

Sustainability Reporting Board: Meeting Agenda

Thursday 29 August 2024

Virtual & XRB Boardroom (Wellington)

Time	Duration	Item	Topic	Objective	Format	Page of the pack
PUBLIC SESSION						
13:55	20 mins	4.0	SRB meeting process			
		4.1	Approach to SRB meetings (BL)	Note	Verbal	-
		4.2	SRB terms of reference (AS)	Note	Paper	2
		4.3	Due process (AS)	Note	Paper	3
14:15	15 mins	5.0	General updates			
		5.1	International monitoring (LK)	Note	Paper	5
		5.2	Documents open for comment (LK)	Note	Paper	24
15:00			Finish			

Next meeting: 16 October 2024, in person in Wellington

Date: 15 August 2024
To: SRB Members
From: Amelia Sharman
Subject: SRB Terms of Reference

Purpose and introduction

1. To inform the SRB that a revised SRB Terms of Reference (TOR) will be sent to the XRB Board for approval.

Recommendations

2. That the Board NOTES that a revised SRB TOR will be sent to the XRB Board for approval.

Changes

3. A draft SRB TOR was developed in November 2023 and approved, as a draft, by the XRB Board at their 8 December 2023 meeting. At this time, it was indicated that the TOR would be revised by the newly appointed Chair of the SRB, in conjunction with the XRB Board, in 2024.
4. Several changes have been proposed by staff to the draft TOR. These include:
 - (a) Revisions to ensure consistency with primary legislation (including the Financial Reporting Act 2013 and the Crown Entities Act 2004);
 - (b) Amendments to reflect the development of the policy position (not a separate reporting strategy, as it is the XRB Board that is responsible for strategy); and
 - (c) Clarification that the activities of the SRB must be consistent with, inter alia, the XRB's objectives, functions, current statement of intent, and current statement of performance expectations.

Process

5. Staff will finalise revisions to the SRB TOR and work with the SRB Chair to propose a final TOR to the XRB Board for their approval.

Date: 15 August 2024
To: SRB Members
From: Amelia Sharman
Subject: SRB Due process

Purpose and introduction

1. To inform the SRB that an explanatory guide about due process will be drafted.

Recommendations

2. That the Board NOTES that an explanatory guide about due process will be drafted and brought to the SRB Board at a later date for feedback.

Background

3. The SRB TOR contains a section on required due process, referring to section 22 of the Financial Reporting Act. However, this section of the Act is relatively sparse on what the 'reasonable steps' are that consultation requires:

22 Consultation

- (1) The Board must not issue a standard, an authoritative notice, an amendment, or a revocation unless the Board has taken reasonable steps to consult the persons or representatives of persons who, in the opinion of the Board, would be substantially affected by the issue of the standard, notice, amendment, or revocation.
- (2) The Board must not issue a standard, an authoritative notice, or an amendment that is likely to require the disclosure of personal information unless the Board has consulted the Privacy Commissioner.
- (3) Any failure to comply with subsection (1) or (2) does not affect the validity of the standard, authoritative notice, amendment, or revocation.
- (4) This section does not limit [section 16](#) or [17](#) of the Crown Entities Act 2004.

Compare: 1993 No 106 s 26

4. The NZASB and NZAuASB have therefore developed their own explanatory guides (EG) that provide a more detailed overview of the standard setting process to inform and guide their decision making. These are available on the XRB website to ensure transparency over what the expected due process is for the approval of various types of standards and guidance:
 - (a) EG A2 *Tier 1, 2, 3 & 4: Overview of the Accounting Standard-setting Process*, issued August 2014
<https://www.xrb.govt.nz/standards/accounting-standards/for-profit-standards/standards-list/eg-a2/>
 - (b) EG Au2 *Overview of Auditing and Assurance Standard Setting Process*, issued July 2020,
<https://www.xrb.govt.nz/standards/assurance-standards/professional-and-ethical-standards/explanatory-guide-eg-au2-2/>

SRB explanatory guide on due process

5. XRB staff will draft an EG for the SRB's due process (likely to be known as EG S2 *Overview of the Sustainability Standard Setting Process*). In drafting this guide, the intent is for EG S2 to be the same as

per EG A2 and EG Au2 unless there is a need to diverge. Given the different legislative mandates, particularly regarding the mandate for non-binding guidance, some divergence may be expected.

6. Note that EG A1 is a *Guide to the Application of the Accounting Standards Framework* and EG Au1 is an *Overview of Auditing and Assurance Standards*. At present, there is no intent to issue an EG S1 overview or guide given the very small number of standards issued in sustainability. However, if the legal mandate for sustainability reporting changes, or the decision is made to provide an overview for any other reason (e.g., to explain the context of any published guidance documents), this decision may be revisited.

Process

7. Staff will work on draft EG S2 and aim to bring it to the SRB meeting on 16 October for feedback.

Date: 15 August 2024
To: SRB Members
From: Lisa Kelsey
Subject: Update on international and jurisdictional monitoring

Purpose and introduction¹

1. The purpose of this paper is to provide the Board with an update of our international and jurisdictional monitoring.
2. This paper covers the period from 30 May 2024 to 15 August 2024.

Recommendations

3. The Board is asked to NOTE:
 - (a) our plan for international and jurisdictional monitoring; and
 - (b) this update.

Background

Our plan for international and jurisdictional monitoring

4. In March 2023 we developed a plan for international and jurisdictional monitoring. Table 1 summarises the prioritisation system we have been using, the level of team effort and resource reduces according to the assigned priority.
5. In Table 1, we have also included links to the ‘home’ pages for the organisations listed, in case Board members require any further information on these organisations.

Table 1: Plan for international and jurisdictional monitoring		
Priority	Organisation/jurisdiction	Comments
Priority 1: Influence	Australian Accounting Standards Board (AASB)	Influence direction of projects to align with NZ views
	International Sustainability Standards Board (ISSB)	
	GHG Protocol Independent Standards Board (GHG ISB)	
	International Public Sector Accounting Standards Board (IPSASB)	
	International Organization for Standardization (ISO)	

¹ This memo refers to the work of the International Sustainability Standards Board (ISSB) and uses registered trademarks of the IFRS Foundation (for example, IFRS® Sustainability Disclosure Standards, and ISSB® papers).

