



Project:	Sustainability Reporting	Meeting:	AASB March 2024 (M201)
Topic:	Update on international and jurisdictional perspectives	Agenda Item:	14.1
		Date:	20 February 2024
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		Decision-Making:	-
		Project Status:	-

Objective of this paper

- 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 5-28)
 - (c) Update on GSSB meetings (paragraphs 29-39)
 - (d) Update on IPSASB's Climate-Related Disclosures project (paragraph 40)
 - (e) Taskforce on Nature-related Financial Disclosures (TNFD) (paragraph 41)
 - (f) Update on selected jurisdictional sustainability reporting perspectives (paragraphs 42-51)
 - (g) 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 developments since the Board's meeting in November 2023.^{1 2}

¹ See November 2023 [Agenda Paper 12.1 Sustainability Reporting: Update on International Jurisdictional Perspectives](#)

² See November 2023 [Agenda Paper 12.2 GRI and IPSASB Update](#).

IFRS Foundation

Trustees of the IFRS Foundation and Due Process Oversight Committee (DPOC) meeting³

- 5 The Trustees of the IFRS Foundation and the Due Process Oversight Committee (DPOC) held their joint meeting on 17-19 October 2023.

Trustees of the IFRS Foundation Meeting

- 6 The Trustees received an update on the ISSB's recent activities since the June 2023 Trustee's meeting, including how the IFRS Foundation is working to ensure the implementation of the ISSB's adoption strategy. It was noted that the ISSB members and staff are organised in a matrix structure to implement strategies to drive the adoption of IFRS sustainability Disclosure Standards within jurisdictions and with key stakeholders under the oversight of an internal Adoption Strategy Council, comprising the ISSB leadership and Foundation Managing Director. The council is responsible for the overall adoption strategy.
- 7 The Trustees also received an update on funding of the ISSB, a report of the Funding Committee and an update on the initial considerations around updating the IFRS Foundation's *Due Process Handbook*.

DPOC Meeting

- 8 The DPOC considered a report providing an update on the activities of the ISSB for the period June to September 2023. There were no matters in the report for which the DPOC was required to confirm that due process had been followed. The DPOC also considered the annual review of the ISSB Consultative Groups and the annual reporting protocol.⁴

ISSB November 2023 meeting⁵

IFRS Sustainability Disclosure Taxonomy

- 9 The ISSB discussed the feedback on the Proposed IFRS Sustainability Disclosure Taxonomy for digital reporting reflecting the requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. No decisions were made.

ISSB Request for Information (RFI) Consultation on Agenda Priorities

- 10 The ISSB observed that respondents were mostly supportive of the ISSB's planned activities, with IFRS S1 and IFRS S2 implementation support receiving the highest priority. Most respondents agreed with the ISSB's proposed criteria used to evaluate potential new research or standard-setting projects for its work plan. The respondents suggested that the ISSB should approach any research project holistically rather than prioritising subtopics. The feedback received on the proposed research project on integration with financial reporting will be evaluated in conjunction with the International Accounting Standards Board (IASB) at a future meeting. No decisions were made.

ISSB December 2023 meeting⁶

International Applicability of Sustainability Accounting Standards Board (SASB) Standards

- 11 The ISSB was asked to ratify amendments to the SASB Standards. The ISSB decided:
- (a) that re-exposure of the amendments was not necessary;

³ See [October 2023 IFRS Foundation Trustees Meeting summary](#).

⁴ See October 2023 Agenda Papers for [Trustees of the IFRS Foundation and Due Process Oversight Committee](#).

⁵ See [November 2023 ISSB Update](#).

⁶ See [December 2023 ISSB Update](#).

- (b) to ratify the amendments to the SASB Standards; and
- (c) to make related updates to the SASB Standards Taxonomy.

- 12 All ISSB members confirmed they were satisfied the ISSB has complied with the applicable SASB due process requirements⁷ and has undertaken sufficient consultation and analysis to publish the amended SASB Standards. However, the ISSB acknowledged that it had dismissed feedback it felt was not within the scope of the project, including feedback on the international applicability of the SASB Sustainable Industry Classification System.
- 13 In December 2023, the ISSB published amendments to the SASB Standards to enhance their international applicability.

