Exposure draft of UK Sustainability Reporting Standards: UK SRS S1 and UK SRS S2

A public consultation issued by the Department for Business and Trade

Comments from ACCA to the Department for Business and Trade

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About ACCA:

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over 257,900 members and 530,100 future members in 180 countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

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GENERAL COMMENTS

ACCA welcomes the opportunity to comment on the UK Sustainability Reporting Standards (UK SRS) exposure drafts released by the Department for Business and Trade (DBT). We believe that the UK SRS will support the goals of the UK's Modern Industrial Strategy by strengthening investor confidence. The availability of clearer, more comparable disclosures will help to improve transparency on sustainability-related risks and opportunities, thereby attracting investment to the UK. This also supports the government's ambitions to become a clean energy superpower and a global leader in sustainable finance.

Global alignment

ACCA advocates for a global approach to the development and application of sustainability-related disclosure standards, and we support the role of the International Sustainability Standards Board (ISSB) in setting a consistent and comparable global baseline to sustainability reporting around the world. We believe that the IFRS Sustainability Disclosure Standards provide a comprehensive global baseline of sustainability-related disclosures.

ACCA therefore strongly supports the government's endorsement of the IFRS Sustainability Disclosure Standards in the UK. We also welcome the minimal modification from the global standards. We believe that jurisdictional modifications can exacerbate fragmentation, risking diversity in practice, which impairs global comparability and results in an increased reporting burden. This can also distract much-needed focus and resources from an entity's core role of value creation, and as a result, the costs of providing such information may well exceed its benefits. It may also deter investment and the ability to compare UK-entities across a global and comparable baseline and diversions may result in duplication and complexity of reporting for entities reporting across a range of regions.

For those reporting across different regions, the government may wish to consider and clarify whether those UK entities which comply with UK SRS would also be deemed to comply with the IFRS Sustainability Disclosure Standards.

Integrated approach

ACCA recognises and appreciates that this consultation has been released alongside the consultations on transition plan requirements and the development of an oversight regime for assurance of sustainability-related financial disclosures. We recommend that any transition plan requirements for measuring and disclosing climate-related risks and opportunities should

be grounded in UK SRS S2 and disclosure requirements should be developed with a focus on them being assured in the future.

Proportionality in disclosure requirements

ACCA supports a proportionate, risk-based approach to sustainability reporting, particularly in relation to its impact on Small and Medium-sized Enterprises (SMEs). As disclosure demands often cascade from larger companies, it is essential that any requirements reflect SMEs' capacity constraints while still enabling their meaningful contribution to the UK's climate and sustainability goals. Reporting obligations should be appropriately scaled, supported by clear guidance, phased implementation, and targeted assistance to avoid undue burden and to promote practical action across the wider business ecosystem.

Disclosure as part of a wider policy solution

We also highlight that reporting is only one policy lever to promote more responsible business decision making and drive positive change for people and planet. Sustainable finance, corporate governance, taxation, regulation, and other policies to incentivise sustainable business models all play a part. A proportionate approach to mandatory reporting requirements means that business resources can be directed towards actively pursuing a green and just transition. Coherent and inter-connected policymaking is paramount. ACCA urges governments to consider all the different levers available to achieve their public policy objectives, and evaluate their impacts in a holistic way.

As standard-setting progresses, it is important to ensure that the reporting catalyses the necessary systemic change: that operational changes take place in the entities making these disclosures; better quality of information becomes available to investors, who will then use these disclosures to allocate capital more efficiently and responsibly. We believe that for this to happen, widespread application of integrated thinking by entities[1] as well as integrative thinking by finance professionals[2] are necessary, where information connections lead to quality decision-making and sustainable value creation[3].

[1] ACCA (2021), Invisible threads: Communicating integrated thinking. Downloadable from <https://www.accaglobal.com/gb/en/professional-insights/global-profession/Invisible-threads-communicating-integrated-think.html>, accessed 15 August 2025.
[2] ACCA (2023), *Integrative thinking: The guide to becoming a value-adding CFO*. Downloadable from <https://www.accaglobal.com/gb/en/professional-insights/global-profession/integrative-thinking.html>, accessed 15 August 2025.
[3] ACCA (2024), 'Making information connections for sustainable value creation' [website article] <https://www.accaglobal.com/gb/en/professional-insights/global-profession/sustainability-reporting/making-connections-for-decision-making-and-sustainable-value-creation.html> , accessed 15 August 2025.

