

Comparing UK Climate-related reporting requirements and the proposed UK SRS

The key similarities and differences between the current UK climate-related disclosures reporting requirements and the proposals of the new UK SRS and the other two consultations.

	TCFD	Climate-related financial disclosures	UK Sustainability Reporting Standards
Relevant requirement	UKLR 6.6.6(8) (Equity shares (commercial companies)) UKLR 14.3.24 (Equity shares (international commercial companies secondary listing) category) UKLR 15.3.1 (Certificates representing certain securities (depository receipts) category) UKLR 16.3.23 (Non-equity shares and non-voting equity shares) UKLR 22.2.24 (Equity shares (transition))	The UK Companies Act 2006 S414CB(1A) The Limited Liability Partnerships (Accounts and Audit) Regulations 2008 S12 S414C (4A)	To be determined – The FCA and the Government will separately consult on introducing any mandatory requirements for UK-listed entities and economically significant non-listed entities
Materiality	Focus on financial materiality only : information is material if its omission or misrepresentation could reasonably be expected to influence the economic decisions primary users make on the basis of the report that contains the disclosure required by the relevant requirements.		
Reporting entity	Relevant climate and/or sustainability disclosures shall be disclosed for the same reporting entity as the related financial statements.		
Location of disclosure	<ul style="list-style-type: none"> ▶ Expected to be included in the annual report ▶ In rare circumstances, it can be included in documents other than the annual report with clear explanation in the annual report on where it can be found and the reason for not including it in the annual report. 	Must be included in the Non-Financial and Sustainability Information (NFSI) Statement within the Strategic Report or Energy and Carbon Report (for LLPs that do not prepare a strategic report).	Under UK SRS disclosure is required to be included as part of general-purpose financial reports . Cross reference to another report is permitted if the below conditions are met: <ol style="list-style-type: none"> 1. The other report is publicly available at the same time as the general-purpose financial reports, and 2. The specific location of disclosure and way to access the other report is clearly identified in general-purpose financial reports. The exact location of disclosures may be determined through further consultations on mandating the UK SRS for UK entities.
Timing of reporting	At the same time as the annual report . Transition relief in IFRS S1 to delay sustainability disclosure reporting for the first year is not available in the proposed UK SRS.		
Statement of compliance and disclosure principle	Statement of compliance with the TCFD framework and supplemental guidance is required . Disclosures are required to be made on a ' comply or explain ' basis.	It is mandatory to include the climate-related financial disclosures requirement in the NFSI Statement. No separate statement of compliance is required. Omission of certain disclosures is permitted if the directors of a company/ members of an LLP deem the disclosures are not necessary for understanding the business. Clear explanation needs to be provided if this is the case.	An entity is required to make an explicit and unreserved statement of compliance that it has complied with all the requirements of UK SRS.

	TCFD	Climate-related financial disclosures	UK Sustainability Reporting Standards
Scope of sustainability topics	Climate-related Although may include some additional environmental topics and KPIs depending on the relevance to the industry and business model.	Climate-related Reporting requirements on GHG emissions and carbon intensity ratios are covered separately through a different regulation – Streamlined Energy and Carbon Reporting (SECR).	All sustainability-related topics *Transition relief is available whereby only IFRS S2 – climate-related disclosures are mandatory for the first two years.
Comparative information	Comparative information is preferable if it enables users to understand the development of the impacts of climate-related issues, and is generally expected in line with common practice.	Comparative information is preferable The reporting requirements on GHG emissions, the most commonly reported KPI, is covered through a separate regulation – SECR, which does require comparatives.	<ul style="list-style-type: none"> ▶ It is mandatory to disclose comparative information for all amounts disclosed ▶ Comparative information for narrative and descriptive information is to be disclosed if it is useful for understanding the current period information. *Transition relief: Disclosure of comparative information is not required for the first annual reporting period.
Sector-specific considerations	<ul style="list-style-type: none"> ▶ For all sectors, a requirement to take into account Section C of the TCFD Annex entitled 'Guidance for All Sectors' ▶ For banks, insurance companies, asset owners, and asset managers, a requirement to take into account Section D of the TCFD Annex entitled 'Guidance for the Financial Sectors' ▶ For energy, transportation, materials & buildings and agriculture, food & forest products sector, a requirement to take into account Section E of the TCFD Annex entitled 'Guidance for the Non-Financial Sectors' ▶ SASB Standards and Climate Disclosure Standards Board (CDSB) Application Framework can be used as a means to implement the TCFD's recommendations. 	No reference to sector-specific guidance	May refer to SASB Standards and CDSB Framework Application Guidance. Note this is different from IFRS S1 and S2 that require reference to SASB Standards.
Transition plan disclosures	Current framework encourages listed companies to consider the TCFD Guidance on Metrics, Targets and Transition Plans .	No specific requirement to disclose transition plans	Consultation on transition plans will determine whether transition plans reporting will be under 'comply or explain' or mandatory basis.
Assurance	Voluntary	Voluntary	Mandating assurance is under consideration Will be determined through a separate consultation, following the analysis of the responses to the consultation on assurance of sustainability reporting .

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