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CIA
CHEMICAL INDUSTRIES ASSOCIATION

PRACTICAL GUIDE FOR THE CHEMICAL INDUSTRY

Navigating Sustainability Reporting

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Prepared for the Chemical Industries Association (CIA) and its member companies

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CIA member companies based in the United Kingdom — primarily sustainability, environment, health and safety (EHS), legal and compliance leads, finance teams and those responsible for preparing the sustainability report.

Sector focus:

The UK chemical and pharmaceutical sector.

Jurisdictions covered:

United Kingdom and European Union, and extraterritorial requirements where they apply to UK-based chemical and pharmaceutical companies.

How to use this handbook

This handbook is a practical navigation aid for CIA members. It provides a high-level overview of selected sustainability reporting requirements and frameworks, but does not reproduce all requirements or constitute legal, regulatory or assurance advice. References to scope, status and application dates should be checked against the key sources linked in the handbook.

Framework summaries, sector examples, peer-reporting analysis and materiality illustrations are provided to support initial understanding and planning. They are not regulatory requirements and do not determine what is material for an individual company. Each company should assess the requirements and sustainability matters relevant to its own legal structure, activities, locations, value chain, impacts, risks and opportunities.

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Chief Executive's Foreword

Sustainability reporting has become an increasingly important part of doing business. However, keeping pace with changing requirements is not always straightforward, particularly as reporting frameworks have evolved considerably in recent years. Our members operate in different markets, across complex supply chains and with varying levels of resource to dedicate to reporting. With expectations continuing to grow, understanding what is relevant, what is required and how best to respond can be challenging.

The reporting landscape has changed considerably, with the UK Sustainability Reporting Standards, the ISSB global baseline and the EU's CSRD and ESRS all shaping expectations for businesses across different markets. For some companies, these requirements will already be familiar. For others, particularly smaller businesses, knowing where to start can be daunting. Working with CIA members, ERM has developed this handbook to help chemical manufacturers make sense of these changes and approach sustainability reporting with greater clarity and confidence.

Sustainability reporting should not simply be about meeting requirements or producing a document for external audiences. Done well, it can help businesses understand their impacts, identify opportunities to improve and make better-informed decisions, which is all the more important in the current challenging commercial and geopolitical climate. It also gives companies the evidence to demonstrate the progress they are making and be transparent about the challenges that remain.

I am grateful to ERM for bringing its expertise to this handbook and to INEOS for sharing its experience, alongside all the other CIA member companies who provided thoughtful and constructive input. Their contributions have resulted in an invaluable resource for UK chemical sites, demonstrating the value of sharing practical knowledge across our sector.

At CIA, we want to help our members navigate an increasingly demanding business environment and make progress in ways that work for their businesses. This handbook is part of that commitment. We will continue to review and update it as requirements evolve, and I hope you find it useful, wherever you are on your sustainability reporting journey. As always, we welcome your feedback and suggestions.



Steve Elliott

Chief Executive,
Chemical Industries Association



1.

Introduction: The Business Case for Sustainability Reporting



Introduction: The Business Case for Sustainability Reporting

Sustainability reporting is undergoing a significant transition, moving from a landscape shaped largely by voluntary disclosure frameworks to one increasingly defined by mandatory reporting requirements. The purpose of this shift is to close long-standing gaps in the availability, consistency and comparability of sustainability-related information, so that investors, lenders and other stakeholders can assess sustainability impacts, risks and opportunities with the same confidence they expect from financial information.

A central principle underpinning all sustainability reporting frameworks is materiality. Reporting should focus on the sustainability-related information that could reasonably influence decision-making by investors, lenders, customers and other stakeholders. Applying a materiality lens helps companies concentrate on the issues that matter most to their business and stakeholders, ensuring disclosures remain relevant, decision-useful and proportionate.

In this context, reporting should not be viewed only as a compliance exercise. Done well, it can also act as a strategic communication tool, translating data, performance and proof points into a credible narrative that supports investor confidence, stakeholder engagement, reputation and long-term value creation.



Why this matters to CIA members

Under Responsible Care®, the chemical industry's global voluntary initiative, all CIA members already commit to Guiding Principles that include "open and honest measurement and reporting on safety, health, security and environmental performance" and "open and honest reporting on performance and sharing of knowledge and best practice". In addition to this, reporting has three key benefits:

1. **Investor and lender expectations:** UK SRS disclosure is comparable across sectors and meets the growing demand from investors and lenders for consistent, decision-useful sustainability information.
2. **Control of the corporate narrative:** Well-chosen disclosure allows a company to define its own sustainability narrative, built around the topics that are genuinely material to it and its stakeholders.
3. **Credibility of reported performance:** Standardised, auditable data guards against both greenwashing and greenhushing: a company able to evidence its figures need neither overstate its performance nor withhold it.



Where reporting creates value

When managed well and with a focus on materiality, sustainability reporting can create commercial value beyond meeting regulatory requirements. The main areas include:

- → **Access to finance:** Consistent, credible information supports investor and lender due diligence. It can also help companies access finance linked to sustainability performance.
- → **Customer and market access:** Customers and larger companies in the value chain are increasingly asking suppliers for sustainability information. Answering quickly and credibly strengthens a company's position in tenders and helps protect existing relationships.
- → **Better investment decisions and new products:** Knowing the company's impacts, risks and opportunities helps direct capital towards higher-value initiatives. It also supports developing products and services that meet changing customer expectations.
- → **Lower costs and stronger operations:** The data behind the report can show where energy, water, raw material and waste costs can be cut. It can also show where operations are exposed to supply disruption or price swings.

In this way, reporting becomes a management tool as well as an external disclosure exercise, helping to strengthen long-term competitiveness.

Combating misinformation and greenwashing

Materiality helps organisations determine which sustainability matters are most relevant to disclose. However, identifying material topics is only the first step. To build trust, reported information must also be accurate, balanced, evidence-based and capable of being substantiated.

Robust sustainability reporting frameworks support this by requiring organisations to disclose information consistently, explain the basis of claims and, increasingly, provide information that can be subject to governance processes and assurance. This helps stakeholders distinguish credible performance reporting from selective or misleading communications.

High-quality sustainability reporting therefore plays an important role in combating misinformation and greenwashing. By placing relevant, verifiable and transparent information in the public domain, reporting can improve stakeholder confidence and support more informed decision-making. At the same time, greater disclosure increases scrutiny of sustainability claims, making strong governance, effective controls and clear documentation essential.

Since April 2025, greenwashing breaches have been enforceable under the UK Digital Markets, Competition and Consumers Act, with fines of up to 10% of global turnover. Companies that can evidence their claims are better placed to communicate them with confidence.

2.

Sustainability Reporting Requirements and Framework Alignment



Sustainability Reporting Requirements and Framework Alignment

Sustainability reporting has evolved from voluntary, impact-oriented frameworks, such as Global Reporting Initiative (GRI), CDP (formerly Carbon Disclosure Project) and the UN Global Compact, to investor-focused standards such as Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD), and now to a more consolidated generation of mandatory requirements.

The reporting frameworks most relevant to CIA members are described below, together with their key features, who they apply to and how they interoperate, helping companies prepare information once and use it across multiple reporting requirements.

The current landscape is shaped by the International Sustainability Standards Board's (ISSB) global baseline, which incorporates the TCFD recommendations and SASB standards and has been adopted in the UK through the UK Sustainability Reporting Standards (UK SRS). Alongside this global baseline, the EU's Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) establish a broader disclosure regime based on double materiality.

Together, these developments reflect a clear direction of travel towards sustainability information that is more consistent, comparable, decision-useful and capable of assurance, bringing it closer to the quality and timing expected of financial reporting.

The UK SRS as a Priority for UK Businesses

While relatively few CIA members are likely to be directly subject to mandatory sustainability reporting requirements in the near term, the UK SRS is expected to become the principal reporting benchmark for UK companies, particularly those seeking to meet investor, lender and customer expectations. Companies with significant EU operations may also fall within the scope of the CSRD and ESRS.

