

UK SUSTAINABILITY REPORTING: A NEW GENERATION OF ISSB-ALIGNED DISCLOSURES

In February 2026, the UK Government issued its final **UK Sustainability Reporting Standards** (the “**UK SRS**”), which are available for immediate voluntary use by UK companies. The UK SRS are closely aligned to international standards developed by the International Sustainability Standards Board (“**ISSB**”). The ISSB standards are intended to serve as a “*global baseline*” for sustainability reporting, and have already been adopted (or are in train of being adopted) by over 40 jurisdictions. In this briefing, we focus on how the ISSB-aligned UK SRS fit into the existing UK sustainability reporting landscape (currently based on the standards of the Taskforce on Climate-related Financial Disclosures (“**TCFD**”)), how companies may be impacted, and what to do next.

1. The UK backdrop: how we got here

The UK **ratified** the Paris Agreement in 2016, and **formally adopted** the UN Sustainable Development Goals in 2015. In 2021, the UK became the first G20 country to mandate large businesses, certain UK Financial Conduct Authority (“**FCA**”) regulated firms and listed companies to disclose their climate-related risks and opportunities, in line with the international TCFD standards. In April 2022, the UK Treasury established the Transition Plan Taskforce (“**TPT**”) to develop a market-led framework for transition plan disclosure. In June 2023, the ISSB issued its two global sustainability disclosure standards, IFRS S1 and IFRS S2 – which fully incorporated the TCFD standards. In October 2023, the **UK TPT Disclosure Framework** was finalised, designed to be consistent with, and build on, IFRS S2.

The UK Financial Stability Board (the “**FSB**”) described the new ISSB standards as a “*culmination of the work of the TCFD*” and in 2023, requested that the ISSB take over from the TCFD the monitoring of companies’ progress on climate-related reporting. Despite the TCFD’s disbandment, for the time being – and as further detailed in the section below, until such time the UK SRS are implemented into English law – UK companies are still required to use the TCFD standards to guide their climate related disclosures. Nevertheless, they should be aware of the changing landscape, and may want to engage ahead of time with the UK SRS in the interests of longer-term efficiency and international interoperability.

2. The existing UK legal framework and proposals to integrate UK SRS

Currently, the UK has two main sets of rules obliging companies to make climate-related disclosures – the regime under the Companies Act 2006 (“**CA 2006**”) and the regime under the UK Listing Rules (“**UKLRs**”). Companies which are incorporated and listed in the UK are required to comply with both sets of rules.

As mentioned earlier in this briefing, for now, the adopted UK SRS are for “*voluntary use*”, and responsibility for mandating their implementation lies with the Government to revise the CA 2006 and the FCA to revise the UKLRs. The status of these workstreams is summarised below.

The CA 2006

The current primary disclosure obligations under the CA 2006 are:

- **The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022** and **The Limited Liability Partnerships (Climate-related Financial Disclosure) Regulations 2022**: These regulations require mandatory TCFD-aligned disclosures by entities with more than 500 employees that are: (i) traded, banking, insurance or AIM companies; or (ii) private companies and LLPs with a turnover of over £500 million. These must be included in the “Non-Financial and Sustainability Information” (“**NFSI**”) Statement within the company’s Strategic Report.

- **The Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018:** These regulations require certain large and medium-sized companies, unquoted companies and LLPs, to report on GHG emissions and carbon intensity ratios in their Directors' Report; the so-called "Streamlined Energy and Carbon Reporting" ("**SECR**") regime (see **statutory guidance** for more detail).

Companies in scope of the current CA 2006 requirements, and which choose to voluntarily report under the UK SRS, should be aware of the following practical implications:

- Companies will not need to duplicate climate-related financial disclosure requirements included within their NFSI Statement, so long as use of UK SRS S2 is clearly referenced. The Government intends to update its **guidance on climate-related financial disclosures for companies and LLPs** to reflect this.
- Companies will need to duplicate emissions data otherwise required under the SECR. However, the Department for Energy Security and Net Zero ("**DESNZ**") will further consider the interaction between the UK SRS and SECR and how to reduce duplication.

