THE INVESTOR RELATIONS SOCIETY

Rank Group

THE REPORTING REVOLUTION:

Navigating ESG, Governance and Disclosure in 2025

Disclosure requirements are rising, scrutiny is increasing, and the gap between expectation and capability is growing. Three experts share what's changing and what listed companies must do to keep pace.

scribestar

The Reporting Landscape Has Shifted

Corporate reporting is undergoing its most significant transformation in decades. Financial statements alone no longer tell the full story.

REGULATORS ARE MOVING FAST

The FCA, UK SRS and updated Governance Code are all landing at once.

INVESTORS EXPECT MORE

Verified data across ESG, governance and financials, not just narrative.

BOARDS ARE PERSONALLY ACCOUNTABLE

Individual directors must now evidence what they do, not just state it.

THE WINDOW TO PREPARE IS NARROWING

Mandatory S2 reporting begins 2027. The time to act is now.

What Has Fundamentally Changed?

ESG reporting was voluntary and bolt-on. Today it is mandatory, integrated and evidenced.

PRE-2022

Shareholders began asking basic ESG questions. Most companies had no joined-up story.

2022

TCFD aligned disclosures required for premium listed companies. Companies realised they weren't communicating what they were doing.

1–2 YEARS AGO

CSRD drove Board-level scrutiny. Companies needed evidence behind policies, not just statements

NOW

UK SRS based on ISSB (IFRS S1 & S2). FCA expected to require them in 2027.

Reporting is no longer just financial. Sustainability and governance now carry equal weight.

The Regulatory Landscape

Three major regulatory frameworks are converging, each carrying significant implications for listed companies.

1

ISSB Climate Disclosures (via FCA)

Mandatory climate disclosures aligned with ISSB S2 proposed for listed companies from 2027.

2

Broader Sustainability Reporting (S1)

ISSB S1 introduces wider sustainability disclosures including Scope 3 emissions with transitional relief.

3

UK SRS

Draft published last week. FCA rules expected following endorsement.

4

Corporate Governance Code (Provision 29)

Boards must declare effictiveness of internal controls & risk management.

The Gap Between Expectation and Capability

Regulators expect financial-grade rigour. Most organisations aren't set up to deliver it — yet.

150+ data points

Spread across HR, operations, environment and governance.

Fragmented systems

Financial data lives in ERPs. ESG lives in spreadsheets.

Disconnected contributors

Data owners are rarely involved in reporting processes.

Year-end squeeze

Non-financial reporting is deprioritised during financial close.

"We don't yet have the right processes and controls to ensure non-financial data is as robust as financial reporting."

What Boards Are Now Expected to Do

Provision 29 marks a fundamental shift — accountability is no longer organisational. It is individual.

DIRECTOR-LEVEL DECLARATIONS

From next year, directors must formally declare how the business has managed its principal risks, including sustainability and governance.

EVIDENCE, NOT ASSERTION

Boards can no longer state what they do. They must be able to prove it, with auditable processes sitting behind every claim.

COMPLY OR EXPLAIN

Silence is no longer an option. Where a company cannot comply, directors must publicly explain why — and what they are doing about it.

SCOPE HAS EXPANDED

Culture, diversity, sustainability and operational governance are now board-level responsibilities, not management footnotes.

The Hardest Part: Judgement-Based Requirements

These aren't tick-box rules. They require organisations to form and defend a view.

MATERIALITY ASSESSMENTS

Issuers must publicly justify what they deem immaterial. The bar for a credible explanation is unclear and the stigma of non-compliance is real.

OUTCOME-FOCUSED METRICS

Activity counts no longer suffice. KPIs must connect board decisions and actions to demonstrable outcomes.

EXTERNAL TARGETS

S1 requires public commitment to targets. Many organisations have internal targets but lack the board alignment to disclose them.

From Challenge to Solution

What listed companies, boards and reporting teams can do right now.

"I don't think the problem is going to go away until we stop seeing a reporting exercise as a six-month project or a once-in-a-year event. It needs to be an all-year-round process."

SRINIVAS S
CEO, SCRIBESTAR

Strengthening Controls: Where to Start Intro

These aren't tick-box rules. They require organisations to form and defend a view.