Table 1: Plan for international and jurisdictional monitoring		
Priority	Organisation/jurisdiction	Comments
Priority 2: Active Monitoring	Partnership for Carbon Accounting Financials (PCAF)	Active monitoring of listed organisations
	European Financial Reporting Advisory Group Sustainability Reporting Board (EFRAG's SRB)	
	GRI's Global Sustainability Standards Board (GRI's GSSB)	
	Taskforce on Nature-related Financial Disclosures (TNFD)	
	International Accounting Standards Board (IASB)	
Priority 3: Awareness	Japan (AOSSG member)	Awareness of what is happening in these jurisdictions
	Singapore (AOSSG member)	
	Hong Kong (AOSSG member)	
	India (AOSSG member)	
	UK	
	US	
	Canada	

6. AOSSG is the acronym for 'Asian-Oceanian standard-setters group'. AOSSG is a group of the accounting standard-setters in the Asian-Oceanian region. The group has been formed to discuss issues and share experiences on the adoption of International Financial Reporting Standards (IFRS) and to contribute to the development of a high-quality set of global accounting standards. The XRB is a member organisation of AOSSG, participates in its working groups and usually attends the annual meeting.²

Structure of this memo

7. The remaining sections in this memo are:
- (a) [AASB](#);
 - (b) [ISSB](#);
 - (c) [GHG ISB](#);
 - (d) [IPSASB](#);
 - (e) [ISO](#);
 - (f) [PCAF](#);
 - (g) [EFRAG's SRB](#);
 - (h) [GRI's GSSB](#);

² See <https://www.aossg.org/>

- (i) [TNFD](#);
- (j) [IASB](#); and
- (k) [Jurisdictional updates](#).

AASB

Update on legislation

8. The *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024* is the legislation that will empower the AASB to issue climate standards. The Bill has passed through all stages in the House of Representatives and is currently before the Senate. It was introduced into the Senate and read a first time on 24 June 2024.
9. On 1 July the Government tabled a proposed amendment in the Senate that would require climate reporting entities to complete a minimum of two scenario analyses, one at 1.5°C, the other that “well exceeds” 2°C.
10. The remaining Senate stages are the second reading, consideration in detail and third reading debates. It is possible for all those stages to take place on the same day. We do not know when these stages will take place, but the Senate is sitting at the time of writing (12-15 August) and is scheduled to sit between now and the end of October on 19-22 August, 9-12 & 16-19 September and 8-10 October.

AASB meetings

11. [Appendix B](#) contains details of the decisions the AASB has made in relation to Climate-related Financial Disclosures at its last three meetings.
12. Key highlights:
 - (a) the AASB has decided to prepare a non-mandatory (‘voluntary’) ASRS 1 *General Requirements for Disclosure of Climate-related Financial Information* that would cover sustainability-related financial disclosures, rather than limit ASRS 1 to climate-related risks and opportunities as a mandatory Standard – the voluntary Standard ASRS 1 would have the same scope as IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*;
 - (b) the AASB has decided to prepare a mandatory ASRS 2 *Climate-related Financial Disclosures* that would incorporate the necessary content presented in [draft] ASRS 1 to make ASRS 2 function as a standalone, climate-only Standard;
 - (c) in relation to the majority of the Australian specific modifications that were in Exposure Draft ED SR1, the AASB has decided to revert to the IFRS Sustainability Disclosure Standards baseline i.e. they are removing the proposed Australian modifications. This also includes the proposed modifications made for Not-for-Profit and Public Sector Entities.
 - (d) the one area that the AASB has decided not to revert to the IFRS Sustainability Disclosure Standards baseline is in relation to the SASB Standards, i.e. the AASB confirmed its proposal not to require an entity to refer to and consider the SASB Standards and the IFRS S2 Industry-based Guidance; and not to require industry-based disclosures.

13. The AASB has also decided to add the following projects to its workplan:
 - (a) to consider the suitability of the SASB Standards, IFRS S2 Industry-based Guidance and industry-based disclosure requirements;
 - (b) to consider developing additional guidance to assist NFP public sector entities to apply ASRS 2, by considering the forthcoming IPSASB Exposure Draft on Climate-related Disclosures; and
 - (c) to undertake a project to address scalability and cost-benefit concerns for NFP entities and smaller entities
14. After finalising ASRS 1 and ASRS 2, the AASB will discuss the priority of the new projects added to its work plan as well as considering whether to develop additional guidance for other aspects of ASRS 2.
15. The AASB has two additional meetings scheduled for the 26 and 30 of August 2024 to discuss final drafting-related issues. Shortly after, subject to the passage of legislation it will issue the new standards.
16. Staff will provide a verbal update from the August 26 meeting at agenda item 5.2.

ISSB

ISSB Meetings

17. [Appendix C](#) contains a summary of ISSB meetings held during the period and the decisions made by the ISSB at these meetings.
18. Key highlights:
 - (a) interoperability between the ISSB Standards and other relevant, specified standards is an important consideration for the ISSB in undertaking its work to identify opportunities to enable entities that need or want to apply ISSB Standards alongside other reporting requirements that will continue to be used in addition to the ISSB Standards, such as European Sustainability Reporting Standards (ESRS) or the GRI Standards, to do so efficiently.
 - (b) the ISSB has agreed to a “Phase 1” of SASB enhancements work, comprised of commencing standard-setting on an initial set of priority industry Standards and any related targeted amendments across other SASB Standards, with the goal of issuing exposure drafts of the enhancements in the first half of 2025.
 - (c) the ISSB discussed the design and approach of its initial work on the research projects to examine risks and opportunities associated with biodiversity, ecosystems and ecosystem services (BEES), and human capital. ISSB staff are expecting to share research findings whether preliminary or final—as they progress Phase 1 (building the foundation) of research over the coming months. The ISSB staff expects to transition to Phase 2 (analysing implications), as appropriate, in the first half of 2025.

Other ISSB activities

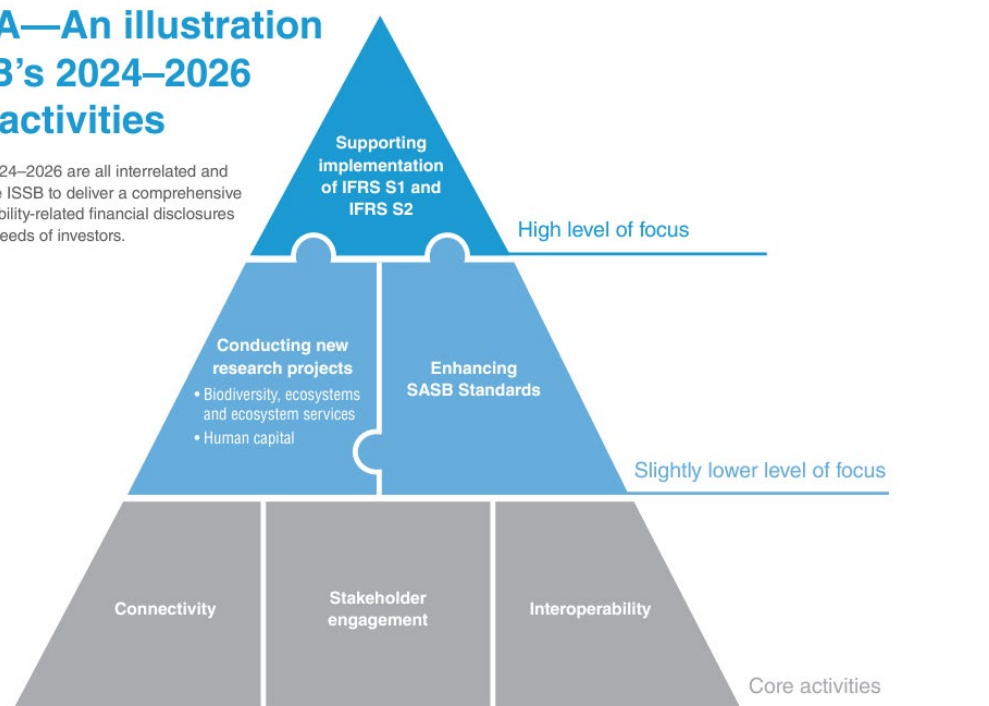
19. At the end of June 2024, the ISSB published the Feedback Statement on its consultation on future priorities and is now embarking on its next two-year work plan. The illustration below paragraph 20 shows the level of focus the ISSB will put on each of its activities going forward, as the illustration

