

The background features a grayscale world map. Overlaid on the map are several decorative elements: a thick black arc, a thick red arc, and several dotted lines in white, orange, red, and blue. These elements are arranged in a way that suggests a globe or a network of connections.

IFRS® Foundation

Consultation Paper on Sustainability Reporting

Consultation



- Part of Trustees' five-yearly strategy review
- Accelerated focus on sustainability
- Research, analysis & initial engagement by Trustee task force
- Guided by expert advisory group
- Demand-driven
- High-level and specific questions
- Key requirements for success

Sustainability reporting assessment of current situation



Growing and urgent demand



A supply side in transition



Need for consistency in reporting and comparable information

High-level options considered

- 1. Maintain status quo**
- 2. Facilitate existing initiatives**
- 3. Create a Sustainability Standards Board (SSB)**
 - Within IFRS Foundation governance
 - Alongside IASB
 - Build on excellent work of existing sustainability initiatives

Requirements for SSB success

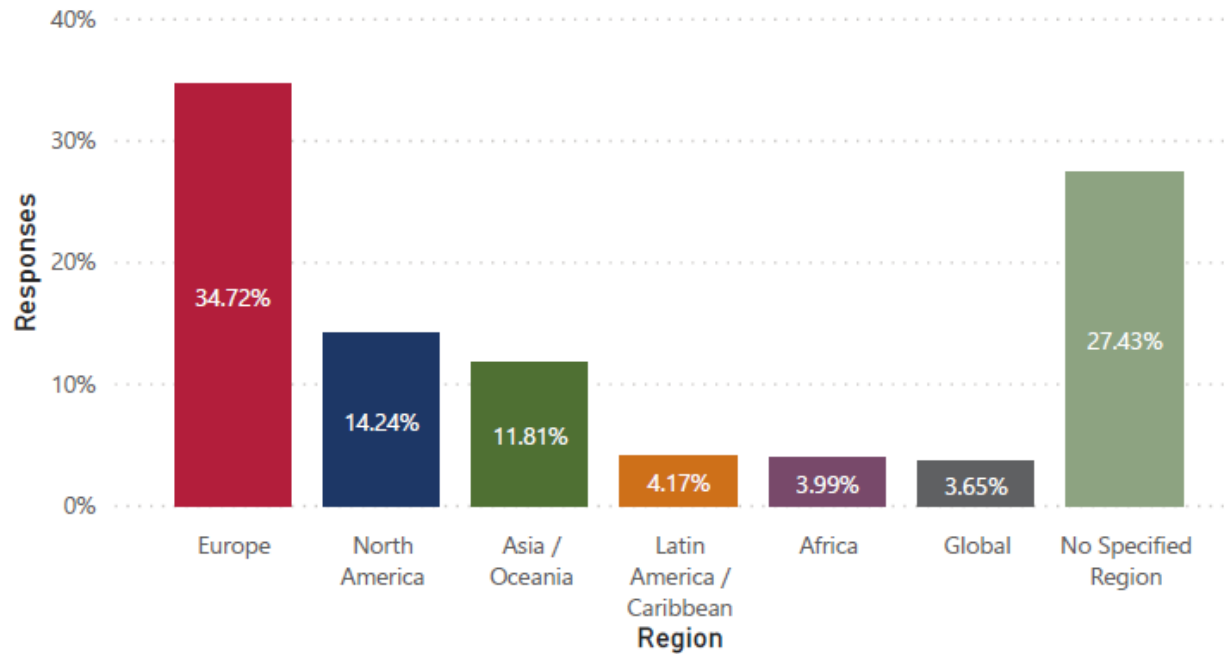
- Achieving sufficient global support
- Working with regional initiatives
- Ensuring adequacy of governance structure
- Achieving appropriate technical expertise
- Achieving level of separate funding required
- Effective synergies with financial reporting
- Ensuring current mission and resources not compromised