The Government **announced** in October 2025 its "**Modernisation of Corporate Reporting**" programme (the "**MCR**") which aims to modernise and simplify the UK's corporate reporting framework. In the Government's **response to the UK SRS consultation**, it confirmed its intention, as part of the MCR, to consult in late 2026 on whether to make full UK SRS-aligned reporting mandatory for large unlisted companies, through replacing TCFD-related provisions under the CA 2006.

The UKLRs and the FCA consultation

The UKLRs require UK listed companies to state whether they have made TCFD-aligned financial disclosures. The requirement applies on a "*comply or explain*" basis and the disclosures need to be made in a company's annual report. Various guidance exists to support the disclosures, including in the **FCA's Primary Market Technical Note on TCFD-aligned climate-related disclosure requirements for listed companies (TN/802.2)**.

In January 2026, the FCA released **Consultation Paper 26/5**, with proposals for replacing existing TCFD-aligned rules for listed companies, with the UK SRS.

Compliance with the new proposed rules would require more work than existing TCFD-aligned reporting, given that the UK SRS (based on the IFRS S1 and S2) build and expand on the TCFD standards and include additional requirements such as quantification of sustainability-related risks and opportunities, and connectivity with the financial statements. The FCA broadly proposes to retain the same scope of issuers currently subject to TCFD aligned disclosure requirements, but with the application of the requirements differing based on whether an issuer has a primary or secondary UK listing (the latter benefiting from a special regime with lighter-touch requirements). For primary listed entities, the consultation proposes:

- Mandatory disclosure of climate-related risks and opportunities in line with UK SRS S2 and the specific accompanying provisions under UK SRS S1
- A 'comply or explain' approach to Scope 3 disclosures under UK SRS S2
- A 'comply or explain' approach to (non-climate) sustainability disclosures
- Transparency around transition plans
- Transparency around any assurance undertaken in relation to UK SRS disclosures
- An effective date of 1 January 2027

The consultation also sought views in respect of topics such as financed emissions reporting, carbon credit-related disclosures, and whether protections similar to the existing 'safe harbour' in section 463 of the CA 2006 concerning annual reports should be extended to UK SRS reporting requirements.

The FCA's consultation ended in March 2026, and the FCA aims to finalise its rules and publish its policy statement in autumn 2026. It remains to be seen whether industry push-back could have any impact on the proposed implementation date of 1 January 2027. One example of resistance comes from the FCA-convened advisory bodies – the FCA Listing Authority Advisory Panel and the FCA Markets Practitioner Panel. In their joint **consultation response**, they rejected the FCA's proposals; finding that they would "*position London's Main Market as an outlier*" and "*widen [...] the regulatory differential*" between the UK and the US / EU – the UK's primary rivals for corporate listings.

3. UK SRS vs. IFRS S1 and S2

While the content of the UK SRS S1 and S2 largely mirrors the content of the IFRS S1 and S2, there are certain distinctions. A complete summary of the differences is provided in the [Government's response to its UK SRS consultation](#), and we have drawn out specific examples below.

	UK SRS S1 (general requirements for disclosure of sustainability-related financial information)	UK SRS S2 (climate-related disclosures)
Key similarities	<p>Like IFRS S1, UK SRS S1:</p> <ul style="list-style-type: none"> applies the TCFD <i>architecture</i> (governance, strategy, risk management, and metrics/targets) for sustainability-related risks and opportunities requires industry-specific disclosures refers to sources to help entities identify sustainability-related risks and opportunities, and can be used in conjunction with any accounting requirements (GAAP). 	<p>Like IFRS S2, UK SRS S2:</p> <ul style="list-style-type: none"> incorporates the TCFD standards must be used in accordance with UK SRS S1 requires disclosure of material climate-related risks and opportunities, including physical and transition risks, and requires industry-specific disclosures.
Key differences	<p>Key differences between the UK SRS and the ISSB standards include:</p> <ul style="list-style-type: none"> The ISSB standards provide transition reliefs, for example that permit entities to report on climate-related matters only in their first year of reporting, as well as a one-year relief from disclosing Scope 3 greenhouse gas emissions (on a comply-or-explain basis). However, the UK SRS have removed all fixed time periods. Instead, the application and availability of these reliefs will be set out in any future UK legislation, and until such time, voluntary users of the standards can use reliefs indefinitely. UK SRS provisions on the 'compliance statement' make clear that: <ul style="list-style-type: none"> Entities cannot assert compliance with UK SRS S1 if they have only used it to support UK SRS S2 compliance, and Using UK SRS S2 reliefs (such as on Scope 3) would not prevent entities from asserting compliance with UK SRS S2, so long as they disclose their use. When an entity determines it is impracticable to reliably estimate its 'financed emissions' in line with UK SRS S2, the entity must explain why this is the case, and which measurement approach was taken. Entities may not report sustainability disclosures <i>after</i> they have published their financial statements. Unlike under the ISSB standards, under UK SRS, entities are not required to refer to and consider the applicability of the SASB materials. Instead, the SASB materials are referred to as a source of guidance that entities "<i>may</i>" refer to and consider when applying UK SRS. 	

