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Centre for Regulatory Strategy Asia Pacific

Global Sustainability Reporting Standards: Strategic Insights for Asia Pacific Corporations

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Contents

Introduction

In the last decade, environmental, social, and governance (ESG) considerations have arguably been among the most significant emerging trends within the corporate landscape across all industries. There is significant momentum driving the transition to a green economy and many companies have proactively embraced voluntary disclosure of ESG-related information. On the other hand, there have also been increasing concerns among investors, consumers, regulators, and broader society regarding the availability and accuracy of sustainability disclosures. Stakeholders are demanding more consistent and comparable data on ESG practices across companies, industries, and regions. Therefore, global standard-setting bodies and regional regulatory authorities have introduced comprehensive sustainability reporting standards to enable informed investment decisions and empower consumers to align purchasing decisions with their values. At the heart of these requirements is a drive to increase accountability among companies and their executives for the accuracy and completeness of their ESG reporting, which will require significant investments in data, systems, processes, and people. However, ESG standards go beyond mere disclosure and are designed to fundamentally change how companies incorporate ESG considerations into their strategy and business models, supporting improved decision-making through proper consideration of the associated opportunities and risks.

While there is broad global agreement on the need for sustainability reporting standards, there is some divergence in approach and priorities across different regions. Three major sources of sustainability disclosure standards have emerged: international standards developed by the International Sustainability Standards Board (ISSB); the European Union (EU) Corporate Sustainability Reporting Directive (CSRD); and the US SEC (Securities and Exchange Commission) climate-related disclosure standards. The majority of authorities in Asia Pacific (AP) jurisdictions have chosen to adopt a variation of the international standards, adjusted to local market considerations.

How do these global and significant jurisdictional sustainability reporting standards diverge and how might they influence an AP firm’s global operations? This report will delve into these questions through policy analysis and comparisons. It will provide key considerations and actionable recommendations for AP firms based on our extensive experience supporting clients implement sustainability disclosure requirements and broader ESG projects across AP and Global Deloitte.

OVERVIEW OF GLOBAL AND MAJOR JURISDICTIONAL SUSTAINABILITY REPORTING STANDARDS

International Reporting Standards

On 26 June 2023, the ISSB issued global standards for sustainability disclosure and reporting. These standards leverage and supersede the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD) four-pillar framework of governance, strategy, risk management, and metrics and targets.

The ISSB standards consist of a base standard, International Financial Reporting Standards (IFRS) S1, which sets out a non-prescriptive series of disclosure requirements covering broad sustainability-related risks and opportunities over the short, medium, and long term. This is complemented by a second standard, IFRS S2, which outlines specific climate-related disclosure requirements including more prescriptive metrics.[1]

Figure 1 Comparison between TCFD recommendations and IFRS S2 requirements[2]

	TCFD recommendations	IFRS S2 additional guidance
Governance	Describe board's oversight of climate-related risks and opportunities.	Requires more detailed information.
	Describe management's role in assessing and managing climate-related risks and opportunities.	Requires consideration of industry-based disclosure topics in the industry-based guidance, and more detailed information.
Strategy	Describe climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Establishes criteria for when quantitative and qualitative information is required. Requires a company to use all reasonable and supportable information that is available at the reporting date without undue cost or effort and requires the use of an approach that is commensurate with the company's circumstances.
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	No specification on the particular scenarios that a company would be required to use in its climate-related scenario analysis. Requires additional information.
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Requires more detailed information.
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks.	Requires additional disclosures regarding climate-related opportunities.
	Describe the organisation's processes for managing climate-related risks.	Requires additional disclosures regarding climate-related opportunities.
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Requires additional disclosures regarding climate-related opportunities.
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Requires disclosure of industry-based metrics.
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Requires additional disclosures on financed emissions. Provides Scope 3 measurement framework as guidance.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Differs from TCFD regarding issues such as third-party validation of the target. Requires more detailed information on GHG emission targets.

AP Reporting Standards

Regulators and stakeholder in the AP region have been closely following the ISSB's standard-setting activities and evaluating the feasibility of domestic adoption. The following is a summary of key developments.

Figure 2 AP Jurisdictions' response to the issuance of IFRS S1 and S2

Jurisdiction	Related developments
Australia	In 2022, the Australian Government committed to standardise and internationally align the disclosure of climate-related financial risks and opportunities for large-listed entities and financial institutions. From November 2022 to February 2023, Australia issued two consultation papers relating to sustainability standards[3] and climate-related financial disclosures,[4] reinforcing this commitment. After the IFRS S1 and IFRS S2 standards were announced, the Australian Treasury published a second consultation paper on climate-related financial disclosures on 27 June 2023.[5] Following initial plans to create a set of sustainability standards with some key deviations from the ISSB standards, the Australian Accounting Standards Board (AASB) has indicated a revision to such plans to fully align with ISSB standards, in light of public responses to the October 2023 consultation released by the AASB. The consultation limited their version of the IFRS S1 standards to only cover climate as opposed to broader sustainability issues. The Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024 became law on 18 September 2024 and is the enabling legislation providing the framework for the new Australian Sustainability Reporting Standards (ASRS). The first two ASRSs were issued by AASB on 20 September 2024 with an effective date from 1 January 2025. The final version of the standards closely aligns with the ISSB standards.[6]
Hong Kong SAR	In April 2023, the Hong Kong Exchange published a consultation on a new climate-related disclosure regime aligned with IFRS S1 and S2.[7] The Hong Kong Exchange reflected results of its consultation into the implementation of IFRS S1 and S2 disclosure standards in April 2024 and has announced amended listing rules. The listing rules will come into effect from 1 January 2025 in a phased manner. The main amendment to the listing rules will be for closer alignment with the climate-related disclosure elements of IFRS S2. This fits into the wider Hong Kong roadmap for the local adoption of the ISSB Standards.[8,9]
India	The Business Responsibility and Sustainability Report (BRSR), the first framework for ESG reporting in India, came into force in 2023. Designed by the Securities Exchange Board of India (SEBI), the regulatory authority overseeing India's securities markets, the BRSR is crafted to be compatible with leading international reporting frameworks. These include the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the TCFD, ensuring a harmonised approach to ESG reporting. In addition, in April 2024 the Reserve Bank of India (RBI) introduced the *Draft Disclosure framework on Climate-related Financial Risks, 2024*. The disclosure requirements are structured using the four pillars that are also used in IFRS S1: governance, strategy, risk management, and metrics and targets.
Japan	In June 2021, the Tokyo Stock Exchange (TSE) revised its Corporate Governance Code requiring companies listed on the Prime Market to make TCFD-aligned disclosures on a comply or explain basis.[10] Subsequently in March 2023, the Japan Financial Services Agency (JFSA) introduced new rules[11] mandating disclosure requirements based on the TCFD pillars for all listed companies. However, the rules are non-prescriptive and do not require independent assurance. Following the creation of the ISSB, the Financial Accounting Standards Foundation (FASF) established the Sustainability Standards Board Japan (SSBJ) to develop legally binding Sustainability Disclosure Standards. The SSBJ officially launched in July 2022, and released draft standards for consultation in April 2024. The draft standards are based on the ISSB requirements and are largely aligned with IFRS S1 and S2, although the SSBJ structured its rules into three standards.[12] Key deviations include the ability to include qualitative information in lieu of quantitative information where it is considered more appropriate. This also applies where quantitative information is unavailable, e.g., on some cross-industry metrics relating to climate-related risks and opportunities. Other deviations relate to the reporting of greenhouse gas (GHG) emissions, compensation, and internal carbon pricing amongst others.[13] The SSBJ is expected to finalise the standards by March 2025. In tandem, the JFSA, as the authority in charge of supervision and enforcement has established an ad-hoc working group (WG) on sustainability disclosures.[14] The WG which maintains an active dialogue with the SSBJ meets regularly and has been considering issues including implementation deadlines, in-scope entities, and transitional relief as well as other considerations relating to the SSBJ draft standards including independent assurance.
Mainland China	The Ministry of Finance, in collaboration with eight other government departments, embarked on the development of China's own sustainability disclosure standards after the establishment of the ISSB in 2021. In May 2024, the Ministry released the draft Basic Principles for Enterprise Sustainability Disclosure, a critical step towards promoting sustainable development principles among Chinese enterprises. Mainland China aims to introduce basic standards for corporate sustainability disclosure and standards for climate-related disclosure by 2027 and achieve a unified national system of sustainability disclosure standards by 2030.
New Zealand	The New Zealand Climate-related disclosure (CRD) standards came into effect on 1 January 2023.[15] In October 2023, the New Zealand External Reporting Board (XRB) released a guide comparing the domestic NZ CRD standards with ISSB standards. They concluded that whilst there is significant alignment in the two sets of standards, some major deviations exist. As a result, compliance with one set of standards does not necessarily resulting in compliance with the other.[16]
Singapore	In June 2022, Singapore Exchange Regulation (SGX RegCo) and Accounting and Corporate Regulatory Authority (ACRA) established a Sustainability Reporting Advisory Committee to provide input on the suitability of ISSB standards implementation in Singapore.[17] The ACRA and SGX RegCo have provided additional details on mandatory climate reporting for listed and large non-listed entities in line with the standards published by the ISSB (subsequent to the release of a public consultation) in March 2024. The guidance details a phased approach for IFRS S1 and S2 aligned disclosures for issuers commencing in financial year (FY) 2025.[18] In September 2024, SGX RegCo announced that it will also require all issuers to start reporting Scope 1 and 2 GHG emissions from FY 2025. Other primary components of a sustainability report (other than climate-related disclosures) will only be mandated from FY 2026 to allow time for reporting entities to initially focus on climate-related disclosures in FY 2025.

