
ISSB work

Richard Barker
Ravi Abeywardana
Sam Prestidge

#WSS2022

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Presenters



Richard Barker
ISSB Member



Ravi Abeywardana
ISSB Technical Staff



Sam Prestidge
ISSB Technical Staff

COP26 announcement



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

Objectives



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



Meet information needs of investors



Enable companies to provide comprehensive sustainability information for global capital markets



Facilitate addition of disclosures that are jurisdiction-specific / aimed at broader stakeholders.

Structure

Public accountability

IFRS Foundation Monitoring Board

Governance, strategy, oversight

IFRS Foundation Trustees

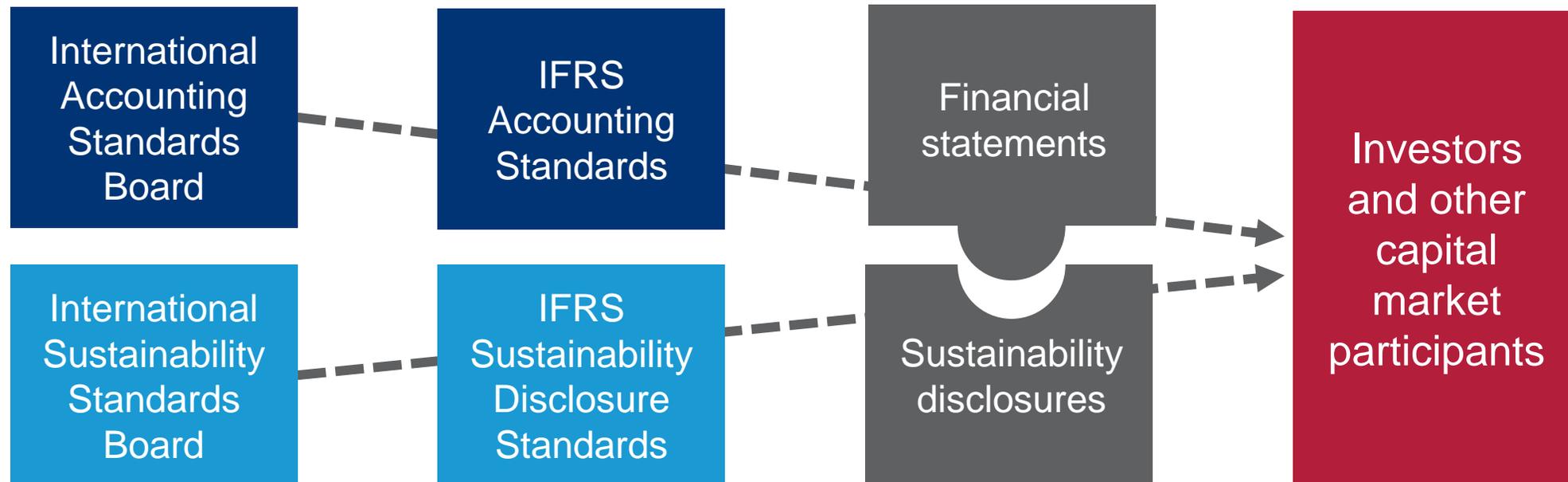
Independent standard-setting

International Accounting
Standards Board (IASB)

International Sustainability
Standards Board (ISSB)

IFRS Interpretations Committee

Designed for communication to investors



Connectivity supported through the principles of integrated reporting.

ISSB composition – from *Constitution*

- The ISSB shall normally comprise 14 members but no fewer than eight members.
- A minority of ISSB members may be part-time members (the expression ‘part-time’ meaning that the members concerned commit most of their time to paid employment by the IFRS Foundation). The remaining members shall be full-time members.

ISSB composition cont.

- ...the best available combination of technical expertise and diversity of international business and market experience, including auditors, preparers, users, academics and market or financial regulators. A broad base of skills, experience and perspectives is needed, therefore ISSB members may also have professional backgrounds that reflect a diverse range of expertise and roles that are relevant to sustainability.
- The main qualifications for membership of the ISSB shall be professional competence and recent relevant professional experience.

