

Appendix A: Sustainability Update

ISSB meeting

October 2024 meeting – update

- A1. The International Sustainability Standards Board (ISSB) met virtually on 24 October 2024 to discuss the implementation of IFRS S1 and IFRS S2 and research projects on biodiversity, ecosystems and ecosystem services (BEES) and human capital.

Supporting the Implementation of IFRS S1 and IFRS S2

- A2. The ISSB discussed¹ the interaction between ISSB Standards and the IASB's *Management Commentary Practice Statement* (MCPS) project. This was on the assumption that most entities would either be required or choose to apply ISSB Disclosure Standards and the revised MCPS.
- A3. The ISSB considered whether IFRS S1 should be amended to require sustainability-related financial disclosures to be included in the Management Commentary, for entities applying the MCPS. The ISSB did not make any decisions and agreed to revisit the discussion at a future meeting.

Research projects on Biodiversity, Ecosystems and Ecosystem Services and Human Capital

- A4. The ISSB discussed² feedback from the survey on jurisdictional requirements related to biodiversity, ecosystems, and ecosystem services and to human capital. The ISSB also discussed how the feedback could inform its research. The ISSB was not required to make any decisions.

IFRS Foundation updates

- A5. The **ISSB** published educational material³ to guide companies in identifying sustainability-related risks and opportunities and material information. The guide illustrates how entities applying ISSB Standards can use the four-step process illustrated in the IASB's IFRS Practice Statement 2: *Making Materiality Judgements*. The guide comments on connectivity with the financial statements

¹ ISSB October 2024 meeting: Project - Supporting the Implementation of IFRS S1 and IFRS S2 ([Agenda Paper 9](#))

² ISSB October 2024 meeting: Project - Research projects on Biodiversity, Ecosystems and Ecosystem Services and Human Capital ([Agenda Papers 3 and 4](#))

³ IFRS Foundation publishes [guide to help companies identify sustainability-related risks and opportunities and material information to provide](#) (November 2024)

and notes the distinction between materiality judgements for sustainability-related financial disclosures and the financial statements (page 17).

Other international updates

- A6. The Chair of the Board of the **International Organization of Securities Commissions** (IOSCO), Jean-Paul Servais, highlighted⁴ that since IOSCO's endorsement of the ISSB standards in July 2023 more than 20 jurisdictions, representing over 40% of global market capitalisation, have taken steps to integrate these standards into their regulatory regimes.
- A7. The Executive Committee of the **World Economic Forum** (WEF) and the **International Business Council** (IBC) have published⁵ a statement in which they welcome the progress towards establishing a global baseline of consistent and comparable sustainability information based on the ISSB standards.
- A8. The **International Public Sector Accounting Standards Board** (IPSASB) has published⁶ an exposure draft for its first sustainability reporting standard (SRS ED 1) that is based on IFRS S1 and IFRS S2. The comment period ends on 28 February 2025.
- A9. The **Canadian Sustainability Standards Board** (CSSB) has announced⁷ the release of its Feedback Statement summarising the responses received from its extensive public consultation on Canada's first sustainability disclosure standards. Stakeholders noted the importance to investors of alignment between sustainability-related financial disclosures and the related financial statement.
- A10. The **Australian Sustainability Reporting Standards** (AASB) has published⁸ a voluntary AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and mandatory AASB S2 *Climate-related Disclosures*. Certain entities are required by the *Corporations Act 2001* to apply AASB S2 for annual periods beginning on or after 1 January 2025.
- A11. The **New Zealand External Reporting Board** (XRB) has published⁹ a consultation on proposed amendments to its climate and assurance standards. Amendments included a one-year extension to the adoption provision for scope 3 GHG emissions disclosures and a one-year extension to the adoption provision for anticipated financial impacts disclosures.

