Exposure draft of UK Sustainability Reporting Standards: UK SRS S1 and UK SRS S2

USS response

15 September 2025

1. Do you agree or disagree with the UK government's 4 amendments based on the TAC's recommendations? Provide your rationale.

   Yes, we agree with the UK government's four proposed amendments. We note that these amendments are relatively minor and support/agree with the rationale provided in the Technical Advisory Committee's (TAC) recommendations.

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?

   We agree that this results in decision-useful information and as an asset owner/investor we find it helpful. The following additional guidance might also be useful: the provision of standardised sectoral divisions (as in The Global Industry Classification Standard (GICS)) to help with comparability. For companies in the financial services sector, scenario analysis can also provide additional useful information for investors, particularly when combined with industry specific metrics, for example, the impact on capital or non-performing loans for banks.

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?

   To meet the requirements of with existing statements from IFRS S1 ("the entity's sustainability-related financial disclosures shall cover the same reporting period as the related financial statements"), we would most likely need to restate our previous year's emissions each year. This is because we currently rely on some investment information from counterparties which is often one year behind our reporting period. This would create additional burden in terms of resource requirements to recalculate emissions and a need to explain to the reader why our emissions change each year. This may not be easily understandable for a stakeholder who is not familiar with GHG accounting methodologies.

   We agree with the Technical Advisory Committee's proposal to seek further guidance from ISSB on revising comparative data. We would value guidance on materiality for restatements and appropriate wording to explain restatements and to warn of expected restatements, which will be very likely under the current IFRS S1 requirements.

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

   No further comments.

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.

   We use Sustainability Accounting Standards Board (SASB) standards in our investment process at USS. That said, we prefer 'may' to 'shall' as it provides a more flexible approach rather than mandating the use of SASB materials.

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.

   We agree with the proposal to link reporting periods to the date reporting requirements come into force, it is fair and practical.

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) whether disclosure of the purchase and use of carbon credits in the current period would be useful information.
   Yes, this would be useful information, particularly if matching by time and geography, and clarity of the regulatory status of credits purchased.

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)
   As an investor, we do not feel we have a strong insight in to the likely costs for corporates, and that their answers here should be weighted more highly than ours.

c) whether (and how) any further disclosures would be useful
   The disclosure of the purchase and use of carbon credits in the current period is a useful starting point.

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

   We agree with the proposed amendments. The ISSB has been pragmatic in allowing reporting entities to use the unamended IFRS S2 temporarily, and the 12–18-month window is practical.

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 have no further comments to make.

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.

    Yes, we agree that the UK government should endorse the standards subject to the amendments proposed.

11. Explain the direct and indirect benefits that you are expecting to result from the use of UK SRS S1 and UK SRS S2. Include an assessment of those benefits which are additional to benefits arising from current reporting practices.

    The main benefit that we, as an investor, would expect from using UK SRS S1 and UK SRS S2 is improved investment analysis. The availability of a larger volume of standardised information would allow for better analysis and comparability of individual companies, and better analysis of our peers. In extreme cases, particular companies may also be rerated; this would be evidence of a material impact on cost of capital. We expect these situations to be relatively limited; we also expect it to take time for the benefits of this information to be realised as investors gradually build time series data over years, and develop systems, processes, and the capability to adequately analyse the data.

12. Explain the direct and indirect costs that you are expecting to result from the use of UK SRS S1 and UK SRS S2. Include an assessment of those costs which are additional to costs arising from existing reporting practices.

    The expected costs from the use of UK SRS S1 and UK SRS S2 are two-fold. Firstly, there may be licensing costs if we are required to add additional data licences to our existing packages. Secondly, there is the cost of additional resources i.e. the need to have analysts that understand the financial implications of sustainability/climate data. We have created a number of new roles with a view to developing these skills internally.

13. What are your views on the merits of economically significant[1] private companies reporting against UK SRS? Explain your assessment of direct and indirect benefits and costs.

    As a Universal Owner[2], we would benefit from standardised climate and sustainability reporting such as UK SRS S1 and UK SRS S2 for private companies that issue debt or debt-like instruments. We are both an investor/asset owner and a private company, so are conscious that it is important to balance the costs and resource requirements with the benefits that standard, decision-useful information would provide.

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.

    We undertake climate reporting and publish our TCFD report alongside our annual report and accounts each year - and have done so since 2018, four years before it was mandatory to do so. Our first statutory report was published in 2022. Our TCFD report has evolved since this

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[2] Universal ownership involves having highly diversified and long term portfolios that, by virtue of their large size, are broadly representative of global capital markets.

time to be more sophisticated and so have the governance systems and processes we have in place to integrate financially material climate-related risks into our investment decision making and to disclose our activities. With regards to non-climate reporting, we could adapt the systems and processes in place for climate reporting to address broader sustainability-related financial disclosures/reporting, however we may need to identify a broader set of metrics that cover non-climate risks and opportunities which will need careful consideration. Furthermore, there could be challenges obtaining data, particularly for nature which is some way behind climate disclosures. This will take time and additional resources i.e. headcount and financial.

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.

    We are supportive of avoiding duplication of efforts, reducing the reporting burden for reporting entities and aligning with other regulatory requirements for climate-related disclosure, for example Climate-Related Financial Disclosure Regulations in the Companies Act. We would also welcome alignment/equivalence with existing Taskforce for Climate-related Financial Disclosure reporting (simplified), Transition Plan Taskforce, and existing initiatives such as Carbon Disclosure Project. We are supportive of such harmonisation focusing on the delivery of forward-looking reporting and decision-useful information.

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?

    As mentioned above in our response to question 14, we currently publish a TCFD report annually alongside the annual report and accounts and an annual Stewardship Report. These are material undertakings and further reporting will add additional headcount and financial costs. Additional SRS reporting will improve the availability of information for us as an investor, but in turn will increase the requirements on analysts, potentially increase data costs (licenses) and will also require us to build systems to integrate data into research workflows.

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.

    Additional government/regulatory information is generally much appreciated and helpful when it steers/guides investors and provides practical frameworks, without going as far as to be a restrictive requirement. Such information can also be helpful for engagement locally and internationally, as we can point companies to it. It also supports comparability between reporting entities and drives consistency, therefore supporting the overall goal of the SRS.

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.

    We are of the view that the risk of legal or regulatory redress for disclosures which turn out to be inaccurate to some degree with the benefit of hindsight could limit the extent to which companies are prepared to make more ambitious disclosures/transition plans, similar to the fear of inadvertent Greenwashing. To address this issue clear guidance in legislation would be needed as to the level of protection available for making disclosures in good faith and on the basis of necessary assumptions, with clear explanation of the prerequisite steps for validation of information to avail of these protections. We believe this would be necessary to provide the necessary level of comfort for companies to be able to produce full and decision useful disclosures.

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.

    To summarise our views above, we anticipate increased costs for reporting entities (producing the data) and investors (analysts to analyse the data), licences for the data and systems to present it in a useful, digestible format for investment integration. The benefits potentially include improved investment decisions and at the margin, some potential impact on the cost of capital for some investee companies - but this element should be treated with caution.

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.

a. We agree that further guidance on selecting appropriate climate scenarios would be welcome, particularly on an international basis.
b. Conversion factors are broadly useful, and generally the more conversion factors the better as this will lead to more consistent GHG accounting methodologies Paragraph 5.4 is correct in that conversion factors are indeed widely used beyond Streamlined Energy & Carbon Reporting requirements.