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Reporting with purpose

Reflections from our Insight Circle

Our *insight* papers provide clear, focused perspectives developed in collaboration with clients to clarify complex issues and support confident strategic communication.

This paper draws together recent market analysis, company examples and regulatory developments to explain what is changing and why.

Our recent Insight Circle brought together finance and sustainability leaders from the construction and infrastructure sectors to discuss a question that is becoming increasingly relevant: what does more focused sustainability reporting actually look like in practice?

The discussion came at an interesting time. UK SRS puts greater emphasis on financial materiality, while companies are already under pressure to simplify annual reports and reduce duplication across an increasingly complicated reporting landscape.

In theory, UK SRS should allow companies to focus on a smaller number of sustainability-related risks and opportunities that genuinely matter to the business. In practice, the discussion highlighted why that is quite difficult to do.

Having the confidence to report less

One of the clearest themes was the difficulty of stopping reporting.

Companies have accumulated sustainability disclosures over a number of years in response to regulation, investor requests, ratings, voluntary frameworks and peer practice. Once information is being reported, removing it can be surprisingly difficult.

Participants described being challenged by investors when disclosures for voluntary reporting initiatives were reduced, and were concerned about the possibility of lower benchmark or rating scores when many ESG ratings agencies have unclear or opaque methodologies for attributing scores. Peer reporting creates another pressure: if competitors are reporting something (for example a competitor reporting against EU reporting requirements rather than UK), there can be a natural reluctance to leave information out.

Reporting led by materiality

A robust materiality assessment therefore needs to do two things. It needs to identify what should be reported, but it also needs to give the organisation enough evidence and confidence to justify why other information has been left out.

This is particularly relevant to UK SRS. The standards focus on sustainability-related risks and opportunities that could reasonably be expected to affect an organisation's prospects. This should create scope for more focused reporting, rather than carrying forward every sustainability disclosure simply because it has historically appeared in the annual report.

We are therefore likely to see some restructuring of reporting. Material information will remain in the core annual report, while more detailed information required for particular regulations, customers, ratings or voluntary frameworks may sit elsewhere.

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Materiality is only as good as the process behind it

The discussion also raised a more fundamental issue.

UK SRS assumes that companies are able to identify the sustainability-related risks and opportunities that could affect their prospects. But existing enterprise risk management processes have not necessarily been designed to do this.

One participant made the point that many mature risk systems were developed without a sustainability lens. Simply starting with the existing risk register (which is in theory the best approach for reporting against UK SRS) could therefore reinforce an existing gap. Something may be absent because it is not material, but it may also be absent because it has never been properly considered.

The answer is unlikely to be another standalone sustainability process. A better approach is to strengthen the existing risk process so that sustainability-related drivers are considered alongside other sources of business risk.

There were already examples of this happening. One participant described bringing the Group Head of Risk and Financial Controller into climate scenario analysis, with the intention of linking climate analysis more closely to principal risk management and financial planning.

That type of integration will become increasingly important. Sustainability teams can bring subject-matter knowledge, but finance and risk teams bring disciplines that are essential to financial materiality: assessing uncertainty, considering financial consequences, applying judgement and documenting the basis for those judgements.

There is also a governance challenge

Materiality cannot necessarily be delegated to the sustainability team and presented to the board once the analysis is complete. Boards need enough information to judge how a sustainability-related issue could affect the business and how significant it is compared with the other issues competing for management attention and capital.

This is not always straightforward. Broad topics such as climate change, nature or social value are difficult to assess in isolation. They become much easier to discuss when translated into the way the business already thinks about performance and resilience.

For example:

- Could changes in carbon pricing increase the cost of steel or other materials?
- Could changing customer requirements affect the company's ability to win work?
- Could physical climate risks affect particular assets, projects or insurance costs?
- Could regulation change the economics of an existing process or change the financial return of a proposed investment?

This was consistent with the experience shared around the table. Sustainability-related investment was often being driven by resilience, customer demand, regulation, cost, competitiveness and access to markets rather than by "sustainability" in isolation.

Whilst recognising and publicly disclosing this may feel uncomfortable, this is perhaps what UK SRS is designed to do. Bringing sustainability into mainstream business decision-making makes the real drivers of action and investment much clearer. Where there is a strong commercial, regulatory or financial case, investment and action are much more likely to follow. Where that case does not yet exist, the barriers also become more visible.

This matters beyond individual companies. Being clearer about where the economics support action and where they do not can help Governments identify where policy, regulation, incentives, customer demand or other market mechanisms may be needed to close the gap. It creates a more realistic picture of the transition, rather than assuming that corporate commitments alone will necessarily translate into investment and delivery.

