Accounting for Tomorrow: Mastering the Shift to Universal Sustainability Standards

CA. Gaurav Ravindranath Yadav
Member of Institute

This article provides a clear overview of global sustainability and climate-related reporting frameworks, tracing the evolution from Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), Climate Disclosure Standards Board (CDSB) and Global Reporting Initiative (GRI) to the consolidated IFRS Sustainability Standards—IFRS S1 and IFRS S2—issued by the ISSB. It explains how these standards integrate financial and sustainability disclosures, emphasizing concepts such as enterprise value, materiality, and climate-related risks. With Securities and Exchange Board of India's (SEBI's) Business Responsibility and Sustainability Reporting (BRSR) and ICAI's sustainability assurance initiatives, the landscape in India is rapidly evolving. The article highlights emerging opportunities for Chartered Accountants in sustainability reporting, assurance, and strategic advisory as ESG disclosures become mainstream and globally aligned, and positions Indian Chartered Accountants as the natural leaders of this capital-market transformation, drawing on their successful Ind AS convergence experience.

Sustainability, climate change, and climate finance are among the recent buzzwords echoing through geo-politics, national politics and are even impacting the business landscapes. Even ICAI and SEBI have foreseen this trend which is evident in their recent steps like SEBI's 2025 circular revised the BRSR norms, including a tiered implementation for the top 1000 listed companies and "BRSR Core" adoption with assured KPIs for the top 250 companies and the launching of initiatives like SAE 5000 by ICAI.

Even IFRS Foundation has come out with IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 - Climate-related Disclosures in June 2023, introducing the first global standards for the disclosure of investor-focused sustainability information.

However, these recent standards are not pioneer efforts to establish globally accepted frameworks for sustainability. Multiple earlier initiatives have paved the way, as detailed in the table 01 below.

This multiplicity of standards can lead to confusion among professionals as to their application in a given scenario. This article aims to resolve these concerns of Indian Chartered Accountants. This article emphasizes brief about the standards and where they can be used. It is also important to note that IFRS Foundation has via ISSB subsumed some of above-mentioned bodies and attempted to integrate their disclosures in IFRS S1 and S2.

Table 01: Initiatives for sustainability standards

Sr. No.	Particulars	Issued by	Year
1	Task Force for Climate-related Financial Disclosure (TCFD)	FSB	2015
2	Sustainability Accounting Standards Board Standards	SASB	2018
3	Climate Disclosure Standards Board Framework	CDSB	Multiple
4	Global Reporting Initiative (GRI) Framework	GRIF	2016

Task Force for Climate-related Financial Disclosure (TCFD)

It was established in 2015 by the Financial Stability Board (FSB). It focused on improving climate-related financial disclosures focusing on transparency and comparability. It classified risks into physical (e.g., extreme weather) and transition (e.g., policy shifts to low-carbon economies). Disclosures were structured around four pillars: Governance, Strategy, Risk

Management, and Metrics & Targets. TCFD has been fully integrated into ISSB standards.

Sustainability Accounting Standards Board Standards (SASB)

It is a not-for-profit organisation focused on financially material ESG disclosures, SASB provided 77 industry-specific standards across five dimensions (Environment, Social Capital, Human Capital, Business Model & Innovation, Leadership & Governance). Emphasizing financial materiality, it was merged into the IFRS Foundation in 2022 and serves as guidance in ISSB standards.

Climate Disclosure Standards Board (CDSB)

It was aiming at integrating the environmental reporting with financial statements, CDSB targeted investors by equating natural and financial capital. It featured guiding principles (e.g., relevance, verifiability, forward-looking) and reporting requirements aligned with TCFD pillars. CDSB's content has been consolidated into ISSB standards.

The Global Reporting Initiative (GRI) Standards

Till date it is widely used for stakeholder accountability. GRI emphasizes impact materiality (effects on economy, environment, and people) which is combination of financial and non-financial factors. Its modular structure includes Universal Standards (foundation, general disclosures, material topics), Sector Standards (industry-specific), and Topic Standards (detailed ESG issues). While not fully subsumed, GRI complements ISSB by focusing on broader impacts.

All these diverse standards overwhelm business owners and even professionals providing assurance on their statements. Further, with addition of EUs CBAM (Carbon Border Adjustment Mechanism), EUDR (European Union's Deforestation Regulation) and other similar statutes one can only expect the ESG and Sustainability reporting to further expand.

