ACCA

Sustainability reporting in ASEAN: an overview of current developments.

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We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over **252,500** members and **526,000** future members in **180** countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

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About this report.

This report provides an overview of sustainability reporting developments in the Association of Southeast Asian Nations (ASEAN). There's particular emphasis on advancements since the International Sustainability Standards Board (ISSB) launched its inaugural standards – and the subsequent regulatory initiatives related to this by markets in ASEAN.

Our findings are primarily based on desktop research, drawing from ACCA's published research as well as secondary research reports and analyses up to 17 June 2025. It should be noted that developments in sustainability reporting – globally and in other major jurisdictions both within and outside of ASEAN – continue to be dynamic, with further changes anticipated.

ACCA continues to closely monitor global developments and, where applicable, contributes views to influence policymaking and standard-setting – aligning with our ambition to lead the accountancy profession in a transforming world. This includes exerting a pragmatic and positive approach to the development of connected financial and sustainability reporting worldwide.

The findings and recommendations in our report are intended for: policymakers, standard-setters, regulators, and professional accountancy bodies in ASEAN and beyond; as well as businesses with operations in ASEAN and those for which a key part of their value chain is in ASEAN, to understand the current state of sustainable reporting development in the region. This report is not intended for commercial decision-making purposes.

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Foreword.

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The *ASEAN 2045: Our Shared Future* framework charts the region's future direction over the next two decades – articulating aspirations towards realising a resilient, innovative, dynamic, and people-centred ASEAN Community by 2045. The region envisions being:

- a single and future-ready economy
- anchored on sustainable growth and good governance
- empowered by advanced technologies
- responsive to emerging opportunities.

In line with ASEAN's strong sustainability agenda, our report provides a timely overview of the region's evolving sustainability reporting landscape. As global expectations on sustainability-related transparency continue to rise, progressive and coherent sustainability reporting frameworks are no longer optional – they are essential.

Encouragingly, ASEAN member states – Indonesia, Malaysia, Philippines, Singapore and Thailand – account for approximately 85% of regional GDP and have already signalled their intention to align with the IFRS Sustainability Disclosure Standards developed by the ISSB. This represents a critical step toward comparability, credibility, and trust in sustainability-related information that will enable decision-making at all levels.

Building trust in sustainability-related information is not a given. ASEAN will need to invest significantly in capacity building in order to produce skilled professionals – as well as the design and implementation of enabling frameworks that result in high quality sustainability-related information. This is fundamental, as such information will be increasingly critical towards sound decision-making by both policymakers and business leaders.

The ASEAN Business Advisory Council (ASEAN-BAC) Malaysia Chapter is committed to advancing practical policy advocacy that strengthens regional stability, prosperity and economic integration. ACCA and ASEAN-BAC are proud to collaborate and support ASEAN as it progresses along its sustainability reporting journey towards building a more resilient, innovative, dynamic, and people-centred economy of the future

Contents.

Executive summary 4

1. Why is sustainability reporting important? 6
1.1 Sustainability in ASEAN – key highlights 7
1.2 Drivers of international sustainability reporting 8

2. Global sustainability reporting landscape 11
2.1 International Sustainability Standards Board (ISSB) 12
2.1.1 Progress on corporate climate-related disclosures 12
2.1.2 Endorsement of ISSB Standards by the International Organization of Securities Commissions (IOSCO) 13
2.1.3 ASEAN context 13
2.2 Global Reporting Initiative (GRI) 14
2.2.1 Progress on the adoption of GRI standards 14
2.3 Interoperability between GRI and IFRS Sustainability Disclosure Standards 15

3. Key developments in sustainability reporting in selected major jurisdictions outside of ASEAN 16

4. Key developments in sustainability reporting in ASEAN 24

5. Challenges in sustainability reporting 33

6. High-level recommendations 41

Appendix 1: ACCA resources relevant to sustainability and sustainability reporting 43

References 43

ASEAN is set to be the world's fourth largest economy – with the third largest labour pool – by 2030.

It's a major trading region, with significant intra-ASEAN trade, as well as being one of the world's most biodiverse regions – home to one-third of the world's mangroves and seagrass (important carbon sequestrators), 80% of international aquaculture production, while 15% of the world's forestland is in ASEAN.

The economic growth and opportunities for ASEAN populations, however, may be severely threatened by climate and nature risks. Up to 35% of the region's GDP could potentially be affected; climate migration may be in the millions and labour productivity may face significant challenges from heat stress.

How ASEAN responds to sustainability risks and opportunities is important in ensuring investor confidence and driving accountability. This emphasises the vital importance for high-quality sustainability reporting to foster trust and enable sound decision-making by investors and other stakeholders.

Drivers towards the adoption of sustainability reporting that are aligned with global standards include:

- ASEAN Member States' (AMS) commitments to the Paris Agreement (PA) and the Kunming-Montreal Global Biodiversity Framework (GBF)
- the importance of Foreign Direct Investments (FDI) that increasingly focus on sustainability matters, and the introduction of the European Union's (EU) Carbon Border Adjustment Mechanism (CBAM)
- efforts to decarbonise global value chains of which AMS are a major part of
- a growing recognition that sustainability is multifaceted with interlinked dimensions of economic viability, social equity, and environmental protection.

Global sustainability reporting standards began almost 25 years ago – with voluntary guidelines and standards issued by the Global Reporting Initiative (GRI). While this has gained impressive traction, major economies around the world (including those in ASEAN) have been pivoting towards mandating standards issued by the ISSB. These are backed by the G7, the G20, the International Organisation of Securities Commissions (IOSCO), the Financial Stability Board, Finance Ministers from Africa and beyond, and Central Bank Governors from more than 40 jurisdictions.

As of September 2024, jurisdictions representing approximately 57% of GDP, over 40% of global market capitalisation, and more than half of global GHG emissions have decided to use, or are taking steps to introduce, ISSB standards in their legal or regulatory frameworks. The ASEAN-based jurisdictions include Indonesia, Malaysia, Singapore, Thailand and the Philippines – collectively these represent approximately 85% of ASEAN GDP.

Key markets that the region trades with, such as China and Japan, are also in the process of implementing ISSB standards. In the US, the Securities and Exchange Commission (SEC) climate disclosure rules issued in March 2024 were stayed just one month later due to legal challenges. On 27 March 2025, the SEC voted to end its defence of the rules requiring disclosure of climate-related risks and GHG emissions.

The Corporate Sustainability Reporting Directive (CSRD) issued by the EU is expected to affect EU and non-EU companies over certain thresholds. The CSRD requires reporting on environmental, social and governance (ESG) activities. However, in response to concerns over increasing administrative burdens by companies, the EU is planning to simplify its sustainability requirements – including due diligence, and taxonomy through an Omnibus Package. This simplification aims to cut at least 25% of the administrative burden for companies, and at least 35% for small and medium-sized enterprises (SMEs), by 2029.

The challenges in sustainability reporting will only become fully known once companies begin preparing the relevant disclosures going forward. As such, the challenges listed in section 5 are necessarily high-level, including:

- concerns over the lack of connectivity and coherence with financial reporting
- fragmented and misaligned reporting requirements
- the reporting burden, particularly on SMEs
- not achieving the same levels of reliability and trustworthiness as financial reporting.

High-level recommendations

In recognising the benefits as well as challenges of adopting sustainability reporting standards, we recommend that ASEAN policymakers, standard-setters, and regulators play a stronger role in advocacy and policy influence, and:

- Push for only one set of global sustainability reporting standards – ie IFRS Sustainability Disclosures Standards issued by ISSB – in the same way that IFRS Accounting Standards are effectively the global standard for financial reporting purposes (except in the US).
- Use ISSB Standards as the global baseline and incorporate other necessary information requirements to achieve consistency and effectiveness across Asia, Europe, and the Americas – utilising a 'building blocks' approach.
- Ensure the proportionality of reporting requirements to achieve high-quality and practical reporting that addresses the diverse needs of the relevant stakeholders and permits scalability.
- Strongly advocate that EU regulators and standard-setters provide transition relief to ASEAN businesses from the obligation to report on the European Sustainability Reporting Standards (ESRS) until a single set of global sustainability reporting standards is formally recognised. EU regulators and standard-setters should also specify the standards that will be recognised as 'equivalent' to the ESRS as soon as possible. This deemed equivalence will ease the reporting burden (especially on SMEs) of not having to prepare separate reports purely for ESRS compliance purposes.
- Strongly advocate for adequate representation on the ISSB's board, consultative bodies, and other relevant bodies to ensure the voice of ASEAN businesses and governments (on behalf of their populations) is heard to influence global policymaking and standard-setting. This is especially important given the size of the ASEAN economy and the disproportionately high risks it will likely face on climate, nature and societal issues.

For markets in ASEAN which have not already done so, a sustainability reporting implementation roadmap should be developed to clarify expectations. Professional accountancy bodies should be encouraged to upskill finance and accountancy professionals on sustainability reporting requirements.

Ethical requirements related to reporting and mandatory sustainability assurance, and related regulations should also be considered. ASEAN-wide centralised sustainability intelligence platforms should be established to enable businesses to assess their carbon emissions. This will also enable policymakers and regulators to implement and track national-level sustainability initiatives, eg energy transition and biodiversity roadmaps.

'Professional accountancy bodies should be encouraged to upskill finance and accountancy professionals on sustainability reporting requirements.'

1. Why is sustainability reporting important?

In a world where an ambitious approach to sustainability is no longer a choice but a condition of competitiveness – establishing a progressive, determined and efficient sustainability reporting framework is critical for ASEAN. For this region – integrated intra-regionally as well as within global supply chains and comprising diverse economies – this task is both an opportunity and a challenge.

The value of sustainability reporting lies in its ability to provide transparency, underpin investor confidence, and drive accountability in addressing sustainability impacts. With a significant and rising proportion of the global economy already committed to mandatory reporting – effective coordination of standards adoption can serve as a cornerstone to spur economic opportunities and growth.

Sustainability reporting shouldn't only concern reporting or be regarded as a purely disclosure compliance exercise. Rather, it has the ability to provide a holistic understanding of how the various parts of an organisation's value chain are likely to be impacted by sustainability-related risks and opportunities. For example, if an organisation is likely to face material shortages from a key supplier along the value chain due to warming temperatures or extreme weather events – how does this effect the organisation?

The key information gathered during the sustainability reporting process therefore involves governance, strategy and risk management – as well as the metrics and targets critical to optimising opportunities and managing risks (IFRS, nd).

Sustainability reporting also fosters better understanding of the interconnections and interactions between businesses, industries, governments, and people. This can happen at local, regional and even global level. For example, if rice production in the Lower Mekong Basin is increasingly affected by climate and biodiversity risks – this does not only impact the five countries within the basin, but also businesses and societies within and outside of ASEAN.

Sustainability reporting therefore provides policymakers, business leaders and societies with information that allows them to assess how future economies and generations may be impacted by sustainability-related risks as well as opportunities.

It's important to ensure that sustainability reporting is a catalyst for necessary systemic change. Operational changes take place in organisations making these disclosures and better quality of information becomes available to investors, who will then use these disclosures to allocate capital more efficiently and responsibly.

However, it is also important to note that reporting is only one policy lever for promoting more responsible business decision-making while driving positive change for people and the planet. This needs to be complemented by further policies encouraging sustainable business models – such as provision of sustainable finance, good corporate governance, appropriate taxation, incentives and regulation. Ultimately, a proportionate approach to mandatory reporting requirements can ensure that business resources are directed towards actively pursuing a green, nature-positive, and just transition.

1.1 Sustainability in ASEAN – key highlights

ECONOMY	• Fourth largest by 2030 (WEF, 2020). • ASEAN is a major region for international trade – with total merchandise trade in 2023 of US$3.5tn. • Intra-ASEAN trade is the largest component, representing 21.5% of the region's total trade (ASEAN, 2024).
WORKFORCE	• Third largest labour force in the world, behind China and India (PwC, 2018).
CLIMATE	• Based on the WorldRiskIndex 2024, which estimates the disaster risk from extreme natural events and climate change, three AMS are ranked in the top 10 countries with highest risk. Philippines and Indonesia were ranked first and second respectively, with Myanmar at No. 6 (IFHV, 2024). • Up to 35% of ASEAN's GDP is at risk of being impacted by climate and nature risks (Gray et al, 2021). Displacements of people or climate migration is expected to be in the millions. Heat stress is also projected to result in vast amounts of working hours lost and loss in productivity (WWF, BCG and Think City, 2023). • 80% of energy is derived from fossil fuel; 70% contribution to global emissions from land use change and forestry (Bain & Co, Temasek, GenZero, AWS, 2023). • Eight out of 10 ASEAN countries have sufficient renewable energy (RE) technical potential to meet electricity demand; four out of 10 ASEAN countries export or plan to export electricity generated from renewable sources (Bain & Co, Temasek, GenZero, AWS, 2023). • US$1.5tn cumulative investment needed for energy and nature sectors to reach Nationally Determined Contribution (NDC) targets by 2030 – yet green investment of US$5.2bn in ASEAN in 2022 was 7% lower than in 2021 (Bain & Co, Temasek, GenZero, AWS 2023).

The issues and concerns described below are not meant to be exhaustive – but sufficient to demonstrate how critical sustainability issues are to AMS.

The choices AMS make will bear important implications for the transparency, integrity and consistency of information at macro and micro levels. This should not only result in improved business and economic performance, and financial flows – but contribute towards raising standards of living and quality of life for its populations.

'Sustainability reporting therefore provides policymakers, business leaders and societies with information that allows them to assess how future economies and generations may be impacted by sustainability-related risks as well as opportunities.'

BIODIVERSITY	• 15% of the world's forestland comes from ASEAN (Bain & Co, Temasek, GenZero, AWS, 2023). • Despite covering only 1% of the world's surface, ASEAN is home to one-third of the world's mangroves, seagrass (both important carbon sequestrators) as well as coral reefs. • 80% of the world's aquaculture production and 60% of global capture fisheries is sourced from ASEAN. • ASEAN is also one of the most biodiverse marine regions, home to more than 500 coral species and 2,000 fish species – providing income and livelihoods to almost 120 million people. • One of the largest transboundary forests in the world covers the territories of Brunei, Malaysia and Indonesia – providing life and livelihoods to 11 million Borneans. • The Lower Mekong Basin stretches across Myanmar, Lao People's Democratic Republic (LPDR), Thailand, Cambodia and Vietnam. It's not only home to many endangered species but is also a major exporter of rice to the world – and as such to food security (WWF, BCG and Think City, 2023).
SOCIAL-RELATED CONCERNS	• While the availability of data for poverty differs in certain AMS – it's clear that across many, poverty remains a significant issue. • Cambodia experienced a significant rise in poverty levels from 13.5% in 2016 to 21.5% in 2021, while in Myanmar, the poverty rate was 24.8% (based on 2017 data). • Indonesia and Malaysia, however, both showed improvements in poverty reduction – with Indonesia poverty levels dropping from 10.9% in 2016 to 9.4% in 2023 – while in Malaysia, it declined from 7.6% in 2016 to 6.2% in 2022. • Despite these improvements, there are still millions of people living in poverty in ASEAN (ASEAN, 2024). • The number of people who have either died, gone missing, or were directly affected by climate-related disasters in 2020 was 2,546.8 individuals per 100,000 population (ASEANstats, 2022). This works out to be approximately 17 million people – 27.8% higher than in 2016.

1.2 Drivers of international sustainability reporting

There are a number of key drivers of international sustainability reporting:

a. National commitment towards the Paris Agreement

All AMS are parties to the Paris Agreement (2015), which requires the setting of nationally determined contributions (NDC) and reporting of progress. In this regard, most AMS have made commitments towards achieving net zero emissions (see below).

