
**Intergovernmental Working Group of Experts on International
Standards of Accounting and Reporting
(ISAR)**

**38th SESSION
9 – 12 November 2021**

Tuesday, 9 November 2021

**High-level panel: Recent developments related to the
convergence of financial and sustainability reporting
frameworks and standards**

Presented by

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Recent developments related to the convergence of financial and sustainability reporting frameworks and standards

Seema Jamil-O'Neill

Technical Director, UK Endorsement Board

9 November 2021



Session overview



UK Financial Reporting Framework for adoption of IAS



UK Sustainable Disclosure Requirements

UK Financial Reporting Framework for adoption of IAS

- **The UK framework for endorsement of IAS**
 - Onshore applicable EU legislation : SI 2019/685
 - Set-up of UK Endorsement Board
- **Statutory functions**
 - Endorsing and adopting IAS for use in the UK, where certain criteria are met
 - Influencing the development of international financial reporting standards
- **Overriding objectives for adopting IAS**
 - Ensure a high degree of transparency and international comparability of financial statements
 - Ensure the efficient allocation of capital and the smooth functioning of UK capital markets
- **Role of the Secretary of State and UK Parliament**

Major projects

Adoption

- IFRS 17 *Insurance Contracts*
 - Draft Endorsement Criteria Assessment about to be published for comment
 - Endorsement and adoption decision expected Q1 2022

Influencing

- Disclosure Requirements in IFRS Standards—A Pilot Approach
 - IASB's Exposure Draft published March 2021
 - IASB's consultation period to 12 January 2022
 - UKEB's consultation period to 1 November 2021
- Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures
 - IASB's Exposure Draft published July 2021
 - IASB's consultation period to 31 January 2022
 - UKEB's consultation period
- Post Implementation Review of IFRS 9 - Classification and Measurement
 - IASB's Request for Information published September 2021
 - IASB's consultation period to 28 January 2022
 - UKEB's consultation period



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UK Financial Reporting Framework for adoption of IAS



UK Sustainable Disclosure Requirements

Current UK Non-Financial Reporting Framework



Companies Act 2006

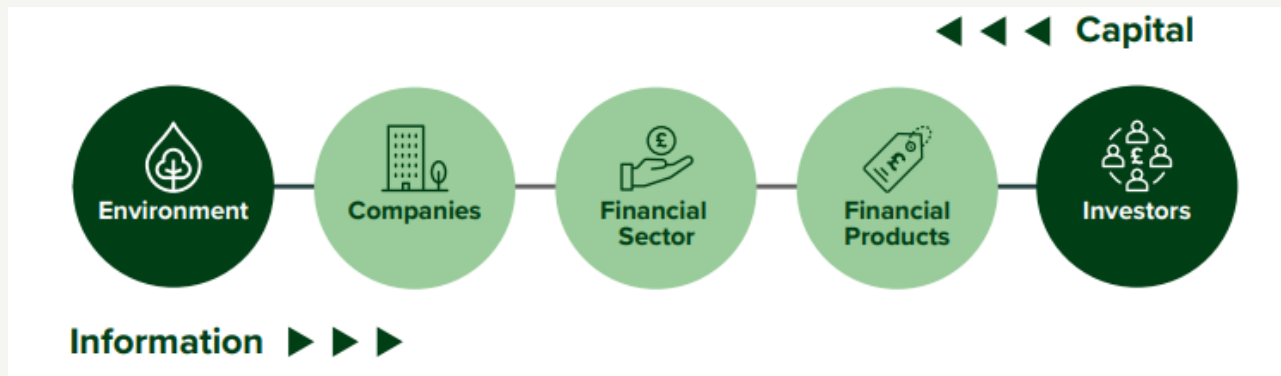
- UK Companies:
 - file an Annual Report at Companies House
 - publicly available
- The Strategic Report
 - contains much of the 'non-financial' information (employee, social, environmental)
 - requirement for all UK companies (except small & micros) since 2013
- The EU's Non-Financial Reporting Directive came into force via regulations made in 2016. Requires all large PIEs to file a statement including information on the following issues:



Future UK Sustainability Reporting Framework

- **Greening Finance: A Roadmap to Sustainable Investing**

- UK Govt published a Roadmap on 18 October 2021
<https://www.gov.uk/government/publications/greening-finance-a-roadmap-to-sustainable-investing>
- It sets out the UK gov't's long-term ambition to green the financial system and align it with the UK's net-zero commitment by:
 - Informing – ensuring decision-useful sustainability information is available to financial market decision-makers
 - Acting – mainstreaming this information into business and financial decisions
 - Shifting – financial flows across the economy shifting to align with a net-zero and nature-positive economy



Future UK Sustainability Reporting Framework

TCFD

- Mandatory TCFD reporting for reporting periods starting on or after 6 April 2022
- Applies to all large companies & LLPs with >500 employees & >£500m turnover
- Regulations have been published & will be debated in Parliament shortly

Sustainable Disclosure Requirements (SDR)

- The Roadmap, published by HM Treasury, sets out how this will be achieved
- Govt Departments & regulators are working together on this economy wide regime

SDR for UK Corporates

- Mechanism to adopt and endorse ISSB issued standards for use in the UK
- Introduction of regulations to require certain companies to report using those standards
- Requirement for certain companies to report against the UK Green Taxonomy in their Annual Report
- Consultation to be issued in Spring 2022



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Thank You

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