

Technical Line

How certain global sustainability-related reporting requirements may impact multinationals

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What you need to know

- ▶ Certain global sustainability-related reporting requirements impact large non-listed entities, so multinationals may have reporting obligations in several jurisdictions.
- ▶ The requirements in many jurisdictions are based on ISSB standards. Jurisdictional requirements may differ from or supplement those standards.
- ▶ Entities with significant operations in multiple jurisdictions need to understand which regulations apply to them, the disclosure requirements in those regulatory frameworks, when they apply and the potential impacts on the entity's reporting strategies, processes and controls.
- ▶ Entities need to understand and monitor developments across the world to prepare for compliance as reporting obligations evolve.

Overview

The sustainability-related reporting landscape continues to evolve at a rapid pace in response to changing political and economic environments. Many jurisdictions throughout the world require or plan to require sustainability or climate-related reporting, with some requiring reporting based on the standards issued by the International Sustainability Standards Board (ISSB). The requirements in most jurisdictions apply to listed entities in that jurisdiction. However, some also require large non-listed entities to comply. As a result, entities with multinational operations may have subsidiaries that are or will be required to report sustainability-related information.



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Navigating and monitoring this fragmented and evolving sustainability reporting landscape presents challenges for entities with multinational operations. For example, rulemaking for the California climate disclosure laws has been delayed and the laws face ongoing legal challenges. The Corporate Sustainability Reporting Directive (CSRD),¹ a European Union (EU) legislative act that was finalized in January 2023, has been deferred by two years for many entities while the European Commission (EC) works to simplify the requirements. Several jurisdictions have issued or plan to issue public consultations on future sustainability reporting requirements.

Entities with multinational operations need to understand which regulations apply to them, the reporting obligations in those regulatory frameworks and the potential impact on the entity's reporting strategies, processes and controls.

This publication provides an overview of issued and proposed global sustainability-related reporting requirements in major jurisdictions that apply to non-listed entities (excluding financial institutions), including requirements in California, the EU, Australia, Mexico, Malaysia, Singapore, the Philippines, Switzerland and the United Kingdom (UK). It explains the scope of each requirement, associated assurance requirements and effective dates.

Navigating and monitoring a fragmented and evolving sustainability reporting landscape presents challenges for entities with multinational operations.

Final reporting standards

California climate disclosure laws

Scope of application

California is currently the only US jurisdiction to broadly require climate-related disclosures. The California Corporate Data Accountability Act (SB-253) and the California greenhouse gases: climate-related financial risk law (SB-261) require US entities, including US subsidiaries of non-US entities, that do business in the state and meet certain annual revenue thresholds to provide Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions and disclosures on climate-related financial risks, respectively. A subsidiary that is included in the report of a parent entity does not need to provide a separate report under either SB-253 or SB-261.²

Effective date

The California Air Resources Board (CARB), which was delegated the authority to develop, adopt and enforce the regulations for SB-253 and SB-261, said it would require reporting under SB-253 for fiscal year 2025 by 10 August 2026. Subsequent fiscal year reporting may be sooner than 10 August. Reporting under SB-261 was initially required as of 1 January 2026. However, the US Court of Appeals for the Ninth Circuit has paused the implementation of SB-261. This preliminary injunction doesn't apply to SB-253.

Assurance requirements

Limited assurance is required for Scope 1 and Scope 2 GHG emissions. CARB has said it would exercise its enforcement discretion and not require it in the first year. Reasonable assurance on Scope 1 and Scope 2 GHG emissions is required beginning in 2030. Limited assurance on Scope 3 GHG emissions disclosures will also be required beginning in 2030. However, CARB can modify the dates based on trends in third-party assurance requirements for Scope 3 GHG emissions. Assurance must be performed by an independent third-party assurance provider.

For more information on the California climate-related disclosure requirements, see our related To the Point and Technical Line publications, [Updates on proposed rulemaking and legal challenges related to California climate disclosure laws](#) and [A closer look at California's recently enacted climate disclosure laws](#).

