12.09.2025

JOINT SGA–EGDF STATEMENT ON: Exposure draft of UK Sustainability Reporting Standards: UK SRS S1 and UK SRS S2

IN GENERAL, THE SGA, EGDF AND ITS MEMBERS:

- Support the UK government's amendments to IFRS S1/2 for the UK context as minimally disruptive and appropriate to aiding a fast and efficient transition.
- Support the voluntary use of SASB materials, alongside other industry-specific standards and guidance that more closely aligns with industry's own understanding and experience of its material sustainability topics.
- Support the requirement for transparent carbon credit disclosures, noting a) the high levels of concern with integrity and verification schemes, b) low confidence in the existing market for certain forms of carbon credits, and c) emerging scientific best practices about carbon reduction credits and verification.
- Support efforts to ensure the comparability, efficiency, and interoperability of sustainability reporting standards globally, and the ability for industries to set their own voluntary standards based on direct material knowledge of sustainability risks, impacts and opportunities at a highly specific and granular level.
- Support proposals to require economically significant entities to disclose sustainability information, due to the expectation they be embedded in ordinary due diligence and risk management processes, and for the ability to enhance comparability and enable a level playing field.
- Support assistance for SMEs through industry-specific sustainability initiatives (such as the SGA) that are able to provide tailored guidance, tools, and data formatting guidance to enable value chain data sharing and collaboration on sustainability.

ANSWERS TO SPECIFIC QUESTIONS

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

We agree with the UK Government's 4 amendments. They are well considered for the UK context, do not impose any additional requirements on business, and support an efficient, rapid adoption of IFRS standards.

2. Industry practice is to use the balance sheet for loans and investments from a previous period to calculate financed emissions (where it is impracticable to provide the information for the current reporting period end). Do you agree or disagree that this results in decision-useful information, and what additional guidance might be useful?

While this industry practice does not directly apply to SGA/EGDF members, who are not financial organisations that finance emissions, our members may be the recipients of loans and, as such, could be within the Scope 3 reporting boundary of financial reporting companies.

We **do not agree** that the use of previous period balance sheet data for loans and investments produces decision-useful information, as it introduces a further lag into a reporting process that already has an annual cadence.

Additional guidance that might be useful, and that could enable the calculation of financed emissions promptly, is process guidance or automations for report preparers who are within the Scope 3 boundary of financed emissions. The efficient calculation and disclosure of emissions could be shared with financers.

3. For entities subject to financed disclosure requirements, what is the impact of revising comparative data for financed emissions calculations and what additional guidance might be useful?

Abstain as not relevant to our members.

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

No additional comments.

5. Do you agree or disagree that 'shall' should be amended to 'may' in "shall refer to and consider the applicability of… [SASB materials]"? Provide your rationale, including any views you have on the timing of the review of the amendment.

We agree that "shall" be amended to "may" – in line with the UK govt's expectations for high standards of due diligence to be upheld in all supporting materials, and in keeping with the "mixed" feedback on the SASB materials.

The digital games industry sits within the SASB's Internet Media & Services sector guidance; however, it is an awkward fit. The five material sustainability disclosure topics in the Internet Media & Services Standard are broadly applicable to digital games in their relevance, but, in their specifics, are not universally applicable to games, and maintain a strict "shall disclose" wording and would entail an inefficient use of time and effort and produce little actionable information in disclosures for our members.

For example, the SASB Internet Media & Services standards require disclosures on; data centre water withdrawals, discussion of the integration of environmental policies regarding the plan of data centres, and lawsuits regarding uncompetitive behaviour. For a majority of the games industry and our members, these are not materially relevant sustainability topics, and the remaining disclosure topics do not cover many of the more substantial material issues such as end-user energy consumption, the use of software energy efficiency (eco modes), supplier engagements, downstream transport and distribution of digital data, responsible gaming practices and monetization, and so on. The SASB industry standards have not been developed at a sufficiently granular level, with sub-sector guidance better placed to identify the most essential material sustainability topics with greater efficiency.

