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Review of developments in the harmonization of sustainability reporting requirements and their practical implementation

Note by the UNCTAD secretariat

Summary

The global sustainability standards ecosystem has recently seen several developments aimed at reinforcing transparency and ensuring the credibility of sustainability reports, including the issuance of an exposure draft of a standard on climate-related disclosures for public-sector entities.

This note is aimed at facilitating the deliberations of delegates, and presents sustainability reporting standards and initiatives recently established by international and regional standard setters, as well as related standards on ethics, assurance and accountancy education; the approaches in various countries to establishing sustainability reporting requirements; and key challenges faced by countries in implementation efforts, identifying measures to address them.

Introduction

1. An assessment of progress on achieving the Sustainable Development Goals shows that only 17 per cent of the targets are on track to be met by 2030.[1] The global investment environment remains challenging for sectors critical to achieving the Goals; the number of Goals-related investments fell by 11 per cent in 2024.[2] Developing countries urgently need access to funding. One of the key challenges in reallocating resources to Goals-related areas is the lack of comparable and reliable sustainability reports and data, to ensure that investors and businesses make informed decisions with a positive impact on sustainable development.[3] UNCTAD and the United Nations Environment Programme are co-custodians of indicator 12.6.1 (number of companies publishing sustainability reports) under the Goals.

2. In 2021, the International Financial Reporting Standards (IFRS) Foundation announced the decision to establish the International Sustainability Standards Board (ISSB) and, in 2023, ISSB issued International Financial Reporting Standard S1 (general requirements for the disclosure of sustainability-related financial information) and International Financial Reporting Standard S2 (climate-related disclosures), endorsed by the International Organization of Securities Commissions, for cross-border use. This has significantly changed the sustainability reporting landscape. An increasing number of countries have adopted the ISSB standards and many others are working on adoption or adaptation. In addition, new pronouncements on ethics, assurance and accountancy education have been issued. Standard-setting developments have also reached public-sector entities.

3. UNCTAD, through the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, supports member States in efforts to implement the international standards and best practices of financial and sustainability reporting, to promote harmonization and facilitate financial stability, investment and economic and social progress. Currently, it is supporting countries in strengthening the corporate reporting ecosystem using the sustainability reporting toolkit, comprising the Accounting Development Tool; *Guidance on Core Indicators for Sustainability and Sustainable Development Goal Impact Reporting*; *Core Sustainable Development Goals Indicators for Entity Reporting: Training Manual* and electronic learning tutorials; and *Tackling the Sustainability Reporting Challenge: A Policy Guide*. The honours initiative facilitates the dissemination of best practices on sustainability reporting.[4] UNCTAD has been supporting regional partnerships for the promotion of sustainability reporting in Africa (65 members; 31 countries), Asia (16 members; 6 countries), the Gulf States (11 members; 5 countries) and Latin America (35 members; 15 countries), as well as the Eurasian region (12 members; 6 countries). The regional partnerships promote support among peers to strengthen national corporate reporting infrastructures, implement international sustainability reporting standards, identify the needs of developing countries and provide a regional voice in interactions with international standard setters. They foster progress at the national level; for example, in Uruguay, the Association of Accountants, Economists and Administration Professionals promoted the launch of the Uruguay Sustainability Reporting Alliance.[5]

4. Following on from the note presented at the previous session,[6] this note is aimed at facilitating the deliberations of delegates on the review of developments in the harmonization of sustainability reporting requirements and their practical implementation. Intergovernmental Working Group of Experts, at its forty-first session, requested the

[1] United Nations, 2024, *The Sustainable Development Goals Report 2024* (United Nations publication, sales No. E.24.I.4, New York).
Note: Mention of any firm or licenced process does not imply the endorsement of the United Nations.

[2] See https://unctad.org/publication/global-investment-trends-monitor-no-48.

[3] TD/B/C.II/ISAR/105.

[4] See https://unctad.org/isar/honours.

[5] See https://ccea.com.uy/capacitacion/eventos/programa-lanzamiento-de-la-alianza-uruguaya-de-reportes-de-sostenibiliad/.

[6] TD/B/C.II/ISAR/109.

UNCTAD secretariat to continue to follow developments on sustainability reporting requirements.[7] A description of key developments in sustainability reporting in 2024–2025 is provided in chapter II, along with examples from different regions and countries in implementing requirements in chapter III, including national approaches to facilitating implementation, key challenges and policy recommendations. Conclusions and issues for further consideration by delegates are presented in chapter IV.

I. Recent developments in sustainability and Goals-related reporting requirements

5. The development of the global sustainability standards ecosystem has kept up a fast pace and a series of standards have recently been issued, including an exposure draft of a standard on climate-related disclosures for public-sector entities, a regional voluntary standard for non-listed small and medium-sized enterprises and sectoral standards and guidance. Complementary standards on assurance, ethics and accountancy education aimed at reinforcing transparency, reducing greenwashing and ensuring credibility have been issued. Finally, there are ongoing efforts to facilitate the implementation of IFRS S1 and S2.

