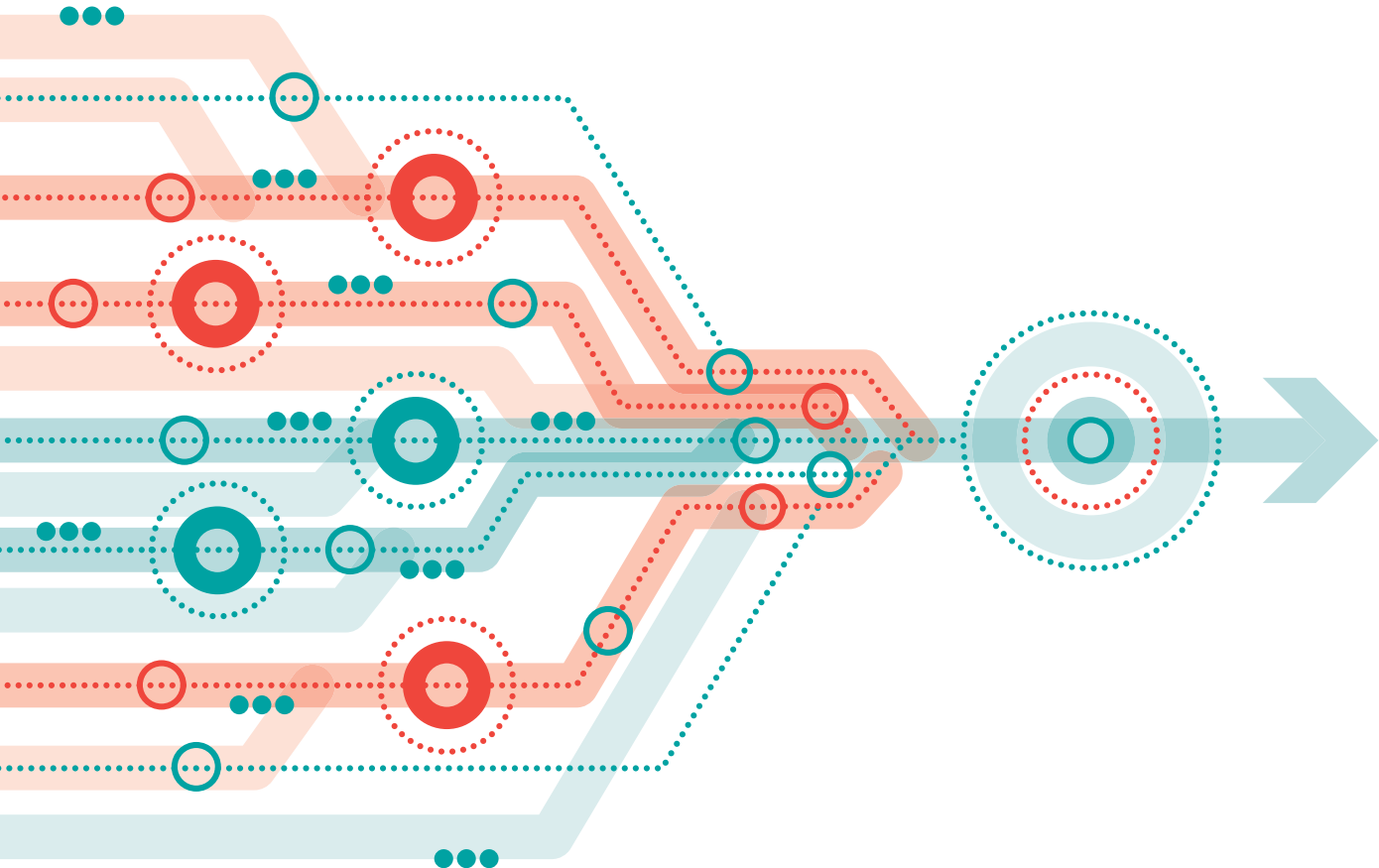


# Harmonising Sustainability Disclosures: A Roadmap for the Adoption of ISSB Standards

A report by the International Regulatory Strategy Group  
in association with Clifford Chance LLP

## ANNEX



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# ANNEX 1

## UK IMPLEMENTATION OF TCFD DISCLOSURES

### TCFD Standards implementation

### Responses

#### IMPLEMENTATION STATUS AND APPROACH

##### Current state of adoption or use of TCFD recommendations in your jurisdiction

The UK government's **2019 Green Finance Strategy** included:

- A government expectation that all listed companies and large asset owners would disclose in line with the TCFD recommendations by 2022.
- Establishing a joint taskforce with UK regulators, chaired by the government, to examine the most effective way to approach disclosure, including exploring the appropriateness of mandatory reporting.

In November 2022, the UK TCFD taskforce, which was set up under the Green Finance Strategy, published its **Roadmap towards mandatory climate-related disclosures** setting out an indicative path over the next five years towards mandatory climate-related disclosures, with a significant proportion of mandatory requirements in place by 2023. The ROADMAP set out a strategy for seven categories of organisation to report in line with the TCFD recommendations, subject to the outcomes of relevant regulators' and government's consultations and other statutory requirements such as cost/benefit analysis:

- o listed commercial companies;
- o UK-registered companies;
- o banks and building societies;
- o insurance companies;
- o asset managers;
- o life insurers and FCA-regulated pension schemes; and
- o occupational pension schemes.

The Roadmap illustrates how the coverage of supervisory expectations, disclosure rules or legislative requirements is expected to rise over the five year period, with the most economically significant entities expected to report first.

## TCFD Standards implementation

### Publicly accountable entities in scope of TCFD recommendations in your jurisdiction

Please include detail of relevant triggers for other in-scope entities

## Responses

- Entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses (e.g. banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks) and have a significant weight in the jurisdiction, regardless of ownership structure or listed status.
- Other entities such as private entities or pension funds (optional).

Further details:

In the UK, the following entities are in scope:

- o Certain listed companies (FCA Listing Rules);
- o Banks and building societies (PRA Supervisory Statement SS3/19);
- o Insurance companies (PRA Supervisory Statement SS3/19);
- o Asset managers, life insurers and FCA-regulated pension providers (FCA ESG Sourcebook Rules);
- o UK incorporated traded companies, banking companies, authorised insurance companies, companies carrying on insurance market activity, AIM listed companies and high turnover companies (more than £500m turnover) in each case having more than 500 employees (Companies Act 2006); and
- o Occupational pension schemes (Pension Schemes Act 2021 and regulations).

### Approach to introducing TCFD recommendations into local regulatory frameworks

- Direct use of TCFD recommendations
- Introduction of local standards that may mention, but do not contain content generally based on, TCFD recommendations

Further details:

The UK adopted a mixed approach, for example the FCA Listing Rules directly reference the TCFD recommendations and recommended disclosures and TCFD guidance whereas the Companies Act 2006 sets out specific climate-related disclosure requirements that are aligned to but do not directly reference the TCFD recommendations.

### Issues in local legislation and regulation impacting of TCFD recommendations or use

Supervision and enforcement of UK TCFD disclosure requirements and liability arising from making TCFD disclosures is subject to the various existing legal and regulatory regimes, which means that there are differences (see below).

Overlap between different regimes has not always been formally addressed. For example, the overlap between the Listing Rules and the Companies Act 2006 climate-related financial disclosure requirements is addressed in non-binding government guidance.

## TCFD Standards implementation

## Responses

## ENFORCEMENT

**Legal enforcement mechanism for compliance**

(e.g. criminal/civil/administrative law)

The enforcement mechanism depends on where the TCFD-aligned disclosure requirements are located. For example, the FCA has the power to fine listed companies/their directors for breach of the Listing Rules, but the FRC does not (currently) have the power to fine UK-incorporated companies/their directors for breach of the Companies Act 2006 reporting requirements (there are some criminal sanctions but these are rarely used). The UK approach to enforcement is therefore not consistent across all entities which are required to make TCFD-aligned disclosures.

**Relevant enforcement authorities**

(e.g. securities regulator/ prudential regulator/other regulatory body; courts; other?)

In the UK the relevant enforcement authorities are:

- o Financial Conduct Authority (FCA)
- o Financial Reporting Council (FRC)
- o Prudential Regulatory Authority (PRA)
- o The courts
- o The Pensions Regulator

**Enforcement approach**

Is there any official policy/protocol/guidelines or other precedent re enforcement approach (e.g. the UK's approach to TCFD reporting, involving FCA/FRC reviews of reporting identifying areas of good practice and areas for improvement and limited regulatory enforcement in the first couple of years etc.)

- Yes

Further details:

For listed companies, the FCA is responsible for monitoring and where necessary enforcing compliance with the TCFD listing rule disclosure requirements, and for determining an appropriate supervisory strategy. The FRC is responsible for keeping the disclosures under review.

In November 2021, the FCA set out its disclosure expectations and supervisory strategy in Primary Market Bulletin 36: **PMB 36**. This included working with the FRC to undertake thematic reviews of TCFD-aligned disclosures (with both the FCA and FRC publishing the findings of their reviews of the first year of reporting in July 2022 and the FRC publishing a second report in July 2023). PMB 36 noted that in the first instance of non-compliance the FRC would be likely to contact the company to set out the issues and ask for further information. The FRC could then ask the company to take corrective or clarifying action, such as undertaking to enhance its disclosures in subsequent reports and accounts. Only if a satisfactory conclusion could not be reached would this be escalated to the FCA, or where the FRC identified false or misleading information or the omission of a material fact.

In August 2023, in Primary Market Bulletin 45: **PMB 45**, the FCA noted that when it introduced its TCFD listing rules, it developed a supervisory approach, in collaboration with the FRC, which was designed to set issuers up to succeed. The FCA and FRC recognised that, to raise levels of compliance, their efforts should be focussed on:

- o raising awareness of the new rules and guidance; and
- o improving the quality of disclosures.

The FCA also noted that its supervisory approach will need to evolve, and that it would provide more information on its supervisory approach as part of its consultation on updating the listing rules from TCFD-aligned disclosures to ISSB-aligned disclosures.

## TCFD Standards implementation

## Responses

## IMPLEMENTATION TIMELINE

## Timeline for adoption or use of TCFD recommendations

The implementation of TCFD disclosures in the UK has followed a phased approach, for example:

- o For financial years beginning on/after 1 January 2021, premium listed companies were required to disclose climate-related financial information on a “comply or explain” basis.
- o For financial years beginning on/after 1 January 2022, the requirement was extended to standard listed companies, including issuers of standard listed shares and global depositary receipts.
- o For financial years beginning on/after 6 April 2022, certain large UK incorporated companies were required to comply with TCFD disclosure requirements.

## Effective date

The effective date varies depending on the type of organisation (see above).

## Phasing in of TCFD recommendations

The TCFD recommendations and recommended disclosures did not contain any timing requirements or transitional reliefs.

However, the UK government’s Roadmap anticipated that implementation measures would be introduced incrementally by relevant regulators and government departments – and that the disclosure obligations for some categories would be introduced, at least initially, with some flexibility in the compliance basis to take account of known data limitations or other challenges. It also anticipated that some entities could provide a reasoned explanation if they had not made complete disclosures or that, alternatively, the relevant regulations could allow for disclosures to be made on an “as far as able” basis.