Outreach

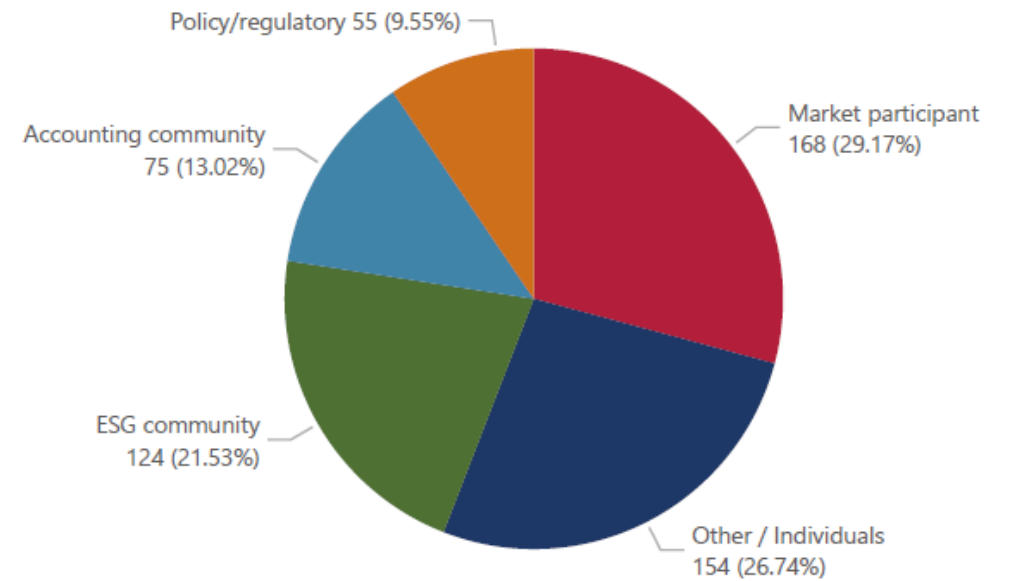
- Conducted programme of outreach from October to December included more than 400 engagements across 33 jurisdictions, participation in more than 20 public events hosted by third parties and the hosting of webinars that attracted more than 3,000 registrants
- Following that outreach, the Foundation received 576 comment letters from a diverse set of organisations and individuals from around the world. The Trustees wish to thank everyone who participated in the events and submitted a response
- All responses to the consultation paper are publicly available on the IFRS Foundation's website

Breakdown of responses

Breakdown of respondents by Region



Breakdown of respondents by Category



Consultation on Sustainability Reporting

- Trustee meeting on 1 February to consider first phase of analysis
- Trustees recognised the Broad support for global sustainability standards and the creation of a Sustainability Standards Board within the IFRS Foundation
- Further analysis undertaken to assess the conditions that respondents expressed with their support

Consultation on Sustainability Reporting

- Trustee February statement:

The responses indicate growing and urgent demand to improve the global consistency and comparability in sustainability reporting, as well as strong recognition that urgent steps need to be taken and broad demand for the IFRS Foundation to play a role in this.

Given this demand, the Trustees have agreed to undertake further detailed analysis of feedback on the requirements for success and other conditions to be satisfied prior to consideration of whether to establish a new board. The Trustees agreed the formation of a Trustee Steering Committee to oversee the next phases of work and added an additional key requirement for success—being the need for urgency to deliver global standards, most notably on climate.

March Trustee meeting

- The Trustees of the IFRS Foundation met 2-4 March 2021 to continue their analysis and discussions of the feedback received to their Consultation Paper on Sustainability Reporting
- Between their February and March meetings IOSCO issue a public statement announcing IOSCO's intention to work with the IFRS Foundation in developing a plan to establish a new board for setting sustainability reporting standards that meet the needs of the capital markets — This will include consideration of future endorsement of the new board and its standards

March Trustee statement

- *Based on the feedback to the 2020 Consultation, and encouraged by the IOSCO Board statement, the Trustees reached the following views about the strategic direction of a new board:*
 - **Investor focus for enterprise value:** *the new board would focus on information that is material to the decisions of investors, lenders and other creditors*
 - **Sustainability scope, prioritising climate:** *due to the urgent need for better information about climate-related matters, the new board would initially focus its efforts on climate-related reporting, while also working towards meeting the information needs of investors on other ESG (environmental, social and governance) matters*
 - **Build on existing frameworks:** *the new board would build upon the well-established work of the Financial Stability Board's Task Force on Climate related Financial Disclosures (TCFD), as well as work by the alliance of leading standard-setters in sustainability reporting focused on enterprise value. The Trustees will consider the prototype proposed by the alliance for an approach to climate-related disclosures as a potential basis for the new board to develop climate-related reporting standards. To prepare for this work, the IFRS Foundation will initiate a process of structured engagement with the relevant organisations*
 - **Building blocks approach:** *by working with standard-setters from key jurisdictions, standards issued by the new board would provide a globally consistent and comparable sustainability reporting baseline, while also providing flexibility for coordination on reporting requirements that capture wider sustainability impacts*

Next steps

- The Trustees intend to publish
 - a feedback statement that summarises the responses received to their 2020 Consultation, and
 - for public comment the proposed changes to the Foundation’s Constitution necessary to formalise the establishment of a new board (any changes to the Constitution are subject to a public consultation with a 90-day comment period)
- The Trustees will continue to engage with the Monitoring Board and be informed of their views to proposed changes
- The Trustees remain on track to make a final determination about a new board in advance of the November 2021 United Nations COP26 conference

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