Global Sustainability Reporting Standards | AP Reporting Standards

US Reporting Standards

On 6 March 2024, the SEC approved a regulation (final rule) requiring companies to include climate-related information in their annual reports and registration statements, including initial public offering (IPO) filings. Unlike the ISSB, the SEC has not issued requirements for broader ESG issues. Nevertheless, the scope of entities that must comply with the final rule is very broad and applies to all publicly traded companies registered with the SEC (including their foreign-domiciled subsidiaries). However, the SEC rules allow for reduced-scale disclosure requirements for entities that qualify to be categorised as Emerging Growth Companies (EGCs) and Smaller Reporting Companies (SRCs), categories defined by metrics such as annual revenue.[19]

In April 2024, following a legal challenge, the SEC temporarily halted the climate disclosure rules, pending judicial review. This means that in-scope companies will not be immediately required to comply with the new requirements further, it is possible that the final ruling could now be reversed or the requirements could be significantly watered-down. Nevertheless, despite the pause, investors and broader stakeholder expectations around climate disclosures remain high. Therefore, while the delay provides short-term relief from compliance pressures, it also offers an opportunity for companies to voluntarily adopt climate disclosure to pursue a competitive edge.

The final rules, as currently drafted, were designed to meet investors' demands for consistent and reliable information on how climate-related risks impact a company's operations and how these risks are managed. Key requirements include the impact of climate-related risks on business strategy, mitigation activities, board oversight, climate-related targets, emissions reporting, and financial impacts of severe weather events. However, the rules do not prescribe specific materiality thresholds across all cases, and in-scope entities are required to align their definition of materiality with that established by the U.S. Supreme Court.[20] Also, the disclosure of Scope 1 and 2 emissions, as well as the impacts of climate-related risks, are only required as and when they are deemed to be material. Material expenditures that are a direct result of 1) mitigation of or adaptation to climate-related risks, 2) disclosed transition plans, or 3) actions taken to achieve or progress towards those targets or goals are also required in the disclosures.[21]

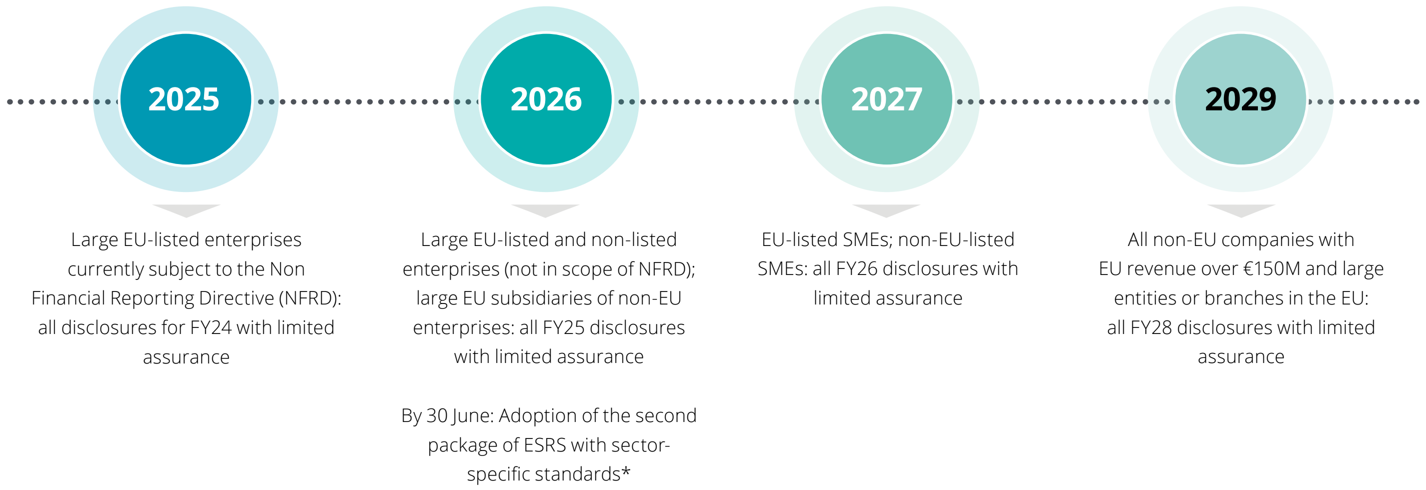
At the moment, there is significant uncertainty as to whether the rules will be implemented in their current format, and if so, what the implementation timeline will be. AP firms with in-scope US entities will need to closely monitor the situation and factor developments into their sustainability disclosure programs.

EU Reporting Standards

In December 2019, the EU 'Green Deal' was launched encompassing a collection of policy measures designed to steer the EU towards a sustainable transformation, with the overarching objective of reaching climate neutrality by 2050. Among this bundle of policy measures, CSRD stands as the cornerstone of the EU Green Deal. The scope extends well beyond reporting, encompassing strategy formulation, policy implementation, performance monitoring, technology integration, control enforcement, change facilitation, and audit preparation.[22] While CSRD sets out the overarching legal framework including: who must report; what must be reported; and when reports are due, the European Sustainability Reporting Standards (ESRS) provide the technical requirements defining what data companies must disclose and how information should be presented. Unlike the ISSB, which only has one dedicated topic standard (IFRS S2 for climate), ESRS include ten specific, sector-agnostic sustainability topic standards covering broader ESG considerations. Therefore, disclosure requirements for non-climate related sustainability topics are more prescriptive under CSRD.

CSRD and sector-agnostic ESRS entered into force in January 2023 and July 2023, respectively, with staggered implementation deadlines based on a company's size and activities within the EU.

