

Appendix A: Sustainability Update

ISSB meeting

July 2024 meeting – update

- A1. The International Sustainability Standards Board (ISSB) met in Montreal, Canada on 24 – 25 July 2024 to discuss its work plan, the approach to maintaining the SASB Standards, and the summary of the Transition Implementation Group's (TIG) June meeting, in relation to the implementation of IFRS S1 and IFRS S2.

Work plan

- A2. The ISSB discussed ways to make ISSB Standards interoperable¹ with European Sustainability Reporting Standards (ESRS) and GRI Standards. The ISSB also discussed its initial work on the research projects² regarding biodiversity, ecosystems and ecosystem services and human capital. The ISSB was not required to make any decisions.

SASB Standards

- A3. The ISSB also considered the approach for enhancing³ the SASB standards and decided to start developing exposure drafts in relation to the Extractive & Mineral sector, Infrastructure sector and Food & Beverage sector standards. The ISSB will also consider enhancing the Sustainable Industry Classification System® (SICS) referenced in the SASB standards. The ISSB anticipates publishing exposure drafts in the first half of 2025.

Supporting the Implementation of IFRS S1 and IFRS S2

- A4. The ISSB received an update from the June 2024 meeting of the **Transition Implementation Group** (TIG) on IFRS S1 and IFRS S2. The TIG discussed:
- a) how a reporting entity should apply the requirement in paragraph B50 of IFRS S1 to revise preceding period estimated amounts when estimates of current period information are based on prior period information from an entity in its value chain; and
 - b) how the requirements of paragraph 70 of IFRS S1 on disclosing comparative information apply when there has been a change in the

¹ [ISSB meeting Agenda reference: 2A Embedding interoperability in the ISSB's ongoing activities July 2024; A new webcast of the ISSB's two-year work plan is now published](#)

² [ISSB meeting Agenda reference: 2B Biodiversity, ecosystems and ecosystem services and human capital research projects July 2024](#)

³ [ISSB meeting Agenda reference: 6 Enhancing the SASB Standards July 2024](#)

composition of the reporting entity, such as the acquisition or disposal of a subsidiary.

- A5. The TIG was not required to make any decisions.
- A6. The summary of the TIG meeting⁴ noted that a member raised the importance of connectivity and ensuring that the information provided, as part of the sustainability-related financial disclosures, is understandable and connected in the context of other information provided elsewhere in the entity's general purpose financial reports. Reference was made to the information disclosed as part of the financial statements (for example, information required by IFRS 3 *Business Combinations*) and explanations provided in other general purpose financial reports about strategic acquisitions or disposals.

IFRS Foundation updates

- A7. The IFRS Foundation published⁵ a webcast that provides an overview of the ESRS–ISSB Standards Interoperability Guidance, released in May 2024. The aim of the webcast is to explain the interoperability between the ISSB Standards and ESRS, and to show how companies applying both sets of standards can use the guidance material to comply with both.

UK updates

- A8. The **UK Sustainability Disclosure Technical Advisory Committee** (TAC) met on 3 September 2024. The agenda and papers were published on 27 August 2024⁶. Please refer to the TAC Update paper in the UKEB September 2024 public Board papers.
- A9. **HM Treasury** (HMT) published⁷ updated guidance setting out the principles and standards underpinning sustainability reporting for use in central government. The guidance applies to reporting periods from 2024-25. HMT also published⁸ an exposure draft of phase 3 of its guidance on applying the Task Force on Climate-related Financial Disclosure (TCFD) recommendations in central government and the wider public sector.
- A10. **Deloitte** published⁹ a survey of the first 50 annual reports issued by FTSE 100 reporters in 2024 which assessed their state of readiness for reporting of targets and transition plans under TCFD, ISSB and the Transition Plan Taskforce (TPT)

⁴ [ISSB meeting Agenda reference: 9 Summary of Transition Implementation Group on IFRS S1 and IFRS S2 meeting held on 13 June 2024](#)

⁵ [Webcast: Overview of ESRS–ISSB Standards Interoperability Guidance](#)

⁶ [UK Sustainability Disclosure TAC Meetings and Summaries](#)

⁷ [HM Treasury publishes 2024/25 sustainability reporting guidance for central government](#)

⁸ [HM Treasury publishes exposure draft of phase 3 of its TCFD-aligned disclosure application guidance](#)

⁹ [Deloitte Corporate Reporting Insights 2024 – Climate transition plan disclosures](#) - Surveying FTSE Annual Reports

disclosure frameworks. The survey highlighted that there is a room for improvement in transition plan disclosures.