For example, the FCA’s listing rules:

- o applied to premium listed companies first, then to standard listed issuers; with further requirements applying to AIM listed issuers under the Companies Act 2006 (see above);
- o were introduced on a “comply or explain” basis (whereas the Companies Act 2006 requirements are mandatory, but certain disclosures do not need to be included if the directors reasonably believe that they are not material);
- o included guidance that the FCA would ordinarily expect a listed company to be able to make disclosures consistent with the TCFD recommendations and recommended disclosures, except where it faces transitional challenges in obtaining relevant data or embedding relevant modelling or analytical capabilities;
- o in particular highlighted which of the TCFD recommended disclosures that a listed company should ordinarily be able to make (all of the disclosures on governance and risk management plus points a and b of strategy to the extent not facing transitional challenges etc i.e. excluding point c of strategy and the metrics and targets disclosures);

## TCFD Standards implementation      Responses

TRANSITION RELIEFS AND JURISDICTIONAL MODIFICATIONS	
Nature and extent of transition reliefs	N/A
Nature and extent of jurisdictional modifications	N/A
REPORTING REQUIREMENTS	
<p><b>Placement of disclosures – are sustainability-related financial disclosures required or permitted to be provided as part of the general-purpose financial report in your jurisdiction?</b></p>	<p>Listed companies incorporated in the UK are required to include a ‘compliance statement’ setting out whether the listed company has included climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures in its annual financial report (or to explain if it has not).</p> <p>The Companies Act 2006 requires in-scope UK incorporated companies to include climate-related financial disclosures in the non-financial and sustainability information statement in the strategic report section of their annual report and accounts.</p>
<p><b>Consolidated reporting/exemptions/equivalence</b></p> <p>(e.g. exemptions for subsidiaries included in the consolidated report of an in-scope parent; if parent not-in-scope, is there a choice for either the parent or the entity to report; equivalence/recognition of parent/group reporting if, for example, parent reports under CSR/ESRS?)</p>	<p>The Companies Act 2006 climate-related financial disclosure requirements provide that UK incorporated subsidiaries can be exempt from the disclosure requirements if their UK incorporated parent company includes them in its disclosures in its group non-financial and sustainability information statement. This exemption does not apply to non-UK incorporated parent companies (which is confirmed in the government’s non-binding guidance).</p>
<p><b>Reporting boundary</b></p> <p>(e.g. same reporting boundary used for financial and sustainability reporting? Or different reporting boundaries where, e.g. GHG Protocol used to report emissions on an operational basis?)</p>	<p>The Companies Act 2006 uses the same reporting boundary for the group/ consolidated financial statements and the group strategic report (including the group climate-related financial disclosures in the group non-financial and sustainability information statement).</p>
<p><b>(Ability to refer to existing guidance for financial institutions)</b></p>	N/A

# ANNEX 2 IMPLEMENTATION OF ISSB STANDARDS<sup>14</sup>



## Australia

### ISSB Standards implementation

### Responses

#### IMPLEMENTATION STATUS AND APPROACH

#### Current state of adoption or use of ISSB standards in your jurisdiction

- Partially incorporating ISSB standards (e.g. adoption of only S1 or S2)

Further details:

Australian Accounting Standards Board (the “AASB”) Standards to be implemented.

AASB S1 is based on IFRS S1 and will be voluntary.

AASB S2 is based on IFRS S2 and will be mandatory.

#### Publicly accountable entities in scope of ISSB standards in your jurisdiction

Please include detail of relevant triggers for other in-scope entities

- Entities whose securities are traded in a public market (public/listed companies).
- Entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses (e.g. banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks) and have a significant weight in the jurisdiction, regardless of ownership structure or listed status.
- Other entities such as private entities or pension funds (optional).

Further details:

AASB S2 will be mandatory for **Group 1** companies (commencing financial years beginning on or after 1 January 2025) that meet two of the following criteria (for listed, unlisted and not-for-profits (“NFPs”) but excluding registered schemes, registrable superannuation entities or retail Corporate Collective Investment Vehicles (“CCIVs”)):

1. over 500 employees
2. \$1 billion+ in consolidated gross assets
3. \$500 million+ consolidated annual revenue

[continued >](#)

<sup>14</sup> The following implementation questionnaires do not constitute legal analysis, are provided for informational purposes only, and should not be construed as advice or as creating an attorney-client relationship.



## ISSB Standards implementation

## Responses

Group 1 also includes reporting entities that are National Greenhouse and Energy Reporting (“**NGER**”) Scheme ‘Controlling Corporations’, meeting the NGER Scheme publication threshold.

**Group 2** companies (commencing financial years beginning on or after 1 July 2026) are companies that meet two of the following criteria (for listed, unlisted and NFPs):

1. over 250 employees
2. \$500 million+ consolidated gross assets
3. \$200 million+ consolidated annual revenue

Group 2 also includes:

- o registered schemes, registrable superannuation entities or retail CCIVs (i.e. asset owners) with the value of Assets under Management of \$5 billion+; and
- o any reporting entities that are also NGER Scheme ‘Controlling Corporations’ that do not meet the NGER Scheme publication threshold.

**Group 3** companies (commencing financial years beginning on or after 1 July 2027) are companies that meet two of the following criteria (for listed, unlisted and NFPs) and face material climate-related risks or opportunities:

4. over 100 employees
5. \$25 million+ consolidated gross assets
6. \$50 million+ consolidated annual revenue

Charities are not subject to mandatory reporting if registered with the Australian Charities and Not-for-profits Commission or under the Corporations (Aboriginal and Torres Strait Islander) Act 2006 as they are not subject to Chapter 2M Corporations Act reporting.

## Approach to introducing ISSB disclosure standards into local regulatory frameworks

- Introduction of local standards with explicit reference to IFRS S1 and S2

Further details:

AASB S1 is based on IFRS S1 and will be voluntary.

AASB S2 is based on IFRS S2 and will be mandatory. AASB S2 is based on and builds on the Task Force on Climate-Related Disclosures but requires more detailed and quantitative disclosures of climate impacts over the short, medium and long term. These timings are not defined but depend on the entity and industry, including factors such as cash flow, investment and business cycles and planning horizons.

In a deviation from IFRS S2, under the Australian regime entities must conduct at least two scenarios: one aligned with 1.5°C warming and one where warming ‘well exceeds’ 2°C.

## ISSB Standards implementation

## Responses

### Issues in local legislation and regulation impacting ISSB adoption or use

AASB S1 and S2 were introduced through amendments to the Corporations Act 2001 (Cth) in the form of the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024* (Cth), which was passed by Parliament in September 2024.

## ENFORCEMENT

### Legal enforcement mechanism for compliance

(e.g. criminal/civil/administrative law)

AASBs are legislative instruments under section 334 of the Corporations Act 2001 (Cth) with companies who report under Chapter 2M of the Corporations Act required to comply with AASBs and are subject to civil penalties for non-compliance.

Private enforcement is also available for breach of section 1041H and/or section 1041E of the Corporations Act. However, there is a regulator-only enforcement period to be imposed for the first three years of the mandatory climate-reporting.

### Relevant enforcement authorities

(e.g. securities regulator/ prudential regulator/other regulatory body; courts; other?)

Regulatory enforcement by the Australian Securities and Investment Commission (ASIC). ASIC has indicated that it will more likely take enforcement action where it sees misconduct of a serious nature – such as where there is misconduct causing harm to investors/primary users.

### Enforcement approach

Is there any official policy/protocol/guidelines or other precedent re enforcement approach (e.g. the UK's approach to TCFD reporting, involving FCA/ FRC reviews of reporting identifying areas of good practice and areas for improvement and limited regulatory enforcement in the first couple of years etc.)

● Yes

Further details:

During the regulator-only enforcement period (for all forward-looking disclosures required under AASB S2 for the first year, and for all scope 3, scenario analysis and transition planning disclosures for the first three years from 1 January 2025), ASIC will have powers to issue directions to an entity where it considers the entity's Sustainability Report is incorrect, incomplete or misleading to:

- o Confirm to ASIC that the statement is correct or complete;
- o Explain the statement to ASIC;
- o Provide ASIC with information or documents that could substantiate or support the statement;
- o Correct, complete or amend the statement in accordance with the direction;
- o If directed to correct, complete or amend the statement, publish the corrected, completed or amended statement to specified persons in accordance with the direction; and
- o If directed to correct, complete or amend the statement, give the corrected, completed or amended statement to specified persons in accordance with that direction.

**ISSB Standards implementation**

**Responses**

IMPLEMENTATION TIMELINE	
<p><b>Timeline for adoption or use of ISSB standards</b></p>	N/A – AASB S1 and AASB S2 are variations on the ISSB standards.
<p><b>Effective date</b>  (i.e. extent to which requirements refer to currently effective ISSB standards, noting that IFRS S1 and S2 include transition standard reliefs)</p>	Cohort 1 – AASB S2 applies for financial years ending from 1 January 2025 (e.g. a company whose financial year runs from 1 July to 30 June will be subject to mandatory reporting for the financial year ending on 30 June 2026).
<p><b>Where there is a transition period, is the phasing in of ISSB requirements</b></p> <ul style="list-style-type: none"> <li>o limited only to the transition standard reliefs in IFRS S1 and S2, or</li> <li>o involving the deferral or delay of other requirements in IFRS S1 and S2?</li> </ul> <p>Please elaborate.</p>	N/A – effectively cohort-based transition.
TRANSITION RELIEFS AND JURISDICTIONAL MODIFICATIONS	
<p><b>Nature and extent of transition reliefs (i.e. those built-in to the ISSB standards)</b>  (i.e. climate-first reporting; the timing of reporting; comparative disclosures; GHG Protocol and Scope 3 GHG emissions – known as “transition adoption reliefs”)</p>	<p>No transition period for application of AASB S2. For cohort 1, applies for reporting periods commencing on or after 1 January 2025.</p> <p>The Proportionality Test in AASB S2 will apply to certain disclosures, which need only be based on “reasonable and supportable information that is available at the reporting date without undue cost or effort.”</p>
<p><b>Nature and extent of jurisdictional modifications (i.e. other changes to or exemptions from requirements in the ISSB standards)</b>  (i.e. changes to or exemption from requirements in the ISSB standards other than transition adoption reliefs (see above) including phasing in that extends beyond the ISSB specified time frames, permanent exemptions, amendments in requirements of elements included in the ISSB standards etc)</p>	<p>In a deviation from IFRS S2, under the Australian regime, entities must conduct at least two scenarios: one aligned with 1.5°C warming and one where warming ‘well exceeds’ 2°C.</p> <p>Scope 3 reporting involves absolute scope 3 emissions, including upstream, downstream and financed emissions (for those with asset management, commercial banking or insurance activities). Scope 3 emissions are not required to be disclosed until an entity’s second reporting year and are subject to the Proportionality Test.</p>

## ISSB Standards implementation

## Responses

REPORTING REQUIREMENTS	
<p><b>Placement of disclosures – are sustainability-related financial disclosures required or permitted to be provided as part of the general-purpose financial report in your jurisdiction?</b></p>	<p>Disclosures are required to be in a Sustainability Report which must be issued at the same time as the company's financial statements, with the Sustainability Report covering the same reporting period and the same reporting entity as the financial statements.</p>
<p><b>Consolidated reporting/exemptions/equivalence</b></p> <p>(e.g. exemptions for subsidiaries included in the consolidated report of an in-scope parent; if parent not-in-scope, is there a choice for either the parent or the entity to report; equivalence/recognition of parent/group reporting if, for example, parent reports under CSRD/ESRS?)</p>	<p>Consolidated reporting of an Australian corporate group is permitted, with entities able to apply to ASIC for relief, similarly to the mechanisms available for financial reports.</p> <p>Not exempt if company reports offshore.</p>
<p><b>Reporting boundary</b></p> <p>(e.g. same reporting boundary used for financial and sustainability reporting? Or different reporting boundaries where, e.g. GHG Protocol used to report emissions on an operational basis?)</p>	<p>Same reporting boundary should be used for financial and sustainability reporting.</p>
<p><b>Ability to refer to existing guidance for financial institutions</b></p>	<p>N/A</p>



## Brazil

### ISSB Standards implementation

### Responses

#### IMPLEMENTATION STATUS AND APPROACH

##### Current state of adoption or use of ISSB standards in your jurisdiction

- Adopting ISSB standards with limited transition (i.e. accelerated)

Further details:

The Brazilian Securities and Exchange Commission (**CVM**) enacted Resolutions CVM n° 217 and 218, mandating the adoption of CBPS Technical Pronouncement No. 01 and 02, respectively, for publicly held companies, investment funds and securitization companies. These Pronouncements align with ISSB IFRS S1 and S2 Standards, with compliance being mandatory for public held companies from 1 January 2026, and voluntary early adoption from 1 January 2024.

##### Publicly accountable entities in scope of ISSB standards in your jurisdiction

Please include detail of relevant triggers for other in-scope entities

- Entities whose securities are traded in a public market (public held/listed companies)
- Other entities such as private entities or pension funds (optional).

Further details:

Under Resolutions CVM n° 217 and 218, publicly held companies, investment funds and securitization companies may voluntarily prepare and disclose financial and climate information reports related to sustainability complying with the standards set out in CBPS Technical Pronouncements No. 01 and 02, which align with ISSB IFRS S1 and S2 standards, starting from fiscal years beginning on or after 1 January 2024.

Additionally, as of 1 January 2026, publicly held companies must comply with the standards set out in Resolutions CVM n° 217 and 218, for preparing and disclosing financial and climate information reports.

##### Approach to introducing ISSB disclosure standards into local regulatory frameworks

- Introduction of local standards with explicit reference to IFRS S1 and S2

Further details:

Following a public consultation, CVM adopted local standards (CBPS Technical Pronouncement No. 01 and 02), with explicit references to IFRS S1 and S2 through Resolutions CVM n° 217 and 218, which respectively incorporate the technical reports.