shows the ISSB will be focusing on supporting the implementation of IFRS S1 and IFRS S2 over the next two years.³

20. The ISSB will not advance human rights or integration in reporting as part of its two-year work plan. The ISSB will closely monitor including the projects in a future agenda consultation. The ISSB noted that some aspects of human rights disclosure will be considered via the human capital project and SASB Standard enhancements. The ISSB also noted that it continues to support the use of the Integrated Reporting Framework.

Appendix A—An illustration of the ISSB’s 2024–2026 work plan activities

The ISSB’s activities for 2024–2026 are all interrelated and work together to enable the ISSB to deliver a comprehensive global baseline of sustainability-related financial disclosures that meet the information needs of investors.



Feedback Statement on the Consultation on Agenda Priorities | June 2024 | 26

21. On the 8 August 2024, the ISSB made available a new webcast that discusses the ISSB two-year work plan and explores recent developments in strategic relationships that further harmonise the sustainability reporting landscape.⁴
22. The ISSB is advancing its strategic relationships with five organisations: the Global Reporting Initiative (GRI), Transition Plan Taskforce, GHG Protocol, Taskforce on Nature-related Financial Disclosures and CDP:
- (a) the ISSB and GRI’s Global Sustainability Standards Board (GSSB) have committed to jointly identify and align common disclosures to deliver a seamless sustainability reporting system. This collaboration will help companies looking to meet the information needs of investors and a broader range of stakeholders.⁵
 - (b) the IFRS Foundation will assume responsibility for the disclosure-specific materials developed by the Transition Plan Taskforce, with plans over the long term to tailor the materials for global

³ See [Feedback Statement on the Consultation on Agenda Priorities](#)

⁴ See [Webcast: Overview of the ISSB’s two-year work plan](#)

⁵ See [ISSB delivers further harmonisation of the sustainability disclosure landscape as it embarks on new work plan.](#)

applicability and full compatibility with the focus of IFRS S2 in accordance with the IFRS Foundation’s due process and mission. These materials provide guidance to support the provision of high-quality disclosures about transition plans for companies applying IFRS S2.

- (c) the IFRS Foundation and the GHG Protocol have signed an agreement to put governance arrangements in place to actively engage the ISSB in updates and decisions made in relation to GHG Protocol Corporate Standard, including appointing an ISSB representative as an observer on the GHG Protocol Independent Standards Board.
- (d) as set out in the ISSB’s Feedback Statement, the ISSB will look at how it might build from relevant initiatives to meet the information needs of investors as it embarks on its research project on biodiversity, ecosystems and ecosystem services. The ISSB has agreed that in undertaking this research, it will consider how to build upon the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) published in September 2023.
- (e) CDP is the ISSB’s key global climate disclosure partner. In June 2024, CDP opened its new platform to 75,000 organisations. IFRS S2 is the foundational baseline for CDP’s climate disclosure, and the 2024 CDP questionnaire is aligned with IFRS S2. The CDP questionnaire is an effective tool to support companies on their path to ISSB compliance.

GHG ISB

- 23. The GHG Protocol is still working to set up its new Governance Structure. The [Chair and Vice-Chair of the Steering Committee](#) were announced at the end of June. Geraldine Matchet will serve as Chair and Ovais Sarmad will serve as Vice-Chair. This follows the announcement in January 2024 of the inaugural Chair of the ISB Professor Dr. Alexander Bassen. The process of selecting people for the Technical Working Groups (TWG) is in its final stage, and a public announcement with the full list of TWG members is expected in September.

GHG Protocol Governance



- 24. The [final scope 3 summary report](#) and [proposal summary](#) and the [market-based approaches summary report](#) were released in June 2024.
- 25. In late June 2024, GHG Protocol and IFRS Foundation [announced they had signed an MOU](#). The purpose of this MOU is to outline the general principles for cooperation and strengthened relations between GHG Protocol and IFRS on the development of new standards and guidance. The MOU puts in place governance arrangements so that the ISSB is actively engaged in updates and decision made in relation to the GHG Protocol Corporate Standard. This includes the appointment of a representative of the ISSB as an observer on the GHG Protocol ISB.

IPSASB

26. The IPSASB is continuing at speed to develop a climate-related disclosure standard for application by public sector reporting entities. The IPSASB is expected to approve an Exposure Draft by September this year.
27. [Angela Ryan](#) is New Zealand's member on the IPSASB, her technical advisor is [Jack Bisset](#) from our staff team.
28. The next IPSASB meeting is scheduled for the 22 August 2024, we will provide a verbal update on the IPSASB project at agenda item 10.

ISO

29. ISO is currently developing two standards in the climate space: i) a standard on climate transition plans for financial institutions; and ii) a net zero standard based on the [Net zero guidelines](#) that ISO has already released. Karen Tipper (Technical Director – Assurance) is on the group as an observer, has attended one meeting and will continue to keep the sustainability team updated. The Net Zero Standard is expected to be launched in November 2025 at COP30.
30. ISO standard 14064-1 (GHG measurement) and 14064-3 (GHG verification and validation) are also in-cycle to be revised. The vote to decide whether these standards will be revised has been taken, but the outcome is not yet known.

PCAF

31. On the 1 August 2024, PCAF announced its 500th signatory.
32. At present working groups made up of PCAF signatories are leading the development of new methodologies across the following priority areas:
 - (a) Transition finance and green finance
 - (b) Fluctuations in absolute GHG inventory (resulting from changes over time to the financial attribution metrics, such as Enterprise Value Including Cash (EVIC))
 - (c) Additional insurance products
 - (d) Securitized and structured products
33. Drafts of the new methodologies will undergo a public consultation process in the latter part of 2024 and into the New Year. During this period, feedback can be provided to the Core Team to assist in finalising the methodologies.
34. In June, PCAF released two reports examining techniques for measuring actual building emissions. These are studies only and do not form part of the PCAF Standards.

