



SUSTAINABILITY

Quarterly Brief

NOVEMBER 2023

RECENT DEVELOPMENTS

Sustainability reporting developments from the STC

- With the launch of the inaugural IFRS Sustainability Disclosure Standards by the International Sustainability Standards Board (ISSB) during June 2023, STC considered these at its quarter three meeting. Similarly, members, received an update on European Sustainability Reporting Standards (ESRS). ESRS may have an impact on SA companies with a footprint in the European Union.

- The Sustainability Technical Committee (STC) considered findings from the sustainability survey commissioned by SAICA during quarter two which focused on the state of readiness to adopt the ISSB IFRS Sustainability Disclosure Standards, understanding the local sustainability reporting landscape and solicit input on the STC work plan. The final analysis and response plan is under consideration.

- The Taskforce on Nature-related Financial Disclosures (TNFD) noted the launch of a set of disclosure recommendations and guidance for organisations to report and act on evolving nature-related dependencies, impacts, risks and opportunities. This launch took place in September 2023. An article to reflect on the launch of the TNFD recommendations will be published.

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- [Brazil adopts ISSB global baseline](#) from voluntary use starting 2024 to mandatory use on January 2026
- Join the IFRS Sustainability Alliance - [global membership programme](#) for sustainability standards and integrated reporting
- The European Union Proposes New Regulations that can Possibly Limit the Companies Acting as [ESG Rating Agencies](#)

Sustainability Comment Letters:

- [Exposure Draft](#): Proposed International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements

Sustainability Webinar:

- [September 2023 ISSB podcast](#) now available

RECENT DEVELOPMENTS CONT.

Local Developments

On 24 October 2023, South Africa: National Assembly passes the Climate Change Bill

The ambitious legislation was introduced in 2022 by the Environmental Affairs Minister Barbara Creecy. The adopted version of the Bill, following extensive public consultation will now go to the National Council of Provinces for consideration. The Bill is said to be a crucial, first step to ensuring the country had a legal instrument to build capacity to respond to the impact of climate change and reduce emissions in a way that was appropriate to national circumstances.



Investment Plans: South Africa is making significant strides towards the Just Energy Transition

At the World Leaders' Summit during COP 27 in November 2022, President Cyril Ramaphosa unveiled the Just Energy Transition Investment Plan (JET IP) for South Africa. This plan aligns with the Cabinet-approved National Just Transition Framework and outlines the necessary investments to achieve the country's ambitious decarbonization goals. [Just Energy Transition Investment Plan \(JET IP\)](#) for 2023 – 2030, marks a crucial milestone in the country's commitment to decarbonise as per the National Determined Contributions.



South Africa: Answers to questions to most of the provisions contained in the NEMLAA were proclaimed and came into effect

On June 2023, National Environmental Laws Amendment Act 2 of 2022 ("NEMLAA") shed some light on the Act, a year after it was enacted to bolster SA's environmental enforcement and will deter non-compliance. [The NEMLA Act](#)

has introduced a major shift in South Africa's environmental legislation, also marking major changes in competency of the Minerals Minister.



Regional Developments - Africa

Africa Climate Summit & Africa Climate Week: Highlights of the events, September 2023

[\\$1 billion to boost access to climate finance for Africa's youths, African Development Bank announces](#)

African Development Bank President Akinwumi Adesina has announced a new \$1 billion facility to accelerate climate financing for Africa's youth businesses.

The additional financing will boost YouthAdapt, a joint initiative between the Bank and the Global Centre on Adaptation. It invites young entrepreneurs and micro, small, and medium enterprises in Africa to submit innovative solutions and business ideas that have the potential to drive climate change adaptation and resilience across the continent.

[AfDB's Sustainable Energy Fund for Africa welcomes \\$50 million in new commitments from Germany and USA at Africa Climate Summit](#)

The African Development Bank's Sustainable Energy Fund for Africa (SEFA) welcomes approximately \$50 million in new funding contributions from Germany and the United States. The contributions will serve to boost its position as one of the continent's leading climate finance facilities.

The funding was announced on Tuesday 5 September at a high-level event organised by SEFA during the Africa Climate Summit held in Nairobi, Kenya. The event showcased SEFA's role in catalysing climate action in the energy sector and accelerating Africa's just energy transition.

