SFMI SPOTLIGHT

APRIL 2026

A WORD FROM US

Hello and welcome to the latest edition of the SFMI Spotlight! As we approach the beginning of the 2026 SFMI year, we're gearing up for our Launch Webinar on 6th May, where we'll be sharing programme updates, sector developments, and what lies ahead as we look towards 2030. In the meantime, we're pleased to share an overview of what's been happening across the programme and what you can expect in the months ahead.

Over recent months, we've been settling into a new rhythm with the partner-led SFMI Leaders' Working Group, which has now met twice. It's been fantastic to see you championing topics that matter to your organisations and sharing knowledge and learnings across the sector. Our most recent discussion also helped inform elements of our recently published Ambitions Report, which we'll be discussing further in our May webinar. The deep-dive sessions into your selected themes will begin next month, and we're looking forward to exploring these in more detail and continuing to shape shared actions that move the FM sector forward.

February also saw our Wellbeing Leaders' Forum, where Dr Nigel Oseland shared valuable insights on the evolving science of workplace wellbeing. Just as important were the reflections from Partners, who highlighted both the challenges and the appetite to build stronger wellbeing practices across FM. These perspectives are directly informing our thinking for the year ahead. Our next Leaders' Forum will take place in June, and we'll be sharing more details very soon!

We are also preparing for the start of the 2026 certified assessments, with our first planning meeting scheduled for next month. After last year's significant updates, this cycle introduces only a small set of refinements, focused on making the assessment process smoother and more efficient, as well as aligning with forthcoming regulations and standards such as UK SRS, GHG Protocol and SBTi. Full details will be shared with Partners shortly.

Our ESG Self-Assessment Tool is now fully live. Designed to expand the SFMI to organisations not yet ready for the full certified assessment, the tool also supports a growing need within FM to better understand supplier ESG maturity. It enables FMs to assess where their supply chains stand today and identify priority areas for improvement. We've already had encouraging early conversations with Partners on how this can be used more strategically, and we look forward to developing this further over the coming year.

Finally, with key regulatory changes now in force—including updates to UK SRS, EPC, and modern slavery requirements—this Spotlight edition provides an overview of what these developments mean for FM.

We look forward to seeing you at our SFMI 2026 Launch Webinar on 6th May, please do register if you haven't already done so!

Sophie Manners
Sustainability Consultant

UNDER THE LENS

UK Sustainability Reporting Standards: What Facilities Leaders Need to Know and What to Do Next

On 25 February 2026, the UK Government formally published the UK Sustainability Reporting Standards (UK SRS S1 and S2), confirming its direction towards a more consistent and financially aligned approach to sustainability-related disclosures.

Developed from the International Sustainability Standards Board (ISSB) framework, the standards set out how organisations should report sustainability and climate-related risks that could affect financial performance. In practical terms, this means explaining how these risks influence cash flows, access to finance, and long-term value.

For organisations already reporting under TCFD-aligned requirements or Streamlined Energy and Carbon Reporting (SECR), this is not a change in direction. However, it introduces a clearer expectation that sustainability-related risks are reflected in financial planning, supported by robust data, and presented consistently across disclosures.

What are the UK Sustainability Reporting Standards?
UK SRS represents the UK's adoption of the ISSB framework, designed to bring greater consistency and comparability to sustainability-related financial disclosures.

The framework is structured around two core standards:

a) UK SRS S1 – General requirements: Establishes the overall framework for identifying and disclosing sustainability-related risks and opportunities that could affect cash flows, access to finance, or cost of capital, across governance, strategy, risk management, and metrics and targets.
b) UK SRS S2 – Climate-related disclosures: Builds on S1 with more detailed requirements focused on climate, including risk assessment, scenario analysis, transition planning, and resilience.

S1 provides the foundation, with S2 applying those principles specifically to climate-related risks.

How UK SRS builds on existing requirements and what is changing in practice
UK SRS should be viewed as an evolution rather than a direct replacement of existing frameworks such as UK Climate-related Financial Disclosures (UK CFD) or HM Treasury's TCFD-aligned guidance. Although it is expected that UK SRS will ultimately replace TCFD-aligned disclosure requirements, these requirements remain in place, including those under the Companies Act and FCA Listing Rules.