'Sustainability-related issues may be considered as one of the most significant organisational risks of the early 21st century. In relation to environmental protection, the dangers to the planet are significant if the temperature rise is not controlled. Although the Paris Agreement sought to limit the rise in the mean global temperature to 2°C above pre-industrial levels – with a preference to limit the increase to 1.5°C – the progress by governments and organisations towards this 2030 target has been slow' (ACCA, CAANZ, 2024).

Country

Source: ASEAN Climate Change and Energy Project

b. Kunming-Montreal Global Biodiversity Framework

The Kunming-Montreal Global Biodiversity Framework (GBF) is a landmark agreement adopted at COP15 in December 2022 by 196 parties to the Convention on Biological Diversity (CBD). It aims to halt and reverse biodiversity loss by 2030 – with a vision of a world living in harmony with nature by 2050.

All AMS are parties to the CBD and, by extension, are signatories to the GBF. At COP16 in 2024, ASEAN adopted its own regional biodiversity framework – the ASEAN Biodiversity Plan (ABP) – to align with and support the global targets.

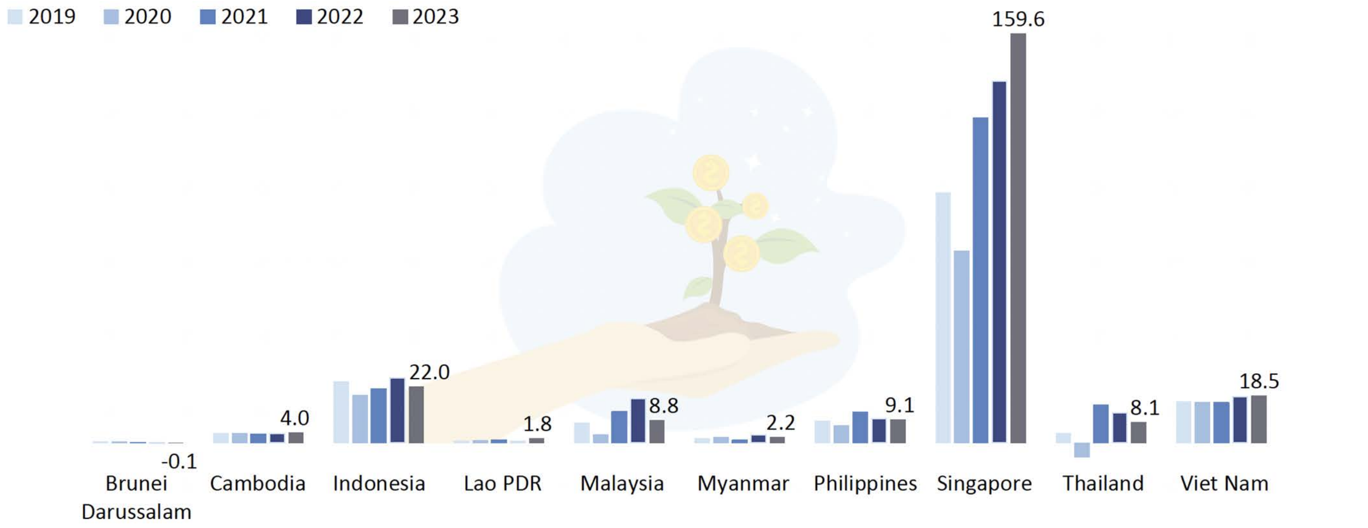
The ISSB's research projects moving forward will include risks and opportunities disclosures around biodiversity, ecosystems and ecosystem services.

c. Role of foreign direct investments (FDIs)

FDIs have played a significant role in the economic growth transformation of AMS – shaping its industrialisation, technology transfer, and job creation. AMS have pursued FDIs through national polices and incentives. These have led to FDIs growing steadily from US$129.9bn in 2014 to US$234bn in 2023.

The top five sources of FDI in the region in 2023 – with a combined share of 66.8% of total inward FDI flows in ASEAN – were the US, the EU, ASEAN (intra), China, and Japan. Consequently, developments in sustainability reporting in these markets may influence such developments in ASEAN (Section 3) (ASEANstats, 2024).

Figure 1.1: Inward FDI flows (US$ billion) by ASEAN Member States, 2019–2023

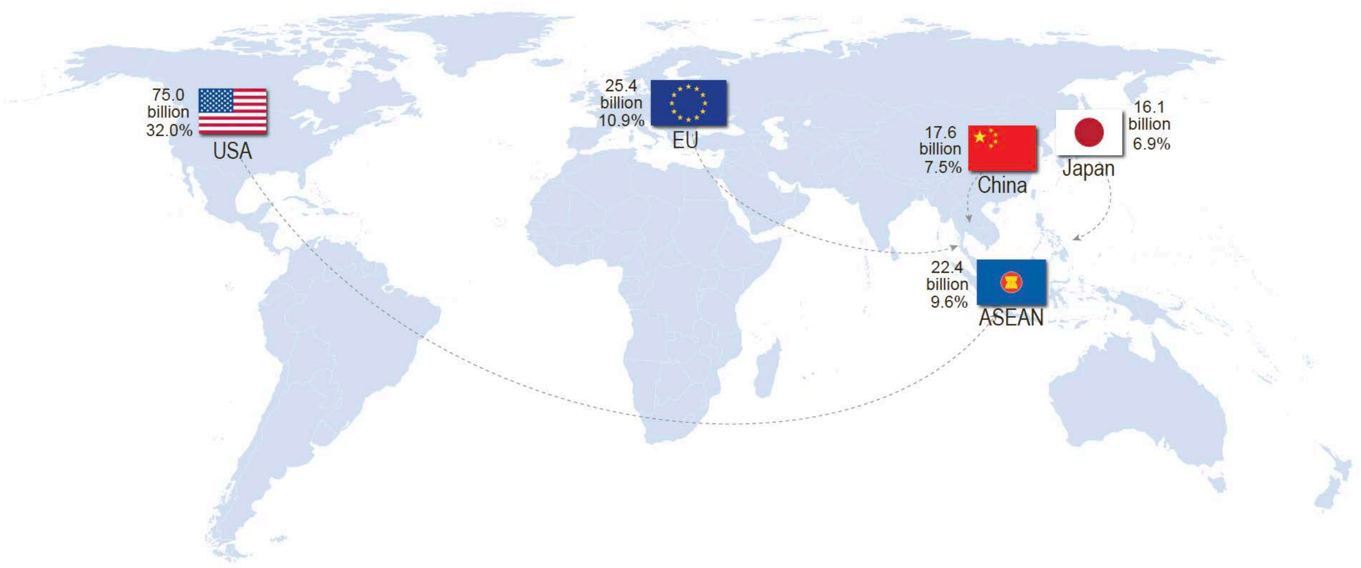


Source: ASEAN Secretariat, *ASEANstats database*

‘As the investor markets look to relate the long-term viability of an organisation to its future sustainability, access to capital is increasingly dependent upon the robustness of the plans in place and the tangible progress being made to hit defined targets. Capital markets are increasingly requiring disclosures related to climate and sustainability-related matters to provide decision-useful information for investors.

‘As stakeholders, including investors, seek information and action from entities on sustainability issues, there’s a strong and growing need for organisations to measure and, increasingly, report progress against their sustainability targets. This includes how its governance and strategic activities are integral to the process’ (ACCA, CAANZ, 2024).

Figure 1.2: ASEAN top-5 FDI sources, 2023

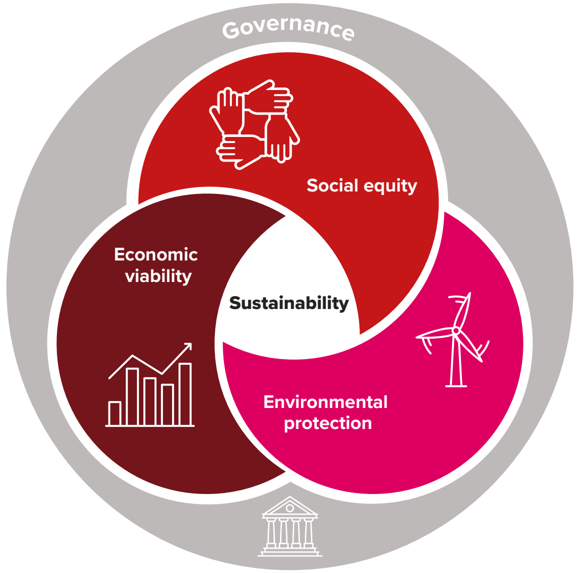


Source: ASEAN Secretariat, *ASEANstats database*

d. Recognition of the interlinked dimensions of sustainability

The sustainability transition is multifaceted, embracing economic viability, environmental protection, and social equity dimensions. The range of issues that it affects include not only climate and GHG emissions, but also biodiversity and social aspects – and how these interplay with each other and within an organisation’s operating model.

Figure 1.3: Dimensions of sustainability



Source: *Sustainability in Transactions*, ACCA and Chartered Accountants Australia and New Zealand

Many organisations have faced a series of complex challenges in recent years, from the global pandemic of 2020 to 2022 to the inflationary pressures that led to increased interest rates from 2022 into 2023. In turn, this has reduced the focus on a sustainable and just transition for many. The reality, however, is that organisations need to transform their operating models to become more sustainable. Managing and mitigating these complex and interconnected risks is difficult and requires considerable effort and commitment.

It’s important to appreciate that the financial aspects of the business case for sustainability are not necessarily straightforward. Using climate adaptation as an example, the Asian Development Bank Institute’s report, *Transforming ASEAN: Strategies for Achieving Inclusive and Sustainable Growth*, finds that:

‘Adaptation measures do not necessarily generate direct financial returns. Benefits are generally perceived as low because some actions require high initial investments, or investment gains from adaptation only materialise when there is a natural disaster. Gains tend to materialise as a smaller loss rather than positive gains. Consequently, public and private actors do not prioritise adaptation measures and climate finance supporting adaptation is lagging.’

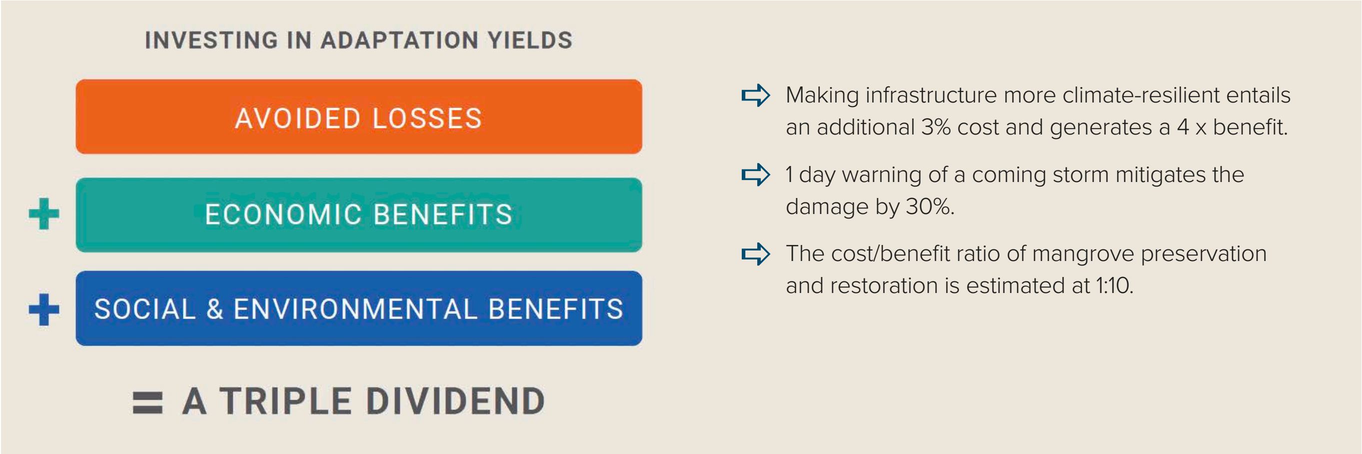
While annual adaptation financing needs in developing countries are estimated at US$300bn by 2030, only 7% of total climate finance is supporting adaptation (based on available data). Despite this challenging situation, adaptation strategies have increasingly been perceived as a smart investment, and even as a business opportunity for the private sector.

The grey literature refers to a US$2tn market for the private sector referring to market opportunities – such as implementation of early warning systems, climate-resilient infrastructure, climate resilient seeds in the agricultural sector, global mangrove protection, and projects to make water resources more resilient. The World Bank found that every US$1 invested in resilient infrastructure in low and middle-income countries provides a benefit of US$4 (World Bank and GFDRR, 2021).

Indeed, while the financial and non-financial barriers to adaptation investment are undeniable, the benefits from adaptation investment are high (see Figure 1.4).

This further augments why sustainability reporting is fundamental as it transcends just financial reporting to reporting on the impacts from across the value chain in terms of climate, nature and people.

Figure 1.4: Examples of benefits from adaptation and resilience measures



Source: Global Commission on Adaptation (2019)

‘Sustainability reporting is fundamental as it transcends just financial reporting to reporting on the impacts from across the value chain in terms of climate, nature and people.’

e. Decarbonisation in ASEAN’s global value chain-driven economies

‘Global value chains (GVCs) drive the growth and complexity of international trade. The World Bank (2020) estimates that around half of global trade in the 2010s was transacted through GVCs, substantially higher than the 40% during the 1980s. In Asia, GVCs also account for more than 40% of gross exports. This key position is mainly traced to the rise of East Asia and ASEAN as important manufacturing hubs in increasingly fragmented global production networks. In ASEAN, more than one-in-four jobs are linked to GVCs.

‘The traditional view is that increasing trade and deepening GVCs must necessarily boost emissions and damage the environment – and, in most cases, it does. However, this view is incomplete and does not reflect the complexity of positive and negative relationships. It is still possible that trade, investment and GVCs can be climate-smart if they promote trade in environment-friendly goods and services, digitalisation of trade and transport procedures, and increase investment in renewable energy’ (ADB, 2023).

f. Impact of the Carbon Border Adjustment Mechanism (CBAM)

The EU’s CBAM, which will be fully implemented by 2026, aims to put a fair price on the carbon emitted during the production of carbon intensive goods entering the EU, and to encourage cleaner industrial production in non-EU countries (EC, 2025(a)). While the impact on most AMS from CBAM is expected to be low, in Malaysia, according to estimates by the Ministry of International Trade and Industry – as much as 75% of its exports to EU may be impacted by CBAM (MITI, nd). In Indonesia, almost 20% of its exports to EU could be affected by CBAM, although this is not significant relative to the country’s total export value (Xu et al, 2023).

With the EU’s Omnibus package (described in Section 3), however, ‘90% of importers – primarily small and medium-sized enterprises – will be exempted from the scope of CBAM. Despite this, more than 99% of emissions from iron, steel, aluminium and cement imports will still be covered by CBAM’ (Segal, 2025(a)).

2. Global sustainability reporting landscape

There are two principal standard-setters in global sustainability reporting:

- the ISSB, which issues IFRS Sustainability Disclosures Standards (ISSB Standards).
- the Global Reporting Initiative (GRI), which issues standards of the same name.

'ACCA has long advocated a global approach to the development and application of principles-based reporting standards, supported by a robust due process and an inclusive approach that considers regional and economic differences.

'We strongly support the IFRS Foundation's ongoing efforts to develop and maintain global standards, ie the IFRS Accounting Standards through the International Accounting Standards Board (IASB), and more recently, the IFRS Sustainability Disclosure Standards through the ISSB. Their collective strength, experience and expertise are key enablers in connecting financial, sustainability-related and other information – with the eventual goal of achieving integration in reporting' (ACCA, 2024).

