

Agenda Item 5(b) – Summary of International Developments on Sustainability and ESG Reporting

The following summarises recent global sustainability and ESG reporting developments:

- [European Union](#) – Since October 2014, EU law has required large public-interest companies (> 500 employees) to disclose ESG information.
- [New Zealand External Reporting Board \(XRB\)](#) – In September 2020, the NZ government announced its intention to introduce mandatory climate-related disclosures for large listed companies and certain other insurers, banks, credit unions, building societies, investment schemes and Crown financial institutions. The XRB released the [Governance and Risk Management](#) parts of the proposed standards on 20 October 2021, open for consultation until 22 November 2021.
- [US Securities and Exchange Commission \(SEC\)](#) – In March 2021, requested public input on climate change disclosures and created a [Climate and ESG Task Force](#) to focus on identifying any material gaps or misstatements in the issuer's disclosure under existing rules.
- [International Auditing and Assurance Standards Board \(IAASB\)](#) – In April 2021, issued [Non-Authoritative Guidance on Applying ISAE 3000 \(Revised\) to Extended External Reporting Assurance Engagements](#), including sustainability reporting. The guidance's objective is to improve the quality and credibility of extended external reporting and respond to ten key stakeholder-identified challenges while applying ISAE 3000 (Revised).
- [European Financial Reporting Advisory Group \(EFRAG\)](#) – sought stakeholder comments between June and September 2021 on its consultation paper [EFRAG Due Process Procedures on EU Sustainability Reporting Standard-Setting](#).
- [Value Reporting Foundation \(VRF\)](#) – formed in June 2021 from the merger of the IIRC and the SASB, bringing together resources of the Integrated Reporting Framework, integrated thinking principles, and SASB standards to assist businesses and investors in better understanding enterprise value creation.
- [UK Financial Reporting Council \(UK FRC\)](#) – published [FAQs on International Sustainability Standards Setting](#) on 23 September 2021 to inform UK stakeholders on developments in sustainability standard-setting by the IFRS Foundation. In addition, the UK FRC [Financial Reporting Lab](#) invited companies, investors and interested parties to participate in a new project looking at how companies produce ESG data.
- ACCA launched [Professional accountants at the heart of sustainable organisations](#) in September 2021 as part of its global research programme. The research considers four new emerging career zones (*Zone 1- Transformation drivers, Zone 2- Enterprise analysts, Zone 3- Assurance providers and Zone 4- Stakeholder reporters*) for finance professionals to contribute to sustainable organisations.
- [CA ANZ, CPA Australia](#) and [ICAEW](#), on 11 October 2021, joined other national accounting bodies, representing 300,000 accountants globally to commit to reaching net-zero greenhouse gas emissions. This is an initiative of The Prince of Wales 'Accounting for Sustainability (A4S) Project Accounting Bodies Network (ABN).
- IFAC held its [second annual virtual summit](#) on 12-14 October 2021, focusing on ESG and sustainability reporting for organisations to meet the needs and perspectives of investors, regulators and public interest entities.

- [IOSCO's](#) 2 November 2021 report sets regulatory and supervisory expectations for asset managers to address greenwashing concerns and challenges encountered with evaluating risks and opportunities of investment products due to the lack of consistency and comparability of data.