



IFRS® Foundation

ISSB progress towards a global baseline

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Agenda

Progress since COP26

Exposure Drafts – General Requirements & Climate

Alignment & next steps

Q&A

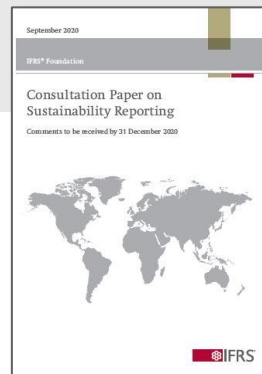


Progress since COP26

Demand-driven consultative process

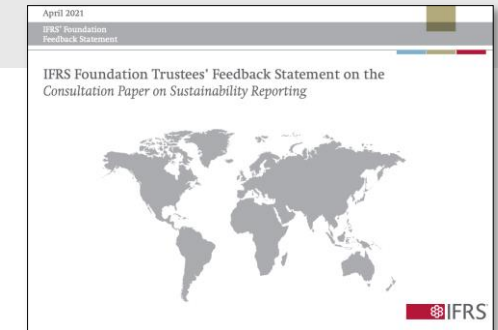
What we asked

- Is there a demand for global sustainability standards?
- Should the IFRS Foundation play a role?
- Is the solution a sustainability-focused standard-setting board within the IFRS Foundation?



What we heard

- 750+ comment letters across stakeholder groups, geographies and economic settings
- Growing and urgent demand for global standards to improve consistency and comparability
- Broad support for Foundation to play a role
- Sustainability-related financial information, starting with climate



COP26 / ISSB announcement



1. **Establish** International Sustainability Standards Board (ISSB)
2. **Consolidate** Climate Disclosure Standards Board and Value Reporting Foundation (IIRC and SASB)
3. **Publish** general disclosure and climate prototypes as a **precursor** to ISSB proposals (exposure drafts)

Significant progress since COP26

COP26 announcement	Developments since COP26	Current focus
1. Establish ISSB	<ul style="list-style-type: none"> • Leadership appointments <ul style="list-style-type: none"> • Chair, Vice-Chair, Board Members • Multi-location model <ul style="list-style-type: none"> • MoU with Frankfurt, interim office in place • MoU with Montreal 	<ul style="list-style-type: none"> • Appointments <ul style="list-style-type: none"> • Recruiting remaining ISSB members • Multi-location model <ul style="list-style-type: none"> • Finalise arrangements for Asia-Oceania presence • Appoint advisory groups
2. Consolidate or align with other initiatives	<ul style="list-style-type: none"> • CDSB consolidation completed (Jan 2022) • GRI cooperation agreement (MoU) • Jurisdictional working group set up 	<ul style="list-style-type: none"> • Preparing for VRF consolidation (June 30th 2022)
3. Publication of prototypes	<ul style="list-style-type: none"> • Published proposals for inaugural IFRS Sustainability Disclosure Standards 	<ul style="list-style-type: none"> • Outreach and consultation

ISSB members



Emmanuel Faber
Chair



Sue Lloyd
Vice-Chair



Richard Barker



Verity Chegar



Bing Leng



Ndidi Nnoli-Edozien

ISSB focus



Develop standards for global baseline of sustainability disclosures and a digital taxonomy to enable electronic tagging of disclosures



Focus on meeting the information needs of investors



Will enable companies to provide comprehensive sustainability information for the global capital markets



Building blocks approach: facilitate the addition of requirements that are jurisdiction-specific or aimed at a broader group of stakeholders

