

**Insights**

## **PREPARING FOR UK SRS: WHAT COMPANIES NEED TO DO NOW**

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For the UK's largest listed companies, sustainability reporting is about to change shape. The UK Sustainability Reporting Standards (UK SRS) were published by the Department for Business and Trade on 25 February 2026, and the Financial Conduct Authority has consulted on aligned changes to the Listing Rules. Under the FCA's proposals, mandatory climate disclosures (UK SRS S2) will apply to accounting periods beginning on or after 1 January 2027, with Scope 3 emissions and broader UK SRS S1 disclosures applying on a comply-or-explain basis from 1 January 2028 and 1 January 2029 respectively. A final policy statement is expected this autumn.

While we do not expect the timetable to slip, meaningful preparation needs to be underway by the summer, and most companies are not yet where they need to be.

### **WHAT THE RULES COVER**

UK SRS is intended to become the UK's primary sustainability disclosure framework, aligned with the ISSB's IFRS S1 and S2, and incorporating the targeted amendments the ISSB made to IFRS S2 in December 2025. Over time it will consolidate and, in part, supersede the current patchwork of TCFD-aligned listing rules, SECR, and the climate-related disclosure requirements in the Companies Act. The change brings the UK in line with a growing number of major capital markets, including Japan, Singapore, Hong Kong, and Australia, who have adopted or are moving towards ISSB-aligned standards.

The single most substantive change is the broadening of scope. UK sustainability reporting has historically been about emissions: TCFD looked at climate, SECR at energy and carbon. UK SRS S1 extends the lens to all material sustainability matters, including biodiversity and ecosystem dependencies, water availability, workforce risks, human rights, supply chain resilience and resource scarcity. The regime is deliberately light-touch on its face - investor-focused single materiality, comply-or-explain for Scope 3 and the wider S1 matters, transition reliefs on newer disclosures, and no mandatory assurance at the outset. For companies already running TCFD-aligned disclosure, the conceptual ground is familiar. The challenge is extending it across the wider S1 perimeter.

## HOW TO PREPARE

Preparation splits into four workstreams running in parallel.

### GAP ASSESSMENT

Companies should run a structured comparison of current disclosures under TCFD, SECR, and the Companies Act against SRS requirements, identifying where it is already compliant, where it holds the data but needs to reformat or recontextualise it, and where there is nothing at all. This output drives every other decision.

### DATA INFRASTRUCTURE

Most companies' ESG data sits scattered across spreadsheets, supplier emails, plant logs, and procurement records. Under UK SRS, it needs to be auditable to the standard of financial information: methodologies documented and consistent year-on-year, internal controls in place, evidence trails traceable. The most demanding element is often value-chain data, typically Scope 3 emissions from purchased goods and services, which for most companies is the largest emissions line and the hardest to capture.

### GOVERNANCE

UK SRS requires disclosure of how the board oversees sustainability, and the disclosure must match the boardroom reality. Companies whose sustainability function has sat in corporate affairs, distant from finance and risk, likely have most ground to make up.

### ASSURANCE READINESS

The FCA has not proposed mandatory assurance at the outset. Instead, in-scope companies will simply disclose whether their UK SRS disclosures have been externally assured. However, ISSA (UK) 5000, the relevant sustainability assurance standard, is effective for engagements on information reported for periods beginning on or after 15 December 2026, and investors will draw their own conclusions about a 'no assurance' line in an annual report.

### SUSTAINABILITY DATA & REPORTING EUROPE 2026

Nick Harding will be at Reuters Sustainability Data & Reporting Europe 2026 – get in touch to schedule a meeting before the event.

## THE CSRD OVERLAP, AND WHERE THE REGIME GOES NEXT

UK companies which have EU subsidiaries caught by the EU's Corporate Sustainability Reporting Directive (CSRD) have a meaningful head start. Even after the Omnibus simplification narrowed CSRD scope, the underlying data infrastructure, governance discipline and value-chain mapping built for CSRD transfer directly across to UK SRS. The architectures differ, with UK SRS using investor-focused single materiality as opposed to the CSRD's double materiality, but the operational foundations are the same. UK groups without material EU operations come to UK SRS without that launchpad.

UK SRS for listed companies is just the start. The government's Modernising Corporate Reporting programme will consider how UK SRS should reach large private companies, with a consultation expected later this year. Australia provides a useful preview: its mandatory climate regime began phasing in from January 2025, the first wave catching entities meeting two of: (a) 500+ employees; (b) AUD \$500 million+ consolidated revenue; or (c) AUD \$1 billion+ consolidated assets, with thresholds stepping down over the following two and a half years. The direction of travel is clear: large private UK companies should expect to be in scope before too long.

## **LIABILITY IMPLICATIONS**

The principal legal effect of UK SRS is to bring a much wider range of sustainability disclosures inside the annual report, where the existing liability framework already operates at its strictest. Statements about climate, biodiversity, water, workforce, and supply chain that previously sat in standalone sustainability reports will now sit alongside the financial statements, and be exposed to the same liability standards.

Add a maturing strategic-litigation landscape, notably growing FCA scrutiny of sustainability claims and continued shareholder activism, and the prospect of contested SRS disclosures being tested in earnest is real. Forward-looking statements on transition planning are particularly exposed; the FCA's protected forward-looking statements regime, in force from January 2026, shelters qualifying statements in prospectuses but does not extend to annual report disclosures.

## **LOOKING AHEAD**

The UK SRS timetable is unlikely to slip. Companies that wait until 2027 to begin preparation will be making mandatory disclosures in year one with data that would not withstand challenge. The legal exposure UK SRS creates is not new in nature, but it is significantly broader in scope. Companies that engage early will find the work no less demanding, but considerably more manageable.

## **RELATED CAPABILITIES**

- ESG Governance, Compliance and Reporting

## MEET THE TEAM



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