Australian Government
Australian Accounting Standards Board

Staff Paper

Project:	**Sustainability Reporting**	**Meeting**	AASB March 2023 (M194)
Topic:	**Update on international and jurisdictional perspectives**	**Agenda Item:**	15.1
		Date:	24 February 2023
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		Decision-Making:	-
		Project Status:	Consider draft standard-setting framework

Objective

1 The objective of this paper is to inform Board members of international and jurisdictional developments in sustainability reporting.

2 This paper is for information purposes only and does not ask the Board to make any decisions.

Structure

3 This paper is structured as follows:

(a) Background (paragraph 4)

(b) IFRS Foundation (paragraphs 5-7)

(c) International Sustainability Standards Board (paragraphs 8-38)

(d) Update on selected jurisdictional sustainability reporting perspectives (paragraphs 39-42)

(e) Question to Board members

Background

4 The Board is provided with an overview of international and jurisdictional developments on sustainability-related financial reporting at each of its meetings. This paper provides an update on those developments since the Board's meeting in January 2023.[1]

IFRS Foundation

Jurisdictional Working Group Meeting

5 In December 2022, the Jurisdictional Working group met and offered comments on the papers to be discussed at the December 2022 ISSB meeting. Participating jurisdictions and jurisdictional institutions observed that the proposed relief for reporting on Scope 3 greenhouse gas (GHG) emissions, especially for companies in emerging economies was

[1] See January 2023 AASB Agenda paper 4.1 *Sustainability Reporting: Update on international and jurisdictional perspectives.*

welcome and that it would be useful to further clarify to stakeholders that all the requirements in IFRS Sustainability Disclosure Standards are subject to a materiality assessment. In addition, the participants also made the following observations in relation to the ISSB's anticipated consultation on agenda priorities:

(a) future standard-setting projects on biodiversity, human capital management and connectivity with financial reporting will be welcome;

(b) considering the architecture of future standards and how this relates to developing industry specific requirements is important;

(c) understanding priorities of future standard-setting will help to appropriately allocate resources; and

(d) future standard-setting work must continue to ensure standards are interoperable with jurisdictional requirements.

6 Lastly, the participants also discussed the ongoing role of the Jurisdictional Working Group moving into 2023 and looking beyond the completion of the ISSB's deliberations on [Draft] IFRS S1 *General Requirements for Sustainability-related Disclosures* and [Draft] IFRS S2 *Climate-related Disclosures*.[2]

IFRS Foundation and China's Ministry of Finance sign a Memorandum of Understanding to establish an ISSB office in Beijing

7 In December 2022, the Trustees of the IFRS Foundation signed a Memorandum of Understanding (MoU) with the Ministry of Finance of China to establish a Beijing office of the IFRS Foundation. The MoU is effective for an initial three-year period. The Beijing office, established as a representative office, is expected to open in mid-2023. The office will work in collaboration and cooperation with other IFRS Foundation offices around the globe, with staff in Beijing focused on leading and executing the ISSB's strategy for emerging and developing economies, acting as a hub for stakeholder engagement in Asia, facilitating deeper co-operation and engagement with stakeholders, and undertaking capacity-building activities for emerging economies, developing countries and SMEs.[3]

International Sustainability Standards Board (ISSB)

January 2023 ISSB Update

8 The ISSB met on 17-19 January 2023 to continue redeliberations on some of the proposals in Exposure Drafts [Draft] IFRS S1 and [Draft] IFRS S2. The ISSB discussed the following topics:

(a) Disclosure of judgements, assumptions and estimates (see paragraphs 9);

(b) Commercially sensitive information about opportunities (see paragraphs 10-12);

(c) Climate-related targets—Latest international agreement on climate change (see paragraphs 13);

(d) Using scenario analysis to assess climate resilience (see paragraphs 14-15);

(e) Greenhouse gas emissions—Reporting period relief (see paragraphs 16-17);

(f) Reasonable and supportable information that is available at the reporting date without undue cost or effort (see paragraphs 18);

(g) Current and anticipated financial effects and connected information (see paragraphs 19-22); and

(h) Metrics and targets objective (see paragraphs 23).