Build on existing work

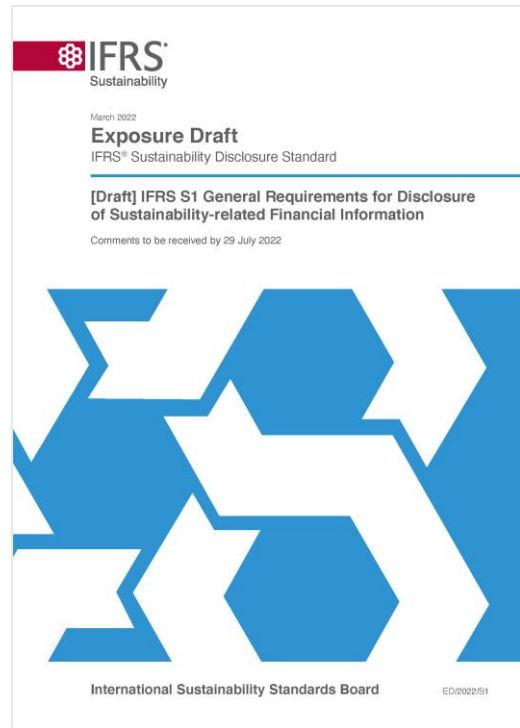




Exposure Drafts

Two proposed IFRS Sustainability Disclosure Standards

1



General Requirements
Exposure Draft

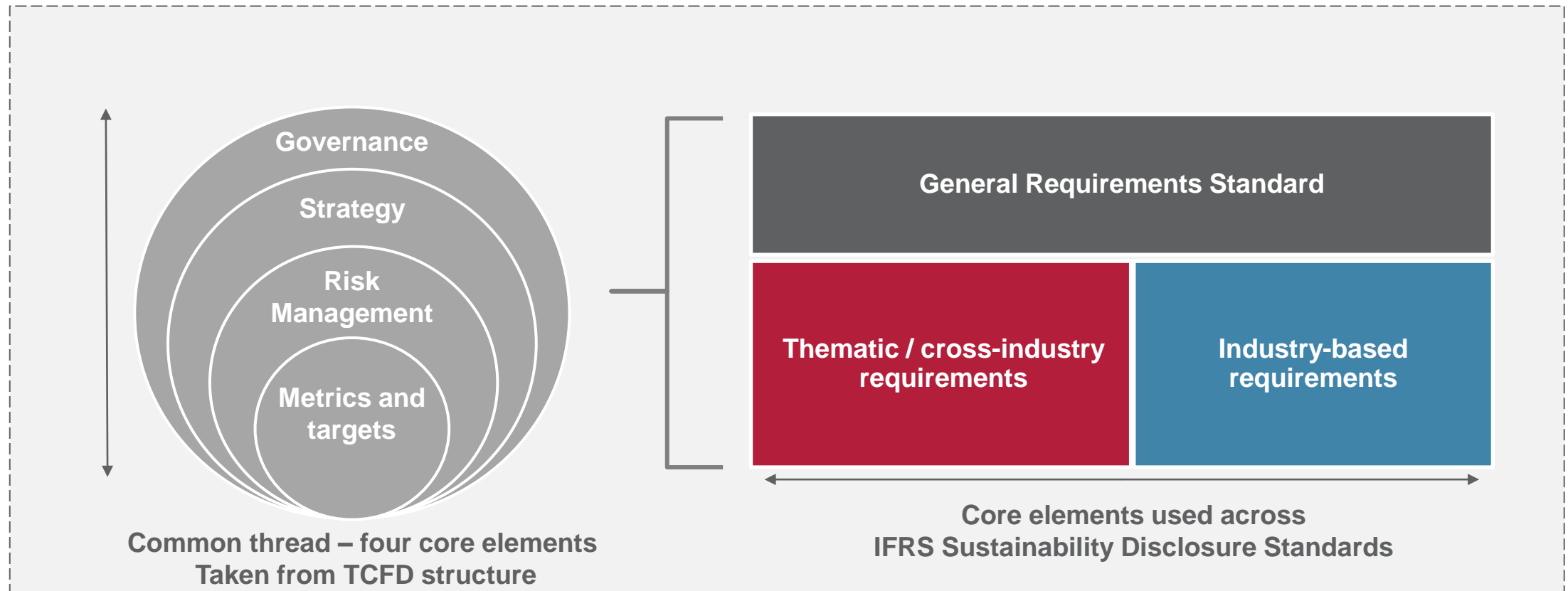
2



Climate
Exposure Draft

Standards architecture

Focus on investor audience and enterprise value

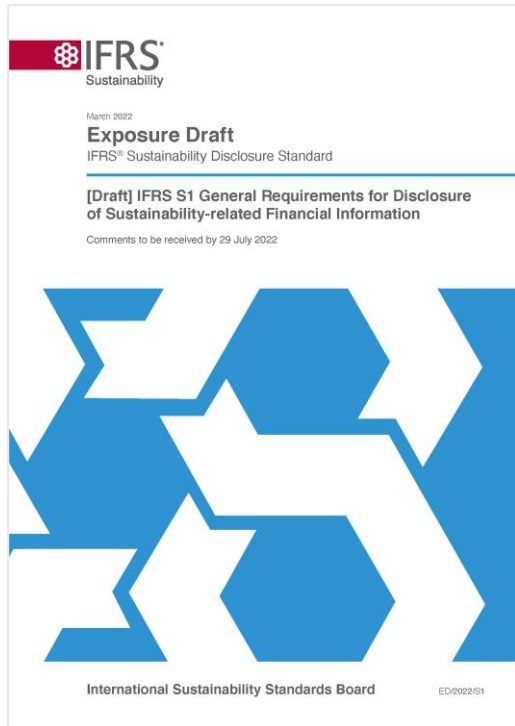


Information for the capital markets

- Information provided must 'enable an assessment of the effects of sustainability-related risks and opportunities on a company's enterprise value' (the market value of its equity and net debt)
- focus is on **significant** sustainability-related risks and opportunities
- information required includes the impacts of a company on people, the environment and the planet **when** they affect assessments of enterprise value
- requires information that is **material** for a company, i.e. that could reasonably be expected to influence decisions that investors would make (in this case, when assessing enterprise value)

1

General Requirements Exposure Draft



Requires companies to provide material information on all significant sustainability-related risks and opportunities necessary to assess enterprise value

- Emphasises need for consistency and connections between financial statements and sustainability reporting;
- Requires financial statements and sustainability disclosures to be published at the same time;
- Facilitates application in different jurisdictions by:
 - not specifying a particular location for sustainability information;
 - allowing additional information to be provided.

Identifying sustainability-related risks and opportunities and disclosures

General Requirements [Standard]

A company would be required to disclose material information about all significant sustainability-related risks and opportunities



Climate [Standard]

A company would apply the relevant IFRS Sustainability Disclosure Standards to identify climate-related risks and opportunities and disclosures



In lieu of a specific IFRS Sustainability Disclosure Standards, when identifying sustainability-related risks and opportunities and disclosures consider:

SASB Standards	CDSB Framework, CDSB Framework application guidance	Other standards	Other sources
Industry-based disclosure topics identified in SASB Standards	ISSB's non-mandatory guidance, e.g. CDSB Framework and CDSB Framework application guidance for social, water- and biodiversity-related disclosures	Other standards, provided that they are designed to meet the information needs of investors	Practices of peer companies in the same industries or geographies

Illustrative Guidance is provided to illustrate how a company can use the **SASB Standards** and the **CDSB Framework application guidance** to identify disclosures about significant sustainability-related risks and opportunities that are relevant to investor decision making, faithfully represent the company's risks and opportunities, and are neutral

Key features



Emphasises need for consistency and connections between financial statements and sustainability reporting by requiring companies to