Figure 3 CSRD implementation timeline



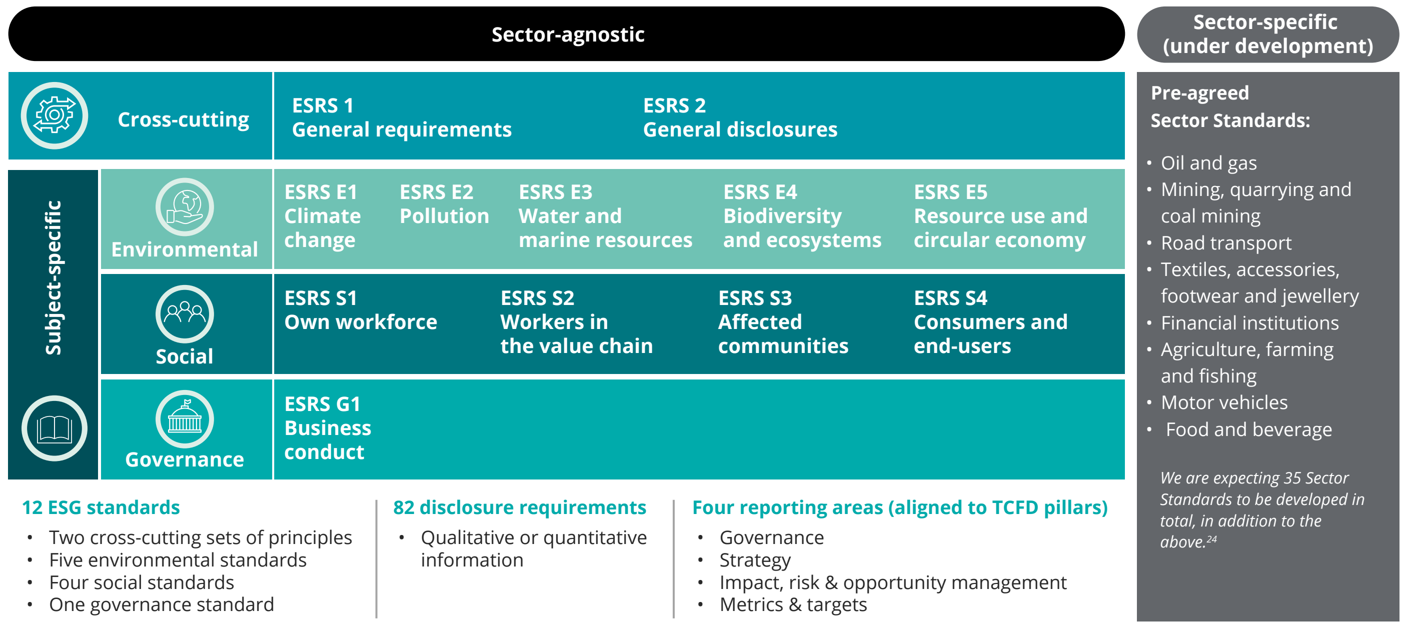
**Adoption of the second package of ESRS with sector-specific standards was originally planned for 2024, but has been postponed to 2026.*

Unique to the CSRD requirements is the concept of "double materiality" which plays a pivotal role in determining the information to be included in sustainability reports. Double materiality has two dimensions: impact materiality; and financial materiality an ESG topic is considered material if it meets the criteria for either or both dimensions. Impact materiality focuses on the entity's impacts on sustainability aspects such as environmental, social, human rights, and governance factors. It assesses how the entity's business activities affect external stakeholders, such as employees, communities, ecosystems, and the global environment. Financial materiality delves into how sustainability factors directly impact the entity's development, financial performance, and overall position in the market.[23] To assess materiality, companies must identify information about material impacts, risks, and opportunities (IROs) across their business activities for relevant sustainability topics, as defined within ESRS.

While all in-scope companies will be required to report on the cross-cutting general standards, the need to also report information on sector-specific standards will depend on the materiality assessment.

The European Financial Reporting Advisory Group (EFRAG)'s Sustainability Reporting Board, as the organisation responsible for drafting the ESRS, is also currently developing sector-specific standards to supplement the existing framework. The sector-specific standards will include requirements designed to address the individual sustainability challenges faced by different industries.

Figure 5 European Sustainability Reporting Standards (ESRS) framework



Implications for non-EU companies

Non-EU companies with business operations within the EU will be required to make disclosures under CSRD provided they meet certain conditions:

- Have generated a net turnover of more than €150 million in the EU in each of the last two consecutive financial years; and
- Have at least one large or listed subsidiary on regulated markets in EU (or a branch if there are no EU large or listed subsidiaries with more than €50 million net turnover).

Non-EU large companies listed on EU markets must comply with CSRD reporting from 2026 for fiscal years starting after 1 January 2025. Non-EU listed SMEs must comply from 2027 for fiscal years starting after 1 January 2026. Then, from 1 January 2028, non-EU companies with more than €150 million EU annual revenue, large or listed EU subsidiaries, or EU branches must report under CSRD at the parent level, with the first statements due in 2029. Entities are considered large if they meet at least two of the following criteria: more than 250 EU-based employees; a balance sheet exceeding €25 million; or net turnover exceeding €50 million.[25] This means that AP firms that meet these thresholds will need to disclose information on their group operations, however, the exact scope of what will need to be included is still under discussion.

Figure 5 Comparison among major sustainability reporting standards

	INTERNATIONAL[27]	EU[28]	US[29]	AUSTRALIA[30]
RELEVANT AUTHORITIES	Under the oversight of the IFRS Foundation, the ISSB develops and approves IFRS Sustainability Disclosure Standards (IFRS SDS). IFRS SDS have now superseded the FSB's TCFD recommendations.	The EC proposed the CSRD as part of the Green Deal. EFRAG was appointed as technical advisor to the EC and is responsible for developing the ESRS under the CSRD. Enforcement of CSRD compliance will largely be left to individual EU member states.	The SEC is primarily responsible for developing, implementing and enforcing disclosure requirements. In addition, some state-level authorities may also have their own requirements.	Australian Commonwealth Treasury – amendments to the Corporations Act 2001 and related enabling legislation. Local standard setter: The AASB has authority to make ASRS.
REGULATION DEVELOPMENT PHASE	IFRS S2 disclosure requirements are final.	The legislation has been passed and the timeline for implementation has been set.	The legislation has been passed, but was subsequently suspended following legal challenge. It is unclear if or when it will be reinstated and whether any of the requirements will be changed during the process.	The legislation has been passed and the timeline for implementation has been set.
APPROACH	The IFRS SDS are not legally binding and need to be jurisdictionally mandated through updates to national regulation and laws.	Standards to be regulated by CSRD, developed by EFRAG.	Authoritative regulatory disclosure requirements; climate-related disclosures (industry agnostic).	ISSB standards aligned approach, to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

Can non-EU companies use equivalent international standards to meet requirements under the CSRD?

The European Commission (EC) has indicated that non-EU entities within scope of CSRD may be able to adopt standards equivalent to ESRS. However, it has yet to specify which standards will qualify as equivalent. Should the EC find a jurisdiction's standards not up to par, it may still grant a grace period for companies to adjust, before mandating compliance with ESRS or an accepted equivalent upon the period's conclusion.

It is also worth noting that the EC, EFRAG and ISSB have worked closely together throughout the development of their respective standards with the aim of preventing significant divergence where their requirements overlap. As a result, the definition of financial materiality, and the specific requirements for climate-related disclosures are largely aligned, with common terminology used across many aspects of the two frameworks. Given that most AP regions are aligning their standards to the ISSB, we would therefore also expect to see a degree of interoperability in these areas. Nevertheless, as the scope of CSRD is much broader than ISSB, it is likely that AP firms that are in-scope of CSRD would need to make additional disclosures to reflect the results of impact materiality assessments, among others.

However, there are potentially some quick wins, such as aligning the definition of sustainability-related risks and opportunities under IFRS S1 with the nine non-climate related ESG standards under ESRS.