1) Do you agree or disagree with the UK government's 4 amendments based on the TAC's recommendations? Provide your rationale.

Amendment 1 – removal of the transition relief in IFRS S1 that permits delayed reporting in the first year

We agree that sustainability disclosures and financial statements should be for the same period and published at the same time, as simultaneous disclosure strengthens connectivity and coherence, which we believe is key to achieving good corporate reporting.[4] This approach also enables investors and supply chain partners to more easily assess the financial effects of sustainability-related risks and opportunities, supporting clearer and more informed decision-making.

Those entities where TCFD-aligned requirements are already in force (e.g. listed companies, the largest private companies and limited liability partnerships) may be well placed to disclose climate information on the same timescale as their financial statements.

However, we caution that the UK government needs to also carefully consider the implications of the proposed removal of the transition relief in the context of wider sustainability-related information reporting, particularly for value chain purposes and entities that aren't currently in scope for TCFD-aligned requirements, where reporting maturity levels may differ.

Many companies are geared up for reporting their financial results as soon as possible after the period end to ensure that market-sensitive information is published in a timely way. However, sustainability-related disclosures are often dependent on different data collection systems and involves the value chain. As such, it may be more difficult to provide sustainability-related disclosures within the same short timeframe that applies to financial reporting, at least in the first years of implementation.

It's worth noting that the transition relief in IFRS S1 was introduced in response to concerns from stakeholders about data availability and preparer readiness, not only within the reporting entity, but also along the value chains. Entities will likely need to upskill people across all levels internally and to support their value chains in providing the necessary data.

[4] ACCA (2024), Principles of good corporate reporting. Downloadable from <https://www.accaglobal.com/gb/en/professional-insights/global-profession/good-corporate-reporting.html>, accessed 15 August 2025.

This transition relief will give entities more time to determine the scope of its value chain, identify sustainability-related risks and opportunities, determine material information for disclosure and align their processes and systems for preparing sustainability-related financial disclosures based on the UK SRS, for the first time. This provides a reasonable balance between reporting timely information and supporting the implementation of new standards. Therefore, we do not support the removal of the transition relief in IFRS S1 that permits delayed reporting in the first year.

We note that this consultation runs alongside the ongoing review of the UK's non-financial reporting framework, which aims to update the structure of the annual report by integrating sustainability-related reporting and removing duplicative requirements. We welcome the review's recognition that any changes must accommodate the UK SRS and we support a joined-up, user-friendly approach that avoids duplication and unnecessary reporting burdens. For example, consideration should be given to presenting relatively stable disclosures—such as those on business models and policies—as standing data, rather than requiring full repetition each year. This will help enable entities to report sustainability and financial information at the same time.

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Amendment 2 – extension of the transition relief in IFRS S1 that permits a 'climate-first' approach

ACCA welcomes the extension of the transition relief to defer the disclosure of sustainability-related risks and opportunities beyond climate by an additional year.

The additional time for non-climate-related disclosures enables reporting entities to phase in the data collection and reporting approaches whilst also meeting the demand for climate-related information from investors.

We recognise the challenges of calculating scope 3 emissions, particularly around data collection and quality. Allowing entities time to improve this before also requiring broader sustainability disclosures is likely to be welcomed.

In light of this additional relief, clarity is needed on whether companies will be able to make an explicit and unreserved statement of compliance or whether such a statement can only be made upon the expiry of these reliefs.

In reviewing the consultation documents, we note under this amendment (see paragraph 2.5) there is reference to *"UK SRS S1 and UK SRS S2 will include requirements on new topics."* However, we did not identify any new topics in the

proposed amendment. The inclusion of any new topics in the UK SRS should be subjected to robust due process including a public consultation.

