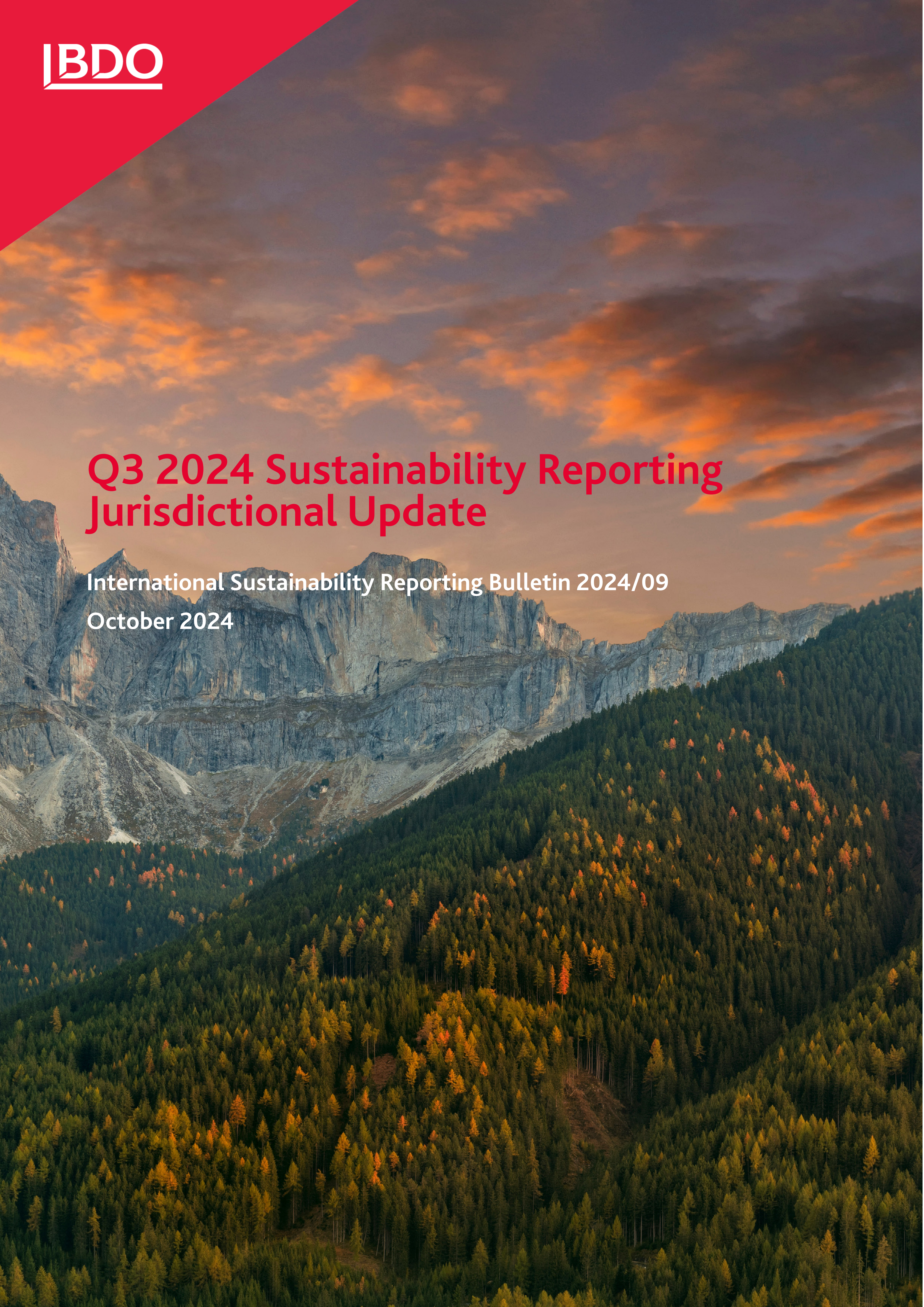

Q3 2024 Sustainability Reporting Jurisdictional Update

International Sustainability Reporting Bulletin 2024/09

October 2024

CONTENTS

BACKGROUND

The International Sustainability Standards Board (ISSB) and other standard setters and regulators in major jurisdictions have been very active during 2023 and in 2024 by beginning to bring sustainability reporting frameworks into laws and regulations and by planning to and publishing consultations on proposed requirements and/or a proposed roadmap. In the United States (US), the California final amendments to SB 253 and SB 261 were signed into law. In addition, the European Commission (EC) has initiated infringement procedures against 17 EU member states for failing to fully transpose the Corporate Sustainability Reporting Directive (CSRD) into national laws.