For AP companies looking to design a reporting regime that complies with both ISSB and CSRD, the May 2024 IFRS and EFRAG interoperability guidelines include a detailed comparison of the two requirements and key considerations from the perspective of companies starting with ISSB as their baseline and vice versa.[26]

	HONG KONG - SAR[31]	INDIA[32]	JAPAN[33,34]	MAINLAND CHINA[35]	SINGAPORE[36]
RELEVANT AUTHORITIES	Hong Kong Exchange published results of its consultation on climate-related disclosure regime in April 2024 and has announced amended listing rules.	SEBI is responsible for the implementation of the BRSR.	The SSBJ is currently developing legally binding Sustainability Disclosure Standards. The JFSA will be responsible for implementation and enforcement of the standards.	The Ministry of Finance of China has released the Draft *Basic Principles for Corporate Sustainability Disclosure in May 2024*, marking the launch of the development of a unified Chinese sustainability disclosure standards system.	SGX RegCo and ACRA established a Sustainability Reporting Advisory Committee to provide input on the suitability of ISSB standards for implementation in Singapore.
REGULATION DEVELOPMENT PHASE	Hong Kong SAR standards are already in force.	Indian BRSR requirements are already in force.	SSBJ standards are currently under development with final rules expected in March 2025.	The draft Principles after the public consultation.	Singaporean standards are already in force.
APPROACH	ISSB IFRS S2 aligned standards.	Mandates ESG disclosures as part of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) through the BRSR.	The SSBJ rules are largely aligned-with and based on that of the ISSB and will be legally binding. The current proposal takes a phased approach to implementation based on market capitalisation.	The Ministry takes a phased strategy. Starting with listed and larger companies, moving to non-listed and SMEs, progressing from qualitative to quantitative requirements, and shifting from voluntary to mandatory disclosure.	Mandatory sustainability report, TCFD aligned; current consultation regarding alignment with ISSB standards.

Global Sustainability Reporting Standards | Comparison Among Major Sustainability Reporting Standards

	INTERNATIONAL[27]	EU[28]	US[29]	AUSTRALIA[30]
IN-SCOPE ENTITIES	Subject to jurisdictional adoption.	Large companies and SMEs based on the EC definition.	SEC listed companies.	A broad range of entities is covered, including public and private companies, government bodies, and not-for-profit organisations. The level of reporting detail can vary depending on the size and type of business of the entity.
IMPLEMENTATION DEADLINE	Subject to jurisdictional adoption.	Large companies and parent companies of large groups (with over 500 employees) will report on financial years starting on or after 1 January 2024. Large companies meeting two out of three criteria: over 250 employees, €50 million in turnover, €25 million in total assets will report on financial years starting on or after 1 January 2025. Listed small and medium-sized enterprises (SMEs), small and non-complex credit institutions, and captive insurance undertakings will report on financial years starting on or after 1 January 2026. Non-EU companies with substantial activity in the EU (net turnover of more than €150 million in the EU and at least one subsidiary or branch in the EU exceeding certain thresholds) will report on financial years starting on or after 1 January 2028.	Under the original rules there is a phased-approach to implementation with requirements kicking-in for Large Accelerated Filers (LAFs) from fiscal year 2023. However, it is possible that if the rules are reinstated, the timeframes will be pushed back.	Entities will be required to meet the reporting requirements on a phased basis, based upon: • Meeting certain size thresholds such as consolidated revenue, consolidated gross assets, and number of employees; or • Entities covered by local National Greenhouse and Energy Reporting (NGER) requirements, capturing high emitting entities; or • 'Asset owners' (capturing entities such as superannuation entities, registered schemes and corporate collective investment vehicles). The first group is required to report on the financial year beginning on or after 1 January 2025, the second on financial year beginning on or after 1 July 2026, and the third on financial year beginning on or after 1 July 2027.
ASSURANCE	Not applicable, subject to jurisdictional implementation requirements.	Limited assurance, followed by reasonable assurance over reported sustainability information for large enterprises. SMEs will only be subject to limited assurance.	Limited assurance for accelerated filers and Large Accelerated Filers, (Scope 1 and 2 GHG emissions). Reasonable Assurance only for Large Accelerated Filers; Financial statement audit/ICFR (Financial Impact Metrics).	External assurance on the sustainability report (climate focused) is expected to be provided by independent auditors being the same party as the financial auditor. The auditor's role is to opine on whether the financial statements are prepared, in all material respects, in accordance with the applicable reporting framework. Assurance requirements will be phased.

	HONG KONG - SAR[31]	INDIA[32]	JAPAN[33,34]	MAINLAND CHINA[35]	SINGAPORE[36]
IN-SCOPE ENTITIES	The following issuers are covered under the standards: a. LargeCap Issuers; b. Main Board Issuers; (other than Large Cap Issuers); and c. GEM Issuers.	Applicable to top 1000 listed entities based on market capitalisation.	Likely be manadatory for all companies listed in 'Prime' section of the Tokyo Stock Exchange.	Listed companies and other entities that voluntarily or mandatorily engage in sustainable disclosure.	Climate reporting is mandatory for issuers in: financial industry; agriculture, food and forest products industry; energy industry; materials and buildings industry; and transportation industry. For other issuers, climate reporting on a 'comply or explain' basis.
IMPLEMENTATION DEADLINE	(a) All listed issuers (i.e. both Main Board listed issuers and GEM listed issuers) will be required to disclose scope 1 and scope 2 GHG emissions on a mandatory basis for financial years commencing on or after 1 January 2025; (b) all Main Board listed issuers will be required to report on the New Climate Requirements (other than scope 1 and scope 2 GHG emissions which are required to be disclosed by all issuers) on a "comply or explain" basis for financial years commencing on or after 1 January 2025; (c) LargeCap Issuers (i.e. Hang Seng Composite LargeCap Index constituents) will be required to report on the New Climate Requirements on a mandatory basis for financial years commencing on or after 1 January 2026; and (d) GEM listed issuers are encouraged to report on the New Climate Requirements (other than in addition to scope 1 and scope 2 GHG emissions which are required to be disclosed by all issuers on a mandatory basis) for financial years commencing on or after 1 January 2025, on a voluntary basis.	The reporting requirements became mandatory for financial year 2022 - 2023.	The JFSA has suggested a phased mandatory disclosure from 2027, which would apply to Prime listed companies with a market capitalisation of: a. ≥ JPY 3 trillion from March 2027; b. ≥ JPY 1 trillion from March 2028; c. ≥ JPY 0.5 trillion from March 2029; d. All Prime listed companies no earlier than 2030. Timeframes for limited and reasonable assurance as well as transitional relief measures are also under consideration.	China will have successfully introduced basic principles for corporate sustainability disclosure and standards for climate-related disclosure by 2027. A unified national system of sustainability disclosure standards will be established by 2030.	For the financial year commencing 1 January 2024 - 31 December 2024, climate reporting is mandatory for issuers in (a) financial industry; (b) agriculture, food and forest products industry; (c) energy industry; (d) materials and buildings industry; and (e) transportation industry. For other issuers, climate reporting on a 'comply or explain' basis.
ASSURANCE	No assurance requirement.	Listed entities must disclose and obtain assurance for the BRSR Core Report concerning their value chain, as specified by the Board.	It is likely that there will be assurance requirements, although it is unclear whether all in-scope entities will be subject to reasonable assurance.	Although the document does not explicitly detail assurance requirements, it implies that the information disclosed should be of high quality and reliable.	No assurance requirement.

Global Sustainability Reporting Standards | Comparison Among Major Sustainability Reporting Standards

	INTERNATIONAL[27]	EU[28]	US[29]	AUSTRALIA[30]
GOVERNANCE	Reflection of risks and opportunities within the board mandates and policies; Climate related remuneration policies.	Roles of governance and management, regarding sustainability; sustainability matters addressed during reporting period; integration of sustainability into incentive schemes.	Board oversight of and expertise in climate-related risks; how the registrant's board of directors (or subcommittee) and management oversee the assessment and management of climate-related risks.	IFRS 2 aligned requirements: the objective of climate-related financial disclosures on governance is to enable users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.
STRATEGY	Direct and indirect responses to climate risk. Changes to financial position and resourcing impacts; assets aligned with risks and opportunities; resiliency of strategy, informed by scenario analysis.	Identified sustainability risks and opportunities; description of due diligence process, adverse value chain impacts and remediation actions; resilience to different climate scenarios.	Information about climate-related risks, the effect of climate-related risks, internal carbon pricing, scenario analysis, and climate transition plans.	IFRS 2 aligned requirements: the objective of climate-related financial disclosures on strategy is to enable users of general purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities.
RISK MANAGEMENT	Processes to identify, assess, and manage climate risks; extent of integration into overall risk management processes.	Processes to identify, assess, and manage climate risks; climate change mitigation and adaptation risk management plans and policies.	Processes to identify, assess, and manage climate risks; significance and materiality of climate-related risks; consider actual or potential regulations for transition risks.	Requirements aligned with IFRS 2. The objective is to enable users of general purpose financial reports to understand an entity's processes to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.
FINANCIAL RISK	Impact of climate-related risks and opportunities on financial position, performance, and cash flows for reporting period, and anticipated impacts over short, medium, and long-term.	Financial impact of physical and transition risks and reference to financial statement line items impacted and anticipated impacts over short, medium, and long-term.	Financial impact and expenditure metrics for climate-related events and transition activities; impact on financial estimates and assumptions.	Entities are encouraged to consider and disclose climate-related financial risks in their financial reports and other public disclosures.