⁴ [IOSCO Chair speaks on ISSB standards adoption](#)

⁵ [WEF and IBC Executive Committee welcome progress towards global baseline of sustainability reporting](#)

⁶ [IPSASB publishes exposure draft for inaugural sustainability reporting standard](#)

⁷ [Canadian Sustainability Standards Board Releases Feedback Statement on Proposed Sustainability Disclosure Standards](#)

⁸ [Australian Sustainability Reporting Standards AASB S1 and AASB S2 are now available on the AASB Digital Standards Portal](#)

⁹ [Proposed 2024 Amendments to Climate and Assurance Standards](#)

- A12. The **Taskforce on Nature-related Financial Disclosures** (TNFD) published¹⁰ a discussion paper that sets out draft guidance on nature transition planning. The comment period ends on 1 February 2025.

European updates

- A13. The **European Securities and Markets Authority** (ESMA) has published¹¹ its annual public statement setting out the European common enforcement priorities for the 2024 annual financial reports of issuers admitted to trading on European Economic Area (EEA) regulated markets. In section four of the statement 'Connectivity between financial and sustainability statements ESMA continues to call for consistency and connectivity between the information related to climate risks and opportunities included in financial statements, the information included in the sustainability statement or elsewhere in the management report.
- A14. ESMA notes that issuers (in particular those most exposed to climate matters) may need to disclose in their financial statements the fact that certain climate-related matters presented in the management report have no effect on their financial statements and explain why this is so.

UK updates

- A15. On 12 November 2024, the UK government announced new climate goals at the **COP29 Summit**, in Baku, Azerbaijan. The announcement included a commitment to reduce emissions, from 1990 levels, by 81% by 2035¹². The target excludes emissions from international aviation and shipping, in line with international standards, and is aligned with the UK's sixth carbon budget.
- A16. On 14 November 2024, the **UK Chancellor** set out the government's vision¹³ to grow and enhance the competitiveness of the UK's world-leading financial services sector. In relation to investment through financial services the Chancellor noted:
- Publishing a consultation to gather views on the value case for launching a UK Green Taxonomy as part of a wider sustainable finance framework.
 - Announcing the intention to consult on streamlined sustainability disclosures for economically significant companies.
 - Consulting in the first half of next year on how best to take forward the manifesto commitment on transition plans.

¹⁰ [TNFD publishes discussion paper on nature transition planning](#)

¹¹ [ESMA announces enforcement priorities for 2024 financial statements](#)

¹² [UK shows international leadership in tackling climate crisis](#)

¹³ Mansion House 2024, [HM Treasury](#)

- d) Publishing a consultation response and draft legislation to bring ESG ratings providers into regulation.
- e) Delivering one of the key recommendations from the recently published Transition Finance Market Review by co-launching the Transition Finance Council with the City of London Corporation.
- f) Launching a set of integrity principles for voluntary carbon and nature markets on 15 November at COP29 ahead of a consultation in the new year.

- A17. The **UK Sustainability Disclosures Policy and Implementation Committee (PIC)** met on 22 October 2024¹⁴. The committee discussed whether the use of IFRS S1 would lead to an increase in the comparability of reported information. Updates were provided on the TAC's October meeting, by the TAC Secretariat, and the climate scenario analysis workstream, by The Department for Energy Security and Net Zero (DESNZ). The Department for Business and Trade (DBT) secretariat also presented a paper considering the importance of due process on documents developed by third parties but required to be used or referred to under ISSB standards.
- A18. The **UK Sustainability Disclosure Technical Advisory Committee (TAC)** met¹⁵ on 5 and 15 November 2024. Please refer to the TAC Update paper of the UKEB 28 November 2024 public Board meeting.
- A19. The **Transition Plan Taskforce (TPT)** work has officially concluded with the release of its final report: 'Progress Achieved and the Path Ahead'¹⁶. The report noted that the IFRS Foundation will use the TPT's disclosure-related outputs to develop educational materials.

¹⁴ [22 October 2024: UK Sustainability Disclosures Policy and Implementation Committee \(PIC\) – summary minutes](#)
¹⁵ [UK Sustainability Disclosure TAC Meetings and Summaries](#)
¹⁶ [Progress Achieved and the Path Ahead](#), October 2024