Other international updates

- A11. The **European Financial Reporting Advisory Group (EFRAG)** has published a study assessing the initial implementation of European Sustainability Reporting Standards (ESRS)¹⁰. The study provides an overview of emerging practices at the initial stage of implementation of the CSRD and ESRS with a view to highlighting challenges. EFRAG has also announced¹¹ the release of 23 new non-authoritative technical explanations to its compilation of explanations that is intended to assist stakeholders in the implementation of ESRSs.
- A12. The **European Securities and Markets Authority (ESMA)** published¹² a Final Report on the Guidelines on Enforcement of Sustainability Information (GLESI) and a Public Statement on the first application of the European Sustainability Reporting Standards (ESRS).
- A13. The **Federal Council of Switzerland** published¹³ a consultation that proposes changes to the non-financial reporting obligations for entities under the Swiss Code of Obligations (CO). The consultation period is open until 17 October 2024. Similar consultations¹⁴ are ongoing in South Korea and Chile, while Brazil, China and Japan have recently concluded their respective consultations.
- A14. The **International Organization for Standardization (ISO)** has begun¹⁵ developing an international standard for achieving net zero. The standard is intended to provide clarity and credibility to entities' net zero targets and strategies to prevent against greenwashing.

¹⁰ [EFRAG publishes study on Early Implementation of ESRS: Insights from Selected EU Companies for Q2 2024](#)

¹¹ [EFRAG Releases New ESRS Q&A Explanations Covering the January-July 2024 Period](#)

¹² [ESMA puts forward measures to support corporate sustainability reporting](#)

¹³ [Sustainable corporate governance: Federal Council proposes stricter rules for reporting](#)

¹⁴ [Jurisdictional sustainability consultations](#)

¹⁵ [Creation of international standard on net zero gets underway](#)

Appendix B: DRAFT Due Process Compliance Statement: Exposure Draft Business Combinations – Disclosures, Goodwill and Impairment – Proposed amendments to IFRS 3 and IAS 36

The International Accounting Standards Board (IASB) published the Exposure Draft (ED) *Business Combinations – Disclosures, Goodwill and Impairment*¹ Proposed amendments to IFRS 3 and IAS 36 on 14 March 2024.

The IASB comment period ended on 15 July 2024.

Influencing process

Project preparation

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Added to UKEB technical work plan [Due Process Handbook (Handbook) 4.30]	Mandatory	Project included in the UKEB published technical work plan	Complete: the Exposure Draft (ED) was anticipated and included in the UKEB technical work plan published in January 2023 .

¹ The [Exposure Draft Business Combinations – Disclosures, Goodwill and Impairment](#) is available on the project page of the IASB website.

² In accordance with the [UKEB Due Process Handbook](#) published December 2022 on the [UKEB website](#).

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Project Initiation Plan (PIP) [Handbook 5.4 to 5.8, A1 to A2 and A12 to A14]	Mandatory	PIP draft with project outline (background, scope, project objective) and approach for influencing (key milestones and timing)	Complete: The UKEB Secretariat included mandatory milestones for the project and considered, as appropriate, other milestones and activities. The PIP was approved at the 28 March 2024 Board meeting .
	Mandatory	Outreach plan for stakeholders and communication approach outlined	Complete: The PIP included the outreach plan and approach.
	Mandatory	Resources allocated	Complete: One project director, with technical support and oversight from a senior project director, was allocated to the project.
	Mandatory	Assessment of whether to set up an ad-hoc advisory group	Complete: Taking a proportionate approach, an ad-hoc advisory group was not considered necessary due to specialist technical knowledge not deemed necessary for the project.
	Mandatory	Assessment of whether PIP required updating	Complete: No updates to the PIP were required.

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Project Initiation Plan (PIP) [Handbook 5.4 to 5.8, A1 to A2 and A12 to A14] (continued)	Mandatory	UKEB Board public meeting held to approve PIP	Complete: The PIP was approved at the 28 March 2024 Board meeting .
Education sessions [Handbook 4.10]	Optional	Board provided with education session	Complete: The Board was provided with an education session on the IASB's tentative decisions expected in the ED at the 23 February 2024 Board meeting – see Private meeting agenda .