This publication provides a 'snapshot' of sustainability reporting developments for selected jurisdictions, including those being developed for use by entities in the European Union (EU) and the US.

BDO also issues quarterly ISR Bulletin sustainability reporting updates as sustainability standards are evolving quickly.

Although it is comprehensive, this summary is not exhaustive and does not include all standard setting activities of the ISSB and other organisations.

EXECUTIVE SUMMARY

The overview of recent developments in sustainability reporting and climate-related regulations at the International Financial Reporting Standards Foundation and in the EU and the US highlights a growing global momentum towards standardised and mandatory disclosure of environmental, social, and governance information by companies.

In the EU, the EC has released FAQs on the implementation of the CSRD, addressing issues such as scope, application dates, and exemptions. These FAQs complement the European Sustainability Reporting Standards (ESRS) Q&A technical explanations and the ESRS implementation guidance released by EFRAG.

Jurisdictions on the adoption journey include but are not limited to Australia, Canada, Hong Kong, Singapore, the UK, Chile, Botswana, Malaysia, Pakistan, New Zealand.

Meanwhile, in the US, the California final amendments to SB 253 and SB 261 were signed into law, obligating companies that do business in the state to disclose their value chain emissions and report on climate-related financial risks. Original CA law, AB-1305, remains in place. While there have been fewer announcements about the SEC's Climate rule stay, the SEC is steadfast in defending its Climate Disclosure rule in the Eighth Circuit Court of Appeals, asserting that it falls within their regulatory authority. If the climate rules withstand litigation, the SEC plans to announce a new implementation date and phase-in period for these rules once the stay is lifted.

Major recent events in jurisdictional sustainability reporting

The following is a summary of some of the key recent sustainability reporting developments in various jurisdictions. Note that this list is not exhaustive:

JURISDICTION	SUMMARY
European Union	The EC has released FAQs on the implementation of the CSRD, addressing issues such as scope, application dates, and exemptions. These FAQs complement the ESRS Q&A technical explanations and the ESRS implementation guidance released by EFRAG.
	The EC has initiated infringement procedures against 17 EU member states for failing to fully transpose the CSRD into national laws. Additionally, the Commission has opened infringement procedures against 26 member states for not implementing provisions to accelerate permitting procedures for renewable energy projects under the Renewable Energy Directive, which mandates that renewable energy make up 42.5% of the EU's overall energy consumption by 2030.
United States	While there have been fewer announcements about the SEC's Climate rule stay, the SEC is steadfast in defending its Climate Disclosure rule in the Eighth Circuit Court of Appeals, asserting that it falls within their regulatory authority. The outcome of this case is highly anticipated, especially in light of the Supreme Court's recent decision to reverse Chevron deference, which limits the power of federal agencies to enforce ESG regulations. If the climate rules withstand litigation, the SEC plans to announce a new implementation date and phase-in period for these rules once the stay is lifted.
	In September 2024, California laws SB-253 and SB-261 were amended slightly. Reporting still begins in 2026; however, the deadline for the California Air Resources Board (CARB) to develop and adopt emissions reporting requirements was pushed back from January to July 2025. This further compresses the timeline for companies to prepare reports, making planning ahead even more crucial. Companies will be forced to begin tracking emissions beginning in 2025, while CARB's regulations would not be adopted until months later. The amendments allow for emissions reporting to be consolidated at the parent company level, and they remove a deadline for Scope 3 emissions to be reported within 180 days of Scope 1 and 2 data. In addition to the recent updates, California's requirements are being challenged in federal court.
	California law, [AB-1305 *Voluntary Carbon Market Disclosures*], remains in place. The first report is due on 1 January 2025.

Jurisdictional update – European Union

The ESRS were formally brought into EU law and published in the Official Journal, marking a major step towards the implementation of the ESRS, with reporting set to begin for some companies as soon as the 2024 financial year.