A. International Sustainability Standards Board

6. By end-June 2025, according to ISSB, 36 jurisdictions had adopted or adapted IFRS S1 and S2 or were conducting consultations to introduce the standards. The IFRS Foundation has issued 17 jurisdictional profiles and 16 snapshots on implementation progress. ISSB supports implementation with educational materials, guidance and other tools. In 2024, the Foundation issued a guide on how to make materiality judgements and identify and disclose material information in the context of the ISSB standards. ISSB has issued educational material on applying IFRS S1 when reporting only climate-related disclosures in accordance with IFRS S2 and on proportionality mechanisms, to assist companies with different levels of capabilities and readiness to implement the standards. In June 2025, ISSB issued guidance on disclosures of climate-related transition plans.[8]

7. ISSB and the International Accounting Standards Board launched an online series on practical examples of how using both standards produces complementary and connected reported information, and set up a connectivity website to gather all resources and updates. In July 2024, the International Accounting Standards Board issued for comments eight illustrative examples developed with ISSB, on materiality judgements; disclosures about assumptions and estimation uncertainties; and disaggregation of information.[9] ISSB is deciding on the direction of the project.

8. ISSB launched a road map development tool, to assist countries in adopting or otherwise using the Board standards, including a tool with templates to facilitate road map development and indicate the approach followed by the jurisdiction.[10]

[7] TD/B/C.II/ISAR/111.

[8] See https://www.ifrs.org/news-and-events/news/2025/06/ifrs-foundation-publishes-jurisdictional-profiles-issb-standards/, https://www.ifrs.org/news-and-events/news/2024/11/ifrs-foundation-publishes-guide-companies-sustainability-risks-opportunities/, https://www.ifrs.org/news-and-events/news/2025/01/foundation-publishes-guide-help-companies-report-climate-info-issb-standards/, https://www.ifrs.org/supporting-implementation/supporting-materials-for-ifrs-sustainability-disclosure-standards/ifrs-s1-and-ifrs-s2/webcast-proportionality-mechanisms-ifrs-sustainability-disclosure-standards/ and https://www.ifrs.org/news-and-events/news/2025/06/ifrs-publishes-guidance-disclosures-transition-plans/.

[9] See https://www.ifrs.org/news-and-events/news/2024/12/new-webcast-series-connectivity/, https://www.ifrs.org/connectivity/ and https://www.ifrs.org/projects/work-plan/climate-related-risks-in-the-financial-statements.

[10] See https://www.ifrs.org/ifrs-sustainability-disclosure-standards-around-the-world/roadmap-development-tool/.

9. ISSB has conducted research on entity disclosures related to biodiversity, ecosystems and ecosystem services and to human capital-related risks and opportunities.[11] ISSB will decide on the need for and feasibility of developing standards on these issues. A note on integrating biodiversity and human capital considerations into sustainability reporting has been prepared to facilitate deliberations at the present session of the Intergovernmental Working Group of Experts.[12]

10. In response to application challenges, in April 2025, ISSB issued an exposure draft on amendments to greenhouse gas emissions disclosures, proposing relief by limiting the scope 3, category 15 emissions required to be measured and disclosed to financed emissions, that is, emissions attributed to loans and investments made by an entity to an investee or counterparty. The exposure draft was open to comments until 27 June.[13] In July, ISSB issued two exposure drafts on proposed amendments to nine Sustainability Accounting Standards Board standards and consequent amendments to industry-based guidance on implementing IFRS S2.[14]

11. To enrich its standard-setting work, the IFRS Foundation appointed 117 members from different regions and professional backgrounds to the Sustainability Reference Group.[15]

B. International Organization of Securities Commissions

12. At end-2024, the Organization, with the support of ISSB, launched a Growth and Emerging Markets Committee Network for Adoption or Other Use of ISSB Standards, which includes 31 jurisdictions that are either executing a road map to implement the standards, developing a road map, building awareness or becoming familiar with the standards.[16]

C. International Public Sector Accounting Standards Board

13. The Board issued an exposure draft of the sustainability reporting standard on climate-related disclosures, proposing disclosure requirements for public-sector entities on climate-related risks and opportunities, adapted from the requirements in IFRS S2 and of the Task Force on Climate-Related Financial Disclosures; and disclosure requirements of climate-related public policy programmes and outcomes, integrating the multi-stakeholder focus of the Global Reporting Initiative. After reviewing comments, the Board divided the project as follows: in phase 1, the own operations standard will be voted on as a final pronouncement in December 2025; and in phase 2, the public policy programmes standard is expected to be finalized by end-2026.[17] To provide feedback with inputs from experts and the formal membership, UNCTAD held a consultative group meeting. The main themes in the comments provided by the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting included the need for differentiated disclosure requirements, particularly for smaller public-sector entities, and the need for capacity-building and technical assistance, to enable compliance by entities with limited resources.

[11] See https://www.ifrs.org/content/dam/ifrs/meetings/2025/march/issb/ap3c-current-state-disclosure-bees.pdf and https://www.ifrs.org/content/dam/ifrs/meetings/2025/march/issb/ap4d-current-state-disclosure-hc.pdf.

[12] TD/B/C.II/ISAR/114.

[13] See https://www.ifrs.org/projects/work-plan/amendments-to-disclosure-of-greenhouse-gas-emissions-s2/.

[14] See https://www.ifrs.org/projects/work-plan/enhancing-the-sasb-standards/ed-cl-sasb/.

[15] See https://www.ifrs.org/news-and-events/news/2025/01/ifrs-foundation-announces-appointments-to-srg/.

[16] See https://www.iosco.org/news/pdf/IOSCONEWS754-English.pdf.

[17] See https://www.ipsasb.org/news-events/2025-06/ipsasb-decides-key-next-steps-landmark-climate-related-disclosures-project.

