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

**41st SESSION
6 – 8 November 2024**

Thursday, 7 November 2024

**Agenda item 3. Review of progress in harmonization and
practical implementation of sustainability reporting,
assurance and ethical considerations**

Presented by

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UK sustainability reporting framework

Mike Ashby, Head of Sustainability Disclosure Frameworks



Strategic Report

- All companies, other than small companies, must prepare a Strategic Report containing a description of their principle risks and uncertainties.
- Larger and more economically significant companies are required to report in more granular detail on environmental matters; the company's employees; and social, community and human rights issues.
- Large Public Interest Entities must report against TCFD-aligned requirements.

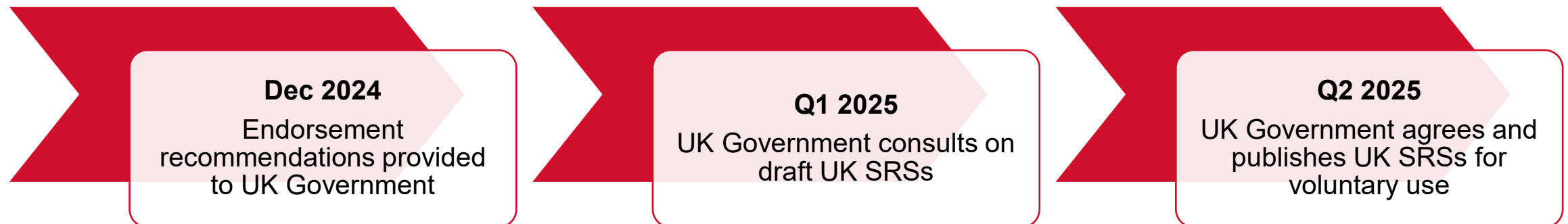
Directors Report

- Quoted companies and other large entities are required to report on their energy use and carbon emissions (Scope 1, Scope 2, Scope 3 business travel).

UK endorsement of ISSB Standards

The Secretary of State for Business and Trade is responsible for the final decision on whether to endorse ISSB standards, to create 'UK Sustainability Reporting Standards' available for *voluntary* use. When making this decision, he will be supported by two committees:

1. UK Sustainability Disclosure Technical Advisory Committee
2. UK Sustainability Disclosure Policy and Implementation Committee





The Technical Advisory Committee has tentatively agreed to recommend some minor amendments to IFRS S1 and IFRS S2 for endorsement in the UK:

- Provide flexibility for entities to use industry classifications other than GICS for financed emissions in IFRS S2.
- Remove the transition relief in IFRS S1 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.
- Extend the relief from reporting on sustainability matters other than climate in IFRS S1 from one year to two years.

The TAC is also considering whether practical and targeted amendments may be necessary for the financed emission requirements.

The TAC's recommendations will be finalised after they have been voted on, which is expected in December.

Financial Conduct Authority

- Responsible for setting reporting requirements for companies that list on a UK regulated market.
- FCA has announced that it will consult on reporting requirements against UK SRSs in 2025, following publication of draft UK SRSs in Q1 2025.

UK Government

- Responsible for setting requirements for a wider range of UK entities.
- Reporting requirements would require primary legislation.
- Decisions will be coordinated with the outcome of the UK Government's ongoing review of existing non-financial reporting requirements.

Assurance of sustainability reporting



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- The Financial Reporting Council recently published a market study on the assurance market in the UK. It found that:
 - There is some support for a mandatory assurance regime.
 - Companies wanted to see a range of assurance providers in the market.
 - Companies preferred to have flexibility on the information they should have assured.
 - There was a demand for a level-playing field of qualifications and supervision of providers.
- The UK Government is considering the findings of the FRC's study and will announce next steps in due course.