IFRS Sustainability Disclosure Taxonomy

- 14 The ISSB discussed the prospective IFRS Sustainability Disclosure Taxonomy. The ISSB expects to begin the balloting process to issue the IFRS Sustainability Disclosure Taxonomy in H1 2024. No decisions were made.

ISSB RFI Consultation on Agenda Priorities

- 15 The ISSB continued discussing feedback on its RFI *Consultation on Agenda Priorities*. Specifically, the ISSB discussed feedback from users of general-purpose financial reports. No decisions were made.

Joint ISSB and IASB January 2024 meeting⁸

- 16 The IASB and ISSB met to discuss feedback on the ISSB's RFI *Consultation on Agenda Priorities*. Specifically, the Boards discussed feedback on a potential project on integration in reporting and feedback on connectivity.
- 17 The RFI did not include a question on connectivity; however, respondents provided feedback on that topic. Respondents highlighted the importance of connectivity in providing decision-useful information and encouraged the ISSB and IASB to collaborate in order to achieve that.
- 18 The Boards were not asked to make any decisions. The ISSB will continue to discuss feedback on the RFI and make decisions on the matters raised in it.

February 2024 ISSB meeting

- 19 The ISSB will meet on 21 February and will continue its discussion on feedback to the RFI *Consultation on Agenda Priorities* and commence discussion on the development of educational guidance on the definition of material.

ISSB RFI Consultation on Agenda Priorities

- 20 The ISSB will be discussing the criteria for assessing the priority of new research and standard-setting projects that could be added to the ISSB's work plan. The ISSB staff is recommending that the ISSB proceed with the criteria exposed for comment in the RFI and make no additions to that list.

Developing educational guidance on the definition of material

- 21 The ISSB will be developing targeted educational guidance to explain the application of the concept of materiality in the context of the requirements in IFRS Sustainability Disclosure Standards and the scope of information to which the concept of materiality is applied. ISSB staff are proposing the following:

⁷ Note that SASB Standards are not subject to the IFRS Foundation's *Due Process Handbook*.

⁸ See [January 2024 IASB-ISSB Update](#).

- (a) **Using IFRS Sustainability Disclosure Standards to prepare sustainability-related financial disclosures:** materiality must be explained in the context of the identification of sustainability-related financial risks and opportunities. Therefore, educational guidance will summarise the guidance in IFRS S1, which includes the identification of sustainability-related financial risks and opportunities that could reasonably be expected to affect an entity's prospects and requirements to disclose material information.
- (b) **The definition of material:** the educational guidance will focus on the definition of primary users of general purpose financial reporting (i.e. investors per the ISSB), as well as their common information needs and also on how materiality is applied in the context of sustainability-related financial disclosures as compared to financial statements.
- (c) **Sustainability-related financial risks and opportunities:** the educational material will focus on the description of sustainability-related financial risks and opportunities, including those risks and opportunities that could reasonably be expected to affect an entity's prospects.
- (d) **Information that is material might change over time:** the ISSB will consider whether an explanation about how materiality can be assessed over differing time horizons would be helpful in illustrating how information that is material may change over time.

ISSB at COP28

- 22 At the COP28 Summit held in December 2023, the IFRS Foundation launched the IFRS Sustainability Knowledge Hub to support the use of the IFRS Sustainability Disclosure Standards. The Hub hosts content developed by the IFRS Foundation, and more than 100 resources developed by third-party organisations.⁹ Furthermore, close to 400 organisations from 64 jurisdictions signed a Declaration of Support to assist with advancing the adoption or use of the ISSB's climate-related reporting at a global level.

Transition Implementation Group on IFRS S1 and IFRS S2 (TIG) meeting

- 23 The Transition Implementation Group on IFRS S1 and IFRS S2 held its first meeting on 2 November 2023. The TIG will provide a public forum for any stakeholder to share implementation questions with the ISSB and to follow the discussion of those questions. At this meeting, they held a discussion on observations on implementation to date.

GRI and ISSB joint publication¹⁰

- 24 In January 2024, the Global Reporting Initiative (GRI) and the IFRS Foundation jointly published an analysis and mapping resource that illustrates the areas of interoperability an entity should consider when measuring and disclosing Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions in accordance with both GRI 305: *Emissions* and IFRS S2 *Climate-related Disclosures*.¹¹
- 25 In November 2023, the GRI, in coordination with the IFRS Foundation, also announced the launch of the Sustainability Innovation Lab (SIL) based in Singapore.