##### Issues in local legislation and regulation impacting ISSB adoption or use

N/A

## ISSB Standards implementation

## Responses

ENFORCEMENT	
<p><b>Legal enforcement mechanism for compliance</b></p> <p>(e.g. criminal/civil/administrative law)</p>	<p>In case of non-compliance, the CVM has the power to apply administrative sanctions, which may include warnings, fines, and, in more severe cases, the suspension or cancellation of the company's registration.</p> <p>Additionally, the CVM may require the company to correct any inadequately disclosed information and publish a new version of the report with the necessary corrections.</p>
<p><b>Relevant enforcement authorities</b></p> <p>(e.g. securities regulator/ prudential regulator/ other regulatory body; courts; other?)</p>	<p>Brazilian Securities and Exchange Commission (CVM)</p>
<p><b>Enforcement approach</b></p> <p>Is there any official policy/protocol/guidelines or other precedent re enforcement approach (e.g. the UK's approach to TCFD reporting, involving FCA/FRC reviews of reporting identifying areas of good practice and areas for improvement and limited regulatory enforcement in the first couple of years etc.)</p>	<p>● No</p> <p>Further details:</p> <p>There is no official policy, protocol, guideline or other precedent regarding the enforcement. However, CVM's standard enforcement procedure in respect of disclosure obligations includes the re-submission of the document with the necessary corrections, official letters, warnings, fines and/or the suspension or cancellation of the company's registration, depending on the violation.</p>
IMPLEMENTATION TIMELINE	
<p><b>Timeline for adoption or use of ISSB standards</b></p>	<p>Voluntary disclosure for publicly held companies, investment funds, and securitization companies from 1 January 2024.</p> <p>Mandatory disclosure of the financial information reports related to sustainability and climate applies to publicly held companies from 1 January 2026.</p>
<p><b>Effective date</b></p> <p>(i.e. extent to which requirements refer to currently effective ISSB standards, noting that IFRS S1 and S2 include transition standard reliefs)</p>	<p>1 January 2026 in respect of the mandatory disclosures of publicly held companies.</p>
<p><b>Where there is a transition period, is the phasing in of ISSB requirements</b></p> <p>limited only to the transition standard reliefs in IFRS S1 and S2, or involving the deferral or delay of other requirements in IFRS S1 and S2?</p> <p>Please elaborate.</p>	<p>The implementation does not present any transitional reliefs besides those in IFRS S1 and S2.</p>

## ISSB Standards implementation

## Responses

## TRANSITION RELIEFS AND JURISDICTIONAL MODIFICATIONS

**Nature and extent of transition reliefs (i.e. those built-in to the ISSB standards)**

(i.e. climate-first reporting; the timing of reporting; comparative disclosures; GHG Protocol and Scope 3 GHG emissions – known as “transition adoption reliefs”)

The implementation reliefs are primarily aligned with the transition reliefs specified in IFRS S1 and S2. These reliefs include provisions for climate-first reporting, the timing of reporting, and the handling of comparative disclosures, particularly concerning the GHG Protocol and Scope 3 GHG emissions.

In relation to the use of GHG protocol for Scope 1, 2 and 3 emissions reporting jurisdiction-specific alternatives may be accepted if required locally, granting some flexibility. Also, as for reporting Scope 3 GHG emissions involves flexibility in the choice of categories. Entities are encouraged to measure what is most material to their operations and may adjust methodologies during initial implementation phases without penalisation.

**Nature and extent of jurisdictional modifications (i.e. other changes to or exemptions from requirements in the ISSB standards)**

(i.e. changes to or exemption from requirements in the ISSB standards other than transition adoption reliefs (see above) including phasing in that extends beyond the ISSB specified time frames, permanent exemptions, amendments in requirements of elements included in the ISSB standards etc)

The adoption of ISSB standards in Brazil is implemented through local standards enacted by CVM Resolutions 217 and 218, developed by the Brazilian Committee for Sustainability Pronouncements, which are aligned with ISSB IFRS S1 and S2. These resolutions are subject to changes, amendments, revocation, and other modifications deemed necessary by the CVM, CBPS, or the market.

## REPORTING REQUIREMENTS

**Placement of disclosures – are sustainability-related financial disclosures required or permitted to be provided as part of the general-purpose financial report in your jurisdiction?**

Under CVM Resolutions 217 and 218, sustainability-related financial disclosures are required to be included as part of the general-purpose financial reports in Brazil. These resolutions require that publicly held companies incorporate sustainability disclosures within their financial reporting framework, ensuring that such information is presented alongside traditional financial statements.

Additionally, during the years of transition, the sustainability-related financial disclosures can be presented up to 9 months after the end of the last financial year. However, in the first year of mandatory disclosure, the reports must be submitted by the date of publication of the reference form. From the second year of mandatory disclosure onwards, the reports must be published by the date of disclosure or together with the financial statements covering the same reporting period, ensuring consistency and comparability for stakeholders.

**Consolidated reporting/exemptions/equivalence**

(e.g. exemptions for subsidiaries included in the consolidated report of an in-scope parent; if parent not-in-scope, is there a choice for either the parent or the entity to report; equivalence/recognition of parent/group reporting if, for example, parent reports under CSRD/ESRS?)

CVM’s report template requires that sustainability-related financial disclosures and financial statements are prepared by the same entity. For example, consolidated financial statements prepared in accordance with IFRS Accounting Standards provide information about the parent and its subsidiaries as a single reporting entity. Consequently, the entity’s sustainability-related financial disclosures should enable users of general-purpose financial reports to understand the effects of sustainability-related risks and opportunities on cash flows, access to financing, and cost of capital in the short, medium, and long term for the parent and its subsidiaries.

**ISSB Standards implementation**

**Responses**

<p><b>Reporting boundary</b></p> <p>(e.g. same reporting boundary used for financial and sustainability reporting? Or different reporting boundaries where, e.g. GHG Protocol used to report emissions on an operational basis?)</p>	<p>Under CVM Resolutions 217 and 218, the reporting boundary for sustainability-related disclosures is intended to align with the boundary used for financial reporting. This means that the same entity responsible for preparing the financial statements is also responsible for the sustainability disclosures. The resolutions require that sustainability-related financial information be integrated into the general-purpose financial reports, ensuring consistency and coherence in the reporting of financial and sustainability data.</p>
<p><b>Ability to refer to existing guidance for financial institutions</b></p>	<p>N/A</p>





## Canada

### ISSB Standards implementation

### Responses

#### IMPLEMENTATION STATUS AND APPROACH

##### Current state of adoption or use of ISSB standards in your jurisdiction

- Partially incorporating ISSB standards (e.g. adoption of only S1 or S2)
- Adopting ISSB standards with extended transition
- Adopting climate requirements only

##### Further details:

On 13 March 2024, the CSSB released proposed CSDS 1, *General Requirements for Disclosure of Sustainability-related Financial Information (CSDS 1)* and CSDS 2, *Climate-related Disclosures (CSDS 2)* for a 90-day public consultation. The proposed CSDS 1 and CSDS 2 were based on IFRS S1 and IFRS S2, respectively, with proposed extensions to some of the transition reliefs included in the ISSB Standards.

On 21 October 2024, the CSSB announced the release of its Feedback Statement summarizing the responses received from its extensive public consultation on CSDS 1 and CSDS 2. The CSSB finalized its deliberations on the feedback received and released Canada's first-ever sustainability disclosure standards on 18 December 2024.

The CSDSs are voluntary, designed to bring consistency, comparability, and transparency to sustainability reporting, giving investors and other interested and affected parties decision-useful information. The final version of CSDS 1 and CSDS 2 are based on IFRS S1 and IFRS S2, respectively, with the following transition reliefs:

- o Effective for FYs starting on/after 1 January 2025 (a one-year delay)
- o Two years of relief for disclosures beyond climate (a one-year extension, plus associated amendments to comparative information)
- o Three years of relief for the start of aligned reporting, with such reporting being required within the first nine months following the first year-end and within the first six months following the second and third year-end respectively (a two-year extension)
- o Three years of relief for disclosure of Scope 3 GHG emissions (a two-year extension)
- o Three years of relief for the quantitative aspects of scenario analysis data reporting (not the qualitative aspects)

CSDS 1 and CSDS 2, along with their supporting bases for conclusions, are now part of the CPA Canada Handbook – Sustainability.

Regulatory bodies, such as prudential regulators and securities commissions, will ultimately make decisions on mandating the CSSB's standards in Canada. As more fully expressed in the section below, only climate requirements have been adopted so far or are being contemplated.

## ISSB Standards implementation

### Publicly accountable entities in scope of ISSB standards in your jurisdiction

Please include detail of relevant triggers for other in-scope entities

## Responses

- Entities whose securities are traded in a public market (public/listed companies).
- Entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses (e.g. banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks) and have a significant weight in the jurisdiction, regardless of ownership structure or listed status.
- Other entities such as private entities or pension funds (optional).

Further details:

To become mandatory for public/listed companies under Canadian securities legislation, the CSSB Standards must first be incorporated into a disclosure rule adopted by the securities regulators.

Further details:

To become mandatory for public/listed companies under Canadian securities legislation, the CSSB Standards must first be incorporated into a disclosure rule adopted by the securities regulators.

On 18 December 2024, immediately following the publication of CSDS 1 and CSDS 2, the Canadian Securities Administrators (**CSA**), the council of the securities regulators of Canada's provinces and territories, issued a **market update** on its climate-related disclosure project. The CSA announced that it will publish a revised version of its climate-related disclosure rule (proposed National Instrument 51-107 – Disclosure of Climate-related Matters, initially published for consultation in October 2021). When the CSA publishes its revised climate-related disclosure rule, it will seek public comments on several matters, including the scope of application and the need for additional time and/or guidance for public/listed issuers to comply with certain disclosure requirements. The revised rule will consider CSDS 1 and CSDS 2 and may include modifications appropriate for the Canadian capital markets. The CSA is taking a climate-first approach and therefore is focusing only on the requirements of the local standards that are necessary to support climate-related disclosures.

The CSA's publication of the revised rule is expected in the first half of 2025. Until such publication, it is impossible to know the categories of public/listed issuers that will be in scope, the expected timelines for compliance, the extent of the modifications (if any) to the CSSB standards determined by the CSA to be appropriate for the Canadian capital markets or if the disclosure will be required as part of the general-purpose financial reporting or not.

On 7 March 2023, the Office of the Superintendent of Financial Institutions ("**OSFI**") published its final Guideline B-15 on Climate Risk Management. Guideline B-15 sets out OSFI's expectations for the sound management of climate-related risks for federally regulated financial institutions (the "**FRFIs**"). It directs how FRFIs should assess, manage, and disclose climate-related risks, and emphasizes the need for appropriate governance and risk management.

[continued >](#)

## ISSB Standards implementation

## Responses

Guideline B-15 will be effective fiscal year-end 2024 for Domestic Systemically Important Banks and Internationally Active Insurance Groups headquartered in Canada, and fiscal year-end 2025 for all other in-scope FRFIs.

On 20 March 2024, OSFI released updates to **Guideline B-15: Climate Risk Management**. The updates notably ensure that the expectations for minimum mandatory climate-related financial disclosure by FRFIs in the Guideline's **Annex 2-2** align with the ISSB's final IFRS S2 (the expectations were initially aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations).

Annex 2-2 sets out baseline disclosure expectations for different categories of FRFIs as well as a timeline for implementation. Annex 2-2 organizes OSFI's disclosure expectations into four principal categories, mirroring the core content of IFRS S2: Governance, Strategy, Risk Management, and Metrics and Targets. For each category, OSFI prescribes distinct climate-related disclosure for FRFIs.

The updates also specify the expected timelines for the implementation of two disclosure elements: (1) cross-industry metrics and (2) industry-based metrics (both under the *Metrics and Targets* category) that were previously marked as "TBD". Both disclosure expectations are now expected for fiscal year-ends 2025 or 2026, as determined by a FRFI's categorization. Two disclosure expectations in Annex 2-2 still have unsettled timelines: climate transition plans and resilience of strategy (both under the Strategy category).

Finally, the updates include OSFI's expectation that **FRFIs** will make comparative period amounts disclosures. These disclosures must begin with the reporting period following implementation as set out in Annex 2-2. FRFIs should also include narrative information to accompany comparative amount disclosure, to the extent useful to understand the disclosure.

On 4 July 2024, the *Autorité des marchés financiers*, the regulatory and oversight body for Québec's financial sector, published its *Climate Risk Management Guideline* which aims to harmonize its expectations for the sound management and disclosure of climate-related risks for financial institutions constituted under Québec law with OSFI's Guideline B-15.