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[2] See December 2022 ISSB Jurisdictional Working Group meeting summary.

[3] See IFRS Foundation and MoF China sign an MoU to establish an ISSB office in Beijing.

General Sustainability-related Disclosures

Disclosure of judgements, assumptions and estimates and entity makes in applying IFRS Sustainability Disclosure Standards[4]

9 The ISSB tentatively decided to:

(a) introduce a requirement to disclose the judgements made that have had the most significant effects on an entity's disclosures about its sustainability-related risks and opportunities;

(b) amend paragraph 55 of [Draft] IFRS S1 to require an entity to identify the sources of guidance it has used in preparing its sustainability-related financial disclosures in the absence of a relevant IFRS Sustainability Disclosure Standard. This would also require an entity to identify the industry or industries used when applying the industry-based sources of guidance (that is, the content of SASB Standard or Appendix to [Draft] IFRS S2 which details industry-based metrics);

(c) clarify that the disclosure requirements on estimation uncertainty relating to metrics in paragraph 79 of [Draft] IFRS S1 also apply to current and anticipated effects of sustainability-related risks and opportunities on the entity's financial position, financial performance and cash flows;[5]

(d) clarify that 'to the extent possible' in paragraph 80 of [Draft] IFRS S1 means 'to the extent possible considering the requirements of IFRS Accounting Standards or other relevant generally accepted accounting principles';

(e) to require an entity to disclose information about significant differences between the financial data and assumptions the entity uses to prepare its sustainability-related financial disclosures and the financial data and assumptions the entity uses to prepare its financial statements; and

(f) to provide guidance such as examples and education materials on the disclosure of judgements, assumptions and estimates that an entity is required to make in applying IFRS Sustainability Disclosure Standards.

Commercially sensitive information about sustainability-related opportunities[6]

10 the ISSB tentatively decided to introduce an exemption into [Draft] IFRS S1. In limited circumstances, the exemption would permit an entity to exclude information from its disclosure of its sustainability-related opportunities when that information is commercially sensitive. An entity would be permitted to apply this exemption only if:

(a) the entity has a specific reason for not disclosing that information, such that keeping the information from being publicly available would provide the entity with an economic benefit that would translate to a competitive advantage;

(b) the entity's disclosure of the information could 'be expected to prejudice seriously' the economic benefits the entity is able to realise in pursuing the opportunity; and

(c) the entity determines it is not possible to disclose the information in a manner or at a level of aggregation that would resolve the entity's concerns about commercial sensitivity.

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4 See ISSB January 2023Agenda Paper 3B *General Sustainability-related Disclosures: Disclosure of judgements, assumptions and estimates.*

5 This estimation uncertainty includes estimation uncertainty that has a significant risk of resulting in a material adjustment within the next financial year to the carrying amounts of assets and liabilities reported in the entity's financial statements.

6 See ISSB January 2023 Agenda Paper 3D *General Sustainability-related Disclosures: Commercially sensitive information about opportunities.*

11 When applying the exemption, by item of information omitted, an entity would be required to disclose the fact that it has used the exemption and would be required to reassess, at each reporting date, whether the information still qualifies for the exemption.

12 The ISSB also tentatively decided to specify that this exemption would:

(a) not be applicable to information that is already publicly available;
(b) not permit an entity to use commercial sensitivity as a justification for broad non-disclosure; and
(c) not permit an entity to omit information about risks from its disclosures.