	HONG KONG - SAR[31]	INDIA[32]	JAPAN[33,34]	MAINLAND CHINA[35]	SINGAPORE[36]
GOVERNANCE	Disclose issuer's governance process, controls and procedures used to monitor and manage climate-related risks and opportunities; ensuring appropriate skills and competencies; board process and frequency of being informed on climate risks and opportunities.	Role of the board in sustainability, with a statement from the director responsible for the report, highlighting sustainability challenges, targets, and performance.	Outlines expecations regarding incorporation of roles and responsibilities related to sustainability risk into policies, the skills and competencies available for monitoring strategies, and the method and frequency of obtaining information on risks and opportunities etc.,as well as the role of senior management.	The governance structure, including the roles of the board and management in overseeing ESG risks and opportunities. This includes how they consider these risks in strategic decision-making and how they monitor progress towards sustainability goals.	Disclose organisation's governance structure in alignment with TCFD recommendations.
STRATEGY	Disclose climate-related risks and (if the issuer opts to) opportunities, and their impact on the issuer's business operations, business model and strategy; transition plans; climate resilience; current and anticipated financial effect of climate risks and opportunities.	The strategy involves disclosing the company's approach to mitigating or adapting to sustainability risks, along with the financial implications of these strategies.	IFRS 2 aligned requirements: disclose of information on the effects of climate-related risks and opportunities on a companies strategy and decision-making and how it plans to meet targets.	Strategies for managing sustainable risks and opportunities, including how these risks and opportunities are integrated into their business models and strategic planning. This includes the identification of areas where risks and opportunities are concentrated within the business model and value chain.	Disclose the actual and potential impacts of climate-related risk and opportunities on the organisation's strategy in alignment with TCFD recommendations.
RISK MANAGEMENT	Disclose process used to identify, assess and manage climate-related risks; disclose process used to identify, assess and manage climate-related opportunities (if the issuer opts to).	Risk management focuses on identifying and managing sustainability risks that can affect the company's future prospects. It includes setting and monitoring targets related to sustainability risks and opportunities.	Requirements largely aligned to ISSB, requires information on the policies and processes used to identify, assess, prioritise and monitor sustainability-related risks and opportunities, and their integration into enterprise risk management.	Processes for identifying, assessing, prioritising, and monitoring sustainable risks and opportunities.	Disclose how the organisation identifies, assesses, and manages climate-related risks in alignment with TCFD recommendations.
FINANCIAL RISK	Current and anticipated financial impact of climate-related risks.	Not applicable	Qualitative and quantitative information on the impact of climate-related risks and opportunities on a company's financial position, business performance, and cash flow expected over the short, medium and long-term; as well as risks and opportunities that may have a significant impact on the book value of assets and liabilities.	Financial impact of climate-related risks and opportunities in the short, medium, and long term.	Not applicable

Global Sustainability Reporting Standards | Comparison Among Major Sustainability Reporting Standards

	INTERNATIONAL[27]	EU[28]	US[29]	AUSTRALIA[30]	HONG KONG - SAR[31]	INDIA[32]	JAPAN[33,34]	MAINLAND CHINA[35]	SINGAPORE[36]
GHG EMISSIONS	Scope 1, 2, and 3 GHG emissions required.	Scope 1, 2, and 3 GHG emissions required, and any material change to methodology; granular qualitative and quantitative GHG disclosures.	Scope 1 and 2 GHG emissions if deemed material; gross emissions disaggregated by each GHG; GHG emissions intensity.	Entities are required to report their GHG emissions (financial materiality only) , particularly if they are material to the entity's operations or if the entity is subject to specific environmental regulations.	Disclose scope 1, scope 2, and scope 3 GHG emissions.	Disclosures include scope 1, scope 2, and scope 3 GHG emissions, indicating a comprehensive approach to reporting carbon footprint.	It is expected that Scope 1 and Scope 2 GHG emissions will be actively disclosed. Companies should disclose certain market (contract) based Scope 2 GHG emissions in addition to the IFRS location-based Scope 2 GHG emissions. Application of de minimis thresholds to categories of Scope 3 GHG emissions.	Not applicable	Not currently, to be introduced for reporting in financial year 2025.
TARGETS & OTHER METRICS	Metrics used to assess climate risks and opportunities; targets, performance, and approach to target setting; Industry-based metrics	Target aligned to Paris Agreement (1.5°C); methodology used; if net zero target, methodologies and frameworks applied; targets and target setting process, industry-based metrics, offsets, RECs, energy metrics, and internal carbon pricing.	Climate-related targets or goals, interim targets, and supporting qualitative disclosures; carbon offsets or renewable energy credits (RECs).	Entities are encouraged to set and disclose targets related to climate factors , including GHG emissions reduction targets. They should also report on progress towards these targets and other relevant metrics.	1. GHG Emissions – Disclose scope 1, 2 and 3 GHG emissions 2. Other Cross-industry Metrics – Percentage of assets or business activities vulnerable to transition/ physical risks; – Percentage of assets or business activities aligned with climate-related opportunities; – Amount of capital expenditure deployed towards climate-related risks and opportunities; 3. Internal carbon price 4. Remuneration policy 5. Industry specific disclosures under international ESG reporting frameworks 6. Targets set to monitor progress towards achieving strategic goals, any targets the issuer is required to meet by law or regulation, and performance against each target	Targets include progress towards sustainability goals, performance against targets, and analysis of future trends or changes. The BRSR Core Report must include key performance indicators as specified by the Board.	Companies are expected to set metrics and targets relating to sustainability.	Performance targets related to the management of climate-related risks and oppurtunities; company-specific targets; and alignment with national climate targets.	Short, medium, and long term targets for dealing with material ESG risks, both qualitative and quantitative target metrics.

The comparison above highlights the divergence in sustainability reporting standards, a crucial consideration for multinational corporations operating across multiple regions. In AP, some regulators have already adopted ISSB-aligned standards, while others are working on aligning pre-existing local sustainability reporting standards with those of the ISSB. As shown in Figure 5, CSRD stands out as the most comprehensive and prescriptive framework, encompassing a broader scope to address climate-related risks' impacts across short, medium, and long-term horizons for businesses. When comparing CSRD with the SEC proposed rules, one key difference is that CSRD includes requirements for non-climate-related environmental topics and various social topics, while the SEC requirements are limited to climate impacts only. Furthermore, the SEC proposed rules only mandate the reporting of climate-related risks, whereas CSRD requires companies to report on both risks and opportunities in addition to impacts.[37] Therefore, with an estimated 82 disclosure requirements covering both quantitative and qualitative disclosures, the ESRS requirements are more extensive and broader in scope than the SEC's proposed rules on climate-related disclosures. In particular, the double materiality requirement places an onus on in-scope companies to report the impacts of their operations on the environment and society (impact materiality), in addition to how sustainability issues impact their business (financial materiality). This dual perspective requires a broader data set and more in-depth analysis than other reporting requirements, making CSRD arguably the most challenging sustainability reporting requirement to implement.