Box 2.1: Why use global standards?

Global standards **provide a high-quality comprehensive baseline for corporate reporting**. Using a single set of standards is more efficient than accommodating a variety of different and potentially conflicting requirements. Consistency in treatments and disclosures can give users information that:

- is **relevant and reliable** for decision-making
- **enables greater comparability** of performance within and among reporting organisations
- **reduces uncertainty** and **improves their understanding** of the organisation's business model, strategies and performance

Source: *Principles of Good Corporate Reporting*, ACCA, November 2024

2.1 International Sustainability Standards Board (ISSB)

The ISSB was launched 'following the COP26 summit in Glasgow in November 2021, on the back of strong demand – primarily from the investing community for high-quality, comprehensive global baseline of sustainability disclosures. In addition, there were also concerns about the fragmented landscape of voluntary, sustainability-related standards – and requirements prevailing then that added to cost, complexity and risk to both companies and investors.

It built on the work of market-led, investor-focused reporting initiatives, including the Climate Disclosure Standards Board (CDSB), the Task Force for Climate-related Financial Disclosures (TCFD), the Value Reporting Foundation's Integrated Reporting Framework, and industry-based Sustainability Accounting Standards Board (SASB) Standards, as well as the World Economic Forum's Stakeholder Capitalism Metrics.

The ISSB has strong international support and is backed by the G7, the G20 (European Council, 2023), the International Organization of Securities Commissions (IOSCO), the Financial Stability Board, African Finance Ministers, Finance Ministers and Central Bank Governors from more than 40 jurisdictions' (IFRS, nd).

2.1.1 Progress on corporate climate-related disclosures

The IFRS Foundation presented a report in November 2024 on the *Progress on Corporate Climate-related Disclosures* to the Financial Stability Board (under whom the TCFD was formed). The purpose of the report was to track the progress of global adoption of companies reporting on TCFD's 11 recommended disclosures.

A summary of its key findings include (IFRS, 2024(a)):

1. 'Companies have started the transition from disclosures prepared using the TCFD recommendations to disclosures prepared using the two inaugural standards issued by the ISSB in June 2023. Between October 2023 and March 2024, more than 1,000 companies referenced the ISSB in their reports.'
2. In addition, 'as of September 2024, 30 jurisdictions have decided to use, or are taking steps to introduce, ISSB Standards in their legal or regulatory frameworks'. Together, these jurisdictions represent:
   - approximately 57% of GDP
   - more than 40% of global market capitalisation
   - more than half of global GHG.
3. 'In Africa and Asia-Oceania, approximately half of the 554 companies that referenced the ISSB mentioned their current or future alignment in reporting with the sustainability-related disclosure requirements in ISSB Standards.'
4. Many of the asset managers and asset owners 'expect portfolio companies to transition from disclosures prepared using the TCFD recommendations to disclosures prepared using ISSB Standards'.
5. 'In May 2024, the IFRS Foundation published the *Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards* (IFRS, 2024(b)) to promote globally comparable climate and other sustainability-related disclosures for capital markets. A growing number of jurisdictions are using the guide to help them to move ahead with their plans to adopt, or otherwise use, ISSB Standards.'

Only 2-3% of companies reported on all 11 TCFD recommendations – providing information about the company's governance, strategy, risk management, and metrics and targets. This needs to be boosted by making sustainability reporting mandatory – eg through the adoption of ISSB Standards.

In June 2025, the IFRS Foundation 'published an initial set of 17 jurisdictional profiles that provide transparency to capital markets that highly align with the ISSB Standards. They provide clarity on the progress being achieved towards a global baseline of sustainability disclosures for capital markets. The profiles include information about each jurisdiction's stated target for alignment with ISSB Standards, and the current status of its sustainability-related disclosure requirements.

'Of the 17 jurisdictions profiled, 14 have set a target of "fully adopting" ISSB Standards, two have set a target of "adopting the climate requirements" of the Standards, and one targets "partially incorporating" ISSB Standards. The profiled jurisdictions cover Australia, Bangladesh, Brazil, Chile, Ghana, Hong Kong SAR, Jordan, Kenya, Malaysia, Mexico, Nigeria, Pakistan, Sri Lanka, Chinese Taipei, Tanzania, Türkiye and Zambia.' (IFRS, 2025(a)).

Figure 2.1: Takeaways in numbers

Takeaways in numbers	
82%	of companies disclosed information in line with at least one of the 11 TCFD recommended disclosures
2–3%	of companies reported in line with all 11 TCFD recommended disclosures
1,000+	companies referenced the ISSB in their reports
30	jurisdictions are on the journey to introducing ISSB Standards in their legal or regulatory frameworks

Source: Progress on Corporate Climate-related Disclosures 2024 Report, IFRS Foundation

'Only 2-3% of companies reported on all 11 TCFD recommendations – providing information about the company's governance, strategy, risk management, and metrics and targets. This needs to be boosted by making sustainability reporting mandatory.'

2.1.2 Endorsement of ISSB Standards by the International Organization of Securities Commissions (IOSCO)

IOSCO is the international body that's recognised as the global standard-setter for financial markets regulation. Its membership regulates more than 95% of the world's securities markets in more than 130 jurisdictions (IOSCO, nd).

In July 2023, it announced that 'after a detailed analysis, IOSCO has determined that the ISSB Standards are appropriate to serve as a global framework for capital markets to develop the use of sustainability-related financial information in both capital raising and trading, and for the purpose of helping globally integrated financial markets accurately assess relevant sustainability risks and opportunities'.

It further called on its members to 'consider ways in which they might adopt, apply or otherwise be informed by the ISSB Standards within the context of their jurisdictional arrangements, in a way that promotes consistent and comparable climate-related and other sustainability-related disclosures for investors' (IOSCO, 2023).

This represents a significant endorsement of ISSB standards – paving the way for it to become the global common baseline for sustainability reporting around the world.

In mid-December 2024, IOSCO launched a dedicated network to support the adoption and other use of IFRS Sustainability Disclosure Standards with the support of the ISSB. The network will initially commence with a group of 32 members of its Growth and Emerging Markets Committee (GEMC), representing 31 jurisdictions. These include a number of AMS – Brunei, Indonesia, Malaysia and Thailand. More jurisdictions have expressed interest in joining the GEMC in the months ahead.

The intention of members of GEMC in setting up the network includes:

i. building capacity on supervisory and enforcement aspects of ISSB Standards

ii. implementing deep dives to discuss and understand how the Jurisdictional Guide and other educational materials can support adoption

iii. helping them assess market readiness (IOSCO, 2024).

2.1.3 ASEAN context

In ASEAN, support for ISSB standards was underlined in June 2023 – when, as part of the global launch of the inaugural IFRS Sustainability Disclosure Standards, the ASEAN Capital Markets Forum (ACMF) held a joint conference and technical training with ISSB. This signalled its intent to align with and support the adoption of ISSB-issued standards in the capital markets within this region.

This was then followed by a number of key consultations in 2023 and 2024 by national regulators and standard-setters on the adoption of IFRS S1 on *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 on *Climate-related Disclosures* in several jurisdictions – Singapore, Malaysia, Indonesia, Thailand and Philippines. Details of these are provided in Section 4 below.

Importantly, these AMS collectively represent approximately 85% of ASEAN GDP (ASEANstats, nd). This signals a strong collective direction by major AMS towards either adopting, or planning to adopt, ISSB Standards as the global sustainability reporting framework on which to base their national standards.

Additionally, the adoption of ISSB Standards augurs well as several AMS have local financial reporting standards that are either word-for-word or substantially converged with IFRS Accounting Standards for domestic public listed companies (IFRS, nd).

While the ISSB Standards are framework agnostic, the IASB and ISSB working together under the purview of the IFRS Foundation has enabled closer collaboration, alignment and the embedding of connectivity at the fundamental levels of their standard-setting. For ASEAN, building on this base will foster greater connectivity between financial and sustainability reporting, which is vital for investors, businesses, governments and various other stakeholders – and is integral towards driving quality decision-making for sustainable value creation (ACCA, nd).

All of these factors point to a strong endorsement and adoption of ISSB Standards as the common global baseline for sustainability reporting by stakeholders – both globally and in the ASEAN context.

In April 2025, under the chairmanship of the Securities Commission Malaysia (SC Malaysia), the ACMF developed the ASEAN Simplified ESG Disclosure Guide for SMEs in Supply Chains (ASEDG).

'The ASEDG is aimed at equipping SMEs across ASEAN operating within global and local supply chains with a simplified, voluntary reference guide to report on ESG disclosures to various stakeholders including customers, financiers and investors.

It streamlines and consolidates various global ESG frameworks – as well as local guidelines and frameworks of each of the 10 ASEAN member states – into a set of 38 priority disclosures recommended for SMEs to address. It is further categorised into Basic, Intermediate and Advanced, to cater to the different levels of sustainability maturity of each SME' (ACMF, 2025).

'All of these factors point to a strong endorsement and adoption of ISSB Standards as the common global baseline for sustainability reporting by stakeholders – both globally and in the ASEAN context.'

2.2 Global Reporting Initiative (GRI)

GRI began in 1997 following on from the public outcry over the Exxon Valdez oil spill, eight years previously. It was started by the Coalition for Environmentally Responsible Economies (CERES) and the Tellus Institute in partnership with the United Nations Environment Programme (UNEP) – with the goal of creating a standardised framework for companies to report on their sustainability practices and environmental impacts – essentially establishing the first global sustainability reporting standard.

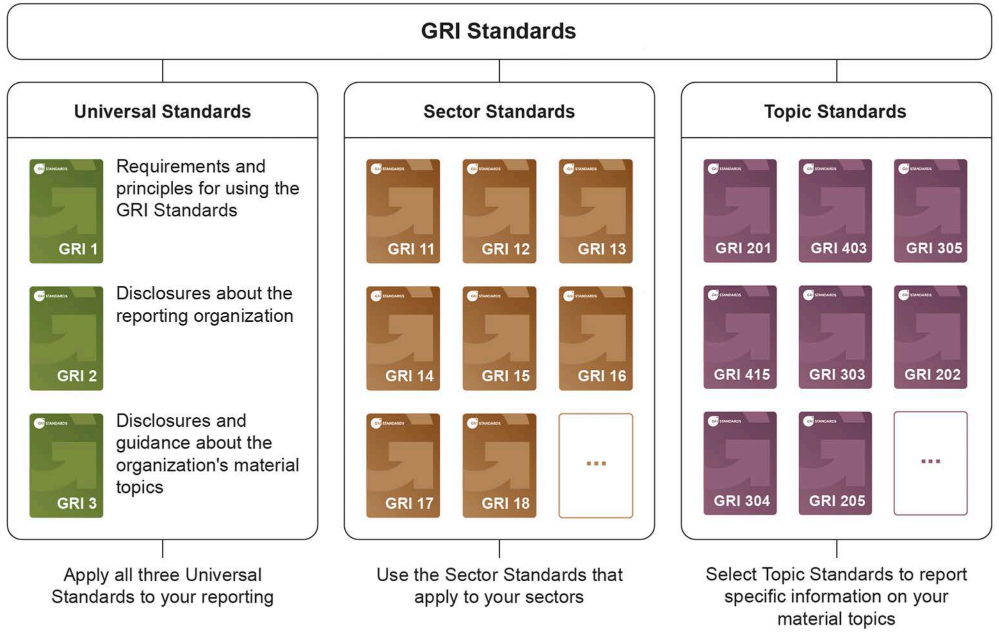
Initially it started producing GRI Guidelines – the first in 2000 and then expanded and improved upon until 2013.

In 2016, it began issuing standards for the first time – in effect, therefore, GRI has been issuing reporting guidelines or standards for 25 years. This reflects the current strong use of these standards by many companies across many jurisdictions (GRI, nd) as well as by policymakers – with GRI Standards being referenced or required in 259 policies of 85 countries around the world (GRI, 2024).

GRI standards are a modular system which comprises three series of standards that are to be used together:

- Universal standards
- Sector standards
- Topic standards.

Figure 2.2: GRI Standards – Universal, Sector and Topic standards

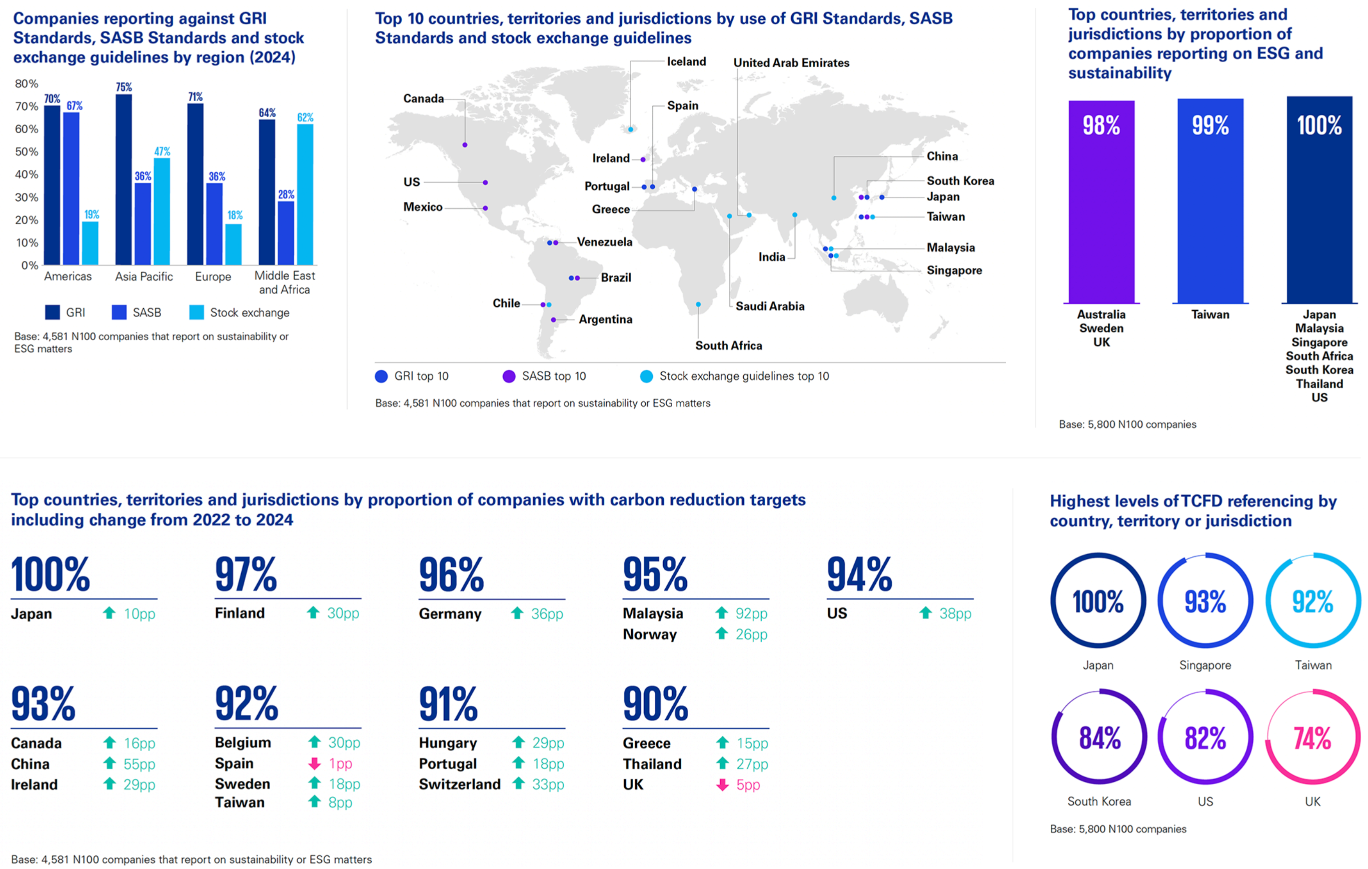


Source: A Short Introduction to the GRI Standards

2.2.1 Progress on the adoption of GRI standards

According to KPMG's survey of sustainability reporting report in 2024, *The Move to Mandatory Reporting*, GRI is the most popular standard or guidelines used globally. 'Adoption by G250 companies is at 77%, and 71% of N100 national groups,' (KMPG, 2024).