ISSB members



Emmanuel Faber
Chair



Sue Lloyd
Vice-Chair



Jingdong Hua
Vice-Chair



**Richard
Barker**



**Jenny
Bofinger-Schuster**



**Verity
Chegar**



**Jeffrey
Hales**



**Michael
Jantzi**



**Hiroshi
Komori**



**Bing
Leng**



**Ndidi
Nnoli-Edozien**



**Tae-Young
Paik**



**Veronika
Pountcheva**

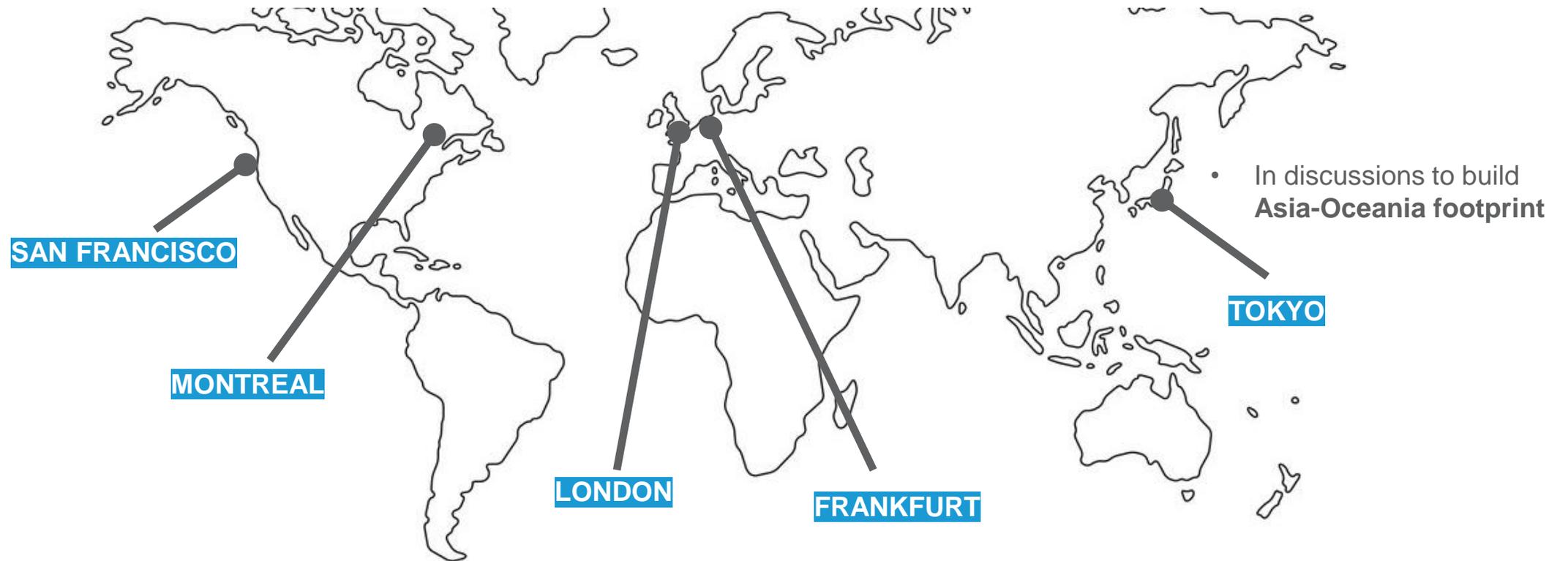


**Elizabeth
Seeger**

ISSB members – geographical allocation

Region	<i>Constitution requirement</i>	ISSB members
Africa	1	Ndidi Nnoli-Edozien
Americas	3	Verity Chegar, Michael Jantzi, Elizabeth Seeger
Asia-Oceania	3	Bing Leng, Hiroshi Komori, Tae-Young Paik
Europe	3	Richard Barker, Jenny Bofinger-Schuster, Veronica Pountcheva
At large	4	Emmanuel Faber, Jingdong Hua, Sue Lloyd, Jeffrey Hales