D. International Auditing and Assurance Standards Board

14. The Board issued International Standard on Sustainability Assurance 5000: General requirements of sustainability assurance engagements, to ensure the reliability of sustainability reports. The standard is applicable to all assurance engagements on sustainability information prepared under any sustainability reporting framework and is valid for all sustainability assurance practitioners. It will become effective for periods beginning on or after 15 December 2026. Following approval of the standard, the Board decided that International Standard on Assurance Engagements 3410: Assurance engagements on greenhouse gas statements, will be withdrawn from the effective date of the new standard.[18]

E. International Ethics Standards Board for Accountants

15. The Board issued international ethics standards for sustainability assurance (including international independence standards), revisions to the code of ethics related to sustainability assurance and reporting and a new standard on using the work of an external expert. The international ethics standards will be effective from 15 December 2026, except for some provisions on value chain components that will be effective from 1 July 2028. The standard on using the work of an external expert will become effective as of 15 December 2026, with early adoption permitted and encouraged. The standards are compatible with all sustainability reporting frameworks (i.e. framework neutral) and profession-agnostic (i.e. directed to professional accountants but usable by non-accountant preparers).

F. International Federation of Accountants

16. The Federation has revised international education standards on initial professional development, namely, standard 2, on technical competence; standard 3 on professional skills, and standard 4 on professional values, ethics and attitudes. The main improvements are an integrated sustainability approach, new assurance competence, enabling behavioural competencies and expanded explanatory material. Standard 6, on the formal assessment of professional competence, includes integrity and authenticity as new principles, an update to the principle of equity and improved guidance on hybrid and remote assessments.

17. In *Building Trust in Sustainability Reporting and Preparing for Assurance: Governance and Controls for Sustainability Information*, the Federation details how to create effective governance arrangements and controls, to ensure confidence in sustainability information and reduce the probability of modified assurance conclusions. In an analysis of sustainability disclosure and assurance, the Federation highlights the high frequency of reporting on sustainability-related matters, but that assurance of disclosures is lagging. In June 2025, an online tool was launched to help small and medium-sized enterprises maximize the benefits of incorporating sustainability into strategies and business operations. The 2025 programme for International Federation of Accountants Connect features regional strategies and success stories in implementing international sustainability standards.[19]

[18] See https://www.iaasb.org/news-events/2025-05/iaasb-announces-withdrawal-isae-3410-assurance-engagements-greenhouse-gas-statements.

[19] See https://www.ifac.org/knowledge-gateway/discussion/international-education-standards-have-been-revised-here-s-how, https://www.ifac.org/publications/building-trust-sustainability-reporting-and-preparing-assurance-governance-and-controls, https://www.ifac.org/knowledge-gateway/audit-assurance/publications/state-play-sustainability-disclosure-and-assurance, https://www.ifac.org/news-events/2025-06/ifac-releases-trailblazing-sustainability-tool-small-businesses and https://www.ifac.org/ifac-connect.

G. United Nations Global Compact

18. The Climate Ambition Accelerator initiative aims to support companies in speeding up progress towards net zero emissions by 2050.

19. The Communication on Progress is the annual accountability mechanism, mandatory for business participants of the Global Compact. It has been updated to improve high-quality data gathering, increase interoperability with related reporting frameworks and reduce reporting burdens. The data visualization tools display data from Communication on Progress questionnaire submissions in 2023 and 2024.

H. Global Reporting Initiative

20. The Initiative continues to develop sectoral standards and is consulting on three exposure drafts of sectoral standards for banking, capital markets and insurance. It has published for comment two topical standards on training and education and on working parents and caregivers.[20]

I. Task Force on Nature-related Financial Disclosures

21. In 2024, the Task Force issued eight additional sectoral guidance documents that provide advice on applying the core global disclosure metrics for each sector and a list of core and additional disclosure indicators and metrics.[21]

J. Science-Based Targets Initiative

22. The Initiative is reviewing the corporate net-zero standard, developing a financial institutions net-zero standard and working on industry-based standards, to reduce long-term emissions.[22]

K. European Union

23. In *The Future of European Competitiveness*, issued by the European Union, the following three main areas for action to reignite sustainable growth were identified: close the innovation gap; ensure a joint plan for decarbonization and competitiveness; and increase security and reduce dependencies. A competitiveness compass was prepared on recommendation implementation. Simplification was identified as one of the main enablers and, in February 2025, the European Commission adopted the "Omnibus package" of proposals to simplify European Union rules, increase competitiveness and unlock additional investment capacity. One of the key changes in sustainability reporting would be the removal of about 80 per cent of companies from the scope of the corporate sustainability reporting directive, focusing on the largest companies, and ensuring that the reporting requirements for large companies do not burden smaller companies in their value chains. The proposal will be submitted to the European Parliament and the Council and changes to the corporate sustainability reporting directive will enter into force after publication in the European Union official journal. In April 2025, the European Council approved a mechanism postponing by two years the entry into application of the corporate sustainability reporting directive requirements for large companies that have not yet started reporting and for listed small and medium-sized enterprises; and by one year the

[20] See https://www.globalreporting.org/news/news-center/unlocking-financial-transparency-for-responsible-business-practices/.

[21] See https://tnfd.global/recommendations/#disclosure-metrics.