Nigeria: Environmental Laws and Sustainable Practices In Nigeria: Legal Responsibilities For Businesses

Examining the connection between environmental laws and sustainable business practices, emphasising the legal obligations that corporations have to fulfil in order to secure a green sustainable future. Governments all over the world have enacted a variety of environmental laws and regulations to address these issues as concerns about climate change, pollution, and resource depletion continue to grow. It is legally required for businesses to abide by these rules.

[African Development Bank unveils new initiative to cushion farmers from climate change effects](#)

The African Development Bank has unveiled the Africa Climate Risk Insurance Facility for Adaptation (ACRIFA). The initiative is aimed at insulating countries against catastrophic weather-related events.

The facility, which will be hosted by the Bank, expands its pioneering Africa Disaster Risk Insurance Program into a facility that will develop insurance to help African countries, specifically, their agriculture sectors, prepare for, adapt and build resilience against adverse effects of climate change such as flooding and drought.

[Africa Climate Summit: global leaders place Africa at heart of fight against climate change](#)

World leaders at the inaugural Africa Climate Summit in Nairobi have pledged their support to position the continent at the centre of the fight against climate change.

African leaders were emphatic in their demand for the developed economies to deliver on their promise to provide \$100 billion annually in climate finance, for an overhaul of global financial architecture so it better meets Africa's needs and for doubling of climate adaptation financing by 2025.



Global

The final TNFD Standards released in attempts to value and preserve nature

[These standards](#) are built off the TCFD and are in dialogue with ongoing global efforts by the ISSB and regional/national regulations.

This standard provides the final TNFD Recommendations. It includes a set of general requirements for nature-related disclosures and a set of recommended disclosures structured around the four pillars of governance, strategy, risk and impact management, and metrics and targets.



INTEGRATED REPORTING UPDATES:

IRC of SA Information Paper: A global comprehensive corporate reporting system

The past few years have seen much change in corporate reporting, specifically in sustainability disclosure. This trend is likely to continue as society and organisations deal with urgent sustainability matters.

The thrust of the change has been to achieve a streamlined landscape of sustainability standards, guidance and directives, and setting [sustainability reporting](#) on a par with financial reporting in terms of comparability, consistency and credibility.

Learn from Harvard - Entrepreneurship in Emerging Economies

Harvard's free online course explores how entrepreneurship and innovation tackle complex social issues in [emerging economies](#). You will learn how both problems and solutions are inevitably of a multi-disciplinary nature.

The program forms part of business and management course and is offered through edX.

Tailored training for business on key sustainability topics through the newly launched KPMG Academy

The [ESG academy](#) is being launched in collaboration with Microsoft, leveraging KPMG's training platform, LEAP (KPMG Learning Enablement and Analytics Platform), powered by Microsoft Cloud solutions including Microsoft 365, Azure, Teams and Microsoft Viva Learning. Courses featured in the digital academy include content and lectures developed by ESG specialists from leading universities in collaboration with KPMG sustainability subject matter professionals, across ESG areas ranging from corporate sustainability transformations and ESG regulation to climate risk and business decarbonization strategies. According to KPMG, the academy provides fully customizable and scalable course content that can be delivered as a standalone virtual learning tool



or integrated into clients' in-house learning platforms, targeting executive-level, mid-management as well as non-management learners, and offering basic-level, comprehensive and advanced training across a broad range of ESG topics.

EU climate divisions offer a foretaste of fight looming at COP28

Bloc is set to be among the most ambitious at the [climate summit](#) but its stance required important concessions to some members.

Diplomats from the 27 EU countries spent weeks debating their COP28 position before their climate ministers agreed on Monday to push for deals to phase out CO2-emitting fossil fuels, triple production of renewable energy and halt the building of coal power plants.

The European Union's negotiating stance for this year's U.N. climate talks has revealed regional rifts that anticipate global tensions at the COP28 summit.

Global cont.

IFRS Foundation announces appointments of 10 Trustees to broaden insights in accounting and sustainability

The [appointments](#) reflect its newly set dual board structure being responsible for strategy, governance and oversight, having a diverse range of expertise from Asia, Europe and North America. This will broaden insights of the Foundation, including the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). The appointments are of five new Trustees and the re-appointments of five Trustees.