The UK SRS are voluntarily available for all UK companies to use, but compliance requirements depend on the company's status:

- → **For UK listed businesses:** The FCA published its final rules on 30 September 2026. They replace the current TCFD-aligned listing rules and require listed companies to report against UK SRS S1 and S2 on a comply-or-explain basis for accounting periods beginning on or after 1 January 2027, with first reports generally published in 2028. Transitional relief applies for one year for Scope 3 emissions and two years for non-climate S1 disclosures.
- → **For all other businesses:** The UK government is seeking to streamline and reduce some existing reporting requirements and has launched a consultation on proposed changes to the broader UK corporate reporting framework, including non-financial reporting. The government expects to respond during 2027, and further changes may follow as a result of this process.

For most CIA members, understanding the UK SRS is likely to be important, as it represents the UK's adoption of the ISSB global baseline.

Interpreting the FCA's Comply-or-Explain Requirement

The UK SRS has been introduced on a comply-or-explain basis for listed UK companies. Ahead of further guidance from the FCA, listed CIA members should:

- → **Make "explain" a considered choice:** Where a company does not disclose fully, it must explain what is missing, why, and the steps it is taking or plans to take. Explaining against a standard means the company cannot make an unreserved statement of compliance with it, and the explanation should be consistent with its principal risks and existing reporting.
- → **Use the reliefs to plan proportionately:** Using the Scope 3 relief still allows a statement of compliance with S2, but using the S1 relief does not allow one for S1. Listed companies must also state where their disclosures sit, whether they are assured and whether they have published a climate transition plan, or why not. The rules sit alongside, not in place of, Companies Act strategic report duties.

How to use this section

The sustainability reporting landscape includes mandatory requirements, voluntary standards and emerging frameworks. Not every framework described in this handbook will apply or be equally relevant to every CIA member. Companies should use the following questions to identify where to focus:

- → **Where does the company operate?** Consider the location of the parent company, subsidiaries, branches and significant operations, including activities in the UK and EU to determine standard market practice in your operating regions.
- → **Is the company within a mandatory reporting scope?** Review the applicable listing status, employee, turnover and jurisdictional thresholds, together with relevant application dates and transitional arrangements.
- → **What information is being requested by the market?** Even where a company is not directly in scope, investors, lenders, customers and larger companies in its value chain may request information aligned with particular standards.
- → **What does the company already report?** Existing reporting under TCFD-aligned rules, GRI, SASB, SECR, ESOS or other frameworks may provide information and processes that can be reused.

The next page gives an at-a-glance overview of each framework, its status and where to find the key sources. Companies should confirm their position based on their individual structure and circumstances and, where necessary, obtain legal or professional advice.

Quick guide: What should I look out for?

- → **UK-listed company:** Start with UK SRS and the FCA's final rules (PS26/19), which apply on a comply-or-explain basis from accounting periods beginning on or after 1 January 2027. Then assess any EU and voluntary requirements.
- → **UK private company:** The FCA rules do not apply, and no UK SRS requirement has been proposed for private companies. Monitor the Government's Modernising Corporate Reporting consultation and assess investor, lender and customer information requests.
- → **Company with EU operations:** Test the company and group against the CSRD scope thresholds and application dates, as amended by Omnibus I.
- → **Subsidiary of an international group:** Confirm whether reporting will be completed locally, at group level or through a group exemption.
- → **Small or medium-sized company:** Start with customer and lender requests. The EU Voluntary Standard (VS, formerly VSME) offers a proportionate format; see the CSRD profile in the framework guide and **page 23**.
- → **Company seeking voluntary alignment:** Consider the UK SRS or ISSB baseline, supplemented by other frameworks where relevant to the company's impacts, stakeholders and reporting objectives.



At a glance: sustainability reporting frameworks

This page provides a navigation aid to the main frameworks CIA members are likely to encounter. Follow the link in the title of each framework to jump to the annex that covers the scope, expectations, and key dates in more detail.

Mandatory
Voluntary
Emerging

UK SRS S1 AND S2

UK Sustainability Reporting Standards

The UK's adoption of the ISSB global baseline. S1 covers sustainability-related risks and opportunities; S2 covers climate. Listed companies report against them under FCA rules, and any company may use them voluntarily. Companies may draw on the SASB Standards and, for nature-related matters, the new IFRS nature practice note (built on the TNFD guidance) to help identify what is material.

Standards | Guidance | FCA final rules

CSRD AND ESRS

EU Corporate Sustainability Reporting Directive and European Sustainability Reporting Standards

EU law requiring the largest EU companies, and non-EU groups with significant EU turnover, to report on a double materiality basis with limited assurance. The Voluntary Standard (VS, formerly VSME) is a lighter option for companies outside scope.

European Commission | ESRS delegated acts | EFRAG guidance | Voluntary Standard

ISSB STANDARDS

IFRS S1 and IFRS S2

The global baseline for investor-focused sustainability disclosure, issued by the IFRS Foundation. Mandatory only where a jurisdiction adopts it; in the UK it applies through the UK SRS.

ISSB

SASB STANDARDS

Industry-based standards maintained by the ISSB

Industry-specific disclosure topics and metrics, including standards for Chemicals and for Biotechnology & Pharmaceuticals. Companies applying IFRS S1 must consider them; under UK SRS their use is optional.

SASB Standards Navigator

GRI STANDARDS

Global Reporting Initiative

Widely used standards for reporting an organisation's most significant impacts on the economy, environment and people to a broad stakeholder audience. Universal, Sector and Topic Standards work together.

GRI

TNFD

Task Force on Nature-related Financial Disclosures

Market-led recommendations for disclosing nature-related dependencies, impacts, risks and opportunities, using the same four-pillar structure as UK SRS and ISSB. Sector guidance covers chemicals and pharmaceuticals.

TNFD recommendations

UN GLOBAL COMPACT

UNGC

A voluntary commitment to Ten Principles on human rights, labour, environment and anti-corruption. Joining is voluntary, but participants must submit an annual Communication on Progress.

UN Global Compact | Communication on Progress

TISFD

Task Force on Inequality and Social-related Financial Disclosures

A draft framework for people-related impacts, dependencies, risks and opportunities, designed to complement ISSB, GRI and ESRS. Still in development, with final recommendations expected in 2027.

TISFD framework (beta)

Know your Regulation: Corporate Sustainability Due Diligence Directive (CSDDD)

The Corporate Sustainability Due Diligence Directive (CSDDD or CS3D) is EU law (Directive (EU) 2024/1760, as amended by Omnibus I) and is in force. It sets due diligence obligations rather than disclosure requirements, which is why it sits outside the overview and framework guide on previous page.

It reaches only the largest groups directly: broadly, those with more than 5,000 employees and more than €1.5 billion turnover, or more than €1.5 billion EU turnover for non-EU parents. In-scope companies must carry out risk-based due diligence across their "chain of activities", with a focus on severe impacts. This reaches further into the value chain than many reporting frameworks, extending beyond direct suppliers to relevant upstream business partners and certain downstream activities where severe human rights or environmental impacts may arise.

Member States must transpose it by 26 July 2028, and it applies to in-scope companies from 2029. Civil liability applies under national law. Its link to reporting lies less in shared disclosures than in shared processes. Much of the governance, risk management, value-chain mapping and data collection work undertaken for UK SRS, ISSB and CSRD reporting can also support compliance with CS3D.

Interoperability: prepare once, report multiple times

The different reporting standards overlap in many areas, and standard setters have made a conscious attempt to improve the interoperability between them to streamline reporting.

In practice, this means a company can prepare its data once and report it into several regimes, provided the underlying data architecture is built with that in mind:

- → **ISSB:** The ISSB has consolidated the TCFD recommendations and the Sustainability Accounting Standards Board (SASB) standards into its global baseline. The TNFD has been incorporated as a Practice Note for companies to refer to.
- → **CSRD & ESRS:** The European Financial Reporting Advisory Group (EFRAG) and the ISSB have published interoperability guidance mapping the ESRS climate requirements onto IFRS S2.

The UK SRS is built on the ISSB standards, so this interoperability carries through to UK reporting.