On 9 October 2024, the federal government of Canada announced that, with a view to attract more private capital into Canada's largest corporations and ensure Canadian businesses can continue to effectively compete as the world races towards net-zero, it is moving forward with mandating climate-related financial disclosures for large, federally incorporated private companies.

According to the federal Government, these disclosures will help investors better understand how large businesses are thinking about and managing risks related to climate change, ensuring that capital allocation aligns with the realities of a net-zero economy. Specifically, the government intends to bring forward amendments to the Canada Business Corporations Act that will require these disclosures. The federal government will launch a regulatory process to determine the substance of these disclosure requirements and the size of private federal corporations that would be subject to them. As small- and medium-sized businesses will not be subject to the requirements, the government will consider ways to encourage those businesses to voluntarily release climate disclosures, if they wish.

[continued >](#)

**ISSB Standards implementation**

**Responses**

	<p>The federal government also announced that it is ready to work with provincial and territorial partners to ensure broad disclosure coverage across the Canadian economy and that it will seek to harmonize its regulations with those that will be required from public companies by securities regulators.</p> <p>Since the regulatory process had not been launched as of 31 December 2024, the effective date of the mandated climate-related financial disclosures for large, federally incorporated private companies is unknown.</p>
<p><b>Approach to introducing ISSB disclosure standards into local regulatory frameworks</b></p>	<ul style="list-style-type: none"> <li>● Introduction of local standards with explicit reference to IFRS S1 and S2</li> </ul> <p>Further details: See above.</p>
<p><b>Issues in local legislation and regulation impacting ISSB adoption or use</b></p>	<p>N/A</p>

**ENFORCEMENT**

<p><b>Legal enforcement mechanism for compliance</b></p> <p>(e.g. criminal/civil/administrative law)</p>	<p>Administrative and potentially penal proceedings (that could lead to fines) against in scope entities.</p>
<p><b>Relevant enforcement authorities</b></p> <p>(e.g. securities regulator/ prudential regulator/ other regulatory body; courts; other?)</p>	<p>The securities regulators would primarily be the enforcement authorities with respect to the disclosure requirements applicable to public/listed issuers. It's important to note though that many FRFIs (including the Domestic Systemically Important Banks), which are all prudentially regulated by OSFI, are also public/ listed issuers and hence subject to the enforcement authority of the securities commissions.</p> <p>The prudential regulators also have their own enforcement powers towards the entities they regulate (such as OSFI over FRFIs and the AMF over Québec constituted financial institutions).</p>
<p><b>Enforcement approach</b></p> <p>Is there any official policy/protocol/guidelines or other precedent re enforcement approach (e.g. the UK's approach to TCFD reporting, involving FCA/FRC reviews of reporting identifying areas of good practice and areas for improvement and limited regulatory enforcement in the first couple of years etc.)</p>	<ul style="list-style-type: none"> <li>● Yes</li> </ul> <p>Further details: Nothing currently announced. However, before exerting their enforcement powers with respect to the non-compliance of new important disclosure obligations, securities regulators usually perform a targeted review of the disclosure by a sample of public/listed issuers and issue guidance identifying the good practices and the important weaknesses and issues discovered.</p>

**IMPLEMENTATION TIMELINE**

<p><b>Timeline for adoption or use of ISSB standards</b></p>	<p>Currently unknown with respect to public/listed issuers. See above.</p>
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## ISSB Standards implementation

## Responses

### Effective date

(i.e. extent to which requirements refer to currently effective ISSB standards, noting that IFRS S1 and S2 include transition standard reliefs)

Currently unknown with respect to public/listed issuers.

See above.

### Where there is a transition period, is the phasing in of ISSB requirements

- o limited only to the transition standard reliefs in IFRS S1 and S2, or
- o involving the deferral or delay of other requirements in IFRS S1 and S2?

Please elaborate.

Currently unknown with respect to public/listed issuers.

See above.

## TRANSITION RELIEFS AND JURISDICTIONAL MODIFICATIONS

### Nature and extent of transition reliefs (i.e. those built-in to the ISSB standards)

(i.e. climate-first reporting; the timing of reporting; comparative disclosures; GHG Protocol and Scope 3 GHG emissions – known as “transition adoption reliefs”)

Currently unknown with respect to public/listed issuers.

See above.

### Nature and extent of jurisdictional modifications (i.e. other changes to or exemptions from requirements in the ISSB standards)

(i.e. changes to or exemption from requirements in the ISSB standards other than transition adoption reliefs (see above) including phasing in that extends beyond the ISSB specified time frames, permanent exemptions, amendments in requirements of elements included in the ISSB standards etc)

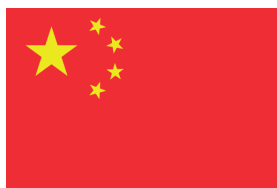
Currently unknown with respect to public/listed issuers.

See above.

## ISSB Standards implementation

## Responses

REPORTING REQUIREMENTS	
<p><b>Placement of disclosures – are sustainability-related financial disclosures required or permitted to be provided as part of the general-purpose financial report in your jurisdiction?</b></p>	<p>Currently unknown with respect to public/listed issuers.</p> <p>See above.</p> <p>With respect to FRFIs or Québec constituted financial institutions, the frequency for the expected climate-related financial disclosures is annual, but the institutions may voluntarily present the expected disclosures on a more frequent basis. Institutions are expected to make their climate-related financial disclosures publicly available (i.e. on their website) no later than 180 days after fiscal year-end, as applicable. Institutions can choose where to make such disclosure, including in their Shareholders' Reports (if disclosed to the public) or in a stand-alone report (e.g. Environmental, Social, and Governance ESG) Report, Climate Risk Report, or a Pillar 3 Report). Institutions must maintain an archive of all disclosures relating to prior reporting periods.</p>
<p><b>Consolidated reporting/exemptions/equivalence</b></p> <p>(e.g. exemptions for subsidiaries included in the consolidated report of an in-scope parent; if parent not-in-scope, is there a choice for either the parent or the entity to report; equivalence/recognition of parent/group reporting if, for example, parent reports under CSRD/ESRS?)</p>	<p>Currently unknown with respect to public/listed issuers.</p> <p>See previous above.</p> <p>OSFI's Guideline B-15 applies to all FRFIs except foreign bank branches. However, OSFI's expectations for the disclosure of climate-related risks apply to all FRFIs in the scope of the Guideline, except for subsidiaries of FRFIs that report consolidated results to OSFI. In the 20 March 2024 updates, OSFI's indicated that FRFI-specific disclosures should be at the highest consolidated level. In-scope FRFI are permitted to reference non-FRFI parent-level or group-level disclosures, for disclosure elements common to both the in-scope FRFI and non-FRFI parent or group, for the corresponding reporting period.</p> <p>There is no equivalence or recognition of parent/group reporting done under a foreign jurisdiction disclosure regime (for example, if the parent reports under CSRD/ESRS).</p>
<p><b>Reporting boundary</b></p> <p>(e.g. same reporting boundary used for financial and sustainability reporting? Or different reporting boundaries where, e.g. GHG Protocol used to report emissions on an operational basis?)</p>	<p>Currently unknown with respect to public/listed issuers.</p> <p>See above.</p>
<p><b>Ability to refer to existing guidance for financial institutions</b></p>	<p>N/A</p>



## Hong Kong

### ISSB Standards implementation

### Responses

#### IMPLEMENTATION STATUS AND APPROACH

##### Current state of adoption or use of ISSB standards in your jurisdiction

- Committing to adoption or other use of ISSB standards

##### Further details:

The Treasury Bureau (**FSTB**) of the Hong Kong SAR Government responded to the IFRS Foundation's the "ISSB Adoption Guide Preview" (i.e. the preview of the inaugural jurisdictional guide for the adoption or other use of the ISSB standards) by a vision statement published in March 2024 (**2024 Vision Statement**). The 2024 Vision Statement set out the vision and approach of the Hong Kong SAR Government and financial regulators towards developing a comprehensive ecosystem for sustainability disclosure in Hong Kong.

Prior to the publication of the 2024 Vision Statement, the relevant regulatory guidance referred to the "TCFD recommendations". These include the sustainability policies and regulatory requirements encompassing disclosure standards, risk management frameworks and supervisory guidance introduced by The Stock Exchange of Hong Kong Limited (**HKEX**), the Securities and Futures Commission (**SFC**), the Hong Kong Monetary Authority (**HKMA**) and the Insurance Authority (**IA**) to target Hong Kong incorporated and/or listed companies, fund managers, authorized institutions and authorized insurers respectively.

On 10 December 2024, the Hong Kong SAR Government launched a roadmap on sustainability disclosure (**2024 Roadmap**), setting out Hong Kong's approach to require publicly accountable entities (**PAEs**, including Hong Kong listed entities) to adopt the ISSB Standards. The 2024 Roadmap was developed through a dedicated working group co-led by the FSTB and the SFC. Members of the working group comprise the HKEX, HKMA, the IA, the Mandatory Provident Fund Schemes Authority (**MPFA**), the Accounting and Financial Reporting Council (**AFRC**) and the Hong Kong Institute of Certified Public Accountants (**HKICPA**).

The 2024 Roadmap provides a well-defined pathway for large PAEs to fully adopt the ISSB Standards no later than 2028, with the following key milestones:

- o the HKICPA is developing the HK Standards on a full alignment basis with the ISSB Standards. The HKICPA aims to issue the final Hong Kong Standards by the end of 2024 with an effective date of 1 August 2025;

[continues >](#)

## ISSB Standards implementation

## Responses

- o as per HKEX’s consultation conclusions in April 2024 on listed issuers’ climate-related disclosure requirements, all Main Board issuers are required to disclose against the new climate requirements modelled on IFRS S2 on a “comply or explain” basis starting from 1 January 2025. Issuers that are Hang Seng Composite LargeCap Index constituents are further required to disclose against the New Climate Requirements on a mandatory basis starting from 1 January 2026;
- o HKEX will consult the market in 2027 on mandating sustainability reporting against the Hong Kong Standards for listed PAEs, with an expected effective date of 1 January 2028 under a proportionate approach; and
- o relevant financial regulators (HKMA, SFC, AFRC, MPFA and IA etc) will require financial institutions carrying a significant weight (being non-listed PAEs) to apply the Hong Kong Standards no later than 2028.

The 2024 Roadmap also elaborates on Hong Kong’s blueprint to develop a comprehensive ecosystem to support sustainability disclosures, which encompasses sustainability assurance, data and technology, as well as skills and competencies. Key steps to be taken include:

**Sustainability Assurance:** On standard setting, the HKICPA will be developing local assurance and ethics standards on a full convergence basis with international standards and, subject to the timing of publication of the final standards by the relevant international organisations, aims to publish the final local assurance and ethics standards before the end of 2025. On regulatory regime, the AFRC will release a proposed local regulatory framework for sustainability assurance for public consultation in 2025.

**Data and Technology:** The Steering Group members will continue their efforts in facilitating better sustainability disclosures and enhancing quality of data through a multi-pronged approach, including promoting the development of green fintech, rolling out free data tools, and expanding the Hong Kong Taxonomy for Sustainable Finance, etc.

**Skills and Competencies:** The Steering Group members and the HKICPA will continue to promote alignment with the ISSB Standards and support capacity building efforts locally, regionally and internationally through organising seminars, webinars and other engagement activities.

### Publicly accountable entities in scope of ISSB standards in your jurisdiction

Please include detail of relevant triggers for other in-scope entities

- Entities whose securities are traded in a public market (public/listed companies).
- Entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses (e.g. banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks) and have a significant weight in the jurisdiction, regardless of ownership structure or listed status.
- Other entities such as private entities or pension funds (optional).

Further details:

The Hong Kong standards are intended for cross-sectoral observance, including listed companies and regulated financial institutions, such as banks, fund managers, insurance companies, and Mandatory Provident Fund (“MPF”) trustees.