We support the optional use of the SASB sector-specific standards as one option among many that report preparers may choose from to best address their circumstances. We find this particularly important as more narrowly defined industry-specific standards become available. As other digital industries advance their collective sustainability expertise and efforts – for example: the digital advertising industry via Ad Net Zero, the digital film and television sector via WeAreAlbert, and the digital games industry via the Sustainable Games Alliance – the ability to provide implementation and sustainability guidance at a more targeted level will ultimately be more applicable, becoming a critical tool in enabling the most impactful and efficient interventions.

As an organisation that is producing a voluntary industry-specific standard for GHG emissions and sustainability impacts, the SGA strongly supports the use of industry-specific standards and sees great benefit in industry-based guidance, provided that they are A) adequately tailored to specific industry context, and B) sufficiently robust in terms of both governance, oversight and integrity from a sustainability perspective, meeting the high expectations of both industry stakeholders and civil society.

6. Do you agree or disagree with the proposal to link the reporting periods in which a transition relief can be used to the date of any reporting requirements coming into force? Provide your rationale.

We agree with the proposal to link the transition relief to the date of the UK legal requirements entering force, for the reason that we support avoiding penalising any early voluntary reporters.

7. Explain your views on: a) whether disclosure of the purchase and use of carbon credits in the current period would be useful information b) what the barriers to companies being able to produce this information are (including the availability of the information required for reporting and the associated costs) c) whether (and how) any further disclosures would be useful

    A) The SGA views the transparent disclosure of the purchase and use of carbon credits as *extremely useful information.* The integrity of carbon markets is an important consideration for numerous stakeholders, with a current lack of transparent information about the provenance and integrity of different categories of carbon credit undermining the appeal of both carbon *avoidance* and *removal* credits. Standards for the integrity and verification of different types of carbon credits are still emerging, and more transparency in this area would greatly aid producers and purchasers of the highest quality credits. Reporting costs for verification of carbon credits should ideally be borne collectively by market participants, with efficient disclosures enabled for purchasers. Carbon credit disclosures are already required for submission to the SBTi process, and as part of ESRS in Europe, so an expectation already exists for disclosures.
    B) Existing barriers to companies being able to produce this information are the lack of sufficiently strong carbon credit verification processes and limited documentation, with market maturation still required for participants on both sides of the transaction. Verification of carbon removals is an emerging field with scientific evidence of their validity slowly appearing, and we expect this to improve over time.
    C) Further disclosures, such as market-provided project details, guarantees, etc. would be useful in signalling the importance of integrity and transparency in this market and that carbon credits are not a way of throwing money at the problem of sustainability, but simply one possible tool which must be used with care.

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

Our views on the four ISSB proposed amendments:

I. We do not have a view on the methodology used for the disclosure of Scope 3, Category 15 emissions from investments or reinsurance.
II. We do not have a view on the use of GICS codes for financed emissions, however it supports the UK govt's stance that preparers should be able to use a non-commercial product for disclosures.

III. We support reporting methods that build upon, improve or clarify the application of the GHG Protocol rather than alternative approaches. The SGA and its members support the use of alternatives to the GHG Protocol, provided that they are of the same or greater stringency, such as the Bilan Carbone. SGA and members are reluctant to allow the potential for rogue jurisdictions introducing alternatives to the GHG Protocol that lower standards, with concern about an unintentional loophole introduced by this amendment in rare circumstances.

IV. We are not aware of jurisdictions/exchanges that require alternative GWPs than the latest IPCC GWP100 and cannot see reason to do so. However, we **support** amendments that support interoperability provided both values are used.

9. Do you have any other comments (including any supporting evidence you would like to share) on the UK government's 2 amendments based on the PIC's conclusions? Explain them here.

No further comments.

10. Overall, do you agree that the UK government should endorse the standards, subject to the amendments described? Explain any other amendments that you judge to be necessary for endorsement and why.

We agree that the UK government should endorse the standards, with amendments as described, in order to enable interoperability and a level playing field, an efficient and targeted minimum disclosure regime for all organisations in the UK and abroad.

