



# Analysis

## Sustainability in the Built Environment: How Technology Can Support ESG Reporting

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### Biography

Ryan Doodson is a Director in the Commercial, and Technology & Digital team at Walker Morris (<https://www.walkermorris.co.uk>) and leads the Property Management team. He is best known for his extensive work in commercial and technology contracting arrangements for clients within the real estate, construction and telecoms industries.

From national housebuilders, PropTech/ConTech developers, major student accommodation providers, hotel groups, telecoms operators, through to companies with property portfolios, Ryan's strengths lie in his commercial knowledge and understanding of a client's business and industry as well as being a tenacious negotiator.

Ryan is a member of the UK PropTech Association and the Society of Computers and Law, and a mentor to junior members of the firm.



**Kyran Clarke**  
Associate,  
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Kyran Clarke is an Associate in the Commercial team at Walker Morris. While his focuses are Sport, Technology, and Data Protection, he advises on a wide range of matters across the firm's Commercial team. He advises on terms and conditions, supply agreements, services agreements, software agreements, and other general commercial agreements and arrangements with suppliers, customers, and clients.

Alongside suppliers of varying products from medical equipment to clothing, Kyran also advises football clubs on various arrangements. For football clubs these arrangements include partnership agreements, supply of pitches, ticketing terms and conditions, agency commission agreements, research collaboration agreements, privacy policies, and data sharing agreements.

Upon qualification, Kyran joined a Premier League football club on secondment. During his training contract he worked in Walker Morris' Sports, Intellectual Property, and Regulatory teams, as such this range of experience and knowledge allows him to service a broad scope of a client's needs as well as understand how to best to advise and protect a client's interest.

**Keywords** Environmental, Social, and Governance (ESG), Sustainability reporting, Greenwashing, Technology  
**Paper type** Research

### Abstract

Environmental sustainability reporting has transformed from a largely voluntary public relations initiative into a core strategic and regulatory requirement for organizations across nearly every industry worldwide. Investors, regulators, consumers, employees, and supply chain partners now expect companies to provide transparent, measurable, and credible evidence of progress toward environmental sustainability goals. This evolution has been fuelled by increasing concern over climate change, biodiversity loss, resource scarcity, and the wider social and economic consequences of unsustainable business practices. Consequently, sustainability reporting frameworks and standards have grown significantly in both complexity and importance, enhancing organizational accountability while also subjecting businesses to greater scrutiny over the



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*accuracy and reliability of their environmental claims. In this article, the authors examine the current environmental sustainability reporting standards, the risks associated with misrepresentation or “greenwashing,” and key considerations when selecting technology solutions to support an organization’s environmental sustainability initiatives.*

## **Introduction**

Environmental sustainability has seen an increased focus across the UK commercial horizon, including organizations operating in the construction, engineering and real estate sectors. As well as legislated reporting requirements for UK companies, and the recently published<sup>1</sup> voluntary UK Sustainability Reporting Standards, there’s growing pressure from investors, development partners, employees, and other stakeholders for such organizations to be transparent about their environmental impact. Many businesses are turning to technology to help meet the challenge.





### **Greenwashing risk and environmental reporting – What do I need to know?**

Increased requirements on sustainability and reporting sees greenwashing<sup>2</sup> risk increase. With that comes real liability concern for UK companies and directors. For example:

- Directors can be personally liable for losses from misstatements in statutorily required reports which they know to be untrue or misleading; and
- UK companies can be liable for civil claims for misrepresentation, breaches of advertising and consumer protection law, and/or fraud offences.

Whether an organization is required, or volunteers, to carry out environmental sustainability reporting depends on the size and the nature of the organization. In general, UK companies preparing their annual reports in accordance with the Companies Act 2006 have different reporting requirements depending on whether they are a quoted, listed, large, medium-sized, small, or micro-entity company.

Quoted companies with more than 500 employees must:

- in their annual report, make climate-related financial disclosures which comply with the recommendations set out in the Task Force on Climate-related Financial Disclosures on a comply or explain basis;
- in their strategic report, include a non-financial and sustainability information statement on environmental matters;
- in their director's report, provide energy and carbon reporting.

Listed companies with more than 500 employees must:

- in their strategic report, make climate-related disclosures; and
- in their director's report, provide energy and carbon reporting if they exceed two or more of the thresholds for turnover, balance sheet, and employees.

Large companies must:

- in their strategic report, make climate-related disclosures if they have more than 500 employees and a turnover of over £500 million; and
- in their director's report, provide energy and carbon reporting.

