The New York State Society of CPAs

February 25, 2025

California Air Resources Board
1001 I Street
Sacramento, CA 95814

By website: https://ww2.arb.ca.gov/public-comments/public-comments-california-climate-disclosure-information-solicitation

Re: Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219

The New York State Society of Certified Public Accountants (NYCPA), representing more than 19,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above-captioned proposed regulations.

The NYCPA's Sustainability Accounting and Reporting Community of practice (Community) deliberated the document and prepared the attached comments. If you would like additional discussion with us, please contact, Edward Esposito, the vice chair of the Sustainability Accounting and Reporting Community, at (917) 796-6845, or Keith Lazarus, NYCPA staff, at 212-719-8378.

Sincerely,

N Y C P A

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Kevin O'Leary
President

Attachment

NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON

INFORMATION SOLICITATION TO INFORM IMPLEMENTATION OF CALIFORNIA CLIMATE-DISCLOSURE LEGISLATION: SENATE BILLS 253 AND 261, AS AMENDED BY SB 219

February 25, 2025

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New York State Society of Certified Public Accountants

Comments on

Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 ("SB 253") and 261 ("SB 261"), as amended by SB 219

General Comments

The California Air Resources Board ("CARB") is responsible for implementing and writing regulations on SB 253 on Greenhouse Gas ("GHG") disclosures and SB 261 on climate-related risk disclosures, as amended by SB 219, collectively the CA Laws ("CA Laws"), for large companies with revenue over $1 billion and $500 million, respectively. Their stated goals are to provide transparency to better inform the decision-making of California consumers, investors, and members of the public.

We encourage the alignment of the CA Laws with the existing International Financial Reporting Standards ("IFRS") S2 Climate-related Disclosures standard to encourage transparency and to establish reliable standards of reporting with the following considerations in mind:

- The CA Laws satisfy the need for timely climate disclosures. The current Los Angeles wildfire disaster presents an opportunity to display the benefits of the CA Laws, which require large companies doing business in the state to identify significant climate-related physical risks such as wildfires, droughts, or floods. In such cases, these companies need to also disclose plans to mitigate these risks, by actions such as by reducing water-intensive operations or relocating facilities in fire-prone areas.

- The CA Laws appear reasonable in its scope by requiring only the largest companies, doing business in California, to address these climate related issues, with an estimated 750 of the Fortune 1000 companies needing to report, according to the nonprofit watchdog group, Public Citizen.

- The CA Laws also appear to have the support of the companies which will be impacted by the reporting requirements. For example, in a letter written by its director for state and local government affairs, D. Michael Foulkes, Apple endorsed the CA Laws, writing that "throughout our environmental journey, we've emphasized the importance of measurement and reporting to help us understand our impact."[1] Twelve other leading companies and institutions, including Microsoft, Ikea, and Adobe, support the CA Laws. In their group letter, they wrote that "consistent, comparable, and reliable emissions data at scale is necessary to fully assess the global economy's risk exposure and navigate a path" to a zero-carbon economy.[2]

The CA Laws are a significant opportunity to continue efforts in the United States to

[1] Binnie, Isla, "Apple endorses California bill to oblige companies to report carbon footprint," September 8, 2023, Reuters.com

[2] Microsoft, Ikea, Adobe, et el, letter to The Honorable Chris Holden, Subject: Leading Companies and Institutions Support the Climate Corporate Data Accountability Act (SB 253), August 14, 2023.

provide climate-related information which was started by the Securities and Exchange Commission (SEC) Climate Rule, which is stayed because of a legal challenge. We recommend a phased-in and non-punitive approach, as follows:

- We suggest a more phased-in approach to encourage implementation and compliance as the technical expertise in this area evolves. Accordingly, we support CARB's transition relief for the first reporting cycle in 2026, whereby "CARB will not take enforcement action for incomplete reporting against entities, as long as the companies make a good faith effort."[3] In addition, we recommend initially that entities organized in California be required to comply first so that issues of jurisdiction are more easily defended, and out-of-state and international entities be allowed to delay their required initial reporting periods, with early adoption encouraged.

- As the CA Laws have been publicly supported by impacted companies as mentioned above, we would encourage a non-punitive approach versus the current, high penalty-driven one for noncompliance, with penalties as high as $550,000 per year. These penalties are much too high and can cause unnecessary backlash against the CA Laws.