[22] See https://sciencebasedtargets.org/standards-and-guidance.

transposition deadline and the first phase of the application of the corporate sustainability due diligence directive.[23]

24. The European Financial Reporting Advisory Group (EFRAG) was invited to participate in the simplification of the European Sustainability Reporting Standards and identified the following six key levers of simplification: simplification of the double materiality assessment; better readability and conciseness of the sustainability statements and better inclusion in corporate reporting as a whole; critical modification of the relationship between minimum disclosure requirements and topical specifications; improved understandability, clarity and accessibility of the standards; introduction of other suggested burden-reduction reliefs; and enhanced interoperability. EFRAG will deliver its technical advice by 30 November 2025.

25. In 2024, EFRAG submitted the voluntary reporting standard for non-listed small and medium-sized enterprises to the European Commission; the standard is aimed at supporting such enterprises in meeting sustainability data requests from large companies, banks and investors, improving the management of sustainability issues and contributing to a more sustainable economy. EFRAG plans a series of complementary initiatives, including a small and medium-sized enterprises forum, the mapping of initiatives related to voluntary reporting standards for small and medium-sized enterprises, digital platforms and tools and a supporting guide.[24]

L. United States of America Securities and Exchange Commission

26. In March 2025, the Commission voted to end the defence of the rules issued in March 2024 requiring the disclosure of climate-related risks and greenhouse gas emissions, which created a detailed and extensive disclosure regime on climate risks for issuing and reporting companies, intended to inform investors, and had been challenged by states and private parties through litigation. In June 2025, the Commission chair withdrew the climate disclosure rule.[25]

II. Practical implementation and challenges faced in countries

27. The ISSB standards became effective in 2024 and the first companies subject to the European Union corporate sustainability reporting directive applied the new standards as of 2024. There has been a steady increase in the establishment of national sustainability reporting requirements. Countries deploy various measures to facilitate the implementation of new standards, including road maps, phased-in approaches, additional reliefs according to national needs and introducing first limited assurance and later reasonable assurance and/or the use of assurance for only certain topics, such as greenhouse gas emissions.

28. An assessment of progress on climate-related disclosures shows that companies are moving from preparing disclosures based on Task Force on Climate-related Financial Disclosures recommendations to using the ISSB standards. The former served as the basis for the development of key requirements such as the latter and the European Sustainability Reporting Standards; this facilitates interoperability and the uptake of recent requirements for companies and jurisdictions using the Task Force recommendations. In October 2023–

[23] See https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en, https://commission.europa.eu/topics/eu-competitiveness/competitiveness-compass_en, https://ec.europa.eu/commission/presscorner/detail/en/ip_25_614 and https://www.consilium.europa.eu/en/press/press-releases/2025/04/14/simplification-council-gives-final-green-light-on-the-stop-the-clock-mechanism-to-boost-eu-competitiveness-and-provide-legal-certainty-to-businesses/.

[24] See https://www.efrag.org/en/news-and-calendar/news/efrag-releases-progress-report-on-esrs-simplification, https://www.efrag.org/en/news-and-calendar/news/extended-duration-of-efrags-public-consultation-on-esrs-simplification and https://www.efrag.org/en/projects/voluntary-reporting-standard-for-smes-vsme/concluded.

[25] See https://www.sec.gov/newsroom/press-releases/2025-58 and https://www.ft.com/content/08537ac6-c47b-4bd3-bae6-782ea8446afb.

March 2024, 14 jurisdictions using the Task Force recommendations had made progress towards the adoption or other use of the ISSB standards and 16 jurisdictions were introducing the ISSB standards for the first time. Progress in the implementation of the Task Force recommendations was noted, yet only 2–3 per cent of companies reported in line with all 11 of the disclosures recommended by the Task Force and on the full aspects of governance, strategy, risk management and metrics and targets.[26]

29. A report on the preliminary findings of the first 50 reports issued in 2025 prepared with the European Sustainability Reporting Standards emphasized that companies were more familiar with climate reporting; they disclosed more impacts than risks or opportunities; most impacts, risks and opportunities were related to climate, workforce, governance, resource use and the circular economy; and companies focused on data-gathering and reporting and spent less time communicating strategy, policy and management actions.[27] Initial experiences of the double materiality approach had proved challenging, creating a high level of variety in the classification and presentation of impacts, risks and opportunities.

30. A review of jurisdictional examples is presented in this chapter, including country approaches to introducing sustainability reporting standards and the main implementation challenges and policy options for addressing them.[28]

A. Jurisdictional examples

31. A review by UNCTAD of 26 jurisdictions shows the different approaches to implementing sustainability reporting standards, including the following:

(a) 12 countries have adopted the ISSB standards;

(b) 10 have issued or are in the process of issuing national sustainability reporting standards in alignment with ISSB;

(c) El Salvador and Jordan permit the use of the ISSB standards;

(d) In Europe, a regulation has been issued, seeking interoperability with the ISSB standards;

(e) India has established sustainability reporting standards;

(f) Nine jurisdictions have created a national sustainability standards board or have expanded the mandate of a financial standards board to include sustainability;

(g) In seven jurisdictions, professional accountancy organizations have a key role in embedding sustainability reporting standards into national regulations;

(h) Seven countries have issued a road map for the implementation of sustainability standards;

(i) Nine countries follow a phased-in approach, starting with public interest entities;

(j) Australia, Kenya and Mexico have moved from initially requiring limited assurance towards requiring reasonable assurance;

(k) Canada, Chile, Jordan and Singapore allow the use of additional transitional reliefs;

(l) Mexico and Kenya have issued requirements for small and medium-sized enterprises;

(m) China and the European Union have a double materiality approach.