The table below sets out an overview of key changes that will be introduced by the CSRD in comparison to the existing Non-Financial Reporting Directive (NFRD), based on the agreed compromise text, together with a more detailed explanation of the very significantly expanded scope, a summary of what companies need to prepare for, and when:

Key Changes Introduced by the CSRD

REQUIREMENT	NFRD	CSRD
Companies that are required to report	Large public interest entities with more than 500 employees Public interest entities are: ▶ Listed companies ▶ Banks and insurance companies.	Companies listed on an EU regulated market, both EU and non-EU (except for listed micro entities). All large companies, defined as those meeting two out of the following three criteria **: ▶ More than 250 employees ▶ More than EUR 50m turnover ▶ More than EUR 25m total assets. This includes subsidiaries of non-EU groups. Insurance undertakings and credit institutions regardless of their legal form. Non-EU groups which generate more than EUR 150m net turnover in the EU for each of the last two consecutive financial years and which have a subsidiary or branch in the EU (if a subsidiary, either a large – as defined above – or a listed on an EU regulated market entity (excluding micro entities) and, if a branch, one which generates more than EUR 40m turnover in the preceding financial year).
When do the requirements apply?	Years ended 31 December 2018 onwards	**Year ending 31 December 2024** ▶ Entities currently within the scope of the NFRD **Year ending 31 December 2025** ▶ All other large entities **Year ending 31 December 2026** ▶ SMEs listed on an EU regulated market, small and non-complex credit institutions and captive insurance and reinsurance undertakings **Year ending 31 December 2028** ▶ Non-EU undertakings
How many EU companies will need to comply with the requirements?	11,600	49,000

REQUIREMENT	NFRD	CSRD
Scope of the requirements	▶ Environmental protection ▶ Social responsibility and treatment of employees ▶ Human rights ▶ Anti-corruption and bribery ▶ Diversity on company boards	NFRD requirements plus: ▶ Disclosure of information about intangibles (including social, human and intellectual capital) ▶ Additional forward looking information ▶ Reporting that is consistent with the Sustainable Finance Disclosure Regulation ('SFDR') and the EU Taxonomy ▶ Double materiality concept, which expands the consideration of sustainability beyond an entity's capital market value, to include the entity's wider effects on society and the environment.
Assurance	Not required	Mandatory ▶ Initially limited assurance, to be expanded to reasonable (audit) assurance in future.

* Listed SMEs can defer application of the reporting requirements to years ending 31 December 2028 if a statement is included in their management report of why the sustainability information was not provided.

** A Commission Delegated Directive published by the EC in September 2023, was adopted. This resulted in increases in the financial thresholds in the Accounting Directive for determining the size category of a company. The increases were designed to account for inflation in the EU since the previous thresholds were put in place. As a result, there is an increase in the threshold for "large" entities of approximately 25%: the turnover threshold has increased from €40 million to €50 million and the balance sheet threshold from €20 million to €25 million. EU Member States are required to pass laws and regulations that are necessary to enable the application of the new thresholds for financial years beginning on or after 1 January 2024, with an option for each Member State to apply the new thresholds for financial years beginning on or after 1 January 2023.

EC releases FAQs on CSRD implementation

The EC has released frequently asked questions (FAQs) on the implementation of the CSRD. The frequently asked questions take into consideration input obtained from companies and include issues such as scope, application dates, and exemptions.

The FAQs are grouped by the following areas:

- Sustainability reporting requirements introduced by the CSRD;
- Sustainability information to be reported under Articles 19a/29a of the Accounting Directive;
- Sustainability information reported under Article 40a of the Accounting Directive;
- Assurance of sustainability reporting;
- Key intangible resources;
- Requirements for third-country entities;
- SFDR.

The FAQs are issued in addition to the ESRS Q&A technical explanations and the ESRS implementation guidance released by EFRAG.

Infringement procedures over failure to communicate transposition of CSRD

The EC has sent letters to 17 EU member states, initiating infringement procedures due to their failure to communicate their full transposition of the CSRD into their national laws. The states receiving the letters include Belgium, Czechia, Germany, Estonia, Greece, Spain, Cyprus, Latvia, Luxembourg, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, and Finland.

Additionally, the Commission has opened infringement procedures against 26 member states for failing to implement provisions aimed at accelerating permitting procedures for renewable energy projects under the Renewable Energy Directive. This directive mandates that renewable energy make up 42.5% of the EU's overall energy consumption by 2030.

