER JURISDICTIONS

As market adoption deepens, IFRS S1 and S2 are becoming the reference point for investor-grade disclosures. Early adopters are setting the stage for what good looks like.

stanmore

EARLY ADOPTION
Australia

Demonstrates leadership with assurance over its **early adoption of AASB S2** — a complete set of climate-related financial disclosures aligned to ISSB standards.

Stanmore Resources 2025 Annual Report

AKBANK

SECTOR-LEVEL RISK MAPPING
Turkey

Climate vulnerability heat map shows how transition risks differ by sector — enabling **risk-based strategic and financing decisions.**

Akbank 2024 Sustainability Report

RENNER

FINANCIAL QUANTIFICATION
Brazil

Quantifies sustainability-related financial risks and opportunities — short-term effects on operating results and 10-year effects on cash flow.

Renner 2024 Sustainability-Related Financial Information Report

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HOW TO PREPARE

WHAT STEPS YOU SHOULD TAKE TO PREPARE FOR REPORTING UNDER THE UK SRS

HOW TO PREPARE FOR UK SRS COMPLIANCE

The journey to your first UK SRS-compliant report involves a number of critical steps.

FINANCIAL MATERIALITY ASSESSMENT

Determine which sustainability topics are relevant for reporting.

GAP ANALYSIS & BENCHMARK

Identify gaps between current reporting and UK SRS requirements. Benchmark gaps against peer disclosures.

ADDRESS GAPS

Develop and follow action plan to resolve gaps and align with UK SRS requirements.

INTEGRATE

Standardise data collection processes to ensure accurate, audit-ready data with correct governance and controls. Strategy and finance integration, ESG governance support and implementation.

COLLATE

Collect the data points and develop a UK SRS-aligned report.

OBTAIN ASSURANCE

Engage a third-party to provide limited assurance of reporting.

COMMUNICATE & REPORT

Prepare report. Disclosure and communication to investors, partners, and other stakeholders.

UK SRS compliance

Stakeholder engagement →

YEAR 0 → **REPORTING YEAR** →

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KEY TAKEAWAYS

What to remember as you start to prepare for UK SRS disclosures:

UK SRS is the UK's new **sustainability reporting framework**, closely aligned with ISSB global standards

Financial materiality – not double materiality – is the governing lens

Voluntary use is here, **mandatory application is coming** and private company pressure is building

Governance, data quality and assurance readiness are the three most critical preparation priorities

The global reporting landscape is converging – now is the time to build flexible, scalable reporting infrastructure

QUESTIONS & ANSWERS

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