Applying interoperability in practice

Interoperability does not mean that the requirements of different frameworks are identical. Rather, it allows companies to use a common set of information, processes and controls to meet overlapping requirements, while addressing framework-specific differences separately. Companies can apply this in practice by:

- → **Confirming the reporting perimeter:** Identify the legal entities, operations and value-chain activities covered by each applicable framework, as these may differ.
- → **Creating a single requirements register:** Map each disclosure requirement to the relevant governance process, policy, narrative or metric, using published interoperability guidance to identify areas of alignment and additional requirements.
- → **Establishing a common data baseline:** Define consistent data owners, methodologies, calculation boundaries, units and evidence requirements so that information is collected and controlled once at source.
- → **Preserving framework-specific distinctions:** Record where requirements differ, particularly in relation to materiality, value-chain coverage, sector-specific metrics and assurance.
- → **Producing framework-specific outputs from the common baseline:** Use the shared dataset and supporting evidence to populate each report, adjusting the presentation, level of detail and disclosures to meet the relevant requirements.
- → **Maintaining the mapping annually:** Review the requirements register as standards, reporting boundaries and material topics change, and document any methodological changes to maintain consistency and an audit trail.

This approach helps avoid separate data requests and reporting workstreams for each framework. Companies should nevertheless validate the final report against each applicable framework rather than assuming that disclosure under one standard automatically satisfies another.

Interoperability map - core disclosure areas

Governance	Strategy	Risk management	Metrics and targets	Materiality basis	Assurance
UK SRS & IFRS S1 & S2					
Required. Board and management oversight, including terms of reference, briefing frequency, skills and links to remuneration.	**Required.** Effects on the business model, value chain and cash flows, including scenario analysis under S2.	**Required.** Processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities, and how these are integrated into enterprise risk management.	**Required.** Applied by listed companies on a comply-or-explain basis under FCA rules. Covers climate metrics under S2 (Scope 1, 2 and 3 emissions, assets and capital expenditure, internal carbon price, and targets with baseline periods and milestones), together with industry-based (SASB) and entity-specific metrics where material.	**Financial materiality.**	**Not mandatory.** Requirements vary by jurisdiction. In the UK, listed companies must disclose whether assurance has been obtained. Where assurance is obtained, ISSA 5000 is emerging as the global assurance standard.
CSRD/ESRS					
Required. Covered by ESRS 2 General Disclosures and the General Disclosure Requirements on Policies, Actions, Metrics and Targets.	**Required.** Impacts, risks and opportunities across own operations and the value chain.	**Required.** Addressed through the double materiality assessment and ESRS 2.	**Required.** Topical ESRS metrics for all material topics, including E2 Pollution datapoints.	**Double materiality.** Covers both impact and financial materiality.	**Limited assurance required from the first report.** Following Omnibus I, the previously planned move to reasonable assurance has been removed.
GRI					
Required. Governance structure and composition, oversight of impacts, delegation of responsibility, and the role of the highest governance body in sustainability reporting and managing impacts.	**Required.** The organisation's sustainability commitments, its strategic approach to sustainable development, and how these commitments are embedded across its activities and business relationships.	**Required.** Processes for identifying and assessing actual and potential impacts, determining their significance, prioritising material topics and managing material impacts.	**Required for material topics.** Relevant disclosures and metrics under the applicable GRI Topic and Sector Standards, including the targets, indicators and progress used to assess the effectiveness of actions taken.	**Impact materiality.** Material topics are determined by the organisation's most significant actual and potential impacts on the economy, environment and people.	**Not required by GRI.** External assurance is voluntary and may be sought at the organisation's discretion to enhance credibility.
TNFD					
Required. Board and management oversight, together with human rights policies and stakeholder engagement.	**Required.** Includes disclosure of priority locations.	**Required.** Covered by the "risk and impact management" pillar, including across the value chain.	**Comply or explain.** Covers core global and sector-specific metrics, with entity-specific metrics added where material.	**Financial materiality.** Applied through the TNFD general requirements, consistent with TCFD, ISSB and UK SRS.	**Not set by the TNFD;** Disclosure is voluntary but designed to fit within annual reporting cycles that are subject to third-party assurance. ISSA 5000 can be applied.

Key interoperability resources

ISSB–ESRS INTEROPERABILITY GUIDANCE

EFRAG INTEROPERABILITY

GRI INTEROPERABILITY

TNFD INTEROPERABILITY

Regulatory requirements are evolving rapidly. Members can refer to **ERM's Global Regulations Radar** for regular updates on sustainability reporting and due diligence developments.



Note: provided links are valid as of November 2026 and are subject to change.

3.

Practical Considerations for Reporters



This section moves from what is required to how it can be delivered in practice. It covers ambition, materiality, the reporting process, AI, SME guidance and common pitfalls, providing a practical reference for teams preparing the report.

Getting started: Setting a reporting ambition

Companies face a choice over how ambitious they want their sustainability reporting to be. Rather than a simple distinction between compliance and leadership, organisations can consider a spectrum of ambition:

1. **Baseline reporting** focuses on meeting applicable requirements efficiently and proportionately, making appropriate use of transitional reliefs and prioritising credible, decision-useful disclosure.
2. **Enhanced reporting** goes beyond minimum requirements in areas of greatest relevance to the business and its stakeholders. This might include stronger sector-specific metrics, greater transparency on targets and transition plans, and better integration with financial reporting and internal decision-making.
3. **Leading reporting** treats sustainability disclosure as a strategic tool, with comprehensive reporting, assurance-ready data and controls, and clear connections between sustainability, business strategy and financial performance. This can help strengthen stakeholder confidence, reputation and commercial positioning.

Higher ambition is not necessarily appropriate for every organisation. Companies should seek to align their reporting approach with stakeholder expectations, internal maturity and the role sustainability plays in their broader business strategy, increasing ambition where the additional disclosure creates meaningful strategic or commercial value.



Materiality: understanding what is relevant to disclose

Materiality determines what goes into a sustainability report. A topic is material if it is important enough to influence the decisions of the people the report is written for. Applying it lets companies focus reporting and data-collection effort on what matters, rather than reporting every sustainability matter in the same level of detail.

Frameworks look at materiality through two lenses:

- **Impact materiality:** does the company have a significant impact on the economy, the environment or people? This is the basis for the GRI standards.
- **Financial materiality:** could the matter reasonably be expected to affect the company's cash flows, access to finance or cost of capital? This is the basis for the UK SRS and ISSB Standards, where the primary users are investors, lenders and other creditors[1].

The ESRS go further and treat both lenses as reporting tests in their own right, which is known as **double materiality**: a matter can be material because of its impact alone, even where it has no financial effect on the company. The table below sets out the basis under each framework and what it means in practice.

1 This does not mean impacts are ignored. UK SRS S1 (paragraph B2) recognises that a company's impacts on, and dependencies on, people, the environment and other resources and relationships can give rise to sustainability-related risks and opportunities, so assessing impacts is a necessary part of the process. The difference is that an impact is reported where it could reasonably be expected to affect the company's prospects, rather than in its own right.

Three points apply whichever framework is used:

- **Use the definition of the framework you report against:** Where a company reports against more than one framework, it should reuse evidence and assessment processes where it can.
- **Materiality is company-specific:** A sector list, peer benchmark or generic assessment can inform the assessment but cannot replace it. Conclusions should reflect the company's business model, products, locations, value chain, stakeholders, impacts, risks and opportunities. They should be backed by evidence and reviewed as circumstances change.
- **Presentation matters as well as content:** Under the UK SRS and ISSB, material information can be obscured if it is buried in immaterial detail, scattered without signposting, described unclearly or aggregated so that users cannot understand it.

A disciplined approach to materiality keeps reporting focused, decision-useful and proportionate. It also shapes the practical work behind the report, defining the scope of disclosure, the priorities for data collection and the evidence needed to support each disclosure. Reporting beyond what is material can add cost and complexity while diluting the information that matters most to investors, regulators and other stakeholders.