However, this plethora of standards and disclosures exhibit a silver lining for Chartered Accountants and other professionals in India. CAs are at forefront of Financial Reporting and Auditing in India. This coupled with ongoing drive for incorporating Sustainability and ESG reporting provides a great opportunity for Chartered Accountants to reap maximum benefit from this integration movement.

Another blessing in disguise came in form of establishment of International Sustainability Standards Board (ISSB) by IFRS Foundation. Above mentioned CDSB, TCFD, SASB Standards and even Integrated Reporting framework has been subsumed in ISSB. IFRS Foundation is a not-for-profit organization which sets the reporting standards globally. Indian Accounting Standards (Ind AS) represents an adopted version of standards issued by IFRS. These were further finetuned by ICAI to suit domestic requirements by carve-ins and carve-outs.

It is imperative to view IFRS S1 and S2 not merely as reporting checklists, but as foundational capital-market infrastructure. This represents a structural shift from voluntary ESG 'storytelling' to investor-focused enterprise value reporting, where sustainability risks are priced directly into the cost of capital as depicted in table 02 below.

The consolidation of Financial Reporting Standards and Sustainability Reporting Standards under the same issuing body is highly significant, suggesting a future where many concepts and terminologies will overlap or be directly applicable across both domains. This is a considerable advantage for Chartered Accountants (CAs). The journey toward global sustainability benchmarks mirrors the profession's successful transition from Indian GAAP to Ind AS. Having already mastered the complexities of global financial convergence and local 'carve-ins/outs,' Indian CAs are the most qualified architects to lead the integration of non-financial data into mainstream corporate reporting. The profession that delivered Ind AS will now deliver the next-generation sustainability standards. Let's delve into IFRS S1 and S2 in briefly:

IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information)

It is the fundamental standard for all sustainability disclosures, comparable to IAS 1 / Ind AS 1 for Financial Reporting. Primary

Table 02.

Former Initiative	Role in IFRS Sustainability Standards	ISSB Standard(s) Impacted
TCFD Recommendations	Provided the four core pillars of disclosure structure.	IFRS S1 and IFRS S2 (Fully Integrated)
SASB Standards	Provided the industry-specific disclosure topics and metrics.	IFRS S1 and IFRS S2 (Integrated as guidance)
Integrated Reporting Framework	Provided the concept of value creation and integrated thinking.	IFRS S1 (Foundational Concept)
CDSB Framework	Provided technical guidance on climate and environmental disclosures.	IFRS S1 and IFRS S2 (Consolidated Content)

objective is to assist reporting entities to disclose information regarding its sustainability related risks and opportunities in a manner useful to general user of financial statements to assist them in their decision making.

The standard also focuses on the "Enterprise Value" Concept, i.e., factors affecting entity's cash flows, access to finance, and/or cost of capital over short/medium/long terms are considered. Additionally, the coverage is not limited to climate; but entire ESG spectrum is included.

a. the four core content areas: IFRS S1 requires disclosures over four core content areas, these areas are consistent with recommendations of Task Force in Climate- related Disclosures (TCFD) i.e., Governance, Strategy, Risk Management and Metrics and Targets.

b. Key Principles and Requirements: IFRS S1 introduces several requirements to ensure usefulness and quality of disclosures. These are majorly consistent with IAS 1/ Ind AS 1.

   i. Connected Information: The user should be able to connect information in financial reports with the facts and figures presented in sustainability report. For Example, Impairment of Assets in Flood Prone area due to flood risk.

   ii. Reporting Entity: The Sustainability-related disclosures must pertain to same entity/ group to which financial reports are referred. For example, Standalone Sustainability report of a subsidiary can't be referred to in Group's Financial Statements.

   iii. Fair Presentation: The disclosure should provide a complete, neutral, and accurate depiction of the sustainability-related risks and opportunities.

   iv. Reference to Other Standards: An entity is required to consider SASB Standards to identify industry-specific sustainability-related risks and opportunities and the corresponding metrics and also in case of unavailability of standard, SASB/ other standards are to be referred.

IFRS S2: Climate-related Disclosures

IFRS S2: Climate related Disclosure is first theme-based standard issued by ISSB. It applies to one of the most discussed and debated topic of Climate Change. It effectively bridges the gap between Principles of IFRS S1 to detailed and mandatory disclosures about climate.

