

# Appendix A: Sustainability Update

## ISSB meeting

### May 2024 meeting – update

- A1. The International Sustainability Standards Board (ISSB) met in Montreal, Canada on 16 May 2024 to discuss a summary of decisions and final work plan, the Sustainable Industry Classification System® (SICS®) used in the SASB Standards and a summary of the Transition Implementation Group March meeting.

#### Summary of decisions and final work plan

- A2. The ISSB reviewed a summary of the key decisions it had made during its inaugural consultation on agenda priorities and its two-year work plan<sup>1</sup>. The ISSB was not required to make any decisions and intends publishing a feedback statement by the third quarter of 2024.

#### Sustainable Industry Classification System® (SICS®)

- A3. The ISSB discussed the SICS® approach for industry groupings and decided to maintain the approach, that is, grouping entities based on shared sustainability-related risks and opportunities. However, the ISSB will also consider enhancing the industry groupings when it enhances the SASB Standards.

#### Transition Implementation Group (TIG)

- A4. The ISSB received an update on the TIG meeting held on 15 March 2024. The ISSB was not required to make any decisions.
- A5. The TIG had discussed how the standards and related materials could be applied where a specific disclosure requirement was not prescriptive, the application of the undefined terms 'vulnerable' and 'business activities' in paragraph 29(b)–(c) of IFRS S2<sup>2</sup> and the revision of preceding period estimated amounts<sup>3</sup>.
- A6. The TIG noted the importance of connected information and connections between sustainability disclosures and other general purpose financial reports, including financial statements. For example, it was noted that the same estimates and

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<sup>1</sup> Summary of decisions and final work plan [AP2](#)

<sup>2</sup> Paragraph 29(b)–(c) of IFRS S2 requires disclosure of: (a) the amount and percentage of assets or business activities *vulnerable* to climate-related transition risks; and (b) the amount and percentage of assets or *business activities* vulnerable to climate-related physical risks.

<sup>3</sup> Summary of Transition Implementation Group on IFRS S1 and IFRS S2 meeting. ([15 March 2024](#))

assumptions used in a financial statement asset impairment test might also apply for the purposes of some sustainability-related financial disclosures.

- A7. In relation to prior period adjustments the TIG noted that, while IFRS S1 and IFRS S2 did not change the requirements in the IFRS Accounting Standards, it was important to ensure that connections with the financial statements were also considered when adjusting prior period metrics.

## IFRS Foundation updates

- A8. Following the meeting of the **Management Commentary Consultative Group**<sup>4</sup> where the members<sup>5</sup> supported finalising the project the IASB announced<sup>6</sup> that it will finalise the revision of the **Management Commentary Practice Statement** by making targeted refinements to Exposure Draft *Management Commentary*<sup>7</sup>.
- A9. The **Sustainability Standards Advisory Forum** (SSAF) met on 11 June and discussed the IFRS Sustainability Disclosure Taxonomy and Enhancements to the SASB Standards. The staff noted the significant collaboration with the IASB in the development of the ISSB's digital financial reporting strategy and priorities<sup>8</sup>.
- A10. The IFRS Foundation **Due Process Oversight Committee** (DPOC) met on 4 June 2024 to discuss updating the Due Process Handbook<sup>9</sup>. A project will be established to formally reflect the establishment of the ISSB and make other targeted amendments. One of the areas to be updated is cooperation and connections between the IASB and ISSB. For example, the joint consideration of technical matters and undertaking of joint projects.
- A11. The DPOC will review drafts of the updated Handbook and the Invitation to comment before providing approval for publication. The DPOC intends to publish a consultation on a revised Handbook before the end of 2024.
- A12. Erkki Liikanen, Chair of the **IFRS Foundation Trustees**, congratulated the Singapore Exchange for introducing mandatory climate-related disclosures for all listed issuers and large non-listed companies in a phased approach, using requirements aligned with the ISSB Standards<sup>10</sup>.
- A13. The **IFRS Foundation** released a Jurisdictional Guide<sup>11</sup> at IOSCO's Annual Meeting<sup>12</sup>. The announcement noted that 20 plus jurisdictions had taken steps to

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<sup>4</sup> IFRS [About the Management Commentary Consultative Group](#)

<sup>5</sup> Management Commentary Consultative Group - [Meeting summary](#)

<sup>6</sup> IASB unanimously agrees to finalise the revision of the [Management Commentary Practice Statement](#) (June)

<sup>7</sup> Management Commentary Exposure Draft [ED/2021/6](#)

<sup>8</sup> Digital Financial Reporting - [Update on ISSB's digital reporting activities](#)

<sup>9</sup> Meeting of the IFRS Foundation Trustees - [Due Process Oversight Committee](#) (June 2024)

<sup>10</sup> Opening remarks by Erkki Liikanen at the [Trustees stakeholder dinner in Singapore](#) (June 2024)

<sup>11</sup> [Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards](#)

<sup>12</sup> [Jurisdictions representing over half the global economy by GDP take steps towards ISSB Standards](#) (28 May 2024)

adopt or otherwise use ISSB Standards and that this accounted for approximately 75% of global market capitalisation excluding the United States.

- A14. The Foundation also announced a **Regulatory Implementation Programme**<sup>13</sup> which provided tools, educational materials and capacity building to support jurisdictions seeking to make policy decisions for the adoption or other use of ISSB Standards.
- A15. Andreas Barckow, Chair of the **International Accounting Standards Board (IASB)**, delivered a keynote address at the European Accounting Association (EAA) Annual Congress on 15 May 2024<sup>14</sup>.
- A16. The IASB Chair noted that 'connectivity' was an emerging priority in financial reporting and that the heightened emphasis may be due to a shift in how the purpose and context of financial reporting was now being perceived. He noted the conventions that created the boundaries of financial statements and questioned whether this required change, or whether it would be preferable to link to information in other reports.
- A17. He also noted that the ISSB standards have an explicit requirement to connect to the financial statements and that in time the IASB could 'start thinking about providing for a similar kind of linkage the other way around, where this is both feasible and appropriate.'
- A18. The IFRS Foundation and the **Global Reporting Initiative (GRI)** have announced that they are deepening their working relationship<sup>15</sup>. The organisations will aim to identify ways in which the ISSB and GRI standards can be used together to facilitate reporting on an organisation's impacts, risks and opportunities.

## UK updates

- A19. The **UK Sustainability Disclosure Technical Advisory Committee (TAC)** met on 31 May 2024 to approve the assessment approach and agree the work and project plans<sup>16</sup>. Please refer to the TAC Update paper in the UKEB June 2024 public board papers. The TAC's first substantive meeting was held on 18 June 2024.

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<sup>13</sup> [Regulatory Implementation Programme Outline](#) (May 2024)

<sup>14</sup> Keynote address from Andreas Barckow, IASB Chair, at the EAA Annual Congress: '[Let's stay connected](#)' (24 May 2024)

<sup>15</sup> [GRI and IFRS Foundation collaboration to deliver full interoperability that enables seamless sustainability reporting](#) (May 2024)

<sup>16</sup> [UK Sustainability Disclosure TAC Meetings and Summaries](#)

## Other international updates

- A20. The **Ministry of Finance of the People's Republic of China** has issued Exposure Draft of Chinese Sustainability Disclosure Standards<sup>17</sup>. Entities will be allowed to voluntarily apply the draft standards which are based on ISSB Standards. A climate standard is intended to be published by 2027 with a full set of sustainability standards published by 2030.

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<sup>17</sup> [Letter on Soliciting Comments on the "Corporate Sustainability Disclosure Standards - Basic Standards \(Draft for Comments\)" \(May 2024\)](#)