Climate-related Disclosures

Climate-related targets—Latest international agreement on climate change[7]

13 The ISSB tentatively decided to amend the proposed requirement in paragraph 23(e) of [Draft] IFRS S2 to require an entity to disclose how any climate-related targets it has set have been informed by the latest international agreement on climate change, including disclosing the jurisdictional commitments that arise from that agreement. The ISSB tentatively decided that the basis for conclusions on [Draft] IFRS S2 would further explain the requirements.[8]

Using scenario analysis to assess climate resilience[9]

14 In relation to the requirement for an entity to disclose its resilience to climate-related changes or uncertainties, the ISSB tentatively decided to require an entity to prepare these disclosures using a method of climate-related scenario analysis that requires it to consider all reasonable and supportable information available at the reporting date without undue cost or effort. When selecting a method of climate-related scenario analysis that is commensurate with its circumstances, the entity should take into consideration:

(a) the degree to which the entity is exposed to climate-related risks and opportunities; and

(b) the entity's available skills, capabilities and resources for conducting climate-related scenario analysis.

15 In November 2022, the ISSB decided to an application guidance on climate-related scenario analysis. At the January 2023 meeting, the ISSB emphasised that application guidance would build on materials published by the Task Force on Climate-related Financial Disclosures (TCFD), putting entities on a path to develop their capabilities and strengthen their disclosures over time.

Greenhouse gas emissions—Reporting period relief[10]

16 The ISSB tentatively decided to provide relief that would allow an entity to measure its GHG emissions using information for reporting periods that are different from the entity's own reporting period when that information arises from entities in its value chain with reporting periods that are different from the entity's own, only if:

(a) the entity measured and disclosed its GHG emissions using the most recent data available without undue cost or effort;

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7 See ISSB January 2023 Agenda Paper 4C *Climate-related targets—Latest international agreement on climate change*.

8 These tentative decisions would not affect the other requirement in paragraph 23(e) for an entity to disclose whether its climate-related targets were validated by a third party.

9 See ISSB January 2023 Agenda Paper 4A *Climate-related Disclosures: Using scenario analysis to assess climate resilience*.

10 See ISSB January 2023 Agenda Paper 4B *Climate-related Disclosures: Scope 1 and Scope 2 greenhouse gas emissions—reporting period relief.*

(b) the length of the reporting periods of the entities in the entity's value chain was the same as the length of the entity's reporting period; and

(c) the entity disclosed, if relevant to its GHG emissions information, the effects of significant events and changes that occurred between:

(i) the reporting dates of the entities in the entity's value chain; and

(ii) the date of the entity's own general purpose financial reporting.

17 The ISSB noted it would monitor whether this relief could be relevant for disclosures beyond climate.

General Sustainability-related Disclosures and Climate-related Disclosures

Reasonable and supportable information that is available at the reporting date without undue cost or effort[11]

18 The ISSB tentatively decided to introduce the concept of 'reasonable and supportable information that is available at the reporting date without undue cost or effort' into [Draft] IFRS S1 and [Draft] IFRS S2 to assist an entity in the application of specific requirements when:

(a) identifying sustainability-related and climate-related risks and opportunities;

(b) applying value-chain-related requirements, specifically, those regarding:

(i) the scope of the entity's value chain ([Draft] IFRS S1 and [Draft] IFRS S2); and

(ii) the entity's measurement of its Scope 3 GHG emissions ([Draft] IFRS S2);

(c) determining anticipated effects on an entity's financial performance, financial position and cash flows ([Draft] IFRS S1 and [Draft] IFRS S2);

(d) applying climate-related scenario analysis ([Draft] IFRS S2); and

(e) calculating the amount and percentage of assets or business activities ([Draft] IFRS S2):

(i) vulnerable to transition risks;

(ii) vulnerable to physical risks; and

(iii) aligned with climate-related opportunities.

Current and anticipated financial effects and connected information[12]

19 The ISSB tentatively decided:

(a) to amend [Draft] IFRS S1 and [Draft] IFRS S2 to clarify that if the information in an entity's financial statements has been affected or is expected to be affected by sustainability-related risks and opportunities, the entity would be required to explain the connections between those risks and opportunities and their current and anticipated financial effects. In explaining these connections, the entity would be required to avoid unnecessary duplication and would be permitted to provide information by cross-reference to the general-purpose financial statements. An entity can provide information by cross-reference subject to the specified conditions.