Stability of Sustainability Reporting Regimes

Regulators in AP are in the process of implementing sustainability disclosure regimes and setting out timelines for firms within their jurisdictions to comply. However, questions remain as to whether requirements in AP and beyond will continue to develop, thus increasing the regulatory burden for AP firms. CSRD has been mandated to be transposed into EU member states' national law by 6 July 2024, and although there have been some notable delays in doing so, CSRD can be considered EU law.[37] However, the introduction of sector specific ESRS may necessitate additional reporting requirements and/or changes in how information is presented for some companies.

As shown in Figure 6, many regulators across AP have either aligned wholly with the ISSB IFRS S1 and S2 standards or have implemented adapted versions with some deviating features. Consideration as to how these international and local reporting standards will evolve going forward present a challenge for AP firms. For example, ISSB published responses to a consultation regarding its 2024-2026 workplan.[39] The responses show that ISSB will continue to enhance and adapt international standards, focusing on key themes such as interoperability with other sets of reporting standards and integration of industry-based disclosures into the IFRS S1 standards. ISSB has also signalled its intention to collaborate with other standard setters such as IASB to provide a comprehensive package to investors, while improving the proportionality of the standards to ensure that firms with a range of capabilities and resources can comply.[40]

AP authorities may choose to follow amendments made by international disclosure standards, or they may pursue their own amendments specific to their jurisdictions. Differing national priorities have the potential to drive divergence, particularly in relation to broader ESG aspects of sustainability disclosures. Local regulators may choose to focus only on certain disclosure themes, leading to inter-jurisdictional discrepancies in disclosure requirements.

AP firms must therefore navigate not only current compliance obligations but also anticipate future changes to both international and local disclosure standards. This will require a significant allocation of resources to manage the increasing complexity and volume of reporting requirements effectively. Designing a flexible and robust process for collecting, categorising and mapping data, as well as dedicating adequate resources for regulatory horizon scanning and impact assessments will be key to successful implementation.

KEY CHALLENGES FOR AP COMPANIES

AP firms that operate across multiple jurisdictions may potentially need to comply with many different reporting regimes. The impact may be particularly profound for those required to report on a CSRD basis across their global operations. Additionally, smaller AP firms not directly in scope of CSRD, but captured within the supply chain of reporting companies will face enhanced scrutiny on their sustainability practices. It is also likely that they will be under increasing pressure to provide more detailed environmental and social data to companies in-scope of reporting requirements. Below we highlight some of the key challenges that AP firms will face:

Figure 6 Key challenges for AP companies in international sustainability reporting standards implementation

Key Issues	Key Challenges for AP Companies
Data Collection and Management	• Ensuring the reliability, integrity and comparability of data given the wide-range of data sources across a firm's global value-chain and the varying levels of regulatory oversight, rules and infrastructure across regions. This will pose a significant challenge, especially for industries and companies with complex supply chains. • Presenting accurate and defendable data across short, medium, and long-term horizons. • Aligning and mapping data points across regions given the growing number of diverging sustainability taxonomies, in particular, aligning local businesses with the definitions under the EU taxonomy in the case of CSRD.
Resourcing	• Investing significant resources, including time, manpower, and technology to collect, verify, and report ESG-related information accurately. • Engaging in a multi-year change management program to implement the sustainability reporting strategy and maintain an on-going monitoring process. • Transforming functional teams such as the finance and accounting functions to meet sustainability reporting needs.
Materiality Assessment	• Managing diverging approaches to materiality across regions, for example the need to conduct broad "double materiality" assessments for CSRD when most AP jurisdictions only require financial materiality. • Balancing qualitative and quantitative factors to set meaningful materiality thresholds given that these can be subjective and are not clearly defined across all sustainability standards or topics.
Conflicting Regional Priorities	• Managing and prioritising the different aspects of sustainability when some regions have only introduced legislation relating to climate or have specifically asked companies to focus on climate first. • Managing diverging priorities across regions and continents on broader ESG issues such as human rights, biodiversity and community impacts.
Assurance and Audit	• Managing the additional complexity and cost of compliance where third-party assurance, and in particular 'reasonable' assurance is mandated. Companies in scope of these requirements will need to ensure they have robust processes, checks and controls; and strong governance including thorough documentation of data points and decision making.
Strategy and Business Model	• Re-thinking operations, governance, strategy, and data systems to align long-term business models with disclosure requirements and sustainability objectives.

IMPLEMENTING AN END-TO-END APPROACH TO SUSTAINABILITY DISCLOSURES

Global Sustainability Reporting Standards | Implementing an end-to-end approach to sustainability disclosures

To help clients effectively tackle these challenges, the below table sets out Deloitte's approach to scoping, designing and implementing sustainability reporting requirements, based on our significant experience supporting clients on their disclosure journeys. The methodology focuses on considerations for firms that need to comply with CSRD and ISSB aligned standards but can also be applied more broadly to additional reporting regimes.

Figure 7 Step-by-step process to implementing sustainability reporting standards

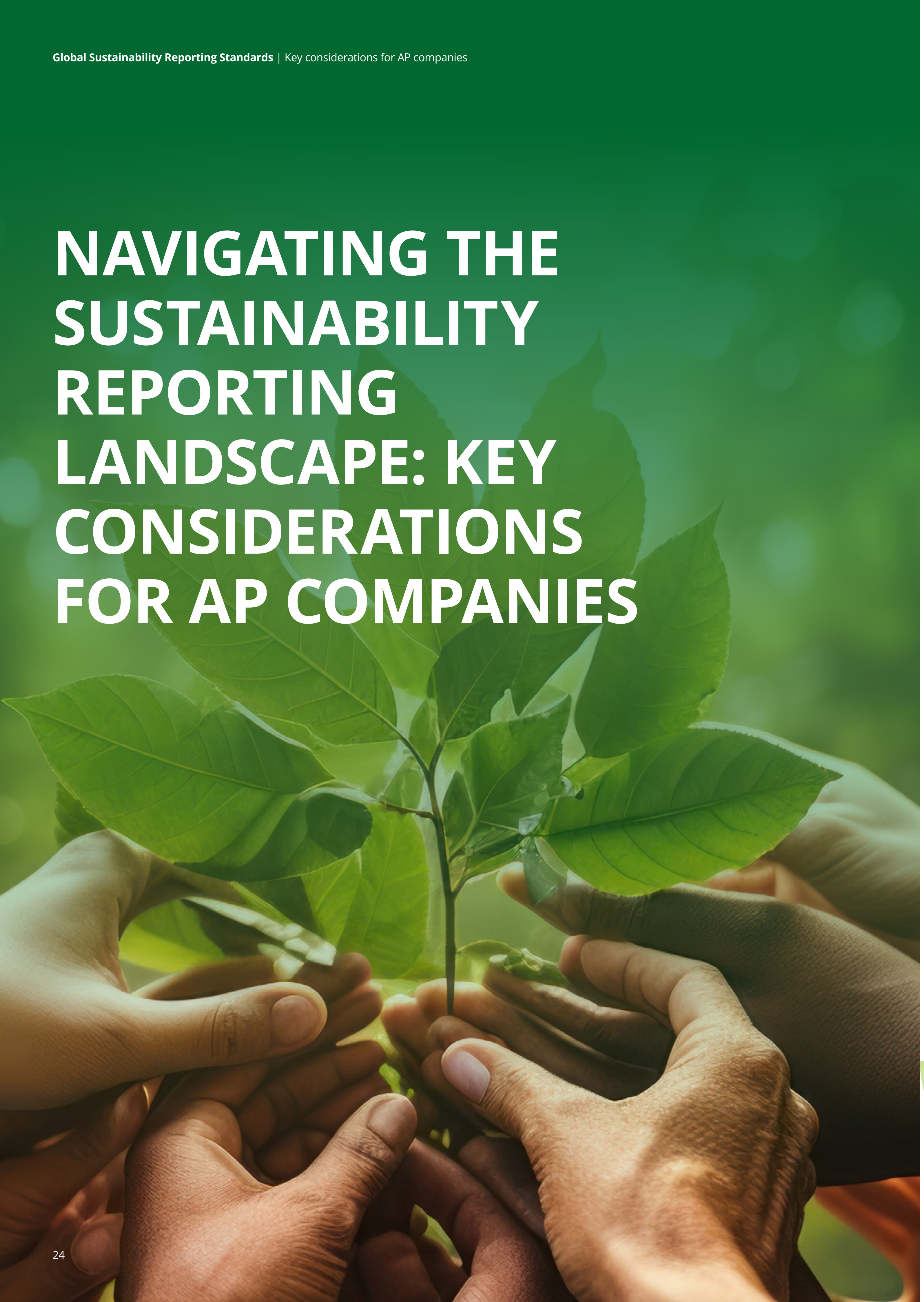
Step One – Baseline	Step Two – Assess and Define	Step Three – Design	Step Four– Implement
Steps to implement sustainability reporting requirements	**Steps to implement sustainability reporting requirements**	**Steps to implement sustainability reporting requirements**	**Steps to implement sustainability reporting requirements**