UK SRS introduces a more structured and financially aligned approach. It requires an explicit and unreserved statement of compliance where all requirements are met, but does not require organisations to assert compliance. Where compliance is claimed, it must be complete and clearly stated.

The key shift is the expectation that sustainability-related risks are connected to financial outcomes. Organisations are expected to demonstrate how risks affect assets, operations, and cost structures, and how these are reflected in budgets, forecasts, and investment decisions. Disclosures should align with financial statements, internal assumptions, and risk management processes, supported by clear data ownership and documentation.

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UK Sustainability Reporting Standards: What Facilities Leaders Need to Know and What to Do Next

As Jose Hopkins, Senior Sustainability Consultant at Acclaro, notes:

“The direction of travel is towards greater alignment between sustainability-related disclosures and financial reporting, with a clearer expectation that organisations can explain how risks are reflected in financial outcomes.”

Why Facilities Management is relevant in practice
Whilst many FM organisations are not in scope of UK SRS regulation, they are pulled in indirectly through operations, data, and assets to support their customers.

Many sustainability and climate-related risks originate within the built environment. Energy consumption, asset efficiency, exposure to extreme weather, and maintenance requirements already influence operating costs and long-term planning.

As organisations move towards more structured and financially aligned reporting, the operational insight held within Facilities teams becomes increasingly important. FM teams need to be conversant in the language and requirements. This includes understanding how energy demand affects cost forecasts, how physical risks influence asset resilience, and how these factors inform capital investment decisions.

What practical steps can you start taking now
Preparation can be approached in a structured and proportionate way. Six practical steps include:

1. Understand where UK SRS may affect you: Identify which parts of the business, stakeholders, and reporting obligations are likely to be impacted.
2. Establish early coordination and governance across teams: Align Facilities Management, Finance, and Risk teams to ensure operational data supports reporting and decision-making.
3. Strengthen data ownership and basic controls: Ensure clear ownership of energy, emissions, and asset performance data, supported by basic review processes.
4. Strengthen climate and sustainability literacy across key roles: Ensure teams understand how sustainability and climate-related risks translate into financial impacts and assumptions, supporting more consistent judgement and governance.

Looking ahead
UK SRS represents a progression in how sustainability-related information is integrated into business decision-making.

For Facilities Management, this creates an opportunity to contribute more directly to cost management, asset strategy, and operational resilience.

For most organisations, the priority is not to build new processes, but to ensure that existing operational insight is clearly connected to financial planning and supported by appropriate evidence.

Reforming EPCs for Commercial Buildings: Challenges, Consultation Outcomes, and the Path to Operational Performance

Energy Performance Certificates have been a requirement to provide an energy efficiency rating for properties since the late 2000's. The reason why they are so important is their outsized influence on the incomes and financial performance of commercial properties.