(b) to amend [Draft] IFRS S1 and [Draft] IFRS S2:

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11 See ISSB January 2023 Agenda Paper 3C and 4D *General Sustainability-related and Climate-related Disclosures: Reasonable and supportable information that is available at the reporting date without undue cost or effort.*

12 See ISSB January 2023 Agenda Paper 3E and 4E *General Sustainability-related and Climate-related Disclosures: Current and anticipated financial effects and connected information*.

(i) to clarify that an entity would be required to provide quantitative and qualitative information about the current and anticipated effects of sustainability-related risks and opportunities on the entity's financial position, financial performance and cash flows. If the entity were unable to provide quantitative information, it would be required to provide qualitative information.

(ii) to clarify that an entity would be required to determine whether it is able to provide quantitative information about the financial effects of a particular sustainability-related risk or opportunity, taking into consideration:

1. whether the financial effects of that sustainability-related risk or opportunity are separately identifiable;
2. whether a high level of outcome or measurement uncertainty is involved in quantifying the financial effects of that sustainability-related risk or opportunity; and
3. in case of the anticipated financial effects only, whether the entity has the skills, capabilities and resources to provide quantitative information about those effects (addressing the need for scalability and proportionality).

(iii) to clarify that if an entity is unable to provide quantitative information about the financial effects of a particular sustainability-related risk or opportunity, the entity is required to:

1. explain why it is unable to provide quantitative information about the financial effects of that sustainability-related risk or opportunity;
2. provide qualitative information about the financial effects of that sustainability-related risk or opportunity, including identifying line items, totals and subtotals within financial statements that are likely to be affected by that sustainability-related risk or opportunity; and
3. provide quantitative information about sustainability-related risks and opportunities—including that particular sustainability-related risk or opportunity—at the lowest possible level of aggregation at which the entity is able to provide that information.

20 In making these decisions, the ISSB noted that an entity would:

(a) apply judgement in applying the requirements on current and anticipated financial effects;

(b) provide more useful information to primary users of financial reports by making that information more specific; and

(c) identify sustainability-related risks and opportunities as a starting point in identifying useful information about current and anticipated financial effects of those risks and opportunities.

21 The ISSB tentatively decided to amend [Draft] IFRS S1 and [Draft] IFRS S2 to:

(a) use consistent language to refer to the reporting period for which sustainability-related financial disclosures are prepared and to refer to the financial statements for that reporting period; and

(b) consistently use the phrase 'short, medium and long term' instead of the term 'over time'.

22 The ISSB tentatively decided to amend [Draft] IFRS S1 and [Draft] IFRS S2 to clarify:

(a) the relationship between resilience assessment requirements and the requirements for the entity to disclose current and anticipated financial effects. This clarification would emphasise that these requirements can be applied independently but the resilience assessment can inform the disclosure of current and anticipated financial effects; and

(b) that an entity would not be required to carry out a resilience assessment to determine current and anticipated financial effects of sustainability-related risks and opportunities.

Objective of disclosing information about an entity's metrics and targets[13]

23 The ISSB tentatively decided to clarify that the objective is to require an entity to disclose information about both the metrics the entity uses to measure, monitor and manage sustainability-related risks and opportunities (even if those metrics are not required by IFRS Sustainability Disclosure Standards) and the metrics required by IFRS Sustainability Disclosure Standards (even if the entity does not use these metrics).

February ISSB meeting papers

24 The meeting papers and the decisions made at the February 2023 ISSB meeting are summarised below (See paragraphs 25-38).[14]

General Sustainability-related Disclosures

Sources of guidance to identify sustainability-related risks and opportunities and disclosures[15]

25 Paragraphs 51(c) and 54 in [Draft] IFRS S1 refer to 'other standard-setting bodies whose requirements are designed to meet the needs of users of general purpose financial reporting' and paragraphs 51(d) and 54 refers to 'entities that operate in the same industries or geographies'.