Figure 2.3: Progress on the adoption of GRI standards



Source: *The move to mandatory reporting* | Publication number: 139548-G | Publication date: November 2024.

While the report does not have data at an ASEAN level, Asia Pacific represents the region with the highest level of sustainability disclosures using GRI frameworks.

Selected report findings related to AMS include:

- Malaysia and Singapore are among the top 10 countries using GRI frameworks and SASB Standards – 97% of the companies surveyed in Singapore use the GRI framework.
- All of the top 100 companies in Malaysia, Singapore and Thailand report on sustainability; in the Philippines it was 84% (87% in 2022), and in Vietnam 69% (87% in 2022).
- Every company KPMG surveyed in Malaysia carried out materiality assessments.
- Double materiality is used by fewer than 10% of companies surveyed in Vietnam.
- Vietnam is one of three countries with the lowest levels of biodiversity reporting (less than 20%).
- Based on the companies surveyed, 95% of Malaysian companies disclosed carbon reduction targets, while in Thailand it was 90% of companies surveyed.
- Of the companies surveyed, the proportion of those reporting climate risks in line with TCFD recommendations was 93% in Singapore, and 69% in Malaysia.
- From a governance standpoint:
  - At least 80% of companies surveyed in Malaysia and Thailand (the highest at 94%) have a dedicated sustainability leader.
  - At least 60% of the companies in Malaysia and Thailand include sustainability in pay calculations.
  - In Malaysia, 75% of sampled companies include sustainability in leadership pay calculations – the highest proportion of any country, territory or jurisdiction in the research, and a huge increase on just 1% in 2022. In Singapore, the practice appears to have fallen out of favour with only 38% using sustainability in leadership pay calculations, down from 67% in 2022.
  - Thailand has seen the biggest drop in the proportion of companies publishing assurance of sustainability disclosures – from 61% in 2022 to 44% in 2024.
- More than 100 companies in Singapore are expected to be affected by the EU's CSRD.

The KPMG report mentioned above further states that 'the standards established by the SASB, now part of the IFRS Foundation, have increased in popularity among both G250 companies at 56%, and the broader N100 groups, at 41%. Companies using SASB Standards are better prepared to meet ISSB Standards, particularly if they also follow the TCFD recommendations' (KPMG, 2024).

This indicates that the adoption journey towards ISSB Standards will not be from 'ground-zero' – as many of the companies in KPMG's survey have already prepared sustainability disclosures based on the TCFD and/or SASB reporting frameworks. In this regard, it's also essential to recognise that the industry-based disclosure requirements set out in Appendix B to IFRS S2 are primarily derived from SASB Standards (IFRS, nd).

It is important to understand that the low adoption rates of ISSB Standards in KPMG's report are due to its relatively recent introduction, and the need for local jurisdictions to take steps necessary to make them mandatory in their relevant markets.

We would expect this to significantly change – given the adoption rates globally (as previously stated) and in the ASEAN context – the progress that standard-setters in Singapore, Malaysia, Indonesia, Thailand and Philippines are making in introducing ISSB Standards into the local reporting regime (see Section 4).

2.3 Interoperability between GRI and IFRS Sustainability Disclosure Standards

In March 2022, the IFRS Foundation and GRI agreed to collaborate whereby their respective standard-setting board – the ISSB and the Global Sustainability Standards Board (GSSB) – would coordinate their work programmes and standard-setting activities.

In November 2023, the Sustainability Innovation Lab (SIL) based in Singapore was launched by GRI, in coordination with the IFRS Foundation. The SIL aims to bring together global and local partners to advance capabilities for reporting using the GRI Standards and the ISSB Standards.

January 2024 saw the GRI and IFRS Foundation publish a resource on Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards (GRI and IFRS, 2024). It illustrates areas of interoperability that a company should consider when measuring and disclosing Scope 1, Scope 2 and Scope 3 GHG emissions in accordance with both GRI 305: Emissions and IFRS S2 Climate-related Disclosures.

'The requirements in GRI 305 and IFRS S2 demonstrate a high degree of alignment. For example, both draw on the GHG Protocol. The alignment means companies that already disclose Scope 1, 2 and 3 GHG emissions using the GRI Standards will be well positioned to report information about GHG emissions in accordance with IFRS S2. In addition, other GHG emissions disclosures can be aligned, depending on the choices a company makes in applying GRI 305 and IFRS S2' (GRI and IFRS, 2024).

3. Key developments in sustainability reporting in selected major jurisdictions outside of ASEAN

In this section we identify the key developments in sustainability reporting in several major jurisdictions outside of ASEAN – who are major trading and/or investment partners of ASEAN, as of the date of this report (17 June 2025).

The information is indicative of the current state of key developments in such jurisdictions and is not meant to be exhaustive. We caution against relying on the information for any commercial decision-making and advise readers to undertake their own due diligence in respect of these matters.

ACCA continues to closely monitor global developments and, where applicable, contributes views to influence policymaking and standard-setting through written responses as well as through policy groups and working groups, such as at Accountancy Europe.

Mainland China

On 12 April 2024, the Shanghai Stock Exchange (SSE), the Shenzhen Stock Exchange (SZSE), and the Beijing Stock Exchange (BSE) issued their respective *Guidelines on Self-Regulation of Listed Companies – Sustainability Report (Trial)*. 'The Guidelines' became effective from 1 May 2024, and apply to annual periods ending from 31 December 2025 onwards. Early adoption for annual periods ending 31 December 2024 is encouraged (PwC, 2024).

- The Shanghai and Shenzhen Stock Exchanges have adopted a combination of mandatory and voluntary disclosure methods. For example, companies that are continuously included in the SSE 180, SSE STAR 50, SZSE 100, and ChiNext Index during the reporting period, as well as companies listed both domestically and overseas, are required to disclose a sustainable development report. Other listed companies are encouraged to voluntarily disclose such information.
- The Beijing Stock Exchange also encourages voluntary disclosures by listed companies.
- The Guidelines primarily draw on IFRS S1 and IFRS S2 – establishing 21 specific topics across environmental, social, and sustainability-related governance aspects.
- Key differences from IFRS S1 and IFRS S2 include the inclusion of topics with Chinese characteristics (eg rural revitalisation and anti-corruption), the adoption of the double materiality principle, and the non-mandatory disclosure of Scope 3 GHG emissions.

On 20 November 2024, nine ministries and commissions, including the Ministry of Finance (MoF), issued the *Corporate Sustainability Disclosure Standards – Basic Standard* (CSDS-BS), (Deloitte, 2024).

- It provides a foundational framework and principles for sustainability disclosure across various industries and types of enterprises.
- CSDS-BS does not explicitly define the scope of implementation or adoption timeline; leaving adoption to the discretion of enterprises. The framework adopts a strategy of 'prioritising key areas, piloting first, progressing gradually, and advancing in stages.'
- CSDS-BS was formulated mainly with reference to IFRS S1, and uses the same four elements underpinning the framework of sustainability-related disclosure: governance, strategy, risk management, and metrics and targets.
- Its core difference with IFRS S1 lies in CSDS-BS's adoption of the double materiality principle – requirements for the development of robust information systems to support such disclosures, while also setting out clear definitions of 'short, medium, and long-term' timeframes.

On 30 April 2025, the MoF and the Ministry of Ecology and Environment jointly issued the *Enterprise Sustainability Disclosure Standard No. 1 – Climate (Trial) (Draft for Public Comments)* – hereinafter referred to as the 'Draft Climate Standard' – and the consultation period ended on 31 May 2025. This is another important development in Mainland China's sustainable disclosure reporting framework after the CSDS-BS in November 2024.

- The standard is highly convergent with IFRS S2. Its core content, such as emission accounting and scenario analysis, is consistent with international standards to ensure global comparability.
- The standard adopts the four-pillar structure of the TCFD – requiring enterprises to disclose information around governance, strategy, risk management, and metrics and targets.

The formulation of the Draft Climate Standard draws on international standards, such as IFRS S2, while taking into account Mainland China's national conditions:

- **Double materiality**: it requires not only the disclosure of the financial impact of climate risks on enterprises (financial materiality) but also the actual impact of enterprises on the climate (impact materiality) to meet the needs of diverse stakeholders.
- **Phased implementation**: at present, it is voluntary disclosure, and the scope and requirements of implementation will be gradually standardised in the future.
- **Proportionality and scalability consideration**: enterprises are allowed to use qualitative disclosure when data acquisition is difficult in order to reduce the burden on SMEs.
- **Scope 3 emissions**: the Draft Climate Standard allows exemption from quantification when it is 'not reasonably practicable,' while IFRS S2 requires quantification as much as possible.
- **Industry application guidelines**: the government is currently working on formulating application guidelines for nine industries, including electricity, steel, coal, oil, fertilizers, aluminum, hydrogen, cement, and automobiles.

Hong Kong SAR

'On 10 December 2024, the Hong Kong Government launched a roadmap on sustainability disclosure in Hong Kong SAR. It sets out Hong Kong SAR's approach in requiring publicly accountable entities (PAEs)[1] to adopt the sustainability disclosure standards fully aligned with those issued by the ISSB. It also provides a pathway for large PAEs to fully adopt the ISSB Standards no later than 2028 – leading Hong Kong SAR to be among the first jurisdictions to align the local sustainability disclosure requirements with the ISSB Standards' (Deloitte, 2025).

- Following the issuance of the roadmap on 12 December 2024, The Hong Kong Institute of Certified Public Accountants (HKICPA) published *HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and HKFRS S2 Climate-related Disclosures (HKFRS Sustainability Disclosure Standards or HKFRS SDS)*. The HKFRS SDS are fully aligned with the ISSB Standards, with an effective date of 1 August 2025. In terms of sustainability disclosure standards (ie HKFRS S1 and S2), there are currently no legislative or regulatory provisions requiring entities to comply with the HKFRS SDS. Hence, the application of the HKFRS SDS is voluntary despite the stated effective date of 1 August 2025 until and unless there are legislative or regulatory requirements to mandate their use. The effective date of 1 August 2025 was set to make the standards available for use as and when required.
- The aim is to launch a public consultation on mandating sustainability reporting in accordance with the HKFRS SDS for listed PAEs using a phased approach, with an expected effective date of 1 January 2028 for the first batch of listed entities.
- The Hong Kong Exchanges and Clearing Limited (HKEX) will also conduct a review in 2027 – when the first mandated reports prepared based on the enhanced climate disclosure requirements published in April 2024 (New Climate Requirements) become available.
- With effect from 1 January 2025, all listed issuers must report on Scope 1 and Scope 2 emissions for financial years commencing on or after 1 January 2025. These disclosures are intended to provide a solid basis for assessing a company's potential climate impact caused by GHG emissions.
- From 1 January 2025, Main Board Issuers must disclose Scope 3 emissions and all other climate-related disclosure requirements on a 'comply or explain' basis, and Growth Enterprise Market (GEM) Issuers are encouraged to make disclosures voluntarily.
- The HKICPA will be guided by the roadmap and will continue to work closely with other stakeholders in the areas of sustainability assurance, data and technology as well as skills and competencies. The aim is to create an enabling environment for the successful implementation of the HKFRS SDS and to contribute towards the development of a comprehensive sustainability disclosure ecosystem in Hong Kong SAR.

1 HKICPA uses the same definition of publicly accountable entities (PAEs) as set out in IFRS Foundation's 'Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards' – *Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards*; accessed on 20 January 2025.

EU

EU sustainability directives

The CSRD, which came into force in January 2023, aims to provide investors and other stakeholders with access to more decision-useful information about companies' sustainability risks, opportunities, and impacts. It creates reporting obligations for entities with operations in the EU – at both a consolidated parent and EU-subsidiary level (PM, 2024).

The ESRS are mandatory standards that define what companies must report under the CSRD. The framework includes general cross-cutting requirements applicable to all in-scope companies, and topical disclosures that may or may not be material to a company. See the following summary of the currently available standards (GT, 2024).

It's important to note that CSRD mandates that materiality be assessed on a double materiality basis – considering both impact and financial materiality (GT, 2024).

The Corporate Sustainability Due Diligence Directive (CSDDD), which came into force in July 2024, aims to implement and support respect for human rights and the environment in organisations' operations, subsidiaries and supply chains (EC, nd). It requires companies to conduct thorough due diligence on human rights and environmental impacts across their value chain, both upstream and downstream.

Cross-cutting standards

- ESRS 1 General requirements
- ESRS 2* General disclosures

Environmental standards

- ESRS E1 Climate change
- ESRS E2 Pollution
- ESRS E3 Water and marine resources
- ESRS E4 Biodiversity and ecosystems
- ESRS E5 Resources use and circular economy

Social standards

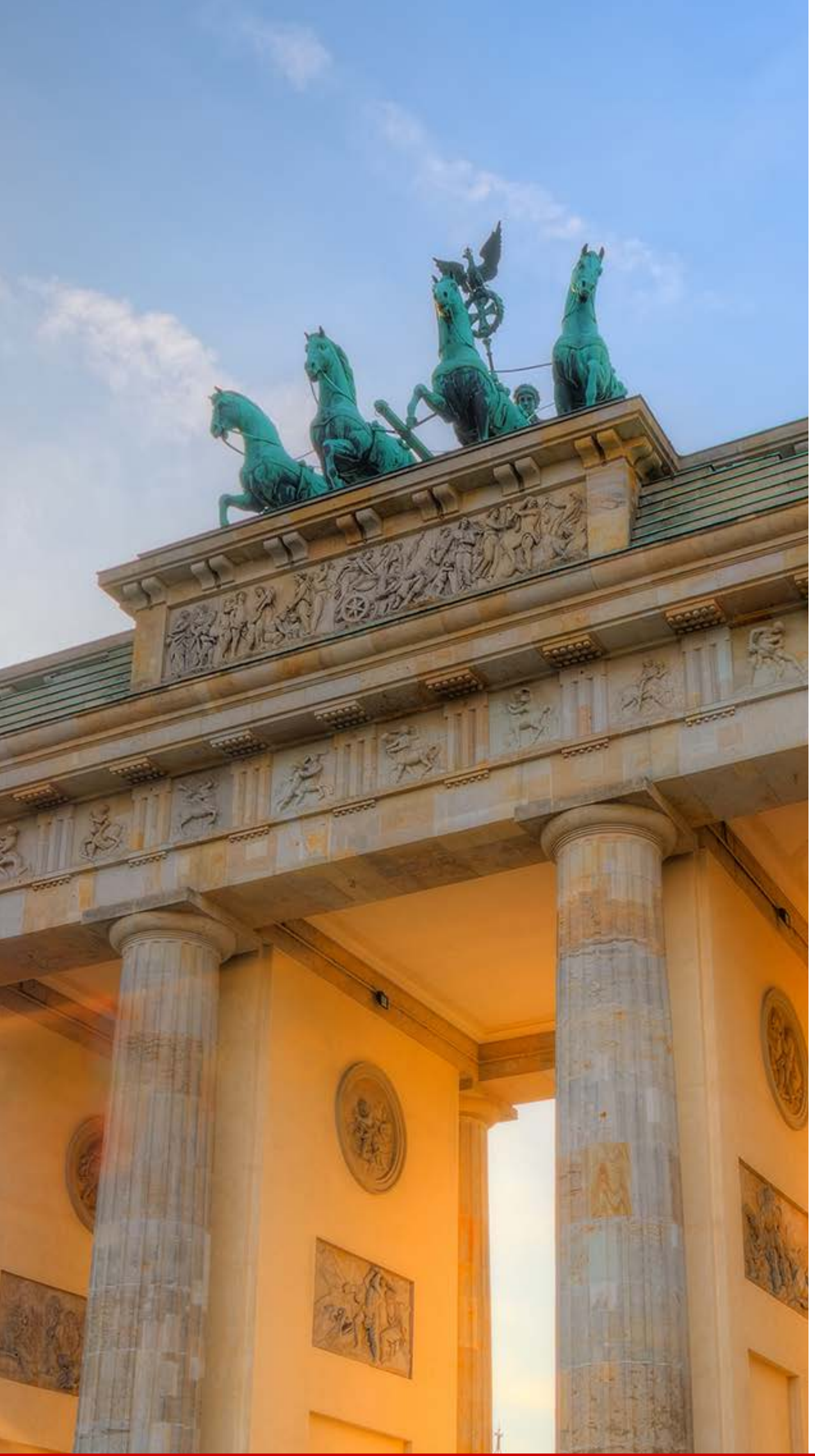
- ESRS S1 Own workforce
- ESRS S2 Workers in the value chain
- ESRS S3 Affected communities
- ESRS S4 Consumers and end-users

Governance standards

- ESRS G1 Business conduct

* Regardless of materiality assessment results, CSRD requires disclosures against this topic

Source: Grant Thornton (GT) (2024), *CSRD reporting: What you need to know*.