EFRAG's SRB***SRB Meetings***

35. At its meeting in July, the SRB:

- (a) discussed feedback received on its two Exposure Drafts – Exposure Draft ESRS for listed SMEs (ESRS LSME ED) and the Exposure Draft for the voluntary reporting standard for non-listed SMEs (VSME ED);
- (b) discussed the approval of its Oil and Gas Exposure Draft – the SRB requested to see an updated version before approval of the Exposure Draft for issuance for public consultation;
- (c) initiated discussions on the approval of the Mining, Quarrying and Coal Exposure Draft (MQC ED). The approval discussions of the Exposure Draft will continue in future meetings;
- (d) approved several ESRS Q&A explanations; and
- (e) approved the final draft of the ESRS Taxonomy.

Other EFRAG

36. On the 26 July 2024, EFRAG released a study on Early Implementation of European Sustainability Reporting Standards (ESRS) Insights from Selected EU Companies in Q2 2024. The study includes inputs from twenty-eight large European-headquartered entities across eight different industries split between financial institutions (FI) and non-financial institutions (non-FI).⁶
37. The study focuses on four key areas: the materiality assessment, value chain, gap analysis on datapoints and the ESG reporting organisational approach. The findings are preliminary and not indicative of mature practices as the study intentionally focuses on larger undertakings. We highlight below some of the findings from the study:
- (a) most entities consider that Double Materiality Assessment should be based on data and evidence in addition to the views of internal experts and stakeholders.
 - (b) while IG 3 *List of ESRS Data Points* is considered helpful and supports gap analysis, only a minority of the entities understand how to assess Information Materiality at a datapoint level.
 - (c) value chain analysis remains one of the most challenging and least mature areas for the entities in their ESRS implementation. Entities are mainly using preliminary mapping and have identified the need for further sector guidance.
 - (d) the entities are increasingly implementing cross-functional collaboration models to meet the ESRS requirements more effectively.
38. On the same day EFRAG released new ESRS Q&A explanations covering the period January to July 2024.⁷ These responses are provided as part of EFRAG’s role as a technical advisor to the European Commission and are expected to provide practical and timely support to preparers and others in the implementation of ESRS.

GRI’s GSSB

39. At the end of July GRI and TNFD released an [interoperability mapping resource](#) that gives a detailed overview of alignment between the TNFD Disclosure Recommendations and metrics and the GRI Standards.

⁶ See [Implementation of ESRS: Initial Observed Practices from Selected Companies](#)

⁷ See [EFRAG ESRS Q&A Platform](#)

40. The stakeholder forum that advises the GRI Boards on key strategic issues has [appointed new leadership and members](#). Erdem Kolcuoglu and Constance Kane have begun their terms as Chair and Vice-Chair of the GRI Stakeholder Council, with eight new members appointed. The 24 members of the Stakeholder Council represent five defined constituency groups, with diverse representation that spans global regions.
41. CEO Eelco van der Enden will step down at the end of 2024. A search for a new CEO is underway.
42. Work is beginning on a pollution topic standard. It will revise current 305-6 *Emissions of ozone-depleting substances (ODS)*; 306-3 *Other indirect (Scope 3) GHG emissions* and include a new topic emissions to soil.

TNFD

43. On the 20 June 2024, the TNFD and EFRAG jointly published a mapping of the correspondence between the European Sustainability Reporting Standards (ESRS) and the TNFD's recommended disclosures and metrics, illustrating the high level of commonality achieved. This assessment highlights that all 14 TNFD recommended disclosures are reflected in the ESRS.⁸
44. As noted in paragraph 22(d) above The ISSB has agreed that in undertaking its research on BEES, it will consider how to build upon the recommendations of the TNFD.
45. As noted above in paragraph 39 GRI and the TNFD have published a joint interoperability mapping resource that gives a detailed overview of alignment between the TNFD Disclosure Recommendations and metrics and the GRI Standards.

IASB

Climate-related risks in the Financial Statements

46. The IASB has been working on actions to help improve the reporting of the effects of climate-related risks in the financial statements. One of these actions is the issue of an exposure draft which proposes eight examples illustrating how an entity applies the requirements in IFRS Accounting Standards (see agenda item 6.2 Documents open for comment for more information on this ED).

*Management Commentary*⁹

47. At its meeting on the 19 June 2024, the IASB unanimously decided to move forward with finalising the revision of IFRS Practice Statement 1 *Management Commentary* by making targeted refinements to its proposals set out in the Exposure Draft *Management Commentary* (which was issued in May 2021). In refining its proposals, the IASB will collaborate with the International Sustainability Standards Board (ISSB) and consult with the Integrated Reporting and Connectivity Council.¹⁰

⁸ See [TNFD and EFRAG publish correspondence mapping](#)

⁹ Also known as management's discussion and analysis (MD&A) is a report prepared for a company's investors and is required in many jurisdictions.

¹⁰ Following the consolidation with the Value Reporting Foundation, the [Integrated Reporting Framework](#) has become part of the IFRS Foundation's literature. The Chairs of the IASB and the ISSB have issued a [joint statement on the significance of the Integrated Reporting Framework to the work of the IFRS Foundation](#).

48. This is an interesting development as work on the Management commentary project was put on hold in 2022, awaiting the outcome of the ISSB’s Request for Information *Consultation on Agenda Priorities*. In April 2024, in the light of the feedback on that Consultation, the ISSB decided not to add to its work plan a research project on integration in reporting—which could build on the Exposure Draft *Management Commentary*, the Integrated Reporting Framework and other relevant sources—at this time.

Jurisdictional updates

49. [Appendix A](#) includes a brief update on the jurisdictions we have prioritised as “Priority 3: Awareness”. This update focuses on how these jurisdictions are adopting, applying or otherwise been informed by the ISSB Standards.
50. The ISSB also provides a list of ongoing and completed jurisdictional consultations at national and supra-national level on sustainability-related disclosures. ¹¹

¹¹ See [Jurisdictional sustainability consultations](#)