4. The broader UK sustainability reporting landscape

Prospectus Rules

Companies seeking admission to trading in the UK should also be aware of the climate-related disclosure requirements for prospectuses. These rules are set out in [Prospectus Rules: Admissions to Trading on a Regulated Market sourcebook \("PRM"\)](#) published under the [Public Offers and Admissions Trading Regulations 2024 \("POATR"\)](#), which replaced the UK Prospectus Regulation in January 2026.

When an in-scope issuer has identified material climate-related risks or opportunities, it must disclose that information in line with specific information requirements set out in the PRM, which reference both the TCFD and ISSB IFRS S2 standards. More broadly, prospectuses must contain the "*necessary information*" material to an investor for making an informed assessment of certain matters, including financial position and the prospects of the issuer, which may also draw on sustainability-related matters.

Other UK non-financial reporting rules

UK companies should also keep on top of their potential obligations under other domestic sustainability disclosures regimes, for example, the UK's **Energy Savings Opportunity Scheme ("ESOS")**, the **Modern Slavery Act 2015**, the **Equality Act 2010** and the **Employment Rights Act 2025**. Asset managers and UK regulated firms may also be subject to additional rules under the FCA's ESG Sourcebook, Sustainability Disclosure Requirements ("**SDR**"), Anti-Greenwashing Rule and/or investment labels regimes (for more information on the FCA's SDR regime, see [here](#)).

UK companies with significant EU operations may also find themselves in scope of the EU Corporate Sustainability Reporting Directive ("**CSRD**") (see our [briefing](#)). Obligations under the CSRD and its corresponding European Sustainability Reporting Standards ("**ESRS**") are onerous, and for multinationals expecting to fall within scope of both UK and EU standards, it is worth understanding the differences to streamline data gathering and reporting processes. One key point of divergence is currently the single materiality (financial) vs. double materiality (impact + financial) approach. Once the final set of ESRS is adopted (September 2026), we expect new ESRS/ISSB interoperability guidance to be published (**last updated in 2024**).

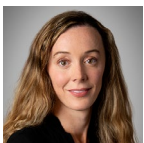
5. What companies should do next

In anticipation of the FCA's and Government's next moves, companies may take the following practical steps to future-proof against new legal rules, and meet the evolving needs of international capital markets and enhance company-investor dialogue by streamlining cross-border reporting efforts:

1. Map existing disclosures and assess current data maturity and gaps against the applicable UK SRS rules, draft a timeline to compliance (which makes strategic use of any transition reliefs), and assess interoperability against other frameworks (including internationally).
2. Develop policies which define key metrics, data sources and methodologies, integrate automation where possible; assign roles and ownership over specific KPIs internally, and engage with value chain partners as necessary (particularly with a view to capturing better Scope 3 data).
3. Watch this space: The Government has not yet responded to its **consultation on climate transition plans**. Its response could have a material impact on companies' approach towards transition plan reporting under UK SRS S2 and EU CSRD. In January 2026, the UK government also confirmed it would create **a voluntary oversight regime for sustainability assurance**; and any forthcoming guidance could help companies become audit-ready.

For More Information

For further information, and/or to be notified of future Weil ESG publications, please contact the authors below.



AMY WADDINGTON
London, Sustainability & ESG
[+44 20 7903 1469](tel:+442079031469)
amy.waddington@weil.com



JANINA MOUTIA-BLOOM
London, Sustainability & ESG
[+44 20 7903 1834](tel:+442079031834)
janina.moutia-bloom@weil.com

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