26 The ISSB agreed with the staff recommendation and tentatively decided to amend these references to state that preparers may consider such sources, both in the identification of sustainability-related risks and opportunities and in the identification of disclosures about those risks and opportunities, but that such consideration is not a requirement.

27 The ISSB staff note that the Global Reporting Initiative (GRI) Standards are a uniquely well-established and accepted global sustainability reporting framework. Preparers that apply the GRI Standards[16] are geographically diverse, including many in emerging markets. Therefore, allowing preparers to use these standards as a source of disclosures when they meet the objectives of [Draft] IFRS S1 could assist many entities as they begin to apply IFRS Sustainability Disclosure Standards.

28 Likewise, ISSB staff estimate that more than 50,000 preparers will be required to apply the European Sustainability Reporting Standards (ESRS), and many may seek to implement [Draft] IFRS S1 and ESRS at the same time. The ESRS is also relevant to prepares beyond Europe, given the reach of these requirements.[17]

29 Consequently, the ISSB staff recommended amending the sources of guidance to explicitly state that preparers may consider the GRI Standards and ESRS to identify disclosures about sustainability-related risks and opportunities that meet the objectives of [Draft] IFRS S1.

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13 See ISSB January 2023 Agenda Paper 3A *General Sustainability-related Disclosures: Metrics and Targets Objective*.

14 See February 2023 ISSB *Update*.

15 See ISSB February 2023 Agenda Paper 3A *Sources of guidance to identify sustainability-related risks and opportunities and disclosures*.

16 The memorandum of understanding between the IFRS Foundation and GRI highlights the interoperability of their frameworks, and the important role that GRI Standards will continue to serve in the development of the ISSB's work.

17 The ISSB staff also noted they are working closely with the European Commission and EFRAG to explain and improve the interoperability between ESRS and IFRS Sustainability Disclosure Standards.

30 The ISSB tentatively decided to amend the sources of guidance to explicitly state that preparers may consider the GRI Standards and ESRS to identify disclosures about sustainability-related risks and opportunities that meet the objectives of [Draft] IFRS S1. These sources of guidance will be listed in the appendices to [draft] IFRS S1.

31 The ISSB further emphasised that preparers are permitted to use these sources only in the absence of a relevant IFRS Sustainability Standard. When using these sources, the preparers are required to ensure that:

(a) immaterial information disclosed in accordance with these sources does not obscure material information;
(b) disclosures prepared in accordance with these sources are not repurposed without considering the requirements in [draft] IFRS S1; and
(c) all disclosures meet the information needs of users and are subject to materiality.

General Sustainability-related and Climate-related disclosures

Effective date

32 The ISSB staff recommend the ISSB:

(a) require both [Draft] IFRS S1 and [Draft] IFRS S2 to be effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted;
(b) permit early application only if an entity applies both [Draft] IFRS S1 and [Draft] IFRS S2 at the same time; and
(c) confirm that if an entity applies [Draft] IFRS S1 and [Draft] IFRS S2 early, it is required to disclose that fact.

33 The ISSB agreed with the staff recommendation and confirmed that both [Draft] IFRS S1 and [Draft] IFRS S2 will be effective for annual reporting periods beginning on or after 1 January 2024.

34 In terms of transition reliefs, ISSB agreed with the staff recommendation and tentatively decided to permit an entity in applying short term transitional relief to report its sustainability-related financial disclosures:

(a) at the same time as its next second quarter or half-year interim report if the entity is required to provide such an interim report;
(b) at the same time as its next second quarter or half-year interim report, but no later than nine months after the end of its annual reporting period, if the entity voluntarily provides such an interim report; and
(c) no later than nine months after the end of its annual reporting period, if the entity is not required and does not voluntarily provide an interim report.