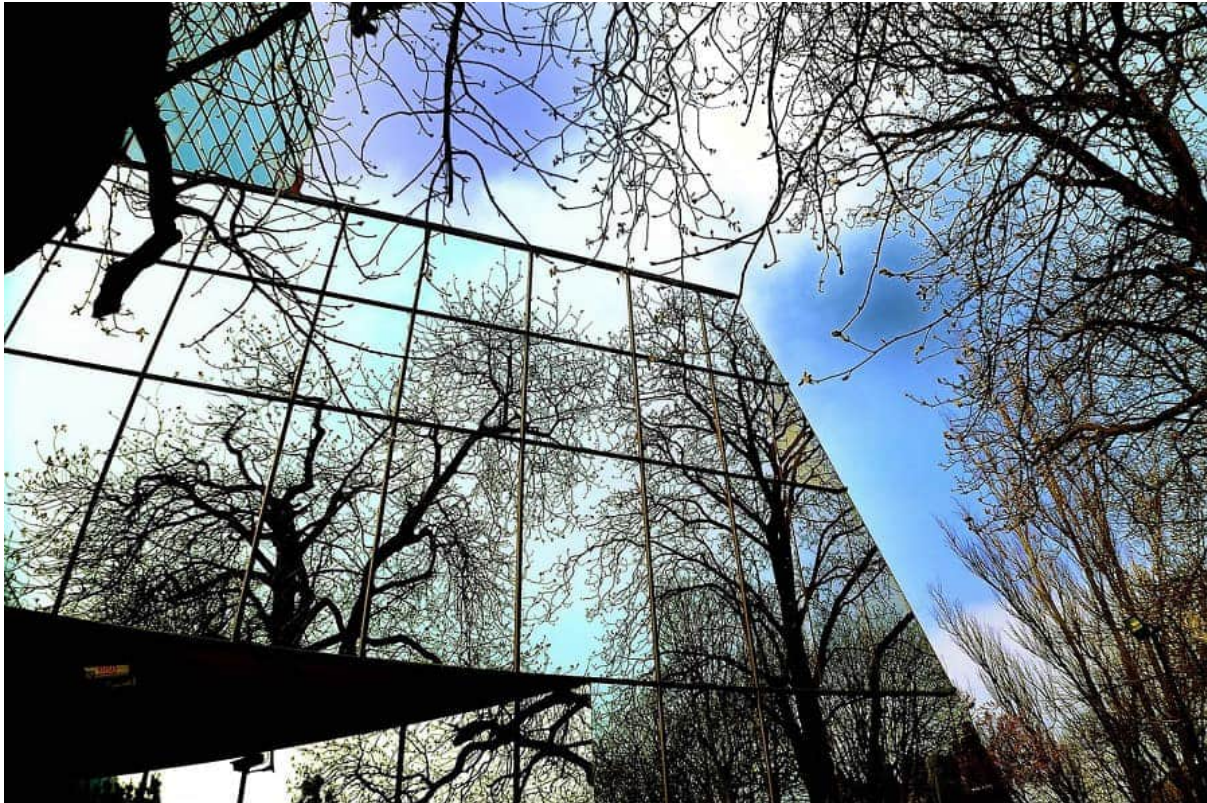
Medium-sized companies must:

- in their director's report, provide energy and carbon reporting if they exceed two or more of the thresholds for turnover (£36 million), balance sheet (£18 million), and employees (250).



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### **UK Sustainability Reporting Standards – What are they and how will they impact my organization?**

The recently published UK Sustainability Reporting Standards<sup>1</sup> (UK SRS) are intended to be the footings for the UK's future environmental sustainability disclosures regime. The UK SRS are based on the standards published<sup>3</sup> by the International Sustainability Standards Board (ISSB) in June 2023. The ISSB standards and now the UK SRS core objectives should help organizations that are mandated, or voluntarily choose, to:

1. embed sustainability and climate-related considerations into their business plans and strategies; and
2. disclose sustainability-related data to focus on the risks and opportunities associated with sustainability factors for the benefit of their lenders, investors and other creditors.

The UK SRS comprise:

- **UK SRS S1:** disclosure requirements for reporting sustainability-related risks and opportunities that could reasonably be expected to affect cash flows, access to finance or cost of capital over the short, medium or long term; and
- **UK SRS S2:** details the reporting requirements for disclosing information about climate-related risks and opportunities that could reasonably be



expected to affect its cash flows, access to finance or cost of capital over the short, medium or long term.

