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Welcome to our inaugural newsletter where we provide updates on climate change-related disclosures, including anti-greenwashing, the ISSB, non-governmental organisations (NGOs), local legislation, stock exchange and taxonomy requirements. This follows up from our report and blogs published in Q3 2023 which can be found here: <https://blog.actuaries.org.uk>. Please note that the content in this newsletter is correct as at time of writing (17 May 2024).

Anti-greenwashing

The **UK FCA** published its *Sustainability Disclosures Requirements (SDR) and investment labels* in November 2023: <https://www.fca.org.uk/publication/policy/ps23-16.pdf>. The requirements will be phased in, with rules around anti-greenwashing effective from 31 May 2024 and will apply to all FCA-regulated firms. As part of improving *trust and transparency*, the FCA has created **4 investment labels** which will be applicable from 31 July 2024 for UK asset managers: i. *Sustainability Focus*; ii. *Sustainability Improvers*; iii. *Sustainability Impact*; and iv. *Sustainability Mixed Goals*. For more details, please see the FCA's more recent February 2024 [publication](#).

In February and March 2024, the **European Parliament** voted in favour of the *Green Claims Directive*. Member states have a further 18 months to adopt and further 6 months to apply these rules. Applicable penalties will be decided by local member states.

EBA, EIOPA and **ESMA** are yet to publish their final greenwashing reports.

Other geographies who are considering / progressing anti-greenwashing regulations include [California](#), [Canada](#), [India](#) and [Switzerland](#), though many countries continue to address greenwashing claims via existing fair trade consumer acts.

ISSB

During COP 28, it was announced that the **TCFD was officially disbanded**, with responsibility moving across to ISSB. Please see [here](#) for more details of this. Also during COP 28, the IFRS Foundation launched its [Sustainability Knowledge Hub](#).

Following the [IFRS Symposium](#) held in New York in February 2024, **momentum is picking up** with countries, local accounting standards' boards and local stock exchanges backing the ISSB IFRS S1 and S2 disclosures, or a variation of these. These include Australia, Brazil (stock exchange), Canada (accounting standards' board), Colombia, Hong Kong, Japan (accounting standards' board), Malaysia, New Zealand, Nigeria, the Philippines, Singapore, South Korea, Taiwan and Turkey. The International Organisation of Securities Commissions (IOSCO) based in Madrid [endorsed](#) the IFRS S1 and S2 standards back in July 2023. For a current list of countries and organisations who voiced support, please see [here](#). For a list of global consultations to promote local adoption, please see [here](#).

To assist and promote the take-up of ISSB IFRS S1 and S2 standards across the globe, the ISSB published a **preview guide** (with a final version due later in Q2 2024) to assist with local adoption. This covers the rationale for *policy decision*, considerations for a *project plan* and suggested *resources* required for local adoption. Please see [here](#) and [here](#) for more details.

In May 2024, ISSB has published its [comparison interoperability guidance](#) document which compares the IFRS S1 and S2 standards against EFRAG's ESRS guidance documents.



ISSB is [exploring](#) expanding its current disclosures to include biodiversity and human capital. Please see [here](#) for updates.

NGOs

The Carbon Disclosure Project, **CDP**, expanded its surveys and scoring to include plastics on top of the existing climate, water and forests.

The [Transition Plan Taskforce \(TPT\)](#) was announced at COP26 in Glasgow and launched in April 2022 to establish the gold standard for transition plans. In October 2023, TPT issued its final [disclosure framework](#) and sector-specific [guidance](#) in April 2024. Currently, TPT disclosure is voluntary in the UK but there is discussion to make disclosure [mandatory](#) in due course. For general background and useful commentary, please see [here](#).

The IFRS Interpretations Committee was asked to clarify whether or not an entity's *commitment to reduce or offset greenhouse gases* requires recognition under **IAS 37 Provisions, Contingent Liabilities and Contingent Assets**. Please see [here](#) for their *tentative agenda decision and comment letters*.

Audit verification will be required for e.g. EU CSRD, California and New York Bill disclosure requirements. The International Auditing and Assurance Standards Board (IAASB) published its exposure draft for sustainability assurance, [ISSA 5000](#). This is expected to be finalised by the end of 2024.

On 18 September 2023, the nature-related **TNFD** disclosure requirements were published. The requirements have been grouped as per the 4 TCFD climate-related disclosure pillars. For more details please [here](#). Following this, CDP announced future alignment with the nature-related TNFD disclosure framework.

