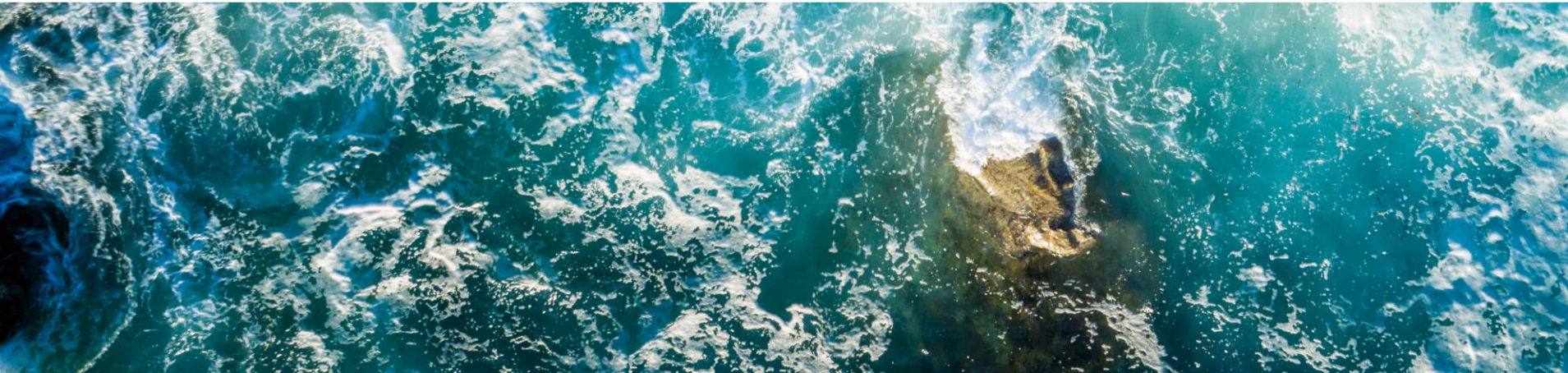
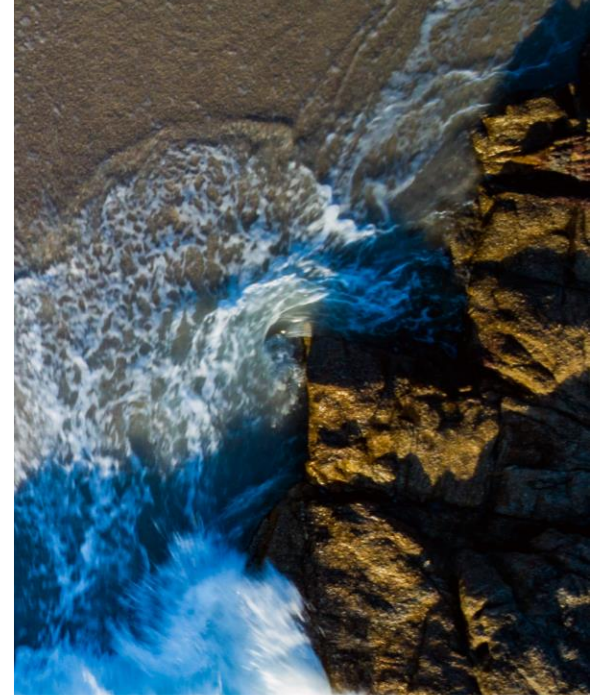




ESG Digest #14

August 2023



Contents

- ▶ IAASB launches Sustainability Reporting Assurance Standard
- ▶ UK to create IFRS-based sustainability disclosure standards
- ▶ S&P removes ESG indicators from Credit Rating Reports
- ▶ Canada releases Clean Electricity Regulations targeting a net zero grid by 2035
- ▶ SEC lawyers subpoena fund managers over ESG disclosures
- ▶ EU adopts rules requiring product emissions reporting for new import carbon tax
- ▶ TNFD calls for open source nature data
- ▶ Australia releases its Guidance on making environmental and sustainability claims
- ▶ India proposes to target per capita emissions
- ▶ Investors urge ISSB to develop reporting standard for human rights and human capital



IAASB launches Sustainability Reporting Assurance Standard

Auditing, quality control, and assurance standard-setting body the International Auditing and Assurance Standards Board (IAASB) announced the launch of International Standard on Sustainability Assurance (ISSA) 5000.

Our proposed standard is a crucial step in enhancing confidence and trust in sustainability reporting. This proposal directly responds to the IOSCO recommendations and complements the work of other standard setters, including the International Ethics Standards Board for Accountants. Corporate reporting, whether financial or sustainability focused, is more trusted when it receives external and independent assurance based upon globally accepted standards independently developed in the public interest.”

Once finalized, ISSA 5000 will serve as a comprehensive, stand-alone standard suitable for limited and reasonable sustainability assurance engagements

[Read more](#)





The UK government unveiled plans to create UK Sustainability Disclosure Standards (SDS). SDS will be based on the IFRS standards and planned to be finalized by the mid of 2024.

By using the IFRS Sustainability Disclosure Standards as a baseline, the aim is for the information companies disclose under UK SDS to be globally comparable and decision-useful for investors.

[Read more](#)

UK to create IFRS-based sustainability disclosure standards



S&P removes ESG indicators from Credit Rating Reports

S&P Global has dropped the environmental, social and governance (ESG) scores from its credit ratings. Instead, S&P will provide short dedicated analytical narrative paragraphs.