35 For the first annual reporting period in which an entity applies [Draft] IFRS S1 and [Draft] IFRS S2, the ISSB decided to provide:

(a) relief from the requirement to report sustainability-related financial disclosures at the same time as the related financial statements;
(b) relief from the requirement to measure Scope 1, Scope 2 and Scope 3 GHG emissions in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* (GHG Protocol Corporate Standard) for entities that have previously used a different measurement basis; and
(c) relief from the requirement to disclose Scope 3 GHG emissions.

Due process and permission to ballot[18]

36 The ISSB staff sought permission to begin the balloting process for [Draft] IFRS S1 and [Draft] IFRS S2. [Draft] IFRS S1 and [draft] IFRS S2 are subject to the due process provisions outlined in the IFRS Foundation Constitution, the IFRS Foundation Due Process Handbook, which is overseen by the IFRS Foundation Trustee's Due Process Oversight Committee (DPOC). In March 2022, the DPOC agreed that the ISSB would apply the due process specified for the IASB in the Handbook for corresponding technical activities, in addition to the due process specified for the ISSB in the Constitution, subject to any differences that are determined necessary and that have been approved by the DPOC.

37 The ISSB agreed with the staff recommendation to not to re-expose [Draft] IFRS S1 and [Draft] IFRS S2 and voted to grant the staff permission to begin the balloting process for the standards. No ISSB members indicated an intention to dissent from issuing [Draft] IFRS S1 and [Draft] IFRS S2.

The ISSB now has taken its final decisions on all the technical content of [Draft] IFRS S1 and [Draft] IFRS S2. The proposed Standards are expected to be issued by the end of Q2 2023.[19]

Proportionality and support for those applying [Draft] IFRS S1 and [Draft] IFRS S2[20]

38 This paper is for information purposes only and does not ask the ISSB to make any decisions. This paper summarises tentative decisions made by the ISSB that are intended to address challenges faced by a subset of preparers, such as those that are less able to comply with the proposed disclosure requirements in [Draft] IFRS S1 and [Draft] IFRS S2. Addressing the unique challenges faced by these preparers is described as addressing 'proportionality'.

Update on selected jurisdictional sustainability reporting perspectives

United States of America (US)

39 In October, the US Securities and Exchange Commission (US SEC) reopened the public comment periods for their proposals on climate disclosure requirements, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*, due to a technological error. The SEC is now reviewing the comments received and is considering easing climate-disclosure rules and making them less onerous than originally proposed after investor pushback. The final version of the US rules is expected to be issued later this year.[21]

Korea

40 In December 2022, Korea established a new Sustainability Standards Board under Korea Accounting Standards Board (KASB) which will work towards developing Korean Sustainability Standards.[22]

Climate Reporting Practices in selected jurisdictions in the Association of Southeast Asian Nations (ASEAN)

41 A joint study conducted by the GRI ASEAN Regional Hub and Centre for Governance and Sustainability, National University of Singapore (NUS) Business School, on six ASEAN

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18 See ISSB February 2023 Agenda Paper 3C and 4B *Due process and permission to ballot.*

19 See ISSB ramps up activities to support global implementation ahead of issuing inaugural standards end Q2 2023.

20 See ISSB February 2023 *Agenda paper 3D and 4C Proportionality and support for those applying IFRS S1 and IFRS S2*.

21 See SEC Considers Easing Climate-Disclosure Rules After Investor Pushback.

22 See Korea Establishes New Sustainability Standards Board Under KASB.

countries[23] revealed that GRI Standards and the UN Sustainability Development Goals (SDG) framework were the most widely used frameworks across the six countries.[24] The Philippines and Thailand demonstrated a higher uptake of the TCFD Recommendations. The study noted that since there has been an increase in investors and regulators seeking both financial and non-financial disclosures, there is a likelihood for a stronger uptake of the TCFD Recommendations by more businesses globally.