Desk-based research

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Desk-based research [Handbook 5.9 and A3]	Optional	Review of relevant documentation	Complete: the UKEB Secretariat has reviewed: <ul style="list-style-type: none"> • The IASB's work on the project, including the staff papers and the ED; • The Illustrative Examples accompanying IFRS 3 and IAS 36 included in the ED and the Basis for Conclusions to the ED; • Other educational material published by the IASB on their project webpage as well as the IASB webinar series on the proposals in the ED. • Other standard-setters' views.

Outreach

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Outreach activities [Handbook 5.10 to 5.12 and A4 to A8]	Mandatory	Evidence of consultation	<p>Complete: Outreach activities focused on consultation with</p> <ol style="list-style-type: none"> 1. UKEB Advisory Groups; 2. one-to-one interviews with preparers, carried out jointly with the IASB; 3. a user/preparer roundtable event, hosted jointly with the IASB; and 4. obtaining responses to the Draft Comment Letter (DCL). <p>The UKEB received four comment letters. The comment letters received were published on the UKEB project page.</p>

Draft Comment Letter (DCL)

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
DCL published for comment (mandatory unless impracticable) [Handbook paragraphs 5.13 to 5.17 and A4(d)]	Mandatory	Comment period set for responses to DCL	<p>Complete: The DCL was published for consultation on 31 May 2024, with a minimum comment period of 30 days - comment deadline 1 July 2024.</p>
	Mandatory	Review and approval at a UKEB public meeting	<p>Complete: The draft DCL was reviewed and approved, subject to suggested changes, at the 24 May 2024 Board meeting.</p>

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
	Mandatory	DCL published on website for public consultation	Complete: The DCL was published for consultation on 31 May 2024, with a comment deadline of 1 July 2024.

Project finalisation and project closure

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Final Comment Letter (FCL) [Handbook paragraph 5.18 and A4(d)]	Mandatory	Public responses to DCL considered and published on website	Complete: The UKEB received four comment letters which were published on the UKEB project webpage . All responses were assessed, reflected as appropriate in the FCL, and summarised in the Feedback Statement.
	Mandatory	FCL approved by the UKEB in public meeting	Complete: A FCL was presented for approval at the 18 July 2024 Board meeting . The Board approved the FCL subject to suggested amendments.
	Mandatory	FCL submitted to the IASB and posted on UKEB website	Complete: The FCL was submitted to the IASB on 19 July 2024 and posted on the UKEB project webpage on 22 July 2024.
Feedback Statement [Handbook 5.19 to 5.22 and A9 to A11]	Mandatory	Feedback Statement approved for publication by the UKEB in a public meeting	Complete: A Feedback Statement was presented for approval at the 18 July 2024 Board meeting . The Board approved the Feedback Statement, subject to editorial changes.

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
	Mandatory	Feedback Statement published on the UKEB website	Complete: The Feedback Statement was published on the UKEB project webpage on 25 July 2024.
Due Process Compliance Statement (DPCS) [Handbook 5.23 to 5.26 and A12 to A14]	Mandatory	DPCS approved by the UKEB in public meeting	Complete: A draft DPCS was presented for approval at the 18 July 2024 Board meeting . [The final DPCS will be presented for noting at the 19 September 2024 Board meeting .]
	Mandatory	DPCS published on the UKEB website	[Complete: The final DPCS was published on the UKEB project webpage after the 19 September 2024 Board meeting .]

Ongoing communications

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Public Board meetings [Handbook 4.10]	Mandatory	UKEB public meetings held to discuss technical project	Complete: The board received various updates on the IASB redeliberation on the project: <ul style="list-style-type: none"> • October 2022 IASB General update paper (p10-12) • December 2022 IASB General update paper (p20-21) • January 2023 IASB General update paper (p34-35) • February 2023 IASB General update paper (p36-38)

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
			<ul style="list-style-type: none"> • March 2023 IASB General update paper (p27-32) • April 2023 IASB General update paper - Appendix 8E • June 2023 IASB General update paper – Appendix D <p>The Board received an update, for discussion, on the IASB’s tentative decisions on the project at the 19 October 2023 Board meeting.</p> <p>The Board discussed an initial technical paper at the 26 April 2024 Board meeting.</p> <p>The Board approved:</p> <ul style="list-style-type: none"> • the PIP at the 28 March 2024 Board meeting; • the DCL, subject to suggested changes, at the 24 May 2024 Board meeting; and • the FCL and Feedback Statement, subject to suggested changes, at the 18 July 2024 Board meeting.
<p>Secretariat papers [Handbook 4.20]</p>	<p>Mandatory</p>	<p>Board meeting papers posted and publicly available usually no later than 5 working days before a Board meeting.</p>	<p>Complete: The UKEB’s meeting papers were published on the UKEB website five working days before the public meetings. Meeting minutes and recordings were made publicly available via the UKEB website - Events webpage.</p>

