

Appendix A: Sustainability Update

ISSB meeting

April 2024 meeting – update

- A1. The International Sustainability Standards Board (ISSB) met on 23 April 2024, in Frankfurt, Germany, to discuss the ISSB consultation on Agenda Priorities - Projects to add to the work plan¹.

Consultation on Agenda Priorities

- A2. The ISSB staff presented an analysis and recommendations on projects to be added to the ISSB work plan for ISSB discussion and decisions.
- A3. The ISSB tentatively decided² to add to its work plan two research projects which could reasonably be expected to affect an entity's prospects. These were:
- a) risks and opportunities associated with biodiversity, ecosystems and ecosystem services (BEES); and
 - b) risks and opportunities associated with human capital.
- A4. As part of this research, the ISSB will also consider how to promote interoperability between sustainability-related financial disclosures and other widely used standards and frameworks.
- A5. The ISSB also tentatively decided not to add research projects on the following topics to its current work plan:
- a) risks and opportunities associated with human rights;
 - b) integration in reporting; or
 - c) additional topics raised by respondents to the Request for Information.
- A6. The ISSB anticipates publishing a feedback statement by the third quarter of 2024.

IFRS Foundation updates

- A7. The **Management Commentary Consultative Group**³ is due to meet on 21 May 2024 to discuss the direction of the Management Commentary project and

¹ [Projects to add to the work plan – Staff paper Agenda reference: 2 ISSB meeting April 2024](#)

² [ISSB Update April 2024](#)

³ [IFRS About the Management Commentary Consultative Group](#)

alternatives for the way forward⁴. The alternatives being considered are to either (1) finalise the project (2) keep the project on hold or (3) retire the project.

- A8. The **IFRS Foundation** has published an annual report and audited financial statements for the year ended 31 December 2023⁵. One of the key accomplishments noted was the launch of the inaugural IFRS Sustainability Disclosure Standards. However, the Executive Risk Committee also notes the uneven pace of adoption of ISSB standards as a key risk.
- A9. The **IFRS Foundation and EFRAG** have published guidance material⁶ illustrating the level of alignment between IFRS Sustainability Disclosure Standards and the European Sustainability Reporting Standards (ESRS). The guide describes the high level of compatibility regarding materiality, presentation and disclosures for both climate and wider sustainability topics. It also illustrates how an entity starting with either ISSB or ESRS standards could achieve compliance with the other.
- A10. The **ISSB** has published an IFRS Sustainability Disclosure Taxonomy⁷ which aims to enable investors to search, extract and compare sustainability-related financial disclosures. The Taxonomy reflects IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, IFRS S2 *Climate-related Disclosures* and their accompanying guidance.
- A11. The **IFRS Foundation** also published an article entitled 'Digital Financial Reporting - Facilitating digital comparability and analysis of financial reports⁸'. The article introduces digital financial reporting and the IFRS digital taxonomies.
- A12. The **ISSB Sustainability Consultative Committee** (SCC) met on 29 April 2024 and discussed the preview of the inaugural ISSB Adoption Guide⁹ and the ISSB Agenda priorities. The ISSB noted that the draft adoption guide was intended to support jurisdictional adoption and to provide transparency over the pace or 'other use' of ISSB standards. It was noted that the ISSB intends for the guide to be finalised at the IOSCO meeting in May 2024.
- A13. The UKEB Secretariat has conducted a high-level comparison between the draft ISSB adoption approach to the IASB jurisdictional profile questionnaire¹⁰. There appears to be a high level of alignment between the two approaches. However, the following variations were noted from the IASB jurisdictional profile questions, in that the ISSB draft guide:

⁴ Management Commentary Consultative Group – [Project direction](#)

⁵ IFRS Foundation publishes [2023 Annual Report](#)

⁶ [ESRS–ISSB Standards Interoperability Guidance Available Now!](#)

⁷ [ISSB publishes its digital sustainability taxonomy, helping investors analyse sustainability disclosures efficiently](#)

⁸ Digital Financial Reporting - [Facilitating digital comparability and analysis of financial reports](#) (April 2024)

⁹ [The jurisdictional journey towards globally comparable information for capital markets](#)

¹⁰ The use of IFRS® Accounting Standards around the world - [Use of IFRS Accounting Standards by jurisdiction](#)

- a) does not include a profile question on whether sustainability standards are either required or permitted for purposes other than for consolidated financial statements;
- b) does include a definition for publicly accountable entities¹¹ in scope; and,
- c) does not refer to other entities, such as SMEs, in the adoption profile.

UK updates

- A14. **HMRC** has announced¹² that from 1 September 2024 certain voluntary carbon credits will be in the scope of VAT. HMRC advises that due to significant changes in the voluntary carbon market they can now be incorporated into a business's onward supply and can therefore be considered for VAT. The announcement also noted that other ecosystem services which share characteristics with carbon credits may also be considered for VAT.
- A15. On 16 May 2024, the UK Government published Sustainability Disclosure Requirements: Implementation Update 2024¹³ which announced the Government ambition to make the **UK-endorsed ISSB standards** available for use in Q1 2025. Once the standards have been endorsed for use in the UK, the FCA will consult on introducing requirements for UK-listed companies to report sustainability-related information.
- A16. The government will also decide on disclosure requirements against the endorsed standards for UK companies that do not fall within the FCA's regulatory perimeter. Decisions regarding future requirements are expected to be taken in Q2 2025.
- A17. The announcement included publication of the Framework and Terms of Reference for the Development of UK Sustainability Reporting Standards¹⁴. The membership of the UK Sustainability Disclosure Policy and Implementation Committee (PIC)¹⁵ and of the UK Sustainability Disclosure Technical Advisory Committee (TAC)¹⁶ were also announced.