[26] See https://www.ifrs.org/news-and-events/news/2024/11/new-report-global-progress-corporate-climate-related-disclosures/.
[27] See https://kpmg.com/us/en/frv/reference-library/real-time-esrs.html.
[28] The review builds on the analysis in TD/B/C.II/ISAR/109.

1. Steps towards issuing regulations and implementing standards

32. In the Plurinational State of Bolivia, the National Technical Board of Auditors and Accountants adopted IFRS S1 and S2 in March 2024 for use in the absence of national technical pronouncements by entities conducting economic activities in the country as of January 2027, with early adoption permitted.[29]

33. In El Salvador, in August 2024, the Oversight Council for Public Accountancy and Auditing allowed companies to voluntarily use IFRS S1 and S2, beginning in January 2025.[30]

34. In Indonesia, the Institute of Chartered Accountants launched a sustainability disclosure standards road map in December 2024, proposed by the Sustainability Standards Board of the Institute, stating that sustainability disclosures must include climate-related information and that other sustainability information would be voluntary. The standard is expected to take effect in January 2027 with an option for early adoption.[31]

35. In Japan, in March 2025, the Sustainability Standards Board issued a universal disclosure standard on the application of the sustainability disclosure standards and two theme-based standards on general disclosures and climate-related disclosures. In April 2025, the Board issued a schedule of differences between IFRS S1 and S2 and the standards of Japan, as well as a table of concordance.[32] The Board incorporated all the requirements in IFRS S1 and S2 and added some additional requirements and jurisdiction-specific alternatives that entities could choose to apply.

36. In Qatar, in December 2024, the Financial Centre Regulatory Authority issued a consultation paper with proposed amendments to the general rules on corporate sustainability reporting and a guidance document on applying IFRS S1 and S2. In June 2025, the Authority issued the general rules, minor and technical amendment rules and the guidance. All category A firms and any firm designated by the Authority must report using the new rules as of January 2026. The rules contain proportionality mechanisms and ISSB transition reliefs. The Central Bank and the Financial Markets Authority are following aligned processes for firms under their supervision.[33]

37. In the Republic of Korea, in April 2024, the Sustainability Standards Board issued an exposure draft of two mandatory disclosure standards on general requirements for disclosures of sustainability-related financial information, based on IFRS S1, and for climate-related disclosures, based on IFRS S2, as well as a non-mandatory standard on additional disclosures aligned with policy objectives, under which entities could selectively disclose additional information. The Sustainability Standards Board is analysing feedback received prior to the issuance of the final standards. The Financial Services Commission is considering disclosure requirements using these standards.[34]

38. In the United Kingdom of Great Britain and Northern Ireland, in June 2025, exposure drafts of two sustainability reporting standards based on IFRS S1 and S2 were published for comments, proposing six minor amendments, for application in the national context. A proposal on the development of an oversight regime for the assurance of

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29 IFRS Foundation, 2025, Use of sustainability disclosure standards by jurisdiction, available at https://www.ifrs.org/ifrs-sustainability-disclosure-standards-around-the-world/use-by-jurisdiction/.

30 See https://www.cvpcpa.gob.sv/resolucion-82/.

31 See https://web.iaiglobal.or.id/Berita-IAI/detail/iai_launches_roadmap_of_indonesian_sustainability_disclosure_standards_to_achieve_transparency_and_maintain_nationalcompetitiveness.

32 See https://www.ssb-j.jp/jp/wp-content/uploads/sites/7/news_release_20250305_e.pdf and https://www.ssb-j.jp/en/news_release/400581.html.

33 See https://qfcra-en.thomsonreuters.com/sites/default/files/net_file_store/QFCRA.CP_GENE_Amendments.pdf and https://www.qfcra.com/news/notification-qfc-regulatory-authority-issues-the-gene-corporate-sustainability-reporting-and-minor-and-technical-amendments-rules-2025.

34 IFRS Foundation, 2025. See https://eng.kasb.or.kr/en/front/conts/103002000000000.do.

sustainability financial disclosures was issued for comments.[35] Final versions for voluntary use will be issued in 2025 and the Government and the Financial Conduct Authority will consider whether to make the standards mandatory for certain entities.

2. Measures to address implementation challenges

39. In Australia, in 2024, the Accounting Standards Board issued a voluntary standard on general sustainability reporting disclosures and a mandatory standard on climate-related disclosures. These standards are aligned with IFRS S1 and S2, but include modifications for application in the national context. The implementation follows a phased approach starting with a limited group of large entities (2025) and progressively expanding to other large entities (up to 2027) based on the same size thresholds used to determine annual financial report preparation. Assurance is required, starting with limited assurance and moving to reasonable assurance.[36]

40. In Bangladesh, the Central Bank issued a guideline on sustainability and climate-related financial disclosures in 2023, applicable to banks and finance companies in phases starting from 2024, with full disclosures required in 2027. The guideline is based on IFRS S1 and S2 and will be implemented in collaboration with the Financial Reporting Council. Limited assurance is required.[37]

41. In Canada, the Sustainability Standards Board launched sustainability disclosure standards in December 2024, aligned with IFRS S1 and S2 but including additional transition reliefs. The standards are voluntary unless mandated by regulators or provincial or territorial governments. In April 2025, the Securities Administrators paused work on the development of a new mandatory climate-related disclosure rule that would consider making the Canadian standards mandatory.[38]