In conclusion, we support the CA Laws, with the above considerations in mind, because they: (1) will provide an opportunity to commence the use of the existing IFRS S2 Climate-related Disclosures ("IFRS S2") in the U.S., and (2) are nearly equivalent to IFRS S2, which is considered the gold standard by the International Organization of Securities Commissions (IOSCO), which regulates more than 95% of the world's securities markets in some 130 jurisdictions. Most of the largest companies impacted will likely be familiar with, or already reporting under IFRS S2, which should facilitate compliance with the CA Laws.

Our responses to selected questions follow:

Question 1 General Applicability:
SB 253 and 261 both require an entity that "does business in California" to provide specified information to CARB. This terminology is not defined in the statutes.
a. Should CARB adopt the interpretation of "doing business in California" found in the Revenue and Tax Code section 23101?
b. Should federal and state government entities that generate revenue be included in the definition of a "business entity" that "does business in California?"
c. Should SB 253 and 261 cover entities that are owned in part or wholly owned by a foreign government?
d. Should entities that sell energy, or other goods and services, into California through a separate market, like the energy imbalance market or extended day ahead market, be covered?
Response 1a: Yes, CARB should adopt the interpretation of "doing business in California"

[3] CARB, "The Climate Corporate Data Accountability Act, Enforcement Notice," dated December 5, 2024, p.1, accessed on the internet: https://ww2.arb.ca.gov/sites/default/files/2024-12/The%20Climate%20Corporate%20Data%20Accountability%20Act%20Enforcement%20Notice%20Dec%202024.pdf

found in the state's Revenue and Tax Code Section 23101. The state Franchise Tax Board has been using this method since 2011, and we assume it has court precedent to support it in case of new litigation disputing the CA Laws.

An out-of-state company is deemed to have a tax nexus if it exceeds any one of the following thresholds: (1) California sales exceed 25% of its total sales or $711,538, (2) has California property valued in excess of 25% of its total property or $71,154, (3) pays California employee compensation exceeding $71,154 or 25% of its total payroll, or (4) engage in any transaction for the purpose of financial gain within California".[4] We note that this last criteria is vague and could likely affect many companies. These thresholds are for 2023 only and subject to change each year.

Response 1b: No. Government entities have a different perspective and require a modified climate disclosure standard, for which the International Public Sector Accounting Standards Board (IPSASB) has issued an Exposure Draft: *Proposed IPSASB Sustainability Reporting Standard, Climate-related Disclosures*. Accordingly, government entities should be excluded at this time.

Response 1c: Yes. We do not see any reason to exclude a foreign-owned entity if it currently files a state business franchise tax return.

Response 1d: We are not responding to this question.

Question 2 General Applicability:
What are your recommendations on a cost-effective manner to identify all businesses covered by the laws (i.e., that exceed the annual revenue thresholds in the statutes and do business in California)?
a. For private companies, what databases or datasets should CARB rely on to identify reporting entities? What is the frequency by which these data are updated and how is it verified?
b. In what way(s) should CARB track parent/subsidiary relationships to assure companies doing business in California that report under a parent are clearly identified and included in any reporting requirements?

Response 2a: The state's tax department and Franchise Tax Board most likely have a database of all business taxpayers. CARB should rely on the state's tax databases to identify business entities subject to the CA Laws. The databases must be updated annually and verified through the state tax department's normal audit process. In addition, we recommend the state franchise tax forms be amended to include gross revenue from global operations to identify taxpayers who exceed the $500 million and $1 billion revenue thresholds of the CA Laws.

Response 2b: California corporate tax returns already disclose parent-subsidiary relationships but may use different terminology like groups or consolidated entities. Accordingly, CARB needs access to, and must collaborate with, the state tax department to share their database of tax returns to provide most, if not all, the information needed for out-of-state businesses that are already filing state franchise tax returns.

[4] "Doing Business in California," State of California, Franchise Tax Board, www.ftb.ca.gov.

Question 3 General: Standards in Regulation:
CARB is tasked with implementing both SB 253 and 261 in ways that would rely on protocols or standards published by external and potentially non-governmental entities.
a. How do we ensure that CARB's regulations address California-specific needs and are also kept current and stay in alignment with standards incorporated into the Statute as these external standards and protocols evolve?
b. How could CARB ensure reporting under the laws minimizes a duplication of effort for entities that are required to report GHG emissions or financial risk under other mandatory programs and under SB 253 or 261 reporting requirements?
c. To the extent the standards and protocols incorporated into the statute provide flexibility in reporting methods, should reporting entities be required to pick a specific reporting method and consistently use it year-to-year?