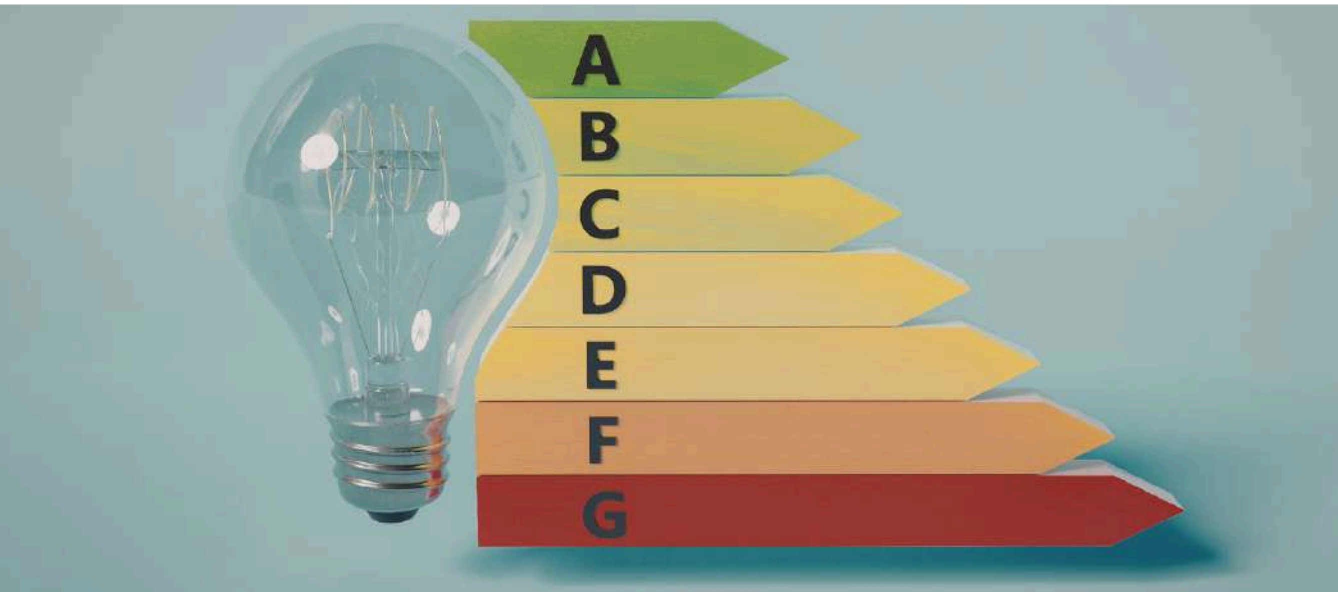
Whilst the failures of the EPC have long been recognised, updating the regime and providing a dual system measuring the operational performance of the buildings will affect the financial viability of many properties. However, without these changes, it's unlikely the building sector will come close to the decarbonisation plans and resilience strategies required to meet the 2050 targets and maintain business operations.

The UK's commercial buildings sector is entering a period of major regulatory transformation following the government's recent consultation on reforms to the Energy Performance of Buildings (EPB) regime. Industry responses reveal widespread recognition that the current EPC framework—while long established as a compliance mechanism—no longer meets the needs of a market focused on net zero, operational efficiency, and meaningful carbon reduction. The emerging direction of government policy, combined with industry expectations, points toward a more sophisticated, operationally anchored system.

Recent Consultation and Outcomes
The recent UK-wide consultation on EPC reform attracted strong engagement from commercial real estate stakeholders, particularly owners, occupiers, and sustainability professionals. EPCs must evolve from static, model based certificates into tools that reflect real-world building performance. Many respondents called for EPCs to be extended into operational periods, capturing actual consumption through shorter validity cycles of 3–5 years.

Better enforcement is necessary, with many recognising that while EPCs underpin compliance—particularly with Minimum Energy Efficiency Standards (MEES)—the current system lacks the regulatory pressure needed to drive continuous improvement. Multiple government bodies, accreditation schemes, assessors, and industry actors lack proper coordination, resulting in fragmented oversight and inconsistent outputs.

Limitations in SBEM, the modelling engine used for non-domestic EPCs, which is increasingly outdated and unable to reflect modern HVAC systems, advanced controls, or the proliferation of smart technologies. There was also emphasis on aligning EPCs with broader national programmes such as retrofit standards, and net zero roadmaps, which already incorporate multi-year operational evidence.



Challenges with the Existing EPC Regime for Commercial Buildings

Commercial properties face particular challenges under the current EPC system. The most significant is the reliance on modelled, not actual, energy performance. EPCs frequently fail to represent how a building truly operates once occupied, leading many owners and tenants to view them as a “compliance burden” rather than a meaningful diagnostic tool.

The modelling assumptions embedded within EPC methodology—such as standardised occupancy levels, internal heat gains, and operating hours—often bear little resemblance to real commercial building usage. This produces ratings that can misrepresent both efficient and inefficient buildings. For complex properties like offices with variable occupancy patterns, data centres, laboratories, or retail premises, EPCs can be particularly unrepresentative.

Another major challenge is the misalignment between EPC ratings and MEES requirements. Because MEES thresholds are tied to EPC outputs, landlords may be forced into investments that raise EPC scores but have limited impact on operational energy or carbon performance. Additionally, cost-based metrics can produce perverse incentives, such as favouring gas boilers over electric heating due to historical fuel-price assumptions—running counter to decarbonisation objectives.

