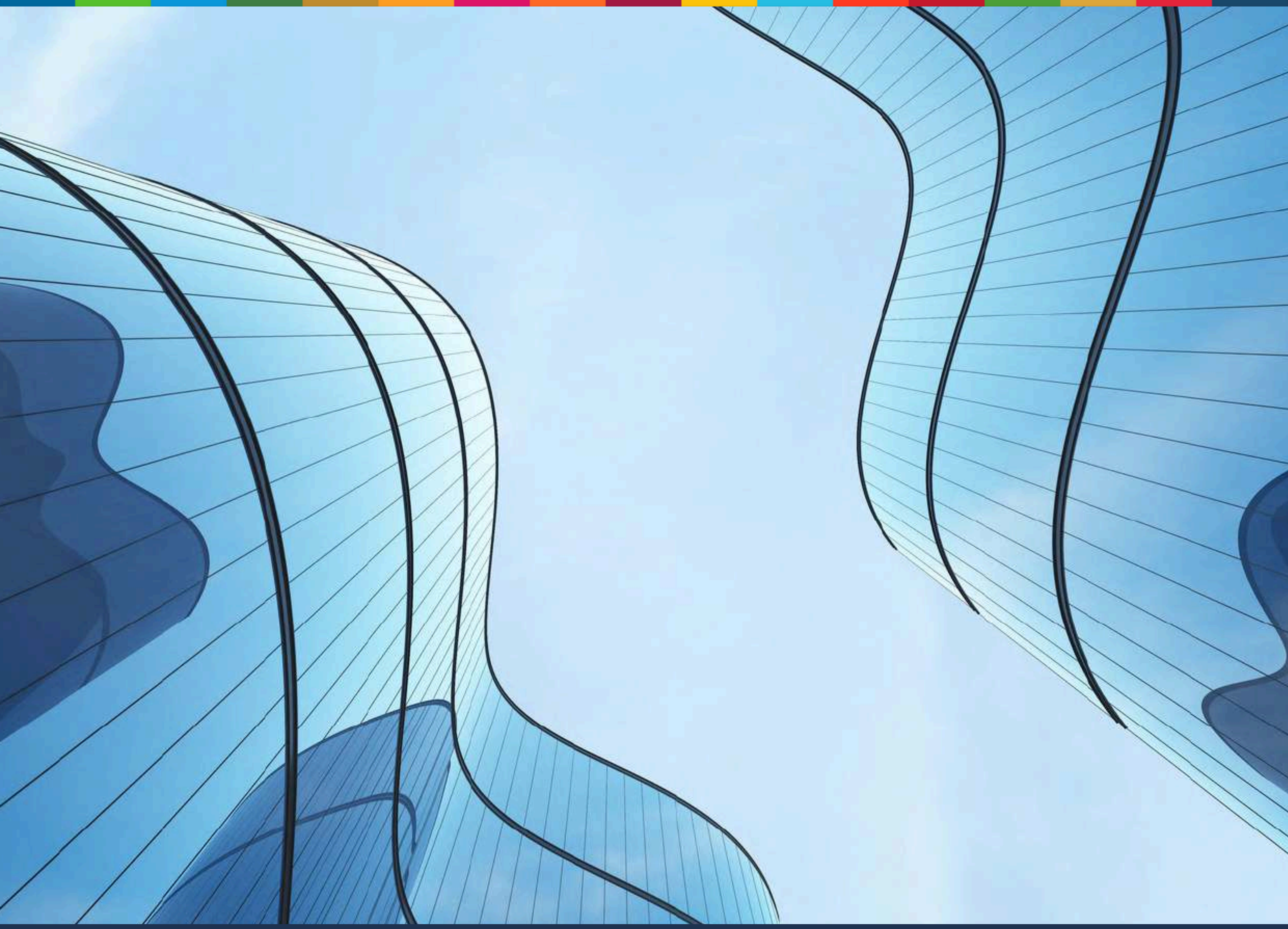
SUSTAINABILITY REPORTING WEBINAR SERIES 2025

KEY TAKEAWAYS REPORT



Global Compact Network UK

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In partnership with: MHA Baker Tilly

With thanks to my colleagues for their valuable support in the development and delivery of the Sustainability Reporting Webinar Series 2025.

