WeeFin’s responses to the ISSB Exposure drafts: UK SRS

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

WeeFin supports the removal of the transition relief permitting delayed reporting in the first year of applying IFRS S1. Our position is based on the following considerations:

1. ‘Connectivity’ with the financial statements: we strongly agree that sustainability-related disclosures should be published on the same timescale as the financial statements. Ensuring simultaneous publication reinforces the principle of connectivity, allowing users of financial reports to fully understand the relationship between financial and sustainability-related information. It also emphasises the fact that sustainability-related risks are financial risks.

2. Existing practice under TCFD requirements: UK entities are already subject to mandatory climate-related financial disclosures aligned with the TCFD recommendations. This existing practice demonstrates that entities are capable of preparing and publishing climate-related information in parallel with their financial statements. Consequently, we do not see a strong need for additional transitional relief, as the market is already familiar with the required processes.

For these reasons, we believe the removal of the transition relief will strengthen the quality and consistency of reporting, without imposing disproportionate burden on UK entities.

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

WeeFin supports the idea of allowing a phased transition relief, particularly a “climate-first” approach, while emphasising that its use should remain optional for reporting entities. Our reasoning is as follows:

1. Gradual adoption for better preparedness: we agree with the claims within the draft as extending the transition relief provides companies, especially smaller or less mature reporters, additional time to familiarise themselves with ISSB terminology and UK SRS requirements. A phased, climate-first approach allows entities to consolidate internal processes before extending disclosure to wider sustainability-related matters, supporting a smoother and more robust implementation.

2. Reducing operational strain and improving quality: we believe gradual implementation reduces operational pressures associated with reporting new topics in UK SRS S1 and S2. This approach addresses stakeholder concerns about abrupt changes to reporting practices and helps maintain the quality and reliability of disclosures.

3. Alignment with existing TCFD practice and international guidance: the climate-first approach is consistent with ISSB guidance and established frameworks such as TCFD. UK Entities already reporting climate-related information under TCFD can leverage existing processes, supporting a seamless transition.

4. Furthermore, this approach may encourage voluntary adoption by other entities not currently reporting. By “easing” initial reporting requirements and focusing first on climate disclosures, companies may be more willing to take early steps towards comprehensive sustainability reporting.

5. Several jurisdictions have adopted a climate-first approach, demonstrating that phased reporting is feasible without compromising international comparability. For instance, Canada has agreed to a transition relief of two years before reporting beyond climate-related disclosures, and a three-year relief for Scope 3 emissions (until 2028). Australia with its minimal variations on ISSB standards, has as well agreed to initially focus on climate-related disclosures. In Singapore, reporting beyond climate disclosures is currently encouraged but not mandatory.

Again, it is important that entities retain flexibility to choose whether to apply the relief fully, partially, or not at all. This ensures the approach accommodates different capacities and reporting maturity levels.

While a phased climate-first approach has clear benefits, it is less ambitious in scope and stakeholders might perceive an overemphasis on climate at the expense of broader sustainability factors. Weefin believes that clear communication is essential to emphasise that this relief is transitional, not a permanent exemption.

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

WeeFin supports the proposed removal of the mandatory requirement to use the Global Industry Classification Standard (GICS) for reporting financed emissions under IFRS S2. Our rationale is as follows:

- Allowing entities to use any appropriate classification standard, including existing internal or externally used frameworks, enhances connectivity with the entities’ current reporting practices, it should best fit their reporting processes and industry context. This flexibility supports more consistent and coherent reporting across financial and sustainability disclosures.
- We agree that mandating the use of GICS, which is produced by commercial providers and requires a paid license, could impose additional costs, particularly on smaller or less-resourced entities. Removing this requirement reduces operational burden.

However, when an entity is using other classification tools, they must clearly disclose which standard they have applied, how and why, ensuring transparency and comparability.

Amendment 4 – removal of the ‘effective date’ (1 January 2024) clauses in IFRS S1 and IFRS S2

WeeFin agrees with the proposal to remove the effective date clauses from UK SRS S1 and S2 and replace them with an “Initial application” section, as recommended by the TAC and

PIC. It is appropriate that the effective date for mandatory application is determined by subsequent government or FCA regulation. This provides a clear distinction between voluntary use of the standards and their future mandatory application. This amendment indeed offers a balanced solution, providing both clarity for preparers and flexibility for regulators in setting the implementation timetable.

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

WeeFin agrees that using the most recent available data for financed emissions, even if it comes from previous periods, still provides decision-useful information. Indeed, most of our clients -financial actors- follow this approach: they rely on the latest available emissions data for their counterparties, which is often from a prior period, to estimate their financed emissions. This allows them to give a meaningful picture of their portfolio's climate impact, even when current-period data are not yet available.