- explain linkages in information
- use consistent assumptions when relevant



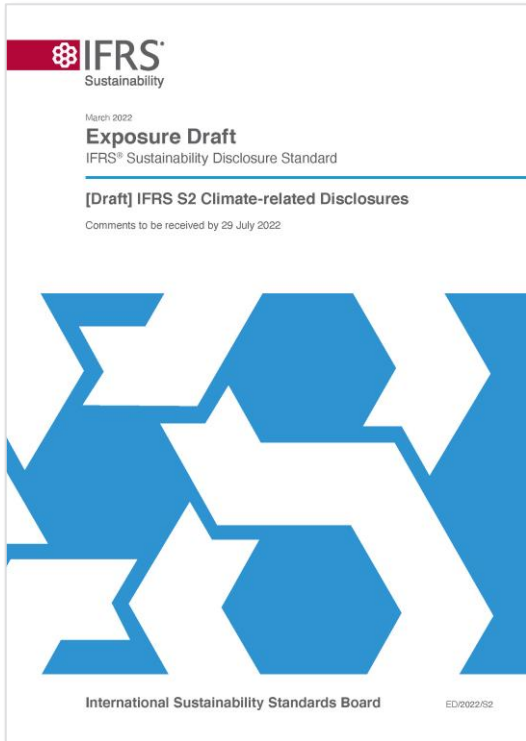
Requires financial statements and sustainability disclosures to be published at the same time



Facilitates application in different jurisdictions by

- not specifying a particular location for sustainability information
- allowing additional information to be provided

2 Climate Exposure Draft



Requirements for disclosure of material information about significant climate-related risks and opportunities

- Incorporates TCFD recommendations
- Includes SASB's climate-related industry-based requirements
- Requires disclosure of information about;
 - physical risks (eg flood risk)
 - transition risks (eg regulatory change)
 - climate-related opportunities (eg new technology)

Requires information that enables investors to...

- determine the effects of climate-related risks and opportunities on the company's enterprise value
- understand the company's response to and strategy for managing its climate-related risks and opportunities
- evaluate the ability of the company to adapt its planning, business model and operations to climate-related risks and opportunities

Consistent with the General Requirements Exposure Draft

- focus is on significant climate-related risks and opportunities
- information provided must be material for assessments of enterprise value