Materiality basis	What is expected of companies
UK SRS S1 / S2 and ISSB	
Financial materiality (impacts are assessed where they could affect the business)	Identify and prioritise the sustainability-related risks and opportunities that could reasonably be expected to affect the business's cash flows, access to finance, or cost of capital over the short, medium or long term, and report on them.
CSRD/ESRS	
Double materiality	Assess and prioritise both financial materiality and impact materiality: the company's material impacts on people and the environment as well as the risks and opportunities to the business. EFRAG IG 1 (Materiality Assessment) and IG 2 (Value Chain) give non-authoritative guidance.
TNFD	
Financial materiality (as TCFD and ISSB), applied through the TNFD general requirements	Apply the same financial-materiality basis as the ISSB, using the six TNFD general requirements to identify and prioritise material nature-related risks and opportunities, including the location of nature-related issues in the value chain.
GRI	
Impact materiality	Identify and prioritise the organisation's most significant impacts on the economy, environment and people, including human rights, and report on how they are managed.

Illustrative sector considerations for materiality assessments

Sector guidance and peer reporting are a useful starting point for identifying sustainability matters to assess. Companies in the same broad sector can still reach different conclusions because of differences in their products, technologies, feedstocks, locations, operating models, value chains, stakeholders and sustainability impacts.

The table here summarises topics identified in selected sector standards and in a sample of published company reporting. It is an illustrative screening tool to support each company's own assessment, not a CIA-endorsed materiality assessment.

The SASB assessment to the right is drawn from the SASB Materiality Finder and reflects the topics identified as financially material for the 'Chemicals' and 'Biotechnology & Pharmaceuticals' industries. The CSRD percentages are based on a review of sustainability reports published in 2025 by 34 chemical companies and 35 pharmaceutical companies, in which materiality is determined on a double materiality basis covering both impact and financial materiality.

Companies can use the table to build an initial list of topics to investigate, check whether relevant topics have been overlooked and see where peers are focusing. Peer frequency is a guide rather than a test: a topic many peers report may not be material to a particular company, while a less common topic may be highly material because of that company's specific activities, products, locations or value chain.

Topic (ESRS Scope)	Material for the chemical sector under SASB*	% of chemical companies reporting topic as material under CSRD	Material for the pharmaceutical sector under SASB*	% of pharmaceutical companies reporting topic as material under CSRD
Climate change	✓	100%	✗	100%
Pollution	✓	71%	✗	71%
Water and marine resources	✓	71%	✗	49%
Biodiversity and ecosystems	✗	53%	✗	29%
Resource use and circular economy	✓	82%	✗	69%
Own workforce	✓	100%	✓	100%
Workers in the value chain	✗	85%	✓	74%
Affected communities	✓	24%	✓	11%
Consumers and end-users	✓	26%	✓	86%
Business conduct	✗	100%	✓	100%

Key:

✓ Material under SASB

✗ Not identified under SASB

*Only financial materiality is considered for SASB.

The reporting process

Reporting is best understood as a repeatable annual cycle that a company runs and improves over time, rather than a task that starts from scratch each year. At a high level it follows the disclosure journey set out below. In practice, each cycle is delivered through a set of core activities that usually run in parallel rather than in strict sequence.

1

Understand your requirements:

Define the reporting scope, assess materiality and review readiness

- **Research and benchmarking**
- **Materiality and strategy**

OUTCOME:
A clear baseline and scope for the report

2

Define your approach:

Agree the roadmap and operating model, plan access to sustainable finance and define your market positioning

- **Framework selection and alignment**
- **Internal coordination**

OUTCOME:
An agreed reporting approach and operating model

3

Build the foundations:

Develop reporting systems and data infrastructure, manage change and address disclosure gaps

- **Data collection**

OUTCOME:
Systems and processes ready for reporting

4

Prepare and publish the report:

Draft and produce the report, engage stakeholders and arrange assurance

- **Report development**
- **Communications and engagement**
- **Verification and production**

OUTCOME:
A published report which can engage stakeholders

5

Improve and repeat:

Improve performance, address gaps and manage communications and reputation

The next reporting cycle

Address gaps from year one, reassess materiality and update the roadmap.

Use transition reliefs to expand reporting scope and improve data over successive cycles.

OUTCOME:
A stronger basis for the next cycle

The reporting process in practice

The activities in the table on the following page deliver the journey at a working level. The process begins with framework selection and alignment, then moves through discovery, definition, content development and design to production and communication.

	Research & benchmarking	Materiality & strategy	Framework selection & alignment	Internal stakeholder alignment
WHAT IT INVOLVES	Understand the reporting environment and external drivers; benchmark peers and review requirements. First-time focus: consider stakeholder and stock-exchange expectations and identify any mandatory content.	Identify material issues and connect them to corporate strategy. First-time focus: identify material topics using the industry (SASB-based) standards where helpful.	Agree the vision for the report and select the reporting framework(s) and the key audiences up front, as these set what must be disclosed. Hold a kick-off workshop, gather background materials, and establish the project plan, ways of working and governance.	Define roles and responsibilities and set up the working group across sustainability, finance, operations and communications. First-time focus: identify the key internal teams and the executive sponsor.
KEY CONSIDERATIONS FOR REPORTERS	Begin at or before the start of the financial year. Analyse peer and framework-aligned reports to inform strategy and identify differentiation.	Allow one to three months depending on depth. Materiality sets the scope of UK SRS S1 reporting, so it is the necessary first step before data collection.	Confirm mandatory frameworks/ content first (for listed members, UK SRS S2 as the anchor). Map the selected framework(s) against disclosure requirements so the data model is built once and reused across regimes (SECR, TCFD-aligned reporting, ESOS) rather than duplicated.	Align the sustainability and financial reporting calendars from the first cycle: the UK SRS requires simultaneous publication with the accounts.

	Data collection	Report development	Communications planning & stakeholder engagement	Verification & production
WHAT IT INVOLVES	Define the quantitative and qualitative data required and collect it against the standards, using data-collection templates and a standard list of terms and definitions. First-time focus: collect what is available in year one and log gaps for year two.	Develop the report structure, narrative (“golden thread”), disclosures and supporting case studies. Translate technical sustainability information into a clear and balanced story aligned with corporate strategy and stakeholder priorities. First-time focus: establish a reporting structure that meets framework requirements while remaining accessible to non-technical audiences.	Define how sustainability performance and key messages will be communicated to different audiences, including investors, lenders, customers, employees and regulators. Develop launch plans, executive messaging and supporting communications materials. First-time focus: align expectations around what the report can and cannot demonstrate in the first reporting cycle.	Finalise disclosures, complete internal and external assurance activities, obtain approvals, and prepare the final report for publication and distribution. Where relevant, manage report design, accessibility reviews, translation and publication across multiple channels. First-time focus: undertake an assurance readiness review to identify control and evidence gaps before seeking external assurance.
KEY CONSIDERATIONS FOR REPORTERS	Mine what you already hold first (for example, existing databases, published emission factors and, for chemical producers, safety data sheets or mass-balance calculations) before expanding sampling and testing. Move off manual, siloed spreadsheets toward digital ESG data systems designed for assurance (documentation, data quality, governance, process controls and technical capacity).	Drafting should begin once material topics and disclosure requirements are confirmed, with content developed alongside data collection. Allow sufficient time for management review, legal review and consistency checks between narrative and reported metrics. Maintain a clear audit trail linking statements to supporting evidence.	Begin communications planning early to ensure consistency between report disclosures and external messaging. Sustainability claims should be evidence-based and supported by data to minimise greenwashing risk. Consider publication timing, stakeholder engagement opportunities and any market-sensitive information.	Build in around one month for internal review and assurance readiness activities, and a further two to four months for external assurance where required. Ensure all reported metrics, targets and claims are supported by documented evidence and can be traced back to source data. Allow sufficient time for final approvals, design, publication and stakeholder communications.

Using AI to support the reporting process

Used with appropriate oversight, AI can materially reduce the burden of sustainability reporting, particularly where teams still rely on manual processes, fragmented data and fast-changing requirements. Its value falls into two areas: accelerating the reporting workflow itself and enhancing how sustainability information is accessed, analysed and used by stakeholders through AI-powered search and discovery tools. The first is where most of the practical gains lie for members today.