CSRD

Scope of application

The EU's CSRD includes a mandate for certain entities to report sustainability information under European Sustainability Reporting Standards (ESRS)³ initially developed by the European Financial Reporting Advisory Group (EFRAG).

The scope of the CSRD is far reaching and affects non-EU-based public and private entities with operations in the EU through subsidiaries or branches in the EU. In addition, the CSRD contains certain reporting requirements that only apply to non-EU entities. Non-EU entities that have subsidiaries in scope but that aren't listed have several reporting options under the CSRD, including reporting at the ultimate parent level.

The scale and scope of reporting requirements under the CSRD have been substantially reduced as a result of legislative acts adopted in the EU as part of the Omnibus Simplification Package (Omnibus Package), but many non-EU based entities remain in scope and will have reporting obligations. Refer to our related publications, [How the EU's Corporate Sustainability Reporting Directive affects non-EU based multinationals](#) and [How to navigate the EU Omnibus Simplification Package](#), for the latest developments.

Effective date

The Council of the European Union and European Parliament issued a directive (subject to EU Member State transposition) as part of the Omnibus Package to defer the application of CSRD by two years. As a result, reporting for subsidiaries of many non-EU multinationals will begin in 2028 on fiscal year 2027 data. Non-EU entity consolidated reporting will begin in 2029 on fiscal year 2028 data.

Assurance requirements

The CSRD requires the financial statement auditor or, if an EU Member State chooses when incorporating the CSRD into its local law, another professional services firm or independent assurance service provider accredited by the EU Member State to provide limited assurance (including for the initial year of reporting, where applicable) over the following:

- ▶ Compliance with the CSRD (including the ESRS)
- ▶ The process carried out by the entity to identify the information reported in accordance with the ESRS
- ▶ Compliance with the reporting requirements of Article 8 of the EU Taxonomy Regulation

Entities will be required to obtain limited assurance over their compliance with the requirement to mark up the sustainability report using an electronic reporting format. This reporting and assurance requirement is not effective until the EC adopts a delegated act that establishes the rules for marking up the report.

Australia

Scope of application

Australian entities, including non-listed Australian subsidiaries of multinational entities, that are required to submit financial reports under Chapter 2M of the Corporations Act and meet certain size or asset thresholds (or are registered corporations under Australia's National Greenhouse and Energy Reporting (NGER) Act) are required to submit a sustainability report containing climate-related disclosures prepared in accordance with Australian Sustainability Reporting Standards (ASRS). Refer to the table in the effective date section for these thresholds.

The ASRS include AASB S1, *General Requirements for Disclosure of Sustainability-related Financial Information*, and AASB S2, *Climate-related Disclosures*. AASB S1 and AASB S2 are based on IFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information*, and IFRS S2, *Climate-related Disclosures*,⁴ as issued by the ISSB. In-scope entities are required to apply AASB S2 for the preparation of climate-related financial disclosures and can apply AASB S1 voluntarily.

While AASB S2 is based on IFRS S2, it includes some differences. For example, AASB S2 does not include a requirement to provide industry-based disclosures. Further, it requires entities to undertake at least two mandatory climate scenarios as part of their climate scenario analysis and resilience disclosures.

Australian subsidiaries of non-Australian parent entities must submit their own report containing climate-related financial disclosures that are prepared at the subsidiary reporting entity level and in accordance with the ASRS. That is, a subsidiary of a non-Australian parent cannot meet its reporting obligations by submitting its parent entity's consolidated sustainability report. Refer to our related publication, [Mandatory climate-related financial disclosures: What you need to know](#), for more information.

A subsidiary of a non-Australian parent cannot meet its reporting obligations by submitting its parent entity's consolidated sustainability report.

How we see it

A subsidiary of a non-Australian parent may be able to leverage reporting processes and information from the parent entity's consolidated sustainability reporting, but it is required to identify climate-related risks and opportunities and provide the required disclosures under the ASRS specific to the Australian reporting entity.