Response 3a: The CA Laws are based upon the GHG Protocol corporate standards and the Task Force on Climate-related Financial Disclosures (TCFD) framework. These two standards have been incorporated into the IFRS Sustainability Disclosure Standards, which consists of: (1) IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* ("IFRS S1"), and (2) IFRS S2 *Climate-related Disclosures* ("IFRS S2").

IFRS S2 is the successor standard to the TCFD framework, and it addresses California-specific needs. Accordingly, SB 261 has an *exemption in reporting provision* whereby if a company is complying with the "IFRS Sustainability Disclosure Standards," the company is exempt from reporting. Currently, SB 253 does not have an *exemption in reporting provision* but states that CARB can provide it in the regulations.

Therefore, we highly recommend that CARB's regulations include a specific *exemption in reporting provision* which would exempt entities subject to the CA Laws if they comply with the IFRS Sustainability Disclosure Standards. This would have the added benefit of the CA Laws automatically remaining current as these standards evolve.

Response 3b: CARB can avoid a duplication of climate-related disclosures for reporting entities by having an *exemption in reporting provision* in the regulations, as discussed in Response 3a above. Accordingly, companies that are in compliance with the IFRS Sustainability Disclosure Standards would need to supply copies of their sustainability reports. This would satisfy compliance with the two laws and avoid duplication.

Response 3c: The question appears ambiguous as the term "reporting method" is not used in the TCFD framework, GHG Protocol and IFRS S2. In any event, a company should be consistent in any method used, but only when flexible methods, as suggested in question 7, are permitted under the GHG protocol or IFRS S2.

Question 4 General - Data Reporting:

a. To inform CARB's regulatory processes, are there any public datasets that identify the costs for voluntary reporting already being submitted by companies?
b. What factors affect the cost or anticipated cost for entities to comply with either legislation?

c. What data should CARB rely on when assessing the fiscal impacts of either regulation?

Response 4a: We are not aware of any public databases that identify the costs for voluntarily reporting a company's climate-related disclosures.

Response 4b: A significant factor that will affect an entity's cost of complying with the CA Laws will be duplication of effort around similar reporting. If a company is already complying with the TCFD framework or the new IFRS S2 standard, they should not be required to issue a different report for the CA Laws. The CARB regulations must allow for an *exemption in reporting provision*, as recommended in Response 3(a) above, which will prevent the expense of duplicate reports.

Another factor affecting the cost of implementation is the difficulty and complexity of the regulations. IFRS S2 was designed to be "cost-effective and efficient for companies to apply while providing decision-useful information" to investors and stakeholders.[5] By having an *exemption in reporting provision* for IFRS S2 in CARB's regulations, entities can take advantage of its transitional reliefs for the first year, such as: (1) Scope 3 GHG emissions are not required and (2) comparative disclosures are not required.

In addition, IFRS S2 has "proportionality mechanisms," which make it easier for smaller companies and first-time preparers to apply the standard in ways that are flexible to their circumstances while "still providing useful information to investors," such as: (1) the concept of "reasonable and supportable information that is available at the reporting date without undue cost or effort" and (2) the concept of "skills, capabilities and resources available to the entity . . . to address the need for proportionality by enabling companies to apply qualitative instead of quantitative approaches in several instances."[6]

Response 4c: We are not responding to this question.

Question 5 General - Data Reporting:
Should the state require reporting directly to CARB or contract out to an "emissions" and/or "climate" reporting organization?

Response: Yes, the state should require reporting directly to CARB, which can engage other organizations to assist it in reviewing the reports.

Question 6 General - Data Reporting: If contracting out for reporting services, are there non-profits or private companies that already provide these services?

Response: An organization such as CDP, a non-profit formerly known as the Climate Disclosure Project, has an online platform for entities to report their climate disclosures in alignment with IFRS S2.

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[5] "Voluntarily applying ISSB Standards-A guide for preparers," p.4, IFRS Foundation, September 2024, accessed on the internet on January 17, 2025 at: https://www.ifrs.org/content/dam/ifrs/supporting-implementation/issb-standards/issb-voluntary-application-preparers.pdf.
[6] Ibid., p.2.