Other international updates

- A18. The **Korean Sustainability Standards Board** (KSSB) published Exposure Drafts of the Sustainability Disclosure Standards¹⁷. The KSSB have proposed making some of the ISSB disclosure requirements optional to allow domestic entities the ability

¹¹ The definition of a UK public interest entity is set out in The Companies Act 2006.

¹² [HMRC ATSC06583](#) - Consideration: Payments that are not consideration: Payments in specific sectors: Carbon offsetting: Voluntary non-compliance market

¹³ [Sustainability Disclosure Requirements: Implementation Update 2024](#), May 2024

¹⁴ [Framework and Terms of Reference for the Development of UK Sustainability Reporting Standards](#)

¹⁵ [UK Sustainability Disclosure Policy and Implementation Committee \(PIC\)](#)

¹⁶ [UK Sustainability Technical Advisory Committee \(TAC\)](#)

¹⁷ [KSSB published the Exposure Draft of the Sustainability Disclosure Standards](#)

to adopt at their own pace. For example, they have proposed a climate-first approach and industry-based metrics are optional.

- A19. The **External Reporting Board (XRB)** in New Zealand has established a Sustainability Reporting Board (SRB)¹⁸, which will sit alongside the Accounting Standards Board and the Auditing and Assurance Board. The SRB will provide technical advice to the XRB on topics including New Zealand Climate Standards and the development of a voluntary, non-financial reporting framework.
- A20. The **Hong Kong Stock Exchange** has announced¹⁹ that it will mandate climate disclosures based on IFRS S2. The amended Listing Rules will come into effect on 1 January 2025.

¹⁸ [Sustainability Reporting XRB, New Zealand](#)

¹⁹ [EXCHANGE PUBLISHES CONCLUSIONS ON CLIMATE DISCLOSURE REQUIREMENTS](#)

Appendix B: Advisory Groups Update

Summary

- B1. The purpose of this paper is to provide an update on meetings held by the following UKEB Advisory Groups and Working Groups, to accompany the verbal updates given by their Chairs:
- Academic Advisory Group (Chair: Michael Wells)
 - Accounting Firms and Institutes Advisory Group (Chair: Sandra Thompson)
 - Investor Advisory Group (Chair: Paul Lee)
 - Preparer Advisory Group (Chair: Giles Mullins)
 - Rate-regulated Activities Technical Advisory Group (Chair: Phil Aspin)
 - Financial Instruments Working Group (Chair: Peter Drummond)
 - Sustainability Working Group (Chair: Seema Jamil-O'Neill)
- B2. The [Advisory Groups](#) webpage of the UKEB website sets out the purpose of each group, a list of each group's members and their biographies, and a link to its Terms of Reference. In addition, minutes for each AG meeting are uploaded as they become available.
- B3. The table below also sets out the meetings held by these groups during the last 12 months and includes links to the meeting minutes, available at the time of writing.
- B4. Since the April 2024 Board meeting, the Rate-regulated Activities Technical Advisory Group has held an ad hoc meeting.

Group	Meeting Date	Link to Minutes	Date of publication
Academic Advisory Group	19 September 2023	Summary Minutes	16 October 2023
	12 April 2024	Summary Minutes	3 May 2024
Accounting Firms and Institutes Advisory Group	15 June 2023	Summary Minutes	14 July 2023
	2 November 2023	Summary Minutes	30 November 2023
	14 March 2024	Summary Minutes	11 April 2024
Investor Advisory Group	13 June 2023	Summary Minutes	11 July 2023
	27 November 2023	Summary Minutes	19 December 2023
	26 February 2024	Summary Minutes	22 March 2024
Preparer Advisory Group	12 June 2023	Summary Minutes	11 July 2023
	31 October 2023	Summary Minutes	28 November 2023
	5 March 2024	Summary Minutes	4 April 2024
Rate-regulated Activities Technical Advisory Group	23 June 2023	Summary Minutes	21 July 2023
	22 September 2023	Summary Minutes	20 October 2023
	13 December 2023	Summary Minutes	12 January 2024
	27 March 2024	Summary Minutes	25 April 2024
	13 May 2024	To be published	(within 1 month)
Financial Instruments Working Group	6 June 2023	Summary Minutes	5 July 2023
	7 September 2023	Summary Minutes	6 October 2023
	29 November 2023	Summary Minutes	20 December 2023
	16 January 2024	Summary Minutes	15 February 2024
	23 April 2024	To be published	(within 1 month)
Sustainability Working Group	25 May 2023	Summary Minutes	22 June 2023

	29 June 2023	Summary Minutes	26 July 2023
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