Accelerating the reporting workflow

AI is most useful in the day-to-day mechanics of preparing a report, where it can save time on tasks that are otherwise slow and manual:

1. **Gap analysis:** Identify missing metrics and disclosures against the relevant standards and regulations.
2. **Drafting and synthesis:** Produce first drafts, summarise long source documents, and standardise terminology across a report.
3. **Data extraction:** Pull data points from source files, such as safety data sheets or utility records, to speed up building the inventory.
4. **Claims validation:** Test disclosures and marketing claims against the underlying evidence to reduce the risk of greenwashing.

Optimising the report for AI (Generative Engine Optimisation)

Increasingly, it is large language models rather than people that first read and summarise a company's sustainability performance for investors, customers and journalists. Generative Engine Optimisation is the practice of making a report machine-readable and credible so that these tools represent it accurately and cite it in preference to peers. In practice this means three things:

→ making the report machine-readable (semantic tagging, genuine selectable data tables rather than images, and alt text on charts);

→ structuring it clearly, with concise summaries and well-substantiated claims; and

→ monitoring how the main AI tools describe the company, correcting inaccuracies at the source.

This matters because AI tools are now widely used, they draw heavily on earned media, and scrutiny of sustainability claims continues to rise, so consistency and substantiation across channels are becoming a commercial as well as a compliance concern.

Two cautions apply:



1. Keep a human in the loop: where disclosures are subject to assurance, AI is a support tool and not a substitute for professional judgement, and the company remains responsible for reviewing and validating every output.

2. Avoid over-engineering the solution; it is always worth asking whether a simpler approach, such as a simpler, well-controlled tool, would do the job more reliably.

Guidance for Small and Medium-sized Enterprises (SMEs)

For most SMEs, sustainability reporting will be driven by customer and lender requirements rather than regulatory mandates. Respondents to the UK SRS consultation flagged the burden this places on SMEs and asked that data requests passed down the chain be proportionate. Proportionate reporting can still be commercially valuable for SMEs because it can improve access to capital, strengthen responses to lender and customer due diligence, and support competitiveness where sustainability is increasingly part of buying or supplier-selection decisions.

In the EU, EFRAG's Voluntary reporting standard for SMEs (VSME) offers a simple, proportionate way to respond to those requests. In its outline, the Basic Module covers a minimum set of general, environmental, social and governance datapoints, energy and greenhouse gas (GHG) emissions, pollution, water, waste, workforce and business conduct. The Comprehensive Module adds strategy, targets, transition-related and governance disclosures for SMEs facing more detailed lender or large-customer requests. The VSME is not a UK requirement and sits outside the CSRD, but it is a useful reference point when SMEs field supply-chain requests.

Common pitfalls

- → **Reporting beyond what is material:** Volume is not the test. Every additional disclosure is a datapoint that must be evidenced and, in time, assured, so keep the report tied to the topics that are material to the company and its stakeholders. Use of the SASB-based industry guidance is optional under the UK SRS (companies applying IFRS S1 must consider it).
- → **Leaving data collection too late:** Consultation respondents identified data systems and the effort of sourcing data as their main cost drivers, with Scope 3 and materiality assessments the most costly. Allow one to three months for materiality and two to three months for content and data, and plan against simultaneous publication with the accounts from the first cycle.
- → **Treating AI output as assurance-ready:** AI accelerates the process; human judgement ensures accuracy. Verify every output before it reaches a disclosure and ask first whether a spreadsheet formula or a simple script would do the job better.
- → **Assuming ESG data behaves like financial data:** It is collected, processed and controlled differently. Manual collection and siloed spreadsheets will not withstand third-party assurance.
- → **Bolting assurance on at the end:** Assurance should be sequenced, not added once the report is drafted. A readiness review identifies gaps before public assurance and sets a pragmatic path to limited and, in time, reasonable assurance.



4.

Transitioning to the UK Sustainability Reporting Standards



Transitioning to the UK Sustainability Reporting Standards

Listed CIA members already report climate information under the FCA's TCFD-aligned rules. The transition from TCFD-aligned listing rules to the UK SRS is outlined below, including what remains unchanged, what is new, and how existing reporting can be built upon. While most relevant to listed members, it also signals evolving market expectations for private companies.

Moving on from TCFD-aligned reporting

The FCA's current listing rules are aligned with the TCFD, which was created in 2015 and disbanded in 2023. For a company already producing TCFD-aligned disclosure, the transition to UK SRS S2 is an extension rather than a rebuild. UK SRS S2 fully incorporates the TCFD framework, so the four pillars of governance, strategy, risk management, and metrics and targets remain unchanged. What does change is the depth of evidence expected and the breadth of topics covered.

A lightweight implementation roadmap

Companies do not need to complete all readiness activities listed in the previous chapter in a single reporting cycle. Instead, available regulatory transition reliefs (temporary rules that give businesses extra time to meet new standards) can be used to build the foundations for reporting, including governance, stakeholder alignment and data collection processes. The UK SRS S1 transition relief provides an opportunity to establish these capabilities before broader reporting requirements apply. The table on the next page reflects this phased approach, prioritising core processes and material disclosures first, followed by a gradual expansion of reporting scope and more mature data management practices.

The gaps to close before January 2027

There are a small number of gaps that many chemical and pharmaceutical companies will need to address before the FCA's rules apply to accounting periods beginning on or after 1 January 2027.

1

From climate-only to all material sustainability topics

UK SRS S1 captures any sustainability issue that could reasonably be expected to affect your business's cash flows, access to finance, or cost of capital over the short, medium, or long term. Under the FCA's final rules, S1 disclosures apply on a comply-or-explain basis, with two years of transitional relief for non-climate topics. Using the S1 relief means a company cannot make a statement of compliance with S1.

2

Scope 3 emissions

Under the FCA's final rules, all UK SRS S2 disclosures apply on a comply-or-explain basis. The FCA had proposed making core climate disclosures mandatory but did not take this forward. Scope 3 has one year of transitional relief, and using it still allows a statement of compliance with S2.

3

Simultaneous publication

The UK SRS removes the first-year timing relief: sustainability disclosures and financial statements "must be aligned and published simultaneously from the very first reporting cycle".

4

Audit-ready data

Metrics must be reported with measurement parameters, calculation methods and assumptions.

5

Transition plans

Under the FCA's final rules, listed companies must state whether they have published a climate transition plan and, if not, explain why.

6

Scenario analysis

UK SRS S2 "explicitly requires climate scenario analysis to assess strategic resilience".

Focus area	YEAR 1 **Foundations, must-haves and material data**	YEAR 2 AND ONWARDS **Broadening scope and maturing the data process**
Scope	Prepare core climate disclosures under UK SRS S2 (excluding Scope 3). These apply on a comply-or-explain basis, so treat any decision to explain as a considered choice rather than a default. Take the S1 transition relief where it applies.	Add Scope 3 on a comply-or-explain basis under the FCA rules (one year of relief for Scope 3, two years for non-climate S1). Publish a climate transition plan or explain why not.
Materiality	Complete a materiality assessment and decide which industry standards or other sources will be used to identify potentially material disclosures (allow one to three months).	Extend to industry-relevant metrics and, where material, to nature-related disclosure under the TNFD and science-based targets using the relevant SBTi sector guidance (both voluntary).
Data	Run a gap assessment against UK SRS S2 covering data availability and controls readiness. Mine what you already hold first, for example, existing databases, published emission factors and, where relevant to the company's operations, safety data sheets or mass-balance calculations, before expanding sampling and testing. Build the architecture so data is collected, governed and controlled once.	Move off manual collection and siloed spreadsheets, which will struggle to withstand third-party assurance, toward digital ESG data systems, and extend the architecture to Scope 3 and value-chain data. Map across regimes (SECR, TCFD-aligned reporting and ESOS) rather than duplicating.
Reporting Calendar	Align the sustainability and financial reporting calendars from the first cycle (the UK SRS removes the first-year timing relief and requires simultaneous publication). Begin research and benchmarking at or before the start of the financial year.	Hold the aligned calendar and absorb the wider S1 scope within it, allowing two to three months for content development and data collection in parallel.
Assurance	Not yet mandatory, but listed companies must state whether their disclosures have been assured. Use an assurance readiness review as a confidential "dry run". The Financial Reporting Council (FRC) was tasked with establishing an interim register of sustainability assurance providers ahead of the 1 January 2027 reporting year; check its current status before appointing a provider.	Move from assurance readiness activities towards limited assurance where required or strategically appropriate. Under the FCA rules, listed companies must state whether their disclosures have been assured.