The standard covers three categories of Climate related Risk and Opportunities:

a. Climate-related Physical Risks: Risks related to the physical impacts of climate change.
   - Acute: Event-driven (e.g., floods, wildfires).
   - Chronic: Longer-term shifts (e.g., rising sea levels, sustained heat waves).

b. Climate-related Transition Risks: Risks associated with the transition to a lower-carbon economy.
   i. Policy & Legal: New regulations (e.g., carbon pricing, emissions limits).
   ii. Technology: Replacement of existing technologies (e.g., shift to electric vehicles).
   iii. Market: Changes in supply and demand (e.g., consumer preference for low-carbon products).
   iv. Reputation: Loss of reputation due to climate performance.

> "The ICAI has already issued the Standard on Sustainability Assurance Engagements (SAE) 3000 and SAE 3410 (for GHG statements), providing the technical framework for practitioners to deliver these services."

c. ***Climate-related Opportunities***: Potential benefits from adapting to or mitigating climate change (e.g., new product development, energy efficiency savings).

Apart above, the standard also requires climate specific disclosures structured around TCFD recommendations i.e., Governance, Strategy, Risk Management and Metrics and Targets. However, it's also pertinent to note there are some critical requirements under Metrics and Targets under IFRS S2:

a. ***Greenhouse Gas Emissions***: Here, an entity is required to disclose its absolute GHG Emissions for Scope 1, Scope 2 and Scope 3:

   Measurement: GHG emissions must be measured in accordance with the Greenhouse Gas Protocol Corporate Standard.

   i. Scope 1: Direct emissions from owned or controlled sources (e.g., company vehicles, owned facilities).
   ii. Scope 2: Indirect emissions from the generation of purchased electricity, steam, heat, or cooling.
   iii. Scope 3: All other indirect emissions in the value chain (e.g., purchased goods, business travel, use of sold products).

b. ***Capital Deployment and Internal Carbon Pricing:*** IFRS S2 requires disclosures about the amount and percentage of asset susceptible to climate related physical and vulnerable risk and also those which can benefit from climate related opportunities.

Further, Disclosures regarding amount capital expenditure towards climate related risk and opportunities and whether company is using internal carbon pricing in its decision making and how.

c. ***Climate Targets:*** Disclosure regarding quantitative and qualitative climate-related targets (e.g., Net-Zero commitments, renewable energy goals) and the progress made toward achieving them. If a net GHG emissions target is set, the entity must also disclose the corresponding gross target.

Alignment with India's SEBI BRSR Core

While IFRS standards provide a global benchmark, India has decided to come out with its own regulatory and reporting leadership by mandating one of the most descriptive and comprehensive frameworks in global south. In 2021, SEBI replaced narrative based Business Responsibility Report (BRR) with BRSR. It was further evolved with introduction of BRSR core in 2023.

SEBI's BRSR and BRSR core align closely with IFRS S1 and S2, BRSR Core mandates assured KPIs on ESG metrics like GHG emissions (Scopes 1-3), water usage, and supply chain sustainability, mirroring IFRS S2's climate disclosures. While IFRS emphasizes investor-driven materiality tied to financial impacts, BRSR integrates broader stakeholder considerations but increasingly converges on enterprise value through value chain reporting. This alignment facilitates Indian companies' compliance with global standards like EU CBAM, positioning CAs to advise on integrated reporting under both regimes. ICAI's SSA 5000 further supports assurance, ensuring BRSR disclosures are reliable and comparable.

A key conceptual distinction runs through the global landscape. GRI follows impact materiality (double materiality): what the company does to the economy, environment and society. IFRS S1/S2 follow financial materiality (single materiality): what sustainability issues do to the company's cash flows, cost of capital and enterprise value.

India sits at the perfect intersection. SEBI's BRSR began with a stakeholder lens (closer to GRI) but BRSR Core is rapidly converging toward financial materiality through assured KPIs and value-chain reporting as depicted in table 03. This dual approach gives Indian companies and CAs a natural advantage — we can speak both languages fluently when dealing with global investors and domestic regulators.

The report is divided into three sections:

a. ***Section A:*** General Disclosures: Details regarding size, location, and workforce.