However, we consider that clarification from the ISSB is necessary on the application of the financed emissions requirements. Additional guidance would be particularly helpful, for example in the form of *Regulatory Technical Standards (RTS)*-like templates or calculation formulas similar to those provided under SFDR, to ensure consistency in the elements to be included in the calculation. In the context of financed emissions, references to recognised frameworks, such as the GHG Protocol, could provide practical guidance on the methodology to follow.

Finally, as noted within the draft, financed emissions are falling under Scope 3, and a one-year relief period for disclosing Scope 3 emissions would be offered. This provides sufficient time for entities to incorporate any clarifications or additional guidance from the ISSB, which should help ensure reliable and comparable reporting.

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?**

For entities subject to financed emissions disclosure requirements, WeeFin believes that revising comparative data for prior periods may not provide meaningful or decision-useful information for the following reasons:

- Once you have published a figure, you should not revise it retroactively just because more recent information has become available. WeeFin recommends the new data to be instead used for the following year, which avoids repeated revisions and potential confusion. Indeed, it would be a burden to spot all data that has been updated, see the implications of these data on their own data and report back everything. Changing the data out of the reporting period would as well just transpose the issue, as the following year, when reporting, the data would probably not have changed as well from the revised one.

- Most other reporting frameworks (e.g., SFDR, GHG Protocol) do not require retroactive revisions, and instead use the most up-to-date data for the current reporting period. If financial actors had to revise data, the same information reported elsewhere will not be updated, resulting in a timing difference. We consider that applying the same principle to financed emissions would reduce confusion and maintain clarity for users of the information.

- Instead, what could be helpful would be to be transparent on the data freshness.

Additional guidance is welcome to provide practical examples or calculation templates to ensure consistent application across entities.

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

No.

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.

WeeFin agrees that "shall" should be amended to "may" in the phrase *"shall refer to and consider the applicability of [SASB materials]".* Changing to "may" provides flexibility for entities in how they approach sustainability rather than prescribing a single framework or method. This aligns with the principle we follow within WeeFin of allowing organisations to adopt approaches that best fit their business model, beliefs and then reporting practices.

At the same time, we believe that if an entity chooses not to apply SASB recommendations, it should be transparent about the alternative standards, frameworks, or methodologies it has used, including the rationale for its choice. This ensures that users of the disclosures can still assess the quality and comparability of the information provided.

We also welcome that the government plans to review this amendment following the conclusion of the ISSB's project to enhance the SASB standards. It is sensible to take a decision after the SASB review, but in all cases, it is preferable to maintain flexibility for entities to determine how best to apply sustainability reporting requirements.

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.

WeeFin believes transition reliefs should be available to all entities, including early adopters and those reporting voluntarily. This approach is aligned with the spirit of the regulation aiming to encourage transparency and voluntary progress. It ensures indeed that innovation and voluntary reporting are not discouraged. Allowing transition reliefs for all entities is consistent with this incentivising approach, rather than being punitive.

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) Usefulness of disclosure

WeefIn believes disclosing the purchase and use of carbon credits in the current period would provide a more complete and transparent view of companies' climate strategies. Today, reporting typically shows only the intention to use carbon credits in the future. Knowing how many credits have actually been purchased and used within the year helps assess whether a company's climate strategy is truly focused on emission reductions or relies predominantly on offsets. Nowadays, this is particularly important given the controversies surrounding carbon credits; transparency on who is purchasing them, for what purpose, and the role these credits play in their overall climate strategy is crucial.

b) Barriers to reporting

However, the main barriers for companies include:

1. Data availability and reliability: carbon markets remain fragmented and not always transparent, and credits vary in quality.
2. Methodological complexity: challenges in valuing credits and accounting for their use accurately.
3. Operational burden and costs: collecting, verifying, and auditing this information requires significant resources.
4. Limited comparability: differences in reporting approaches and credit types make it hard to compare across entities.

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

Potential amendment to permit reporting entities to exclude specific category of Scope 3 emissions

WeeFin agrees that excluding certain types of derivatives from Scope 3 calculations can be appropriate. For example, it may make sense for futures with a purchase option, but not for all derivative types.

Excluding these derivatives greatly simplifies reporting for financial institutions, as these categories are methodologically complex and often nearly impossible to measure robustly. This is consistent with our experience with clients.

However, some entities have the ability to calculate it, so that the removal of this type of activity should be optional.