Amendment 3 – removal of the requirement to use the Global Industry Classification Standard (GICS) in IFRS S2

We agree with the proposed amendments, particularly in light of the possible legal and cost implications involved from having to first enter into a licensing arrangement required to use GICS. However, we caution that the proposed amendments might have a longer-term impact on the international comparability of the resulting disclosures.[5]

We recommend that the DBT closely monitor market practices and developments, as well as explore close collaboration with the relevant stakeholders to maximise alignment across the different industry classifications. Collaborations to produce industry classification mapping outputs would also facilitate better comparability across different industry classifications.

As the ISSB is currently consulting on an amendment to the requirement to use the GICS in IFRS S2, we recommend that the DBT actively engages with the ISSB to ensure consistency and interoperability where possible.

Amendment 4 – removal of the 'effective date' clauses in IFRS S1 and IFRS S2 (with PIC consideration)

We acknowledge that reference to an effective date of 1 January 2024, prior to the finalisation of the UK SRS seems anomalous and therefore support its removal.

However, we recommend maintaining the following wording in the UK SRS: *"Earlier application is permitted. If an entity applies this Standard earlier, it shall disclose that fact"* and *"If an entity applies this Standard earlier, it shall disclose that fact".* This statement encourages earlier application and transparency, it is unclear why its removal has been combined with the removal of the specific date.

2) Industry practice is to use the balance sheet for loans and investments from a previous period to calculate financed emissions (where it is impracticable to provide the information for the current reporting period end). Do you agree or

[5] ACCA response to ISSB exposure draft for proposed amendments to IFRS S2 in relation to greenhouse gas emissions <https://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2025/June/acca-response-issb-ed-proposed-amendments-IFRS-S2-greenhouse-gas-emissions.html>

disagree that this results in decision-useful information, and what additional guidance might be useful?

Not answered

3) **For entities subject to financed disclosure requirements, what is the impact of revising comparative data for financed emissions calculations and what additional guidance might be useful?**

Not answered

4) **Do you have any other comments on the TAC's final report and recommendations? Include any supporting evidence.**

No, our comments can be found in our response to question 1.

5) **Do you agree or disagree that 'shall' should be amended to 'may' in "shall refer to and consider the applicability of… [SASB materials]"? Provide your rationale, including any views you have on the timing of the review of the amendment.**

ACCA is mindful that the SASB Standards were developed in the United States, and the disclosure topics and metrics for each given industry were identified in relation to US-based entities. The requirement to refer to the SASB Standards to identify sustainability-related risks and opportunities and make disclosures could be challenging for entities outside of the US to apply, especially those in the Global South.[6]

Nonetheless, we believe it is important that standard-setters maintain consistent wording and terminology across requirements to support consistency, comparability, and minimise divergence in practice. Therefore, we do not support the proposed amendment. Instead, we recommend the government engage with the ISSB to support the updating of the SASB Standards to enhance their global applicability.

Meanwhile, the SASB Standards should continue to support implementation in the form of non-mandatory industry-based guidance, with updates introduced as the respective markets and sustainability-related topics mature and relevant metrics become available.

[6] ACCA response to ISSB Exposure Draft on Enhancing the International Applicability of the SASB Standards <https://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2023/August/ed-methodology-for-enhancing-the-international-applicability-of-.html>

We are further of the view that the SASB Standards should evolve to eventually be subsumed and fully integrated into the ISSB Standards following the appropriate IFRS Foundation standard-setting due process. This will help address concerns around international applicability as well as encourage adoption in the longer run.

We note that paragraph 32 of UK SRS S2 requires entities to disclose industry-based metrics, but there is currently no guidance, besides the Industry-based Guidance on Implementing IFRS S2, on how these should be determined or disclosed. Rather than amending the language in relation to the SASB materials, we recommend explaining when the guidance is applicable.

Our consultation response to the ISSB on the SASB Standards in May 2023, can be found here: TECH_CDR2070_ED_ISSB_Intl_Applic_SASB_ACCA-final.pdf

6) **Do you agree or disagree with the proposal to link the reporting periods in which a transition relief can be used to the date of any reporting requirements coming into force? Provide your rationale.**

We agree with the proposal to allow transition reliefs to be applied from the point at which a reporting requirement becomes mandatory. We believe this will facilitate the implementation of mandatory reporting requirements without penalising any early voluntary application of reporting requirements. However, it should be clarified that partial application of reporting requirements does not constitute compliance with the UK SRS.