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Project webpage [Handbook 4.25(b)]	Mandatory	Project webpage contains a project description with up-to-date information on the project.	Complete: The UKEB project webpage has been updated regularly on a timely basis.
Subscriber Alerts [Handbook 4.24]	Optional	Evidence that subscriber alerts have occurred	Complete: Subscribers were alerted via email five days before each Board meeting, with links to the agenda, papers and the option to dial in to observe the discussion.
News Alerts [Handbook 4.24]	Optional	News Alert to announce publication of key documents	Complete: A News Alert was published on 31 May 2024 calling for comments on the DCL. A News Alert announcing publication of the FCL and Feedback Statement was published on 26 July 2024.

Conclusion
This project complies with the applicable due process steps, as set out in the UKEB Due Process Handbook published December 2022 on the UKEB website .

Appendix C: DRAFT Due Process Compliance Statement: Contracts for Renewable Electricity–Proposed Amendments to IFRS 9 and IFRS 7

The International Accounting Standards Board (IASB) published IASB/ED/2024/3 *Contracts for Renewable Electricity: Proposed Amendments to IFRS 9 and IFRS 7*¹ (the Amendments) on 8 May 2024. The IASB comment period ends on 7 August 2024.

Influencing process

Project preparation

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Added to UKEB technical work plan [Due Process Handbook (Handbook) 4.30]	Mandatory	Project included in the UKEB published technical work plan	Complete: The Amendments were included in the UKEB technical work plan published in October 2023 .

¹ The [ED](#) is available on the IASB website.

² In accordance with the [Due Process Handbook](#).

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Project Initiation Plan (PIP) [Handbook 5.4 to 5.8, A1 to A2 and A12 to A14]	Mandatory	PIP draft with project outline (background, scope, project objective) and approach for influencing (key milestones and timing)	<p>Complete: The Secretariat included mandatory milestones for the project and considered, as appropriate, other milestones and activities.</p> <p>The PIP was approved at the 26 April 2024 Board meeting.</p>
	Mandatory	Outreach plan for stakeholders and communication approach outlined	<p>Complete: The PIP (referred to above) included the outreach plan and approach.</p>
	Mandatory	Resources allocated	<p>Complete: One Project Director (0.8 FTE), and ad-hoc project manager support with technical support and oversight from a Senior Project Director were allocated to the project.</p>

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Project Initiation Plan (PIP) [Handbook 5.4 to 5.8, A1 to A2 and A12 to A14] (continued)	Mandatory	Assessment of whether to set up an ad-hoc advisory group	Complete: Taking a proportionate approach, an ad-hoc advisory group was not considered necessary due to the narrow-scope nature of the Amendments.
	Mandatory	Assessment of whether PIP required updating	Complete: We monitored this throughout the project, the nature and scope of which remained as proposed in the original PIP.
	Mandatory	UKEB Board public meeting held to approve PIP	Complete: The PIP was approved at the 26 April 2024 Board meeting.
Education sessions [Handbook 4.10]	Optional	Board provided with education sessions	Complete: The Board was provided with an education session on the proposed amendments at its 26 April 2024 private Board meeting.

Desk-based research

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Desk-based research [Handbook 5.9 and A3]	Optional	Review of relevant documentation	Complete: the Secretariat has reviewed: <ul style="list-style-type: none"> • The IASB’s work on the Amendments (staff papers, ED) • Dissenting opinions in the ED • The Basis for Conclusions to the ED • Draft views of other standard-setters • Accounting manuals and press releases for guidance and illustrative examples

Outreach

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Outreach activities [Handbook 5.10 to 5.12 and A4 to A8]	Mandatory	Evidence of consultation	Complete: Due to the narrow-scope nature of the Amendments, consultation activities were focused on consultation with advisory groups, including the RRA TAG, and engaging with several specialists in this field. The UKEB received 3 comment letters. The comment letters received were published on the UKEB website.