Building a global baseline

As sustainability reporting requirements evolve, organisations can reduce complexity by establishing a single reporting foundation. For UK companies, the UK Sustainability Reporting Standards (UK SRS), based on the ISSB global baseline, can provide this foundation, with requirements such as ESRS, sector-specific disclosures and voluntary frameworks added as supplementary layers.

This approach can improve consistency, reduce duplication and streamline data collection, governance and assurance, while making it easier to respond to changing regulatory and stakeholder expectations.

The ISSB baseline is also gaining traction internationally, including in Japan, Hong Kong, Singapore and Malaysia, while China is pursuing convergence with ISSB. A UK SRS-based foundation should therefore translate well across many markets, although local requirements will still need to be assessed.



5.

The Value of Assurance



The role of independent assurance in building confidence in sustainability information is outlined below, including current UK requirements, levels of assurance and how assurance can be incorporated into the reporting process. It is relevant to companies preparing for mandatory CSRD assurance or considering voluntary assurance or listed companies that must state their assurance status under the FCA rules.

Where UK assurance requirements stand

- **Not yet mandatory in the UK:** The FCA's final rules do not require third-party assurance, but listed companies must state whether their UK SRS disclosures have been assured.
- **A voluntary oversight regime is being built:** The government will move forward with plans to establish a voluntary oversight regime for sustainability assurance in the UK, operated by the FRC, with practitioners opting in by registering subject to meeting registration conditions.
- **An interim register is being established:** The government tasked the FRC with establishing an interim, non-legislative regime, with the register intended to be operational well ahead of the 1 January 2027 reporting year. Members should check its current status before appointing a provider.
- **The market is functioning but uneven:** The FRC's market study final report (5 February 2025) found that while the UK's market for the assurance of sustainability reporting is functioning well, there are concerns over quality consistency amid growing demand.
- **For UK companies required to report under the CSRD, assurance is not optional:** The CSRD states that independent assurance is required from the outset. That means a company's first report and metrics must include at least limited assurance.

The role assurance plays in the reporting process

Two levels of assurance are in common use, and the distinction matters commercially. In practice, what separates them is the depth of work performed and the level of confidence provided: limited assurance is a targeted review, while reasonable assurance is closer to an audit-style engagement with more extensive evidence testing.

Limited assurance

Sufficient and appropriate evidence to reduce engagement risk to a level that allows an assurance provider to conclude that, based on the procedures performed, nothing came to their attention to indicate that the information is materially misstated.

ASSURANCE ENGAGEMENT OVERVIEW

Targeted review procedures and selected testing. The conclusion provides lower confidence and is framed negatively: nothing has come to the assurer's attention to suggest material misstatement.

Reasonable assurance

A high, but not absolute, level of confidence in the accuracy and completeness of the subject matter being assessed that allows an assurance provider to conclude that the information is not materially misstated.

ASSURANCE ENGAGEMENT OVERVIEW

More extensive testing of data, controls, evidence and assumptions. The conclusion provides higher confidence and is framed positively: the assurer gives an opinion on whether the information is materially accurate.



Regardless of the level of assurance required, assurance providers test the same five qualities of a disclosure:

Quality	The question the assurer is asking
Relevance	Does the disclosure enable users to make an informed decision and/or meet mandatory requirements?
Faithful representation	Is the disclosure a complete, neutral and accurate reflection of the underlying performance?
Comparability	Is the disclosure comparable across different parts of the business and prior years?
Verifiability	Is the disclosure reliable, and does it accurately reflect the underlying data and/or evidence?
Understandability	Is the disclosure clear and concise, allowing users to easily grasp its meaning?

Each quality maps to a business benefit beyond the opinion itself: compliance, stronger governance and risk mitigation, decision-useful data, more consistent performance reporting, and greater transparency and stakeholder trust.

How to think about assurance

Assurance should be sequenced, not bolted on at the end. An assurance readiness review applies the rigour of a full assurance process to identify gaps before seeking public assurance — in effect a confidential “dry run” that reduces the risk of a qualified opinion, while giving constructive feedback on KPIs, targets and reporting processes.

For companies reporting technically complex sustainability information, obtaining assurance is often less a question of data availability and more a question of data quality, traceability and confidence. Organisations should engage assurance providers with strong scientific and technical expertise, particularly where reported figures rely on complex estimates or mass-balance calculations rather than straightforward meter readings. Significant uncertainty can remain even where underlying data exists, which can reduce confidence among those responsible for sign-off, including the CFO. Establishing robust data management processes, governance arrangements and internal controls at an early stage is therefore critical to supporting assurance and enabling confident management sign-off.

Stage	What it involves	When to use it
Assurance readiness review (pre-assurance)	Identifies gaps in data coverage and methodology and highlights opportunities for process improvement; provides critical and constructive feedback on KPIs, ESG targets and reporting processes.	For organisations at an earlier stage in their reporting journey, or new to disclosing detailed ESG performance metrics.
Limited assurance	Independent assurance of selected ESG metrics and/or whole reports, conducted in accordance with globally accepted assurance standards.	The minimum required under the CSRD from the first report; a common first external step for UK voluntary adopters.
Reasonable assurance	A higher level of assurance over the same subject matter.	Where the organisation wants higher confidence in mature data, controls, and evidence for sustainability information that is highly material or subject to significant stakeholder scrutiny. Reasonable assurance is no longer required under CSRD following Omnibus updates.
Whole report assurance	Assesses accuracy and reliability of content and whether the reporting focus is appropriate and sufficient — assuring narrative, claims and assertions as well as underlying data.	Where sustainability performance is integrated across the report and a holistic approach is needed.
GHG-specific verification	Enhances the accuracy and transparency of climate data for voluntary and mandatory reporting protocols as well as product claims; conducted against criteria including the GHG Protocol and ISO 14064 (accepted by CDP).	Standalone, or integrated into a broader ESG verification scope. Accurate GHG accounting before setting a science-based target enables appropriate emission baselines.

6.

Case Study: From a TCFD Baseline to a Robust Data-led Reporting Approach

INEOS

INEOS' Journey: From a TCFD Baseline to a Robust Data-led Reporting Approach

INEOS is a global group of companies that manufactures petrochemicals, polymers, speciality chemicals and oil products. At the end of 2025 it had 135 manufacturing sites, offices and platforms in 26 countries. Over five years it has moved from a traditional sustainability report to disclosure designed to meet the rigour of financial reporting.

Context

INEOS is privately owned, so the FCA's UK SRS rules do not apply to it, and it has no obligation to report under the ESRS until financial year 2027. INEOS's investors and customers are also increasingly expecting assured data and information.

Its 2021 sustainability report followed GRI. It brought together a materiality assessment, the group's contribution to the UN Sustainable Development Goals (SDGs) and its net zero roadmap in one document. INEOS saw that this kind of reporting, common across industry at the time, was largely aspirational. It set out where a company hoped to be, but it was not prepared to the standard expected of financial information.

From 2022 the reports became steadily more rigorous:

- → **Assurance:** selected data were externally assured.
- → **Materiality:** the materiality assessment moved to a double materiality basis, with financial experts involved in the scoring.
- → **Climate risk:** climate risks were assessed using the TCFD framework and a site-level physical risk tool. INEOS companies in the UK have reported under the climate-related financial disclosure rules for large private companies since 2023. INEOS found this a useful test bed, because a single topic let it solve the hardest step first: turning the outputs of climate modelling into a financial assessment.
- → **ESRS:** by 2024, the sustainability report followed the ESRS on a voluntary basis.

"The idea is to spend energy on actually fixing problems that arise, rather than developing the world's most complicated reporting system."

