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## ISSB Implementation Across Asia — September 2024

**Latham lawyers provide an update on noteworthy ISSB-related developments across Asia as jurisdictions in the region continue to develop their sustainability reporting frameworks.**

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In the December 2023 edition of [Regulatory Updates in Asia ESG](#) we provided an update on how jurisdictions across Asia are responding to the International Sustainability Standards Board (ISSB) standards. Several regulators in Asia have already expressed support and have indicated that they plan to adopt these standards.

In this article, we look at a timeline of key developments relating to the ISSB, followed by a summary of the current status of consultations since January 2024 across the region.<sup>1</sup>

### ISSB KEY DEVELOPMENTS TIMELINE

- **November 2021:** The IFRS Foundation set up the ISSB to create a global baseline for sustainability disclosure standards.
- **June 2023:** The ISSB released its first sustainability disclosure standards, IFRS S1 “General Requirements for Disclosure of Sustainability-related Financial Information” and IFRS S2 “Climate-related Disclosures”. These standards aim to integrate sustainability-related information with companies’ financial disclosures. They are anticipated to significantly impact global sustainability reporting requirements and may become mandatory in various jurisdictions.
- **July 2023:** IOSCO, the international securities regulator, [endorsed](#) the IFRS Sustainability Disclosure Standards. IOSCO has 130 member jurisdictions, with capital market authorities that regulate more than 95% of the world’s securities market.
- **December 2023:** At COP 28, close to 400 organisations from 64 jurisdictions [committed](#) to advancing the adoption or use of the ISSB’s climate-related reporting at a global level.
- **May 2024:** The IFRS Foundation published its [Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards](#), aiming to promote globally consistent and comparable disclosures through the adoption of the ISSB standards internationally.
- **June 2024:** The ISSB announced a number of strategic partnerships to streamline and consolidate sustainability reporting standards globally. For more information on the strategic partnerships, see this Latham [blog post](#).

## Consultation Status, Comparison to IFRS S1 and S2, Scope of Application, and Next Steps Across Selected Jurisdictions

Jurisdiction	Consultation Update	Similarities and Comparison to IFRS S1 and IFRS S2	Scope of Application and Next Steps
Hong Kong	In April 2024, the Stock Exchange of Hong Kong published the conclusions from its consultation on climate-related disclosures for listed companies, and guidance on how to apply the requirements.	<p>The new climate disclosure requirements under the Hong Kong Listing Rules are developed based on IFRS S2. Implementation reliefs including proportionality and scaling-in measures are introduced to address concerns over the reporting challenges that some issuers may face.</p> <p>The Hong Kong Institute of Certified Public Accountants will develop the local reporting standards, as well as complementary application and implementation guidance.</p>	<p>All listed issuers (i.e., both Main Board-listed issuers and GEM-listed issuers) will be required to disclose scope 1 and scope 2 GHG emissions on a mandatory basis for financial years commencing on or after 1 January 2025.</p> <p>All Main Board-listed issuers will be required to report on the New Climate Requirements (other than scope 1 and scope 2 GHG emissions, which are required to be disclosed by all issuers) on a “comply or explain” basis for financial years commencing on or after 1 January 2025.</p> <p>LargeCap issuers (i.e., Hang Seng Composite LargeCap Index constituents) will be required to report on the New Climate Requirements on a mandatory basis for financial years commencing on or after 1 January 2026.</p> <p>GEM-listed issuers are encouraged to report on the New Climate Requirements (in addition to scope 1 and scope 2 GHG emissions, which are required to be disclosed by all issuers) for financial years commencing on or after 1 January 2025, on a voluntary basis.</p>
India	In February 2024, the Reserve Bank of India (RBI) published draft guidelines on “Disclosure framework on climate-related financial risks, 2024”.	Climate-related disclosures have been developed in line with IFRS S2.	<p>The proposed framework applies to commercial banks, cooperative banks, financial institutions, and non-banking financial companies in India.</p> <p>The requirements would be phased in from 2028 onwards.</p> <p>The comment period was closed on April 30, 2024.</p> <p>For more information, see the RBI’s <a href="#">press release</a>.</p>