The EU Omnibus package

In November 2024, the European Council introduced the Budapest Declaration (BD), which aims to improve European competitiveness. Among the 12 points set out in the BD is the intention to reduce reporting requirements (L&W, 2024).

On 29 January 2025, the European Commission (EC) presented the Competitiveness Compass. Among the five horizontal enablers for competitiveness across all sectors – the Simplification enabler 'aims at reducing drastically the regulatory and administrative burden. It also involves a systematic effort to make procedures for accessing EU funds and getting EU administrative decisions simpler, faster, and lighter.

'The Compass sets a target of cutting by at least 25% the administrative burden for firms and by at least 35% for SMEs.' (ECRS, 2025)

To deliver the aims of the BD and the Competitive Compass, in February 2025, the EC launched the first and second 'Omnibus package' as part of the EC's commitment to reduce reporting burdens on companies, particularly SMEs, and unlock investment potential. The Omnibus package included:

- a proposal to postpone the application of all reporting requirements for CSRD and CSDDD – known as 'stop-the-clock'.
- a proposal for a Directive amending the CSRD and the CSDDD.
- other proposals amending the Taxonomy Disclosures, the Taxonomy Climate and Environmental Delegated Acts, the Carbon Border Adjustment Mechanism Regulation (CBAM), and the InvestEu Regulation (EC, 2025(b)).

In May 2025, the German Chancellor called to go even further and repeal CSDDD (Segal, 2025(b)).

The key proposals under the Omnibus package for CSRD, ESRS and CSDDD are as follows:

CSRD (AE, 2025(a))	**ESRS** (AE, 2025(b))	**CSDDD** (AE, 2025(c))
• Postpone the first reporting dates for large companies and for non-listed SMEs that have not yet started implementing CSRD by two years ('stop-the-clock'). • Reduce scope to: ◦ Large EU companies (>€50 m net turnover, or >€25m balance sheet total and >1,000 employees ◦ Remove EU-listed SMEs ◦ Non-EU companies (>€450m net turnover in EU and a large EU subsidiary or branch generating >€50m turnover). • Use a value chain cap to limit reporting requests for companies not in scope for CSRD. • Delete the possibility of moving from a requirement for limited assurance to a requirement for reasonable assurance.	• Reduce the number of mandatory datapoints. • Clarify provisions that are deemed unclear. • Improve consistency with other pieces of EU legislation. • Provide clearer instructions on how to apply the double materiality principle – to ensure that undertakings only report material information. • Simplify the structure and presentation. • Enhance further interoperability with global sustainability reporting standards. • Make any other modifications considering the experience from the first ESRS reports.	• Postpone the application of requirements for the first wave companies until July 2028 ("stop-the-clock"). • Reduce scope to largest companies. • Limit value chain due diligence measures only to direct suppliers (not further down the value chain). • Reduce the frequency of assessments from annually to once every five years. • Limit on information that can be demanded from SME suppliers.

Limited assurance on sustainability reporting

In September 2024, high-level guidelines on limited assurance for sustainability reporting – developed by the Committee of European Auditing Oversight Bodies (CEAOB) – were adopted. At the time, the EC was required by CSRD to adopt a standard for limited assurance on sustainability information by October 2026. Under the Omnibus package, the EC instead is required to adopt targeted assurance guidelines by October 2026. The EC was previously mandated to adopt reasonable assurance standards by October 2028, but (as noted previously) the Omnibus package removes this requirement.

See links below for more information:

- Committee of European Auditing Oversight Bodies (CEAOB) – European Commission
- CEAOB guidelines on limited assurance on sustainability reporting

The European Sustainability Reporting Standards (ESRS) for Non-EU Groups (NESRS)

The scope of timing of reporting for Non-EU groups is impacted by the Omnibus package (as detailed previously). EFRAG will release an Exposure Draft (ED) for NESRS, but this release has been paused while the ESRS is being simplified (EFRAG, nd(a)).

Latest developments

- In April 2025, the 'stop-the-clock' directive, in relation to the postponement for CSRD and CSDDD reporting, was published in the Official Journal of the European Union – and EU Member States must transpose it into national law by December 2025 (Voskoboinikova et al, 2025).
- In May 2025, a consultation on the ESRS Set 1 revision closed. ACCA has responded to the consultation and our response can be found here – Consultation: Public call for input on European Sustainability Reporting Standards (ESRS) Set 1 Revision | ACCA Global. Exposure drafts amending ESRS are expected by July 2025, with a consultation period until September 2025. Finalising and delivering the technical advice to the EC is expected by October 2025 (EFRAG, nd(b)).
- In May 2025, a spokesperson for the EC confirmed that it plans to adopt a 'quick fix' delegated act. It would obligate companies that are already reporting under the CSRD to continue reporting, but would delay reporting in relation to anticipated financial effects as well as certain datapoints (if <750 employees). This 'quick fix' may be adopted in June 2025 (subsequent to the date of this report). The EC has indicated that it wants the details of the Omnibus package to be finalised as soon as possible – with the EU Council calling for this to be finalised by the end of 2025 (Hunter, R. et al, 2025).

Interoperability between ISSB and ESRS

EFRAG and IFRS Foundation have worked together to ensure a high degree of alignment between ESRS and ISSB Standards, specifically on climate-related reporting. These include:

- the definition of financial materiality in ESRS is aligned with the definition of materiality in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*
- the two sets of standards include common defined terms
- there is a high degree of alignment of the climate-related disclosures in the two sets of standards and, in particular, almost all the disclosures in ISSB Standards related to climate are included in ESRS.

A joint interoperability guidance document has been issued 'which sets out the alignment of disclosure requirements and information that an entity starting with each set of standards needs to know to enable compliance with both sets of standards, ensuring interoperability between them. Regardless of whether it starts with ESRS or ISSB Standards, an entity can comply with the climate requirements of both sets of standards by following the content of this interoperability guidance.' (IFRS and EFRAG, 2024).

Japan

Japan is recognised as one of the countries with the largest number of companies and organisations declaring their support for the TCFD. These are in part due to the backing of the Tokyo Stock Exchange and the Financial Services Authority (FSA), which mandated sustainability disclosures based on TCFD's framework (Ushijima, K. et al, 2023). As of November 2023, a total of 1,488 Japanese entities endorsed TCFD – approximately 30% of the total number of companies and institutions globally (Tochibayashi, N. 2023).

'On 5 March 2025, the Sustainability Standards Board of Japan (SSBJ) issued its inaugural sustainability disclosure standards. Any mandatory application of SSBJ Standards would be subject to consideration and decision-making by the FSA. SSBJ Standards are also available for voluntary use.'

The standards issued by SSBJ comprise:

1. Universal Sustainability Disclosure Standard *Application of the Sustainability Disclosure Standards*
2. Theme-based Sustainability Disclosure Standard No. 1 *General Disclosures*
3. Theme-based Sustainability Disclosure Standard No. 2 *Climate-related Disclosures.*

Date when requirements are proposed to become effective

'The SSBJ Standards can be applied for annual reporting periods ending on or after 5 March 2025. However, SSBJ Standards do not prescribe when entities would be required to apply SSBJ Standards.

As of the date of this report, the FSA has not yet determined whether and, if so, when to mandate that listed entities in Japan apply SSBJ Standards. In a May 2024 meeting of its Working Group on Disclosure and Assurance of Sustainability-related Financial Information (the Working Group), the FSA discussed a possible schedule for phasing in disclosure requirements based on SSBJ Standards for Prime Market-listed companies, as follows:

- Annual reporting period ending March 2027: companies with market capitalisation of ¥3 trillion or more
- Annual reporting period ending March 2028: companies with a market capitalisation of ¥1 trillion or more
- Annual reporting period ending March 2029: companies with market capitalisation of ¥500 billion or more
- Timing for disclosure by all other listed companies would not be expected until the 2030s.

Reporting entities

SSBJ Standards do not prescribe the scope of entities that would be required to apply SSBJ Standards. However, SSBJ Standards were developed under the assumption that they would eventually be required (under the Japanese securities laws and regulations) to be applied by entities listed on the Prime Market of the Tokyo Stock Exchange.

As of the date of this report, the FSA has not yet made any decision requiring listed companies to apply SSBJ Standards, nor the scope of reporting entities that would be subject to a mandate. However, in a May 2024 meeting of the Working Group, the FSA discussed that possible reporting entities would be the Prime Market-listed companies,' (IFRS, 2025(b)).

USA

SEC climate disclosure rules were issued in March 2024, but were subsequently stayed just a month later to facilitate the orderly judicial resolution of legal challenges by several states and private parties (PwC US, 2024, Johnson, 2024). The rules included phased-in compliance dates by type of registrant with the earliest compliance dates in 2026 filing covering 2025 information. It is important to note that the SEC rules specifically do not permit reporting using other standards.

On 27 March 2025, the SEC voted to end its defence of the rules requiring disclosure of climate-related risks and GHG emissions (SEC, 2025).

Several states, however, have taken their own initiative to proposed climate disclosure bills. These include California, New York, Colorado, New Jersey, and Illinois. California and New York, for example, have adopted similar requirements in that companies with total revenues in excess of US$1bn will need to disclose:

- Scope 1 and 2 GHG emissions, starting in 2027 and annually thereafter
- Scope 3 GHG emissions, starting in 2028 and annually thereafter.

Entities would be required to measure their GHG emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The GHG emission data must further be verified by third-party assurance, moving from limited assurance in 2027 to reasonable assurance in 2031 (Li, 2025).

The state of Texas on the other hand 'passed two laws in 2021 that restrict government contracts with companies that take what state officials regard as punitive stances toward the fossil fuels and firearm industries. They're among the many new laws pushed by Republicans in states across the US to oppose ESG investing and financing, which they've transformed into a culture war target. Under one of the laws, Texas has barred some state entities (including pensions) from investing in roughly 350 funds that the Texas comptroller says engage in "boycotts" of fossil fuels. The legislation has also prompted state officials to prohibit Citigroup Inc and Barclays plc from helping the state and its local governments raise money for infrastructure projects through bond deals – and BlackRock Inc from managing investments for a fund that supports the state's schools,' (EnergyNow.ca, 2024).

Six of the largest US banks decided to withdraw from the Net Zero Banking Alliance (NZBA), a UN initiative designed to align the banking sector with the goals of the Paris Agreement. 'In early December [2024], Citigroup, Bank of America, Wells Fargo, and Goldman Sachs withdrew from the Alliance – with Morgan Stanley and JP Morgan (the nation's largest bank) following suit in January [2025]. As it stands, only three US banks remain members of the NZBA: Amalgamated Bank, Areti Bank, and Climate First Bank, which are smaller and less influential than their counterparts who left the alliance' (Lenardon, 2025).

NZBA requires banks and their chief executives to align their lending and investment portfolios to achieve net zero by 2050. They are required to set targets for 2030 and 2050, along with intermediary goals at five-year intervals. They must also publish annual updates on emissions and progress towards their transition strategies, including sector-specific targets and climate policies (Lenardon, 2025).

Following President Trump's inauguration in January 2025, a national energy emergency was declared and the US withdrew from the Paris Agreement (Kimball, 2025).

While some of these developments are not directly related to sustainability reporting per se, it speaks to the broader impetus and changes to the ecosystem – which may affect the regime of sustainability-related disclosures and rules development in the US.

4. Key developments in sustainability reporting in ASEAN

In this section we identify the key developments in sustainability reporting of jurisdictions within ASEAN as of the date of this report (17 June 2025).

The information is indicative of the current state of key developments in such jurisdictions, and is not meant to be exhaustive. We caution against relying on the information for any commercial decision-making and advise readers to undertake their own due diligence in respect of these matters.

ACCA continues to closely monitor global developments and, where applicable, contributes views to influence policymaking and standard-setting.

Brunei Darussalam

- There was very little information available through secondary sources on the state of sustainability reporting in Brunei Darussalam. However, from informal discussions with relevant stakeholders in the country, we understand that there are some companies that voluntarily prepare sustainability reporting.
- As of now, it remains unclear on whether regulations and standards for sustainability reporting will fall under the Public Accountant Oversight Committee (PAOC) or Brunei Darussalam Accounting Standards Committee (BDASC).

Cambodia

- From discussions that ACCA personnel have had with the Accounting and Auditing Regulator (ACAR), we understand that Cambodia is expected to announce its plans for sustainability reporting framework adoption. This includes the formation of a multi-stakeholder committee to implement the roadmap for the adoption of sustainability reporting in Cambodia.
- The primary objectives towards adopting sustainability reporting in Cambodia are to provide investors, lending institutions, other lenders, creditors and regulators, and other stakeholders with information to:
  - **Hold entities accountable for their impact** – on the economy, society and environment within which they operate.
  - **Hold entities accountable for measured progress** – entities operating in the country have a role to play in achieving Cambodia's Sustainable Development Goals framework 2016-2030 (CSDG framework). The transparency achieved through sustainability disclosures will help make entities accountable for their contribution in achieving these goals over time – and, in doing so, serve as an inducement to prioritise that contribution.
  - **Appreciate the effect of sustainability-related risks, opportunities and challenges** – investors and other stakeholders need an appreciation of the likely effects of sustainability-related changes on the prospects of the reporting entity in order to make informed investment decisions.
  - **Strengthen the resilience of the financing sector** – by providing information about borrowers' sustainability-related strengths and vulnerabilities.
  - **Make Cambodia more attractive** – as an investment destination for sustainability conscious investors.
- Workshops with key stakeholders were also held over the proposed adoption of IFRS S1 and IFRS S2 –although, the final roadmap has yet to be issued and made public.
- Cambodia plans to align with international best practice sustainability (especially climate) reporting as evidenced in the Cambodian Sustainable Finance Principles Implementation Guidelines (OECD, 2023). While scoping is limited to the finance sector, this shows a clear appetite for global alignment.