11. Explain the direct and indirect benefits that you are expecting to result from the use of UK SRS S1 and UK SRS S2 (which may or may not be included in paragraphs 4.2 to 4.5). Include an assessment of those benefits which are additional to benefits arising from current reporting practices.

For our industry and members, we expect direct benefits to accrue to the most sustainable businesses in the games industry by enabling greater comparability, transparency and competitiveness, enabling their environmental performance and awareness of exposure to climate risks and opportunities to provide reputational benefits. These benefits will help producers demonstrate alignment with their customers' values of long-term sustainability and environmental performance. Indirect benefits will be environmental benefits, with disclosures leading to greater awareness and action, benefiting all. We assess that benefits will arise via two factors: first by enabling global interoperability, and second, by focusing corporate attention and awareness.

Adopting ISSB standards and climate transition plans in the UK in an owner-agnostic way is a proactive step toward what is likely to become inevitable globally as increasingly sophisticated stakeholders demand transparency. Eventually, the private sector will need to engage in this exercise to support net-zero ambitions, and this is an opportunity for the UK government to help companies by providing consistency to reporting frameworks and requirements and reducing the guesswork around what individual companies might have to do in the future by interpreting a variety of different global requirements and thresholds.

12. Explain the direct and indirect costs that you are expecting to result from the use of UK SRS S1 and UK SRS S2 (which may or may not be included in paragraphs 4.7 to 4.8). Include an assessment of those costs which are additional to costs arising from existing reporting practices.

We expect direct additional costs will mainly be for organisations that undertake *voluntary* compliance with the UK SRS, primarily these costs will be borne by the reporting organisations, after an assessment of whether the costs outweigh the benefits. Industry-specific global sustainability organizations (such as the Sustainable Games Alliance) are well-positioned to perform the task of facilitating global compatibility and interoperability for voluntary reporters, in turn reducing the costs and burdens of compliance with multiple jurisdictions.

Additional indirect costs may result from the UK adopting standards that are somewhat different from European partners (e.g. the ESRS) – however, given the European Commission's Omnibus proposal and that it having tasked EFRAG with identifying ways to simplify the ESRS, greater alignment with the ESRS is probably not currently appropriate. Alignment with ISSB standards is the next best minimally invasive option.

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

We view requiring economically significant private companies to report against the UK SRS as, on balance, a positive decision. We support the UK government's assessment of the benefits for these organisations, enabling them to identify and manage relevant climate-related risks, and have their senior management better informed of climate-related issues. For their ability to experience reputational benefits, we expect expect it is only somewhat affected by the requirement to implement the UK SRS, as these may already have been doing so on a voluntary basis – however there is an additional minor benefit arising from being required to report as an ongoing concern which will ensure integrity and fairness of reputational comparisons. For example, at least one private company in the digital games industry has previously reported sustainability information on a voluntary basis, and accrued a reputation benefit as a result, however the organisation has subsequently relapsed to non-disclosure without the attendant consequences from additional scrutiny.

In general, we support the proposal, as it serves to support the aim of enabling a level playing field between public and private organisations, bringing them onto the same footing as companies of a similar scale. Similarly, this type of requirement for economically significant private companies to report on sustainability topics is already successfully implemented in some jurisdictions, such as Denmark.

14. For non-listed entities, what are your views on your readiness to report against UK SRS – particularly UK SRS S1, which covers non-climate reporting? Explain whether you require additional resources to report on UK SRS, beyond resources used for existing climate or sustainability-related reporting, and what these resources would be.

We take the view that non-listed entities should be in a position to understand and disclose their sustainability impacts, risk and opportunities as part of ordinary due diligence and risk management processes. Industry-specific sustainability organisations such as the Sustainable Games Alliance and others mentioned elsewhere are in a position to assist companies that are undertaking these analyses for the first time. The UK should focus its resources on identifying and guiding these companies to resources for their specific industry or sub-sector.