7) **Explain your views on:**
   a) **whether disclosure of the purchase and use of carbon credits in the current period would be useful information**
   b) **what the barriers to companies being able to produce this information are (including the availability of the information required for reporting and the associated costs)**
   c) **whether (and how) any further disclosures would be useful**

a) ACCA supports high-quality sustainability reporting that contributes to a fair representation of an entity's sustainability-related risks and opportunities that could reasonably affect the entity's prospects. In this context, we believe that disclosure of the purchase and use of carbon credits in the current period is useful and relevant

information for users of general-purpose financial reports and also benefits a broader spectrum of stakeholders in the corporate reporting ecosystem.

Such disclosure enhances transparency around the extent to which emission reductions are achieved through the use of carbon credits versus internal operational changes or supply chain engagement. This supports informed judgements about the emissions reduction, carbon-neutral claims made by entities, and the expenditures related to carbon credits. This contributes to overall market confidence in an entity's climate-related reporting.

ACCA has recently completed a joint study with the Adam Smith Business School at the University of Glasgow on how carbon-related instruments (like carbon credits) are classified, measured and reported and published two articles to complement the research on:

1) companies' perspectives and relevant implications
2) considerations for accounting treatments

This study highlights the importance of financial information about the use of carbon-related instruments, like carbon credits, and connecting such information to an entity's strategy for managing its climate-related risks.

b) We acknowledge that there are currently practical barriers to producing disclosures on carbon credits, including:

- The absence of a dedicated global accounting standard for carbon-related instruments (like carbon credits), resulting in entities developing their own accounting policies. This leads to diverse and often inconsistent accounting treatments. It can be difficult to tell whether two or more companies have applied a consistent accounting treatment for the same carbon credit.
- Inconsistent and sometimes vague terminology being used to describe carbon-related instruments. This makes it difficult for users to understand the nature and effects of the carbon-related instruments. A synthesis of comments from roundtable participants from our work include:

  "The wide range of descriptions observed makes it difficult to understand what's going on. This issue is more profound where a preparer generates and purchases carbon credits and uses a variety of terms. It's difficult for the user to understand the financial effects." and *"Using different terms in different jurisdictions – or within*

the same jurisdiction – could lead to different accounting treatments and confusion."

- The absence of a single uniform global scheme for each type of carbon market potentially raises regulatory concerns and affects the level of transparency and integrity of carbon-related instruments.
- Data availability and verification challenges, particularly when credits are acquired through intermediaries or in complex supply chains affect the credibility of carbon credits.
- Costs associated with developing internal systems, controls, and expertise to manage and report carbon credit transactions reliably.

These challenges are particularly acute for smaller entities or those operating in multiple jurisdictions including jurisdictions with immature carbon markets or regulatory frameworks.

c) ACCA supports providing context and clarity to the use of carbon credits, where such disclosures are proportionate and decision-useful. These may include:

- A description of the nature, function and intended use of carbon credits, including (but not limited to):
    - Distinction between voluntary and compliance-based credits.
    - The quality of the underlying projects that generated the carbon credits.
- The entity's internal carbon reduction measures, distinguishing between reduction through internal operational changes or supply chain engagement and use of carbon credits.
- Providing information about carbon credits in a coherent manner in an entity's sustainability-related financial disclosures and its financial statements.

We believe that such disclosures would improve comparability and trust in sustainability reporting.

ACCA also advocates for a globally applicable guidance for consistent accounting and reporting of carbon-related instruments in entities' financial statements. Such guidance should help determine:

- the appropriate scope when accounting for each carbon-related instrument that faithfully represents its nature, function and intended use

- when and how to recognise the instrument
- the appropriate measurement approaches, and
- relevant disclosures to enable users to evaluate the financial effects of such an instrument on the company, including its nature, function and intended use.

8) What are your views on the potential amendments to IFRS S2 proposed by the ISSB at this time?

ACCA responded to the recent consultation issued by the ISSB on the amendments to GHG emissions disclosures, a copy of our response can be found at: https://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2025/June/acca-response-issb-ed-proposed-amendments-IFRS-S2-greenhouse-gas-emissions.html.