Key features



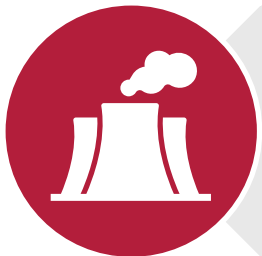
Transition planning

Emissions targets and use of carbon offsets



Climate resilience

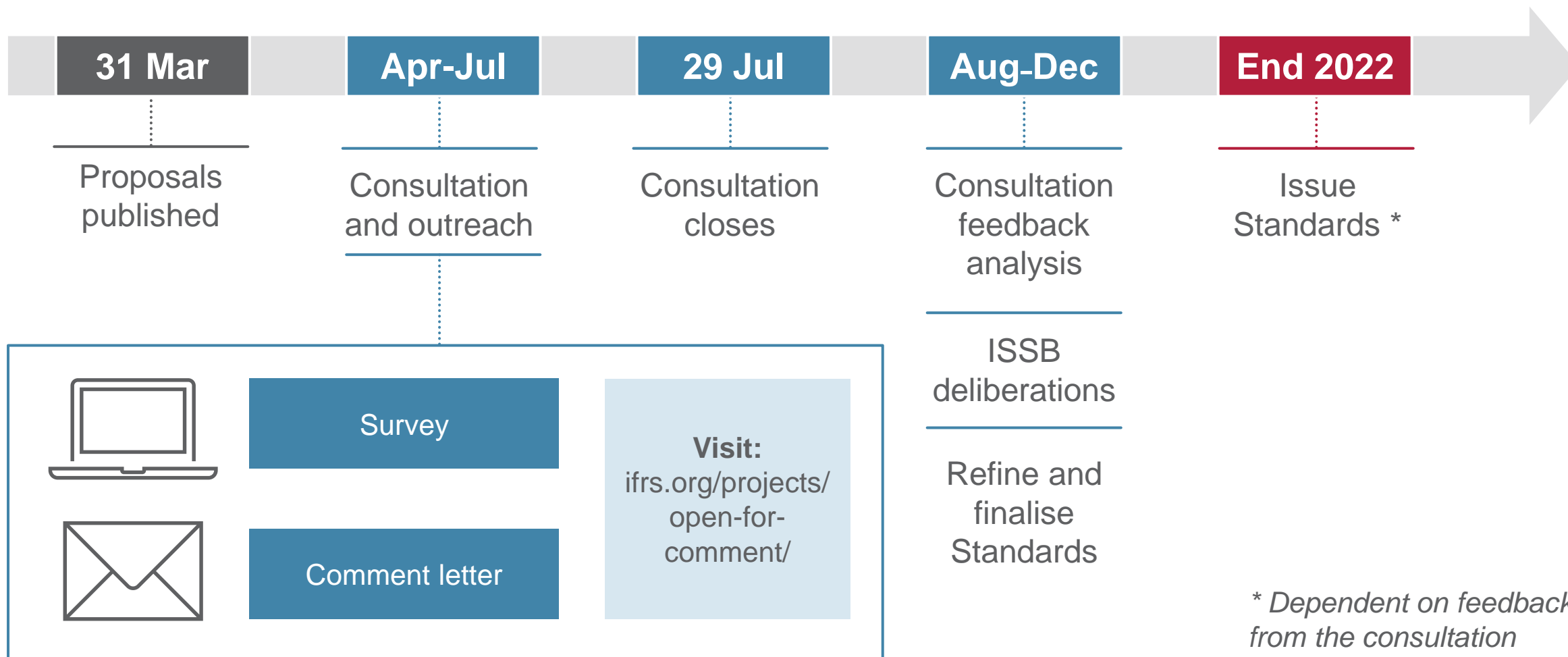
Resilience of business strategy in multiple scenarios