Question 7 SB 253 – Climate Corporate Data Accountability Act:
Entities must measure and report their emissions of greenhouse gases in conformance with the GHG Protocol, which allows for flexibility in some areas (i.e. boundary setting, apportioning emissions in multiple ownerships, GHGs subject to reporting, reporting by sector vs business unit, or others). Are there specific aspects of scopes 1, 2, or 3 reporting that CARB should consider standardizing?

Response: IFRS S2 is aligned with and requires a company to use the GHG Protocol to measure scopes 1, 2 and 3 GHG emissions. Accordingly, by allowing companies to use IFRS S2 to comply with the CA Laws under an *exemption in reporting provision*, as discussed above, there would be no need to standardize scope 1, 2, or 3 reporting as it is standardized in IFRS S2. This is another benefit of allowing the use of IFRS S2 Climate-related Disclosure.

Question 8 SB 253 - Climate Corporate Data Accountability Act:
SB 253 requires that reporting entities obtain "assurance providers." An assurance provider is required to be third-party, independent, and have significant experience in measuring, analyzing, reporting, or attesting in accordance with professional standards and applicable legal and regulatory requirements.
a. For entities required to report under SB 253, what options exist for third-party verification or assurance for scope 3 emissions?
b. For purposes of implementing SB 253, what standards should be used to define limited assurance and reasonable level of assurance? Should the existing definition for "reasonable assurance" in MRR be utilized, and if not why?

Response 8a: There are currently several options available for verification of or assurance on GHG emission disclosures because both CPA and non-CPA firms perform these services and use completely different assurance, ethics and independence standards. Accordingly, the International Federation of Accountants ("IFAC") writes that "with the growing importance of sustainability information . . ., low-quality assurance is an emerging investor protection and financial stability risk."[7] For example, according to a 2024 international study by IFAC and the American Institute of Certified Public Accountants ("AICPA"), the following verification or assurance standards were used for GHG emission disclosures:[8]

1) International Standard on Assurance Engagements ("ISAE") 3000 (Revised) issued by the International Accounting and Auditing Standards Board ("IAASB").
2) ISAE 3410 issued by the IAASB.
3) American Institute of Certified Public Accountants (AICPA) Attestation Standards, which are aligned with ISAE 3000 (Revised) above.[9]

[7] IFAC.org, accessed on the internet at: https://www.ifac.org/knowledge-gateway/discussion/state-play-sustainability-assurance.
[8] IFAC and AICPA & CIMA, "The State of Play: Sustainability Disclosure and Assurance,, February 2024, p.44, accessed on the internet on February 7, 2025, at: https://www.ifac.org/knowledge-gateway/discussion/state-play-sustainability-assurance.
[9] CAQ, AICPA & CIMA, "Sustainability Reporting and Assurance", January 2025, p.6, accessed on the internet on February 7, 2025 at https://www.thecaq.org/wp-content/uploads/2025/01/caq_sustainability-reporting-and-assurance_2025-01.pdf.

4) AA1000 Assurance Standard issued by AccountAbility, a Public Benefit Corporation that is a global advisory and standards firm.
5) ISO 14064 issued by the International Organization for Standardization for GHG emissions.

CPA firms operating in the U.S. are required to use the AICPA Attestation Standards when providing assurance on all sustainability information, including GHG emissions and climate disclosures. In addition, CPAs are obligated to follow individual state rules for ethics and independence standards that are at least equivalent to ones issued by the AICPA. In contrast, non-CPA firms are not bound by these AICPA standards and can use any one of the five assurance standards above or any ethics, independence, and quality management standards that may or may not be applicable to their profession.

To limit the options available to all assurance practitioners and reduce the risk of low-quality assurance, new international sustainability assurance, ethics, and independence standards have been issued that apply to all assurance providers, both CPA and non-CPA firms, and for all types of sustainability reports, including climate disclosures. The IAASB issued International Standard on Sustainability Assurance 5000 ("ISSA 5000") in November 2024. In January 2025, the International Ethics Standard Board for Accountants ("IESBA") issued the International Ethics Standards for Sustainability Assurance (including International Independence Standards) ("IESSA").

However, these standards are effective on or after December 15, 2026. The AICPA has not yet issued equivalent standards which they are obligated to under their IFAC membership. Nevertheless, we believe CARB should be proactive and level the playing field by recommending that all assurance practitioners use ISSA 5000 and IESSA for third-party assurance.