Appendix A: Jurisdictional updates

Jurisdiction	Update
Japan	<p>In March 2024 the Sustainability Standards Board of Japan (SSBJ) released exposure drafts which incorporated all requirements in IFRS S1 and IFRS S2, with some additional jurisdiction-specific options the entity can choose to apply. Consultation on the ED closed 31 July 2024 and received more than 100 comment letters.</p> <p>Investor responses to the ED show broad support for Japan’s alignment with the ISSB framework, but also a push for full alignment. In its consultation response, the GRI welcomed the proposed framework, but called on the SSBJ to adopt a double materiality approach¹².</p>
Singapore	<p>Since (two years ago) the Singapore Exchange (SGX) mandated all local issuers to report on CRD on a “comply or explain” basis, 96% of the Singapore-listed companies have commenced their climate-related reporting for financial year ended on 31 December 2023. There was also an increase of 44% in the number of non-mandated industries who provided some form of CRDs.</p> <p>More issuers (87% up from 80%) have described climate-related risks and opportunities in their FY 2023 report. For those that are in the FY 2023 mandated industries, more than 95% have done so, up from 77% in FY 2022. In terms of climate-related opportunities, 65% (up from 47% last year) of issuers have disclosed in this year’s reports, and 21% of issuers have committed to net-zero greenhouse gas emissions, of which 32% have embarked on disclosures of their transition plans¹³.</p> <p>SGX consulted the market in March 2024 on details of how the ISSB standards should be incorporated into its sustainability reporting rules for CRD. The consultation period has closed and as yet no response has been published. Proposals included:</p> <ul style="list-style-type: none"> • from FY 2025, issuers should refer to both ISSB’s IFRS S1 and IFRS S2 in preparing CRDs, including any (permanent) structural and (temporary) transition reliefs; • issuers should disclose Scope 1 and Scope 2 greenhouse gas (GHG) emissions and the measurement approach from FY 2025; • Issuers should disclose applicable categories of Scope 3 GHG emissions from FY 2026; • issuers should disclose industry-based metrics and cross-industry metric categories relevant for climate-related disclosures¹⁴.
Hong Kong	<p>In April 2024, the Stock Exchange of Hong Kong Limited (the Exchange), published conclusions (New Climate Requirements) to its consultation on the enhancement of climate-related disclosures under its ESG framework. The requirements have been developed based on IFRS S2 and come into effect on 1 January 25, with a phased approach for entities captured and what scope GHG emission disclosures are required¹⁵.</p> <p>The Hong Kong Institute of Certified Public Accountants (HKICPA) will assume the role of the sustainability reporting standard setter in Hong Kong to develop the HK Standards. When the HK Standards are available, the Exchange will consider whether and how to transition towards sustainability reporting in accordance with those Standards.</p> <p>The Exchange also published Implementation Guidance (with references to IFRS S1), which they strongly encourage issuers to refer to when reporting on the New Climate Requirements, as doing so will help them to prepare for the eventual adoption of HK Standards¹⁶.</p>

¹² <https://www.responsible-investor.com/gri-urges-japan-to-adopt-double-materiality-approach-in-sustainability-standards/>

¹³ https://www.ey.com/en_sg/news/2024/06/nearly-all-96-of-singapore-listed-companies-have-commenced-climate-related-reporting-efforts-up-from-65-that-did-so-last-year

¹⁴ <https://regco.sgx.com/regco/public-consultations/20240307-consultation-paper-sustainability-reporting-enhancing>

¹⁵ https://www.hkex.com.hk/News/Regulatory-Announcements/2024/240419news?sc_lang=en

¹⁶ <https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/April-2023-Climate-related-Disclosures/Conclusions-Apr-2024/cp202304cc.pdf>

Jurisdiction	Update
India	<p>In February 2024 the Reserve Bank of India (RBI) released a draft standard disclosure framework on climate-related financial risks for regulated entities (REs). The disclosure requirements are structured using the four pillars of governance, strategy, risk management, and metrics and targets.</p> <p>During an inaugural address on 19 Jul 2024, Shri Shaktikanta Das, Governor, Reserve Bank of India stated¹⁷ “Going forward, our overarching approach would be to consider ‘sustainability aspects’ as a focal point of the entire credit ecosystem. The onus of spearheading sustainability initiatives will, however, reside with the regulated entities eventually. These entities have a crucial role to play in climate action by taking steps to provide climate finance.”</p>
UK	<p>In early May 2024, the UK government published a broad implementation update on their progress in putting in place the Sustainability Disclosure Requirements - this included a timetable for endorsing ISSB standards for use in the UK¹⁸. It is not clear following the General Election in July 2024 whether the UK government still plans to consult on draft UK SRS, make an endorsement decision and publish the final UK SRS by Q1 2025.</p> <p>In late July 2024, the UK government updated its guidance for public sector bodies on applying the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which also explains why TCFD-aligned disclosure is being pursued in UK public sector annual reports and accounts¹⁹.</p>
US	<p>In March 2024 the Securities and Exchange Commission (SEC) approved rules requiring annual public company disclosures of climate-related risks. The rule immediately faced a series of legal challenges which were subsequently consolidated in the U.S. Eighth Circuit Court of Appeals. In a brief filed this week with the Eighth Circuit court the SEC argued that the rule is about protecting investors, and therefore well within their authority²⁰. The Commission also addressed the claims that the costs to comply with the new rules would be too burdensome for companies.</p> <p>Initiatives in states such as California, New York, and Illinois are still driving climate reporting forward in the US²¹.</p>
Canada	<p>In early June 2024, the consultation period closed for the Canadian Sustainability Standards Board (CSSB) exposure drafts proposing new sustainability disclosure standards in Canada. The CSSB’s proposed CSDS 1 and CSDS 2 align with IFRS S1 and S2 – but with Canadian-specific modifications suggested. Feedback was published in late July 2024, with the CSSB expecting to publish their review of responses in August 2024²². A review of the feedback was carried out by Responsible Investor, who found that market participants are split on the transition reliefs proposed by the CSSB²³.</p>

¹⁷ https://website.rbi.org.in/web/rbi/-/speeches-interview/current-issues-in-the-indian-banking-and-financial-sector?p_l_back_url=%2Fweb%2Frbi%2Fsearch%3Fq%3DThe%2BReserve%2BBank%2Bhas%2Binitiated%2Bsteps%2Bto%2Baddress%2Bthe%2Brisks%2Bposed%2Bby%2Bclimate%2Bchange%2Bto%2Bthe%2Bfinancial%2Bsystem.%2BSince%2Bwe%2Bcommented%2Bthis%2Bjourney%252C%2Bseveral%2Binitiatives%2Bhave%2Bbeen%2Bundertaken%26type%3Dcom.liferay.journal.model.JournalArticle%26type%3Dcom.liferay.portal.kernel.model.Layout%26togs%3Dexact%26orderBy%3Dnewest

¹⁸ https://assets.publishing.service.gov.uk/media/66505ba9adfc6a4843fe04e5/Sustainability_Disclosure_Requirements_SDR_Implementation_Update_2024.pdf

¹⁹ <https://www.gov.uk/government/publications/tcf-aligned-disclosure-application-guidance/task-force-on-climate-related-financial-disclosure-tcf-aligned-disclosure-application-guidance>

²⁰ <https://www.esgtoday.com/sec-defends-its-climate-disclosure-rule-in-court/>

²¹ <https://chapmantripp.com/trends-insights/protecting-new-zealand-s-competitive-advantage/>