	GRI	IIRC	US SASB	UN SDG	TCFD
Indonesia	93%	4%	16%	93%	5%
Malaysia	73%	35%	11%	74%	19%
Philippines	82%	17%	35%	86%	38%
Singapore	99%	8%	10%	65%	18%
Thailand	89%	13%	10%	95%	27%
Vietnam	65%	8%	2%	42%	0%

	>75% of companies
	>50% to 75% of companies
	>25% to 50% of companies
	0-25% of companies

GRI	Global reporting Initiative
IIRC	International Integrated Reporting Framework
US SASB	US Sustainability Accounting Standards Board
UN SDG	UN Sustainability Development Goals
TCFD	Task Force on Climate-related Financial Disclosures

Climate-related financial disclosure practices in selected jurisdictions

42 Staff have commenced work on identifying climate-related financial disclosure and sustainability reporting practices in all jurisdictions. Staff have so far identified the following jurisdictional approaches to climate-related financial disclosure and sustainability reporting:

Jurisdiction	Effective Date	Notes
Switzerland	1 January 2024	According to the new legislation passed by the Swiss Government's Federal Council, large Swiss companies and financial institutions will be required to publicly disclose information on their climate-related risks, impacts and plans. These public companies, banks and insurance firms will be required to provide reporting based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD Recommendations).[25]
Brazil	2 January 2023	In December 2021, the Brazilian Securities and Exchange Commission amended its rules to require securities issuers to indicate whether they disclose environmental, social, and corporate governance

23 Research was conducted in Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

24 See Climate Reporting in ASEAN – State of Corporate Practices.

25 See Switzerland passes law to require mandatory climate reporting.

		information in their annual reports in line with the United Nations' Sustainable Development Goals (SDGs) and the TCFD Recommendations.[26]
Canada	1 January 2024	In its 2022 budget, the Canadian Government outlined its plan to require federally regulated financial institutions to begin reporting on climate-related financial risks in accordance with the TCFD Recommendations.[27]
Nigeria	Effective date will be consistent with the effective date decided on by the ISSB	The Financial Reporting Council of Nigeria announced that they will move to adopt ISSB's IFRS Sustainability Disclosure Standards in Nigeria when they are issued in 2023.[28]
European Union	1 January 2024	In November 2022, the EFRAG submitted its first set of draft ESRS to the European Commission.[29] As confirmed by EFRAG, the ESRS are, as much as possible, fully aligned with the GRI Standards.[30]
India	1 April 2022	Mandatory reporting on Business Responsibility and Sustainability Report (BRSR) by the top 1,000 listed companies will be a part of the annual reports for the fiscal year 2022-23. The BRSR addresses multi-stakeholder reporting and as such, draws predominantly on the work of the UN SDGs and the GRI.[31]
New Zealand	1 January 2023	In December 2022, the External Reporting Board (XRB) issued the Climate-related Disclosures standards – NZ CS 1 *Climate-related Disclosures*, NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* and NZ CS 3 *General Requirements for Climate-related Disclosures*. The Standards are applicable from 1 January 2023.[32]
Malaysia	Phased in approach (beginning with the disclosure of the common sustainability matters for financial years ending on or after 31 December 2023, and culminating with the TCFD-aligned disclosures for	In September 2022, Bursa Malaysia Securities Bhd said listed issuers on the main market will need to include common sustainability matters and indicators, as well as climate change-related disclosures aligned with the TCFD Recommendations in their annual reports.[33]

26 See Brazil's Securities and Exchange Commission to require more detailed ESG reporting.

27 See It's Official: Mandatory ESG Disclosure Is Coming to Canada.

28 See Financial Reporting Council of Nigeria to adopt IFRS Sustainability Disclosure Standards.

29 See EFRAG Delivers the First Set of Draft ESRS to the European Commission.

30 See GRI and the European Sustainability Reporting Standards (ESRS).

31 For more information, refer to: Mandatory BRSR reporting for top 1,000 listed companies; Business Responsibility and Sustainability Report; and Mainstreaming ESG via Business Responsibility and Sustainability Reporting.