The EU Commission Adopts the European Sustainability Reporting Standards (ESRS) for use by all Companies

All companies subject to the Corporate Sustainability Reporting Directive (CSRD) are mandated to implement the [ESRS](#) in strengthening the transition to a sustainable EU economy. The standards cover the full range of environmental, social, and governance issues, including climate change, biodiversity and human rights. They provide information for investors to understand the sustainability impact of the companies in which they invest. This marks another step forward in the transition to a sustainable EU economy.



IFRS S1 and IFRS S2 Sustainability Disclosure Standards In-depth Explainer

ISSB's deep dive webinars as [supporting material](#) for the newly released global sustainability disclosure standards in strengthening comparable and consistent disclosures. The Standards have ushered in a new era of sustainability-related financial disclosures in capital markets worldwide.



EFRAG, ISSB together with the European Commission Confirm the High Degree of Climate Disclosures Alignment and Interoperability

ESRS and ISSB Standards have been developed within their respective mandates, with some differences on impact materiality beyond an investor's perspective and coverage of the range of ESG matters in separate standards. However, the work undertaken on interoperability enables an entity

to efficiently apply both sets of climate-related standards with minimised duplication of effort. [This collaboration](#) has reduced complexity and duplication for entities wishing to apply both the ISSB Standards and ESRS, whilst work on interoperability guidance material will continue.

Global cont.

The ISSB welcomes the commitment from the EU and EFRAG to support international consistency in sustainability disclosures

EFRAG, European Commission and the ISSB have improved the interoperability of their respective [climate-related disclosure](#) requirements in the overlapping climate disclosure standards, leading to high degree of alignment.



Brazil adopts ISSB global baseline from voluntary use starting 2024 to mandatory use on January 2026

As the IFRS Foundation Trustees met in Latin America, [Brazil announced that the ISSB Standards will be incorporated into the Brazilian regulatory framework](#) to strengthen its capital markets. Brazil signalled that the ISSB's Standards can help strengthen Brazilian capital markets by enhancing transparency around sustainability-related risks and opportunities and facilitate companies attracting capital and global investments.



Join the IFRS Sustainability Alliance - global membership programme for sustainability standards and integrated reporting

Gain access to valuable education, curated insights, tools and peer-to-peer networking to help you in your sustainability journey and stay apprised of the changing reporting landscape.



The European Union Proposes New Regulations that can Possibly Limit the Companies Acting as ESG Rating Agencies

The EU's plan is part of new measures to encourage more ethical and sustainable investment, where global sustainable assets under management stood at \$2.74 trillion in March.



SUSTAINABILITY COMMENT LETTERS

Exposure Draft: Proposed International Standard On Sustainability Assurance 5000, General Requirements For Sustainability Assurance Engagements

The IAASB encourages all stakeholders to submit their comments electronically using the below Response Template to share their feedback. Respondents do not need to answer all the questions in the Explanatory Memorandum and can instead choose to answer only those questions relevant to them or those questions for which they have specific comments.

The IAASB recognizes that certain stakeholders, such as sustainability reporting users and preparers, may wish to share views or provide input at a more overall or less technical level than what the questions in the Explanatory Memorandum and Response Template may require or imply.

To accommodate this, the IAASB developed a stakeholder survey: bit.ly/ISSA5000survey. This user-friendly tool helps the IAASB obtain the views of stakeholders who may not ordinarily respond to IAASB consultations, including preparers of

sustainability information, those with the oversight of its preparation, investors and other users of the sustainability information, sustainability reporting standard setters and members of the academic community. Survey responses will be aggregated and analyzed in conjunction with other feedback received. (To help stakeholders prepare their survey responses, the questions are available as well here.)



SUSTAINABILITY WEBINAR

September 2023 ISSB podcast now available

In this [episode of the ISSB podcast](#), ISSB Chair Emmanuel Faber and ISSB Vice-Chair Sue Lloyd discuss latest developments from the ISSB, including: supporting the implementation of IFRS S1 and IFRS S2; bilateral engagements with jurisdictions and the development of the ISSB's adoption strategy; and the ISSB's recent consultation on its future priorities.

Furthermore, Emmanuel and Sue reflect on recent meetings with key stakeholders and on the ISSB's public board meeting in Montreal, during which they discussed feedback to the recent consultation on the international applicability of the SASB Standards.

A full summary of the September 2023 ISSB meeting is available in the ISSB Update.

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