42. In Chile, in October 2024, the Financial Market Commission issued a standard on the adoption of IFRS S1 and S2 as of 2026. Companies that have not issued sustainability reports in the past can defer the effective date for a year and companies with total assets that did not exceed 1 million unidad de fomento (unit of account) on average over the past two years are allowed to prepare a simplified report.[39]

43. In China, the Ministry of Finance, together with nine other ministries, created a cross-agency working group to develop the unified national sustainability disclosure standards system, based on and aligned with IFRS S1 and S2 but taking a double materiality approach and considering the national context, consisting of a basic standard on sustainability disclosure standards for business enterprises, specific standards and application guidance. The basic standard was issued in November 2024 and its use is voluntary until the implementation requirements have been specified. The exposure draft of the climate standard was issued in April 2025. The basic standard, the climate standard and the application guidance are expected be issued by 2027 and the foundation of the unified national sustainability disclosure standards system established by 2030.[40]

44. In Ghana, the Institute of Chartered Accountants announced the adoption of IFRS S1 and S2 in 2023 and, in March 2024, issued a road map for the following phased approach: phase 1, voluntary adoption (2024); phase 2, mandatory adoption, significant public interest entities (2027) and other mandatory adoption (2028); and phase 3, Government and non-profit organizations (timeline to be determined when the International

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35 See https://www.gov.uk/government/consultations/exposure-drafts-uk-sustainability-reporting-standards and https://ditresearch.eu.qualtrics.com/jfe/form/SV_4ORirYG9L02Mm58.

36 See https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r7176 and https://www.iasplus.com/content/7f753e89-0775-4cef-8338-86a49618796f.

37 See https://www.bb.org.bd/mediaroom/circulars/gbcrd/dec262023sfd06e.pdf.

38 See https://www.frascanada.ca/en/cssb/news-listings/cssb-media-release-csds-1-and-2-launch and https://www.securities-administrators.ca/news/csa-updates-market-on-approach-to-climate-related-and-diversity-related-disclosure-projects/.

39 See https://www.cmfchile.cl/portal/prensa/615/w3-article-86543.html.

40 IFRS Foundation, 2025. See https://www.bakertilly.de/en/post/chinas-new-csds-standards-far-reaching-requirements-in-sustainability-reporting.

Public Sector Accounting Standards Board issues its standard). Other entities are encouraged to adopt the standards. Assurance, using International Standard on Sustainability Assurance 5000, will be voluntary in the first year of adoption and mandatory in the second; for example, for public interest entities, the assurance of sustainability reports will be mandatory in 2028.[41]

45. In Jordan, in December 2024, the Amman Stock Exchange established a regulatory framework to permit the use of IFRS S1 and S2 by all listed companies as of 2026 and requiring all companies listed on the Amman Stock Exchange 20 index to disclose under S2 and the climate-related portions of S1, starting in 2027. The full use of IFRS S1 and S2 remains permitted and is encouraged. In addition to the transition reliefs of IFRS S1 and S2 in the first reporting period, companies are allowed to issue sustainability reports after the issuance of financial statements within six months of end-2025.[42]

46. In Kenya, in October 2024, the Institute of Certified Public Accountants issued a road map for the adoption of IFRS S1 and S2, involving the following phased approach: phase 1, voluntary adoption (after 2024); phase 2, mandatory adoption, public interest entities (2027), large enterprises (2028) and small and medium-sized enterprises (2029); and phase 3, public-sector entities (timeline to be determined). The road map includes transition reliefs and proportionality considerations and requires limited assurance one year after the start of sustainability disclosure requirements; reasonable assurance with limited scope 3 emissions disclosures one year after; and full reasonable assurance two years after.[43]

47. In Malaysia, in September 2024, the Advisory Committee on Sustainability Reporting issued the national sustainability reporting framework, addressing the use of IFRS S1 and S2, including assurance requirements subject to further consultation. The framework involves a phased approach, dividing entities into three groups, with the first group starting implementation in 2025 and the last group starting in 2027.[44]

48. In Mexico, the National Banking and Exchange Commission required issuers to adopt IFRS S1 and S2 as of January 2025. Limited assurance is required as of 2026 and reasonable assurance as of 2027. In May 2024, the Mexican Financial and Sustainability Reporting Standards Board issued a conceptual framework for sustainability reporting and core sustainability indicators based on *Guidance on Core Indicators for Sustainability and Sustainable Development Goal Impact Reporting*. The standards are applicable for non-listed companies and entered into force in January 2025.[45]

49. In Pakistan, in January 2025, the Securities and Exchange Commission announced the adoption of IFRS S1 and S2 for listed companies using a phased approach starting in July 2025, 2026 or 2027 based on total assets, turnover and number of employees. The standards will apply to non-listed public interest entities in the third phase. Assurance will be required from the second year of reporting.[46]

50. In the Philippines, in September 2024, the Sustainability Reporting Committee issued a proposed road map for the adoption of IFRS S1 and S2, through a three-tier system with transition reliefs and mechanisms for proportionality; tier 1 includes listed companies and universal and commercial banks with mandatory reporting as of 2025 and full compliance in 2027, tier 2 comprises large corporations with revenue equal to or greater than Pt10 billion–15 billion and other types of banks, with mandatory reporting as of 2027 full compliance in 2029; and tier 3 includes commercial public-sector entities and other

[41] See https://www.icagh.org/wp-content/uploads/2024/06/PRESS-RELEASE-IFRS-S1-S2.pdf.