FOREWORD

At MHA Baker Tilly, we are proud to stand with the UN Global Compact Network UK in presenting this Sustainability Reporting Webinar Series. As a leading professional services provider, we witness firsthand the transformative forces at play in the business world, where sustainability is rapidly transitioning from an optional extra to a fundamental pillar of corporate strategy and reporting.

The current regulatory landscape, marked by significant developments like the UK Sustainability Reporting Standards, the EU's CSRD, and evolving expectations from investors and regulators, is reshaping how companies manage risk, identify opportunities, and report on their performance. This series offered a crucial platform for finance and sustainability professionals to navigate these changes effectively and strategically.

At MHA, we are committed to integrating the same principles into our own operations. Our work with clients is underpinned by the belief that responsible business practices strengthen resilience, enhance stakeholder trust, and help drive sustainable growth. Whether through audit, tax, or advisory support, we aim to equip organisations with the insight and confidence they need to meet reporting requirements and, where possible, move beyond minimum expectations.

Our involvement in this series reflects our commitment to sharing practical expertise and supporting organisations as they navigate an increasingly complex reporting environment. By embracing these developments and investing in the systems and capabilities that underpin high-quality reporting, we can help build a more resilient, accountable, and forward-looking business community. Our long-standing engagement with the UN Global Compact Network UK reinforces this ambition, and we remain dedicated to working together to support meaningful and lasting progress.

Mark Lumsdon-Taylor
Executive Development & Sustainability Lead
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INTRODUCTION

As sustainability reporting continues to shift from voluntary to mandatory practice, companies must ensure that their disclosures not only meet regulatory standards but also provide coherent, comparable, and decision-useful information to stakeholders.

The UN Global Compact Network UK hosted the Sustainability Reporting Series, in partnership with MHA Baker Tilly, bringing together leading experts from across finance, regulation, and business to demystify the rapidly evolving reporting landscape. Over four webinars - Navigating Regulation; Emissions and Transition Planning; Social Reporting and Due Diligence; and Reporting as a Strategic Asset - the series examined how companies can move beyond compliance to embed sustainability disclosure into business strategy and long-term value creation.

Across the sessions, participants explored the convergence of global reporting frameworks, the increasing importance of data integrity, and the growing expectation for businesses to demonstrate credible transition plans and social accountability. The discussions reflected a broader shift: from fragmented sustainability narratives to a unified, transparent, and decision-useful approach to reporting that aligns financial and non-financial performance.

NAVIGATING SUSTAINABILITY REPORTING LANDSCAPE

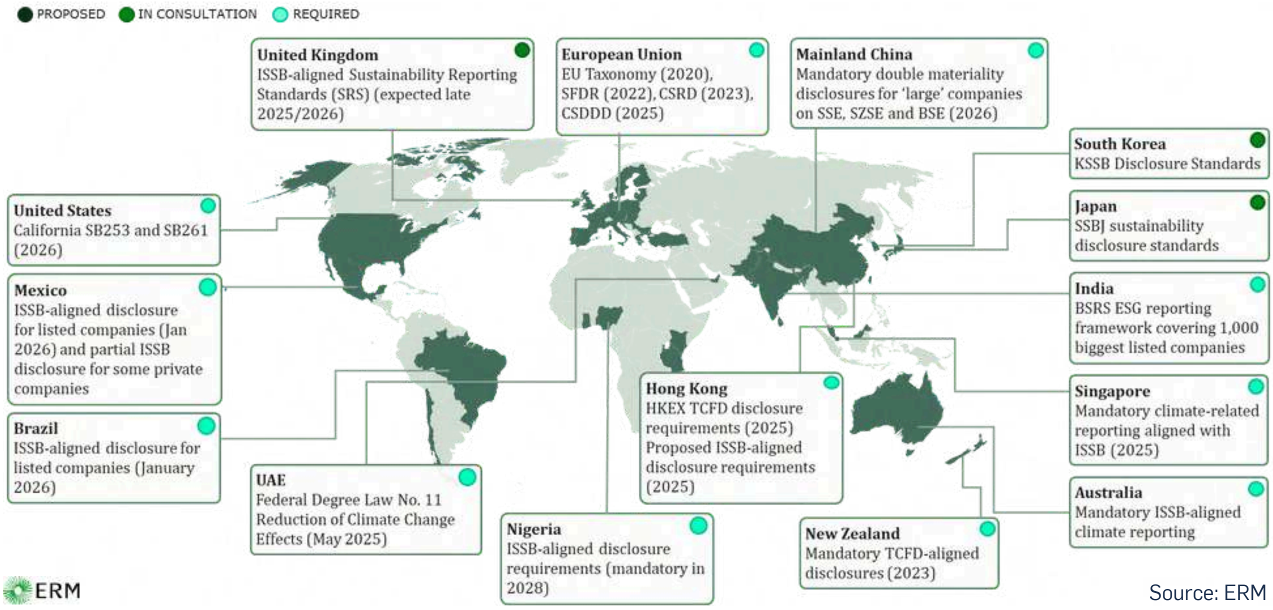
Regulatory frameworks that were once fragmented are increasingly converging around a common set of principles: interoperability, transparency, decision usefulness, and assurance. Two major frameworks dominate the landscape: the European Union's Corporate Sustainability Reporting Directive (CSRD), supported by the European Sustainability Reporting Standards (ESRS), and the International Sustainability Standards Board (ISSB) standards: IFRS S1 and IFRS S2.