Tom Hayes, INEOS Group Head of ESG

What comes next

INEOS expects commercial requirements, not regulation, to drive its reporting more and more. Customers are starting to write product carbon footprints into contract terms, which raises the bar on data quality. Reliable data has a defensive value too. Customers increasingly run their own supply-chain due diligence on INEOS sites, sometimes with low-quality data that suggests risks that do not exist. Robust, assured data lets INEOS correct those assessments.

Approach

INEOS's current reporting rests on four principles.

1 Separating disclosure from storytelling

For 2025, INEOS published two documents, recognising that compliance writing and engaging writing need different styles, and long narrative case studies are costly to assure.

- → The Non-Financial Disclosure Report contains only what INEOS needs to disclose: governance and strategy narrative, with supporting data tables.
- → A separate sustainability report tells the wider story through case studies, such as the decommissioning of the Windermere gas platform in the North Sea.

2 Building one auditable data set

A single data manual sets out every data point, where it comes from and how it is calculated. An ESG representative in each business submits data through a shared online platform, and internal quality checks look for inconsistencies and unexplained year-on-year changes. Each INEOS business and manufacturing site is responsible for transposing the data manual into site specific and site relevant procedures for data gathering. The ESG representatives also meet the group team monthly to share good practice and plan for upcoming requirements.

3 Working with the auditor, not against it

Making its data ready for a financial-standard audit has been one of INEOS's biggest tasks. Most of the people who supply the data work in plant operations, not finance. They are used to regulatory and compliance audits, where a site is either right or wrong and getting it wrong can mean a fine. That makes those audits fairly adversarial. A financial audit works differently. The auditor takes on some of the company's risk when it signs off, so the company's job is to give it the evidence it needs to be comfortable. That makes the process collaborative rather than defensive. INEOS trained its operations teams in this change of mindset, covering what a financial auditor looks for and why documented procedures matter. It also uses its data manual to set clear limits on what the audit covers. Both steps make the audit quicker and help control its cost, which matters because these audits are expensive.

4 Letting disclosures mature in stages

For physical climate risks such as flooding and water scarcity risks, INEOS began by screening every site. Around 60 were flagged for closer review, and it is now assessing those sites one by one, taking account of the mitigation already implemented. Its disclosure is open that this work is still in progress. INEOS expects the process to take around five years and to end in a short, specific disclosure covering the few sites where the risk has been assessed to be material in the spirit of how environmental liabilities are already reported. The screening exercise will also be repeated every year.

Lessons for CIA members



Focus on the fundamentals: Frameworks differ in detail, but the core questions are the same. How much carbon dioxide do you emit, and what are you doing about it? How much water do you use, and will you still have it next year? Do decision-makers get the information they need, often enough to act on it?



Separate what must be assured from what you want to tell: Keeping statutory disclosure apart from narrative content makes both easier to write and keeps the assurance scope under control.



Treat the auditor as a partner: Explain to operations teams how a financial audit differs from the regulatory audits they know. Give the auditor clear documentation and a defined scope. A smoother audit is usually a cheaper one.



Reuse what works: Share procedures that already work well across sites rather than asking teams to start from a blank page.



Keep the end point in view: Make sure the report is clear about what is still in progress. Over time, disclosures should mature to be a true image of what is material to the business. Plan for that from the start rather than treating the first version as the finished product, and be transparent on progress.

7.

Annex: Framework Guide

Framework guide

The profiles below set out, for each framework, who is in scope (or, for voluntary frameworks, who should consider using it), what is expected of companies, the key dates and practical next steps. They are summaries, and do not reproduce every requirement and should be read alongside the Key sources listed in each profile. Where a framework is mandatory, companies should confirm their own position against the legislation or rules and, where needed, take legal or professional advice.



UK Sustainability Reporting Standards (UK SRS) S1 and S2

Mandatory for in-scope listed companies (comply or explain); voluntary for all other companies

Who is in scope	Companies with shares in the FCA's commercial companies, transition, non-equity and non-voting equity shares, secondary listing or depositary receipts categories, with no size threshold. Investment funds, shell companies and debt issuers are excluded. The rules do not apply to private companies; the Government has said it will consider how UK SRS should be reflected in company law, but no threshold or date has been proposed.
What is expected	Report against S1 (material sustainability-related risks and opportunities) and S2 (climate, including Scope 1, 2 and 3 emissions and scenario analysis) across governance, strategy, risk management, and metrics and targets, published at the same time as the financial statements. Under the FCA rules every disclosure is comply or explain: where a company does not disclose, it must explain what is missing, why, and the steps it is taking. Listed companies must also state whether their disclosures have been assured and whether they have published a climate transition plan.
Key dates	**25 February 2026:** UK SRS published. **30 September 2026:** FCA final rules (PS26/19) published. **28 October 2026:** FCA consultation on a Technical Note on comply or explain closes. **30 November 2026:** Modernising Corporate Reporting consultation closes. **1 January 2027:** rules apply to accounting periods beginning on or after this date, with first reports generally published in 2028. Transitional relief: one year for Scope 3 and two years for non-climate S1 disclosures. **Second half of 2027:** FCA expects to publish more on its supervisory approach.
What to do now	Listed companies should confirm their listing category, run a gap analysis from current TCFD-aligned reporting to UK SRS S2, and decide early where they will comply and where they will explain. Private companies should consider voluntary use where investors, lenders or customers ask for ISSB-aligned information, and follow the Modernising Corporate Reporting consultation.
Key sources	UK SRS S1 and S2 | UK SRS guidance | FCA PS26/19 | Modernising corporate reporting consultation

Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS), including the Voluntary Standard (VS)

Mandatory for in-scope companies (EU law); the Voluntary Standard is optional for companies outside scope

Who is in scope	**EU companies and groups:** more than 1,000 employees and more than €450 million net turnover. **Non-EU parent groups:** more than €450 million net turnover in the EU and a qualifying EU subsidiary or branch (turnover thresholds apply). **UK members:** most likely to be affected through EU subsidiaries, or at group level if they meet the non-EU test. Subsidiary and group exemptions may apply. **Voluntary Standard (VS, formerly EFRAG's VSME):** for companies outside mandatory scope with up to 1,000 employees.
What is expected	Carry out a double materiality assessment, covering impacts on people and the environment as well as financial risks and opportunities, and report against ESRS 2 and the topical ESRS for material matters. The revised ESRS substantially reduce the number of mandatory datapoints. Limited assurance is required, and the planned move to reasonable assurance has been removed. The value chain cap limits what in-scope companies can require, for CSRD purposes, from value-chain companies with up to 1,000 employees to the information in the Voluntary Standard, which itself requires neither a double materiality assessment nor external assurance.
Key dates	**1 January 2027:** revised ESRS (Delegated Regulation (EU) 2026/1563) apply to financial years beginning on or after this date, with optional use for any 2026 reports. **19 March 2027:** deadline for Member States to transpose the CSRD changes. **Financial year 2027:** newly in-scope EU companies report, publishing in 2028. **Financial year 2028:** non-EU parent groups report, publishing in 2029.
What to do now	Map your EU entities and EU turnover against the thresholds, and confirm whether reporting will happen locally, at group level or through an exemption, taking account of national transposition. If in scope, start the double materiality assessment early, as it sets the scope of everything else. If out of scope, consider the Voluntary Standard as a proportionate way to answer customer and lender requests.
Key sources	European Commission CSRD overview | CSRD and ESRS legislation and delegated acts | Omnibus Directive | Voluntary Standard Delegated Regulation | EFRAG implementation guidance

ISSB Standards (IFRS S1 and IFRS S2) Voluntary global baseline; mandatory only where adopted by a jurisdiction	
Who should consider using it	Groups listed or operating in jurisdictions that have adopted, or are adopting, ISSB Standards; multinational groups seeking a single, global investor-focused baseline; and companies whose international investors or lenders ask for ISSB-aligned information. Any company may use them, with no thresholds. They become mandatory only where a jurisdiction adopts them, and UK companies will usually apply them through the UK SRS.
What is expected	Disclose material sustainability-related risks and opportunities (IFRS S1) and climate-related information (IFRS S2), including Scope 1, 2 and 3 emissions and scenario analysis, using the four-pillar structure of governance, strategy, risk management, and metrics and targets. Materiality is assessed from the perspective of investors, lenders and other creditors.
Key dates	No reporting deadlines. The ISSB has published an exposure draft of a nature-related Practice Statement, drawing on the TNFD framework, in October 2026 for a 120-day consultation.
What to do now	UK companies should generally work from the UK SRS, which differs from IFRS S1 and S2 in a small number of areas. Groups reporting in several jurisdictions should check where local versions differ and build one data set that serves all of them.
Key sources	ISSB | ISSB nature-related disclosures project