²² https://www.frascanada.ca/en/sustainability/documents/2024_csds1_2_responses

²³ <https://www.responsible-investor.com/mixed-views-on-reporting-reliefs-in-canadas-issb-based-standards/>

Appendix B: AASB meetings

1. This appendix summarises the decisions made by the AASB in relation to Climate-related Financial Disclosures.

6 – 7 June 2024

2. At its meeting on the 6 – 7 June 2024, the AASB commenced detailed discussion on the feedback received on [draft] ASRS 1 *General Requirements for Disclosure of Climate-related Financial Information* and [draft] ASRS 2 *Climate-related Financial Disclosures* exposed in Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information* (October 2023).
3. The AASB decided to:
 - (a) prepare a non-mandatory ('voluntary') ASRS 1 that would cover sustainability-related financial disclosures, rather than limit ASRS 1 to climate-related risks and opportunities as a mandatory Standard – the voluntary Standard ASRS 1 would have the same scope as IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information;
 - (b) prepare a mandatory ASRS 2 that would incorporate the necessary content presented in [draft] ASRS 1 to make ASRS 2 function as a standalone, climate-only Standard;
 - (c) align ASRS 2 with the baseline of IFRS S2 Climate-related Disclosures without modification with respect to the following aspects of [draft] ASRS 2:
 - (i) the scope of [draft] ASRS 2 – to omit the clarification referring to climate change proposed in paragraph Aus3.1 in ED SR1;
 - (ii) cross-industry metrics – to retain the requirements set out in paragraphs 29(b)–29(f) of IFRS S2, as proposed in ED SR1; measurement of greenhouse gas (GHG) emissions – to adopt the measurement hierarchy in IFRS S2, which permits an entity to use a different method to the GHG Protocol when required to do so by a jurisdictional authority or an exchange on which the entity is listed, instead of requiring an entity to prioritise relevant methodologies in NGER Scheme legislation, as proposed in ED SR1;
 - (iii) definition of greenhouse gases – to retain the IFRS S2 definition as the seven greenhouse gases listed in the Kyoto Protocol, as proposed in ED SR1;
 - (iv) CO₂ equivalent conversion for GHG emissions – to adopt the requirements in IFRS S2 (paragraphs B21 and B22) to use the global warming potential (GWP) values from the latest IPCC assessment available at the reporting date, instead of the IPCC 5th assessment as proposed in ED SR1. The AASB noted that if an entity uses appropriate emission factors that have already converted the constituent gases into CO₂ equivalent values (e.g. the Australian National Greenhouse Accounts Factors), the entity would not be required to recalculate the emission factors using GWP values from the latest IPCC assessment available at the reporting date;
 - (v) Scope 2 GHG emissions – to omit the proposed requirement for an entity to disclose its market-based Scope 2 GHG emissions from the fourth year of applying ASRS 2. Under IFRS S2 (and ASRS 2), entities might provide information about their market-based Scope

2 GHG emissions if they consider it would be useful to the users of their climate-related financial disclosures, and for NGER reporters, if NGER Scheme legislation requires the reporting of market-based Scope 2 GHG emissions in the future; and

- (vi) Scope 3 GHG emission categories – to require an entity to disclose the sources of its Scope 3 GHG emissions using the 15 categories in the GHG Protocol, as set out in IFRS S2.

4. The AASB will address further aspects of the [draft] ASRS at future meetings. The AASB formed a subcommittee to assist in progressing the drafting of ASRS 2 as a standalone Standard.

26 June 2024

5. At its meeting on 26 June 2024, the AASB continued its discussion of the feedback received on [draft] ASRS 2 *Climate-related Financial Disclosures* as proposed in Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information* (October 2023). The AASB decided to make changes to the requirements proposed in ED SR1 so that the following aspects of ASRS 2 would be consistent with the baseline of IFRS S2 *Climate-related Disclosures*:

- (a) climate-related scenario analysis – to omit paragraphs Aus22.1 and Aus22.2 of [draft] ASRS 2, which proposed requiring an entity to assess climate resilience against at least two relevant possible future states, including one consistent with the most ambitious global temperature goal set out in the Climate Change Act 2022, and clarifying the disclosure requirements;
- (b) cross-industry remuneration metrics – to omit paragraph Aus29.1 of [draft] ASRS 2, which referred to the ‘key management personnel’ and ‘compensation’ definitions in AASB 124 Related Party Disclosures;
- (c) Scope 3 GHG emissions – to omit paragraph AusB39.1 of [draft] ASRS 2, which proposed to permit an entity to measure and disclose its Scope 3 GHG emissions using data for the immediately preceding reporting period if reasonable and supportable data related to the current reporting period is unavailable;
- (d) financed emissions – to require entities participating in financial activities of asset management, commercial banking or insurance to provide the additional and specific financed-emission disclosures set out in IFRS S2 paragraphs B59 and B61–B63, instead of requiring an entity to consider the applicability of those disclosures, as proposed in the related Aus paragraphs in the [draft] ASRS 2; and
- (e) the definition of ‘carbon credits’ – to adopt the IFRS S2 definition with no modification.

6. The AASB also decided that no changes were required to ASRS 2 in respect of which superannuation entities might be required to comply with the Standard (which is a matter for the Corporations Act) or the primary users of general purpose financial reports of superannuation entities.

19 July 2024

7. At its meeting on 19 July 2024, the AASB considered the modifications to the baseline requirements of the IFRS Sustainability Disclosure Standards proposed in [draft] ASRS 1 and [draft] ASRS 2 (Specific Matters for Comment (SMCs) 2–8 in ED SR1). In respect of ASRS 1 and ASRS 2, the AASB decided to revert to the IFRS Sustainability Disclosure Standards baseline by:

- (a) incorporating the conceptual content of the baseline into the ASRS Standards rather than merely referencing the Conceptual Framework for Financial Reporting and the Framework for the Preparation and Presentation of Financial Statements (SMC 2);
 - (b) omitting paragraphs Aus6.2 of [draft] ASRS 1 and Aus4.2 of [draft] ASRS 2, which proposed requiring an entity that assessed it has no material climate-related risks and opportunities to disclose that fact and explain how it came to this conclusion (SMC 3);
 - (c) omitting the proposed requirements for an entity to refer to the Australian and New Zealand Standard Industrial Classification (ANZSIC) as the basis for identifying industries when voluntarily making industry-based disclosures (SMC 5);
 - (d) omitting the Aus paragraphs of the [draft] ASRS Standards that would have expressly permitted an entity to provide voluntary disclosures based on other relevant frameworks or pronouncements (e.g. the SASB Standards) – which omission would not prevent an entity providing such voluntary disclosures (SMC 6);
 - (e) omitting paragraph Aus60.1 of [draft] ASRS 1 that proposed requiring an entity to provide information in a manner that would enable users of general purpose financial reports to locate the disclosures prepared in accordance with ASRS Standards (SMC 7); and
 - (f) including paragraphs 69 and B48 of IFRS S1 in the ASRS Standards to address interim-period climate-related financial disclosures provided by an entity (SMC 8).
8. In respect to the mandatory ASRS 2, the AASB decided in considering SMC 5 to depart from the IFRS Sustainability Disclosure Standards at this time by not requiring an entity to:
- (a) refer to and consider the SASB Standards and the IFRS S2 Industry-based Guidance; or
 - (b) provide industry-based disclosures.
9. However, the AASB decided to add separate projects to the AASB work plan to consider the suitability of the SASB Standards, IFRS S2 Industry-based Guidance and industry-based disclosure requirements after the ASRS Standards have been finalised.