US SEC and state legislation

Voluntary Carbon Offsets and "Net Zero" Claims

A new California law, AB-1305 *Voluntary Carbon Market Disclosures*, requires public and private companies that market or sell voluntary carbon offsets in the state to disclose numerous details about the projects generating the credits — including location, timeline, and whether there is third- party validation. The law also mandates disclosures for certain companies that make "net zero" or similar claims and for certain companies that purchase or use voluntary carbon offsets and make "net zero" or similar claims. Companies must publish disclosures on their websites on an annual basis. Non-compliance penalties are $2,500 per day for each violation up to $500,000. The first report is due on 1 January 2025.

The proposed amendment to AB 1305, AB-2331 *Voluntary carbon market disclosures*, would exclude 'renewable energy certificate' (REC) from the definition of "voluntary carbon offset". The implementation date for AB-2331 would be delayed to July 2025. The deadline for the California legislature to pass laws was 30 September 2024, however, since the proposed amendment bill was not signed by this deadline, the original law, AB 1305, remains in place.

California Climate Legislation

In a bid to increase transparency and encourage standardised climate-related disclosure, the two state senate bills signed into California Law require certain public and private US entities, including foreign entities with US-based subsidiaries doing business in California, to provide quantitative and qualitative climate disclosures:

- GHG emissions law. SB-253, *the Climate Corporate Data Accountability Act*, mandates the disclosure of GHG emissions
- Climate risks law. SB-261, *the Climate-Related Financial Risk Act*, mandates the disclosure of climate-related financial risks and measures adopted to reduce and adapt to such risks.

In September 2024, the laws were amended slightly. Reporting still begins in 2026; however, the deadline for the CARB) to develop and adopt emissions reporting requirements was pushed back from January to July 2025. This further compresses the timeline for companies to prepare reports, making planning ahead even more crucial. Companies will be forced to begin tracking emissions beginning in 2025, while CARB's regulations would not be adopted until months later.

The amendments allow for emissions reporting to be consolidated at the parent company level, and they remove a deadline for Scope 3 emissions to be reported within 180 days of Scope 1 and 2 data. In addition to the recent updates, California's requirements are being challenged in federal court.

Current requirements of SB-253 and SB-261 are summarised below.

EMISSIONS REPORTING (SB 253)	
Applies To[1,2]	Public and private U.S. companies with total annual revenues > $1 billion and that do business in California
Disclosure Highlights	Report Scope 1, 2 and 3 emissions data Calculate data in accordance with the Greenhouse Gas Protocol standards and guidance Obtain independent third-party assurance of all emissions data

EMISSIONS REPORTING (SB 253)	
Reporting Frequency	Annual
Disclosure Process	Companies must submit data to an emissions reporting organization to be contracted by the state board
Non-compliance Penalties	Up to $500,000

	SCOPE 1 REPORTING	SCOPE 2 REPORTING	SCOPE 3 REPORTING
First Report Due	2026[3] (2025 Data)	2026[3] (2025 Data)	2027[4] (2026 Data)
Assurance Effective Date	Limited: 2026 (2025 Data) Reasonable: 2030 (2029 Data)	Limited: 2026 (2025 Data) Reasonable: 2030 (2029 Data)	Limited[5]: 2030 (2029 Data)

CLIMATE-RELATED FINANCIAL RISK REPORTING (SB 261)	
Applies To[2,6]	Public and private U.S. companies with total annual revenues > $500 million and that do business in California
Disclosure Highlights	Climate-related financial risk reports that: Align with the Task Force on Climate-related Financial Disclosures (TCFD) framework or equivalent reporting under another law, regulation, listing requirement or standard Include companies' measures to mitigate and adapt to the disclosed risks Identify disclosure gaps or omissions and outline efforts for more complete future disclosures
Reporting Frequency	Every two years
Disclosure Process	Companies must publish reports on their websites
Non-compliance Penalties	Up to $50,000
First Report Due	1 January 2026

[1] The law defines a reporting entity as a partnership, corporation, limited liability company or other business entity formed under the laws of California, the laws of any other U.S. state or the District of Columbia, or under an act of U.S. Congress, with total annual revenues of more than $1 billion and that does business in California.