Quality inconsistency across assessors remains a persistent issue, with assessments for similar buildings varying widely. This erodes confidence, particularly for institutional investors managing large portfolios. Data accessibility and transparency are also weak, making it hard for commercial property owners to benchmark performance or plan net zero improvements.

Improved Approaches for Operational Buildings

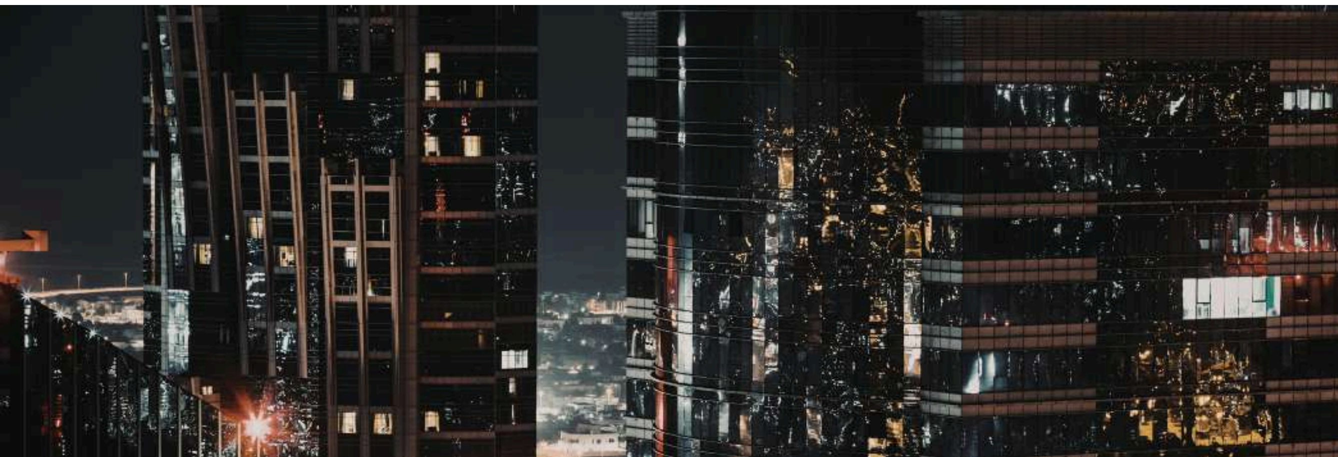
A shift toward an EPC system that captures actual operational energy performance. A dual metric—or “twin-track”—approach would combine:

- **A design stage EPC**, evaluating intrinsic building efficiency (fabric, system performance, smart readiness).
- **An operational EPC**, incorporating annual metered data from smart meters and submetering to reflect real consumption and carbon emissions.

This approach would recognise both the potential and the reality of commercial building performance. It would support benchmarking, reveal inefficiencies masked by modelled assumptions, and align the UK more closely with outcome based systems like NABERS.

Normalising performance data for weather, occupancy, and operating hours would allow fair comparisons and support sophisticated asset management strategies.

Together, these reforms would modernise the EPC regime for commercial buildings, delivering a system that drives meaningful decarbonisation, supports investment decisions, and reflects how buildings truly perform in operation.



Modern Slavery Risks in the UK Facilities Management Sector: Evolving Legal Duties and the Role of Emerging Reporting Frameworks

Recent legal decisions have raised important questions about how robust modern slavery risk management truly is within the UK Facilities Management sector. These developments also cast renewed scrutiny on the strength of the UK's regulatory framework and the effectiveness of emerging reporting standards intended to address labour exploitation.

Key Modern Slavery Risks in the FM Sector

The FM sector is structurally exposed to modern slavery risks due to its workforce profile and complex supply chains. The industry relies heavily on migrant, temporary and agency labour—groups widely recognised as being more vulnerable to exploitation. Many FM roles mirror conditions found in the construction sector: physically demanding work, irregular hours, and dispersed or isolated sites. These working environments make oversight difficult and can conceal abusive practices.