We also intend to respond to the consultation on *Industry-based Guidance on Implementing IFRS S2*.

9) Do you have any other comments (including any supporting evidence you would like to share) on the UK government's 2 amendments based on the PIC's conclusions? Explain them here.

No, please refer to our responses to questions 5 and 6.

10) Overall, do you agree that the UK government should endorse the standards, subject to the amendments described? Explain any other amendments that you judge to be necessary for endorsement and why.

Yes, we agree that the UK government should endorse the standards, subject to the amendment in question 6 and other considerations raised in this response. However, we do not support the amendment in question 5 or amendment 1 in question 1.

ACCA has consistently advocated for a global approach to the development of principles-based reporting standards which provide a high-quality comprehensive baseline for corporate reporting.

The ISSB plays a vital role in harmonising corporate reporting outside of the financial statements, and is shaping global reporting standards for the benefit of investors, economies and the public good.

We welcome the UK SRS being substantially consistent with the ISSB Standards. This alignment will support comparability across jurisdictions and reduce reporting burdens, especially for multinational entities.

11) Explain the direct and indirect benefits that you are expecting to result from the use of UK SRS S1 and UK SRS S2 (which may or may not be included in paragraphs 4.2 to 4.5). Include an assessment of those benefits which are additional to benefits arising from current reporting practices.

The adoption of UK SRS S1 and S2 is expected to deliver several key benefits which will primarily apply to listed companies and others attracting funds on an international basis, but other businesses, including SMEs, can also benefit. These include:

- to greater comparability between different reporting entities due to consistent methodologies for providing disclosures.
- providing relevant and reliable information to help users understand the business and of its performance, position and prospects.
- enabling primary users (eg investors) to make better risk assessments, resulting in better allocation, and reduced cost, of capital, attracting a wider base of investors and giving greater liquidity to the markets.
- better operational decision-making grounded in the creation and use of interconnected financial and sustainability-related information, thereby enabling better business through the potential for competitive advantage, as detailed in Box A of ACCA's *Sustainability reporting: SME guide to preparation* which is available on ACCA's Sustainability Reporting Hub.

As standard-setting progresses, it is important to ensure that the reporting catalyses the necessary systemic change: that operational changes take place in the entities making these disclosures; better quality of information becomes available to investors, who will then use these disclosures to allocate capital more efficiently and responsibly. We believe that for this to happen, widespread application of integrated thinking by entities[7] as well as integrative thinking by finance professionals[8] are necessary, where

[7] ACCA (2021), Invisible threads: Communicating integrated thinking. Downloadable from <https://www.accaglobal.com/gb/en/professional-insights/global-profession/Invisible-threads-communicating-integrated-think.html>, accessed 15 August 2025.

[8] ACCA (2023), *Integrative thinking: The guide to becoming a value-adding CFO*. Downloadable from <https://www.accaglobal.com/gb/en/professional-insights/global-profession/integrative-thinking.html>, accessed 15 August 2025.

information connections lead to quality decision-making and sustainable value creation[9].

12) Explain the direct and indirect costs that you are expecting to result from the use of UK SRS S1 and UK SRS S2 (which may or may not be included in paragraphs 4.7 to 4.8). Include an assessment of those costs which are additional to costs arising from existing reporting practices.

ACCA recognises that the implementation of UK SRS S1 and UK SRS S2 will involve direct and indirect costs, particularly for entities that have not previously reported on sustainability matters, or have done so to a more limited extent. In assessing the costs involved, it may be beneficial for entities to workshop through ACCA's eight-stage sustainability information production cycle.[10]

The most immediate and material direct costs are expected to include:

- Establishing new data collection and reporting processes, particularly where disclosures go beyond current common practice (e.g., value chain or scope 3 emissions).
- Staff training and capacity building to develop the necessary skills for sustainability reporting.
- Integration of reporting systems to align with sustainability-related financial disclosures, often across multiple jurisdictions.
- Assurance or verification costs where such services are required or expected.

