

## **Exposure drafts: UK Sustainability Reporting Standards**

1. Do you agree or disagree with the UK government's 4 amendments based on the TAC's recommendations? Provide your rationale.  
Disagree. While noting the existing reporting under Mandatory Climate Related Financial Disclosures may make timing misalignment less likely, the removal of the suggested relief risks the requirement being more difficult to deliver in year 1, when it is likely to be complex as a new requirement anyway.
2. Industry practice is to use the balance sheet for loans and investments from a previous period to calculate financed emissions. Do you agree or disagree that this results in decision-useful information, and what additional guidance might be useful?  
Agree. Using previous-period data ensures continuity and comparability and avoids new burdens. Further guidance from the ISSB or UK regulators could clarify when and how prior-period data should be used and reconciled.
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?  
Revising comparative data imposes administrative burden and potentially raises assurance complexity. Guidance should clarify when revisions are material, and under what conditions reports could be left without change.
4. Do you have any other comments on the TAC's final report and recommendations? Include any supporting evidence.  
We recommend the government focus on implementation feasibility and simplification of overlapping frameworks. Many TAC recommendations assume resource capacity that does not exist consistently (or in some cases at all) across reporting entities.
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.  
Agree. 'Shall' implies a mandatory requirement, which creates risk in cases where sector guidance does not align with UK operations. Changing to 'may' allows necessary flexibility.

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.

Agree. This approach provides clear linkage and supports reporting planning. Flexibility in application of relief is particularly important for large, capital-intensive industries undergoing long-term transitions.

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) Maybe, but only when material so it should not be mandatory. Disclosure of voluntary offsets should be clearly distinguished from core decarbonisation activity to prevent misinterpretation.

b) Barriers include data availability, lack of a centralised registry of credits, credit quality variability, and cost of assurance for non-financial instruments.

c) Further disclosures on alignment with recognised frameworks could enhance transparency, but should not be mandatory.

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

Fuels Industry UK does not have a view on this question

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.

We support the principle of simplification. However, clarity is needed on how such amendments will interact with parallel regimes (e.g., UK ETS, SECR, CSRD in the EU) to ensure they can be delivered.

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.

Changes appear to be principally changes to specific wording and international regulations rather than changing the scope of the standards with the goal of simplification. Overall, we support voluntary adoption of UK SRS as aligned with ISSB to preserve international comparability, however, if endorsement were to be linked to

mandatory adoption then this should be carefully considered to avoid additional reporting burdens on the UK that may not be faced by other jurisdictions.

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.

Benefits are likely to be limited in our sector and there is a strong risk of duplication. Value is already delivered through TCFD-aligned reporting, SECR, and UK ETS disclosures. Incremental investor value is low, especially given Scope 3 data challenges.

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.

Significant costs are likely to include data collection systems, scenario analysis, board governance adjustments, third-party assurance, and staff training. Scope 3 reporting is particularly burdensome due to data gaps.

Furthermore, a requirement that means financial reporting entities (i.e. UK subsidiaries) are required to have their own distinct plans risks significant additional cost and resource to meet reporting requirements with the intended benefit unlikely to be delivered by the additional subsidiary reporting if parent companies are already doing so.

In the case of UK registered private subsidiaries of foreign multinational parents, an exemption may be appropriate as investors are not able to invest in the subsidiary company, only into the (international) parent – given the intent of the proposals is to help investors, it is not obvious how expecting subsidiaries to report can meet the objective. A means to deliver such an exemption could be amending the UK Companies Act 2006 to explicitly exempt private subsidiaries from standalone sustainability disclosure or transition plan obligations, provided they qualify for exemption under Section 401 of the Act, and do not have securities listed on a regulated market.

Private UK companies applying the Section 401 exemption are typically part of larger multinational groups whose parent entities already manage and report relevant sustainability risks and opportunities at the consolidated level. These parent companies often follow internationally recognised frameworks such as CSRD, ISSB, TCFD, or SEC disclosure rules, which offer equivalent or overlapping coverage with the UK sustainability disclosures. Section 401 exemption to include sustainability disclosures would promote consistency across financial and non-financial reporting obligations and reinforce the principle of proportionality in UK regulation.

The above proposal that aligns sustainability disclosure exemptions with existing financial reporting exemptions would help maintain a coherent and streamlined regulatory framework. Importantly, it would also enhance the UK's reputation as a

competitive and pragmatic jurisdiction for international investment, particularly for global companies operating through private UK subsidiaries.

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.

Private companies should not be in scope unless the benefit is clearly established. Many do not have capacity to manage this level of disclosure, and the burden could be disproportionate and we do not consider there will be any additional benefit to reporting against UK SRS at the entity level where the parent company already reports against IFRS S1 and S2 – as also noted in Q12.

We also view that greater clarity is required on the definition of “economically significant private companies” as was needed with the legislative definitions of “Large Private Companies” in the [Climate Related Disclosures regulations](#).

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.

Private subsidiaries exempt under Section 401 of the Companies Act 2006 are not currently resourced to report against UK SRS. Existing sustainability reporting is conducted at the group level under frameworks like CSRD or ISSB. Subsidiary-level reporting would require additional resources—including data collection systems, internal expertise, and external assurance—without delivering meaningful stakeholder value. We recommend exemption to avoid unnecessary burden and duplication for subsidiaries subject to Section 401.

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.

As noted in our answers to Q12 and Q13, we do not consider there will be any additional benefit to reporting against UK SRS at the entity level where the parent company already reports against IFRS S1 and S2.

If UK SRS becomes mandatory for private companies, the government should streamline and consolidate existing obligations under SECR, TCFD, and other non-financial disclosure frameworks. A unified reporting structure could reduce duplication and reporting fatigue, improving data quality and utility.

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?

Fuels Industry UK does not directly hold such disclosure requirements however, member companies reports against SECR, TCFD, UK-ETS and in the EU CSRD. The petroleum industry has long recognised the need for GHG reporting and member companies are already engaged in voluntary reporting for their global activities via corporate citizen and sustainability reports. This involves voluntary reporting in accordance with regulatory frameworks or the GHG Protocol developed by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) in 2001 and revised in 2004.

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.

Fuels Industry UK does not have an answer to this question

18. Explain your assessment of the legal implications of using UK SRS and your assessment of the existing provisions in section 463 of the Companies Act.

The use of forward-looking disclosures under UK SRS creates potential legal exposure under s.463 for Directors as are captured in the consultation paper, however, they may also be the risk of Competition Law issues in signals to the market on future actions which should be considered, along with potential misalignment of disclosures where reporting entities exist in more than one market. Safe harbour provisions must be introduced or clarified to ensure companies are not penalised for honest estimations made in good faith with regards to section 463, especially in emerging sustainability domains, but should also be considered more widely.

19. 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.

The cost of UK SRS implementation may be disproportionately high for carbon-intensive sectors like refining, especially where international equivalence (e.g., ISSB, SEC) already exists. Without alignment or simplification, this may deter private investment in the UK industrial base, which runs counter to the government's aims.

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

Clear, practical guidance tailored to large industrial companies could increase consistency and reduce assurance costs. Global interoperability with ISSB and EU CSRD guidance (there may be others) is also key, however, it is important that any guidance – where clearly identified as of benefit – be developed with industry and focus on principles based standards, rather than risking unnecessary additional reporting burden where duplicative or overly prescriptive.