Indonesia

- Sustainability reporting has become a mandatory requirement in Indonesia. Banks were first mandated to submit sustainability reports in 2019, followed by listed companies in 2020. However, due to the COVID-19 pandemic, enforcement for listed companies was pushed back to 2021. These requirements are outlined in OJK Regulation No. 51/POJK.03/2017, which provides guidelines for sustainability reporting to ensure companies disclose their ESG performance comprehensively.
- The mandatory requirement for sustainability reporting is further emphasised in Law No. 4/2023 on Financial Sector Development and Strengthening, also known as the Omnibus Law for Financial Sector. The Law includes provisions that require implementation of sustainability principles as part of risk mitigation, and preparation of sustainability reports by select entities.
- Following stakeholder consultations conducted in 2024 and the launch of the Peta Jalan Standar Pengungkapan Keberlanjutan (Roadmap for Sustainability Disclosure Standards) on 2 December 2024, the Dewan Standar Keberlanjutan (DSK), or the Indonesia Sustainability Standards Board, issued the exposure drafts for Pernyataan Standar Pengungkapan Keberlanjutan (PSPK) 1 and PSPK 2 for adoption of IFRS S1 and IFRS S2 respectively on 17 December 2024 (IAI, 2024).
  - The consultation period for submission of comment letters ended on 31 March 2025.
  - The proposal is for the standards to be effective on 1 January 2027, with option for early adoption. The DSK is also proposing for a three-year transition relief and a phased implementation, subject to the regulators' discretion.
- Ikatan Akuntan Indonesia (IAI), or the Institute of Indonesia Chartered Accountants, is collaborating with ACCA to jointly offer our Professional Diploma in Sustainability as its main sustainability capacity building offering in Indonesia. This is to complement our existing collaboration on the Certificate in Sustainability for Finance.

Lao PDR

- At present, there are no significant advances in developing a sustainability reporting framework in Lao PDR.
- This is possibly due to the country's current stage of economic development and low demand from a trade or investment perspective.
- Nonetheless, based on the public response of the Lao Chamber of Professional Accountants and Auditors (LCPAA) to the International Auditing and Assurance Standards Board's (IAASB) 2024 - 2027 work plan (which covers sustainability assurance), it can be inferred that there is support for sustainability reporting more generally (IAASB, 2023).

Malaysia

The Securities Commission (SC) of Malaysia published the National Sustainability Reporting Framework (NSRF) in September 2024, developed by the Advisory Committee on Sustainability Reporting (ACSR), which addresses the use of the standards issued by the ISSB as the baseline for sustainability reporting in Malaysia.

'Listed issuers on Bursa Malaysia's Main and ACE Markets – as well as large non-listed companies (NLCos) with annual revenue of RM2bn and above – will have to comply with the new reporting requirements in a phased approach:

- Large-listed issuers on the Main Market with market capitalisation of RM2bn and above will begin using the ISSB Standards in 2025 (Group 1).
- This will extend to other Main Market listed issuers in 2026 (Group 2), followed by;
- Listed issuers on the ACE Market as well as large NLCos in 2027 (Group 3)' (SC, 2024).

The ACSR aims to mandate reasonable assurance of sustainability information commencing in 2027, subject to further consultation.

The PACE (Policy, Assumptions, Calculators and Education) initiative is being managed by the ACSR to offer capacity building programmes, resources and toolkits to help preparers, including those which are focused on addressing the needs of medium and smaller companies.

Upcoming PACE initiatives include:

- an Interoperability Module between the GRI and IFRS Sustainability Disclosure Standards
- Illustrative Sustainability Reports to provide companies with illustrative references to guide their disclosures
- an NSRF Preparers' Programme to build capacity.

A board guide to assist directors in adopting the NSRF was launched in January 2025 – *NSRF – Navigating the Transition: A guide for boards* by the SC. The guide aims to provide directors with 'simplified and actionable steps on key areas such as governance, sustainability data boundaries, financial impact assessments, and integration with enterprise risk management systems' (SC, 2025).

An overview of NSRF's implementation

Implementation of the NSRF

	Applicable entities	Timeline[2] 2025	2026	2027	2028	2029	2030
Group 1	Main Market listed issuers with market capitalisation of RM2 billion and above	IFRS S1 and S2		Full adoption IFRS S1 and S2; Scope 3 GHG emissions disclosures			
Group 2	Main Market listed issuers (other than listed issuers in Group 1)		IFRS S1 and S2		Full adoption IFRS S1 and S2; Scope 3 GHG emissions disclosures		
Group 3	• ACE Market listed issuers • Non-listed companies (NLCos) with annual revenue of RM2 billion and above[3]			IFRS S1 and S2			Full adoption IFRS S1 and S2; Scope 3 GHG emissions disclosures
Assurance *Assurance framework will be subject to further consultation		• Aim for reasonable assurance for Scope 1 and Scope 2 GHG emissions starting 2027 • Accounting and non-accounting practitioners					
Location of disclosures and timing of reporting		Applicable entities shall adhere to their respective regulator's requirements on location and timing of reporting.					

Reliefs and exemptions to facilitate adoption

Additional transition reliefs commencing from the first annual reporting period of the respective applicable entities	Group 1 & 2	Group 3
Permissible to disclose information on only climate-related risks and opportunities (in accordance with IFRS S2)	2 years	3 years
Permissible to focus climate-related disclosures specifically on principal business segments	2 years	3 years
Permissible to not disclose Scope 3 emissions, except for categories already required by respective regulators	2 years	3 years

Large NLCos whose holding company:

- already reports using ISSB-aligned standards or equivalent standards such as the European Sustainability Reporting Standards (ESRS)[4] may leverage on the holding company's sustainability- and climate-related disclosures.
- reports using other international standards and frameworks may be given exemption from reporting for three reporting periods, subject to the policy decision of the Registrar.

Source: National Sustainability Reporting Framework

Myanmar

- Myanmar's engagement with sustainability reporting has been relatively limited due to ongoing political and economic challenges. However, there have been some noteworthy activities and developments that suggest a gradual movement in this regard.
- Capacity-building activities focused on educating local businesses and stakeholders about sustainability standards (sustainable business practices and reporting standards), have been occurring. This has particularly been in sectors where Myanmar has significant international exposure, such as agriculture, mining and manufacturing.
- International NGOs and development agencies have forged partnerships with global organisations like GRI, TCFD, and the International Finance Corporation (IFC) to support local enterprises in Myanmar by providing technical assistance to improve their sustainability reporting. These organisations often work with businesses to align their reporting with internationally accepted frameworks, and help them build systems for tracking and disclosing environmental and social impacts.
- The World Bank and Asian Development Bank increasingly require local enterprises to provide sustainability-related disclosures. ADB-backed projects in Myanmar often require contractors and suppliers to follow sustainability reporting guidelines, which align with ISSB and other global standards. In addition, several international financing agreements require businesses to adopt sustainability reporting in line with international standards as a condition for funding.
- Certain multinational companies operating in Myanmar, particularly in the extractive industries (eg oil and gas, and mining) and manufacturing (eg garments and textiles), have started aligning their sustainability reports with ISSB Standards to meet expectations of global investors and international financial institutions.

Singapore

Singapore Exchange Regulation (SGX RegCo) and the Accounting and Corporate Regulatory Authority (ACRA) have incorporated the latest international standards into Singapore's sustainability reporting regime following broad support from respondents to a public consultation (SGX RegCo, 2024).

- Beginning with financial year (FY) 2025, SGX RegCo will require all issuers to start reporting Scope 1 and Scope 2 GHG (GHG) emissions.
- Their climate-related disclosures must also start incorporating the climate-related requirements in the IFRS S2 issued by the ISSB.
- Requiring the use of the ISSB Standards builds on the recommendations of the TCFD that SGX RegCo has mandated in a phased approach since FY 2022.
- Some of the challenges highlighted, particularly for smaller issuers, are in relation to the evolving measurement and reporting methodologies for Scope 3 GHG emissions. This is notwithstanding the one-year transition relief for the disclosure of Scope 3 GHG emissions in IFRS S2.
- SGX RegCo will therefore review issuers' experience and readiness before establishing the implementation roadmap for reporting Scope 3 GHG emissions. The current plan is to prioritise larger issuers by market capitalisation with the intention that they report Scope 3 GHG emissions from FY 2026. Issuers will be provided with ample notice before the effective date.
- To provide time for issuers to focus on these climate-related disclosures in FY 2025, the other primary components of a sustainability report (aside from climate-related disclosures) will be mandated from FY 2026.
- External assurance:
  - issuers that do not conduct external assurance on their sustainability reports must issue their sustainability reports together with their annual reports from FY 2026.
  - issuers that do conduct external assurance on their sustainability reports will continue to have up to five months after the end of their financial year to issue their sustainability reports. The extra month is seen as a transitional measure to encourage issuers to conduct external assurance.
- An overview of the requirements for ease of reference is depicted below:

Timeline	Baseline Reporting Practice	Calendar Year in which Report is Published
FY 2025	Climate reporting on a mandatory basis that starts incorporating the climate-related requirements in the IFRS Sustainability Disclosure Standards; the key difference with the climate-related requirements in the IFRS Sustainability Disclosure Standards is that the requirement on Scope 3 GHG emissions is under review and not yet implemented Other primary components of a sustainability report to be disclosed on a 'comply or explain' basis Existing timeline to issue sustainability report applies[3]	2026
FY 2026	Primary components of a sustainability report to be disclosed on a mandatory basis Sustainability report to be issued with the annual report, or where the issuer has conducted external assurance on the sustainability report, no later than 5 months after the end of the financial year Expectation that large issuers will be required to report on Scope 3 GHG emissions and thus the content in their climate reporting will be aligned with the climate-related requirements in the IFRS Sustainability Disclosure Standards	2027

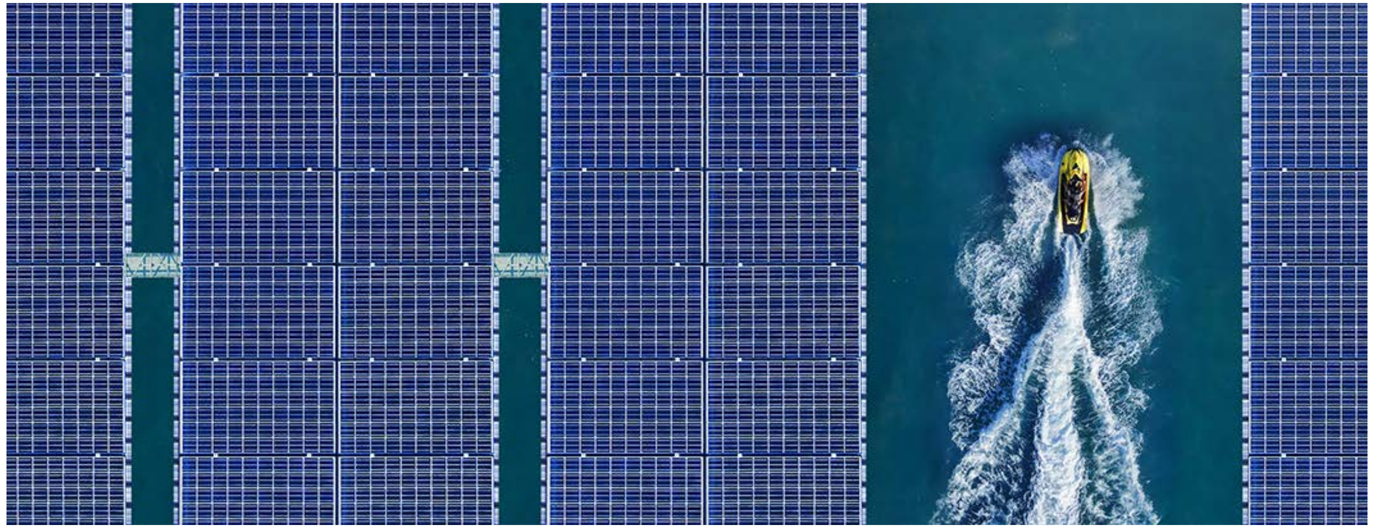
Source: Sustainability Reporting – Singapore Exchange (SGX)

- From FY 2027, large non-listed companies (NLCos) – defined as those with annual revenue of at least S$1bn and total assets of at least S$500m) will be required to do the same. ACRA will review the experience of listed issuers and large NLCos before introducing reporting requirements for other companies.
- To reduce compliance burden and duplicative reporting, exemptions will be available:
  - NLCos with parent companies reporting climate-related disclosures (CRD) using ISSB-aligned local reporting standards or equivalent standards will be exempted from reporting and filing CRDs with the ACRA, subject to certain conditions – including that the large NLCo's activities are incorporated within the parent company's report, which is available for public use.
  - Large NLCos with parent companies reporting CRD using other international standards (eg GRI, TCFD) will receive a three-year transitional exemption (from FY2027 to FY2029) from reporting and filing CRD with ACRA (ACRA, 2024).

- Various initiatives have been put in place by different bodies in Singapore to support organisations in meeting their reporting requirements (ACRA, 2024(b)):
  - The Singapore Economic Development Board and Enterprise Singapore launched a Sustainability Reporting Grant 'to provide funding support for companies who may be impacted by mandatory reporting requirements (ie large companies with annual revenue of S$100m and above), to produce their first sustainability report, before mandatory reporting takes effect. This will help companies kickstart their sustainability strategy and sustainability performance reporting journey. The disclosures are to be consistent with the ISSB Standards.'
  - The Ministry of Trade and Industry and SkillsFuture Singapore, in collaboration with the private sector, have established the Green Skills Committee 'to develop skills and training programmes for the low-carbon economy. With sustainability reporting and assurance as one of its focus areas, the initiative aims to upskill workers within companies and assurance providers in sustainable reporting capabilities to keep pace with the demand to transit into a sustainable, lower-carbon economy.'
  - The Infocomm Media Development Authority (IMDA) has curated a list of digital sustainability solutions, under the Advanced Digital Solutions (ADS) scheme, 'to help eligible enterprises kickstart their sustainability journey by measuring, monitoring and managing their emissions, enabling them to stay competitive with customers and improve the oversight and reporting of Scope 3 emissions within their supply chain. Beyond the ADS scheme, IMDA is also supporting enterprises who are keen to collaborate with value chain partners to drive sustainability through digitalisation'.
  - Singapore Business Federation, in collaboration with Agency for Science, Technology and Research, PwC Singapore, and Singtel, are creating a Singapore Emission Factors Registry. This registry will provide conversion factors that translate different business activities into corresponding GHG emissions – supporting the existing reporting solutions in our ecosystem (SBF, 2024).
- In May 2025, ACRA launched the Sustainability Body of Knowledge (SR BOK), which outlines what ACRA considers essential skillsets needed in sustainability reporting. Training providers are expected to refer to the SR BOK when designing courses – to ensure consistency in the depth of training programmes across different providers. ACRA is also working with SkillsFuture Singapore to provide funding support for BOK-aligned programmes (ACRA, 2025).

Thailand

- Sustainability reporting for listed companies has been mandated from 2022.
- 'According to Form 56-1 One Report, which elaborates on mandatory annual reporting for listed companies, sustainability reports require the following: policy and objectives of sustainable management, management of impact on stakeholders in the business value chain, environmental sustainability management, and social sustainability management,' (Keslio, 2024).
- The Securities and Exchange Commission of Thailand (SEC Thailand) has published a roadmap for the adoption of ISSB Standards, where the consultation period ended on 19 December 2024. An unofficial English translation of the consultation from SEC Thailand's website is set out here.
- The roadmap proposes that existing sustainability reporting requirements in Thailand be amended to align with IFRS S1 and IFRS S2.
- The proposed timeline for the adoption of IFRS S1 and IFRS S2 is as follows:
  - From 2026: companies listed in the SET50 group
  - From 2027: companies listed in the SET100 group
  - From 2029: listed companies and new issuers in SET
  - From 2030: listed companies and new issuers in MAI, REIT, IFF, and the Infra Trust and Property Fund.
- Limited assurance will be required for the disclosure of GHG emission information (IAS Plus, 2024).