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Japan	<p>In March 2024, the Sustainability Standards Board of Japan (SSBJ) announced the issuance of three exposure drafts of the Sustainability Disclosure Standards.</p> <p>The contents of IFRS S1 have been split into two standards.</p>	<p>The SSBJ incorporated all requirements of IFRS standards IFRS S1 and IFRS S2.</p> <p>The SSBJ also added jurisdiction-specific options the entity can choose to apply if necessary. Market participants are encouraged to comment during the consultation period regarding the need for these jurisdiction-specific options.</p>	<p>The standards are expected to apply to companies listed on the Prime Market on the Tokyo Stock Exchange.</p> <p>The consultation was open for comment until 31 July 2024.</p> <p>Finalised standards are expected to be published by April 2025.</p> <p>No further timeline was provided for potential mandatory reporting.</p> <p>For more details refer to the SSBJ <a href="#">press release</a>.</p>
Mainland China	<p>In May 2024, China's Ministry of Finance released draft Corporate Sustainability Disclosure Standards.</p> <p>The requirements will initially be voluntary, with plans to make them mandatory in the future.</p>	<p>These standards are influenced by the ISSB standards, but tailored for the Chinese market.</p> <p>The standards outline general provisions, disclosure objectives, and information quality requirements to enhance transparency and global competitiveness of Chinese companies.</p> <p>The standards consist of five chapters covering the purpose, stakeholder benefits, data integrity, disclosure framework, and exemptions for sensitive information.</p>	<p>The requirements will be phased in starting with listed companies, and then extend to non-listed companies. The Ministry of Finance aims to establish a unified national sustainability disclosure system by 2030.</p> <p>A consultation period for the draft standards was open until 24 June 2024, after which the finalised version will be released.</p> <p>For more information, see this Latham <a href="#">blog post</a>.</p>
Malaysia	<p>In February 2024, the Advisory Committee on Sustainability Reporting (ACSR) published a consultation to seek public feedback on the proposed use of the ISSB standards.</p> <p>The ACSR was formed in May 2023 to assess the implementation of the ISSB standards.</p>	<p>The proposal included the ISSB standards as a baseline for the proposed National Sustainability Reporting Framework in Malaysia.</p> <p>The consultation paper sought feedback on key issues including the scope and timing for implementation, the transition reliefs required, and issues related to assurance for sustainability disclosures.</p>	<p>The ACSR proposes a phased approach to adoption of the ISSB standards. Main Market-listed issuers would be required to fully adopt the climate disclosure standard for the financial year ending 31 December 2027.</p> <p>The consultation ran until 21 March 2024.</p>

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<b>Singapore</b>	In February 2024, the Accounting and Corporate Regulatory Authority (ACRA) and the Singapore Exchange Regulation announced they will implement mandatory climate-related disclosure requirements for listed and large non-listed companies in line with the ISSB standards.	<p>The mandatory climate-related disclosure requirements are generally aligned with IFRS S1 and IFRS S2 (to the extent applicable), since such climate-related disclosures must be in accordance with local reporting standards mirroring (baseline) ISSB standards (namely, IFRS S1 and IFRS S2).</p> <p>The temporary transition reliefs in the ISSB standards will also apply to such climate-related disclosures.</p>	<p>Specific obligations will be implemented in a phased approach.</p> <p>ISSB-aligned disclosures, including Scope 1 and 2 greenhouse gas (GHG) emissions, will be mandatory for all listed issuers to report and file from 2025 and large non-listed companies from 2027.</p> <p>ACRA will review in 2027 whether to extend the climate-related disclosures reporting requirements to other non-listed companies.</p> <p>For more information, see this Latham <a href="#">blog post</a>.</p>
<b>South Korea</b>	<p>The Korea Sustainability Standards Board (KSSB) published an exposure draft covering Korean Sustainability Disclosure Standards in May 2024.</p> <p>This follows a delay to the implementation of ESG disclosure rules for listed issuers announced by the Financial Services Commission (FSC) in October 2023.</p> <p>The requirements are split into three sections: KSSB 1 based on IFRS S1, KSSB 2 based on IFRS S2, and an optional disclosure requirement, KSSB 101.</p>	<p>Notably, the FSC decided not to align with the IFRS standards on some requirements.</p> <p>The KSSB said the obligation and timing of mandatory Scope 3 disclosure would be based on feedback on the exposure draft.</p> <p>KSSB 101 does not follow the requirements per IFRS S1 and IFRS S2. Instead, it serves as a country-specific set of standards, providing guidance on disclosure of sustainability-related information already required by laws of regulations, and aligned with the country's policy objectives.</p>	<p>The exact scope and timing of the requirements are yet to be confirmed.</p> <p>The consultation period was open until 31 August 2024. For more details refer to the KSSB <a href="#">press release</a>.</p>

As shown, several jurisdictions are developing standards using the ISSB as a guideline framework. However, the extent to which the standards are based on the ISSB standards varies. Some jurisdictions have fully integrated the requirements per the IFRS disclosure standards, while others are adapting them more significantly to fit the specific requirements of the region.



## ENDNOTES

- <sup>1</sup> Note that this article is not intended to be a comprehensive resource, with a number of further jurisdictions also considering the implementation of ISSB standards.

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