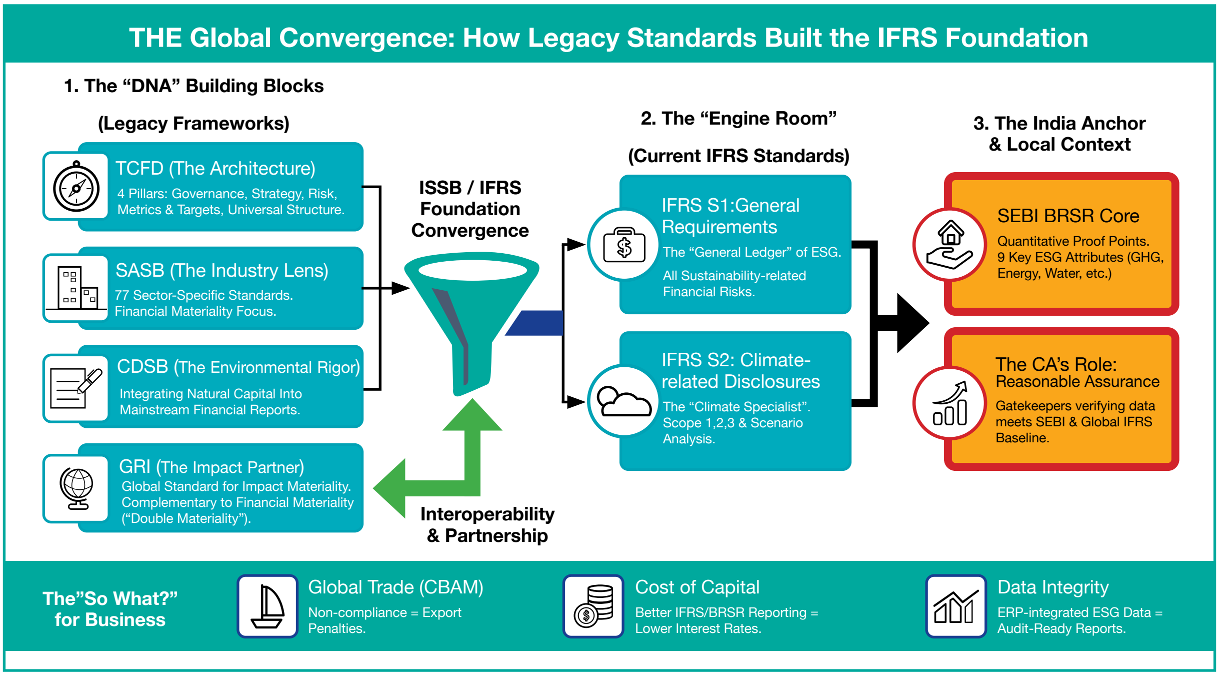
b. ***Section B***: Management and Process Disclosures: Governance, leadership oversight, and policy implementation.

c. ***Section C***: Principle-wise Performance Disclosures: Granular reporting on indicators such as energy consumption, water withdrawal, and employee well-being.

While the regulatory mandate begins with the top 1,000 listed companies, the ripple effects will reach far wider. Banks and large

Table 03.

Feature	Global Reporting Initiative (GRI)	IFRS S1/S2 (ISSB)	SEBI BRSR (India)
Primary Objective	To communicate organizational impact on society, economy, and environment	To provide information for assessing Enterprise Value and financial performance	To ensure regulatory compliance and responsible business conduct in the Indian market
Primary Users	Multi-stakeholder focus (Investors, NGOs, employees, communities)	Investors, lenders, and other financial creditors (Capital providers) [1]	Regulators (SEBI/MCA) and a broad range of domestic stakeholders
Materiality Lens	Impact Materiality (Double Materiality: financial and societal impact)	Financial Materiality (Single Materiality: impact on cash flows/risk)	Compliance-based Indicators / Moving toward financial materiality via BRSR Core
Reporting Scope	Organizations of any size, sector, or geography	Publicly listed entities and organizations raising capital	Top 1,000 listed companies by market capitalization in India
Assurance Statusw	Historically voluntary; variable market practice	Integrated into audited annual reports (Jurisdiction dependent)	Mandatory Reasonable Assurance for BRSR Core KPIs (Phased Glide Path)



> "With the convergence of IFRS S1/S2 and India/s BRSR framework, Chartered Accountants are uniquely positioned to lead this transition."

corporates are already demanding BRSR-aligned sustainability data from their suppliers and borrowers. Mid-sized companies seeking foreign funding, credit facilities, or participation in global value chains will face de-facto pressure to report under IFRS S1/S2 principles by 2027–28.