Not-for-Profit and Public Sector Entities

10. The AASB considered the modifications to the baseline requirements of IFRS S2 *Climate-related Disclosures* proposed in [draft] ASRS 1 and [draft] ASRS 2 for not-for-profit (NFP) entities (SMCs 23–27 in ED SR1). In respect of ASRS 2, the AASB decided to:
- (a) not modify the objective of ASRS 2 for NFP entities, by omitting paragraph Aus2.2 of [draft] ASRS 2 and all proposed modifications related to adding the phrase “ability to further its objectives”;
 - (b) require NFP entities to refer to the definition of “primary users of general purpose financial reports” described in the Framework for the Preparation and Presentation of Financial Statements when applying ASRS 2; and
 - (c) specify that all entities applying ASRS 2 (i.e. not only NFP entities) would not need to undertake an exhaustive search for information in identifying climate-related risks and opportunities that

could reasonably be expected to affect the entity's prospects, by omitting paragraph Aus4.1 of [draft] ASRS 2 and incorporating paragraph B10 of IFRS S1.

11. In respect to public sector entities (SMCs 28–29 in ED SR1), the AASB decided:
 - (a) no specific modifications to the baseline of IFRS S2 were warranted for government-owned corporations incorporated under the Corporations Act 2001 that would be within the scope of the proposed legislative amendments that would require compliance with the AASB's mandatory ASRS 2; and
 - (b) the AASB will undertake a project to consider developing additional guidance to assist NFP public sector entities to apply ASRS 2, commencing after finalising ASRS 1 and ASRS 2 by considering the forthcoming IPSASB Exposure Draft on Climate-related Disclosures (expected to be published in October 2024).
12. The AASB considered the feedback received on the General Matters for Comment in ED SR1 and decided that no further standard-setting work is needed in response before finalising ASRS 1 and ASRS 2. However, the AASB decided to undertake a project to address scalability and cost-benefit concerns for NFP entities and smaller entities.
13. After finalising ASRS 1 and ASRS 2, the AASB will discuss the priority of the new projects added to its work plan as well as considering whether to develop additional guidance for other aspects of ASRS 2.

Appendix C: ISSB meetings

1. This appendix summarises the meetings held by the ISSB during the period.

12 June 2024

2. The ISSB discussed one paper at its 12 June 2024 meeting. The paper provided ISSB staff's analysis and initial views regarding the criteria that could be used for assessing the priority of workstreams focused on enhancing the Sustainability Accounting Standards Board (SASB) Standards; and solicited ISSB member feedback on the staff's analysis, including whether the ISSB should place particular emphasis on any of the criteria.
3. The ISSB was not asked to make any decisions.

24–25 July 2024

4. The ISSB discussed three topics at its 24–25 July 2024 meeting:
 - (a) supporting Implementation of IFRS S1 and IFRS S2;
 - (b) its Work Plan (including a paper on its Biodiversity, ecosystems and ecosystem services and human capital research projects); and
 - (c) maintenance of the SASB Standards.

Supporting implementation of IFRS S1 and IFRS S2

5. The ISSB received an update from the Transition Implementation Group (TIG) third meeting held on the 13 June 2024. The TIG discussed two issues at that meeting: (i) Revision of preceding period estimated amounts when estimating information from an entity in the value chain; and (ii) Application of the requirements on comparative information when acquiring or disposing of a subsidiary.²⁴
6. The ISSB was not asked to make any decisions.

Work Plan – Embedding interoperability in the ISSB's ongoing activities

7. The ISSB discussed ways to include interoperability in its activities. In particular, the ISSB discussed how it might work to make ISSB Standards interoperable with European Sustainability Reporting Standards (ESRS) and GRI Standards.
8. ISSB staff noted that in their view, the ISSB's work on interoperability is distinct from this notion of building on the work of others. Interoperability between the ISSB Standards and other relevant, specified standards is an important consideration for the ISSB in undertaking its work to identify opportunities to enable entities that need or want to apply ISSB Standards alongside other reporting requirements that will continue to be used in addition to the ISSB Standards, such as European Sustainability Reporting Standards (ESRS) or the GRI Standards, to do so efficiently.²⁵
9. The ISSB was not asked to make any decisions.

²⁴ TIG Agenda Papers and the submissions log can be found on the IFRS Foundation website: IFRS - [Transition Implementation Group on IFRS S1 and IFRS S2](#).

²⁵ See [ISSB staff paper 2A](#)

Work plan – Biodiversity, ecosystems and ecosystem services and human capital research projects

10. The ISSB discussed the design and approach of its initial work on the research projects in its work plan as set forth in April 2024. These projects examine risks and opportunities associated with biodiversity, ecosystems and ecosystem services (BEES), and human capital.²⁶
11. The ISSB staff has designed a phased approach to the research projects where each phase is intended to build off the prior phase. Phase 1 is building the foundation – in this phase the ISSB staff seeks to build a baseline level of knowledge and understanding across a set of clearly defined research areas (see paragraph 12) and Phase 2 – analysing implications – in this phase, the ISSB staff plans to conduct an analysis of the foundational research to draw out relevant insights and implications.
12. The ISSB staff has decided on the following four key areas of research that would be conducted for each of BEES and human capital:
 - (a) Evidence of investor interest – what are the information needs of investors and how is current disclosure practice meeting or failing to meet these needs?
 - (b) Evidence of financial implications – whether, how and to what extent do BEES- and human capital-related risks and opportunities affect an entity’s cash flows over the short, medium or long term and what are the implications for access to and cost of capital?
 - (c) Existing standards and frameworks – what is the current landscape of standards and frameworks for BEES- and human capital-related reporting and how does it compare to the requirements in IFRS S1 and the SASB Standards?
 - (d) Current state of disclosure – what is the current state of company disclosure about BEES- and human capital-related risks and opportunities?
13. In addition to the four key areas of research, the ISSB staff will also address the anchoring principle of core activities and proportionality during Phase 1. Specifically, the ISSB staff will consider connectivity between the ISSB’s and IASB’s respective requirements and pursuing interoperability of ISSB Standards with other sustainability reporting standards.
14. The ISSB staff expect to ultimately approach the ISSB with a staff recommendation on whether to proceed to standard-setting, and if so, their recommended approach. This recommendation will be informed by discussions with the ISSB as the ISSB staff share research progress and findings.
15. The ISSB was not asked to make any decisions.
16. Next steps – the ISSB staff intends to maintain focus in executing Phase 1 and move at pace as a result. ISSB staff expect to share research findings—whether preliminary or final—as we progress Phase 1 of research over the coming months. The ISSB staff expects to transition to Phase 2, as appropriate, in the first half of 2025.