[2] The laws do not clarify what it means to 'do business' in California. This will be established by CARB as it develops regulations to carry out the laws. Criteria could potentially align with amounts set by the California Franchise Tax Board.

[3] CARB will determine an exact date. Reporting period covers previous fiscal year.

[4] Beginning in 2027 and annually thereafter, on a schedule specified by CARB. Reporting period covers previous fiscal year.

[5] CARB may establish an assurance requirement for third-party assurance engagements of Scope 3 by 1 January 2027.

[6] The law defines a covered entity as a corporation, partnership, limited liability company or other business entity formed under the laws of California, the laws of any other U.S. state or the District of Columbia, or under an act of U.S. Congress, with total annual revenues of more than $500 million and that does business in California. Insurance entities are excluded due to TCFD reporting requirements through the National Association of Insurance Commissioners.

SEC Climate disclosure rules

In the US, the SEC is steadfast in defending its Climate Disclosure rule in the Eighth Circuit Court of Appeals, asserting that it falls within their regulatory authority. The outcome of this case is highly anticipated, especially in light of the Supreme Court's recent decision to reverse Chevron deference, which limits the power of federal agencies to enforce ESG regulations. If the climate rules withstand litigation, the SEC plans to announce a new implementation date and phase-in period for these rules once the stay is lifted.

The SEC recently disbanded their Enforcement Division's ('Division') Climate & ESG Task Force which was established in March 2021 to proactively identify ESG-related misconduct. The SEC claims that the expertise developed by the task force now resides across the Division. This move signals a gradual retreat from its ESG agenda amid growing scrutiny and lawsuits from a conservative-led backlash. ESG has been removed from the SEC's list of 2024 policy priorities, after being a priority from 2020 to 2023, and the SEC Chair's ESG proposals have stalled as the election and possibly the end of the Chair's tenure draws near.

While the implementation of the SEC Climate Rules remains unknown, companies may be required to comply with other regulations, including the CA Climate Corporate Data Accountability Act or the EU's CSRD.

The following is a summary of the final rules:

QUANTITATIVE DISCLOSURES WITHIN THE FINANCIAL STATEMENTS	
Expenditure metrics	▶ Expenses, losses, and capitalised amounts incurred as a result of severe weather events and other natural conditions to be separately disclosed, unless the aggregate impact is <1% of the absolute value of income or loss before income tax expense or benefit for expenses and losses or stockholders' equity or deficit for capitalised amounts for that fiscal year and de minimis.
	▶ Expenses, losses, and capitalised amounts directly related to carbon offsets and renewable energy credits or certificates (RECs) if used as a material component to achieve climate-related targets or goals.

QUANTITATIVE DISCLOSURES OUTSIDE THE FINANCIAL STATEMENTS	
Scope 1 and Scope 2 GHG emissions	▶ Material direct GHG emissions (Scope 1) and indirect GHG emissions from purchased electricity and other forms of energy (Scope 2), to be separately disclosed by LAF and AF that are not otherwise exempted.
Expenditure metrics	▶ Material expenses directly related to climate-related activities as part of a strategy, transition plan and/or targets and goals.

QUANTITATIVE DISCLOSURES
▶ Climate-related risks identified that have had or are reasonably likely to have a material impact on the strategy, results of operations, or financial condition in the short-term (i.e. the next 12 months) and in the long-term (i.e. beyond the next 12 months).
▶ Activities to mitigate or adapt to a material climate-related risk, and a description of direct material expenditures incurred and material impacts on financial estimates and assumptions.
▶ Whether the estimates and assumptions used in the financial statements were materially impacted by exposures to risks and uncertainties associated with, or known impacts from, severe weather events and other natural conditions such as hurricanes, tornadoes, flooding, drought, wildfires, extreme temperatures, and sea level rise, or any climate-related targets or transition plans disclosed by the registrant. If so, how the development of such estimates and assumptions were impacted by the events, conditions, and disclosed targets or transition plans identified above.
▶ Identified actual and potential material climate-related risks on the registrant's strategy, business model and outlook.
▶ Registrant's process to identify, assess and manage material climate-related risks and whether they are integrated into the registrant's overall risk management system or processes.