CSRD introduces comprehensive mandatory disclosure requirements for companies operating in the EU or meeting defined thresholds. It is grounded in double materiality, requiring reporting on both financial risks and opportunities as well as impacts on people and planet. The ESRS framework spans environmental, social, and governance (ESG) topics through detailed cross-cutting and topical standards.

ISSB standards are designed to create a global baseline of financially material sustainability information. IFRS S1 sets general sustainability disclosure requirements, while IFRS S2 focuses on climate-related risks and opportunities. Both build on the structure and concepts of the Task Force on Climate-related Financial Disclosures (TCFD) and emphasise governance, strategy, risk management, metrics, and targets.

Jurisdictions worldwide are progressing toward ISSB adoption or alignment. The landscape is characterised by a mix of proposed, in-consultation, and required frameworks, with ISSB-aligned standards emerging as a central reference point.

Regions such as the EU, UK, Japan, South Korea, Singapore, Australia, and Brazil are advancing mandatory or ISSB-aligned reporting rules, while China, India, Mexico, Hong Kong, and California are introducing sector-specific or phased-in disclosure regimes. Several countries, including Nigeria, are preparing longer-term adoption timelines.



Source: ERM

In the UK, the Government is developing the UK Sustainability Reporting Standards (SRS), and further guidance from the Financial Conduct Authority (FCA) is anticipated in early 2026. These standards will be based on the ISSB standards but adapted for domestic regulatory contexts, and will focus on climate first, before expanding to those broader sustainability risks and opportunities. Additional consultation processes are anticipated to determine the scope and applicability for UK entities and listed companies.

Early analyses of CSRD reporting indicate common patterns. Climate change and own workforce issues are consistently identified as material across sectors. Business conduct also emerges as a widely material topic. By contrast, topics such as pollution, water, biodiversity, and communities vary significantly by industry and geography. These trends highlight the critical role of robust materiality assessment tailored to organisational context. Across all frameworks, expectations regarding assurance, data quality, and governance structures are rising.

Organisations must strengthen internal systems, clarify responsibilities, and integrate sustainability and financial information to meet evolving obligations and leverage reporting outcomes effectively.

TOOLS & RESOURCES

- **ERM – Unlocking the CSRD's Potential: Early Lessons Across Eight Key Sectors**. A cross-sector review offering practical insights into early CSRD implementation and emerging good practices.
- **RELX Annual Report**. A comprehensive example of integrated reporting, showcasing how sustainability is embedded across business operations.
- **European Commission – SME Reporting Recommendation**. Provides clear voluntary reporting guidance to help SMEs align with mandatory ESRS standards and improve consistency and comparability.
- **UN Global Compact Network UK Sustainable Suppliers Toolkit**. Step-by-step guidance to help companies strengthen supplier reporting, build capacity, and meet growing sustainability disclosure expectations.
- **Guide to Integrating the SDGs in Sustainability Reporting**. Practical guidance on mapping SDG impacts, targets, and contributions within existing sustainability reporting frameworks.

