

UK SRS reaction statement – March 2026

The UK Department for Business and Trade (DBT) has published final UK Sustainability Reporting Standards (SRS), which draw on the ISSB’s general requirements (IFRS S1) and climate (IFRS S2) standards.

The PRI welcomes the UK’s decision to align closely with the ISSB standards. As a major international financial centre and G7 economy, this is an important step towards more comparable, decision-useful information for investors across markets and more efficient capital allocation worldwide.

However, the PRI has concerns about UK-specific provisions that make reporting on Scope 3 greenhouse gas emissions and non-climate sustainability-related risks and opportunities voluntary, and on a “comply or explain” basis per the FCA’s ongoing consultation.

These carve-outs risk limiting investors’ access to material information. For many sectors, Scope 3 emissions represent the majority of total emissions, while information on governance, strategy, risk management and metrics across a range of sustainability issues is critical to assessing companies’ long-term prospects.

This approach departs from most of the nearly 40 jurisdictions that have already adopted ISSB standards, or are in the process of doing so. By reducing the scope of mandatory disclosures to exclude key information on Scope 3 emissions and other sustainability-related risks and opportunities, the UK risks creating data gaps specific to UK portfolio companies, undermining comparability and increasing costs for investors that must instead obtain this information through estimates from third-party providers or requests to companies.

To strike the right balance between meeting investor data needs and ensuring effective implementation, the PRI recommends that the government instead allow companies an additional year to phase in these disclosures. This approach is preferable to the “comply or explain” provisions proposed by the FCA as it would support proportionality for preparers, while ultimately delivering higher quality, more comparable information for investors. We recommend this measure is considered as part of forthcoming decisions on scope and timing of the SRS.

Elise Attal, PRI’s Head of Europe Policy, comments:

“The UK Department for Business and Trade’s (DBT) final UK Sustainability Reporting Standards (SRS) align with the ISSB standards in many areas, and PRI welcomes the significant work undertaken by the UK government and its technical committees.

However, the decision to make reporting on Scope 3 emissions and non-climate sustainability-related risks voluntary is concerning. These disclosures are often material to investment decisions and are expected to be mandatory in most jurisdictions adopting ISSB standards. Diverging from this global standard could increase transaction costs for investors, who would then need to rely on ad hoc requests and third-party providers to obtain this information.

To uphold the UK’s ambition to be a world leader in sustainable finance, the government should consider making these disclosures mandatory, with an appropriate phase-in for companies. This should be done as part of decision-making on the scope and timing of the SRS to ensure the right balance between meeting investor data needs and proportionality for preparers.”