**ISSB Standards implementation**

**Responses**

<p><b>Approach to introducing ISSB disclosure standards into local regulatory frameworks</b></p>	<ul style="list-style-type: none"> <li>● Introduction of local standards with explicit reference to IFRS S1 and S2</li> </ul> <p>Further details:</p> <p>The 2024 Roadmap provides a well-defined pathway for large PAEs to fully adopt the ISSB Standards no later than 2028. Please refer to the key milestones summarised above.</p>
<p><b>Issues in local legislation and regulation impacting ISSB adoption or use</b></p>	<p>At present, supervision and enforcement of local regulation / regulatory guidance relating to TCFD recommendations is subject to various existing legal and regulatory regimes. In achieving a more robust and consistent sustainability disclosure the financial regulators in Hong Kong are working together with the aim to adopt the Common Ground Taxonomy developed by the International Platform on Sustainable Finance across the Hong Kong financial sectors. We would expect a more coherent approach in the near future.</p>

**ENFORCEMENT**

<p><b>Legal enforcement mechanism for compliance</b></p> <p>(e.g. criminal/civil/administrative law)</p>	<p>Failure on the part of a director to take reasonable steps to secure compliance by preparing a directors’ report pursuant to section 388 of the Companies Ordinance (see below) is a criminal offence. Wilful failure to prepare the report is an aggravating factor, possibly leading to imprisonment (see subsections 388(6)-(7) of the Companies Ordinance).</p> <p>Breach of the Listing Rules (see below) is subject to administrative action by the Listing Committee of SEHK. Examples of sanctions include a graduated range of public reputational sanctions (including public statement of criticism, public censure, investor prejudice statement or director unsuitability statement); ordering rectification or other remedial action be taken (including internal control review, appointment of compliance adviser or directors’ training); and trading suspension or listing cancellation (see Rule 2A.10 of the Main Board Listing Rules and Rule 3.11 of the GEM Listing Rules).</p>
<p><b>Relevant enforcement authorities</b></p> <p>(e.g. securities regulator/ prudential regulator/ other regulatory body; courts; other?)</p>	<ul style="list-style-type: none"> <li>o Stock Exchange of Hong Kong (SEHK)</li> <li>o Courts</li> <li>o Other regulators as ISSB standards are adopted further (e.g. the SFC (securities regulator), HKMA (principal prudential regulator), and IA).</li> </ul>

## ISSB Standards implementation

### Enforcement approach

Is there any official policy/protocol/guidelines or other precedent re enforcement approach (e.g. the UK's approach to TCFD reporting, involving FCA/FRC reviews of reporting identifying areas of good practice and areas for improvement and limited regulatory enforcement in the first couple of years etc.)

## Responses

### ● No

Further details:

The full adoption of ISSB standards and hence enforcement approach is in progress. According to a 2024 analysis of ESG practice disclosure published by HKEX in November 2024, after reviewing listed issuers' latest ESG reports, HKEX found that 34% of large cap issuers currently refer to ISSB standards (they will be subject to new mandatory requirements in 2026). The SFC also considers steering the development of corporate sustainability disclosure standards and stemming greenwashing as strategic priorities for 2024-2026. Notably, the HKMA recently (in August 2024) published findings and observations from its thematic examinations and consultative sessions on authorised institutions' governance practices for climate-related risks. The HKMA recognised common challenges facing authorised institutions, including insufficient data and difficulties in modelling and risk measurement, pledging to advance its supervisory approach including by exploring the effective use of data and technology.

In the future, enforcement might be expected against listed companies and their directors in respect of:

1. false or misleading disclosures inducing share transactions (see section 277 of the Securities and Futures Ordinance (Cap. 571) ("SFO")); and
2. inside information disclosure failures by listed companies in connection with their ESG reporting, assuming ESG matters are price sensitive (see Part XIVA of the SFO).

ISSB Standards implementation

Responses

IMPLEMENTATION TIMELINE										
<p><b>Timeline for adoption or use of ISSB standards</b></p>	<p>The effective date varies depending on the type of organisations.</p>									
<p><b>Effective date</b> (i.e. extent to which requirements refer to currently effective ISSB standards, noting that IFRS S1 and S2 include transition standard reliefs)</p>	<p>The 2024 Roadmap provides a well-defined pathway for large PAEs to fully adopt the ISSB Standards no later than 2028. Please refer to the key milestones summarised above.</p> <p>The Hong Kong Listing Rules have recently been amended to introduce new climate-related disclosure requirements. Issuers must refer to the new Part D of the ESG Code for the applicable disclosure obligations. ESG reports prepared in compliance with the standard established by the ISSB are considered to have complied with Part D of the ESG Code.</p> <p>Set out below is the time schedule for the implementation of the new climate-related disclosure requirements under the ESG Code:</p> <table border="1"> <thead> <tr> <th></th> <th>Disclosure on scope 1 and scope 2 GHG emissions</th> <th>Disclosures other than scope 1 and scope 2 GHG emissions</th> </tr> </thead> <tbody> <tr> <td>Issuers that are Hang Seng Composite LargeCap Index constituents (LargeCap Issuers)</td> <td><b>Mandatory disclosure:</b> financial years commencing on or after 1 January 2025</td> <td><b>“Comply or explain”:</b> financial years commencing on or after 1 January 2025  <b>Mandatory disclosure:</b> financial years commencing on or after 1 January 2026</td> </tr> <tr> <td>Main Board Issuers (other than LargeCap Issuers)</td> <td><b>Mandatory disclosure:</b> financial years commencing on or after 1 January 2025</td> <td><b>“Comply or explain”:</b> financial years commencing on or after 1 January 2025</td> </tr> </tbody> </table> <p>As per the 2024 Roadmap, HKEX will consult the market in 2027 on mandating sustainability reporting against the Hong Kong Standards for listed PAEs, with an expected effective date of 1 January 2028 under a proportionate approach.</p>		Disclosure on scope 1 and scope 2 GHG emissions	Disclosures other than scope 1 and scope 2 GHG emissions	Issuers that are Hang Seng Composite LargeCap Index constituents (LargeCap Issuers)	<b>Mandatory disclosure:</b> financial years commencing on or after 1 January 2025	<b>“Comply or explain”:</b> financial years commencing on or after 1 January 2025  <b>Mandatory disclosure:</b> financial years commencing on or after 1 January 2026	Main Board Issuers (other than LargeCap Issuers)	<b>Mandatory disclosure:</b> financial years commencing on or after 1 January 2025	<b>“Comply or explain”:</b> financial years commencing on or after 1 January 2025
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Issuers that are Hang Seng Composite LargeCap Index constituents (LargeCap Issuers)	<b>Mandatory disclosure:</b> financial years commencing on or after 1 January 2025	<b>“Comply or explain”:</b> financial years commencing on or after 1 January 2025  <b>Mandatory disclosure:</b> financial years commencing on or after 1 January 2026								
Main Board Issuers (other than LargeCap Issuers)	<b>Mandatory disclosure:</b> financial years commencing on or after 1 January 2025	<b>“Comply or explain”:</b> financial years commencing on or after 1 January 2025								
<p><b>Where there is a transition period, is the phasing in of ISSB requirements</b></p> <p>limited only to the transition standard reliefs in IFRS S1 and S2, or</p> <p>involving the deferral or delay of other requirements in IFRS S1 and S2?</p> <p>Please elaborate.</p>	<p>See the table above.</p>									

## ISSB Standards implementation

## Responses

## TRANSITION RELIEFS AND JURISDICTIONAL MODIFICATIONS

**Nature and extent of transition reliefs (i.e. those built-in to the ISSB standards)**

(i.e. climate-first reporting; the timing of reporting; comparative disclosures; GHG Protocol and Scope 3 GHG emissions – known as “transition adoption reliefs”)

A Cross-Agency Steering Group (the “**Steering Group**”) was established in May 2020 and aims to coordinate the management of climate and environmental risks for the financial sector, accelerate the growth of green and sustainable finance in Hong Kong and support the Government’s climate strategies. The Steering Group welcome transition reliefs built into the ISSB standards that would allow jurisdictions to scale and phase in the requirements. Relevant authorities in Hong Kong will consider alignment of the local requirements with this global baseline in a proportionate approach.

**Nature and extent of jurisdictional modifications (i.e. other changes to or exemptions from requirements in the ISSB standards)**

(i.e. changes to or exemption from requirements in the ISSB standards other than transition adoption reliefs (see above) including phasing in that extends beyond the ISSB specified time frames, permanent exemptions, amendments in requirements of elements included in the ISSB standards etc)

N/A

## REPORTING REQUIREMENTS

**Placement of disclosures – are sustainability-related financial disclosures required or permitted to be provided as part of the general-purpose financial report in your jurisdiction?**

ESG reports prepared in compliance with the standard established by the ISSB are considered to have complied with Part D of the ESG Code.

In respect of Hong Kong-incorporated companies, sections 388 and 390 of, and Schedule 5 to, the Companies Ordinance (Cap. 622) governs the compilation and contents of directors’ report – amongst others, requires the directors’ report of a Hong Kong incorporated company to include a discussion on the company’s environmental policies and performance.

**Consolidated reporting/exemptions/equivalence**

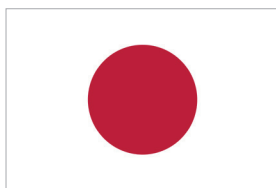
(e.g. exemptions for subsidiaries included in the consolidated report of an in-scope parent; if parent not-in-scope, is there a choice for either the parent or the entity to report; equivalence/recognition of parent/group reporting if, for example, parent reports under CSRD/ESRS?)

N/A

**ISSB Standards implementation**

**Responses**

<p><b>Reporting boundary</b></p> <p>(e.g. same reporting boundary used for financial and sustainability reporting? Or different reporting boundaries where, e.g. GHG Protocol used to report emissions on an operational basis?)</p>	<p>The HKEX has confirmed that it has no intention to change the reporting principles or other requirements (including the reporting boundary) at this point in time. Issuers are encouraged to follow the ISSB Standards and align the scope of entities or operations that are included in the ESG report (including the climate-related disclosures) with that of its financial statements. This may facilitate issuers’ future reporting under the Hong Kong Standards, which are expected to align with the ISSB Standards.</p>
<p><b>Ability to refer to existing guidance for financial institutions</b></p>	<p>N/A</p>



## Japan

### ISSB Standards implementation

### Responses

#### IMPLEMENTATION STATUS AND APPROACH

##### Current state of adoption or use of ISSB standards in your jurisdiction

- Committing to adoption or other use of ISSB standards

Further details:

N/A

##### Publicly accountable entities in scope of ISSB standards in your jurisdiction

- Entities whose securities are traded in a public market (public/listed companies).

Please include detail of relevant triggers for other in-scope entities

Further details:

Entities whose shares are listed on the Prime Market of the Tokyo Stock Exchange.

##### Approach to introducing ISSB disclosure standards into local regulatory frameworks

- Introduction of local standards with explicit reference to IFRS S1 and S2

Further details:

Sustainability Standards Board of Japan (the “**SSBJ**”) develops the Sustainability Disclosure Standards in Japan based on IFRS S1 and S2 in accordance with the “Rules on the Due Process for the Development of Sustainability Disclosure Standards” set out by the Financial Accounting Standards Foundation (the “**FASF**”).

SSBJ draft does not include significant differences from the IFRS S1 and S2, but there are some points proposed not to adopt in Japan. Those points are listed [here](#).

## ISSB Standards implementation

### Issues in local legislation and regulation impacting ISSB adoption or use

## Responses

**Timing of Disclosure:** If the sustainability disclosure is included in the annual financial reports, as recommended by IFRS, firms are expected to prepare and present this information within three months of the fiscal year-end. This timeline may be challenging for many companies, given the time required to collect, verify and appropriately disclose the necessary data.

**CSRD Disclosure:** Some large Japanese companies with operations in Europe are subject to the requirements of the CSRD. These companies are seeking to avoid the burden of complying with both the CSRD and ISSB standards. As a result, they are requesting permission to use CSRD-based disclosures in Japan, instead of ISSB-based disclosures. While the CSRD imposes broader and more detailed requirements, for instance double materiality assessment approach, it is not a simple process to adapt CSRD-based disclosures to meet ISSB standards, further complicating compliance efforts.

**Forward-Looking Statements, Third-Party Information and Estimated Data:** Firms will require the protection of a safe harbor provision to shield against potential liability for any misstatements that could arise from the inclusion of forward-looking statements, third-party information or estimated data in the disclosure.

**Assurance Opinion:** Position on the scope of assurance, level of assurance, authority, qualification or licence to provide assurance, independence requirement, and supervision or the assurance providers is outstanding.

## ENFORCEMENT

### Legal enforcement mechanism for compliance

(e.g. criminal/civil/administrative law)

Sustainability information will be incorporated into the annual financial report. Consequently, if a company fails to provide the required sustainability information or prepares inaccurate statements, it may face administrative penalties, such as fines or restrictions on issuing securities, and criminal penalties, including fines or imprisonment. Additionally, civil liability is a potential risk, as shareholders may file lawsuits against the company if they suffer damages as a result of inadequate or misleading disclosure.

### Relevant enforcement authorities

(e.g. securities regulator/ prudential regulator/ other regulatory body; courts; other?)