Potential amendment to extend the jurisdictional relief regarding the required use of certain Global Warming Potential Values and to clarify it

This potential amendment allows for the realities of national contexts to be taken into account. Some countries already require the use of different values or methods. Providing flexibility helps to avoid conflicting or duplicative obligations.

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.

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.**

See our responses above.

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.**

WeeFin believes implementation of UK SRS S1 and UK SRS S2 is expected to generate both direct and indirect benefits, beyond the ones provided by current reporting practices:

1. International comparability and reduced reporting burden.
   By aligning with an international framework, UK SRS S1 and S2 enable comparability across borders, which is particularly valuable for multinational groups. A common standard reduces the reporting burden for international entities and mitigates the risk of the UK being isolated from global reporting practices. Consistent standards facilitate year-on-year comparison and provide greater stability, helping companies and investors better understand the framework.

2. Enhanced credibility and investor confidence:
   Standardised and transparent reporting improves the credibility of sustainability disclosures, helping to reduce the risk of greenwashing. Investors and lenders benefit from more reliable data, enabling more informed decision-making and more efficient allocation of capital.

3. Competitive advantages and market access:
   Adoption of these standards can strengthen the UK's position as a sustainable finance leader and attract international financing. Companies can leverage compliance with recognised standards to demonstrate leadership in sustainability.

4. Stimulation of innovation and improved risk management practices:
   The requirement to identify, measure, and disclose sustainability-related risks and opportunities encourages the development of new solutions and the integration of sustainability into corporate governance.

In summary, we think that UK SRS S1 and S2 will enhance transparency, comparability, and credibility, while supporting the UK's position as a global leader in sustainable finance and promoting innovation in risk management and reporting practices.

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.

Here is an analysis of the direct and indirect costs that WeeFin is expecting to result from the use of UK SRS S1 and UK SRS S2 having worked for years with financial actors:

1. **Familiarisation costs:** initial costs would be high, as staff need to be trained on the new standards and UK SRS requirements. Recurring costs will then be moderate, covering occasional refresher sessions or training for new employees. Working with financial actors, such sessions should be displayed at least once a year, before the reporting period.
2. **Staff changes:** initial implementation may require the creation or recruitment of dedicated sustainability roles, leading to high upfront costs. However, we believe that adopting a climate-first approach would reduce this cost as UK actors could work on their experience with TCFD reporting. Recurring costs would be low to moderate, mainly for maintaining the sustainability team. When other sustainability-risks will have to be assessed as time passes, we believe it might be costly to train staff if the current knowledge is not already sufficient (for instance for risks linked to nature).
3. **Process and system changes relating to data collection:** setting up IT systems, data flows, and analytical tools involves high initial costs. Recurring costs will then be moderate to high, covering maintenance, adjustments, and integration of new data over time.
4. **Data sharing between organisations and analysis:** establishing data sharing protocols and integrating data at the start involves moderate costs. Recurring costs remain moderate for regular annual reporting activities.
5. **Third-party assurance:** the first reporting cycle may require moderate to high costs to audit and validate the methodology. Subsequent assurance and audits represent moderate recurring costs to maintain compliance.

WeeFin believes additional costs could be:

6. **Updating internal policies:** where initial costs are moderate, as internal documentation and reporting policies need to be aligned with UK SRS but recurring costs are low, mainly for periodic updates.
7. **Consulting / external expertise:** when applying a new standard, many organisations work with external actors. Initial costs are then moderate to high, reflecting the need for guidance during implementation but recurring costs are low to moderate, covering occasional support for methodology changes or updates.

8. **Data testing and validation:** after collecting data, testing and revising it is costly Initial costs are moderate, including validation of historical data. Recurring costs remain moderate, for annual testing to ensure consistency and reliability.
9. **Communication and stakeholder reporting:** the information has to be broadcasted within the organisation. Initial costs are low to moderate, covering internal and external communication to explain the new reporting framework while recurring costs are moderate, for regular reporting and updates to stakeholders.

Working with a tech platform such as WeeFin could be helpful for financial actors to be able to collect data, track it and then report on it thanks to its data management module & reporting modules.

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.

From the perspective of the clients we support—financial actors—economically-significant private companies often provide very limited information. Financial actors want to understand the climate and transition risks of the companies they lend to or invest in. Without standardised reporting, it is difficult to compare private companies with each other or with publicly listed companies. UK SRS standards then provide a common language, which facilitates sectoral analyses and assessments of multi-company portfolios. They help identify companies that are effectively managing their climate risks and those that are more exposed. Reliable data enables investors and lenders to price risk more accurately. Moreover, for ESG or sustainable funds, knowing the emissions, risks, and transition plans of private companies is crucial to channel capital towards businesses genuinely aligned with the low-carbon transition.