Indirect costs are also expected to include:

- Increased information requests cascading through value chains, particularly affecting SMEs that may lack the expertise, tools, and resources to respond adequately.
- The administrative burden of complying with multiple reporting frameworks in different jurisdictions. Hence, we commend the government's decision to propose only minor amendments to the IFRS Sustainability Disclosure Standards to minimise this burden.

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[9] ACCA (2024), 'Making information connections for sustainable value creation' [website article] <https://www.accaglobal.com/gb/en/professional-insights/global-profession/sustainability-reporting/making-connections-for-decision-making-and-sustainable-value-creation.html> , accessed 15 August 2025.

[10] A video-supported workshop activities guide based on ACCA's eight-stage sustainability information production cycle is available on the Sustainability Reporting Hub <https://www.accaglobal.com/gb/en/professional-insights/global-profession/sustainability-reporting/sustainability-reporting-videos.html>

- Potential opportunity costs as business resources are redirected from strategic sustainability action to meeting complex disclosure requirements.

These costs are expected to be particularly burdensome for SMEs, as information requests flow through the value chain. For example, as monitoring and disclosure of scope 3 emissions, driven by investor and regulatory demands becomes more widespread, increasingly more companies are asking their suppliers to report their own emissions, but they are frequently unprepared and do not have the necessary knowledge, tools or resources. Research from the OECD (Businesses' Views on Red Tape) showed that the smallest companies incur five times the administrative burden per employee than larger firms, so every effort must be made to increase efficiency of reporting. In a joint report from ACCA, The International Chamber of Commerce and Sage Think Small First: Enabling effective climate action by small and medium-sized businesses the challenges and issues facing small and medium sized businesses are discussed and these include less capital and fewer resources, which makes it harder for them to respond to non-financial reporting requirements. Larger companies are generally better positioned to absorb these costs.

It is therefore important to ensure the impacts of new mandatory reporting requirements are proportionate. In developing regulatory requirements for disclosure, the decision-usefulness of information to the intended audience should be weighed against the effort required to report the information. Post-implementation reviews should assess not only compliance and quality of reporting but also whether the costs borne by preparers, particularly smaller entities, are justified by the quality and usefulness of information provided to users.

13) What are your views on the merits of economically-significant private companies reporting against UK SRS? Explain your assessment of direct and indirect benefits and costs.

ACCA supports the idea of sustainability-related disclosure requirements for economically-significant private companies, recognising their role in the wider economy and value chains. However, this must be done proportionately and with a clear focus on decision-useful information.

Benefits include:

- Enhanced transparency and accountability to investors, lenders, and other stakeholders.

- Improved internal understanding and management of sustainability-related risks and opportunities.
- Increased comparability of disclosures across the private and listed entities, helping to align market expectations and support a level playing field.
- Contribution to the broader sustainable finance agenda by providing the data needed for informed capital allocation.
- Better operational decision-making grounded in the creation and use of interconnected financial and sustainability-related information, thereby enabling better business through the potential for competitive advantage, as detailed in Box A of ACCA's *Sustainability reporting: SME guide to preparation* which is available on ACCA's Sustainability Reporting Hub.

Failure to provide sustainability-related information or estimates that fairly represent an entity's activities can have significant negative consequences and threaten overall resilience. For example, the entity may miss out on trade opportunities. This was observed during ACCA's ongoing research on 'Sustainability reporting: Track your progress', to be published in November. The research will evaluate and provide insights about entities' progress in sustainability reporting, incorporating global feedback from circa 1,000 survey respondents as well as reflections, real implementation experiences and examples gathered from a series of global roundtables.

Please refer to our response to question 12 about relevant costs.

Many UK companies (including economically-significant private companies) already have experience reporting under the TCFD framework. Whilst TCFD relates only to climate, the uptake in disclosure suggests that many large UK corporates have sufficient knowledge and expertise to report against a standardised framework, in response to specific reporting requirements, especially with regard to governance, strategy, risks and opportunities.

When determining which entities should be prioritised for reporting under the UK SRS, we recommend the government align this with national priorities - particularly those aimed at advancing the UK's commitments to the UN Sustainable Development Goals.

Priority should be given to sectors with high sustainability-related risks, such as those with significant emissions, reliance on natural resource extraction, intensive water usage, or large and complex labour forces.