32 See Aotearoa New Zealand Climate Standards.

33 See Bursa Malaysia adds climate change reporting to sustainability reporting framework for companies on Main, ACE Markets.

	financial years ending on or after 31 December 2025)	The ACE Market-listed[34] corporations will adopt the enhanced sustainability disclosures on a staggered basis, with disclosures taking effect for financial years ending on or after 31 December 2024, and concluding with disclosures of the basic transition plan for financial years ending on or after 31 December 2026.
United Kingdom (UK)	1 January 2022	**Streamlined Energy and Carbon Reporting (SECR)** - Requires large UK companies to disclose their energy use, carbon footprint, and greenhouse gas (GHG) emissions as part of their annual financial reporting. **Financial Conduct Authority TCFD Reporting (FCA CRFD)**- Requires companies with UK-listed shares or deposit receipts, as well as FCA-regulated asset managers and asset owners to complete mandatory annual TCFD-aligned climate disclosure reporting.[35]
United States of America (US)	-	The SEC's climate proposal *The Enhancement and Standardization of Climate-Related Disclosures for Investors* draws on the concepts and disclosures of the TCFD Recommendations and incorporates the vocabulary of the Greenhouse Gas (GHG) Protocol.[36] While the proposals are not identical to the TCFD Recommendations, it is broadly aligned to TCFD pillars of governance, strategy and risk management.[37] In October 2022, the SEC reopened the comment period for this proposal due to a technical error. The SEC is analysing the feedback received and the final standard is expected to be published later this year.
Singapore	Phased, climate reporting will subsequently be mandatory for issuers in the financial, agriculture, food and forest products and energy industries from Financial Year commencing 1 January 2023.	On 15 December 2021, the Singapore Exchange (SGX) announced requirements for issuers to provide climate-related reporting based on the TCFD Recommendations. SGX will also monitor the progress in climate reporting and look to subsequently introduce mandatory climate reporting based on the ISSB's final standards in the future. [38]

34 See ACE Market is a sponsor-driven market designed for companies with growth prospects. Sponsors must assess suitability of the potential issuers, taking into consideration attributes such as business prospects, corporate conduct and adequacy of internal control.

35 See UK Sustainability Reporting Requirements in 2023.

36 See Understanding the SEC's climate proposal.

37 See Digesting the SEC's climate proposal.

38 See SGX mandates climate and board diversity disclosures: Allen & Gledhill.

Hong Kong	No later than 2025	In December 2020, the Green and Sustainable Finance Cross-Agency Steering Group announced that climate-related disclosures aligned with the TCFD Recommendations will be mandatory across selected sectors. In July 2021, the Steering Group also indicated its support towards potentially adopting the IFRS Sustainability Disclosure Standards and are currently in the process of evaluating how this can be achieved.[39]
Japan	-	In November 2021, the Japan Financial Services Agency published its strategic priorities for July 2021-June 2022, in which it encouraged companies listed on the "Prime Market"[40] segment to enhance the quality and quantity of disclosure based on the TCFD Recommendations or an equivalent framework.[41]
Egypt	1 July 2022	In July 2021, the Egyptian Financial Regulatory Authority made an announcement to require companies listed on the Egyptian Stock Exchange and companies operating in non-bank financial activities to submit disclosure reports related to sustainability and the financial impacts of climate change in line with the TCFD Recommendations.[41]
China	1 June 2022	In early 2022, China Enterprise Reform and Development Society (CERDS) published China's first ESG disclosure standard, the "Guidance for Enterprise ESG Disclosure ". The guidance draws on international developments in ESG priorities but also focuses on priorities established by the Chinese government, such as the drive for common prosperity and social stability.[42]

Question to Board members

Question to Board members
Q1: Do Board members have any questions about the information provided in this paper?

39 See Guidance on climate disclosures.

40 In the Prime Market, companies have market capitalization of tradable shares of at least 10 billion yen, and the tradable-share ratio is at least 35%.

41 See 2022 TCFD Status Report.

42 See China moves to standardize fragmented ESG reporting landscape.