REPORTING ON EMISSIONS AND TRANSITION PLANNING

Organisations continue to face significant challenges in collecting reliable information for climate reporting, particularly where disclosures depend on data from suppliers and wider value chains. Scope 3 emissions remain the most complex area for many companies, reflecting the difficulty of gathering consistent activity data, establishing clear boundaries, and assessing impacts that fall outside direct operational control.

Access to credible external data sources is becoming increasingly important for building a fuller picture of greenhouse gas emissions. Independent datasets and estimation tools can help fill gaps where supplier information is limited or incomplete, and can support organisations in producing more comparable and transparent climate disclosures. The use of these sources is particularly relevant for organisations with diverse supply chains or limited visibility across upstream and downstream activities.

Regulatory requirements for transition plans are becoming more formalised. Many jurisdictions integrating ISSB standards are embedding transition planning within mandatory climate reporting. Economic and financial regulators increasingly expect organisations to articulate how climate considerations influence business models, capital allocation, and operational planning.

Improving the quality of value chain data remains a priority for organisations seeking to produce more robust climate information. Strengthening supplier engagement, building clearer data requests, and standardising internal processes can help improve the completeness and reliability of Scope 3 data.

As reporting expectations continue to develop, consistent access to accurate value chain information will be critical for producing climate disclosures that are decision-useful, credible, and aligned with emerging standards.

TOOLS & RESOURCES

- **LSEG – When Less Equals More: Rethinking Sustainability Reporting**. A perspective on streamlining disclosures to improve clarity, relevance, and decision-useful reporting.
- **LSEG – Decarbonisation in Portfolio Benchmarks 2025**. Analysis of how benchmarks are evolving to incorporate decarbonisation pathways and align with net zero objectives.
- **LSEG – State of Corporate Transition 2025**. An assessment of global corporate progress on transition planning, target-setting, and implementation.
- **LSEG – Physical Climate Risk (from Net Zero Report)**. Insights into how physical climate risks are evolving, and their implications for investors, markets, and corporate resilience.
- **Severn Trent Annual Report**. An example of integrated sustainability reporting within a regulated utility, highlighting operational, environmental, and social performance.
- **UN Global Compact Network UK Elevating Scope 3 Strategy**. An example of integrated sustainability reporting within a regulated utility, highlighting operational, environmental, and social performance.

SOCIAL REPORTING AND HUMAN RIGHTS DUE DILIGENCE

Human rights and social impacts are becoming central to sustainability reporting, as regulatory frameworks increasingly require companies to demonstrate how they identify and manage risks to people throughout their value chains. The Corporate Sustainability Due Diligence Directive (CSDDD) is accelerating expectations for companies in scope to carry out a robust human rights due diligence. This includes establishing clear processes for identifying salient risks, strengthening supplier oversight, and ensuring access to remediation.

Alongside regulatory shifts, emerging frameworks such as the Taskforce on Inequality and Social-related Financial Disclosures (TISFD) are shaping the future of social reporting. These initiatives emphasise that inequality, labour conditions, and community impacts are material issues that influence resilience, financial performance, and long-term value creation. Organisations are increasingly expected to disclose how social risks affect their business models and to integrate these considerations into governance and risk management.

Improving data quality remains a central challenge. Social and human rights information within value chains is often inconsistent, fragmented, or difficult to verify. Companies are working to enhance supplier engagement, align data requests, and integrate social metrics into procurement and contract management. External datasets and independent analysis are frequently used to supplement internal reporting, providing greater visibility where supplier data is limited or unavailable.

Data remains a challenge. Social information across supply chains is often fragmented or inconsistent, and many organisations are working to improve the quality of data they receive from suppliers. Strengthening supplier expectations, building capacity for data collection, and integrating social metrics into procurement processes are becoming increasingly common strategies. Companies also rely on external datasets and independent analysis where direct information is limited, helping to form a more complete picture of conditions across the value chain.

Operational challenges remain significant. Mapping value chains, collecting reliable social data, and embedding due diligence processes across functions require sustained effort and cross-functional coordination. Effective social reporting depends on collaboration between sustainability, procurement, legal, HR, and risk teams, supported by strong governance structures and clear accountability.