Understand the impact of Sustainability reporting
• Perform regulatory heatmap analysis
  • Identify which of the company's entities will be in-scope of which reporting requirements
  • Map out and compare the various standards to identify overlapping and diverging requirements
  • Identify which businesses, functions and individuals will need to be involved in the reporting process e.g., sustainability, corporate development, strategy, finance, risk, operations and compliance, etc
 	
• Ensure awareness and implement training
  • Ensure the C-Suite, Board and Senior Management understand the sustainability reporting landscape and impacts for the company
  • Roll-out broader staff training programs starting with functions and roles involved in the sustainability reporting journey
 	
Align key talent with the mission
• Ensure collaboration and coordination between all key businesses and functions
• Secure resources to support sustainability reporting
• Ensure alignment of key stakeholders of the firm with the goal of the sustainability reporting
 	
Understand the status quo
• Understand the current data availability and quality, and how it compares to the requirements in the reporting standard
• Understand the current governance and control frameworks and the gap between what's required under the sustainability reporting standards
	Scope definition and reporting strategy
	• Define and validate the reporting structure and strategy
	• Scope entities for reporting
	• Use consistent definitions and methodologies across reporting regimes where possible
	
	Perform Double Materiality assessment
	• Perform value chain analysis-benchmarking
	• Create a list of relevant ESG impact, risks, opportunities
	• Determine materiality thresholds
	• Assess impact and financial materiality
	
	Perform detailed gap assessment
	• Perform a gap assessment with material and mandatory ESRS/ISSB requirements and issue recommendations to close gaps
	• Identify priority disclosure and ESG strategic management
	
	Taxonomy high-level assessment of implications
	• Map the local taxonomies against the EU taxonomy
	• Identify eligible economic activities against the six environmental objectives
	• 'As-is' data and IT landscape, process, governance, tech and controls assessment
	• Understand and document the current state process to gather, transform, process and report on data for the ESG disclosures
	
	Roadmap creation
	• Establish roadmap for the implementation journey, for in time compliant reporting including prioritisation of topics and initiatives
	• Determination of topic owners and driving PMO, ESG and sustainability teams, set-up and governance
	• Structure the work
		Develop future state ('To-be') data and IT architecture, reporting processes, governance and controls
		• Develop data strategy, model and ownership for ESG
		• Validate and process double materiality and risk assessment
		• Design desired future steering and reporting processes and internal controls
		• Review the processes and controls of KPIs based on leading practices, internal ambitions and future assurance requirements
		
		Design reporting
		• Prepare material and mandatory disclosure requirements for ESG, i.e., 'prototype report'
		• Support on integration of ESG information into the financial statements
		
		Select ESG reporting technology
		• Build assurance ready data and ESG measurements
		• Determine technology need and advise on best fit i.e., analyse existing IT landscape, define functional and technical requirements and total cost of ownership, assess options, select best-fit future technical solution
		
		Taxonomy full assessment
		• Deep dive into eligible activities (building on step two)
		• Assess alignment of eligible activities against criteria set by EU taxonomy reporting standards
		• Prepare set up of the KPIs as required under EU Taxonomy calculation and reporting
			Embed new organisation and governance
			
			Implement (phased) data, process, governance, and controls throughout the business and monitor effectiveness
			• Implement new data processes, governance, and controls
			• Provide training to practitioners
			• Monitor effectiveness after implementation
			
			Execute first performance management and reporting cycles and enhance
			
			Conduct system implementation (iterative process)
			
			Validate audit readiness
			• Dry runs of assurance process and testing
			• Agree on quality standards

Consideration for AP clients	**Consideration for AP clients**	**Consideration for AP clients**	**Consideration for AP clients**
1. Gain a comprehensive understanding of the sustainability reporting landscape in all jurisdictions the firm operates in, or will potentially operate in, and what it means for the firm and it's short, medium and long-term strategy	1. Consider implications for the AP headquarter when defining scope and strategy, whether implementation is needed on the group level, and manage the roadmap accordingly 2. Consider what the firm structure and operations model means for implementation across different jurisdictions 3. Consider a strategy and roadmap that enables the firm to comply with multiple reporting standards with minimal duplicated efforts	1. Consider other taxonomies if the firm needs to comply with multiple sustainability reporting standards 2. If the firm is aiming to market itself as a leader in the ESG space, consider adopting data and IT systems that support reporting to the highest standards	1. Account for the fact that some reporting standards may evolve over time. Elements that are currently not included in the local standards may be incorporated later. If not complying with the 'gold standard' at the current stage, further changes may be needed as sustainability reporting standards continue to develop

Through a comprehensive and strategic approach to implementing sustainability reporting, companies can not only ensure regulatory compliance, but also position themselves as leaders in sustainability within their industry. This not only enhances their reputation but also increases their appeal to stakeholders who are committed to ESG principles.

NAVIGATING THE SUSTAINABILITY REPORTING LANDSCAPE: KEY CONSIDERATIONS FOR AP COMPANIES



AP firms face a multitude of challenges in meeting the stringent reporting requirements set forth by regulatory bodies across their jurisdictions of operation. In navigating the complex realm of sustainability reporting, companies must strategically approach firm structure and operations, the evolution of requirements, and their position on sustainability.

Some companies may eventually require group-level reporting under CSRD, while others may not. By analysing the jurisdictions in which they operate and their business models, companies can determine the regimes they need to comply with and the corresponding implementation timelines. Designing a comprehensive compliance framework that enables simultaneous adherence to multiple regimes can streamline reporting processes and enhance efficiency.

While CSRD is emerging as the gold standard for sustainability and climate reporting, SEC focuses solely on climate-related risks, and ISSB takes a different approach to certain features such as double materiality. However, it is crucial to consider whether these elements may eventually be integrated into future international or local regulations.

When positioning themselves on ESG, companies should assess whether marketing as an ESG or climate champion forms part of their unique selling proposition (USP). Reporting globally to the highest available standards can provide stakeholders with assurance of the company's environmental commitments and serve as a form of competitive advantage. As investor expectations for detailed and transparent ESG reporting increase, companies must proactively meet these elevated standards to maintain credibility and competitiveness in the market.

Therefore, where a company and its key stakeholders stand on ESG, and the issues it chooses to prioritise, should have a significant impact on the approach taken on sustainability and climate reporting. Similarly, companies should take the time to properly analyse what their reporting information and data says about their stance on ESG issues and how this fits in with their strategic priorities. This is vital not only ensure that the sustainability strategy is achievable and therefore credible to the market, stakeholders, and regulators, but to also ensure that any gaps between what the firm is saying and what it is actually doing are clearly identified, with a robust plan in place to remediate key hurdles.

Below we highlight some key considerations for companies subject to sustainability reporting requirements. The extent to which companies should adopt these actions will depend on an organisation's size, industry, business models and structure, in addition to their stance on ESG issues.

Global Sustainability Reporting Standards | Actions to consider

Actions to consider

Governance and Strategy

Incorporating ESG considerations as a key part of the firm's strategy

- ESG considerations should be clearly reflected in decision-making processes, policies, and procedures. This should include well-defined thresholds for risk taking and escalation points for certain business activities which should be embedded in the organisation's risk appetite framework.
- Companies should also review their business models in light of ESG considerations, including reporting requirements.
- It is imperative that companies cultivate and drive an organisational culture and a set of values that reflect its position and priorities regarding ESG strategy.