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What should companies do now?

For companies preparing for UK SRS, we would focus on five practical steps.

1. Get the governance right

Clarify who is responsible for identifying and assessing sustainability-related risks and opportunities. Finance, risk, strategy and sustainability should all have a role, with appropriate board oversight.

2. Check the existing risk process

Review whether sustainability-related drivers are adequately captured within the existing ERM process. Do not assume that absence from today's risk register means an issue is not financially material.

3. Give the board a top-down view

Bring together the main sustainability-related risks and opportunities and explain them in business terms: the underlying driver, the business exposure, possible financial consequences, timeframe and current management response.

Discuss these alongside the other strategic risks and opportunities facing the business rather than as a separate sustainability exercise.

4. Use this to determine UK SRS reporting

Use the resulting assessment to identify the sustainability-related risks and opportunities that could reasonably be expected to affect the company's prospects.

The reporting should then follow that assessment, rather than starting with a disclosure checklist and trying to populate it.

5. Review what you currently report

Once the material issues are clear, review existing sustainability disclosures.

Some information will remain important to investors and belong in the annual report. Some will still be needed for CDP, customers, ratings, regulatory requirements or other stakeholders and may be better placed elsewhere. And some may no longer need to be reported at all. An important element of the UK SRS is to not obscure material information, which could happen through an over-reporting of non-material information.

Making reporting distinctions deliberately is likely to be one of the most important parts of streamlining reporting.

A final reflection

Perhaps the biggest opportunity is for sustainability teams themselves. For years, much of their time has been spent responding to an ever-growing list of reporting requirements, ratings, frameworks and stakeholder requests. The shift towards financial materiality creates an opportunity to pull sustainability back into the conversations where many teams have always wanted it to be: strategy, risk, finance and business planning.

That will require confidence. Sustainability teams will need to work differently with boards, risk and finance teams, and organisations will need to become more comfortable making and defending judgements about what really matters.

The next few years may still be messy. Different reporting requirements will continue to overlap, different audiences will continue to ask for different information, and there will inevitably be uncertainty about what stays, what moves and what can finally be left out.

But perhaps that is a transition worth going through. If we come out the other side with sustainability better integrated into how businesses actually make decisions, and reporting becoming the output of that process rather than the activity driving it, we may end up somewhere considerably better than where we started.

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Useful resources

Several resources can help companies work through this in practice.

Resource	Summary
Deloitte (2025) , A Closer Look: Identifying material information for the purpose of reporting in accordance with IFRS Sustainability Disclosure Standards	A useful explanation of how material information is identified under the IFRS Sustainability Disclosure Standards. Particularly helpful when moving from broad sustainability materiality exercises towards an investor-focused assessment.
Deloitte Australia (2026) , Early insights into Wave 1 of Australian climate reporting	Australia's first mandatory climate reports provide useful early examples for UK companies. The review shows how companies are identifying a relatively focused number of risks and opportunities and connecting these with time horizons, strategy and financial effects.
KPMG (2025) , Illustrative disclosures: Guide to sustainability reporting under IFRS Sustainability Disclosure Standards	A worked example of what ISSB-aligned reporting can look like. Useful for teams moving from interpreting the requirements to thinking about the structure and presentation of their own disclosures.
Financial Conduct Authority (2026) , PS26/19: Aligning listed issuers' sustainability disclosures with international standards and Technical Note TN 803.1 , published in Primary Market Bulletin 66	Important reading for understanding how the FCA expects the new UK SRS comply-or-explain regime to operate in practice.

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About the author



Helen Wain, ACA, CTA is a chartered accountant who leads investor-related reporting at CBG, helping clients integrate climate-related risk, transition planning and net zero strategy into financial decision making and investor disclosures, bridging the gap between sustainability and finance. She previously worked with Deloitte and BDO. She acted as technical lead and author for the A4S Net Zero Taskforce on Aligning Financial Planning and Transition Planning. She also developed and delivered elements of the A4S Academy which focuses on supporting finance teams embed sustainability into their practice.

Helen is also Director of IMS Transition and Finance supporting organisations move from abstract sustainability risks to decision-useful insights, linking transition and physical risks to cash flows, asset values, cost of capital and long-term competitiveness operating across three continents and focussing on:

- Double materiality assessments
- Impact, Risk and Opportunity (IRO) analysis
- Scenario analysis
- Net zero and sustainability strategy
- Sustainability and carbon reporting and disclosure
- CDP support and ScoreCHECK

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