IFRS Advisory Council¹²

- 26 The IFRS Advisory Council met on 7-8 November 2023. The Council received an update on the ISSB's activities and focused on topics including the inaugural Jurisdictional Adoption Guide, interoperability and initiatives to support the implementation of IFRS S1 and IFRS S2.

⁹ See [IFRS Sustainability Knowledge Hub](#).

¹⁰ See [GRI establishes Sustainability Innovation Lab in coordination with the IFRS Foundation](#).

¹¹ See [Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards](#).

¹² See November 2023 [IFRS Advisory Council Meeting Summary](#).

Capital Markets Advisory Committee (CMAC) ¹³

27 In October 2023, the CMAC received an update on the ISSB's activities.

Global Preparers Forum (GPF) Meeting¹⁴

28 In November 2023, the GPF received an update on the ISSB's activities.

GSSB Meeting Update

GSSB November 2023 meeting¹⁵

GRI Topic Standard Project for Climate Change – Exposure Draft

29 The GSSB approved the following:

- (a) GRI Topic Standard Project for Climate Change – Climate Change Exposure Draft 2023.
- (b) GRI Topic Standard Project for Climate Change – Energy Exposure Draft

These documents are open for comment until 29 February 2024.¹⁶

Standard development project priorities in 2024

30 GRI Staff provided an update on the priority projects for 2024. The GRI will work on five Sector Standards: Mining, Financial Services (Banking, Capital Markets, and Insurance), and Textiles and Apparel. The Topic Standard project addressing Indigenous People and local communities is expected to begin in 2025, based on project proposal approval in 2024.

GSSB December 2023 meeting ¹⁷

GRI Topic Standard Project for Biodiversity

31 The GRI approved the final standard for the GRI Topic Standard Project for Biodiversity and confirmed that re-exposure was not needed in accordance with their due process.¹⁸

32 Based on the feedback, the following changes were agreed to be made to the Biodiversity Topic Standard draft:

- (a) The removal of the word 'operational' when referring to sites. It now just reads 'sites'.
- (b) Deletion of a duplicated sentence in Disclosure 101-4.
- (c) The GSSB noted that under Disclosure 101-5 Locations with biodiversity impacts, the requirement to provide an exact location has been removed, making it inconsistent. The GRI staff noted that they will use coordinates as a recommendation to be consistent with GRI 14.
- (d) The GSSB suggested clarifying guidance in Disclosure 101-6 Direct drivers of biodiversity loss. The GRI staff noted they will further clarify that direct drivers can vary by location.

¹³ See October 2023, Capital Markets Advisory Committee [Agenda Papers](#) and [Meeting Summary](#).

¹⁴ See November 2023, Global Preparers Forum (GPF) [Agenda Papers](#) and [Meeting Summary](#).

¹⁵ See November 2023 GSSB [Meeting Summary](#).

See Agenda Paper 2 [GRI Topic Standard Project for Climate Change – Climate Change Exposure draft](#) and Agenda 3 [GRI Topic Standard Project for Climate Change – Energy Exposure draft](#).

¹⁷ See [December 2023 GSSB Meeting Summary](#).

¹⁸ See December 2023 [Agenda Papers 2 GRI Topic Standard Project for Biodiversity – Final draft](#) and [Agenda Paper 3 GRI Topic Standard Project for Biodiversity – Basis for conclusions](#).

- (e) The TNFD proposed a change in the guidance to Disclosure 101-4 Identification of biodiversity impacts. The GRI staff agreed to clarify that ‘The Locate and Evaluate phases of the TNFD LEAP approach’ can be used to identify biodiversity impacts.
 - (f) The TNFD also proposed a change in the requirement and guidance to Disclosure 101-5 Locations with biodiversity impacts, including Table 1; the GRI staff to make the change from ‘stakeholders’ to ‘Indigenous Peoples, local communities, and other stakeholders’.
 - (g) Change requirements to Disclosure 101-6 Direct drivers of biodiversity loss; make the change to account for potential impacts as ‘lead or could lead to’.
- 33 The final standard, GRI 101: *Biodiversity* 2024, was issued in January 2024 and will be in effect for the reporting period beginning on or after 1 January 2026.¹⁹

GRI Sector Standard Project for Mining.