At first look, it would appear that our above recommendation for CPAs to follow ISSA 5000 and IESSA would violate the "Compliance With Standards Rule of the AICPA Code of Professional Conduct [which] requires an AICPA member performing an attestation engagement for a . . . [private company] to comply with AICPA" Attestation Standards.[10] However, there appears to be an exemption to the AICPA Attestation Standards when a practitioner is complying with a law or regulation under section A30 *Complying with Relevant Requirements*, as follows:

> In certain attestation engagements, the practitioner may also be required to comply with other requirements, such as in law or regulation, in addition to the attestation standards. The attestation standards do not override law or regulation that governs the attestation engagement. In the event that such law or regulation differs from attestation standards, an attestation engagement conducted only in accordance with law or regulation will not necessarily comply with the attestation standards.[11]

[10] AICPA, "U.S. Attestation Standards-AICPA (Clarified) [AT-C]," 2025, P.6, accessed on the internet on February 10, 2025 at: https://www.aicpa-cima.com/resources/download/aicpa-ssaes-currently-effective.
[11] AICPA, "U.S. Attestation Standards-AICPA (Clarified) [AT-C]," 2025, P.54, accessed on the internet on February 10, 2025 at: https://www.aicpa-cima.com/resources/download/aicpa-ssaes-currently-effective.

Accordingly, we interpret section A30 above as granting a CPA an exemption from complying with the AICPA Attestation Standards and permitting them to comply with a CARB regulation to follow ISSA 5000 and IESSA.

Response 8b: ISSA 5000 and IESSA, the two new international standards discussed in Response 8a above, should be used to define reasonable and limited assurance. They define them as follows:

- **Reasonable assurance engagement** is an "assurance engagement in which the practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner's conclusion."[12]

- **Limited assurance engagement** is an "assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether . . . a matter(s) has come to the practitioner's attention to cause the practitioner to believe the sustainability information is materially misstated."[13]

In contrast, CARB's Regulation of the Mandatory Reporting of Greenhouse Gas Emissions ("MRR") defines reasonable assurance as "a high degree of confidence that submitted data and statements are valid."[14] However, CARB should not use MRR to define reasonable assurance because it is five years old, does not define limited assurance, and is not aligned with ISSA 5000 and IESSA.

Question 9 SB 253 - Climate Corporate Data Accountability Act:
How should voluntary emissions reporting inform CARB's approach to implementing SB 253 requirements? For those parties currently reporting scopes 1 and 2 emissions on a voluntary basis:
c. What frequency (annual or other) and time period (1 year or more) are currently used for reporting?
d. When are data available from the prior year to support reporting?
e. What software systems are commonly used for voluntary reporting?

Response 9c: IFRS S2 requires that climate disclosures be reported annually at the same time as the financial statements. By combining the financial statements with the climate disclosures in the same document, and, therefore, reporting them at the same time, CPA firms are required to provide limited assurance on the climate disclosures to make sure they are free of material misstatements.

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[12] IAASB, "ISSA 5000 General Requirements for Sustainability Assurance Engagements and Conforming and Consequential Amendments to Other IAASB Standards Arising from ISSA 5000," p.10, accessed on the internet on February 10, 2025 at: https://www.iaasb.org/publications/international-standard-sustainability-assurance-5000-general-requirements-sustainability-assurance.
[13] Ibid.
[14] CARB, "Unofficial Electronic Version of the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions", 29 March 2019, P.50, accessed on the internet at: https://ww2.arb.ca.gov/sites/default/files/classic/cc/reporting/ghg-rep/regulation/mrr-2018-unofficial-2019-4-3.pdf.

Response 9d: We are not responding to this question.

Response 9e: CDP has an online software platform for companies to report their climate disclosures. It would be very efficient for reporting entities to use CDP's system, as we discussed in Response 6 above.

Question 10 SB 261 – Climate Related Financial Risk Disclosure:
For SB 261, if the data needed to develop each biennial report are the prior year's data, what is the appropriate timeframe within a reporting year to ensure data are available, reporting is complete, and the necessary assurance review is completed?

Response: SB 261 is based upon the TCFD framework and has an *exemption in reporting provision* for an entity that is already complying with the IFRS Sustainability Disclosure Standards. IFRS S2 contains a provision that requires that an entity's climate disclosures be reported annually at the same time as the company's annual report. Instead of including this in CARB's regulations, we recommend that they specifically state that IFRS S2 be used, which will require reporting entities to issue their climate disclosures at the same time as their annual report.

