
An update from the International Sustainability Standards Board

Better Information, Better Decisions

The views expressed in this presentation are those of the presenter, not necessarily those of the IFRS Foundation, International Accounting Standards Board or the International Sustainability Standards Board.
Copyright © 2023 IFRS Foundation. All rights reserved.

ISSB objectives



Develop standards for a global baseline of sustainability-related disclosures to **meet information needs of investors** globally



Enable companies to provide comprehensive, decision-useful sustainability information to global capital markets



Deliver a **common language of sustainability-related disclosures**, with the flexibility for regional **'building blocks'** to be added by regulators when necessary to meet local and multi-stakeholder information needs.

Building on investor-focused standards and frameworks

Consolidated into the IFRS Foundation



Towards a comprehensive global baseline for disclosure



- May be added to meet jurisdiction-specific requirements (eg ESRS)
- May be adopted to meet broader multi-stakeholder needs (eg GRI Standards)

ISSB Standards

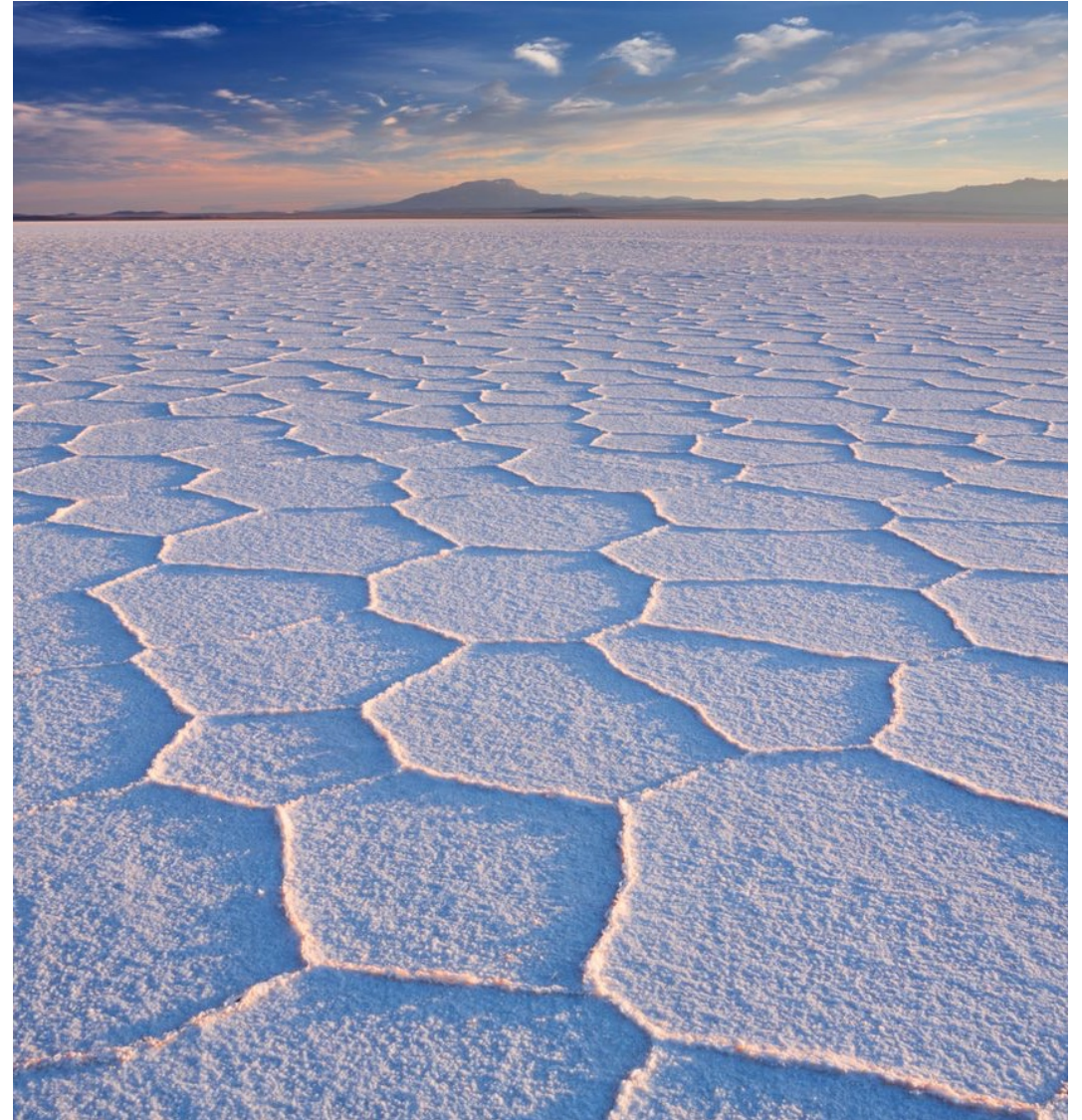


BASELINE

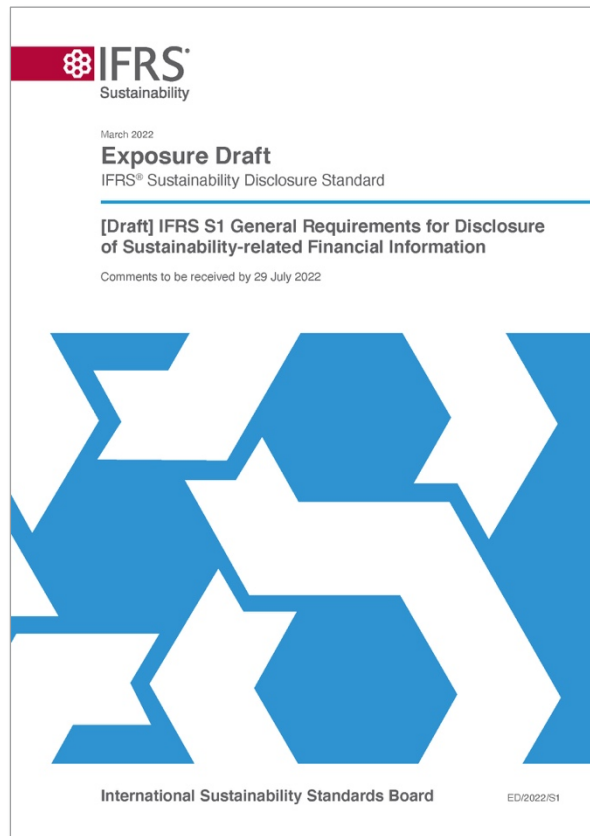
- Provides a comprehensive foundation of disclosure
- Common language for comparable, cost effective, decision-useful disclosures
- Designed to meet investor needs across global capital markets

Achieving efficient reporting through interoperability

- Ongoing dialogue with **jurisdictions** to ensure consistency across reporting requirements, eg the European Commission
- Adopted the **TCFD structure** to align with existing reporting and regulation
- **CDP** to align platform to ISSB climate standard
- Work with **GRI** to further harmonise the sustainability reporting landscape



