



Sustainability Technical Committee

Quarter 4 – 2022 to

Quarter 1 – 2023

Report

1. Overview

The Sustainability Technical Committee (STC) was established during April 2022. The objective of the Committee is to support SAICA to respond to various current and emerging sustainability aspects as it relates to its members and other stakeholders as identified by SAICA. The Committee's focus areas are:

- Reporting and Disclosure, with specific emphasis on the global convergence of sustainability reporting standards and frameworks;
- Assurance and Verification, with specific emphasis around non-financial sustainability information;
- Integrated thinking, with specific reference to sustainability in terms of the International Integrated Reporting Framework and the Integrated Thinking Principles.

Access the [Terms of Reference](#).

2. 2022 Q4 and 2023 Q1 Key Matters

- Key Workplan activities/initiatives

The STC began a process to identify new projects to add onto its work plan in Q4 2022. A more extensive deliberation subsequently took place at the February 2023 meeting and the following initiatives were identified as potential projects (subject to further research and prioritisation according to project impact and STC capacity):

- **Update on the sustainability reporting landscape.** Two of the STC members provided an update on the sustainability reporting landscape at the November 2022 Techtalk. This presentation made by the two STC members is being converted to an article which will be published in AccountancySA.

As the sustainability reporting landscape continues to evolve locally and globally, the STC continues to monitor the related developments closely in order to remain at the forefront of these developments. To this end, the STC is expecting the International Sustainability Standards Board (ISSB) to publish its first Sustainability Disclosure Standards during June 2023. In addition, the STC is tracking the ISSB's progress on the agenda consultation expected to be published during May 2023 and for which the STC is planning to submit a comment letter in response to the related request for information.

- **Other global sustainability reporting initiatives** are also being monitored such as the European Financial Reporting Advisory Group's sustainability reporting standards. Consideration will be taken to determine the nature and extent of the impact on South African companies with European links.
- The impacts of **climate change** are already being felt throughout the world and the next decade is critical to limit its negative effects. Therefore, climate change remains one of the focus areas for the STC.
 - **COP27 outcomes:** Subsequent to the 2022 UN Climate Change Conference (COP27), there was a discussion on the outcomes and the first deliverable in

relation to COP27 has been published (refer to the key deliverables section below).

- **Just Transition:** A project covering this topic was discussed and recommended for addition to the STC workplan as a potential project; further deliberations on the expected deliverables to take place at future meetings.
 - **Scope 3 emissions:** A project covering this topic was discussed and recommended for addition to the STC workplan as a potential project; further deliberations on the expected deliverables to take place at future meetings.
 - **Net Zero:** Net Zero commitments made by some prominent global accounting professional bodies was tabled and further research still be conducted with regards to this potential project before any recommendations are made by the STC with regard to SAICA's actions in this regard.
- **Biodiversity** – Following the UN Biodiversity Conference held during December 2022, the STC will be deliberating the outcomes of this conference at the May 2023 meeting and any subsequent actions for the STC to take.
 - **Social** – The thematic area of “human rights” was identified as an area for a potential project by the STC. Further discussions on the actions and related deliverables that could be undertaken by the STC will be held at future meetings.
 - **Sustainability assurance** – With the International Audit and Assurance Standards Board's (IAASB) work on sustainability assurance progressing at a rapid pace, the STC will be working in collaboration with the SAICA's Assurance Guidance Committee (AGC) to provide commentary on the expected proposed pronouncements from the IAASB due to be released in the 2nd half of 2023.
 - **Training and education of prospective CAs with regard to sustainability matters.** Initial discussions were held with the SAICA's learning and development team to understand SAICA's approach to incorporating sustainability topics into the CA pre-qualification competency framework as well as education for SAICA membership more broadly. While not the specific mandate of the STC, the STC agreed to obtain regular updates on the sustainability-related learning and education plans from the responsible SAICA team so as to provide technical input into the planning and implementation processes.

A **survey** is being prepared and will be circulated to members to enable the opportunity for **members to provide input on the planned activities of the STC.**

- Key deliverables
 - Subsequent to the 2022 UN Climate Change Conference (COP27), there was a discussion on the outcomes and a reflections paper was published by the STC outlining a summary of these outcomes and impact for South Africa. This paper was presented to members at a SAICA event during March 2023
- Key submissions and expected impact
 - **Staff Request for Feedback Staff draft of the IFRS® Sustainability Disclosure Taxonomy.** The IFRS Foundation staff had prepared a staff request for feedback on the staff draft of the IFRS Sustainability Disclosure Taxonomy. The document outlines staff recommendations reflecting the proposals in the two exposure drafts published by the ISSB. The STC considered the proposals and comment was submitted during October 2022.

- **Draft GRI Global Sustainability Standards Board (GSSB) work program 2023 – 2025.** The STC made a submission on the draft GRI GSSB work program during February 2023. The main objective was to review the activities and priorities outlined in the draft GSSB Work Program 2023-2025 and the accompanying Project Schedule 2023. This included the revision of the Global Reporting Initiative (GRI) Universal Standards which has been the focus in the past three years and is the foundation to the GRI's suite of standards. To continuously review the existing standards is a good intention to ensure that the Standards are responsive to emerging trends or developments and influence sector prioritisation and deliberate collaborations with other global Standard-setters.

- Key upcoming/contemplated developments for noting

- **Sustainability reporting.** After many discussions and input from stakeholders under the ISSB's IFRS S1 and S2, the first IFRS Sustainability Disclosure Standards will be published by end of June 2023 with an effective date of January 2024. A number of activities are being undertaken by SAICA, with support from the STC, in response to the release of these standards including: A Board member of the ISSB who will be engaging with members during April 2023 providing insights on what to expect in relation to the two IFRS Sustainability Disclosure Standards. A discussion with key stakeholders within the South African corporate reporting environment, facilitated by SAICA and the STC, is also being considered to align conversations on adoption of the ISSB standards locally.

It is expected that the ISSB will publish two exposure drafts during May, the agenda consultation, which will seek input from global stakeholders on its short-to-medium project, and on the Sustainability Accounting Standards Board's (SASB) Standards. The STC will consider providing commentary on both of these documents.

- **European Sustainability Reporting Standards.** Monitoring of the European Sustainability Reporting Standards initiatives is ongoing.
- **Sustainability assurance.** The International Audit and Assurance Standards Board (IAASB) is developing an overarching Standard on sustainability assurance and it is expected that an exposure draft would be published during June 2023. Commentary on the IAASB projects will be provided.
- **Taskforce on Nature-related Financial Disclosures (TNFD).** The activities undertaken with regards to v0.4 of the TNFD beta framework are being monitored by the STC.
- **Climate Change related risks in the financial statements.** The International Accounting Standards Board (IASB) decided to undertake a maintenance project on Climate-related risks in the Financial Statements to determine the nature and causes of stakeholder concerns about the reporting of climate-related risks in the financial statements. The project will start by exploring, through research and outreach and result in appropriate actions to take and not undermining the principles-based approach already set by the ISSB in climate related disclosures but will address the information needs.
- **Ethics** - The International Ethics and Standards Board for Accountants (IESBA) is committed to being part of the rapidly progressing developments regarding sustainability reporting and assurance and providing timely responses to ethics and independence-related concerns. At the backdrop of these developments, the STC will be monitoring the developments on the IESBA's sustainability project.