- 34 The GRI approved the final standard for the GRI Sector Standard Project for Mining and confirmed that re-exposure was not needed in accordance with their due process.²⁰ The GSSB discussed the following points:
- (a) GSSB enquired about the reporting model, particularly why additional sector disclosures were only recommendations, not mandatory, and did not require reasons for omission. The GRI staff provided an overview of the ‘in accordance’ requirements relating to the use of the Sector Standards, as documented in the GRI Universal Standards, including the expectation for entities to report additional sector disclosures where GRI Topic Standards do not provide sufficient detail over impacts. A further discussion to assess the Sector Standards reporting model is expected with the GSSB in the coming year.
 - (b) Regarding Topic 14.17 Employment practices, the GSSB questioned the removal of disclosure about benefits for employees not being provided to contractors. The GRI staff noted that this disclosure was deemed not unique to the mining sector and will be addressed in the ongoing revision of labour-related standards.
 - (c) On Topic 14.9 Economic impacts, the GSSB questioned the removal of the sector recommendation to report Disclosure 201-1 Economic value generated and distributed by the mine site. The GRI staff noted that community investments are still recommended to be reported by the mine site, and the rest of the information was deemed sufficient to be reported by regional, national, or market levels, as required by Disclosure 201-1, where necessary. They further noted that Topic 14.23 Payments to governments includes a breakdown of corporate income tax and other payments to government by project, which addressed this removal and aligns with the Extractives Industries Transparency Initiative (EITI) Standard 2023.
- 35 The final standard GRI 14: *Mining Sector* 2024 was issued in January 2024 and will be in effect for the reporting period beginning on or after 1 January 2026.²¹

Alignment of Topic and Sector Standards

- 36 The GRI approved the Final Project Proposal for the GRI Standards Project for Alignment of Sector Standards with New Topic Standards. The final project proposal was largely the same as the draft

¹⁹ See [Transparency standard to inform global response to biodiversity crisis](#).

²⁰ See Agenda Item 4 [GRI Sector Standard Project for Mining – Final draft, for GSSB approval](#), Agenda Item 5 [GRI Sector Standard Project, Mining – GSSB basis for conclusions](#) and Agenda Item 6 [GRI Sector Standards Project for Mining – input on GRI Topic and Universal Standards](#).

²¹ See [Sustainability standard to accelerate accountability in the mining sector](#).

proposal presented to the GSSB in September 2023, as GRI's Council, Supervisory Board, and DPOC did not provide any significant comments.²²

GSSB January 2024 meeting²³

GRI Topic Standard Project for Economic Impact

- 37 The GSSB approved the GRI Topic Standard Project for Economic Impact – Proposed members for the Working Group.²⁴

GRI Topic Standard Project for Pollution

- 38 The GSSB approved the Draft project proposals for the GRI Topic Standard Project for Pollution. This project will develop disclosures that enable entities to report their emissions of pollutants into air, soil, and water. They will also enable entities to report how they manage their missions of pollutants, including the management of hazardous substances, critical incidents, and emergency response management. The project is expected to commence in Q1 2024.²⁵
- 39 The next GSSB meeting will be held on 22 February 2024. The meeting papers for this meeting were not available at the time of writing this Board paper.

IPSASB's Climate-Related Disclosures project

- 40 The next IPSASB meeting will be held on 12-15 March 2024. The meeting papers for this meeting were not available at the time of writing this Board paper. However, the agenda²⁶ indicated that the IPSASB will be discussing the Climate-Related Disclosure project.

Taskforce on Nature-related Financial Disclosures (TNFD)

- 41 The European Financial Reporting Advisory Group (EFRAG) and the Taskforce on Nature-related Financial Disclosures (TNFD) have signed a cooperation agreement, highlighting the importance of addressing nature-related issues to advance corporate sustainability and reflecting a shared commitment to enhance corporate transparency related to biodiversity and ecosystems. The cooperation agreement builds on a multi-year collaboration reflected in the European Sustainability Reporting Standards (ESRS), which are aligned with the TNFD's recommended disclosures.²⁷

International and Jurisdictional Update

Canadian Sustainability Standards Board (CSSB)

- 42 The CSSB expects to publish three key documents that will shape Canada's first sustainability reporting standards in March 2024, including:
- (a) drafts of proposed Canadian standards on both general requirements for disclosure of sustainability-related financial information and climate-related disclosures (based on IFRS S1 and IFRS S2 with modifications where needed to meet the needs of Canadian stakeholders); and
 - (b) a paper discussing how the CSSB proposes to introduce changes, if required, to IFRS Sustainability Disclosure Standards for use in Canada.