Effective date

The sustainability reporting requirements are effective as follows:

Group	Effective date (for fiscal periods beginning on or after)	Size test (two or more are met) (\$AUS)	Asset owners (value of assets threshold)	NGER Act reporters
1	1 January 2025	<ul style="list-style-type: none"> ▶ ≥ 500 employees ▶ Consolidated total assets ≥ \$1b ▶ Consolidated revenue ≥ 500m 	Not applicable	Above NGER publication threshold
2	1 July 2026	<ul style="list-style-type: none"> ▶ ≥ 250 employees ▶ Consolidated total assets ≥ \$500m ▶ Consolidated revenue ≥ \$200m 	Value of assets ≥ \$5b	All other NGER reporters
3*	1 July 2027	<ul style="list-style-type: none"> ▶ ≥ 100 employees ▶ Consolidated total assets ≥ \$25m ▶ Consolidated revenue ≥ \$50m 	<\$5b, apply general size test	Not applicable

* Group 3 entities only need to provide climate-related financial disclosures if they identify material climate-related risks or opportunities for that reporting period. Group 3 entities that do not have material risks or opportunities are required to disclose that fact and how they reached this conclusion.

Assurance requirements

Entities are required to obtain limited assurance over certain information in Year 1, limited assurance over all information in Years 2 and 3, and reasonable assurance in Year 4. However, Group 1 entities with annual reporting periods that commence between 1 January and 30 June will be able to apply the Year 1 assurance pathway for both their first and second sustainability reports. While the first-time application dates for Group 1, Group 2 and Group 3 differ, all will apply the same phased approach to assurance (e.g., Group 2 entities wouldn't need to obtain reasonable assurance until their fourth year of reporting).

The assurance provider must be a registered company auditor under the Australian Corporations Act (e.g., the assurance cannot be provided by an environmental consultant or consulting firm unless they are a registered company auditor).

Malaysia

Scope of application

Malaysia's National Sustainability Reporting Framework (NSRF) was issued in September 2024 and applies to large non-listed entities, which are defined as entities with annual revenue of more than MYR2 billion. Entities in scope of the NSRF are required to provide sustainability disclosures in accordance with IFRS S1 and IFRS S2. However, a large non-listed entity may leverage its holding company reporting if the holding company already prepares sustainability reports using ISSB-aligned standards or equivalent standards (e.g., the NSRF refers to ESRS).

Effective date

Climate-related reporting under the NSRF is required for large non-listed entities for annual periods beginning on or after 1 January 2027. Mandatory application of all requirements in IFRS S1 and IFRS S2 (i.e., reporting on sustainability-related matters) is required for annual reporting periods beginning on or after 1 January 2030. The reporting requirements include an extension of the transition reliefs provided by IFRS S1 and IFRS S2, including relief from disclosing Scope 3 GHG emissions in the first three annual reporting periods.

A large non-listed entity whose holding company reports using other international standards and frameworks, such as the Global Reporting Initiative Standards or Task Force on Climate-related Financial Disclosures (TCFD), may be granted an exemption⁵ from reporting under the NSRF for three reporting periods (i.e., until 1 January 2030).

Assurance requirements

Assurance over the sustainability disclosures is currently voluntary. Reasonable assurance on Scope 1 and Scope 2 GHG emissions may be required for large non-listed entities as early as 2029. A framework for sustainability assurance is subject to subsequent rulemaking.

Mexico

Scope of application

The Mexican Council for Financial and Sustainability Reporting Standards (CINIF) published its first set of Mexican sustainability standards, Normas de Información de Sostenibilidad (NIS), in May 2024. All entities that report financial statements under Mexican Financial Reporting Standards (i.e., private Mexican entities, including subsidiaries of foreign multinationals operating in Mexico, that do not report under IFRS as issued by the International Accounting Standards Board) are required to report sustainability information under the standards.