Draft Comment Letter (DCL)

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
DCL published for comment (mandatory unless impracticable) [Handbook paragraphs 5.13 to 5.17 and A4(d)]	Mandatory	Comment period set for responses to DCL	Complete: The DCL was published for consultation for 44 days on 5 June 2024 (comment period deadline: 19 July 2024).
	Mandatory	Review and approval at a UKEB public meeting	Complete: The DCL was reviewed and approved at the Board meeting on 24 May 2024, subject to revision after the meeting. The revision was approved by the Chair.
	Mandatory	DCL published on website for public consultation	Complete: The DCL was published on the UKEB website for public consultation on 5 June 2024 (comment period deadline: 19 July 2024).

Project finalisation and project closure

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Final Comment Letter (FCL) [Handbook paragraph 5.18 and A4(d)]	Mandatory	Public responses to DCL considered and published on website	Complete: The UKEB received 3 comment letters which were published on the UKEB website. All responses were assessed, reflected as appropriate in the FCL and summarised in the Feedback Statement.
	Mandatory	FCL approved by the UKEB in public meeting	Complete: A draft of the FCL was presented for approval to the Board at its 2 August 2024 ad-hoc public meeting. The Board approved the FCL subject to suggested amendments.
	Mandatory	FCL submitted to the IASB and posted on UKEB website	The FCL was submitted to the IASB and posted on the UKEB website on 6 August 2024.
Feedback Statement [Handbook 5.19 to 5.22 and A9 to A11]	Mandatory	Feedback Statement approved for publication by the UKEB in a public meeting	Complete: A draft of the Feedback Statement was presented for approval to the Board at its 2 August 2024 ad-hoc public meeting. The Board approved the draft Feedback Statement, subject to editorial changes.
	Mandatory	Feedback Statement published on the UKEB website	Complete: The final Feedback Statement was published on the UKEB website on 6 August 2024.
Due Process Compliance Statement (DPCS)	Mandatory	DPCS approved by the UKEB in public meeting	Complete: A draft DPCS was presented for approval to the Board at its 2 August 2024 ad-hoc public meeting. [A final DPCS was presented for noting at the Board's 19 September 2024 meeting.]

[Handbook 5.23 to 5.26 and A12 to A14]	Mandatory	DPCS published on the UKEB website	[Complete: The final DPCS was published on the UKEB website after the 19 September 2024 Board meeting.]
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Ongoing communications

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Public Board meetings [Handbook 4.10]	Mandatory	UKEB public meetings held to discuss technical project	<p>Complete: The Board received updates on the project at its April, September and December meetings in 2023 and at its January, February, March and April meetings in 2024.</p> <p>The Board approved the PIP at its meeting on 26 April 2024, the DCL at its meeting on 24 May 2024 and the FCL at its ad-hoc meeting on 2 August 2024.</p>
Secretariat papers [Handbook 4.20]	Mandatory	Board meeting papers posted and publicly available usually no later than 5 working days before a Board meeting.	<p>Complete:</p> <p>The UKEB’s meeting papers were published on the UKEB website 5 working days before the public meetings. Meeting minutes and recordings were made publicly available via the UKEB website.</p>

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Project webpage [Handbook 4.25(b)]	Mandatory	Project webpage contains a project description with up-to-date information on the project.	Complete: The project webpage has been updated regularly on a timely basis.
Subscriber Alerts [Handbook 4.24]	Optional	Evidence that subscriber alerts have occurred	Complete: Subscribers were alerted via email 5 days before each Board meeting, with links to the agenda, papers and the option to dial in to observe the discussion.
News Alerts [Handbook 4.24]	Optional	News Alert to announce publication of key documents	Complete: News Alerts were published on 5 June 2024, 21 June 2024, 8 July 2024 and 11 July 2024 calling for comments. A News Alert was published on 6 August 2024 alerting stakeholders to the publication of the FCL and Feedback Statement. A link to the FCL was sent out to the UKEB advisory groups.

Conclusion

This project complies with the applicable due process steps, as set out in the December 2022 Handbook.