FM providers also operate multi-tiered supply chains across high-risk service categories including cleaning services, maintenance, waste management, and construction subcontracting. Limited visibility into second- and third-tier suppliers means the highest-risk activities often sit furthest from direct oversight. Ongoing labour shortages amplify this vulnerability, increasing reliance on external recruitment agencies and subcontractors—arrangements that can introduce risks such as deceptive recruitment, wage withholding and debt bondage.

Risks are further heightened by the procurement of goods produced overseas. Many products commonly used in FM operations originate from regions or industries where forced labour is well-documented. Global benchmarks continue to flag concerns across textiles, electronics, solar panels, PPE, cleaning chemicals and other imported categories, meaning FM companies may inadvertently source goods linked to exploitative labour conditions deeper in global supply chains.

Regulatory Environment: UK vs International Requirements

The UK Modern Slavery Act (MSA) 2015 brought transparency to the issue by requiring large organisations to publish annual modern slavery statements. While pioneering at the time, the regime has faced longstanding criticism for lacking enforcement, penalties and mandated reporting standards. The result has been highly variable statement quality and a focus on policy descriptions rather than outcomes.

A 2024 House of Lords review recommended introducing mandatory human rights due diligence, stronger regulatory intervention, and clearer enforcement mechanisms—though meaningful legislative change is still pending.

Internationally, the UK is now lagging. Jurisdictions such as Germany and France require companies to actively identify, prevent and mitigate human rights abuses across their supply chains, backed by fines and legal liability. The EU's forthcoming due diligence requirements move even further in this direction. Meanwhile, the United States maintains import bans in cases of suspected forced labour, highlighting the growing global expectation for companies to evidence real due diligence.

Current Disclosures by UK FM Companies

The UK's Modern Slavery Statement Registry offers insights into reporting trends across the FM sector. While many FM companies outline policies, staff training and supplier vetting processes, the overall quality and depth of disclosures remain inconsistent. As in other high-risk sectors, very few companies report identifying actual cases of exploitation—despite ongoing NGO and government warnings that the absence of findings typically reflects insufficient scrutiny rather than the absence of risk.

External benchmarks show gradual but modest improvement. Persistent gaps remain in risk identification, corrective action, victim remediation and outcome-based reporting. Many FM companies still struggle to trace supply chains beyond first-tier suppliers, limiting their ability to detect and address deeper systemic risks.