Considering both economic significance, national priorities and exposure to sustainability-related risks will help focus reporting requirements where they are most impactful, while minimising unnecessary burden on other entities.

14) **For non-listed entities, what are your views on your readiness to report against UK SRS – particularly UK SRS S1, which covers non-climate reporting? Explain whether you require additional resources to report on UK SRS, beyond resources used for existing climate or sustainability-related reporting, and what these resources would be.**

ACCA's ongoing research on 'Sustainability reporting: Track your progress', to be published in November 2025, surveyed circa 1,000 respondents globally, revealing that fewer than half of organisations consider their systems and processes ready or partially ready to collect and use sustainability-related information for both internal and external use, with a little over a third of SMEs being similarly ready.

In August 2022, ACCA and the Adam Smith Business School conducted research on Companies' Readiness to Adopt IFRS S2 Climate-related Disclosures and found that companies need to reduce the number of locations/reports in which climate-related disclosures are provided and significantly improve the level of cross-referencing between locations/reports. Furthermore, irrespective of the location/report where disclosures are provided in, it is important for disclosures to be concise and not too voluminous.

The lack of resources to enable the implementation of these standards is a key concern. The hiring and retention of skilled resources in sustainability reporting can be challenging. With the large number of listed issuers needing support in preparing sustainability-related disclosures, the availability of skilled external resources is also constrained. The education eco-system (namely universities and colleges) will also need time to produce high quality professionals for sustainability reporting and assurance. Education and training to improve the number and quality of skilled resources in this space should be considered a matter of priority and looked at holistically. Skills development also needs to be considered for other relevant stakeholders in the ecosystem – such as policy-makers, regulators, standard setters, finance and accounting (including assurance) professionals, judiciary, academia - to improve overall understanding, implementation quality and regulatory oversight and enforcement.

In recognising the fundamental importance of capacity building in this journey, we recommend that the UK DBT/government leverages the work of the partners to the IFRS Foundation Partnership Framework (Partnership Framework) in the development of supplementary educational materials centrally to ensure greater interoperability and consistent application. ACCA is a partner of this Partnership Framework.

We have created a dedicated Sustainability Reporting Hub to house the rich library of sustainability reporting insights and guidance that ACCA has produced. For example, in the hub, users will find a series of explainer videos with the ISSB to support understanding and application of the IFRS Sustainability Disclosure Standards. We have also produced a guide to help entities get ready to report sustainability-related information. The guide was developed with proportionality in mind and structured around an eight-stage cycle to produce sustainability-related information, which suggests a flow of process, technology and people-related activities to prepare for and manage sustainability reporting.

Alongside our webinars and conferences, we also offer a wide range of sustainability-related learning resources. The recently launched ACCA Professional Diploma in Sustainability is a modular qualification with stackable credentials covering four certificates, which allow learners to acquire in-depth knowledge of:

1. sustainability frameworks and ethics
2. sustainability strategy and management
3. sustainability reporting and
4. sustainability assurance

Learners can opt to go through a final exam to be awarded a Professional Diploma.

We offer other resources such as our course on Climate Finance which we developed with the CFA Institute and our Certificate in Sustainability for Finance for accountants, finance and business professionals which has been updated to incorporate the IFRS Sustainability Disclosure Standards. In the ACCA qualification, sustainability is integrated across the qualification exams, experience and ethics, and the qualification is updated annually to reflect the latest developments.

15) What (if any) would be the opportunities to simplify or rationalise existing UK climate-related disclosures requirements, including emissions reporting, if economically-significant private companies are required to disclose against UK SRS? Consider how duplication in reporting can be avoided.

Responses to this question will support the government's review of the UK's non-financial reporting framework.