S1: General Requirements for Sustainability-related Disclosure

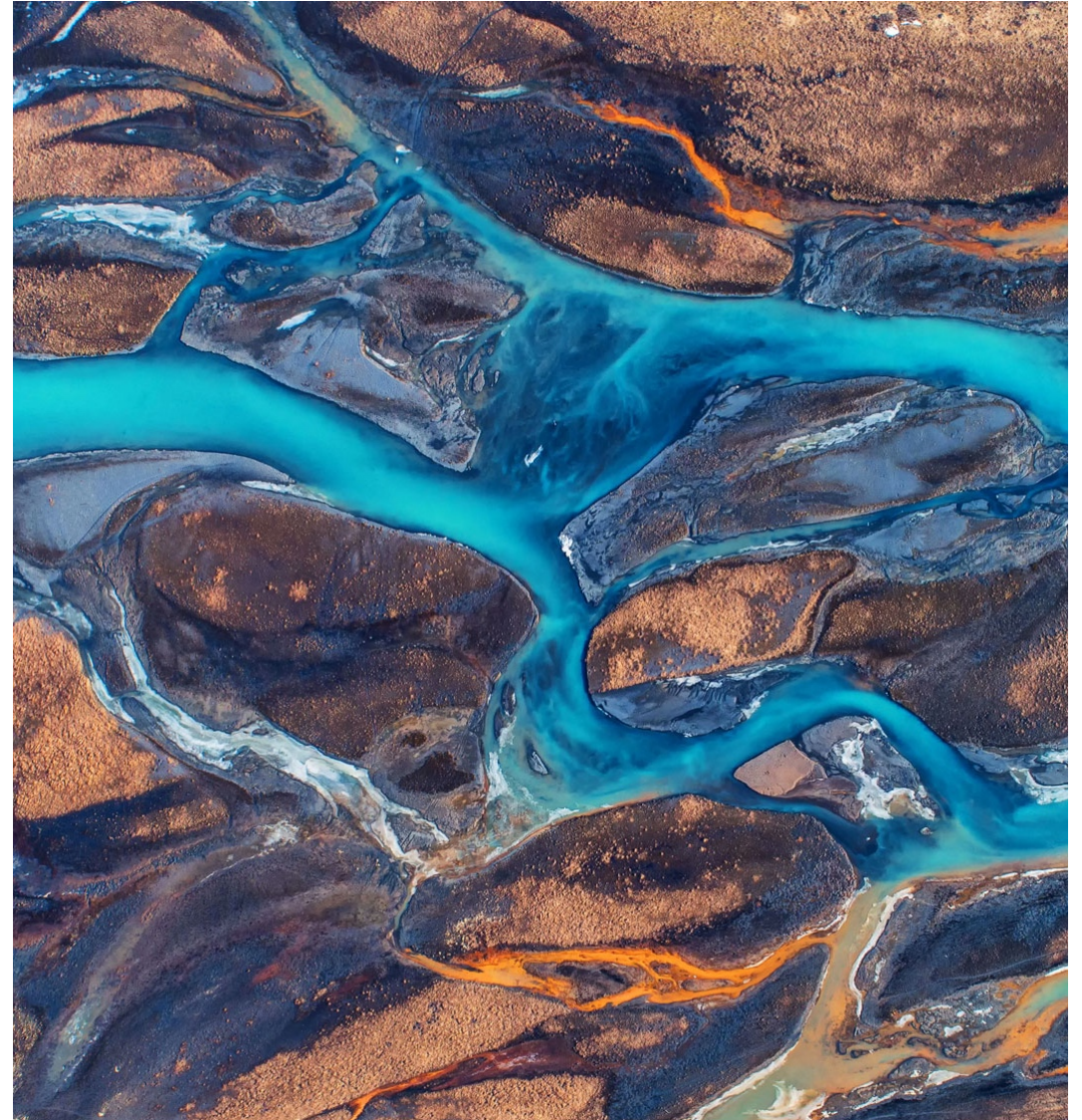


- Asks for disclosure of **material information** about **sustainability-related risks and opportunities** to meet investor information needs
- Applies **TCFD structure** (four pillars) whenever providing information about sustainability
- Requires **industry-specific disclosures**
- For matters other than climate (S2), refers to **sources to help companies** identify sustainability-related risks and opportunities and disclosures
- Can be used by companies that report to **any GAAP**

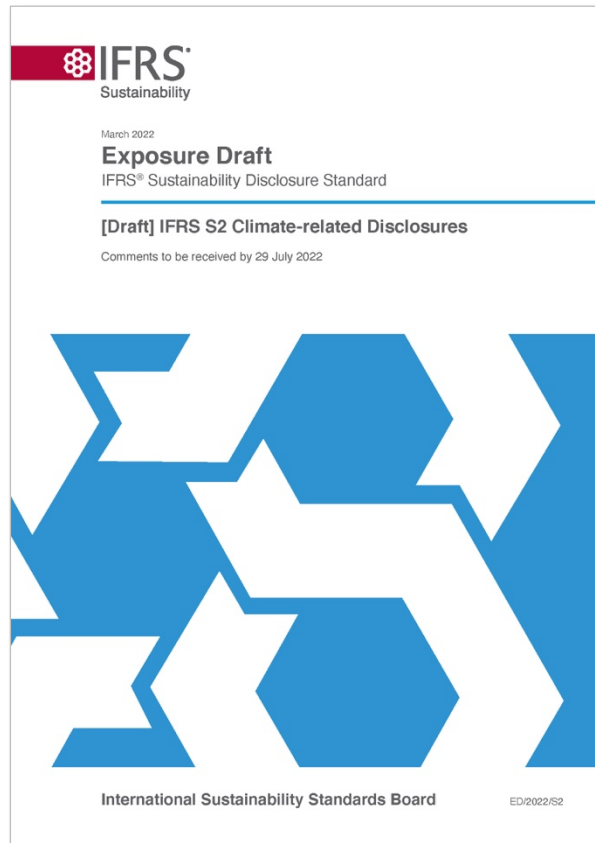
Supporting S1 application

To support those using its standards, the ISSB will provide further guidance on how to:

- Implement materiality judgements and identify sustainability-related risks and opportunities
- Disclose industry-specific metrics if a company spans multiple industries
- Disclose current and anticipated financial effects
- Revise comparative information to reflect updated estimates
- Disclose judgements, assumptions and estimates

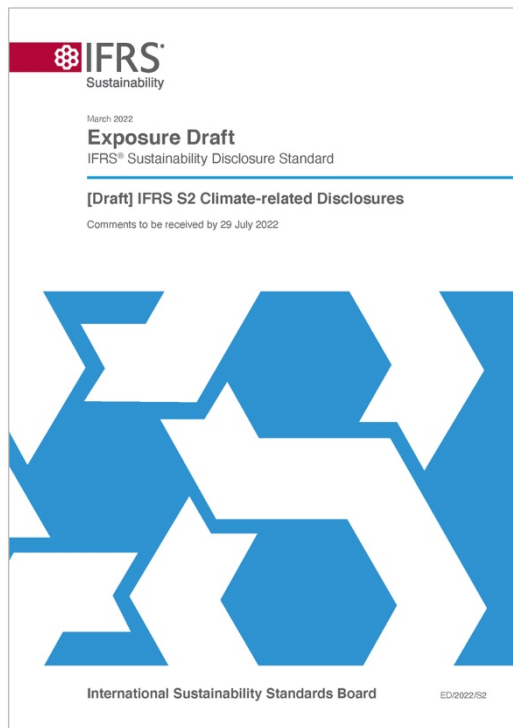


S2: Climate-related Disclosures



- Used in accordance with S1, S2 requires disclosure of **material information** about **climate-related risks and opportunities** to meet investor information needs
- Incorporates **TCFD Recommendations** fully and adds verifiability
- Requires disclosure of material information about **physical risks**, **transition risks**, and **climate-related opportunities**
- Requires **industry-specific disclosures**
- Provides illustrative guidance for **industry-specific metrics** built on SASB Standards to help companies identify sustainability-related risks and opportunities and disclosures