The Philippines

- 'The Philippine Sustainability Reporting Committee (PSRC), under the Financial and Sustainability Reporting Standards Council (FSRSC) on 15 December 2023 published *Proposed Roadmap for the Adoption of the IFRS Sustainability Disclosure Standards – IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures*. With this roadmap, PSRC endorsed the adoption of IFRS S1 and IFRS S2 for annual reporting periods beginning on or after 1 January 2025. This is subject to the issuance of regulations or a circular containing the jurisdictional roadmap by Philippine regulators (including, but not limited to, the Securities and Exchange Commission (SEC), Bangko Sentral ng Pilipinas, Insurance Commission, and the Commission on Audit).
- On 12 March 2024, the Professional Regulatory Board of Accountancy (BOA) published Resolution No. 11 Adopting the Financial and Sustainability Reporting Standards Council Amendments and Pronouncements, resolving to adopt IFRS S1 and IFRS S2 as endorsed by the PSRC (PFRS S1 and PFRS S2). The resolution would take effect once the pronouncements are endorsed by the relevant regulators and 15 days following its publication in the Official Gazette. In view of BOA's adoption of ISSB Standards, the SEC and the Philippine Stock Exchange (PSE) have been undertaking certain steps and dialogues with stakeholders to assess the readiness of the market.
- While the final memorandum circular from the regulatory bodies is still under discussion, their intentions have been clearly communicated to the public on a national and ASEAN level. The key information of the Philippine roadmap was shared publicly during the 41st session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), hosted by the United Nations Conference on Trade and Development (UNCTAD) – as well as at the 2024 Association of Certified Public Accountants in Public Practice (ACPAPP) Annual Convention.'

Date when requirements are proposed to become effective

For companies regulated by the SEC, the proposal is for mandatory implementation of IFRS S1 and S2 as follows:

- Tier 1: Publicly listed companies with market capitalisation of more than PHP50bn (large cap) as of 31 December 2025, or the date of listing after 31 December 2025 – commencing for the annual reporting periods on or after 1 January 2026.
- Tier 2: Publicly listed companies with market capitalisation of more than PHP3bn up to PHP50bn (mid cap) as of 31 December 2025, or the date of its listing after 31 December 2025 – commencing for the annual reporting periods on or after 1 January 2027.
- Tier 3: Publicly listed companies with market capitalisation of PHP3bn or less as of 31 December 2025, or the date of listing after 31 December 2025; and large non-listed companies with annual revenue of more than PHP15bn for the immediately preceding fiscal year – commencing for the annual reporting periods on or after 1 January 2028.

For government corporations:

- Tier 3: Government corporations classified as Commercial Public Sector Entities and other entities regulated by the Insurance Commission – mandatory reporting will commence following separate guidelines and timeline.

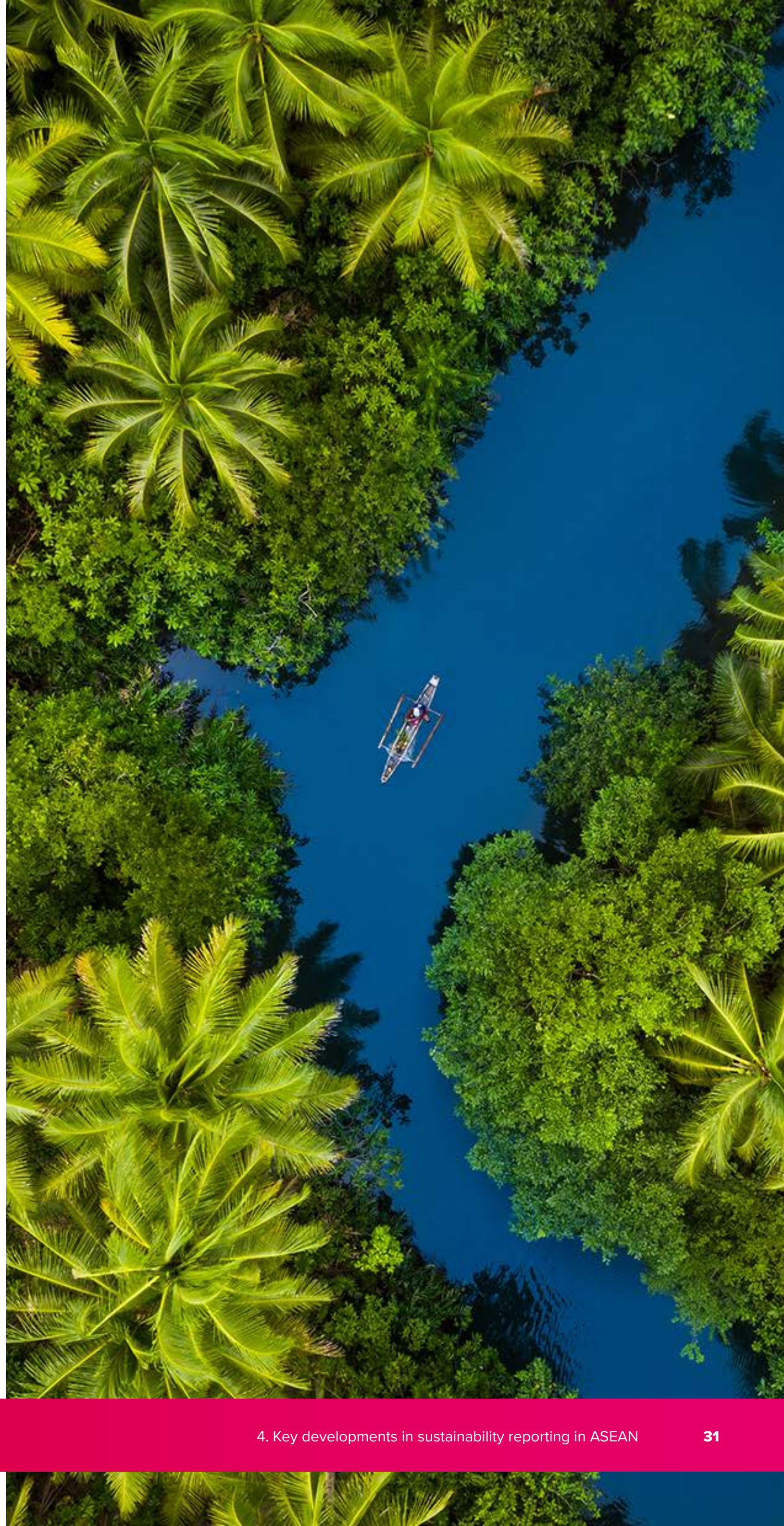
Early application is permitted and encouraged from the time of the publication of the proposed roadmap.

Transition reliefs

As well as the one-year relief included in IFRS S2, the proposals include two additional years (three years in total) in which the entity is not required to report on Scope 3 GHG emissions.

Assurance requirements

'Limited assurance is proposed for all listed entities and large non-listed entities after two years of mandatory adoption and implementation of PFRS S1 and PFRS S2' (IFRS, 2025(c)).



Vietnam

- In 2015, Vietnam's Ministry of Finance issued Circular 155/2015/TT-BTC, which provides guidelines on information disclosure on the securities market. This includes guidelines on financial reporting and also for sustainability reporting. Eventually, the Ministry of Finance replaced this with Circular 96/2020/TT-BTC, increasing the scope of disclosure. In sustainability reporting, this is currently mandatory for publicly listed companies in Vietnam.
- Circular 96 points out requirements which can be split between environmental and social performance disclosures. These requirements or disclosure indicators consist of the following: Materials, Energy, Water, Compliance, Organisational Profile and Market Presence, Employment, Occupational Health and Safety, Training and Education, Local Community, and Green Capital Market Activities.
    - For environmental disclosures, companies must disclose the environmental impact their business has. This includes information on indirect and direct GHG emissions and initiatives the organisation has to further reduce emissions. Water consumption, and indirect and direct energy consumption is also included in the report. Companies should also disclose energy efficiency programmes, or activities the business undertakes, and report how much energy was saved.
    - Raw materials and waste management is also to be reported. Information related to these include the amount of raw materials used to manufacture and package products and services. Also included are percentages of materials recycled to develop the company's products and services.
    - Lastly, companies must also disclose their compliance with environmental protection laws. If the company was unable to comply, fines received by the business are also disclosed.
    - For social performance reports, companies must report information regarding employee performance and metrics. For metrics, this includes employee count and average wages. Policies and programmes catered to employee well-being are included, such as health and safety policies and skills training programmes.
    - Social performance reports also extend to the company's engagement and involvement with communities – ranging from community investments, development programmes and activities, and financial aid.
- The State Securities Commission, alongside the International Finance Corporation (IFC), a member of the World Bank Group developed a *Sustainability Reporting Handbook for Vietnamese Companies*, which aims to provide additional guidance for companies in Vietnam to comply with ESG reporting requirements.
- As of the date of this report, there has not been any notable developments in respect of proposing to adopt ISSB Standards in Vietnam.

5. Challenges in sustainability reporting

THEMES	CHALLENGES	PRINCIPLES OF GOOD CORPORATE REPORTING NEEDED	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[2]
Connectivity and coherence – a people and process-driven exercise	Sustainability reporting lacks connectivity and coherence with financial reporting – leading to poor or misaligned value creation, decision-making, and achievement of strategic objectives.	**1.** Embed connectivity and coherence Explore connectivity, its importance, and how to apply this in practice in ACCA's *Making information connections for sustainable value creation*.	■ Set the tone from the beginning for an overarching emphasis on connectivity and coherence in the process. ■ Drive connectivity and coherence in reporting. ■ Influence the global standard-setter to enhance connectivity through an overarching conceptual framework for corporate reporting. ■ Align, as far as possible, with public policy objectives and strategic needs. ■ Collaborate and connect the different elements that contribute to high-quality corporate reporting.	■ Select and apply relevant reporting frameworks that align with and complement the organisation's strategic vision and direction. ■ Embed connectivity and coherence within and across the organisation's business activities. ■ Explain the organisation's risks and opportunities in a way that connects its financial and non-financial information to its wider strategy and governance. ■ Where possible, ensure that information reported internally for decision-making is consistent with information reported externally for stakeholders. ■ Demonstrate how the interaction of various resources and capitals has led to sustainable value creation. ■ Carefully consider the resources and skills needed. Stage 7.3 of ACCA's *Sustainability Reporting – The Guide to Preparation* and workshop video 5 will help build the business case for investing in people in the organisation.

2 'Corporate reporters' is used here to refer to organisations, senior management, professional accountants, and other individuals involved in the corporate reporting process within an organisation.

THEMES	CHALLENGES	PRINCIPLES OF GOOD CORPORATE REPORTING NEEDED	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[2]
Standards and frameworks – selection, adoption and implementation	Fragmented and misaligned sustainability reporting requirements lead to increased reporting burden, reduced comparability and understandability, and compliance-focused rather than value creation-focused reporting.	**2.** Apply a 'building blocks' approach, building on a global baseline (see box out below)	■ Adopt and build on a global baseline, supported by robust due process and an inclusive approach. ■ Be pragmatic in a way that supports interoperability and equivalence to maximise global consistency and comparability. ■ Balance timeliness of information to users with resources available to corporate reporters in providing such information. ■ Take a phased implementation approach and provide guidance to support consistent implementation. ■ Use the 'building blocks' approach to: • layer multiple applicable frameworks and requirements across industries and sectors • identify, analyse, understand and monitor potential adoption and implementation challenges • develop and enhance fit-for-purpose policies and regulations • structure pragmatic implementation roadmaps.	Use the 'building blocks' approach to: ■ identify and implement mandatory reporting requirements applicable to the organisation's operations ■ understand how and to what extent mandatory reporting requirements will interact with or complement any additional non-mandatory reporting frameworks that the organisation wishes to adopt ■ develop an implementation timeline, including planning ahead for capacity building.

THEMES	CHALLENGES	PRINCIPLES OF GOOD CORPORATE REPORTING NEEDED	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[2]
Standards and frameworks – selection, adoption and implementation	Region-specific, unilateral, mandatory reporting requirements may not sufficiently balance global comparability to attract foreign investments with pragmatism catering to varying maturity levels and organisation sizes (especially SMEs) for implementation across the region. *Note: Small and medium-sized or lesser-resourced entities (SMEs) tend not to have public accountability and may publish general purpose financial reports for external stakeholders. These organisations tend to have simpler structures and less resources. Therefore, they are less able to meet the full requirements of reporting standards than larger organisations. An organisation may identify as being an SME by using the size criteria of the jurisdiction in which they are based.*	**3.** Be principles-based and apply proportionality Global standards and frameworks need to: ■ be principles-based and developed with proportionality in mind* ■ consider the impact of scientific and technological innovations ■ incorporate a multi-capital approach ■ be sufficiently comprehensive and complete ■ complement rather than dictate or contradict policies, at all levels ■ be supplemented with helpful guidance and illustrative examples. * Develop a voluntary, simplified and reduced reporting standard to facilitate reporting by SMEs and for value chain purposes.	■ Cooperate multilaterally, with oversight by global organisations, such as IOSCO. ■ Adopt a common set of mandatory metrics relating to each given topic, that: • take into account different maturity levels • are scoped and defined in precise terms, and • are targeted and limited in number. ■ Separate mandatory (must-have) from voluntary (good-to-have) disclosures. ■ Weigh the decision-usefulness of information to the intended audience against the effort required to report.	■ Apply principles and requirements according to the unique needs and circumstances of the organisation. ■ Consider the organisation's cost and effort for gathering and reporting the information against the benefits of the information for the users. ■ Take a multi-capital approach – focusing on factors that influence the organisation's ability to create value over time.

Legend:

- Considerations relating to balancing the costs and benefits of reporting, which are especially more relevant to SMEs
- Considerations relating to technology and innovation

THEMES	CHALLENGES	PRINCIPLES OF GOOD CORPORATE REPORTING NEEDED	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[2]
Standards and frameworks – selection, adoption and implementation	Insufficient representation and collaboration at regional and global levels of sustainability reporting, policymaking, and standard-setting – resulting in reporting frameworks that do not sufficiently consider challenges of less mature jurisdictions and SMEs.	**4.** Maximise comparability, with interoperability as a catalyst	At the global level: ■ collaborate with policymakers, standard-setters, and regulators across global, regional and individual jurisdiction levels ■ align common disclosures and use the same wording and terminology across global, regional and jurisdictional reporting requirements. At the regional and jurisdictional levels: ■ region and jurisdiction-specific standards and frameworks should be substantially consistent with global standards ■ minimise jurisdictional modifications. As far as possible, policymakers, standard-setters, and regulators should take a multi-directional (bottom-up as well as top-down) approach to reflect the needs of the entire value chain.	■ Report information in a way that enables comparison: • at various levels • within and across organisations • within and across industries and sectors • between different reporting periods. ■ Collaborate with other organisations and industry associations to identify and align industry or sector-specific metrics, policies, approaches, and methodologies. ■ Ensure that information reported internally for decision-making is consistent with information reported externally. (See also 1. Embed connectivity and coherence) ■ Avoid the use of 'boilerplate' disclosures. (See also 8. Ease access and avoid disclosure overload)
Data and information – for whom, and to what extent	Corporate reporting requirements are not balanced and do not prioritise reporting of information that is relevant and decision useful.	**5.** Understand and meet stakeholders' information needs	■ Engage with various stakeholder groups to understand the information they seek and how they intend to use it. ■ Balance and prioritise relevant and decision-useful information for reporting. ■ Determine the appropriate level of granularity for information used in reporting. ■ Ensure that corporate reporting requirements do not become onerous.	■ Engage with identified stakeholders to understand their respective information needs. ■ Focus on including relevant and material information that enables decision-making. ■ Meet the maximum possible common information needs of stakeholders without inundating the user.