²² See Agenda Item 7 [GRI Standards Project for Alignment of Sector Standards with New Topic Standards – Final project proposal](#).

²³ See [January 2024 GSSB Draft summary](#).

²⁴ See January 2024 Agenda Paper 1 [GRI Topic Standard Project for Economic Impact Working Group](#).

²⁵ See January 2024 Agenda Paper 2 [GRI Topic Standard Project for Pollution - Draft project proposal](#).

²⁶ See the [Agenda for the March 2024 IPSASB Meeting](#).

²⁷ See [EFRAG and TNFD sign a cooperation agreement to further advance Nature-related Reporting](#).

European Union (EU)

- 43 The European Parliament and Council have reached a provisional agreement on a directive to delay the adoption of European Sustainability Reporting Standards (ESRS) Standards for companies to provide sector-specific sustainability disclosures and for sustainability reporting from companies outside of the EU under the Corporate Sustainability Reporting Directive (CSRD).²⁸
- 44 The delay was initially proposed by the EU Commission in October 2023 as part of its 2024 Commission Work Programme, with one of its priorities being reducing reporting burdens for companies.

United States of America (US)

- 45 U.S. Securities and Exchange Commission (US SEC) officials have indicated that they may scale back some of the most demanding GHG emissions disclosure requirements that it had proposed, such as Scope 3 GHG emissions.²⁹
- 46 In October 2023, the California Governor signed into law two state senate bills and one assembly bill. The Senate bills collectively require certain public and private US companies doing business in California to provide both quantitative and qualitative climate disclosures. The assembly bill is intended to combat entities' "greenwashing" of climate-related emission claims.³⁰

Malaysia

- 47 On 15 February 2024, the Malaysian Advisory Committee on Sustainability Reporting (ACSR), chaired by the Securities Commission Malaysia (SC), published [Public Consultation Paper No.1/2024 Proposed National Sustainability Reporting Framework](#). The consultation paper outlines a similar approach to sustainability reporting as the AASB's with the ACSR highlighting that it intends to use IFRS Sustainability Disclosure Standards as a baseline off which to build in National Sustainability Reporting Framework (NSRF). The comment period closes 21 March 2024.
- 48 The consultation paper explains that the IFRS Sustainability Disclosure Standards would only be a part of the NSRF, which has broader objectives on the:
- (a) improving the availability of reliable, comparable and decision-useful information on material sustainability-related risks and opportunities of companies by using the IFRS Sustainability Disclosure Standards as the baseline standard;
 - (b) enabling the use of other complementary reporting frameworks, for example, the GRI Standards or industry-based standards issued by the SASB, to meet the information needs of different stakeholders; and
 - (c) supporting the availability and the flow of sustainability information across the supply chain.

China³¹

- 49 Three major stock exchanges in China, the Shanghai Stock Exchange (SSE), the Shenzhen Stock Exchange (SZSE) and the Beijing Stock Exchange (BSE), have published draft guidelines on sustainability disclosure. If finalised, these guidelines would require issuers with a large market capitalisation, as well as those with dual listings, to disclose a broad range of sustainability topics beginning in 2026.

²⁸ See [EU Lawmakers Agree to Delay Sustainability Reporting Standards for Specific Sectors and non-EU Companies by 2 Years - ESG Today](#)

²⁹ See [Exclusive: US securities regulator signals it may curb climate rule ambitions | Reuters](#).

³⁰ See [iGAAP in Focus — Sustainability reporting: California Climate Legislation \(iasplus.com\)](#).

³¹ See [Major Chinese stock exchanges publish draft guidelines for sustainability reporting \(iasplus.com\)](#).

- 50 Entities within the scope of the proposed guidelines would have to disclose information about environmental, social and governance topics. This includes information about climate change, biodiversity and ecosystems, circular economy, energy consumption, supply chain security, rural revitalisation, as well as prevention and detection of corruption and bribery. Entities would also have to disclose their Scope 3 GHG emissions for the value chain. The list of topics indicates that entities would be required to apply the 'double materiality' principle.
- 51 The draft guidelines are open for comment until 29 February 2024 but are currently only available in Chinese.

Questions to Board members

Question to Board members

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