S&P introduced the alphanumeric ESG credit indicators in September 2021⁶ outlining the influence of various ESG-related factors such as climate risk or transparency on its credit rating analysis on a 1 (positive)-to-5 (strongly negative) scale.

S&P stated that it has “determined that the dedicated analytical narrative paragraphs in our credit rating reports are most effective at providing detail and transparency on ESG credit factors material to our rating analysis».

[Read more](#)

Canada releases Clean Electricity Regulations targeting a net zero grid by 2035

The Government of Canada released its proposed Clean Electricity Regulations, aimed at advancing the decarbonization of the country's electricity grid.

The decarbonization of Canada's power grid will also create opportunities from the growing demand for electricity from clean technologies, and ultimately lower energy costs and support the move away from volatile oil and gas prices.

According to government estimates, the regulations will result in emissions reductions from the electricity generation sector of over 340 million tonnes by 2050.

[Read more](#)



SEC lawyers subpoena fund managers over ESG disclosures



The US Securities and Exchange Commission enforcement division has sent document requests to several asset managers relating to their ESG investment marketing.

The inquiries come after the SEC enforcement division in March 2021 formed a task force to hunt for misconduct in climate and ESG investment disclosures. While it settled ESG cases against companies and asset managers including Goldman Sachs and BNY Mellon in 2022, none have been filed so far this year.

“ESG remains a priority area for the SEC and I would expect to see some enforcement cases before the end of the agency’s fiscal year in September,” said Jina Choi, a former head of the SEC’s San Francisco office.

[Read more](#)

EU adopts rules requiring product emissions reporting for new import carbon tax

The European Commission announced the adoption of reporting rules for importers of products under the Carbon Border Adjustment Mechanism (CBAM), the EU's new carbon tax on imported goods, aimed at equalizing the carbon price paid by European producers with those outside the EU.

The new rules will require companies to begin collecting data on the embedded emissions of imported products in October of this year, with reporting beginning by the end of January 2024, and will apply through the transitional phase of CBAM, which runs until the end of 2025.

CBAM will equalize the price of carbon paid for EU products operating under the EU Emissions Trading System (ETS) – the EU's internal cap and trade carbon pricing mechanism – with that paid for products produced in other countries, with companies that import into the EU required to purchase CBAM certificates in order to make up the difference.

[Read more](#)



The image shows two men in business attire standing in front of a large screen displaying data. The man on the left has blonde hair and glasses, wearing a light-colored shirt. The man on the right is seen from the back, wearing a dark suit jacket. The screen behind them shows several data visualizations. At the top, there is a scatter plot with a correlation coefficient $r = 0.87$. Below it, there is a line graph with multiple colored lines (green, yellow, purple, blue, red) showing fluctuations over time, with a label 'day 6' on the x-axis. The y-axis of this graph ranges from 0 to 300. The overall scene is dimly lit, with the screen providing the primary light source.

TNFD calls for open source nature data

The Taskforce on Nature-related Financial Disclosures (TNFD) has recommended creating a global nature-related public data facility.

TNFD claimed the facility would meet the growing demand for nature-related data it found in its study to evaluate the case for such a data facility.

Nature-related data is crucial in addressing the global challenge of accelerating nature loss, helping organizations overcome nature-related risks, delivering sustainable development and facilitating the flow of capital to nature positive outcomes.

[Read more](#)

Australia releases its Guidance on making environmental and sustainability claims

Australian Competition and Consumer Commission (the ACCC) released its long-awaited guidance on the making of environmental and sustainability claims. Its goal is to encourage accuracy of the organizations which want to make environmental and sustainability claims.

The guidance sets out eight principles that, in the ACCC's view, businesses should follow when making such claims to comply with Australian Consumer Law.

The guidance follows the ACCC's report from March 2023, where internet sweeps revealed that 57% of websites and business that were reviewed made 'concerning' claims about their environmental practices.

[Read more](#)



India proposes to target per capita emissions



The Union Minister for Power and New & Renewable Energy Shri R. K. Singh has called for a change in the global climate change discourse and narrative, shifting from a focus on total emissions to per capita emissions of each country.

India's per capita emissions are one third of global average, one of the lowest in the world; despite that, the developed countries until recently had been putting pressure on large countries like India, to reduce emissions. Their per capita emissions remained 3 – 4 times the global average.

The Minister asserted that the narrative and discourse should not be about total emissions. "If we talk about total emissions, the country with minimum emissions could be an island nation with small population, even though they may be consuming huge amounts of energy and emitting huge quantities of carbon dioxide per person. Hence, the point of comparison has to be per capita emissions.

[Read more](#)



A group of investors representing over \$1 trillion in assets under management has published a letter to the IFRS Foundation's International Sustainability Standards Board (ISSB), urging it to prioritize the development of global reporting standards for companies to disclose on human capital and human rights.

The letter, signed by 24 asset manager and asset owners across several countries, and coordinated by responsible investment NGO ShareAction, was sent in response to the ISSB's RFI, and urges the board "to prioritise researching human capital and human rights disclosure standards," noting that investor demand for workforce data and related issues has reached "an all-time high," particularly as companies are being impacted by "growing resignation numbers, layoffs, and stalling labour market recoveries following the COVID-19 pandemic."

[Read more](#)

Investors urge ISSB to develop reporting standard for human rights and human capital

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