Multi-location model

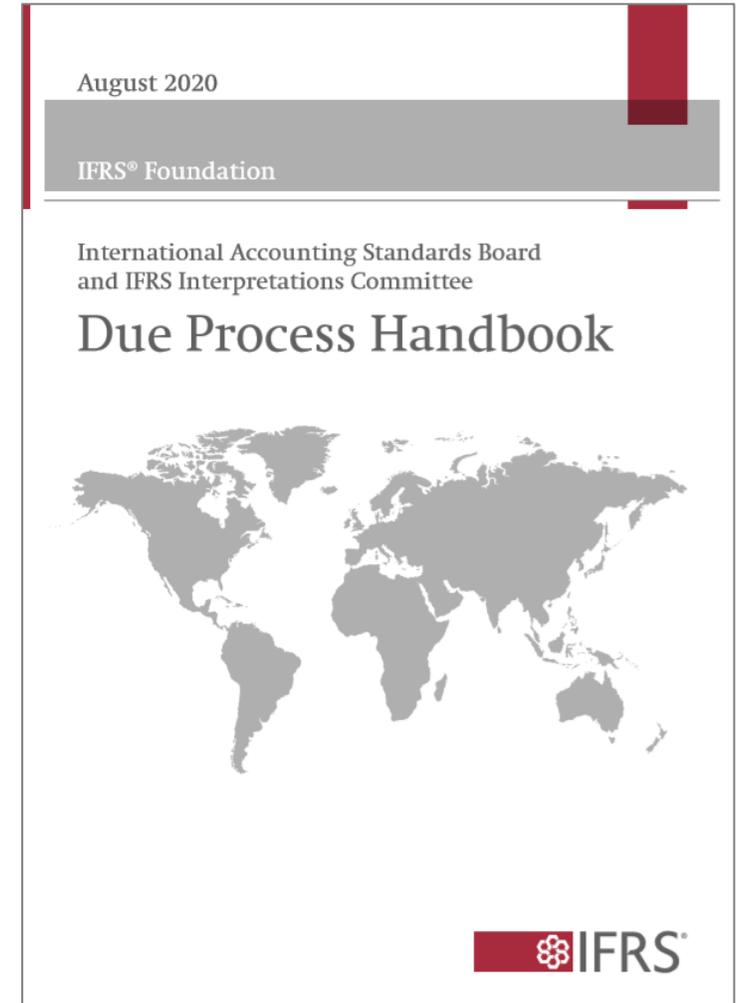


ISSB members – office base

Office	Members based there
Frankfurt	Emmanuel Faber, Sue Lloyd, Richard Barker, Jenny Bofinger-Schuster, Ndidi Nnoli-Edozien, Veronika Pountcheva
Montreal	Jeffrey Hales, Jingdong Hua, Michael Jantzi, Elizabeth Seeger
San Francisco	Verity Chegar
Tokyo	Hiroshi Komori
Other Asia-Oceania	Bing Leng, Tae-Young Paik

Due process for the ISSB

- ISSB to apply the due process specified in the *Constitution* plus the due process specified for the IASB in the *Due Process Handbook* as the ISSB's processes mature
- DPOC will monitor the need for potential adaptations to the IASB's due process for the ISSB in the interim
- DPOC will update the *Due Process Handbook* once the ISSB's processes reach a sufficient degree of maturity—public consultation expected in 2023



Reporting System

IFRS Standards within the reporting system

Sustainability reporting (multi-stakeholder focus)

Jurisdictional
requirements
/ GRI Standards

Sustainability-related financial disclosures (investor focus)



Financial reporting (investor focus)



Other GAAP

Integrated Reporting

IFRS Sustainability Disclosure Standards and GRI Standards

Announcement of intent to collaborate

IFRS Foundation and GRI announce Memorandum of Understanding in 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

Integrated reporting resources – IFRS Foundation use

Integrated Reporting Framework

The IASB and ISSB are jointly assume responsible for the Integrated Reporting Framework

Build on the Integrated Reporting Framework

The IASB and ISSB will work together to determine how to build on the Integrated Reporting Framework in their standard-setting work

Integrated Reporting & Management Commentary

The Boards will seek opportunities to further align the Integrated Reporting Framework and Management Commentary