SASB Standards Voluntary industry-based standards, maintained by the ISSB	
Who should consider using it	Companies seeking comparable, industry-specific metrics; companies applying IFRS S1, which must refer to and consider the SASB Standards; companies applying UK SRS that want sector metrics to support their disclosures; and companies responding to investor or lender requests for comparable sector information. Any company may use them, with no size thresholds, using the Sustainable Industry Classification System to identify its industry.
What is expected	Disclose against the industry's disclosure topics and metrics on a financial materiality basis. Companies applying IFRS S1 must refer to and consider the SASB Standards when identifying risks, opportunities and disclosures; under UK SRS their use is optional.
Key dates	No reporting deadlines; the standards are applied within the company's annual reporting cycle. The ISSB is updating the SASB Standards in phases, so companies should check the latest version of their industry standard before each reporting cycle.
What to do now	Use the SASB Standards Navigator to confirm which industry standard or standards fit your activities, and treat the disclosure topics as an input to your own materiality assessment, not a substitute for it.
Key sources	SASB Standards Navigator | ISSB project to enhance the SASB Standards

Global Reporting Initiative (GRI) Standards Voluntary	
Who should consider using it	Companies that want to report their impacts on the economy, environment and people to a broad stakeholder audience, beyond investors; companies responding to stakeholder, customer or investor expectations for impact-focused reporting; and companies combining impact reporting with investor-focused standards such as UK SRS, or preparing the impact side of an ESRS double materiality assessment. Any organisation of any size or sector may use them, with no thresholds.
What is expected	Report on the organisation's most significant impacts on the economy, environment and people (impact materiality), using the Universal Standards, any applicable Sector Standards and the Topic Standards for each material topic. Companies can report in accordance with GRI (full application with a complete content index) or with reference to GRI (selected disclosures, with less comparability).
Key dates	No reporting deadlines; reporting follows the organisation's own cycle. GRI 101: Biodiversity applies to reports published from 1 January 2026, and GRI 102: Climate Change and GRI 103: Energy apply to reports published from 1 January 2027.
What to do now	If you already report with GRI, check what changes under the new biodiversity, climate and energy standards. GRI's impact assessment can also feed the impact side of an ESRS double materiality assessment.
Key sources	GRI | GRI standards update, January 2026

Task Force on Nature-related Financial Disclosures (TNFD) Voluntary, market-led recommendations	
Who should consider using it	Companies whose operations or supply chains depend on or affect land, water, ecosystems or biodiversity, for example through agricultural, forestry or other natural feedstocks; companies already reporting under UK SRS or ISSB that want to extend their disclosures to nature using the same four-pillar structure; and companies preparing for the ISSB's nature-related work, which draws on the TNFD framework. Any company or financial institution may adopt the recommendations, with no thresholds.
What is expected	Disclose against the 14 recommended disclosures across governance, strategy, risk and impact management, and metrics and targets, including the locations of nature-related issues in operations and the value chain. Core global and sector metrics are reported on a comply-or-explain basis.
Key dates	Final recommendations were published in September 2023, and there is no fixed reporting cycle. The ISSB has published a nature-related Practice Statement, drawing on the TNFD framework.
What to do now	Screen your sites and key supply chains for nature-related dependencies and impacts, using the TNFD sector guidance relevant to your activities (for example, for chemicals or pharmaceuticals). Follow the ISSB's nature project, as TNFD-aligned work is likely to carry over.
Key sources	TNFD recommendations | ISSB nature-related disclosures project

UN Global Compact (UNGC)

Voluntary to join; annual reporting required for participants

Who should consider using it	Companies that want to make a public, principles-based commitment on human rights, labour, environment and anti-corruption, or to demonstrate alignment with the Ten Principles and the Sustainable Development Goals. Subsidiaries of groups that already participate are typically covered by the parent's participation. Any business may choose to join, with no size thresholds.
What is expected	Commit to and implement the Ten Principles on human rights, labour, environment and anti-corruption, and submit an annual Communication on Progress, made up of a CEO Statement of Continued Support and a questionnaire. For 2026, a sustainability report could be uploaded instead of the questionnaire. There is no scoring or ranking.
Key dates	The 2026 submission window ran from 1 April to 31 July 2026. Participants that missed it were listed as non-communicating from 1 August 2026 and will be delisted from 1 January 2027 unless they submit by 31 December 2026. New participants first report in the year after they join.
What to do now	Existing participants should confirm the 2026 submission was made and plan for the 2027 window. Prospective participants should check whether their parent group already participates. The principles overlap with topics covered by GRI, ESRS and TISFD, so data can be reused.
Key sources	UN Global Compact | Communication on Progress

Task Force on Inequality and Social-related Financial Disclosures (TISFD)

Emerging; voluntary and not yet final

Who should consider using it	Companies that want to understand and, over time, report people-related impacts, dependencies, risks and opportunities, including inequality and human and labour rights; companies already carrying out human rights due diligence, for example in preparation for CS3D; and organisations wishing to take part in pilot testing or prepare for the final framework. It is intended for businesses and financial institutions of any size, with no thresholds, although its scope is still being defined.
What is expected	Beta Version 0.1 proposes 12 draft disclosure recommendations across governance, strategy, impact and risk management, and metrics and targets, covering people-related impacts, dependencies, risks and opportunities, including human and labour rights, wellbeing and inequality. It is designed to complement ISSB, GRI and ESRS. Metrics are still under development, and the beta version should not be treated as final guidance.
Key dates	Beta Version 0.1 was published in May 2026, and consultation on it closed on 31 July 2026. TISFD will hold a 90-day public consultation on a final draft before publishing its final recommendations in 2027.
What to do now	Monitor for now. Members already carrying out human rights due diligence, for example in preparation for CS3D, can organise that data now to reduce future effort.
Key sources	TISFD Framework (Beta Version 0.1) | TISFD framework platform

8.

Abbreviations

Abbreviations

Abbreviation	Full term
AI	Artificial intelligence
CDP	Formerly Carbon Disclosure Project
CFO	Chief financial officer
CIA	Chemical Industries Association
CS3D (CSDDD)	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
DMCC Act	Digital Markets, Competition and Consumers Act 2024
EFRAG	European Financial Reporting Advisory Group
EHS	Environment, health and safety
ERM	Environmental Resources Management
ERM CVS	ERM Certification and Verification Services
ESG	Environmental, social and governance
ESOS	Energy Savings Opportunity Scheme
ESRS	European Sustainability Reporting Standards

Abbreviation	Full term
EU	European Union
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FY	Financial year
GHG	Greenhouse gas
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
IG 1 / IG 2	EFRAG Implementation Guidance 1 (Materiality Assessment) and 2 (Value Chain)
ISO 14064	International Organization for Standardization (ISO) 14064, the standard for greenhouse gas quantification and verification
ISSA 5000	International Standard on Sustainability Assurance 5000
ISSB	International Sustainability Standards Board
KPI	Key performance indicator

Abbreviation	Full term
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets initiative
SDGs	Sustainable Development Goals
SECR	Streamlined Energy and Carbon Reporting
SME	Small and medium-sized enterprise
TCFD	Task Force on Climate-related Financial Disclosures
TISFD	Task Force on Inequality and Social-related Financial Disclosures
TNFD	Task Force on Nature-related Financial Disclosures
UK	United Kingdom
UK SRS	UK Sustainability Reporting Standards
UN	United Nations
UNGC	United Nations Global Compact
VS	Voluntary sustainability reporting standard developed by EFRAG for ESRS reporting

ERM can help you navigate these complexities.
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Sustainability is our business

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