Question 11 SB 261 – Climate Related Financial Risk Disclosure:
Should CARB require a standardized reporting year (i.e., 2027, 2029, 2031, etc.), or allow for reporting any time in a two-year period (2026-2027, 2028-2029, etc.)?

Response: We believe CARB should require a standardized reporting year such as 2027, 2029, 2031, etc., so that all entities are aligned for better comparison, and summary results can be compiled for all reporting entities.

Question 12 SB 261 – Climate Related Financial Risk Disclosure:
SB 261 requires entities to prepare a climate-related financial risk report biennially. What, if any, disclosures should be required by an entity that qualifies as a reporting entity (because it exceeds the revenue threshold) for the first time during the two years before a reporting year?

Response: We interpret this question as follows: Should there be any transition reliefs or "proportionality mechanisms," explained below, for reporting entities reporting for the first time? By having an *exemption in reporting provision* for IFRS S2 in CARB's regulations, entities can take advantage of its transitional reliefs for the first year, such as: (1) Scope 3 GHG emissions are not required and (2) comparative disclosures are not required.

In addition, IFRS S2 has "proportionality mechanisms," which make it easier for smaller companies and first-time preparers to apply the standard in ways that are flexible to their circumstances, while "still providing useful information to investors," as discussed in our Response 4b above.[15]

[15] "Voluntarily applying ISSB Standards-A guide for preparers," p.4, IFRS Foundation, September 2024, accessed on the internet on January 17, 2025 at: https://www.ifrs.org/content/dam/ifrs/supporting-implementation/issb-standards/issb-voluntary-application-preparers.pdf.

Question 13 SB 261 – Climate Related Financial Risk Disclosure:
Many entities that are potentially subject to reporting requirements under SB 261 are already providing other types of climate financial risk disclosures.
f. What other types of existing climate financial risk disclosures are entities already preparing?
g. For covered entities that already report climate related financial risk, what approaches do entities use?
h. In what areas, if any, is current reporting typically different than the guidance provided by the Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures?
i. If not consistent with the Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures, are there other laws, regulations, or listing requirements issued by any regulated exchange, national government, or other governmental entity that is guiding the development of these reports?

Response 13f: According to CDP, the world's most relevant climate frameworks and standards are: (1) IFRS S2 Climate-related disclosures, (2) TCFD framework, and (3) European Sustainability Reporting Standards (ESRS). It should be noted that the TCFD framework is being phased out and IFRS S2 is the successor standard, and CDP is fully aligned with IFRS S2 but only substantially aligned with ESRS.

Response 13g: Some U.S. companies have been complying voluntarily with the TCFD framework and are using their approach. Since IFRS S2 is the successor standard, these companies should be transitioning to the approaches in IFRS S2 as a best practice, as shown in Response 13f above, which shows that CDP has fully aligned its reporting with IFRS S2.

Response 13h: IFRS S2 is the successor to the TCFD framework, meaning the two are essentially equivalent. They both have the same core content and require the same seven metrics. Accordingly, we understand that there is no meaningful difference between the two.

Response 13i: Yes. IOSCO is guiding the development of climate-related disclosures internationally. IOSCO is "recognized as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in some 130 jurisdictions,[16] including the U.S. In July 2023, IOSCO announced its decision to endorse the IFRS Sustainability Disclosure Standards, IFRS S1 and IFRS S2.[17]

After engaging in a comprehensive and independent review of the IFRS Sustainability Disclosure Standards, IFRS S1 and IFRS S2, IOSCO endorsed them as a baseline for sustainability standards for the global capital markets. Accordingly, IOSCO is calling on its 130 member jurisdictions to adopt them.[18] This is the same process IOSCO used to endorse the IFRS Accounting Standards years ago which are now used by over 130 global jurisdictions. So far, 30 international jurisdictions have adopted the IFRS Sustainability Disclosure Standards in one form or another.

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[16] IOSCO Press Release, "IOSCO endorses the ISSB's (International Sustainability Standards Board) Sustainability-related Financial Disclosures Standards," 25 July 2023, accessed on the internet on January 17, 2025 at: https://www.iosco.org/news/pdf/IOSCONEWS703.pdf.
[17] Ibid.
[18] Ibid.