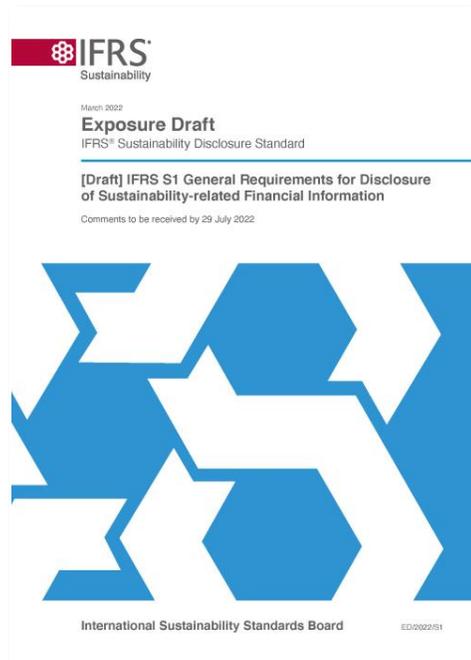
Corporate Reporting Framework

The Boards envisage a long-term role for a corporate reporting framework

Technical developments

Two proposed IFRS Sustainability Disclosure Standards

1



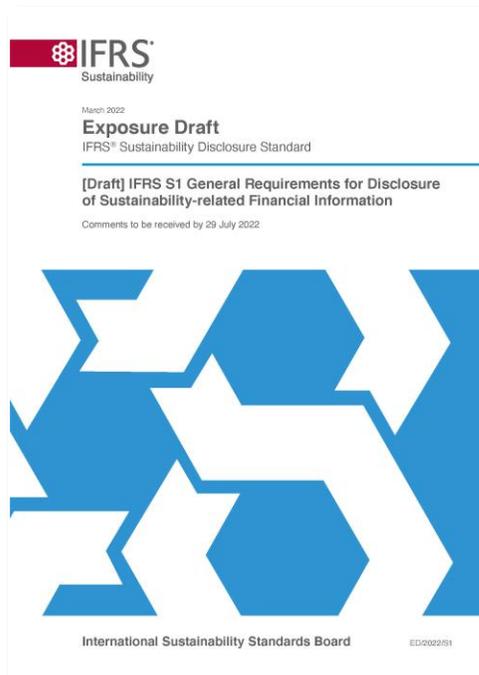
General
Requirements

2



Climate

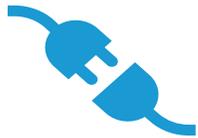
Proposed General Requirements Standard



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

- Other IFRS Sustainability Disclosure Standards (e.g. Climate Standard) set out specific disclosures
- Points to other standards and frameworks in absence of a specific IFRS Sustainability Disclosure Standard
- Equivalent to IFRS Accounting Standards IAS 1 and IAS 8.

Key features



Emphasises need for consistency and connections between financial statements and sustainability reporting by requiring companies to explain linkages in information and use consistent assumptions when relevant

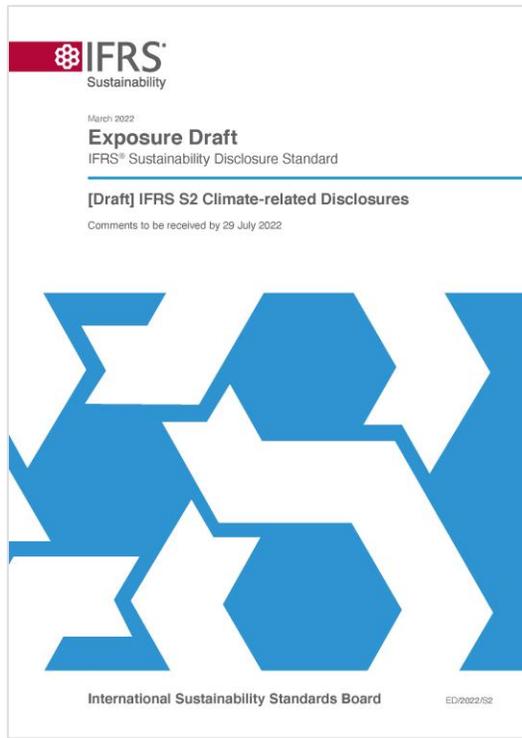


Requires financial statements and sustainability disclosures to be published at the same time



Facilitates application in different jurisdictions by not specifying a particular location for sustainability information and allowing additional information to be provided

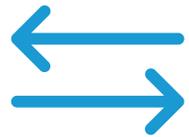
Proposed Climate-related Disclosures Standard



Disclosure of material information about significant climate-related risks and opportunities.