[42] See https://www.exchange.jo/en/Sustainability-and-Climate.

[43] See https://www.icpak.com/sustainability-roadmap/.

[44] See https://www.sc.com.my/nsrf.

[45] See https://www.pwc.com/mx/es/soluciones/esg/actualizaciones-regulatorias/requerimiento-de-revelacion-informacion-sostenibilidad-ifrs.html and https://www.pwc.com/mx/es/soluciones/esg/promulgacion-nis-2024-para-empresas-en-mexico.html.

[46] See https://www.secp.gov.pk/wp-content/uploads/2025/01/Press-release-on-Jan-1.pdf.

insurance commission-regulated entities, with mandatory reporting following a separate timeline.[47]

51. In Singapore, in September 2024, the Exchange Regulation announced that it would begin to incorporate IFRS S1 and S2 into the sustainability reporting regime; beginning with financial year 2025, all issuers are required to start reporting scope 1 and scope 2 greenhouse gas emissions and incorporating the climate-related disclosure requirements under IFRS S1 and S2. Requirements on scope 3 emissions are under review; larger issuers by market capitalization are expected to be prioritized and required to report scope 3 emissions as of 2026. Disclosures other than climate-related information will be mandated from 2026. Issuers that conduct assurance on sustainability reports will have up to five months after the end of the financial year to issue a report.[48]

52. In Sri Lanka, in March 2024, the Institute of Chartered Accountants issued localized versions of IFRS S1 and S2.[49] Any entity could adopt them voluntarily in 2024 and they will become mandatory for different groups of companies in stages in 2025–2030, starting with the first 100 listed companies on the Colombo Stock Exchange.

53. In Thailand, in November 2024, the Securities and Exchange Commission issued a road map for the adoption of IFRS S1 and S2, open for comments until December 2024, which proposed a phased adoption in 2026–2030, starting with, in 2026, companies listed in the Stock Exchange of Thailand 50 group. Limited assurance will be required for the disclosure of greenhouse gas emissions information.[50]

54. In Uganda, in September 2024, the Institute of Certified Public Accountants proposed a road map for the adoption of IFRS S1 and S2. Public interest entities may voluntarily adopt the standards as of 2026 and must adopt them as of 2028. Other entities will be encouraged to use the standards as of 2028. The road map will also address, among other topics, assurance and ethical requirements.[51]

3. Efforts to reinforce human capacity

55. In Brazil, the Securities and Exchange Commission adopted IFRS S1 and S2 in 2023 and required reasonable assurance for listed companies as of January 2026. Early adoption is permitted with limited assurance. In October 2024, the Central Bank extended the requirement to large banks as of January 2026 and other financial institutions as of January 2028.[52] To facilitate implementation, the Brazilian Committee for Sustainability Pronouncements organized the second International Forum on Sustainability Information (June 2025), with presentations from ISSB, other Boards and international organizations, national regulators, investors and others. The forum also featured training and case studies from public- and private-sector entities.

56. In Costa Rica, the Institute of Public Accountants announced the adoption of IFRS S1 and S2 in December 2023, with companies allowed to voluntarily use the standards as of 2024.[53] Regulated companies and companies under the high taxpayer classification must apply the standards starting in 2027. All universities must include the standards in curriculums.

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[47] See https://www.prc.gov.ph/sites/default/files/Attachments of Resolution 61 s. 2024 PSRC Proposed Roadmap for the Adoption of PFRS S1 and PFRS S2.pdf.

[48] See https://www.sgxgroup.com/media-centre/20240923-sgx-regco-start-incorporating-ifrs-sustainability-disclosure.

[49] See https://www.casrilanka.com/casl/index.php?option=com_content&id=4069.

[50] See https://www.iasplus.com/en/news/2024/11/thailand-issb.

[51] See https://www.iasplus.com/en/news/2024/08/uganda-issb-standards, https://www.icpau.co.ug/news/ifrs-sustainability-disclosure-standards-set-transform-business-practices-uganda and https://www.ifrs.org/news-and-events/news/2024/11/new-report-global-progress-corporate-climate-related-disclosures/.

[52] IFRS Foundation, 2025.

[53] See https://www.ccpa.or.cr/circular-n-33-2023-adopcion-normas-internacionales-de-informacion-financiera-relacionadas-con-sostenibilidad/.

57. In India, the Sustainability Reporting Standards Board provides ongoing training. In 2025, the Board organized a series of webinars on sustainability-related topics and offered a certificate course on business responsibility and sustainability reporting.[54]

B. Challenges

58. Countries, in particular developing countries, face difficulties in keeping up with the rapidly and continuously changing global sustainability reporting landscape. Key challenges comprise the move from voluntary to mandatory reporting; the emergence of national sustainability reporting regulations; discrepancies and changes to key standards affecting the interoperability and comparability of reporting; geopolitical international developments; the lack of human capacity; the absence of publicly available and reliable data on sustainability; limited digital infrastructure and technological readiness for sustainability reporting; and spillover effects affecting small and medium-sized enterprises.

59. Moving from voluntary sustainability disclosures or a "comply or explain system" to a mandatory system involves, among other things, enhanced data-gathering, materiality assessments, identifications of risks and opportunities, definitions of strategy and the management of such risks. Even companies using Task Force on Climate-related Financial Disclosures recommendations as a basis need to extend disclosures beyond climate-related information. Countries can facilitate implementation through road maps, phased-in approaches, additional reliefs and/or by introducing assurance in stages.