THEMES	CHALLENGES	PRINCIPLES OF GOOD CORPORATE REPORTING NEEDED	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[2]
Data and information – for whom, and to what extent	Sustainability reporting does not adequately address topics that reflect the interactions between the value that organisations create for themselves and the impact they have on society and the planet.	**6.** Take a holistic approach to corporate reporting	■ Corporate reporting requirements should cover a broad scope of topics – highlighting the interactions between the value that organisations create for themselves, and the impact that they have on society and planet.	■ Cover a wide range of value drivers for the organisation to present a holistic story of its performance, position and future prospects. ■ Adopt a holistic view of the organisation's value chain in identifying and sourcing decision-relevant data. ■ Derive information from the same source for both internal decision-making and reporting externally for stakeholders' decision-making. ■ Embed the qualitative characteristics of useful information throughout the corporate reporting process. ■ Ensure that the reporting catalyses the necessary systemic change, eg operational changes, better-quality information, more efficient, and responsible capital allocation. **TIP:** To facilitate this journey ■ Apply integrated thinking by organisations and integrative thinking by finance professionals. ■ Establish and work through a sustainability reporting cycle.

THEMES	CHALLENGES	PRINCIPLES OF GOOD CORPORATE REPORTING NEEDED	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[2]
Data and information – for whom, and to what extent	Sustainability reporting has not achieved the same level of reliability and trustworthiness as financial reporting in supporting decision-making.	**7.** Enable and support good governance practices	■ Define the core boundaries of corporate reporting to clarify what those charged with governance (eg boards) are accountable for and have oversight on, as well as what has been audited and assured. ■ Ensure corporate reporting standards are developed after considering the verifiability of the information to be reported. ■ For sustainability-related information, require mandatory independent limited assurance and take a longer-term aim for reasonable assurance to become common practice. ■ Be mindful of respective jurisdictions' maturity levels in determining a timeline for reporting. ■ Ensure that a robust system of oversight is established over time: • to assess and approve those seeking to conduct assurance work • to oversee the quality of assurance work performed.	■ Help users to understand the policies, processes, controls and procedures used to monitor, manage and oversee the organisation's strategies, risks and opportunities. ■ Share information about challenges faced and how these were managed or resolved. ■ Ensure that internal controls for the reporting process are effective. ■ Ensure that the same rigour is applied to the controls over both financial and non-financial information. ■ Embed ethics in the organisation's culture and leadership and be alert for possible ethical dilemmas. **TIP:** Explore ACCA's *Ethical Dilemmas in an Era of Sustainability Reporting* and *The New Era of Ethical Challenges for Professional Accountants* for actionable insights on navigating the evolving challenges and avoiding consequences such as poor-quality reporting, 'greenwashing', or a loss of trust.

Legend:

Considerations relating to balancing the costs and benefits of reporting, which are especially more relevant to SMEs

Considerations relating to technology and innovation

THEMES	CHALLENGES	PRINCIPLES OF GOOD CORPORATE REPORTING NEEDED	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[2]
Communication – telling the organisation's storyt	Growing concern that the ever-increasing number of corporate reporting requirements is tending towards disclosure overload – with increased 'boilerplate' and duplicated disclosures across multiple reports, driven by an overly compliance-centric mindset.	**8.** Ease access and avoid disclosure overload	■ Clearly identify the objective of and intended audience for each report. ■ Harmonise digital collection and reporting of data as much as possible to: • minimise compliance costs and reporting burden • maximise use and value of data collected. ■ Work closely with, and seek feedback from, stakeholders beyond regional and jurisdictional borders – to understand potential wider implications for trade and operations. ■ Consider exploring opportunities for a common platform for reporting and sharing of data.	■ Determine the most suitable mode of communication. ■ Be concise. ■ Cross-reference, where possible, to improve information connectivity and coherence. ■ Move away from an overly compliance-centric mindset and avoid 'boilerplate' disclosures. ■ Remove excessive, repetitive or redundant disclosures to avoid information overload. ■ Consider which technology or information system will most facilitate timely access. *Note: With clear indexing and cross-referencing, an integrated report can provide a useful map of relevant and material information.*

Source: adapted from *Principles of good corporate reporting: In brief*, ACCA, November 2024

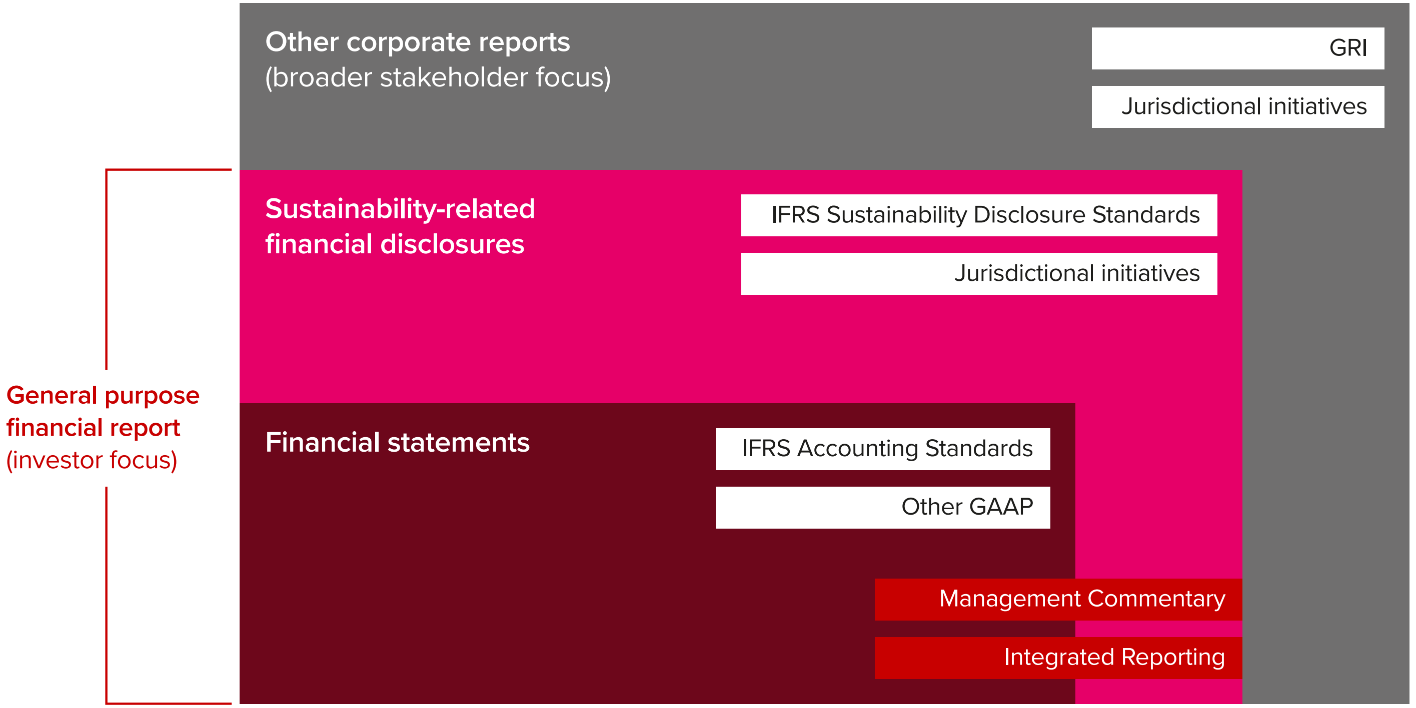
Legend: Considerations relating to balancing the costs and benefits of reporting, which are especially more relevant to SMEs — Considerations relating to technology and innovation

‘Building Blocks’ approach

This graphic illustrates the ‘building blocks’ approach from a global corporate reporting frameworks perspective. It reflects how corporate reporting has evolved beyond the financial statements – with sustainability reporting becoming a prominent feature.

The approach can be similarly applied by key participants in corporate reporting.

- **Policymakers, standard-setters, and regulators** can layer multiple applicable frameworks and requirements across industries and sectors. This helps identify, analyse, understand and monitor potential adoption and implementation challenges that their constituents might face in different jurisdictions and regions. It also helps develop and enhance policies and regulations that are fit for purpose, as well as in structuring pragmatic implementation roadmaps appropriate to their regulatory and corporate reporting landscape, their market readiness, and the information needs of wider stakeholders.



- **Organisations**, particularly those operating across more than one jurisdiction or region, may find this approach useful in identifying and implementing relevant mandatory reporting requirements. It further helps in understanding how, and to what extent, these will interact with or complement any additional non-mandatory reporting frameworks that they wish to adopt. This can also be a basis for developing an implementation timeline, including planning ahead for capacity building. ACCA’s *Sustainability Reporting – The Guide to Preparation* (Machado, Saw and Chow, 2023) demonstrates how the ‘building blocks’ approach is applied… and provides helpful guidance on preparing an organisation’s process, people and technology to implement sustainability reporting.’ (ACCA, 2024).

Source: The ‘building blocks’ approach: *Principles of Good Corporate Reporting*, ACCA, November 2024

6. High-level recommendations

Listed below are high-level recommendations for consideration by policymakers, standard-setters, regulators, and national professional accountancy bodies in ASEAN. While these are ordered in terms of action timelines for practical purposes – they should not necessarily be construed as being ranked in order of importance (eg items may be listed as long-term due to their nature, process or complexity, but are nonetheless vital to ASEAN economies).

HIGH-LEVEL RECOMMENDATIONS	SHORT TO MEDIUM TERM (WITHIN THE NEXT ONE TO TWO YEARS)	MEDIUM TO LONG TERM (TWO YEARS AND MORE)
1. Advocacy and policy influence at a global and regional level, to represent ASEAN as a major economic bloc.	a. To positively engage with their counterparts in EU and other major economic blocs – as well as global standard-setters and regulatory oversight bodies – to **push for only one set of global sustainability reporting standards** (ie IFRS Sustainability Disclosures Standards issued by ISSB) in the same way that IFRS Accounting Standards is effectively the global standard for financial reporting purposes (except in the US). This would require strong advocacy – with coordinated and consistent policy influence exerted by banking supervisors, capital market regulators, and standard-setters in ASEAN. b. To strongly advocate that EU regulators and standard-setters: i. **provide transition relief to ASEAN businesses** from having to report on ESRS, until such time as only one set of global sustainability reporting standards is formally recognised ii. **specify the standards that will be recognised as 'equivalent' to the ESRS** as soon as possible – this deemed equivalence will ease the reporting burden (especially on SMEs) of not having to prepare separate reports purely for ESRS compliance purposes. c. To **ensure continued active participation** in ISSB's consultation processes by its national standard-setters, regulators and businesses – as well as in IOSCO's GEMC network.	d. To ensure that the voice of ASEAN businesses and governments are heard and influence the standard-setting objectives and processes of ISSB, AMS should strongly advocate for **adequate representation on the ISSB board**. e. To strongly advocate to ISSB that sustainability reporting standards should have a more **simplified approach and requirements for SMEs and for value chain purposes**, that clearly sets out how these interact with reporting by organisations in-scope of the full ISSB Standards. f. **Promote greater research and insights on sustainability-related risks and opportunities relevant to ASEAN** in order to better inform dialogue and policy-making and serve the needs of businesses (including SMEs), governments, workers and society as a whole.
2. Develop national level sustainability reporting frameworks and implementation support	a. Policymakers, standard-setters and regulators in ASEAN should **adopt the 'building blocks' approach based on a global baseline**, ie the IFRS Accounting Standards and IFRS Sustainability Disclosure Standards. This will facilitate a holistic approach in layering sustainability-related and other disclosures with financial disclosures – in turn helping investors and companies to better understand how matters reported in financial statements and in sustainability-related financial disclosures are connected. As ASEAN looks to enhance trade and investment in the region (including intra-ASEAN), this will foster a common and consistent 'business language of trust' that incorporates proportionality and scalability. This will also facilitate improved compatibility of concepts, consistency in terminology, and minimise gaps or unintended overlaps which will drive connectivity. b. Jurisdiction-specific sustainability reporting frameworks in ASEAN need to be **pragmatic to meet the region-specific needs** of regulators, investors and other key stakeholders – and **facilitate interoperability and equivalence** to maximise global consistency and comparability. For markets in ASEAN that have not already done so, a **sustainability reporting implementation roadmap** will help clarify regulatory expectations. The roadmap should recommend a phased implementation that reflects the size and/or complexity of organisations and resource availability, along with relevant guidance to support consistent implementation. c. **Capacity building** – professional accountancy bodies (PAOs) should be encouraged to take concrete steps to upskill finance and accountancy professionals on the requirements of sustainability reporting. In this regard, ACCA will continue to support capacity building efforts that are needed in AMS, leveraging on the vast resources we have created and will continue to create – available through ACCA's Sustainability Reporting Hub. This includes detailed guidance for organisations (including SMEs), workshops, webinars, continuing professional development (CPD) courses etc. A listing of ACCA's resources is additionally included in Appendix 1.	d. **Consider ethical requirements related to reporting, mandatory sustainability assurance and associated regulations**. In this regard, ACCA is broadly supportive of the IAASB's International Standard on Sustainability Assurance 5000 (ISSA 5000), and the International Ethics Standards Board for Accountants' (IESBA) International Ethics Standards for Sustainability Assurance (including International Independence Standards (IESSA). e. **Establish ASEAN-wide centralised sustainability intelligence platforms**, which use the same taxonomy and are harmonised as much as possible with other international reporting platforms, that can be used by: i. public listed companies and SMEs – to assess their carbon emissions impact and disclose sustainability data in compliance with relevant standards ii. policymakers and regulators – to facilitate implementation and tracking of national-level sustainability initiatives, eg energy transition and biodiversity roadmaps.

Appendix 1:

ACCA resources relevant to sustainability and sustainability reporting

Sustainability-led transformation

- Making information connections for sustainable value creation
- Building resilience against climate disruptions
- Environmental social and corporate governance
- Sustainability in transactions
- Green finance skills: the guide
- Living wage: Ensuring fair and sustainable wages for all
- Bribery and corruption – The hidden social evil on your doorstep
- Accounting for a better world: your agenda for action
- Leading the change
- Value officer: Enhancing strategic finance and leadership
- Integrative thinking: the guide to becoming a value-adding CFO
- Climate technology and the profession*
- Communicating opportunities: leader's considerations*
- Sustainable business models and forms*
- Responsible investing: a common understanding*

Ethical creation and use of sustainability information

- Sustainability reporting hub
- Navigating nature-related reporting
- Ethical dilemmas in sustainability reporting
- Sustainability assurance and ESG standards
- Companies' readiness to adopt IFRS S2 Climate-related disclosures
- Principles of good corporate reporting
- Sustainability reporting: track your progress*
- Sustainability assurance: guide to ISSA5000*

SMEs

- SME Toolkit: Creating a sustainable world
- Sustainability reporting: SME guide
- Integrated thinking – the key to SMEs' resilience?

* Resources being developed and planned for launch in FY25/26.

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