TOOLS & RESOURCES

- **TISFD – Conceptual Foundations**. A discussion paper outlining the foundational concepts behind the Taskforce on Inequality and Social-Related Financial Disclosures, including its purpose, scope, and emerging framework.
- **UN Guiding Principles Reporting Framework (Business & Human Rights)**. A widely recognised framework helping companies report clearly and comprehensively on their human rights impacts, due diligence processes, and governance.
- **UN Global Compact Network Germany – The Business Case for Social Sustainability**. An evidence-based overview of why investing in social performance strengthens business resilience, productivity, and long-term value creation.

USING SUSTAINABILITY REPORTING AS A STRATEGIC ASSET

As expectations increase, the value of a company's sustainability disclosures lies not only in technical accuracy but in how effectively they communicate priorities, performance, and long-term ambition. Delivering high-quality reporting begins with strong internal governance.

Organisations need clear ownership of data, defined responsibilities, and consistent processes to ensure that disclosures are accurate, timely, and aligned with the business narrative. Without this, companies risk losing control of their story as third-party platforms, data providers, or rating agencies interpret information in ways that may not fully capture context. Establishing internal checks, coordinated sign-off processes, and clear communication protocols helps maintain integrity and prevent misalignment between operational realities and external perceptions.

Focusing on what is most relevant allows organisations to use their resources effectively. Trying to report on everything creates duplication, fatigue, and unclear messaging. Instead, companies benefit from prioritising material issues and ensuring that reporting activities reflect their business strategy. This includes improving carbon accounting, strengthening supply chain transparency, and enhancing consistency across the multiple platforms through which data is shared.

Improving data capability is a growing area of focus. Many organisations are working on building more mature systems, standardising processes, and establishing clearer definitions so that data is reliable and comparable. External partners can provide helpful support, particularly for companies with limited in-house capacity. However, partnerships should enable knowledge transfer, so businesses gradually develop their own capability rather than relying on consultants in the long term.

Reporting also has a critical communication function. Beyond meeting regulatory requirements, sustainability disclosures can help organisations articulate how they create value, manage risk, and contribute to long-term societal and environmental outcomes. Effective reports link metrics to strategy in a way that is accessible and meaningful to diverse audiences, from investors and customers to employees and community partners. Integrating storytelling, clarity of purpose, and transparent performance data strengthens trust and enhances credibility.

As companies look ahead to evolving disclosure requirements, those that develop coherent internal processes, maintain control of their narrative, and invest in robust data practices will be better positioned to meet rising expectations and demonstrate leadership.

TOOLS & RESOURCES

- **LSEG – Sustainability Reporting Guidance**. Practical guidance to help companies structure, improve, and communicate their sustainability disclosures in line with market expectations and emerging standards.

CASE STUDIES

MHA'S END-TO-END CSRD ASSESSMENT AND ASSURANCE

As part of its ESG advisory and assurance work, MHA partnered with a multinational mining company to guide the organisation through the core stages of Corporate Sustainability Reporting Directive (CSRD) preparation. The project focused on strengthening internal processes, improving data governance, and ensuring the organisation was equipped to meet emerging regulatory expectations.

APPROACH:

Stage 1: Scoping and Gap Assessment

The engagement began with a structured assessment of existing reporting practices, governance arrangements, and data availability. This baseline review identified gaps against the European Sustainability Reporting Standards (ESRS) and clarified the scope of required disclosures.

Stage 2: Double Materiality Assessment

The second stage continued with running the company's Double Materiality Assessment (DMA), supporting internal teams in identifying impacts, risks, and opportunities, establishing criteria for assessment, and documenting the process in line with regulatory requirements.

Stage 3: Readiness and Data Controls

The next stage involved reviewing data flows, methodologies, and internal controls. Recommendations were provided to strengthen data quality, improve documentation, and align responsibilities across functions to support CSRD-compliant reporting.

Stage 4: Assurance Preparation:

Finally, a limited assurance procedure was carried out on the DMA output under ISAE 3000, focusing on consistency, traceability, and alignment with the agreed methodology.

CONCLUSION:

For companies navigating CSRD, the right partnership can help interpret regulatory expectations, strengthen internal systems, and improve the quality and reliability of sustainability disclosures.