FSA

### Enforcement approach

Is there any official policy/protocol/guidelines or other precedent re enforcement approach (e.g. the UK's approach to TCFD reporting, involving FCA/FRC reviews of reporting identifying areas of good practice and areas for improvement and limited regulatory enforcement in the first couple of years etc.)

● Yes

Further details:

The FSA is actively sharing good practices in sustainability reporting. In the first year of sustainability disclosure enforcement in Japan, it is likely that delayed publication of sustainability information will be allowed, provided that financial information is disclosed earlier as required. This phased approach helps companies adjust to the new reporting standards. Assurance opinions will likely be exempted in the first year.

## ISSB Standards implementation

## Responses

IMPLEMENTATION TIMELINE	
Timeline for adoption or use of ISSB standards	The standards will be finalized by March 2025. A preparation period will follow, lasting from March 2025 to March 2026. Companies will begin phased disclosure from March 2026 to March 2027, with no assurance opinions required during this initial period. Full implementation will take place from March 2027 to March 2028. In Japan, this timeline aligns with the typical fiscal year, which runs from April to March.
<b>Effective date</b>  (i.e. extent to which requirements refer to currently effective ISSB standards, noting that IFRS S1 and S2 include transition standard reliefs)	Please see above.
<b>Where there is a transition period, is the phasing in of ISSB requirements</b>  limited only to the transition standard reliefs in IFRS S1 and S2, or  involving the deferral or delay of other requirements in IFRS S1 and S2?  Please elaborate.	Please see above.
TRANSITION RELIEFS AND JURISDICTIONAL MODIFICATIONS	
<b>Nature and extent of transition reliefs (i.e. those built-in to the ISSB standards)</b>  (i.e. climate-first reporting; the timing of reporting; comparative disclosures; GHG Protocol and Scope 3 GHG emissions – known as “transition adoption reliefs”)	Climate-first reporting is possible. See the items mentioned in timeline section above.
<b>Nature and extent of jurisdictional modifications (i.e. other changes to or exemptions from requirements in the ISSB standards)</b>  (i.e. changes to or exemption from requirements in the ISSB standards other than transition adoption reliefs (see above) including phasing in that extends beyond the ISSB specified time frames, permanent exemptions, amendments in requirements of elements included in the ISSB standards etc)	No. Japan has been trying to incorporate the ISSB standards to Japanese standards with very minimum modifications (even the modifications are in line with in with the “Rules on the Due Process for the Development of Sustainability Disclosure Standards” set out by the Financial Accounting Standards Foundation (the “FASF”)).  The minimal gaps are outlined <a href="#">here</a> .



## ISSB Standards implementation

## Responses

REPORTING REQUIREMENTS	
<p><b>Placement of disclosures – are sustainability-related financial disclosures required or permitted to be provided as part of the general-purpose financial report in your jurisdiction?</b></p>	Yes
<p><b>Consolidated reporting/exemptions/equivalence</b></p> <p>(e.g. exemptions for subsidiaries included in the consolidated report of an in-scope parent; if parent not-in-scope, is there a choice for either the parent or the entity to report; equivalence/recognition of parent/group reporting if, for example, parent reports under CSRD/ESRS?)</p>	There is no consolidation exemption. A reporting company must report its sustainability disclosure. This is not strict because only Prime Market listed companies are subject to this disclosure requirement.
<p><b>Reporting boundary</b></p> <p>(e.g. same reporting boundary used for financial and sustainability reporting? Or different reporting boundaries where, e.g. GHG Protocol used to report emissions on an operational basis?)</p>	Same reporting boundary for financial and sustainability reporting.
<p><b>Ability to refer to existing guidance for financial institutions</b></p>	N/A



## South Africa

### ISSB Standards implementation

### Responses

#### IMPLEMENTATION STATUS AND APPROACH

##### Current state of adoption or use of ISSB standards in your jurisdiction

- Permitting the use of ISSB standards

Further details:

There has been no adoption or codification of the ISSB standards in South Africa and South African companies (whether state-owned, public (listed and unlisted) or private) are not mandatorily required to comply with the ISSB standards specifically. Reporting in line with the ISSB standards (or, historically, the TCFD recommendations) is prepared on a voluntary basis.

The South African Companies Act, 71 of 2008 (the “**Companies Act**”) as read with the Companies Regulations, 2011 (the “**Regulations**”) provides that certain companies are required to be audited (including, for example, public companies, state-owned companies and private companies meeting certain criteria). The Regulations prescribe that auditing must occur in accordance with International Financial Reporting Standards as published by the International Accounting Standards Board. Absent an amendment to this definition expanding the scope to include the ISSB, there is no specific requirement for South African Companies (that are required to be audited) to comply with ISSB standards under the Companies Act.

Notwithstanding the position under the Companies Act, there are sustainability-related or ESG disclosure requirements contained in the **King IV Report on Corporate Governance for South Africa 2016** (the “**King IV**”) as part of the integrated reporting framework. Compliance with King IV is mandatory for entities listed on the Johannesburg Stock Exchange (the “**JSE**”) on a “comply and explain” basis. For entities other than those listed on the JSE, compliance with King IV is voluntary.

Principle 5 of King IV indirectly requires the disclosure of climate risks. In this regard, it provides that “[t]he governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation’s performance, and its short, medium and long-term prospects”. The concept of stakeholders is broadly defined. However, King IV does not include specifics as to what reporting framework should be adopted by a listed entity in respect of sustainability-related or ESG disclosures (i.e. there is no requirement that this be ISSB standards). Please also see our comments below in respect of the King IV guidance note relating to climate change.

Accordingly, the South African regulatory framework would need an overhaul to require mandatory compliance with ISSB standards specifically.

[continues >](#)

## ISSB Standards implementation

### Current state of adoption or use of ISSB standards in your jurisdiction

## Responses

Nevertheless, South Africa is moving towards the enactment and enforcement of a sustainability and climate-related disclosure framework. Should any such mandatory framework be enacted, we anticipate that it will align with the ISSB standards (as opposed to other available sustainability and climate-related reporting frameworks), amended as necessary to cater for local context. This trend is evidenced by several guidance notes that have been issued by various South African regulatory bodies recommending how companies should report on sustainability and climate-related issues (noting that historically many voluntary reporters of sustainability and climate-related information in South Africa have used the TCFD recommendations as their framework).

In particular, the following guidance notes have been issued in respect of climate-related financial disclosures:

**King IV Guidance on Governing Bodies responding to Climate Change, 2021**, issued in conjunction with the King Code. This guidance note was issued in advance of the ISSB standards (but does reference the Sustainability Accounting Standards Board being in the process of developing a common framework).

The **Climate Disclosure Guidance, 2022** issued by the JSE. The Climate Disclosure Guidance was based on early drafts of what became IFRS S1 and IFRS S2. The Climate Disclosure Guidance is focused on IFRS S2 and specifically aims to clarify current global best practices in climate-related disclosures and is intended to assist with the preparation of reports with the goal of integrating climate-related information and providing resources that can help deepen climate-related disclosure.

The **Sustainability Disclosure Guidance, 2022** issued by the JSE. As per the Climate Disclosure Guidance, the Sustainability Disclosure Guidance was based on early drafts of what became IFRS S1 and IFRS S2. The Sustainability Disclosure Guidance is an impact-focused, overarching reference document that has a basic set of metrics which are rooted in existing, well-established global standards.

The Guidance Notes issued by the Prudential Authority:

- o Guidance Note 2 of 2024 (**Guidance on climate-related governance and risk practices for banks**);
- o Guidance Note 3 of 2024 (**Guidance on climate-related disclosures for banks**). This Guidance Note builds specifically on the ISSB standards;
- o Guidance Note 1 of 2024 (**Guidance on climate-related governance and risk practices for Insurers**); and
- o Guidance Note 2 of 2024 (**Guidance on climate-related disclosures for Insurers**). As with Guidance Note 3 above, this Guidance Note builds specifically on the ISSB standards.

These Guidance Notes apply predominantly to listed entities, but compliance is not mandatory (save that, in respect of the King IV guidance note, this should be applied by entities in interpreting their governance duties set out in King IV, compliance with which is mandatory). They have been issued to provide a consistent framework, facilitate increased sustainability and climate-related reporting, and to encourage South African companies to proactively comply with sustainability and climate-related reporting frameworks in anticipation of a mandatory framework being formally enacted in South Africa.

## ISSB Standards implementation

## Responses

<p><b>Publicly accountable entities in scope of ISSB standards in your jurisdiction</b></p> <p>Please include detail of relevant triggers for other in-scope entities</p>	<p>Companies in South Africa do not have an obligation to comply with ISSB standards. Historically, several publicly listed entities have voluntarily complied with the TCFD recommendations. These entities will likely migrate their reporting framework to ISSB standards in the next 12 to 18 months.</p>
<p><b>Approach to introducing ISSB disclosure standards into local regulatory frameworks</b></p>	<ul style="list-style-type: none"> <li>● Introduction of local standards with explicit reference to IFRS S1 and S2</li> </ul> <p>Further details:</p> <p>Whilst no formal legislation has been enacted requiring mandatory compliance with ISSB standards, we anticipate that South Africa will incorporate the ISSB standards (as opposed to other sustainability or climate-related reporting frameworks), modified as necessary to cater for local context. This follows the approach taken with the guidance notes listed above (noting that some of the above guidance notes were issued in advance of the final ISSB standards being issued).</p>
<p><b>Issues in local legislation and regulation impacting ISSB adoption or use</b></p>	<p>Given the dates on which the various guidance notes were issued and the multiplicity of reporting frameworks, there is a lack of consistency across the various guidance notes that have been issued to date. However, South Africa is moving towards adoption of the ISSB standards as the overarching framework for sustainability and climate-related reporting.</p>
<p><b>ENFORCEMENT</b></p>	
<p><b>Legal enforcement mechanism for compliance</b></p> <p>(e.g. criminal/civil/administrative law)</p>	<p>N/A, as compliance is not mandatory.</p> <p>However, if a listed entity fails to comply with the King IV sustainability-related and ESG disclosure requirements discussed above (which can be informed by requirements of the ISSB standards), such entity could be subjected to enforcement by the JSE. Such enforcement could take the form of a public censure, monetary fines, suspensions or delistings. We note that suspensions or delistings at the behest of the JSE are uncommon in the South African market.</p>
<p><b>Relevant enforcement authorities</b></p> <p>(e.g. securities regulator/ prudential regulator/ other regulatory body; courts; other?)</p>	<p>N/A, as compliance is not mandatory. However, see above.</p>
<p><b>Enforcement approach</b></p> <p>Is there any official policy/protocol/guidelines or other precedent re enforcement approach (e.g. the UK's approach to TCFD reporting, involving FCA/FRC reviews of reporting identifying areas of good practice and areas for improvement and limited regulatory enforcement in the first couple of years etc.)</p>	<ul style="list-style-type: none"> <li>● No</li> </ul> <p>Further details:</p> <p>N/A</p>

## ISSB Standards implementation

## Responses

IMPLEMENTATION TIMELINE	
<p><b>Timeline for adoption or use of ISSB standards</b></p>	<p>There is presently no specified timeline as to when compliance with ISSB standards (or any other sustainability and climate-related recommendations and/or standards) will become mandatory in South Africa.</p>
<p><b>Effective date</b></p> <p>(i.e. extent to which requirements refer to currently effective ISSB standards, noting that IFRS S1 and S2 include transition standard reliefs)</p>	<p>N/A</p>
<p><b>Where there is a transition period, is the phasing in of ISSB requirements</b></p> <p>limited only to the transition standard reliefs in IFRS S1 and S2, or involving the deferral or delay of other requirements in IFRS S1 and S2?</p> <p>Please elaborate.</p>	<p>N/A</p>
TRANSITION RELIEFS AND JURISDICTIONAL MODIFICATIONS	
<p><b>Nature and extent of transition reliefs (i.e. those built-in to the ISSB standards)</b></p> <p>(i.e. climate-first reporting; the timing of reporting; comparative disclosures; GHG Protocol and Scope 3 GHG emissions – known as “transition adoption reliefs”)</p>	<p>N/A</p>
<p><b>Nature and extent of jurisdictional modifications (i.e. other changes to or exemptions from requirements in the ISSB standards)</b></p> <p>(i.e. changes to or exemption from requirements in the ISSB standards other than transition adoption reliefs (see above) including phasing in that extends beyond the ISSB specified time frames, permanent exemptions, amendments in requirements of elements included in the ISSB standards etc)</p>	<p>N/A</p>

## ISSB Standards implementation

## Responses

REPORTING REQUIREMENTS	
<p><b>Placement of disclosures – are sustainability-related financial disclosures required or permitted to be provided as part of the general-purpose financial report in your jurisdiction?</b></p>	<p>No specific requirements imposed. Entities that are voluntarily reporting on sustainability and climate-related matters have tended to prepare a stand-alone TCFD or climate report. We anticipate that the reporting framework applied by voluntary reporters in South Africa will migrate from the TCFD recommendations to the ISSB standards.</p>
<p><b>Consolidated reporting/exemptions/equivalence</b></p> <p>(e.g. exemptions for subsidiaries included in the consolidated report of an in-scope parent; if parent not-in-scope, is there a choice for either the parent or the entity to report; equivalence/recognition of parent/group reporting if, for example, parent reports under CSRD/ESRS?)</p>	<p>N/A</p>
<p><b>Reporting boundary</b></p> <p>(e.g. same reporting boundary used for financial and sustainability reporting? Or different reporting boundaries where, e.g. GHG Protocol used to report emissions on an operational basis?)</p>	<p>N/A</p>
<p><b>Ability to refer to existing guidance for financial institutions</b></p>	<p>N/A</p>



## Türkiye

### ISSB Standards implementation

### Responses

#### IMPLEMENTATION STATUS AND APPROACH

##### Current state of adoption or use of ISSB standards in your jurisdiction

- Adopting ISSB standards with limited transition (i.e. accelerated)

Further details:

The amendment to the Turkish Commercial Code (Law No. 6102) in June 2022 authorised Türkiye's Public Accounting and Auditing Standards Authority (the "PAASA") to determine and publish the Turkish Sustainability Reporting Standards (the "TSRS") in alignment with international standards. The goal is to ensure consistency in sustainability reporting practices and adherence to the standards set by the ISSB for companies meeting specific conditions and thresholds determined by PAASA.