Not answered

16) **Explain which other sustainability-related disclosure requirements your organisation currently reports against or expects to report against. How does this affect your assessment of associated costs and benefits for any UK SRS reporting?**

Not answered

17) **What support from UK government or regulators may be useful for SMEs and what support is already available within the market? Explain which costs could be mitigated and/or which benefits could be realised through this support.**

ACCA welcomes the government's commitment to supporting SMEs in the sustainability transition. SMEs are critical to achieving sustainability goals but often lack the capacity, expertise, or resources to respond to increasing sustainability-related information demands. For example, whilst smaller businesses are responsible for nearly 50% of all GHG emissions from UK businesses, just 3% had measured their carbon footprint in 2016-2021.[11]

Although most SMEs are not directly subject to mandatory sustainability reporting, they increasingly face indirect demands through value chains. Larger companies often require emissions and other sustainability-related data from their suppliers, which can lead to SMEs receiving multiple and inconsistent requests for information. ACCA supports a proportionate approach to reporting requirements that does not put an undue burden on SMEs; this is particularly needed in determining the appropriate level of granularity, to ensure that disclosure requirements do not become disproportionately prohibitive for SMEs. To address this, the government should clarify where reporting responsibilities lie and support greater standardisation of information requests. This can enable SMEs to focus on information that improves business management and so that business resources can be directed towards actively pursuing a green and just transition.

[11] Think Small First: Enabling effective climate action by Small and Medium-sized Businesses | ACCA Global

ACCA recommends the following areas of government and regulatory support:

- **Proportionate reporting** – work with the ISSB to develop a voluntary, simplified SME reporting standard – to support consistent and efficient reporting.
- **Automated tools** – support the development and deployment of automated reporting tools and invest in digital infrastructure to make information gathering and reporting as straightforward as possible. The government should create an enabling policy framework and invest in digital infrastructure so that SMEs can share data effectively. This will also support in building a detailed picture of sustainability-related risks and opportunities, including emissions, across entities. Further information can be found in our report Think Small First: Enabling effective climate action by Small and Medium-sized Businesses.
- **Phased implementation** – provide transitional reliefs to allow time for smaller entities to build necessary systems and skills.
- **Technical assistance** – develop guidance on preparing sustainability-related information. For example, non-mandatory technical guidance on the application of the reporting requirements and a collection of frequently asked technical questions and their solutions to support application.
- **Capacity building and training** – encourage large companies to offer training to and provide cross-collaborative opportunities for SMEs where appropriate.

In recognising the fundamental importance of capacity building and training in this journey, we recommend that the government leverages the Partnership Framework in the development of supplementary educational materials centrally to ensure greater interoperability and consistent application. Please refer to our response to question 14 for details.

ACCA's Sustainability Reporting Hub also provides an array of free resources to support SMEs in the sustainability reporting ecosystem. These include:

- SME guide to prepare sustainability-related information using an 8-stage cycle.
- workshop resources with companion videos to help entities understand and tailor the sustainability-related information production cycle to their needs.
- guidance for connectivity for sustainable value creation, and determining material information for disclosure.

18) If you have any other comments (including any supporting evidence) on the potential costs and benefits of UK SRS for any stakeholder, including any comments on sector-specific impacts, explain them here.

Not answered

19) What are your views on the quality and availability of existing guidance for the topics listed in paragraph 5.4 (climate scenarios and conversion factors)? Explain what additional guidance – particularly on a global basis – would be helpful and why.

Implementation guidance for conducting climate scenarios (as proposed in paragraph 5.7) would be useful to those carrying out climate resilience assessments. However, care is needed to ensure that such guidance does not introduce additional disclosure requirements that might inadvertently conflict with or obscure information required by the IFRS Sustainability Disclosure Standards. Such guidance should accompany the UK SRS but should not be made mandatory.

Secondly, UK-specific conversion factors for emissions and other sustainability-related metrics will be helpful to reporting entities. The need for data in this regard from government – central, state and/or local – needs to be emphasised and it will facilitate the ease of reporting and improve consistency and comparability of information. We suggest analysing responses from reporting entities and conducting outreach to identify the conversation factors that need to be prioritised.

Lastly, we suggest creating an open platform which shares data needed for sustainability reporting, and are preferably independently assured. As far as possible, the open platform should also be a common global platform focusing on increasing efficiency and minimising duplication of effort and resources. Ideally, we would want governments and regulators to collaborate at regional and global levels to create the open platform to avoid a situation where individual jurisdictions develop their own platforms which do not interact with each other and so would require reconciliations or manual input from one platform to another – thereby increasing rather than reducing administrative/reporting burden.