Appendix D: Advisory Groups Update

Executive Summary

Project Type	N/A
Project Scope	N/A
Purpose of the paper	
<p>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:</p> <ul style="list-style-type: none">• Academic Advisory Group (Chair: Michael Wells)• Accounting Firms and Institutes Advisory Group (Chair: Tony Clifford)• 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)	
Summary of the Issue	
<p>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.</p> <p>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.</p> <p>Since the July 2024 Board meeting, none of the groups have met.</p>	
Decisions for the Board	
No decisions required	
Recommendation	
The Board is recommended to review the summary minutes of the groups' meetings.	

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	2 November 2023	Summary Minutes	30 November 2023
	14 March 2024	Summary Minutes	11 April 2024
	1 July 2024	To be published	(within 1 month)
Investor Advisory Group	27 November 2023	Summary Minutes	19 December 2023
	26 February 2024	Summary Minutes	22 March 2024
	10 June 2024	Summary Minutes	9 July 2024
Preparer Advisory Group	31 October 2023	Summary Minutes	28 November 2023
	5 March 2024	Summary Minutes	4 April 2024
	17 June 2024	Summary Minutes	16 July 2024
Rate-regulated Activities Technical Advisory Group	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	Summary Minutes	8 July 2024 ¹
	27 June 2024	Summary Minutes	26 July 2024
Financial Instruments Working Group	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	Summary Minutes	21 May 2024
	16 July 2024	Summary Minutes	15 August 2024
Sustainability Working Group	-	-	-

¹ Publication delayed due to PREPS – Pre-election period of sensitivity

Appendix E: Technical Advisory Committee Update

Executive Summary

Project Type	Monitoring
Project Scope	Various
Purpose of the paper	
<p>This paper provides an update on the UK Sustainability Disclosure Technical Advisory Committee (TAC) September 2024 meeting.</p> <p>The TAC consists of 15 members, including the Chair. The TAC has been tasked by the Department for Business and Trade¹ (DBT) to assess the IFRS Sustainability Disclosure Standards from a technical perspective and provide advice² to the Secretary of State on whether their endorsement would be conducive to the long-term public good in the UK³.</p> <p>The UKEB is represented on the TAC by a Board Member, who is appointed as a full member of the TAC to reflect the need to maintain connectivity between UK adopted international accounting standards and UK Sustainability Reporting Standards.</p>	
Summary of the Issue	
<p>This paper includes a summary of the September 2024 TAC meeting papers and discussions for the Board's consideration.</p>	
Question for the Board	
n/a	
Recommendation	
n/a	
Appendices	
Appendix A: UK Sustainability Disclosure TAC meeting schedule	

¹ Section B: UK Sustainability Disclosure TAC [Terms of Reference](#)

² [Context letter](#) from the Department for Business and Trade (May 2024) suggests that the TAC may wish to consider whether definitions in IFRS S1 and IFRS S2 are sufficiently clear, and whether any significant incompatibilities are identified with those currently used UK adopted international accounting standards.

³ The [UK Sustainability Disclosure Policy and Implementation Committee](#) (PIC) is formed of UK government and regulator representatives and its main role is to coordinate the implementation of any UK Sustainability Reporting Standards. The members of the PIC will also, as a secondary function, consider whether the endorsement of any IFRS Sustainability Disclosure Standard has significant interactions with the remits of their respective organisations.

TAC meeting – September 2024

1. This section sets out the main discussion points and tentative decisions, relevant to the UKEB remit of connectivity between the IASB Accounting Standards and the ISSB Sustainability Disclosure Standards, from the September 2024 TAC meeting⁴. The TAC Secretariat will publish an official record of the meeting, in due course.

GHG Protocol and measurement methods

2. The TAC considered the requirements in IFRS S2 relating to the measurement methods used, including the Greenhouse Gas Protocol (GHG Protocol) Corporate Accounting and Reporting Standard to calculate GHG emissions.

Reporting Boundary

3. The TAC noted that under the GHG Protocol an entity can choose to use either the equity or control approaches (including operational or financial) to consolidate its GHG emissions. It was noted that the TAC had discussed and agreed, in earlier meetings, that a financial control approach would be the preferred boundary, as this would enable connectivity with the financial statements.
4. The TAC Secretariat noted, from a review of FTSE 100 entities, that UK entities take different approaches, and as these approaches do not necessarily align with reporting in the financial statements, they can present a potential disconnect for users.
5. The TAC tentatively agreed to recommend maintaining flexibility in the reporting boundaries but to encourage entities to use a financial control approach. How to encourage entities to adopt, or move towards a financial control approach, was outside the TAC's remit and within the remit of the UK Sustainability Disclosure Policy and Implementation Committee (PIC).