The NIS includes NIS A-1, *Conceptual Framework for Sustainability Reporting Standards*, and NIS B-1, *Sustainable Performance Indicators*. NIS A-1 provides the general requirements for reporting sustainability information. NIS B-1 provides the specific rules for disclosure of Basic Sustainability Indicators (IBSOs). NIS B-1 includes 30 IBSOs (21 quantitative and nine qualitative) pertaining to environmental, social and governance matters that are required to be disclosed within the notes to the financial statements. Refer to our related publication, *Regulatory Landscape in Mexico: Mexican Sustainability Reporting Standards*, for additional details, including separate reporting requirements for regulated and listed entities.

Effective date

The NIS are effective beginning 1 January 2025, with initial mandatory reporting for entities due in 2026 based on fiscal year 2025 data.

Assurance requirements

The Mexican Institute of Public Accountants said that sustainability information required by the NIS is considered to be “other information” within the financial statements, which is not covered by the independent auditor’s report. As such, there is no assurance requirement under the NIS. Entities may voluntarily obtain assurance on this information.

How we see it

There is currently no regulator that will enforce an entity applying Mexican Financial Reporting Standards, including these disclosures in the financial statements. Since the information is also not covered by the independent auditor’s report, it is unclear how entities will apply these requirements.

Singapore

Scope of application

The Singapore Accounting and Corporate Regulatory Authority and Singapore Exchange Regulation require listed entities and large non-listed entities to report climate-related disclosures in accordance with ISSB standards.

Large non-listed entities are those with annual revenue of at least 1 billion Singapore dollars and total assets of at least 500 million Singapore dollars. These thresholds are based on the financial statements for the two fiscal years immediately preceding the then-current fiscal year.

A large non-listed entity will be exempt from mandatory reporting if (1) its immediate, intermediate or ultimate parent (local or foreign) prepares climate or sustainability reports in accordance with prescribed climate-related disclosures in Singapore or a regime that is deemed equivalent (e.g., the ESRS) and (2) its activities are included in the parent’s report, which is publicly available.

Effective date

Large non-listed entities are required to disclose Scope 1 and Scope 2 GHG emissions, as well as other climate-related disclosures based on ISSB standards, beginning in fiscal year 2030. Disclosure of Scope 3 GHG emissions is voluntary.

Assurance requirements

Limited assurance is required on Scope 1 and Scope 2 GHG emissions for large non-listed entities beginning in fiscal year 2032. The assurance provider is required to be an audit firm registered with the Accounting and Corporate Regulatory Authority or a testing, inspection, certification firm accredited by the Singapore Accreditation Council.

Proposed reporting standards

Philippines

Scope of application

The Philippines Securities and Exchange Commission (Philippines SEC) is expected to adopt the Philippines Financial Reporting Standards (PFRS) on sustainability disclosures in 2026. The PFRS would apply to large non-listed entities, which are defined as entities with annual consolidated revenue of more than PHP 15 billion for the immediately preceding fiscal year. An entity would be exempt from the reporting requirements when (1) its immediate, intermediate or ultimate parent is already preparing the prescribed sustainability-related disclosures in the Philippines and (2) its sustainability-related disclosures are included in that parent’s report.

The proposed PFRS, which were open for public comment until 30 October 2025, are aligned with the ISSB Standards and include PFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information* and PFRS S2, *Climate-related Disclosures*.

Effective date

Mandatory reporting for large non-listed entities would begin in fiscal year 2029 based on fiscal year 2028 data.

Assurance requirements

Limited assurance over Scope 1 and Scope 2 GHG emissions would be required two years after the initial implementation of PFRS S1 and S2.

Switzerland

Scope of application

Mandatory climate-related disclosure requirements based on the recommendations of the TCFD were introduced into Swiss legislation in 2022 under the Swiss Code of Obligations and the Ordinance on Climate Disclosures. These reporting requirements are mandatory on a comply-or-explain basis for listed entities and financial institutions of a certain size.

