

Agenda Item 7(a) – Summary of other International Sustainability Developments

US Securities and Exchange Commission

The [US SEC has proposed enhanced climate disclosures](#) on climate-related risk and relevant risk management processes to support a global system for delivering consistent, comparable and assurable sustainability information. Thousands of submissions were received, and the SEC is expected to adopt these proposed changes during 2023.

European Commission

The European Commission developed a [Directive on Corporate Sustainability Due Diligence](#), closely interlinked with the [Corporate Sustainability Reporting Directive](#) (CSRD). The Council and European Parliament reached a provisional political agreement on the CSRD on [21 June 2022](#) and a final political agreement on 10 November 2022. The Council gave its [final approval](#) of the CSRD on 28 November 2022, and the CSRD became effective on [5 January 2023](#).

Therefore, large EU companies and listed SMEs will soon need to publish detailed sustainability disclosures. In addition, the CSRD introduces more reporting requirements on sustainability matters such as environmental, social and human rights and governance factors. The CSRD aligns with the [EU's climate goals](#) and aims to mitigate the risk of greenwashing.

The European Financial Reporting Advisory Group (EFRAG) is responsible for drafting European Union Sustainability Reporting Standards (ESRSs). The Commission intends to adopt the first set of ESRS in June 2023 based on the draft standards issued by EFRAG in November 2022.

IOSCO

On [5 December 2022](#), the International Organization for Securities Commissions (IOSCO) announced Mr Rodrigo Buenaventura (Chair of the Spanish Securities Market Commission) as Chair of the IOSCO Sustainable Finance Task Force. The Task Force will evaluate whether the ISSB can act as a global baseline standard for climate disclosures. Mr Buenaventura will also lead IOSCO in finalising work on carbon markets and promoting independent assurance of corporate sustainability disclosures.

IFAC

IFAC has recently published a series of documents, guidance and articles on its [Knowledge Gateway](#) relating to sustainability, including:

- 6 January 2023 – [In the International Fight Against Corruption, Audit Contributes to the Success of SDGs](#);
- 5 January 2023 – [Getting to net zero: Role of CPAs in leading change](#);
- 5 December 2022 – [Sustainability: A call to action](#);
- 2 December 2022 – [Sustainable Debt and the Role of Professional Accountants in Business and the Public Sector](#); and
- 1 December 2022 – [Embracing Sustainability: Actions for SMEs](#).

UK FRC

The UK Financial Reporting Council (FRC) [updated its 2021 Statement of Intent on ESG](#), which identified issues with the production, assurance, distribution, consumption, supervision and regulation of ESG information. The FRC has undertaken several initiatives to support best practice ESG reporting and established an FRC ESG Group in 2022. The update highlighted the FRC's material and continued support of the IAASB and IESBA's development of international ethical, independence and assurance standards. FRC's key focus areas for 2023 ESG reporting include ESG data, materiality disclosures, ESG reporting requirements of the Corporate Governance Code and the link between investors and ESG reporting.

NZ XRB

The New Zealand External Reporting Board (XRB) received 133 submissions on its Exposure Drafts for Climate-related disclosures and published the following standards in December 2022 (applicable 1 January 2023):

- [NZ CS 1 Climate-related Disclosures](#), which aims to enable primary users to assess an entity's consideration of climate-related risks/opportunities for decision-making;
- [NZ CS 2 Adoption of Aotearoa New Zealand Climate Standards](#) provides a limited number of adoption provisions, recognising the time to develop quality disclosures; and
- [NZ CS 3 General Requirements for Climate-related Disclosures](#) establishes principles and general requirements for high-quality climate-related disclosures.