From the perspective of these private companies themselves, we agree with what is stated within the draft: implementing such reporting would encourage them to better address climate-related risks and opportunities, while also improving their access to green financing.

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.

Not applicable.

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.

Requiring economically-significant private companies to report against UK SRS presents a clear opportunity to simplify and rationalise existing UK climate-related disclosure requirements, including emissions reporting.

Firstly, it allows for the avoidance of duplication by replacing or aligning TCFD reports with UK SRS disclosures. UK SRS can serve as a single, comprehensive standard for climate and sustainability information, reducing the need for multiple reporting frameworks. For financial actors, this means less time spent collecting disparate data from different reporting regimes.

Secondly, there is an opportunity to integrate existing information. Data already published or collected to meet TCFD or SECR obligations could be reused in UK SRS reporting, which minimises additional costs and facilitates year-on-year comparability for the first reporting period.

Thirdly, UK SRS would allow for standardisation of a few key indicators (GHG emissions, ...), while leaving flexibility for companies to report based on their own strategies, recognising that there is no single approach to sustainable finance.

Finally, harmonising formats and methodologies (including scopes and what is included), helps avoid multiple reports containing slightly different data, further simplifying the reporting burden for companies.

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?

WeeFin will answer this question from the perspective of our clients, financial actors operating across multiple jurisdictions.

A typical European multi-jurisdictional financial actor may already report under several sustainability-related frameworks, including:

- EU CSRD / ESRS (Corporate Sustainability Reporting Directive / European Sustainability Reporting Standards)
- TCFD
- SFDR (Sustainable Finance Disclosure Regulation)
- EU Taxonomy
- National regulations (e.g., Loi Pacte in France, SECR, ...)

Here are listed the associated costs for any UK SRS reporting:

- Data integration and harmonisation: Mapping ESRS, TCFD, and SFDR indicators to the UK SRS format requires significant internal time and resources.
- IT systems and processes: Adjusting or creating data flows to collect and consolidate information specific to UK SRS.
- Staff training: Ensuring staff understand methodological differences between international frameworks and UK SRS.

- External assurance: Costs for audits or third-party assurance to meet new UK SRS requirements.

Here are listed the associated benefits for any SRS reporting:

- Streamlining and comparability: harmonising reporting enables the organisation to create a single database that can be reused across multiple frameworks (UK, EU, ISSB), reducing duplication in the long term.
- Access to capital and credibility: providing consistent and standardised information to UK investors and partners strengthens trust and facilitates investment decisions.
- Improved risk management: a consolidated view of climate and ESG risks across the group, including UK operations.
- Preparation for international convergence: practical experience with UK SRS supports future transition to other international standards.

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.

Not applicable.

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.

WeeFin agrees that similar provisions to the existing provisions in section 463 of the Companies Act should apply for any reporting requirements that may be introduced for UK SRS.

The publication of forward-looking information—whether climate targets, transition strategies, or data based on third-party sources—necessarily involves a degree of uncertainty.

WeeFin then believes that companies may otherwise be inclined to produce very vague reports or refrain from reporting altogether in order to avoid risk, especially in a context where many organisations have been held accountable for greenwashing (rightly so). If executives were to be held liable whenever a forecast proves inaccurate, this could have a chilling effect, leading to overly cautious, incomplete reporting, or even a lack of disclosure on material issues.

Moreover, the standards do not mandate specific outcomes, such as achieving particular emission reduction targets or financial performance metrics. Instead, they focus on the transparency and reliability of the disclosed information.

Safeguards are therefore essential to encourage companies to publish ambitious, sincere, and stakeholder-relevant information, to enhance confidence in market transparency without exposing executives to disproportionate legal risks and to create a balanced framework that combines rigor in reporting with legal certainty.

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.

No.

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.

We believe that the quality and availability of existing guidance on the topics listed is still limited. Many of these topics are technically complex, and practical examples would be extremely helpful for reporting entities. For instance selecting appropriate scenarios, another area where additional guidance is needed, for organisations starting from scratch, determining which scenarios to use, how to justify them, and how to disclose their assumptions can be particularly challenging.

Before the first reporting requirement, providing concrete examples and case studies illustrating how to apply the requirements in practice would give companies a clearer understanding of expectations.

After the first period of reporting, regularly publishing Q&A documents that address common questions and challenges throughout the reporting process would also be valuable and necessary, helping companies avoid misinterpretations and inconsistencies.

Overall, additional globally-aligned guidance would help ensure consistency, comparability, and reliability of reporting, reducing uncertainty and supporting high-quality sustainability disclosures.