15. What (if any) would be the opportunities to simplify or rationalise existing UK climate-related disclosures requirements, including emissions reporting, if economically-significant private companies are required to disclose against UK SRS? Consider how duplication in reporting can be avoided. Responses to this question will support the government's review of the UK's non-financial reporting framework.

We see the main opportunities for simplification and rationalisation as stemming from the benefits of establishing norms and achieving alignment. These can have beneficial effects in terms of time saving, ecosystem knowledge, and dissemination of best practices, and allow the transferability of knowledge and skills across business sectors. Duplication in reporting can be avoided by aligning with financial reporting and by maintaining a focus on the most essential disclosures for achieving the UK's net zero goals, as the ISSB standards do.

16. Explain which other sustainability-related disclosure requirements your organisation currently reports against or expects to report against. How does this affect your assessment of associated costs and benefits for any UK SRS reporting?

We are a global group of trade associations and companies, and our members are (or are potentially) reporting against ESRS, different jurisdictional implementations of ISSB standards (Canada, Australia, NZ, etc), US/Californian standards. As a key regional player in our industry, Japan has recently adopted ISSB standards, which we expect to uplift expectations, and interoperability across jurisdictions and regions will be key. Private companies not yet subject to public disclosure rules are also tracking the fluctuating requirements in sustainability disclosures, and harmonisation around a consistent and clear set of standards would assist in future-proofing for these businesses.

17. What support from UK government or regulators may be useful for SMEs and what support is already available within the market? Explain which costs could be mitigated and/or which benefits could be realised through this support.

A key support for SMEs is industry-specific sustainability organisations that are able to produce guidance, training, tools and voluntary standards that support smaller businesses with clear guidance on data requests, and enable whole of value-chain data sharing. The UK government could provide support for these types of initiatives, by directing more organisations towards industry specific tools or with direct financial support for the development and dissemination of these intiaties. By being directly involved with the compilers of this information these organisations can provide the missing middle of detailed guidance that applies to industry specific SMEs without the expense of individual consultancies paid for by suppliers and value chain partners. SMEs are also often the least heard members of the business community, and lack the same channels of communication with government and regulators as larger ones. Attitudes of mid-size businesses in Europe have also proven that support exists at this level for sustainability disclosure.

18. Explain your assessment of the legal implications of using UK SRS and your assessment of the existing provisions in section 463 of the Companies Act.

The main implications we see of the UK SRS and legal implications arising from disclosures *not* protected by similar provisions to section 463 of the Companies Act are that:

A. Management awareness of sustainability impacts, risk and opportunities varies greatly across companies, increasing risk of greenwashing, reputational damage, lawsuits, etc.
B. Legal challenges to even unintentional erroneous disclosures may expose directors to liability.
C. Lack of protection for directors may be a disincentive for companies to address sustainability as they may see it as a risk, and consequently, this may make it harder for the UK to align with the recent UN court rulings on the responsibility of countries to ensure healthy environments as a human right.

Protections for honestly held beliefs in the factual nature of sustainability disclosures would be an appropriate safeguard, and have the added benefit of also elevating the seriousness of these disclosures to the same level as financial statements in the eyes of management and other stakeholders.

19. If you have any other comments (including any supporting evidence) on the potential costs and benefits of UK SRS for any stakeholder, including any comments on sector-specific impacts, explain them here

We wish to add that the potential benefits of the adoption of the UK SRS far outweigh the costs. The digital games industry in the UK is substantial, and its largest public entities are prepared for sustainability disclosures of this nature. The main actors in the industry who may not be so well prepared are value chain partners and suppliers, particularly SMEs, however sector-specific standards like the SGA Standard which builds upon the GHG Protocol and clarifies how to apply its guidance in the game industry context, will provide substantial assistance. The SGA provides free and open source tools that will help game businesses comply with the UK SRS, and accelerate the transition to a sustainable games industry.

20. What are your views on the quality and availability of existing guidance for the topics listed in paragraph 5.4? Explain what additional guidance – particularly on a global basis – would be helpful and why.