QUANTITATIVE DISCLOSURES
▶ Activities such as transition plans, scenario analysis, or internal carbon prices used to mitigate or adapt to a material climate-related risk.
▶ Climate-related targets or goals that have materially impacted or are reasonably likely to materially impact the business, results of operations, or financial condition.
▶ Oversight and governance of material climate-related risks by the registrant's board and management.

The final rules become effective 60 days after publication in the Federal Register and phase-in is as follows:

COMPLIANCE DATES UNDER THE FINAL RULES						
REGISTRANT TYPE	DISCLOSURE AND FINANCIAL STATEMENT EFFECTS AUDIT		GHG EMISSIONS/ASSURANCE			ELECTRONIC TAGGING
	All Reg. S-K and S-X disclosures, other than as noted in this table	Certain Items (Item 1502(d)(2), Item 1502(e)(2), and Item 1504(c)(2))	Scopes 1 and 2 GHG emissions	GHG emissions disclosures - Limited Assurance	GHG emissions disclosures - Reasonable Assurance	Inline XBRL tagging for subpart 1500
LAF	FYB 2025	FYB 2026	FYB 2026	FYB 2029	FYB 2033	FYB 2026
AFs (other than SRCs and EGCs)	FYB 2026	FYB 2027	FYB 2028	FYB 2031	N/A	FYB 2026
SRCs, EGCs, and NAFs	FYB 2027	FYB 2028	N/A	N/A	N/A	FYB 2027
'FYB' refers to any fiscal year beginning in the calendar year listed. 'NAF' refers to non-accelerated filer.						

Other Jurisdictional Updates

JURISDICTION	SUMMARY	MORE INFORMATION
Chile	The Chilean Financial Market Commission (FMC) has released a consultation on using International Sustainability Standards Board's (ISSB™) IFRS® Sustainability Disclosure Standards - IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and IFRS S2 Climate-related Disclosures (IFRS S2) as reference standards for reporting sustainability-related information. The consultation was open until 27 September 2024. The proposed amendments are in relation to an existing CMF regulation which was issued in November 2021, which covers sustainability and corporate governance information requirements in the annual reports of issuers of publicly offered securities and other supervised entities. The purpose of the amendments is to improve a number of areas of the regulation, one of which relates to using IFRS S1 and IFRS S2. The expected timeline for the amended regulation is to be effective for the financial year 2026, which is to be reported in 2027.	Press release
Botswana	The Botswana Stock Exchange (BSE) has published Sustainability Disclosure Guidance ('Guidance'). The purpose of the Guidance is to be used by locally listed companies on a voluntary basis. The guidance is aligned with IFRS S1, the standards of the Global Reporting Initiative (GRI) and the draft ESRS.	Guidance
Malaysia	The Securities Commission (SC) of Malaysia has released the National Sustainability Reporting Framework (NSRF), which integrates the standards set by the ISSB as the foundation for sustainability reporting in Malaysia. Developed by the Advisory Committee on Sustainability Reporting (ACSR) through extensive public consultations with various stakeholders, including local and foreign investors, as well as industry and professional associations, the NSRF aims to enhance transparency and accountability in sustainability practices. The implementation will be phased as follows: ▶ Large-listed issuers on the main market with a market capitalisation of RM2 billion and above will adopt the ISSB standards starting in 2025. ▶ Other main market listed issuers will begin using the ISSB standards in 2026. ▶ Listed issuers on the ACE Market and large non-listed companies will start using the ISSB standards in 2027.	Press release NSFR