The Swiss Federal Council proposed amendments to these requirements in December 2024, including making the requirements mandatory instead of on a comply-or-explain basis and replacing the current TCFD reporting framework with a choice between using internationally recognized reporting standards (e.g., ISSB Standards together with additional information disclosed under, for example, Global Reporting Initiative Standards, because the Swiss requirements would be based on double materiality) or the ESRS.

The proposed amendments would lower the scoping threshold to increase the number of entities subject to the sustainability reporting framework. Non-listed entities that exceed two of the following criteria over two consecutive financial years would be required to report under the sustainability reporting framework:

- ▶ Total assets over CHF25 million
- ▶ Annual revenue over CHF50 million
- ▶ Annual global average of 250 full-time employees

An entity would be exempt from the reporting requirements if it (1) is a subsidiary of a corporate group that prepares a sustainability report in accordance with Swiss law or prepares an equivalent report in accordance with a foreign law and (2) refers to and publishes the parent report.

Effective date

The Swiss Federal Council will decide on the next steps for the proposal after the EU decides on simplifications related to the CSRD, which is expected by early 2026.

Assurance requirements

Entities would be required to obtain assurance over certain information in the initial year of reporting. The level of assurance required (i.e., limited or reasonable) has not been determined.

United Kingdom

Mandatory climate-related financial disclosure requirements based on the TCFD framework were introduced into UK legislation in 2022 for certain large entities. The disclosures are required as part of the Non-Financial and Sustainability Information statement within large entities' strategic report.

In June 2025, the UK government launched a consultation on the endorsement of UK Sustainability Reporting Standards (UK SRS), which proposed UK SRS S1 and UK SRS S2 – the UK versions of IFRS S1 and IFRS S2, respectively – with minor amendments for application in a UK context. The UK government is expected to publish final, endorsed versions of UK SRS early in 2026. The consultation also sought evidence on the costs and benefits of using the UK SRS, which will inform future government decisions when it considers whether to require entities to report information using the UK SRS.

Additionally, the UK government also proposed a consultation focused on providers of assurance over sustainability-related financial disclosures, such that the disclosure of sustainability-related information is subject to an assurance regime in the UK.

Next steps

- ▶ Entities should monitor developments related to global sustainability-related reporting requirements to prepare for compliance and consider providing feedback when proposed regulations are issued.
- ▶ Entities that are subject to sustainability reporting standards in a specific jurisdiction should check the latest requirements set by the relevant regulator to understand specific disclosure requirements and reporting deadlines.
- ▶ Entities should evaluate whether reporting requirements may be satisfied using a global consolidated sustainability report to optimize reporting efficiencies.

The UK government is expected to publish final, endorsed versions of UK SRS early in 2026.

Endnotes:

- ¹ Refer to [Corporate sustainability reporting – Finance – European Commission](#) for additional information on the EU's corporate sustainability reporting policy making and refer to [Directive – 2022/2464 – EN – CSRD Directive – EUR-Lex](#) for a complete text of the CSRD.
- ² An amendment to SB-253 and SB-261 (SB-219) was signed into law in September 2024, which, among other items, allows entities to report the information required by SB-253 at the consolidated parent company level instead of the subsidiary level. Refer to [Bill Text – SB-219 Greenhouse gases: climate corporate accountability: climate-related financial risk](#) for SB-219.
- ³ Refer to the first set of ESRS available online at [European sustainability reporting standards – first set \(europa.eu\)](#). The EC asked EFRAG for technical advice on the simplification of the ESRS as part of the first Omnibus Package. EFRAG issued its technical advice to the EC on 3 December 2025. The EC said it expects to adopt the amended ESRS through a delegated act in 2026. EFRAG's technical advice on the amended ESRS is available online at: [Amended ESRS | EFRAG](#).
- ⁴ Refer to [IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information, IFRS Foundation, June 2023](#) and [IFRS S2, Climate-related Disclosures, IFRS Foundation, June 2023](#).
- ⁵ This exemption will be subject to a policy decision of the Registrar, which refers to the chief executive officer of the Companies Commission of Malaysia, as specified under subsection 20A(1), Companies Commission of Malaysia Act 2001.