Whilst the UK SRS are intended to be used voluntarily by any organization that chooses to do so, the government and the Financial Conduct Authority (FCA) are currently considering<sup>4</sup> whether to introduce requirements for certain UK entities to report against the UK SRS.

As well as the UK SRS, the Royal Institution of Chartered Surveyors has published<sup>5</sup> the fourth edition of its global professional standard on Environmental, Social, and Governance (ESG) and sustainability in commercial property valuation. This new edition sets out a framework for how ESG factors should be reflected in valuation advice.



### Technology and sustainability reporting – What should I know?

Technology can enable organizations to improve their environmental sustainability and reduce greenhouse gas emissions. Building management systems, smart energy metering, and sustainability data platforms can help organizations understand how they use energy, track emissions in detail, and take informed steps to accelerate their sustainability journey. This not only supports reporting requirements, but can also mitigate the risk of greenwashing.



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These systems track real-time electricity, gas, and water use to monitor costs and inform smarter energy decisions. Connected platforms visualize the data and show where energy is being supplied from at any moment. But when it comes to contracting for these technologies, there are some key considerations which organizations need to bear in mind:

1. **Interoperability** – Interoperability is the ability of computer systems or software to exchange and make use of information between existing systems and other new systems. Failure of new technologies to integrate seamlessly with existing systems can result in an organization not being able to use the technology to its full potential. This may mean accepting certain (unplanned) limitations or incurring extra spend to fix the problem. So, when implementing a new system, it's advisable to:
  - Consider whether a trial period is necessary to fully understand the system or solution;
  - Understand what devices, equipment or solutions are already in place and ascertain the requirements (if any) for connection with existing systems; and
  - Particularize the deadlines for any implementation and connection with existing or other new solutions.
2. **Milestones and milestone acceptance** – When implementing a new system or solution, it's important to consider whether a timed/staged deployment is necessary. If so, specific milestones towards implementation should be identified, as should how completion of each milestone will be judged.

Likewise, it's key to consider the implications and consequences of any missed milestones, whether the supplier will be offered any extension to meet a missed milestone, and whether/to what extent liquidated damages for missed milestones will be payable.

3. **Service levels and availability** – Where a supplier provides an incident response support service for hardware or software, service levels may include an initial response to a fault and the time to resolve a fault.

Where a supplier is providing software as a service or a fully managed service for a system, service levels may refer to the availability or the uptime of the service. This is usually set out as a percentage of time in a given period. Other specific service levels might also apply depending on the scope of service. In particular, organizations need to:

- (a) Review service levels to ensure they match expectations/requirements;
- (b) Scrutinize any exclusions to ensure they're sensible for the scope of service; and



- (c) Request the provision of service credits to enable the organization to receive recompense if a service level isn't met, but also to push the supplier to meet the service levels.

4. **Intellectual property (IP)** – Where a supplier is providing software or a managed system, intellectual property provisions will determine who owns, and who can use, the software and any outputs generated by it. This may include rights in data, reports, analytics or other materials produced through use of the system. The allocation of IP rights, and the scope of any licences granted, can have a significant impact on how the organization can use the solution both during and after the contract term.

Organizations will need to:

- Confirm ownership of IP, particularly in relation to outputs generated by the software or system;
- Ensure the licence rights granted are sufficiently broad to support intended use (including internal use, group sharing or commercialization, where relevant);
- Seek appropriate warranties and indemnities to protect against third-party IP infringement claims arising from use of the software or its outputs;
- Be able to terminate the agreement without liability if the supplier is unable to make the necessary; and modifications to avoid further infringement.





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5. **Viruses and other technical vulnerabilities** – When implementing new technology, organizations must consider the security of both the new and systems and infrastructure, and how these are connected. Key considerations include:

- Protection against viruses and vulnerabilities;
- Prompt notification and collaboration if issues arise; and
- A clear process for resolving and rectifying any security issues.

In some cases, it may be advisable to require virus and vulnerability testing before the system is supplied.

### In conclusion

The procurement and implementation of different technologies such as building management systems, smart energy metering systems, and other similar platforms or solutions, can be complex and time consuming. It can seem daunting when your day-to-day is already dominated by the varied and competing demands of today's real estate and construction industry. However, the direction of travel with ESG reporting is clear, and tech solutions have significant potential to improve your organization's environmental impact and reputation.

#### Reference

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