JURISDICTION	SUMMARY	MORE INFORMATION
Pakistan	The Securities and Exchange Commission of Pakistan (SECP) is exploring a phased implementation approach for the ISSB standards and has launched a public consultation to discuss the criteria and timelines. Comments were requested until 18 October 2024. The SECP suggests that companies would be required to adopt the standards gradually, based on criteria such as total assets, turnover, and number of employees. According to the proposal, the first phase would commence with annual reporting periods starting on or after 1 January 2025. The second and third phases would begin in January 2026 and 2027, respectively. Additionally, the SECP proposes that companies obtain assurance on sustainability reporting from their auditors starting from the second year of mandatory reporting.	Public consultation
New Zealand	The New Zealand External Reporting Board (XRB) has initiated a consultation on proposed amendments to its climate and assurance standards. The consultation period ended on 30 October 2024. Since the publication of the Aotearoa New Zealand Climate Standards in December 2022, the XRB has received feedback from preparers having difficulties such as obtaining reliable data, high costs, and the lack of comprehensive guidance on certain topics. Stakeholders have also expressed concerns about obtaining assurance over Scope 3 greenhouse gas (GHG) emissions disclosures due to difficulties in acquiring sufficient reliable data from upstream and downstream entities. As a response to this feedback, the XRB proposes amendments to NZ CS 2 Adoption of Aotearoa New Zealand Climate Standards and NZ SAE 1 Assurance Engagements over Greenhouse Gas Emissions Disclosures. In relation to NZ CS 2, the proposed amendments extend some of the existing adoption provisions by one year and introduce a new provision where the assurance of Scope 3 GHG emissions disclosures would only apply to accounting periods ending before 31 December 2025. The proposed amendment to NZ SAE 1 aims to achieve consistency with this new provision.	Consultation document Exposure draft
United Kingdom	The UK will make endorsed ISSB's IFRS S1 and IFRS S2 standards available in Q1 2025. This announcement is ending speculation over timescales for new reporting requirements.	UK sustainability Disclosure Requirements: Implementation Update 2024

JURISDICTION	SUMMARY	MORE INFORMATION
Canada	In March 2024, the CSSB released its proposals for the first Canadian Sustainability Disclosure Standards (CSDSs) based on IFRS S1 and IFRS S2, which included certain exemptions. Ten major Canadian pension funds have reverted with a joint statement. Big Canadian pension funds proposed the Canadian Sustainability Standards Board (CSSB) to reconsider its proposals for reporting exemptions on sustainability-related disclosures, Scope 3 disclosures and scenario analysis. They noted that the pension funds 'support the ISSB's 'building block' approach, which allows for additions to the global baseline and limits modifications or deletions'. Consultation process for comments on the exposure drafts for Canadian Sustainability Disclosure Standard (CSDS) 1, General Requirements for Disclosure of Sustainability related Financial Information and Canadian Sustainability Disclosure Standard (CSDS) 2, *Climate-related Disclosures* closed on 10 June 2024. CSSB is currently finalising their deliberations on the feedback obtained during the consultation process. CSDS 1 and CSDS 2 are expected to be officially released in December 2024.	Joint statement from Canadian pension funds Canadian Sustainability Standards Board project page
Singapore	The Singapore Exchange Regulation (SGX RegCo) has announced its decision following a consultation on requiring ISSB-aligned climate-related disclosures. With broad support from respondents, SGX RegCo will begin incorporating the ISSB standards into its sustainability reporting regime. However, the regulator has decided to drop the proposed 2026 timeline for ISSB-aligned Scope 3 disclosures for all listed firms. The announcement on the SGX RegCo website notes that most respondents supported mandatory climate-related reporting for all issuers, as opposed to the current requirement for only certain sectors. However, they also highlighted challenges, particularly for smaller issuers, regarding the evolving measurement and reporting methodologies for Scope 3 GHG emissions. This is despite the one-year transition relief for the disclosure of Scope 3 GHG emissions in the IFRS Sustainability Disclosure Standards. The updated plan now expects large issuers to report on Scope 3 GHG emissions for 2026. The Institute of Singapore Chartered Accountants (ISCA) has released an illustrative sustainability report that aligns with the standards of the ISSB and the GRI. This publication follows the Singapore Exchange Regulation's (SGX RegCo) announcement to enhance its sustainability reporting framework by incorporating the latest international standards.	Press release Illustrative sustainability report