For Small and Medium Practitioners (SMPs), this creates a significant new practice area: helping clients build basic sustainability data systems, conduct materiality assessments, and prepare for voluntary or bank-mandated disclosures. Early movers among SMPs will be able to offer high-value advisory services at a fraction of major multinational accounting firm's costs, expanding their relevance and revenue streams.

Where do CAs fit in?

Advent of these new sustainability standards and integration of ESG data into mainstream reporting framework creates a multi-dimensional opportunity for chartered accountants. Chartered Accountants pre-existing and thoroughly trained expertise in data integrity, audit aspects and methodology, strategic financial and cost planning can be directly imported into sustainability domain.

a. ***Sustainability Assurance and the Audit of Non-Financial Information:*** This is the most immediate opportunity and a natural, almost inevitable, extension of a Chartered Accountant's traditional skill set. As sustainability data becomes mandatory and impacts the financial position, investors require independent assurance (audit) over the reported figures. The ICAI has already issued the Standard on Sustainability Assurance Engagements (SAE) 3000 and SAE 3410 (for GHG statements), providing the technical framework for practitioners to deliver these services.

b. ***Preparation & Advisory Services:*** CAs can assist in preparation of annual sustainability report (BRSR in India), advising on materiality, framework selection etc. CAs can also assist in prevention of greenwashing, i.e., when companies show themselves more environmentally sound then they actually are.

c. ***Corporate Strategy and Integration:*** These roles bridge the gap between finance, risk management, and

sustainability, positioning the CA in a strategic leadership role. Mitigation of environment-based risks put strain on financial stability of companies. Usually demanding heavy upfront capital allocations, CAs can assist in evaluation of Environmental Risk adjusted IRR/NPV and also in pricing of end product by valuing the Greenium by amalgamating the concepts of carbon pricing in capital budgeting.

d. ***Internal Controls over Sustainability Reporting (ICSR):*** Among the fundamental challenges in sustainability reporting is reliability of underlying data. As non-financial data is often kept in fragment form and is rarely inked to existing ERP applications. CAs can participate by providing some degree of assurance over completeness, accuracy and traceability of data.

Sustainability reporting is no longer peripheral — it has become central to capital allocation, risk pricing, and regulatory compliance in global markets. With the convergence of IFRS S1/S2 and India's BRSR framework, Chartered Accountants are uniquely positioned to lead this transition.

The same professionals who mastered Ind AS and built robust internal financial controls will now design internal controls over sustainability data (ICSR), assure GHG emissions and ESG metrics, price climate-adjusted risk into investment decisions, and advise boards on capital deployment that creates long-term enterprise value.

The opportunity is clear: upskill in ESG assurance and advisory today, and Chartered Accountants will not only protect India Inc. against climate and regulatory risks — they will actively shape the future of responsible capital markets. The time to act is now.

References

IFRS S1 & IFRS S2 (Official Standards)

- **IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information**

  https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/

- **IFRS S2 – Climate-related Disclosures**

  https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/

SEBI – BRSR Format (Original 2021 Circular)

- Mandatory BRSR for top 1,000 listed companies

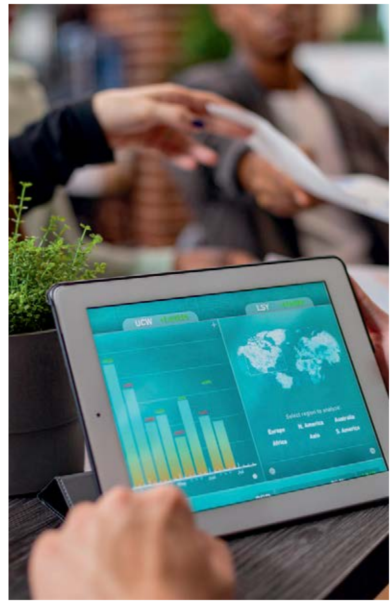
  https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html

TCFD Overview (Official Website – Now part of ISSB)

- TCFD Knowledge Hub

  https://www.fsb-tcfd.org/

SASB Standards (77 Industry-Specific Standards)



- Official SASB Standards Library

  https://sasb.ifrs.org/standards/

CDSB Framework for Reporting Environmental & Climate Information

- CDSB Framework

  https://www.cdsb.net/resources/cdsb-publications

GRI Universal Standards (2021 Update)

- GRI Standards Database

  https://www.globalreporting.org/standards/

Author may be reached at cagauravyadav@hotmail.com