Enhance sustainability knowledge and skills for management and staff

- Boards will be expected to have a suitable level of expertise to decide on and effectively oversee sustainability related opportunities and risks. Therefore, responsibilities for sustainability must be integrated into the highest levels of governance and the c-suite should be fully informed on key ESG issues and how these relate to the organisation and its stakeholders.
- Organise regular training sessions that focus on the latest sustainability reporting standards including CSRD, ISSB, and any relevant reporting rules in the local jurisdiction. These sessions should include staff in various functions such as finance, risk management, and operations.
- Encourage your team to pursue certifications in sustainability reporting and management. Certifications can significantly enhance their expertise and credibility in this field.
- In addition to upskilling existing staff, consider hiring new personnel with a strong background in sustainability reporting. These individuals can bring fresh perspectives and advanced skills to your team.

Introducing a clear hierarchy of sustainability officers

- In order to help oversee and coordinate sustainability efforts, companies should consider introducing a clear hierarchy of sustainability officers, including the pivotal role of the Chief Sustainability Officer (CSO). The CSO should be suitably senior within the organisation with direct reporting lines to the Board.
- Companies should also consider establishing an ESG or sustainability committee with broad representation from across the organisation. Membership could include for example the CFO, CRO, COO, CTO, Chief Strategy Officer, and Heads of Marketing and Sales (or equivalent) in addition to the CSO, in order to effectively and consistently oversee the sustainability strategy and advise the Board.

Utilising data in strategy planning and execution

- In order to meet disclosure requirements, companies will need to collect and report a substantial amount of information. Companies should utilise this data to inform senior management and the Board regarding progress and alignment with strategic priorities and ensure that sustainable practices are embedded throughout the organisation and that remuneration properly reflects ESG considerations.

Upgrading systems and investing in technology.

- Invest in software, technology, and AI-enabled solutions that can automate the process of reviewing contracts and monitoring supplier compliance. Technologies like blockchain can provide transparency and traceability in the supply chain, ensuring that all transactions are recorded and can be audited.

Assessing the cost of implementing sustainability reporting

- Perform a detailed cost-benefit analysis to understand the financial impact of implementing sustainability reporting. This should include the costs of training, technology, and any potential fines for non-compliance, balanced against the benefits of improved reputation, access to green financing, and operational efficiencies.
- Allocate a specific budget for sustainability initiatives, including reporting. This budget should cover the costs of staff training, technology upgrades, and any additional resources required for compliance. Develop financial forecasts that account for the ongoing costs of sustainability reporting. This includes the cost of maintaining compliance over time and any potential investments in new technologies or staff.

Collaboration Within and Beyond the Organisation

Foster increased collaboration and establish links between departments

- Set up a sustainability reporting working group and involve staff across different geographical locations and all relevant business lines including finance, risk management, and HR, in order to share updates, discuss challenges, and align strategies. These meetings facilitate a comprehensive understanding of each department's needs and capabilities in terms of reaching the sustainability goal.

Engage with stakeholders across the supply chain

- Regular assessments of suppliers based on sustainability criteria are necessary. This includes evaluating environmental impact, labour practices, and ethical sourcing. The outcomes of these assessments can help to pinpoint areas for improvement and potential risks.
- Developing programs that encourage open communication with stakeholders is vital. This could involve regular meetings, feedback sessions, and collaborative workshops. The objective is to build trust and ensure that all parties are aligned with the organisation's sustainability goals.
- Collaborating with stakeholders to implement sustainability initiatives that benefit the entire supply chain is beneficial. This could include reducing waste, improving energy efficiency, and promoting fair labour practices. By working together, organisations can achieve a greater impact and with regards to fostering a more sustainable supply chain.

Standardise Data Collection

01 Collect ESG data across all business operations, including supply chains, to ensure a comprehensive understanding of sustainability performance.

02 Standardise collected ESG data for reporting purposes, enhancing consistency and comparability.

03 Establish appropriate internal controls to ensure data accuracy and quality.

04 Implement solutions to digitally tag sustainability information, similar to financial reports, for enhanced transparency and traceability.

05 Engage with stakeholders, including employees, suppliers, and communities in the data collection process to ensure that a wide range of perspectives and insights are captured. This in turn should lead to a more comprehensive understanding of the organisation's sustainability performance.

ACRS Key Contacts

Seiji Kamiya
Executive Sponsor
Asia Pacific Regulatory & Financial Risk Lead
seiji.kamiya@tohmatsu.co.jp

Yuki Kuboshima
ACRS Steering Committee Partner
AP Consulting Growth Leader
ykuboshima@tohmatsu.co.jp

Tony Wood
ACRS Steering Committee Partner
AP Banking & Capital Markets Leader
tonywood@deloitte.com.hk

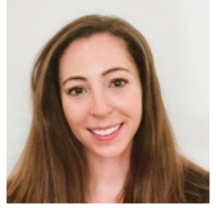
Kiyota Sasaki
ACRS Steering Committee Japan Senior Advisor
Kiyota.Sasaki@ tohmatsu.co.jp

Ye Fang
ACRS Steering Committee Partner
China SR&T FS Industry Lead
yefang@deloitte.com.cn

Sean Moore
Australia Co-lead Partner
AU SR&T FS Industry Lead
semoore@deloitte.com.au

Nai Seng Wong
SEA Co-lead Partner
SEA Regulatory Strategy Lead
nawong@deloitte.com

Shinya Kobayashi
Japan Co-lead Managing Director
Japan SR&T Insurance Sector Lead
shinya.kobayashi @tohmatsu.co.jp



Nicola Sergeant
AP Sustainability Regulation Hub Lead, ACRS Operations Lead Japan Director
nicola.sergeant@tohmatsu.co.jp

Subject Matter Experts

Australia

Darren Gerber
Sustainability & Emerging Assurance Offering Leader, Partner
Audit & Assurance
dgerber@deloitte.com.au

Annalisa Amiradakis
Partner
Audit & Assurance – Climate & Sustainability
aamiradakis@deloitte.com.au

Jonathan Streng
Climate and Sustainability SME Lead
Director
Audit & Assurance
jstreng@deloitte.com.au

Japan

Hideyuki Yamazaki
Managing Director
Strategy, Risk & Transactions
hideyuki.yamazaki@tohmatsu.co.jp

Shigehiko Mori
Managing Director
Strategy, Risk & Transactions
shigehiko.mori@tohmatsu.co.jp

Hong Kong SAR

Lucy Ka Lo Mai
Associate Director
Strategy, Risk & Transactions
lmai@deloitte.com.hk

Netherlands

Wim Bartels
European Sustainability Senior Partner
Strategy, Risk & Transactions
wbartels@deloitte.nl

India

Sridevi Bhattacharya
Director
Audit & Assurance
sribhattacharya@deloitte.com

UK

Simon Brennan
EMEA Sustainability Regulation Hub Director
Strategy, Risk & Transactions
simbrennan@deloitte.co.uk

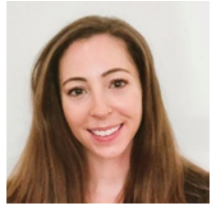
Alex Spooner
EMEA Centre for Regulatory Strategy (ECRS) Manager
Strategy, Risk & Transactions
apspooner@deloitte.co.uk

Singapore

Fredrik Andersen
Sustainability & Climate Central Team Lead
Senior Manager
Audit & Assurance
fredrandersen@deloitte.com

Authors

Japan



Nicola Sergeant
AP Sustainability Regulation Hub Lead, ACRS Operations Lead
Director
nicola.sergeant@tohmatsu.co.jp

Hong Kong SAR

Ningxin Su
Associate Director
Strategy, Risk & Transactions
nsu@deloitte.com.hk

Hong Kong SAR

Rhys Belcher
Senior Consultant
Strategy, Risk & Transactions
Jobelcher@deloitte.com.hk

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