S2: Climate-related Disclosures



Transition planning

Emissions targets and use of carbon credits



Climate resilience

Resilience of business strategy in multiple scenarios



Scope 1-3 emissions

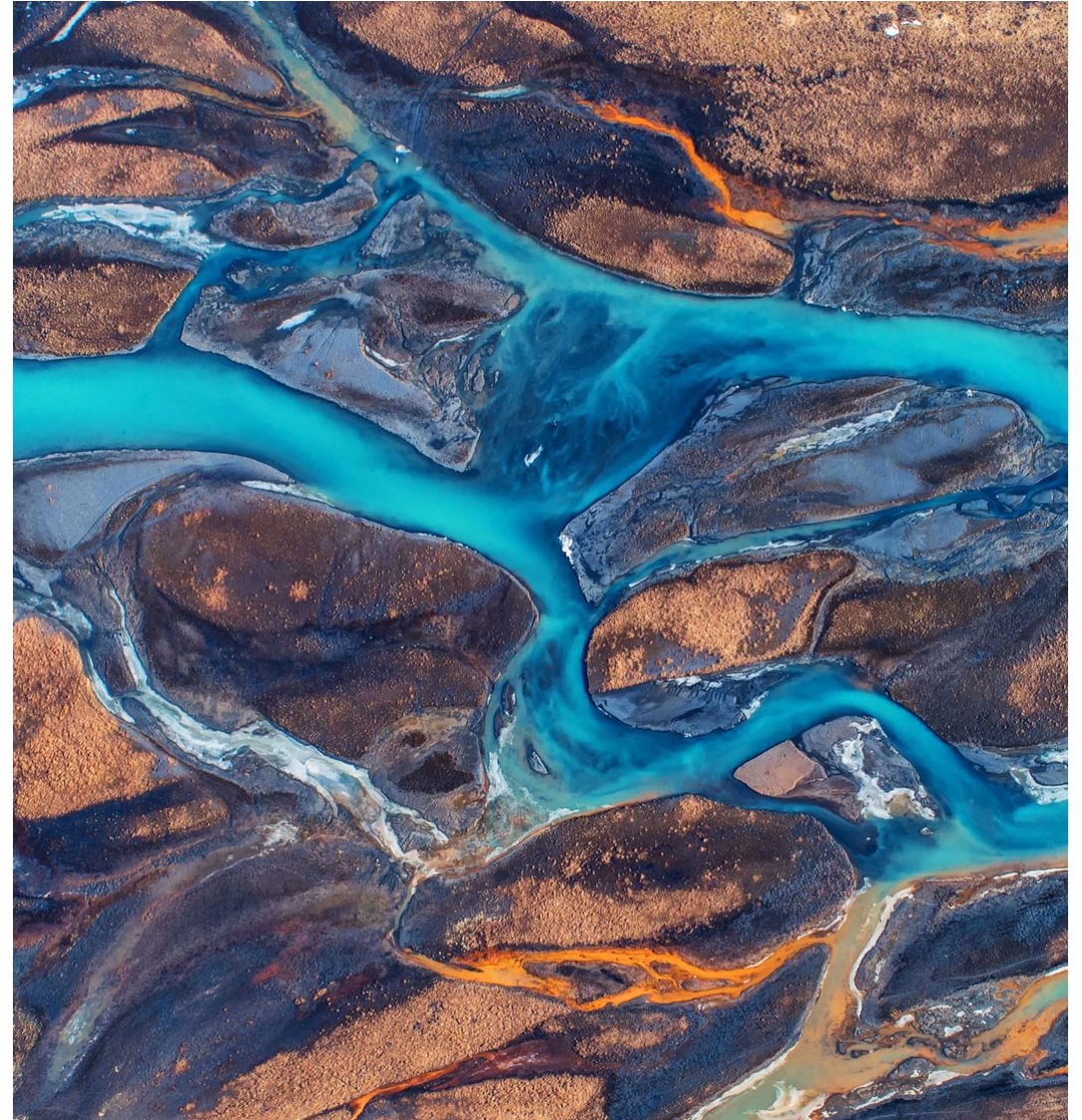
Requirement to disclose GHG emissions in accordance with the GHG Protocol

S2 requires these disclosures if the reporting company determines they are material information.

S2 application support

To support those using its standards, the ISSB will provide guidance, education materials or illustrative examples on:

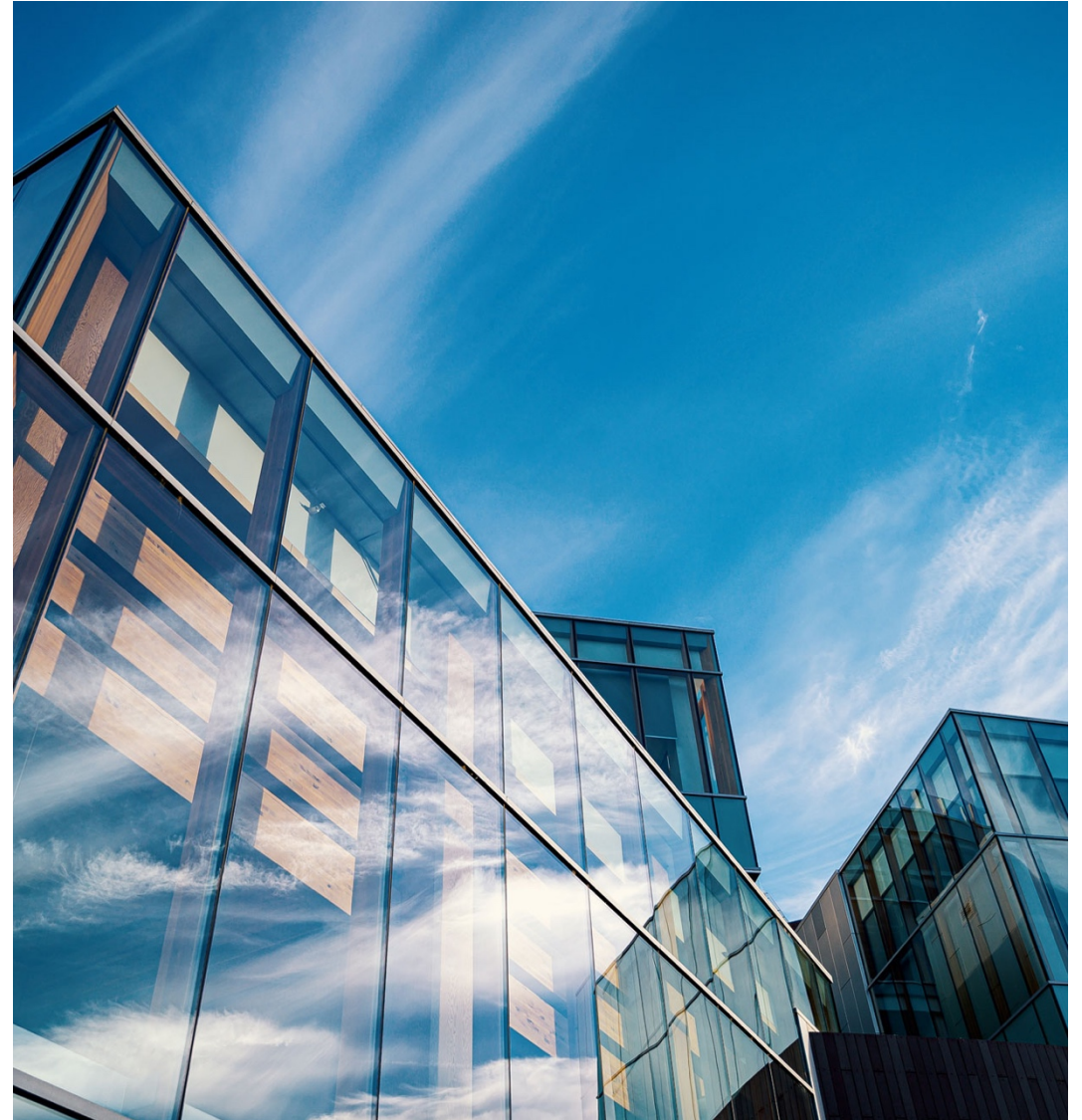
- Scenario analysis, using TCFD Guidance
- Industry-based climate disclosure, drawing on SASB Standards
- How to identify relevant sustainability-related risks and opportunities in the value chain, using Scope 3 GHG emissions as an example.
- Scope 3 GHG emission measurement
- Disaggregation of Scope 1-2 GHG emissions by consolidated accounting group and unconsolidated investees
- Potential disaggregation of GHG emissions by greenhouse gas (eg methane)



Reliefs for first year of application

- provide disclosures about sustainability-related risks and opportunities beyond climate-related information
- Timing of reporting
- Scope 3 disclosure
- Applying Greenhouse Gas Protocol (in specific circumstances)
- Comparative reporting*

**companies that only report on climate-related risks and opportunities in the first year need not provide comparative information about their sustainability-related risks and opportunities beyond climate in their second year.*



Path to issuing S1 and S2



ISSB members
took decisions
based on
consultation
feedback

Staff working to
ensure the
Standards and
guidance reflect
decisions made

‘Balloting’ – ISSB
members confirm
the Standards are
written accurately

Final editing,
translating,
digital tagging

**S1, S2
issued
toward end
of Q2 2023**

Q2 Agenda consultation

Public consultation on four projects to further understand standard-setting priorities:

- biodiversity, ecosystems and ecosystem services
- human capital
- human rights
- integration in reporting



Follow us online

 [ifrs.org](https://www.ifrs.org)

 [sasb.org](https://www.sasb.org)  [integratedreporting.org](https://www.integratedreporting.org)

 [@IFRSFoundation](https://twitter.com/IFRSFoundation)

 [IFRS Foundation](https://www.youtube.com/IFRSFoundation)

 [International Sustainability
Standards Board](https://www.linkedin.com/company/ifrs-foundation)