JURISDICTION	SUMMARY	MORE INFORMATION
Australia	The Australian Accounting Standards Board (AASB) has issued AASB S1 'General Requirements for Disclosure of Sustainability-related Financial Information' for voluntary application and AASB S2 'Climate-related Disclosures' for mandatory application. Large businesses and financial institutions are required to apply AASB S2 starting from 1 January 2025. Initially, the AASB proposed modifications to IFRS S1 and IFRS S2 in October 2023, limiting the scope to climate-related disclosures and adjusting requirements for industry-based information, greenhouse gas emissions measurement, and temperature outcomes for scenario analysis. However, feedback from members of the Australian financial sector opposed these changes, mentioning that there were few Australian-specific circumstances justifying deviations from IFRS S2. In response, the AASB revised its approach in September 2024, incorporating all IFRS S2 requirements into AASB S2, with modifications only to the following areas: ▶ Included general requirements for disclosing climate-related financial information from IFRS S1. ▶ Provided options under legislative amendments for consolidated reporting. ▶ Removed the requirement for industry-based disclosures, eliminating the need to consider the applicability of disclosure topics and associated industry-based metrics. ▶ Offered additional guidance for users of a not-for-profit entity's general purpose financial report (GPFR). The AASB has issued AASB S1 as a voluntary standard, incorporating all IFRS S1 requirements without modification. This aligns with the Australian Government's focus on climate-related financial disclosures first, with other sustainability-related risks and opportunities to be considered later. Therefore, entities are not required to disclose information on sustainability-related risks and opportunities beyond climate.	Press release AASB S1 AASB S2 AASB S1 Basis for conclusions AASB S2 Basis for conclusions
Hong Kong	The Hong Kong Institute of Certified Public Accountants (HKICPA) has released two exposure drafts (EDs) for sustainability reporting standards, which are fully aligned with IFRS S1 and IFRS S2. The comment period for the EDs closed 27 October 2024. The proposed effective date for HKFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and HKFRS S2 'Climate-Related Disclosures' is from 1 January 2025.	Press release with EDs, an explanatory memorandum and FAQs

Sustainability Reporting Resources

International Sustainability Reporting Bulletin 2024/08 30 September 2024 Sustainability Reporting Update

BDO has published *International Sustainability Reporting Bulletin 2024/08 30 September 2024 Sustainability Reporting Update*. This publication provides a 'snapshot' of sustainability reporting developments with a focus on the updates following the ISSB's issue of two IFRS Sustainability Disclosure Standards on 26 June 2023 and the EC's adoption of the ESRS on 31 July 2023.

BDO published EU Reporting: Corporate Sustainability Reporting Directive – Summary of Scope and Requirements

2024 is the first year in which companies are required to report in accordance with the EU's CSRD, which replaces the NFRD. *EU Reporting: Corporate Sustainability Reporting Directive – Summary of Scope and Requirements* sets out an overview of key changes that have been introduced by the CSRD in comparison to the NFRD, together with a more detailed explanation of the very significantly expanded scope, the timing of adoption by different entities, and a high-level summary of what companies need to prepare for. It also includes an overview of the first batch of general sector-agnostic ESRS, and how (and the extent to which) the CSRD links these to IFRS Sustainability Disclosure Standards published by the ISSB at the International Financial Reporting Standards (IFRS) Foundation.

BDO published Corporate Sustainability Reporting Directive ('CSRD' for Non-EU Companies)

Corporate Sustainability Reporting Directive ('CSRD' for Non-EU Companies) provides an executive summary of the CSRD, what is required by the CSRD, which non-EU entities are in scope of the CSRD and when as well as provides references to further resources available, making it a useful resource for those familiarising themselves with these new standards.

Sustainability At a Glance - IFRS Sustainability Disclosure Standards

IFRS S1 and S2 set a 'global baseline' for disclosure of sustainability-related financial information and are expected to be endorsed and/or adapted by many jurisdictions worldwide. *Sustainability At a Glance - IFRS Sustainability Disclosure Standards* summarises IFRS S1 and S2 into a few pages, making it a useful resource for those familiarising themselves with these new standards.

Sustainability At a Glance - European Sustainability Reporting Standards

BDO has published *Sustainability At a Glance - European Sustainability Reporting Standards (ESRS)*. *Sustainability At a Glance - European Sustainability Reporting Standards (ESRS)* has been compiled to assist in gaining a high-level overview of the ESRS and summarises the disclosure requirements of each topical ESRS including certain definitions.

Sustainability At a Glance – The Greenhouse Gas Protocol

Sustainability At a Glance – The Greenhouse Gas Protocol summarises measuring scope 1, 2 and 3 emissions into a few pages, making it a useful resource for those familiarising themselves with this protocol.

For further information and guidance on sustainability, please refer to BDO's Global Sustainability Reporting Micro-site.

For further information on the proposed SEC Climate Disclosure rule, please refer to BDO US's Sustainability and ESG site.

www.bdo.global

FOR MORE INFORMATION:

Sustainability Reporting Policy Committee