The TSRS is adopted from IFRS S1 and IFRS S2 and named TSRS 1 (Sürdürülebilirlikle İlgili Finansal Bilgilerin Açıklanmasına İlişkin Genel Hükümler) and TSRS 2 (İklimle İlgili Açıklamalar) respectively.

##### Publicly accountable entities in scope of ISSB standards in your jurisdiction

Please include detail of relevant triggers for other in-scope entities

- Entities whose securities are traded in a public market (public/listed companies).
- Entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses (e.g. banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks) and have a significant weight in the jurisdiction, regardless of ownership structure or listed status.
- Other entities such as private entities or pension funds (optional).

Further details:

According to a board decisions of PAASA (Decision) dated 29 December 2023 and its amending decision dated 16 December 2024, published in Official Gazette dated 18 December 2024 and numbered 32756 (Amendment Decision), the following are in the scope of TSRS, subject to the thresholds specified below:

1. the following which are subject to the regulation and supervision of Türkiye's Capital Markets Board (CMB):
  - o investment, collective investment, mortgage financing, data storage, central clearing, settlement and custody institutions and portfolio management companies; and

## ISSB Standards implementation

### Publicly accountable entities in scope of ISSB standards in your jurisdiction

Please include detail of relevant triggers for other in-scope entities

## Responses

- o companies whose shares are traded on Borsa Istanbul, excluding companies whose shares are traded on the Watchlist Market of Borsa Istanbul, and the shares, which are for sale to qualified investors only, on the Venture Capital Market;
- 2. the following which are subject to the regulation and supervision of Türkiye’s Banking Regulation and Supervision Agency (BRSA):
  - o banks, rating agencies, financial holdings, financial leasing, factoring, financing, asset management and saving financing companies; and
  - o companies holding “qualified shares” in financial holding companies and banks; and

### (BRSA Institutions)

- 3. insurance, reinsurance and pension companies operating under the Insurance Law (Law No. 5684) and Individual Pension Savings and Investment System Law (Law No. 4632); and
- 4. authorised institutions, precious metals intermediary institutions and companies engaged in the production or trade of precious metals, which are permitted to operate in Borsa Istanbul.

Companies that exceed at least two of the following thresholds for two consecutive reporting periods will be subject to TSRS:

- o total assets of TL 500,000,000;
- o 250 or more employees; or
- o Annual net sales revenue of TL 1,000,000,000.

Banks specified in para 2 above which do not operate under Türkiye’s Savings Deposit Insurance Fund are exempt from any threshold requirements and must comply with TSRS regulations regardless of thresholds. However, banks which operate under Türkiye’s Savings Deposit Insurance Fund are exempt from providing disclosures aligning with TSRS.

Institutions, organisations and enterprises not covered by the above criteria may also voluntarily apply TSRS in preparing their sustainability reports.

### Approach to introducing ISSB disclosure standards into local regulatory frameworks

- Direct use of ISSB standards
- Introduction of local standards with explicit reference to IFRS S1 and S2

Further details:

Türkiye looks to introduce disclosure standards based on:

- o IFRS S1 and IFRS S2;
- o sectoral guideline implementations from Sustainability Accounting Standards Board; and

**continued >**



**ISSB Standards implementation**

**Responses**

	<ul style="list-style-type: none"> <li>o local regulations specified in the Communiqué on Corporate Governance (the “<b>Communiqué</b>”).</li> </ul> <p>Pursuant to Article 8 and paragraph 2.2 of Annex-1 of the Communiqué, activity reports issued by a company’s board of directors must include information on corporate social responsibility activities, particularly regarding employees’ social rights, occupational training, and other company activities with social and environmental impacts.</p>
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<b>Issues in local legislation and regulation impacting ISSB adoption or use</b>	N/A
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**ENFORCEMENT**

<p><b>Legal enforcement mechanism for compliance</b></p> <p>(e.g. criminal/civil/administrative law)</p>	<p>The enforcement mechanism and penalties for non-compliance with TSRS have not yet been announced by PAASA.</p> <p>Currently, the following provisions apply in respect of non-compliance with TSRS:</p> <ul style="list-style-type: none"> <li>o the Capital Markets Law (Law No. 6362) (the “<b>CML</b>”) applies to companies within its scope; and</li> <li>o regulations issued by BRSA apply to banks and other institutions regulated and supervised by BRSA.</li> </ul> <p>The CML provides both criminal and administrative mechanisms in respect of violations of capital market regulations. Likewise, the Banking Law (Law No. 5411) also provides for criminal and administrative mechanisms for violations of BRSA regulations.</p> <p>Relevant enforcement authorities are as follows:</p> <ul style="list-style-type: none"> <li>o PAASA</li> <li>o CMB</li> <li>o BRSA</li> </ul>
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<p><b>Relevant enforcement authorities</b></p> <p>(e.g. securities regulator/ prudential regulator/ other regulatory body; courts; other?)</p>	<p>Further details:</p> <p>N/A – Please see above.</p>
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<p><b>Enforcement approach</b></p> <p>Is there any official policy/protocol/guidelines or other precedent re enforcement approach (e.g. the UK’s approach to TCFD reporting, involving FCA/FRC reviews of reporting identifying areas of good practice and areas for improvement and limited regulatory enforcement in the first couple of years etc.)</p>	<p>Further details:</p> <p>N/A – Please see above.</p>
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## ISSB Standards implementation

## Responses

IMPLEMENTATION TIMELINE	
<p><b>Timeline for adoption or use of ISSB standards</b></p>	<p>The Decision mandates that TSRS implementation be applied to accounting periods commencing on or after 1 January 2024.</p>
<p><b>Effective date</b></p> <p>(i.e. extent to which requirements refer to currently effective ISSB standards, noting that IFRS S1 and S2 include transition standard reliefs)</p>	<p>Accounting periods commencing on or after 1 January 2024.</p>
<p><b>Where there is a transition period, is the phasing in of ISSB requirements</b></p> <p>limited only to the transition standard reliefs in IFRS S1 and S2, or</p> <p>involving the deferral or delay of other requirements in IFRS S1 and S2?</p> <p>Please elaborate.</p>	<p>The transition period clauses are directly integrated in TSRS 1 and TSRS 2 from ISSB's IFRS S1 and IFRS S2.</p>
TRANSITION RELIEFS AND JURISDICTIONAL MODIFICATIONS	
<p><b>Nature and extent of transition reliefs (i.e. those built-in to the ISSB standards)</b></p> <p>(i.e. climate-first reporting; the timing of reporting; comparative disclosures; GHG Protocol and Scope 3 GHG emissions – known as “transition adoption reliefs”)</p>	<p>TSRS 1 and TSRS 2 have the same transition reliefs, explained in the section above, which are also mentioned in IFRS 1 and IFRS 2.</p>

## ISSB Standards implementation

### Nature and extent of jurisdictional modifications (i.e. other changes to or exemptions from requirements in the ISSB standards)

(i.e. changes to or exemption from requirements in the ISSB standards other than transition adoption reliefs (see above) including phasing in that extends beyond the ISSB specified time frames, permanent exemptions, amendments in requirements of elements included in the ISSB standards etc)

## Responses

Pursuant to the Amendment Decision;

1

- a. companies whose shares are traded on the Watchlist Market of Borsa Istanbul, and shares offered to qualified investors only on the Venture Capital Market, are exempt from TSRS 1 and TSRS 2; and
- b. joint stock companies that are not traded on a stock exchange or other organised markets, but issue capital market instruments other than shares without public offering or have a valid issuance certificate approved by the CMB for this purpose,

are excluded from the scope of the mandatory application of TSRS for the accounting periods starting on and after 1 January 2024.

2. The BRSA Institutions (except for those whose shares are traded in Borsa Istanbul):

- a. that have no more than one branch; or
- b. that employ no more than 250 persons as of the end of the previous year,

are exempt from the mandatory reporting obligations of TSRS regarding Scope 3 greenhouse gas emissions during the exemption period, starting from 1 January 2024. However, the BRSA Institutions may choose to comply with the TSRS on a voluntary basis.

## REPORTING REQUIREMENTS

### Placement of disclosures – are sustainability-related financial disclosures required or permitted to be provided as part of the general-purpose financial report in your jurisdiction?

Sustainability-related financial disclosures under TSRS are included in the sustainability reports and financial statements of the relevant companies. These disclosures cover the same reporting period as the related financial statements.

The current regulations for the announcement of financial statements for all companies remain in full force. A transition period has been provided for companies regarding TSRS. Please see above for further detail.

As the sustainability-related financial disclosures are included in the annual financial statements, publicly listed companies are required to publish these disclosures on Türkiye's Public Disclosure Platform along with their financial statements. Additionally, publicly traded companies must make their annual reports, which include financial disclosures related to sustainability, available on their websites.

### Consolidated reporting/exemptions/equivalence

(e.g. exemptions for subsidiaries included in the consolidated report of an in-scope parent; if parent not-in-scope, is there a choice for either the parent or the entity to report; equivalence/recognition of parent/group reporting if, for example, parent reports under CSRD/ESRS?)

Sustainability-related financial disclosures must correspond to the same company that issues the relevant financial statements, as specified in paragraph B38 of TSRS 1. For example, if a company issues consolidated financial statements in accordance with Turkish Accounting Standards, presenting the parent company and its subsidiaries as a single reporting entity, its sustainability-related disclosures should also be aligned accordingly.

## ISSB Standards implementation

## Responses

### Reporting boundary

(e.g. same reporting boundary used for financial and sustainability reporting? Or different reporting boundaries where, e.g. GHG Protocol used to report emissions on an operational basis?)

Same reporting boundary should be used for financial and sustainability reporting.

### Ability to refer to existing guidance for financial institutions

N/A



## United Kingdom

### ISSB Standards implementation

### Responses

#### IMPLEMENTATION STATUS AND APPROACH

##### Current state of adoption or use of ISSB standards in your jurisdiction

- Committing to adoption or other use of ISSB standards

Further details:

In its paper **mobilising green investment: 2023 green finance strategy**, the UK Government laid plans to establish a framework to assess the suitability of IFRS S1 and IFRS S2 for endorsement in the UK.

The UK Government has established 2 committees to assist with the assessment and endorsement of the ISSB standards: the independent Technical Advisory Committee (TAC) and the Policy and Implementation Committee (PIC).

On 18 December 2024, TAC published its final recommendations to the Secretary of State for Business and Trade, recommending endorsement of the first two IFRS Sustainability Disclosure Standards for use in the UK.

TAC's technical assessment of both standards has concluded that the creation of UK Sustainability Reporting Standards would support long-term public good in the UK. In advising endorsement, the TAC has also recommended minor amendments to IFRS S1 and IFRS S2 (addressed below). The recommendations were discussed and agreed at a public meeting of the TAC on 5 December 2024.