RELX'S APPROACH TO CSRD REPORTING

RELX was among the first UK companies to publish a CSRD-aligned sustainability statement, taking a pragmatic and internally driven approach to meeting the new requirements. As a global information and analytics business, the company recognised that early preparation and clear governance would be essential for producing credible disclosures.

APPROACH:

Stage 1: Gap Analysis and ESRS Interpretation

The team conducted its own detailed gap analysis when the ESRS were released in mid-2024, translating the standards into an internal assessment tool and reviewing each requirement line by line. Completing this work in-house enabled RELX to build organisational understanding of the standards, establish ownership over the process, and avoid unnecessary complexity in the first year of implementation.

Stage 2: Double Materiality Assessment

The company applied a structured double materiality assessment, drawing on existing stakeholder engagement processes and supplementing these with a targeted review of strategic issues. Although climate change did not emerge as material based on its business model, RELX chose to report against ESRS E1 voluntarily, reflecting the broader relevance of climate to long-term corporate responsibility.

Stage 3: Governance, Oversight, and Reporting

Clear governance supported the process throughout. Senior leaders acted as section owners for the ESRS requirements, with a Chief Finance Officer (CFO) led working group providing oversight and coordination. The Chief Legal Officer (CLO) ensured consistency and resolved interpretive questions, helping maintain clarity across disclosures. RELX also maintained its existing corporate responsibility reporting alongside the CSRD statement, providing transparency beyond minimum compliance

CONCLUSION:

RELX's first CSRD reporting cycle established a strong foundation for future disclosures. Following publication, the company began reviewing opportunities to refine its reporting in line with evolving regulatory timelines and simplification measures. The approach demonstrated how early preparation, strong governance, and a focused methodology can support readiness for emerging sustainability reporting requirements.

CONCLUSION

As requirements mature and expectations grow, organisations must strengthen the systems, structures, and capabilities that underpin their disclosures. Organisations that invest in robust data systems, governance structures, and materiality assessment processes are best positioned to navigate regulatory change and use sustainability reporting as a driver of performance, trust, and sustainable growth.

The increasing emphasis on climate transition planning and social due diligence further underscores the need for integrated governance. These expectations demand coordinated action across finance, risk, sustainability, legal, procurement, HR, and operations. Companies that invest early in cross-functional systems, reliable data infrastructure, and clear internal roles will be better positioned to navigate future requirements and avoid reactive or fragmented reporting practices.

The Sustainability Reporting Series recordings provide a valuable resource for organisations seeking to deepen their understanding of the evolving reporting environment. The discussions provide additional depth, context, and practical insights that complement this report and offer valuable guidance for teams advancing their reporting maturity.

Looking ahead, companies that succeed will be those able to adapt quickly, translate regulatory changes into practical action, and enable teams to respond with confidence. This requires building internal resilience, supporting continuous learning, and creating the conditions for effective cross-functional collaboration. Organisations that develop these capabilities will be well placed to demonstrate credible progress, strengthen stakeholder trust, and contribute to a more sustainable and resilient economy.

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ABOUT THE UNITED NATIONS GLOBAL COMPACT

As a special initiative of the United Nations Secretary-General, the UN Global Compact is a call to companies worldwide to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment, and anti-corruption.

Its ambition is to accelerate and scale the global collective impact of business by upholding the Ten Principles and delivering the Sustainable Development Goals through ambitious, accountable companies and environments that enable change. With more than 25,000 companies and 3,300 non-business signatories based in over 160 countries, and 64 Country Networks, the UN Global Compact is the world's largest corporate sustainability initiative — one Global Compact uniting business for a better world.

For more information, visit www.unglobalcompact.org

ABOUT THE UN GLOBAL COMPACT NETWORK UK

The UN Global Compact Network UK is part of the world's largest responsible business initiative, the United Nations Global Compact, connecting UK companies and other organisations in a global movement dedicated to driving sustainable growth. Through an extensive programme of activity, it promotes sustainability leadership to create a world we want to live and do business in, by inspiring ambition, enabling action, and collaborating to shape the business environment.

The Ten Principles of the UN Global Compact, rooted in UN treaties, provide a robust foundation for corporate sustainability and business action on the Sustainable Development Goals (SDGs).

For more information, follow us on LinkedIn (UN Global Compact Network UK) or visit unglobalcompact.org.uk

DISCLAIMER

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