We strongly supports the UK recommendations to the ISSB on the need for “the development of further industry-based guidance for Scope 3 GHG emissions reporting”. A particular unresolved issue for the all software industries is the nature of Scope 3, Category 11 'use of sold products'. There are currently conflicting approaches to the issue of whether or not the consumption of energy by software is a “direct” or “indirect” type of consumption, with implications for GHG reporting for an area that is the largest single source of impacts for many software industries. This leaves some reporters with ambiguity about the scope of mandatory Scope 3 reporting, where software requires specific (or non-specific) hardware as part of its use. Guidance on this topic would be extremely beneficial internationally, as existing guidance is inconsistent and at times does not match stakeholder or civil society expectations about corporate responsibility, and clarity on this issue would help identify extent of software & IT companies influence over their final emissions.

Climate scenarios are a challenging area for our industry, with limited internal expertise to draw on and few leading examples of their application as a guide, leading to the potential for first-time costs in their application. For this reason, the SGA supports the additional development of guidance, though existing tools and services exist (NFGS scenarios, IPCC RCPs, etc), these can benefit from improvements to enable simpler applicability to a wider range of industry contexts. The form that this guidance takes does not need to reinvent these services, but should aim to educate UK SRS report preparers on how to interpret and apply these scenarios. Similarly, there exists scope for the UK government to provide timely (annual or similar) updates to the *likelihood* of achieving certain scenarios, in line with the latest climate science – as the world progresses past the likely achievability of the most ambitious climate scenarios.

We also support the use of UK government conversion factors, which are often the best and most up-to-date sources of sustainability information for many reporters, researchers, etc. The existing level of familiarity with DEFRA emissions factors, for instance, appears to be very high, and requires little to no additional guidance.

For more information, please contact

Maria Wagner
Managing Director, Sustainable Games Alliance

maria@sustainablegamesalliance.org
https://sustainablegamesalliance.org

Jari-Pekka Kaleva
Managing Director, EGDF

jari-pekka.kaleva@egdf.eu
www.egdf.eu

About EGDF

1. **The European Games Developer Federation e.f. (EGDF)**[1] unites 24 national trade associations representing game developer studios based in 22 European countries: Austria (PGDA), Belgium (FLEGA and WALGA), Croatia (CGDA), Czechia (GDACZ), Estonia (Gamedev Estonia), Finland (Suomen pelinkehittäjät), France (SNJV), Germany (GAME), Italy (IIDEA), Lithuania (LZKA), Netherlands (DGA), Norway (VIRKE Produsentforeningen), Poland (PGA and IGP), Portugal (APVP), Romania (RGDA), Serbia (SGA), Slovakia (SGDA), Spain (DEV), Sweden (Spelplan-ASGD), Switzerland (SGDA), Turkey (TOGED) and the United Kingdom (TIGA). Through its members, EGDF represents more than 2 500 game developer studios, most SMEs, employing more than 45 000 people.
2. **The games industry represents one of Europe's most compelling economic success stories.** Located at the crossroads of the ICT and cultural industries, the game industry is one of the rapidly growing segments of the cultural and creative industries. In 2022, there were around 5 300 game developer studios and publishers in the EU, employing over 90 000 people and running a combined turnover of over €19bn[2]. In 2023, Europe's video games market was worth €25,7bn, and the industry has registered a growth rate of 5% in key European markets[3]. The European digital single market is the third-largest video game market globally.

About SGA

3. **The Sustainable Games Alliance (SGA)** is a non-profit cooperative founded by the world's leading game entrepreneurs and environmental researchers with one goal: to make the games industry the leader in sustainability by setting ambitious and achievable standards for environmental and social responsibility. Founded in August 2024, SGA already has 34 members from 11 different countries including PC, console & mobile game developers, research groups, and local as well as pan-European trade associations.

[1] For more information, please visit www.egdf.eu
[2] EGDF-VGE 2023 European games industry insights report https://www.egdf.eu/wp-content/uploads/2024/06/2022-European-video-games-industry-insight-report.pdf
[3] ISFE-EGDF 2023 Key Facts https://www.videogameseurope.eu/publication/2023-video-games-european-key-facts/