Local legislation, regulators and standards' boards

The **EU's** CSRD legislation is being initially adopted by member states, who are required to have some form of initial local legislation in place by 6 July 2024. Countries including Denmark, France and Finland have implementing legislation approved. Countries including Italy, Poland and Spain are currently holding consultations.

The CSRD legislation introduces reporting via 12 ESRS templates which are currently draft, and covers a range ESG topics. Key to these reports is "double materiality", where the inward risks and outward impacts are assessed.

For background information on CSRD and ESRS, please see [here](#), for the *European Green Deal* please see [here](#) and general background information on the *European Commission's Action Plan: Financing Sustainable Growth*, please see [here](#) and [here](#).

In October 2023, **California** approved the SB 253 and SB 261 climate-related disclosure bills, These were signed into law - the Climate Corporate Data Accountability Act (the CCDA) the Climate-Related Financial Risk Act (the CRFRA) respectively. They will apply to disclosures from 2026. These will include covering Scope 1, 2 and 3 emissions. For more details, please see [here](#).

Legislation in **Australia** is [progressing](#) with mandatory disclosure requirements effective from 1 January 2025.



In **India**, the Reserve Bank of India [proposed](#) a draft climate disclosure framework on 28 February 2024, with comments requested by 30 April 2024.

The Upper House of Parliament has [approved](#) the Climate Bill in **South Africa** earlier in May, and is now awaiting signature of the President.

Stock exchanges

On 6 March 2024, the US Securities and Exchange Commission (**SEC**) voted in favour of adopting [new climate disclosures](#) which will require registrants and Initial Public Offerings (IPOs) to adopt these new climate disclosures alongside their normal filings, phased in starting with “large accelerated filer” companies who have a financial year beginning 2025. Disclosures include Scope 1 and Scope 2 greenhouse gas (GHG) emissions. Scope 3 disclosure requirements were removed in the final version. For more details, please see [here](#) and [here](#). This however is being met with mixed responses, with some states challenging SEC disclosure requirements in court. The Federal Appeals Court recently [rejected](#) a lawsuit by 4 states in early May 2024. Conversely, some feel that the final proposed SEC requirements are [watered down](#) by the removal of Scope 3 disclosure requirements.

Stock exchanges who have endorsed ISSB disclosures include **Brazil's** CVM, the Securities Commission in **Malaysia** and **Singapore's** SGX.

The Beijing, Shanghai and Shenzhen stock exchanges in **China** [introduced](#) disclosure guidelines, effective from 1 May 2024. The guidelines also include “double materiality”.

Green taxonomy and investments

Though mentioned by Rishi Sunak in 2020, the **UK Green Taxonomy** is yet to be introduced. Provisionally this was scheduled in for 2023 but now is expected to be introduced later in 2024. Please see [here](#) for more details.

EU green bond standard, which is subject to supervision by competent authorities, came into force from November 2023 and will apply from December 2024. It is voluntary, however certain requirements must be met before an investment can be provided with this EU green bond standard label. For the relevant legislation, please see [here](#). For general background, please see [here](#).

Similarly, in December 2023, EBA [proposed](#) a voluntary **EU green loan label**.

In February 2024, the European Council and European Parliament *reached a provisional agreement on a proposal for a regulation on environmental, social and governance (ESG) rating activities, which aims to boost investor confidence in sustainable products*. For more details, please see [here](#).



Technology

ISSB published its digital sustainable taxonomy on 30 April 2024 to help improve efficiencies, as well as help users understand and share information. For more details, please see [here](#), as well as [here](#), for background to digital financial reporting.

A comparable digital taxonomy is being considered within the EU. The [consultation](#) on the draft EU XBRL digital taxonomy by EFRAG closed on 8 April 2024.

There are an increasing number of digital tools and platforms which may assist with climate and ESG disclosure. These include:

- IBM Emissions Management [tools](#)
- Microsoft's [Cloud for Sustainability](#), which is being expanded to cover CSRD reporting
- Salesforce's [Net Zero Cloud](#)
- Watershed's CSRD disclosure [platform](#)

Actuarial

The draft International Actuarial Association's International Standards of Actuarial Practice 8 (**ISAP 8**), which aims to assist with implementing IFRS S2 for actuaries, is still progressing. The recent *Statement of Intent* was approved by the Executive Committee and was ratified by the Council back in October and November 2023 respectively. For more details, please see [here](#).

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