Scope 3 GHG emissions

6. The TAC discussed the requirements, in IFRS S2, relating to the disclosure of Scope 3 emissions, categories, and support mechanisms. The TAC considered whether UK entities would be able to provide this level of disclosure and whether the support mechanisms were sufficient.
7. TAC Secretariat research of FTSE 100 companies found 89 entities disclosed their Scope 3 emissions. However, the quality of the disclosure varied significantly, especially in relation to the Scope 3 categories.

⁴ TAC [UK Sustainability Disclosure TAC Meetings and Summaries](#) - September

8. The TAC observed that there were differences in the treatment of leased assets under the GHG Protocol compared to IFRS 16 *Leases* and considered that this could lead to misalignment with the financial statements.
9. The TAC tentatively agreed to discuss encouraging the GHG Protocol and the ISSB to consider aligning the treatment with the financial accounting approach. It was also noted that further guidance may be required from the ISSB where an entity changed its reporting period and was unable to obtain emissions data from across its value chain.

Financed GHG emissions

10. The TAC considered an analysis of the financed emissions⁵ provisions in IFRS S2 for asset managers, commercial banking, and insurance activities. IFRS S2 paragraph B61 requires the disclosure of an entity's gross financed emissions related to its 'asset management' activities but this term is not defined in the standard.
11. The TAC noted that further guidance may be required from the ISSB to determine whether assets, managed by an asset management entity but not consolidated due to the absence of control, should be considered part of the entity's value chain emissions.
12. The TAC tentatively agreed that it would consider the outcome of the next ISSB Transition Implementation Group discussion on this technical area. They also agreed that entities should disaggregate their assets under management financed emissions disclosures to clarify which disclosures relate to assets that are owned and controlled by the entity. They also considered that entities should also be encouraged to base disclosures on financial control to align with how they are reported in the financial statements.

Cross-industry metrics (excluding GHG)

13. The TAC considered whether the metric requirements of IFRS S1 and IFRS S2 were sufficiently clear. IFRS S1 contains general requirement metrics and IFRS S2 contains specific climate-related cross-industry disclosure metrics.
14. In relation to whether the terms 'vulnerable', 'aligned with' and 'deployed' should be clarified by the ISSB, the TAC tentatively agreed to let practice evolve.

⁵ Financed emissions are defined as the portion of GHG emissions of an investee or counterparty attributed to the loans and investments made by an entity to the investee or counterparty.

IFRS 2 cross-industry metrics categories paragraphs 29(b)–(e)⁶.

15. IFRS S2, paragraph B65(e), requires an entity to consider the connections between the cross-industry metric categories and the information disclosed in the related financial statements, which may also include consistency between the data and assumptions used.
16. The TAC considered the implications and rationale for IFRS S2 paragraph 30 permitting an entity to use all reasonable and supportable information that is available at the reporting date without undue cost or effort but only for the requirements in paragraph 29(b)–(d). That is, the relief did not extend to paragraph 29(e) in relation to the disclosure of the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.
17. Members discussed what may be intended by the term ‘deployed’ as it could be interpreted as ‘incurred’ or ‘planned’ capital expenditure, which may make it difficult to connect these disclosures to the financial statements.
18. The TAC tentatively agreed to request clarification from the ISSB as to why IFRS S2 paragraph 29(e) was not subject to the relief, and to what is intended by the term ‘deployed’.

⁶ B65(e) states ‘These connections include consistency in the data and assumptions used—to the extent possible—and linkages between the amounts disclosed in accordance with paragraph 29(b)–(g) and the amounts recognised and disclosed in the financial statements.’

Appendix A: UK Sustainability Disclosure TAC meeting schedule

- A1. UK Sustainability Disclosure TAC meetings are scheduled for the following dates:
- a) 31 May 2024 – [meeting summary](#)
 - b) 18 June 2024 – [meeting summary](#)
 - c) 15 July 2024 – [meeting summary](#)
 - d) 3 September 2024 – awaiting publication.
 - e) 8 October 2024
 - f) 5 November 2024
 - g) 28 November 2024
 - h) 5 December 2024
- A2. The public meeting agenda, technical papers and summary minutes from the TAC meetings can be found on the UK Sustainability Disclosure Technical Advisory Committee website⁷.

⁷ [UK Sustainability Disclosure Technical Advisory Committee](#)