START WITH WHAT APPLIES TO YOU

Identify the frameworks and disclosures relevant to your sector.

FIX PROCESSES BEFORE SYSTEMS

Automation will not solve broken data collection.

LINK ESG TO RISK GOVERNANCE

Align ESG metrics with existing principal risk frameworks.

MOVE TO CONTINUOUS REPORTING

Capture data during the year, not just at reporting season.

Technology: Where Things Stand

Automation is coming — but most organisations aren't ready for it yet.

Where most companies are now

Excel trackers built in-house

No automation in ESG data gathering

Off-the-shelf tools don't cover bespoke sector KPIs

Data quality at source is the real problem

Where this is heading

Continuous reporting — not an annual event

All governance, ESG and financial data centralised from month one

Always audit-ready — verifiable at any point in the year

Web-based, searchable reports replacing PDFs

AI tools shaping how investors perceive your disclosures

ESG Reporting Is an Organisation-Wide System

When a team of two is responsible for 150+ data points collected across an entire organisation, the process will always break down.

OWNERSHIP MUST BE DISTRIBUTED

Every function generating ESG data must treat it with the same discipline as financial data. Definitions, baselines and year-on-year consistency are non-negotiable.

FINANCE MUST BE A PARTNER, NOT A BYSTANDER

Their audit rigour, controls experience and internal credibility are the fastest route to elevating ESG data quality.

MANDATORY FRAMEWORKS CHANGE BEHAVIOUR

Voluntary reporting rarely commands the same internal attention. As SRS becomes mandatory, resourcing and prioritisation will follow.

Getting the Framework Right

The quality of corporate reporting depends as much on how regulation is designed and implemented as on the obligations it imposes.

Introduce phased implementation

A single timeline for all issuers risks disproportionate pressure on smaller companies.

Adopt size-based thresholds

Other jurisdictions (EU, Australia) have phased or scaled approaches.

Improve regulatory alignment

FCA, DBT and wider government policies should move in the same direction.

Extend the S1 preparation window

Companies need more time to build reliable data systems and controls.

Clarify materiality expectations

Issuers need clearer guidance on what counts as a credible “comply or explain”.

Strengthen issuer representation

Consultations must reflect the practical realities faced by reporting teams.

> **"A lot of jurisdictions have got thresholds and more phasing. The one-size-fits-all approach for all main market issuers is going to be quite challenging — particularly for smaller caps."**
>
> **LIZ COLE**
> POLICY COMMITTEE, IR SOCIETY

The Operating Model for Modern Reporting

Companies that succeed will treat ESG reporting like financial reporting.

Shared ownership

Data sits across HR, operations, sustainability and finance.

Continuous collection

Metrics captured throughout the year, not assembled at year end.

Centralised data infrastructure

Financial, governance and ESG data stored in one environment.

Board oversight

Metrics tied directly to risk management and board accountability.

Audit-ready processes

Evidence available at any point — not just during reporting season.

What Reporting Teams Should Do Now

DEFINE YOUR METRICS FIRST

Agree with the board which ESG metrics the organisation is accountable for.

START CAPTURING DATA EARLIER

Continuous data collection removes the year-end reporting scramble.

STRENGTHEN CONTROLS AROUND ESG DATA

Expectations for evidence are approaching financial reporting standards.

PRIORITISE MATERIAL METRICS

Focus on the most important data points before scaling wider reporting.

BRING FINANCE INTO THE PROCESS

Audit discipline and internal credibility are essential.

ENGAGE WITH REGULATORS

Issuer perspectives are underrepresented in consultations.

In Summary

Financial reporting is no longer enough

Sustainability and governance disclosures now carry equal weight.

Regulation is accelerating

FCA, UK SRS and Governance Code reforms are landing simultaneously.

Boards are accountable for evidence

Policies alone are no longer sufficient.

The operational challenge is data

Companies must capture hundreds of metrics across multiple teams.

Reporting is becoming continuous

Annual reporting cycles are being replaced by always-ready systems.

Technology will reshape disclosures

Centralised data and digital reporting will replace fragmented spreadsheets and PDFs.

Transparency matters more than perfection

Regulators want credible disclosure and clear improvement plans.