Scope 1-3 emissions

Requirement to disclose GHG emissions

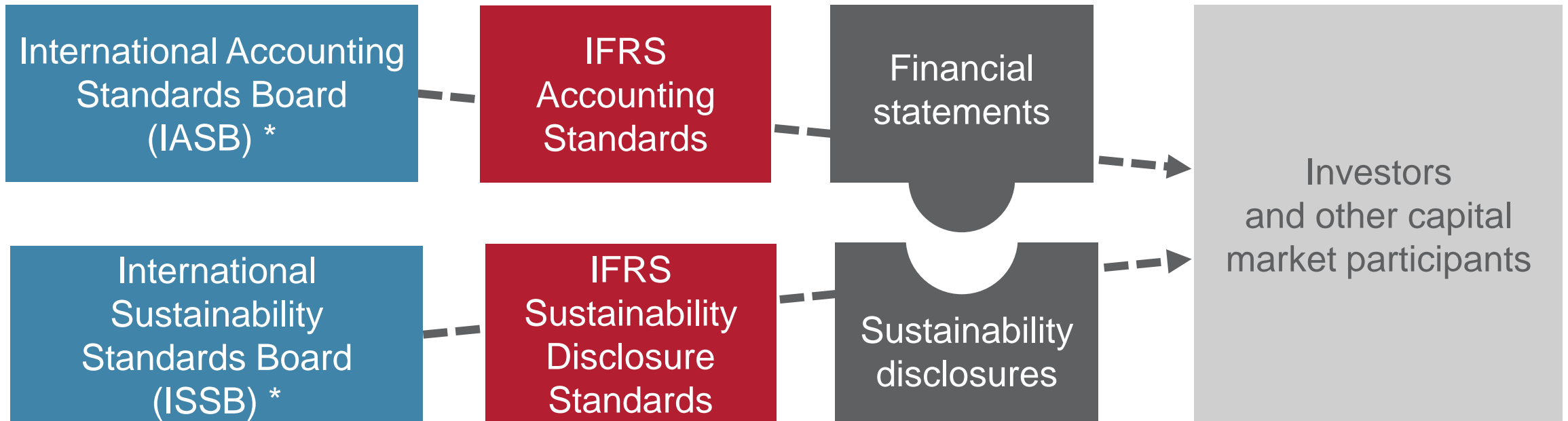
Next steps for the Exposure Drafts



A grayscale world map is the background, showing continents and oceans. Overlaid on the map are several curved, concentric lines that sweep across the globe from the bottom left towards the top right. These lines are composed of a solid gray outer edge and a dotted gray inner edge. The overall aesthetic is clean and professional, suggesting a global or international context.

Alignment & Next Steps

Achieving compatibility between IFRS Accounting Standards & IFRS Sustainability Disclosure Standards



- Integrated Reporting Council to advise IASB and ISSB on connectivity via fundamental concepts / guiding principles of integrated reporting
- IFRS Sustainability Disclosure Standards compatible with IFRS Accounting Standards or other GAAP to meet investor needs

ISSB establishes working group to enhance compatibility

Press release 27th April

27 April 2022

ISSB establishes working group to enhance compatibility between global baseline and jurisdictional initiatives

The International Sustainability Standards Board (ISSB) today announced the formation of a working group of jurisdictional representatives to establish dialogue for enhanced compatibility between the ISSB's **exposure drafts that are currently open for comment** and ongoing jurisdictional initiatives on sustainability disclosures. The formation of the working group is part of an extensive programme of outreach activity designed to encourage feedback on and engagement with the ISSB's consultation from all jurisdictions and stakeholder groups.

The ISSB's mission is to deliver a high-quality global baseline of sustainability disclosures, which includes an initial focus on detailed climate requirements. The global baseline addresses the needs of capital market participants around the world and can be directly used on a voluntary basis by market participants or incorporated into jurisdictional mandatory requirements (which might also serve broader public policy or multistakeholder needs). The ISSB will operate in an inclusive manner in this mission.

Related information

[International Sustainability Standards Board](#)

Followable tags

Sustainability disclosure standards

“The working group will discuss compatibility of those initiatives to establish how the global baseline can contribute to optimising reporting efficiency for companies in those jurisdictions and how those jurisdictions can build upon the global baseline according to their needs.”

Members of the working group:

- the Chinese Ministry of Finance
- the European Commission
- the European Financial Reporting Advisory Group
- the Japanese Financial Services Authority
- the Sustainability Standards Board of Japan Preparation Committee
- the United Kingdom Financial Conduct Authority
- the US Securities and Exchange Commission

Seeking compatibility between IFRS Sustainability Disclosure Standards and GRI Standards

Announcement of intent to collaborate

IFRS Foundation and GRI announced Memorandum of Understanding on 24 March 2022

First step

ISSB and GRI join each other's consultative bodies related to sustainability reporting activities

Future work plan

Align, where possible, terminology, standards structure and metrics, helping to reduce the reporting burden for companies

Digital reporting taxonomy: Staff request for feedback

Staff documents published – send comments by 30 September 2022

- Staff request for feedback
- Staff draft of the IFRS Sustainability Disclosure Taxonomy
 - in XBRL format (machine-readable format)
 - illustrated in a simplified, visual PDF format (human-readable format)

Purpose:

Support staff with the development of proposals for the Taxonomy

Set out the initial thinking for staff recommendations and alternative approaches considered, but rejected

Focused on fundamental matters that need to be considered early to enable the ISSB to publish a Taxonomy on a timely basis

These documents have not been approved by the ISSB. They are not an exposure draft or proposed taxonomy and do not constitute due process documents

Other technical priorities

SASB Standards

Improve international applicability of the SASB Standards

Assume responsibility for SASB standards on consolidation of VRF

Work plan

Public consultation on future agenda, including

- Sustainability-related risks and opportunities the ISSB should prioritise
- Delivery plan for current SASB Standards projects

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