60. Several jurisdictions have issued national sustainability reporting standards; most use the ISSB standards as a basis and some add or modify requirements to meet national needs; for example, Australia, Japan and the United Kingdom have included modifications. However, deviations reduce the comparability of sustainability reports, affecting investment flows. ISSB promotes a building blocks approach, whereby its standards represent the foundation (block 1) and additional requirements (block 2) cover the needs of other stakeholders and/or meet national requirements.

61. Discrepancies in disclosures are present in key standards such as the ISSB standards and the European Sustainability Reporting Standards, reducing interoperability in the requirements of major financial markets. For example, ISSB uses a financial materiality approach and the European Sustainability Reporting Standards involve a double materiality approach. There have been recent changes to sustainability disclosure requirements in the United States and the European Union (see chapter II). Efforts to promote interoperability between key standard setters include guidance on interoperability between the ISSB standards and the European Sustainability Reporting Standards and a memorandum of understanding to formalize collaboration between the IFRS Foundation and the Task Force on Nature-related Financial Disclosures.[55]

62. Recent geopolitical events are changing the global economic environment, exacerbating financial shocks and creating new risks and opportunities for companies. These developments could affect the pace of the introduction of sustainability reporting regulation and influence the internal allocation of human and financial resources in companies, moving them away from sustainability reporting teams. To develop national road maps, several countries monitor global events and the sustainability reporting measures taken in other jurisdictions.

63. The lack of human capacity is now more acute because many new international standards for sustainability reporting have emerged and continue to arise, along with related requirements in the areas of ethics, assurance and accountancy education. There is a need for capacity-building among all key players in the sustainability reporting chain. In particular, public-sector entities in most developing countries operate with limited human and financial resources. Professional accountancy organizations and universities

[54] See https://www.icai.org/post/sustainability-reporting-standards-board.

[55] See https://www.ifrs.org/news-and-events/news/2024/05/ifrs-foundation-and-efrag-publish-interoperability-guidance/ and https://www.ifrs.org/news-and-events/news/2025/04/ifrs-foundation-tnfd-formalise-collaboration/.

need to collaborate to align curriculums and competency requirements with new international standards and provide training in new subjects. UNCTAD supports the efforts of countries to reinforce human capacity through the provision of training and advisory services and through collaboration with ISSB and other key international organizations, to help build capacity.

64. Many developing countries lack access to publicly available and reliable data on sustainability, necessary to produce information, particularly on climate change and biodiversity in the areas in which an entity operates. This hinders the accuracy and comparability of disclosures. To address this gap, Governments could foster the creation of databases. For example, Mexico is setting up a website containing the geolocation of protected biodiversity and water stress areas and a calculator for scope 1 and 2 greenhouse gas emissions.[56]

65. Various developing countries lack the digital systems, tools and automation capacities to reliably collect, validate and report on sustainability data. This affects the quality and timeliness of reporting and the ability to connect with global taxonomies and tag sustainability data in a way that works with global standards and facilitates interoperability. It also makes it more difficult to collect and generate verifiable data required by assurance frameworks.

66. To comply with international sustainability disclosures, listed companies need information from value chains, particularly with regard to greenhouse gas emissions, affecting many small and medium-sized enterprises. Such enterprises represent most companies in developing countries and may face difficulties in meeting these requirements. To support such enterprises, countries can build capacity and foster proportional and initially voluntary standards related to such enterprises.

IV. Conclusion and issues for further discussion

67. The international sustainability reporting landscape is expected to continue its dynamism and consolidation in the coming years. Many countries have embarked in a sustainability reporting journey at different speeds; the majority seek alignment with international requirements. However, various challenges persist and countries need a sustainability reporting ecosystem able to rapidly adapt and implement new international requirements for sustainability reporting in the public and private sectors and the related areas of ethics, assurance and education. Countries need to reinforce institutions and human capacity. There are different national approaches to introducing sustainability reporting requirements, such as through road maps, phased-in approaches, additional reliefs and/or by introducing assurance in stages. There is also a need to promote interoperability among international, regional and national standards, to ensure the comparability of sustainability reports. Countries can support small and medium-sized enterprises by building capacity, providing guidance and promoting sustainability reporting, to ensure global value chain access.

68. In addition to the issues presented in this note, delegates at the forty-second session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting may wish to consider the following questions:

(a) How can international organizations best support standard setters and regulators in the implementation of sustainability reporting requirements?

(b) How can standard setters and regulators collaborate, to ensure interoperability among international, regional and national sustainability reporting standards?

(c) How can standard setters and regulators promote the availability of reliable sustainability input data to the public?

[56] See https://www.veritas.org.mx/Opinion/Las-NIF-en-corto/herramientas-para-la-aplicacion-de-las-nis-en-las-empresas.

(d) Which lessons learned from the implementation of the ISSB standards and the European Sustainability Reporting Standards may be leveraged to facilitate the application of sustainability reporting requirements in the public sector?

(e) What is the best way to ensure that progress in sustainability reporting worldwide does not lose impetus?

(f) What can be done to support the capacity-building efforts of countries?

(g) What can be done to assist countries in dealing with spillover effects on small and medium-sized enterprises?

(h) What is the best way to maximize support through the regional partnerships?