²⁶ ee [ISSB staff paper 2B](#)

Maintenance of the SASB Standards²⁷

17. The ISSB staff proposed an overall approach to enhancing the Sustainability Accounting Standards Board (SASB) Standards during the next two years, including recommendations regarding an initial set of priority SASB Standards enhancements, to support the implementation of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.
18. The content in the SASB Standards is extensive, in that it covers 77 industries across 11 sectors. ISSB Staff therefore recommended that the ISSB use a phased approach to ensure timely delivery of enhancements and provide the ISSB and its stakeholders with sufficient time to evaluate proposed enhancements.
19. ISSB staff proposed that industry Standards, once selected by the ISSB for enhancement, be evaluated holistically, from evaluating the industry grouping as defined under SICS down to the detailed technical protocols which support application of specific metrics.
20. The ISSB decided:
 - (a) to use a phased approach;
 - (b) to start developing exposure drafts of enhancements to:
 - (c) all eight SASB Standards in the Extractives & Minerals Processing sector;²⁸
 - (d) the Electric Utilities & Power Generators SASB Standard in the Infrastructure sector; and
 - (e) three SASB Standards in the Food & Beverage sector—subject to assessing whether the ISSB and its stakeholders have the capacity to do so (the ISSB noted that it would be ‘highly desirable’ that these three industries be included in the initial phase of work);²⁹
 - (f) to consider making targeted amendments to other SASB Standards to ensure that measurement of common topics remains consistent among industries, where appropriate; and
 - (g) to research:
 - (h) priorities for the second phase of the project; and
 - (i) how to enhance the Sustainable Industry Classification System® (SICS).
21. All 14 ISSB members agreed with decisions (a), (c) and (d). Thirteen of 14 ISSB members agreed with decision (b).
22. Next steps: The ISSB will begin preparing exposure drafts of proposed amendments to the priority SASB Standards. It will also begin research to identify further priority enhancements to the SASB Standards and SICS.

²⁷ See [ISSB staff paper 6](#)

²⁸ Coal Operations; Construction Materials; Iron & Steel Producer; Metals & Mining; Oil & Gas – Exploration & Production; Oil & Gas – Midstream; Oil & Gas – Refining & Marketing; and Oil & Gas – Services.

²⁹ Agricultural Products; Meat, Poultry & Dairy; and Processed Foods.

Date: 15 August 2024
To: SRB Members
From: Lisa Kelsey
Subject: Documents open for comment

Purpose and introduction¹

1. The purpose of this paper is to inform the Board about documents currently open for comment.

Recommendation

2. That the Board:
 - (a) NOTE the documents currently open for comment; and
 - (b) NOTE the proposed responses in each of the below tables and, where relevant, provides feedback on our proposed approach for developing submissions.

Domestic

3. Table 1 identifies documents issued by domestic organisations that are currently open for comment.

Table 1: Domestic documents open for comment

Document	Organisation	Due date	Comments on SRB response
Inquiry into banking competition	New Zealand Parliament	25 September 2024	<p>This inquiry includes climate-related disclosures as an aspect of its terms of reference, specifically in relation to any possible impact it may have on competition and efficient access to lending.</p> <p>RESPONSE: No official submission from the XRB. We will include this inquiry in our regular stakeholder engagement with relevant parties (e.g., the New Zealand Banking Association) to determine whether any input from the XRB is sought to inform their submissions.</p>

International

4. Table 2 identifies documents issued by international standard-setting bodies that are currently open for comment.

¹ This memo refers to the work of the International Accounting Standards Board (IASB), International Sustainability Standards Board (ISSB) and uses registered trademarks of the IFRS Foundation (for example, IFRS® Sustainability Disclosure Standards, and ISSB® papers).

Table 2: International documents open for comment

Document	Organisation	International due date	Comments on SRB response
Climate-related and Other Uncertainties in Financial Statements	IASB	28 November 2024	<p>The NZASB agreed to comment on this exposure draft at its meeting on the 8 August 2024. See paragraphs 5 to 11 for further details on this exposure draft.</p> <p>RESPONSE: Staff from the Sustainability Reporting Team will collaborate with staff from the Accounting Team in the development of the NZASB's comment letter.</p>

Climate-related and Other Uncertainties in Financial Statements

IASB vs ISSB

5. Going forward, it will be unusual that we will include in this agenda item a document issued by the International Accounting Standards Board (IASB) — as these would fall under the remit of the NZASB. However, we felt it was important to draw this document to the attention of the SRB due to the connections between the information an entity provides in its financial statements and the information it provides in its climate-related disclosures.
6. In New Zealand, this IASB document will also be of high interest to those Climate Reporting Entities that are currently implementing *Aotearoa New Zealand Climate Reporting Standards* and apply IFRS Accounting Standards.

Background

7. In March 2023, the International Accounting Standards Board (IASB) added to its work plan a project to explore targeted actions to improve the reporting of the effects of climate-related risks in the financial statements. The IASB decided to work on this project because of strong demand from respondents to its Third Agenda Consultation. These respondents were concerned that information about the effects of climate-related risks in the financial statements was sometimes insufficient or appeared to be inconsistent with information entities provided outside the financial statements, particularly information reported in other general purpose financial report.
8. On the 31 July 2024 the IASB issued an exposure draft: *Climate-related and Other Uncertainties in the Financial Statements* (the ED). This exposure draft proposes eight examples illustrating how an entity applies the requirements in IFRS Accounting Standards to report the effects of climate-related and other uncertainties in its financial statement. The examples mostly focus on climate-related uncertainties, but the principles and requirements illustrated apply equally to other types of uncertainties.
9. The IASB note in the introduction to the ED that throughout its work on this project, the IASB has collaborated with members and technical staff of the International Sustainability Standards Board (ISSB), which develops IFRS Sustainability Disclosure Standards.
10. The IASB decided to propose including the examples as illustrative examples accompanying IFRS Accounting Standards. The IASB noted that, as with any material accompanying IFRS Accounting Standards, the examples do not add or change requirements in IFRS Accounting Standards.

Joint submission

11. We did consider whether the comment letter should be a joint submission from the NZASB and SRB, however, as the proposed illustrative examples focus on illustrating the application of the requirements in IFRS Accounting Standards and in principle apply to other types of uncertainties, we concluded it was appropriate that the comment letter was from NZASB with input from staff members of the Sustainability Reporting Team.