Expanding Corporate Accountability: Recent Case Law

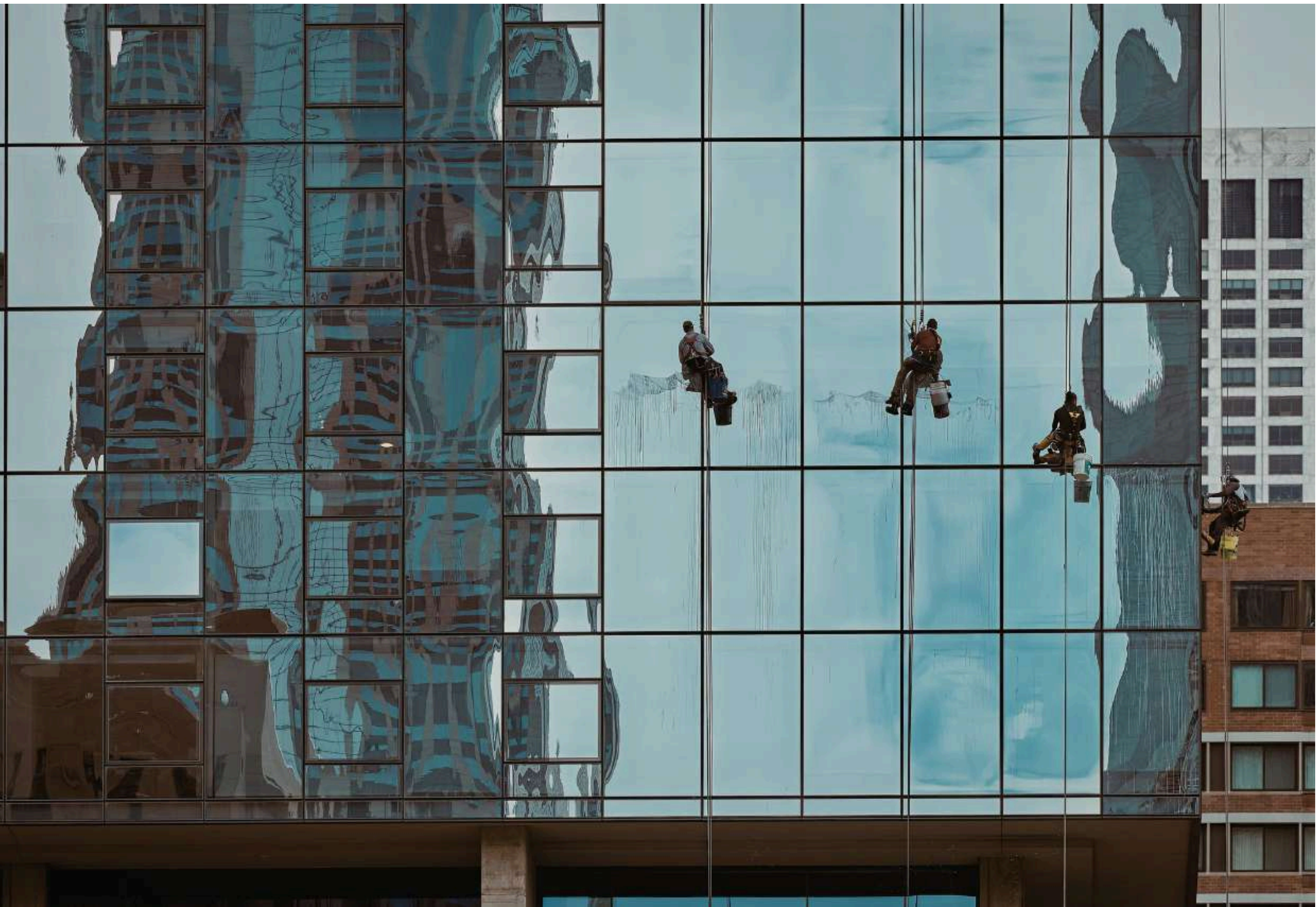
Recent UK legal developments have significantly expanded the potential liability of UK-based companies for labour abuses in global supply chains. A landmark case involving Dyson found that UK companies may owe a duty of care to workers in overseas supplier factories where they exert substantial control over working conditions. This aligns with earlier rulings involving Vedanta and Shell, which extended UK jurisdiction over environmental and social harms linked to foreign subsidiaries.

For sectors like FM, where global procurement and outsourced operations are common, the precedent underscores a rising expectation: companies can be held accountable for harm occurring deep within their supply chains if they influence how those suppliers operate.

The Role of the TISFD in Strengthening Reporting

The Taskforce on Inequality and Social-related Financial Disclosures (TISFD), launched in 2024, aims to standardise and elevate corporate reporting on social risks—including labour exploitation—by treating inequality and human rights abuses as financially material, system level risks.

The TISFD promotes consistent metrics, double materiality analysis, stronger governance expectations, and outcome focused disclosures. It integrates social considerations into mainstream financial reporting frameworks, mirroring the impact the TCFD had on climate risk governance. By embedding labour conditions, human dignity, and worker wellbeing into financial risk analysis, the TISFD offers a powerful mechanism to enhance transparency, strengthen risk identification, and drive more meaningful corporate action on modern slavery.



Latest from the SFMI

UPCOMING EVENTS

6th May - SFMI Webinar | Industry Trends, Tools and the Road Ahead
Join us for an industry update exploring the latest developments shaping facilities management. This one-hour session will provide insights into the regulatory landscape, highlight key developments in the 2026 SFMI programme, and explore how the sector is evolving as we look ahead to 2030.

Register for webinar

7th May - SFMI Working Group - Circular Economy
Please email Sophie at sophie.manners@acclaro-advisory.com to join the Working Group.

14th May - Acclaro Webinar | Mastering CDP Disclosure: Key Insights, Trends & Future Expectations
Keeping up with CDP disclosure is becoming more complex, as expectations evolve and scrutiny on environmental data increases. Join us for a 45-minute session where we'll share expert insights to help you strengthen your disclosure, improve scoring outcomes, and align with emerging expectations

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FM must move faster to meet 2030 sustainability demands, says SFMI

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