Whilst overall the TAC is of the opinion that endorsement of IFRS S1 and IFRS S2, including proposed amendments, meet the endorsement criteria and would be conducive to the long-term public good in the UK, there are a number of technical areas where there was significant debate and differing views within the TAC. These include the requirements relating to the application of materiality, sources of guidance, references to the GHG Protocol Corporate Standard, and the requirements relating to transition plans. Additionally, there was significant debate and differing views on the TAC's suggested amendments and recommendations for financed emissions and transition reliefs.

## ISSB Standards implementation

### Publicly accountable entities in scope of ISSB standards in your jurisdiction

#### Please include detail of relevant triggers for other in-scope entities

## Responses

- Entities whose securities are traded in a public market (public/listed companies).
- Entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses (e.g. banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks) and have a significant weight in the jurisdiction, regardless of ownership structure or listed status.
- Other entities such as private entities or pension funds (optional).

#### Further details:

As outlined in its Primary Market Bulletin 49, the Financial Conduct Authority (FCA) will, following a positive endorsement decision, consult on proposals to require UK-listed companies to disclose sustainability-related information in accordance with UK SRS.

The UK Government will hold a separate consultation to decide on disclosure requirements for non-listed companies and limited liability partnerships (LLPs). That decision will take into account a number of factors, including costs for reporting companies and benefits for investors that may wish to use this information.

### Approach to introducing ISSB disclosure standards into local regulatory frameworks

- Introduction of local standards with explicit reference to IFRS S1 and S2

Subject to a positive endorsement decision, the UK Government plans to introduce the first two UK Sustainability Reporting Standards (UK SRS), which would be based upon IFRS S1 and IFRS S2. These standards will form part of a wider Sustainability Disclosure Reporting framework.

In relation to a number of technical areas, the TAC recommends engagement with the ISSB on specific matters as well as continued monitoring of market practice. It is anticipated that the Government will consider who should do this as an implementation matter.

### (Issues in local legislation and regulation impacting ISSB adoption or use)

The TAC made no specific endorsement recommendations in respect of the requirements in IFRS S1 and IFRS S2 and their interoperability with other frameworks and standards as this is an implementation matter. However, recognising UK stakeholder concerns and the challenges identified relating to interoperability, the TAC recommends that, as an implementation issue, the UK Government engages specifically with the ISSB and the European Financial Reporting Advisory Group (EFRAG) on interoperability challenges and the potential for equivalence.

The TAC also recommends that the PIC considers, as an implementation matter, the difference between the requirements in IFRS S1 and IFRS S2 and the existing UK requirements for climate-related financial disclosures set out in the Companies Act 2006 and FCA Listing Rules with regard to disclosures about governance and risk management processes. In particular, the PIC might consider how to transition from the current climate-related financial disclosure requirements to IFRS Sustainability Disclosure Standards without reducing the usefulness of disclosure for users.

ISSB Standards implementation

Responses

ENFORCEMENT	
<p><b>Legal enforcement mechanism for compliance</b></p> <p>(e.g. criminal/civil/administrative law)</p>	<p>The enforcement mechanism will depend on how the UK SRS are implemented and where the sustainability-related disclosure requirements are located. For example, the FCA has the power to fine listed companies/their directors for breach of the Listing Rules, but the FRC does not (currently) have the power to fine UK-incorporated companies/their directors for breach of the Companies Act 2006 reporting requirements (there are some criminal sanctions but these are rarely used).</p>
<p><b>Relevant enforcement authorities</b></p> <p>(e.g. securities regulator/ prudential regulator/other regulatory body; courts; other?)</p>	<p>In the UK the relevant enforcement authorities are likely to include:</p> <ul style="list-style-type: none"> <li>o Financial Conduct Authority (FCA)</li> <li>o Financial Reporting Council (FRC), which is likely to become the Audit, Reporting and Governance Authority (ARGA) with wider and stronger enforcement powers in accordance with proposed Audit and Corporate Governance Reforms (with a draft Bill expected in April/May 2025 – timing TBC)</li> <li>o The courts</li> <li>o Prudential Regulatory Authority (PRA)</li> <li>o The Pensions Regulator</li> </ul>
<p><b>Enforcement approach</b></p> <p>Is there any official policy/protocol/guidelines or other precedent re enforcement approach (e.g. the UK’s approach to TCFD reporting, involving FCA/FRC reviews of reporting identifying areas of good practice and areas for improvement and limited regulatory enforcement in the first couple of years etc.)</p>	<p>Further details:</p> <p>No decisions have been made. However, the TAC highlights that the application of IFRS Sustainability Disclosure Standards will be an evolutionary process. The TAC recommends that, across the corporate reporting ecosystem, regulators consider ways of supporting stakeholders to achieve transparency and with the learning this process will entail. The TAC also recognises the importance of a post-implementation review to monitor practice as it develops and to understand whether any amendments to the standards are required in the future.</p>
IMPLEMENTATION TIMELINE	
<p><b>Timeline for adoption or use of ISSB standards</b></p>	<p>In May 2024, the UK Government issued an implementation update issued the following timelines:</p> <p>In Q1 2025, the UK Government aims to make the UK SRS available for the FCA to introduce requirements for UK-listed companies. The Secretary of State for Business and Trade will be responsible for the endorsement decision.</p> <p>In Q2 2025, the UK Government expects a decision regarding future requirements to be taken (e.g. new legislation), but any changes that may be introduced would be effective no earlier than accounting periods beginning on or after 1 January 2026.</p>

## ISSB Standards implementation

## Responses

**Effective date**

(i.e. extent to which requirements refer to currently effective ISSB standards, noting that IFRS S1 and S2 include transition standard reliefs)

The TAC recommends removing the effective date in IFRS S1 and IFRS S2. Noting that the effective date for mandatory reporting is for the PIC to decide, the TAC recommends that it is not necessary to insert a specific date into the standards for voluntary application.

The TAC recommends that the PIC considers the implications of voluntary reporting of IFRS S1 and IFRS S2 on the entity's ability to apply transition reliefs and assert compliance with the UK Sustainability Reporting Standards.

**Where there is a transition period, is the phasing in of ISSB requirements**

limited only to the transition standard reliefs in IFRS S1 and S2, or

involving the deferral or delay of other requirements in IFRS S1 and S2?

Please elaborate.

No decisions have been made.

## TRANSITION RELIEFS AND JURISDICTIONAL MODIFICATIONS

**Nature and extent of transition reliefs (i.e. those built-in to the ISSB standards)**

(i.e. climate-first reporting; the timing of reporting; comparative disclosures; GHG Protocol and Scope 3 GHG emissions – known as “transition adoption reliefs”)

The TAC recommends removing the transition relief in IFRS S1 paragraph E4 that permits an entity to report its annual sustainability-related financial disclosures after it has published the related financial statements in the first year of reporting.

**Nature and extent of jurisdictional modifications (i.e. other changes to or exemptions from requirements in the ISSB standards)**

(i.e. changes to or exemption from requirements in the ISSB standards other than transition adoption reliefs (see above) including phasing in that extends beyond the ISSB specified time frames, permanent exemptions, amendments in requirements of elements included in the ISSB standards etc)

In its final recommendations published in December 2024, TAC introduced only minor amendments to IFRS S1 and IFRS S2. These include:

- o amending the transition relief in IFRS S1 to extend the ‘climate-first’ reporting relief to up to two years (and therefore requiring disclosure of all sustainability-related risks and opportunities by the third year of reporting);
- o amending the financed emissions requirements in IFRS S2 so that entities are not required to use GICS when disaggregating gross financed emissions by sector/industry classification but might use GICS or a different classification system they use for existing regulatory or financial reporting purposes (see below for further details).

Additional recommendations and observations, including requests for additional guidance to “ensure practical and effective implementation”, are included in Appendix 4 (Technical assessment and endorsement recommendations) of the TAC's final recommendations: [UK Endorsement of IFRS S1 and IFRS S2.pdf](#), together with marked-up versions of the proposed amendments in Appendix 5.



## ISSB Standards implementation

## Responses

## REPORTING REQUIREMENTS

**Placement of disclosures – are sustainability-related financial disclosures required or permitted to be provided as part of the general-purpose financial report in your jurisdiction?**

The TAC recommends that the requirements in IFRS S1 for the location of sustainability-related financial disclosures are maintained without amendment.

*The TAC recommends that the PIC considers how to simplify and streamline the existing rules in the UK relating to the location of sustainability-related disclosures. This includes consideration of the requirements in the Companies Act 2006 and FCA Listing Rules, and the possible implications for future assurance requirements.*

*In considering the location of disclosures, the PIC should also consider the interoperability challenges with other jurisdictional requirements, and the availability of safe harbour provisions for information in the strategic report that are currently in the Companies Act 2006.*

**Consolidated reporting/exemptions/equivalence**

(e.g. exemptions for subsidiaries included in the consolidated report of an in-scope parent; if parent not-in-scope, is there a choice for either the parent or the entity to report; equivalence/recognition of parent/group reporting if, for example, parent reports under CSRD/ESRS?)

The TAC recommends that the requirements in IFRS S1 for the reporting entity for which sustainability-related reporting should be disclosed are maintained without amendment.

*The TAC recommends that the PIC considers, as an implementation matter, the interaction between the scope of application of IFRS S1 for reporting entities and the current UK legal framework. The TAC also recommends that the PIC considers, as an implementation matter, the introduction of an exemption from compliance with UK Sustainability Reporting Standards for certain subsidiaries when the parent company is reporting on an equivalent basis for the consolidated group.*

**Reporting boundary**

(e.g. same reporting boundary used for financial and sustainability reporting? Or different reporting boundaries where, e.g. GHG Protocol used to report emissions on an operational basis?)

The TAC recommends that the requirements in IFRS S1 for the reporting entity for which sustainability-related reporting should be disclosed are maintained without amendment.

*The TAC observes that an operational control approach is often used for sustainability-related disclosures but recommends that entities should be strongly encouraged to report sustainability-related information using the same reporting boundary approach that is used for financial reporting as soon as practicable. Additionally, the ISSB should be encouraged to consider the requirements relating to reporting entity boundaries when updating IFRS S1 and IFRS S2 or developing future topic-specific standards.*

## ISSB Standards implementation

### Ability to refer to existing guidance for financial institutions

## Responses

The TAC recommends that the financed emissions requirements in IFRS S2 are amended so that entities are not required to use GICS when disaggregating gross financed emissions by sector/industry classification but might use GICS or a different classification system they use for existing regulatory or financial reporting purposes. The proposed amendments can be found in Appendix 5.

The TAC recommends that the ISSB provide written clarification to acknowledge that where a reporting entity determines it is impracticable to provide a reliable and decision-useful estimate of its financed emissions using loans and investments for the current reporting period end due to constrained timelines, that the current industry practice of reporting financed emissions using the latest available reliable information for a previous period, clearly labelled as such, is not inconsistent with the requirements of IFRS S1 and IFRS S2. This information can provide users with the most recent reliable information which is considered to be decision-useful for the reporting entity and users of the information. Note that the reporting entity would always be required under these circumstances to disclose how it is managing its Scope 3 greenhouse gas emissions in accordance with IFRS S2 paragraph B57, and the financed emissions information for a previous reporting period would be considered additional information.

In the absence of this written acknowledgement from the ISSB, the TAC recommends that the PIC considers the need for such an acknowledgement for UK entities to avoid undue cost and effort. However, there are differing views on these recommendations.

Additional recommendations include: that the TAC observes that entities should use existing guidance provided by established industry standards on the expected level of coverage of emissions included in financed emissions disclosures and suggests to the ISSB that this could be an area that is considered as part of the development of the ISSB's industry-based standards.

*The TAC observes that, consistent with IFRS S1 paragraphs B29 and B30, entities should disaggregate their assets under management financed emissions disclosures consistently with the accounting treatment of those assets, e.g. distinguishing between assets that are owned and controlled by the entity and by assets that are not owned or controlled by the entity.*

*The TAC recommends that the development of global frameworks and standards for the calculation of financed emissions for different financial products is an area for continued monitoring as practice is established.*

*The TAC observes that in accordance with IFRS S2 paragraph 29(a)(iii) entities should disclose appropriate explanation and context as to why disaggregated financed emissions figures are disclosed.*

*The TAC observes that comparability and consistency in the calculation of financed emissions for undrawn facilities is likely to be challenging given the divergent practices and current lack of available guidance.*

*The TAC recommends that the development of practice of reporting financed emissions is monitored and fed back to the ISSB when it conducts its postimplementation review of IFRS S2.*

For further information about this report, please contact  
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