- Incorporates TCFD Recommendations
- Includes SASB Standards climate-related industry-based requirements
- Requires disclosure of information about
 - Physical risks (e.g. flood risk)
 - Transition risks (e.g. regulatory change)
 - Climate-related opportunities (e.g. new technology).

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.

Widespread interest



1,400+ responses overall



400+ outreach events during consultation period



Feedback from wide range of stakeholder groups



Wide geographic spread

Digital financial reporting

Need for digital financial reporting



By digitalising financial reports, information becomes machine-readable, allowing investors to access and analyse information efficiently



Digital financial reporting provides opportunities to improve capital market efficiency and reduce cost of capital



Over 90% of global market capitalisation now require some form of digital financial reporting (e.g. US, EU, UK, China, India, Japan).

Digital reporting

Vision: Decision-useful, high-quality, comparable and globally accessible digital financial reports.

How we get there:



Staff request for feedback on IFRS Sustainability digital reporting is open to comment: 30th September deadline

Advisory bodies



Advisory bodies

Strategic Advisory Groups

IFRS Advisory Council

Integrated Reporting and Connectivity Council

ISSB Advisory Groups

Sustainability Standards Advisory Forum

Investor Advisory Group

Sustainability Consultative Committee

Jurisdictional Working Group

Technical Reference Group

IFRS Advisory Council



Remit: advise IFRS Foundation Trustees, IASB and ISSB on strategic matters



Chair: Bill Coen, former Secretary General of the Basel Committee on Banking Supervision



Membership: 50 representatives from organisations with an interest in international reporting – a broad range of stakeholder groups from around the world

Observers: European Commission, Japan Financial Services Agency, US SEC

Integrated Reporting and Connectivity Council



Remit: advise Trustees, IASB and ISSB on connectivity between the two boards' requirements and use of the Integrated Reporting Framework and Principles in standard-setting



Chair: Charles Tilley OBE, former CEO of the International Integrated Reporting Council and former CEO of the Chartered Institute of Management Accountants



Membership: a global group of regulators, investors, companies, standard-setters, the accounting profession, academia and NGOs – formerly IIRC and CDSB members

IFRS Sustainability Standards Advisory Forum



Remit: provide feedback to the ISSB's technical standard-setting, helping ensure interoperability between the IFRS Sustainability Disclosure Standards and jurisdictional requirements



Chair: ISSB Chair / Vice-Chair



Membership: 12-16 members representing jurisdictional and regional bodies, providing a geographically balanced membership with global representation including a minimum of four members from emerging economies

ISSB Investor Advisory Group



Remit: provide strategic guidance to the ISSB on the development of IFRS Sustainability Disclosure Standards ensuring the investor perspective is considered in its standard-setting and encouraging use of the Standards



Chair: Richard Manley, Managing Director and Head of Sustainable Investing, CPP Investments



Membership: asset owners and asset managers with global investment portfolios from around the world – formerly SASB Investor Advisory Group

Sustainability Consultative Committee



Remit: advise on sustainability matters for the ISSB to consider and interdependencies between such matters



Chair: ISSB Chair/Vice-Chair



Membership: four permanent multilateral organisations (IMF, OECD, UN, WB) + other expert organisations / individuals

Jurisdictional Working group



Remit: platform for dialogue to enhance compatibility between the ISSB's global baseline of sustainability disclosures and jurisdictional initiatives



Chair: ISSB Chair



Membership: Chinese Ministry of Finance, European Commission/EFRAG, Japan Financial Services Authority, UK Financial Conduct Authority, US SEC

ISSB Technical Reference Group (interim)



Remit: provide technical advice on current market practice, reporting and subject matter expertise to ISSB members and technical staff



Membership: subject matter experts from corporations, financial institutions and third parties, including those from former Climate Disclosure Standards Board and Value Reporting Foundation technical groups

Next steps and a recap on milestones



Next steps



Complete discussions on consultation feedback around end of 2022



Issue final Standards as early as possible in 2023



Consult on proposed digital taxonomy once Standards are issued



Consult on future priorities

Observe ISSB's meetings



w/c 17 October (Montreal)



w/c 14 November (Frankfurt)



w/c 12 December (Montreal)

Observe online:

[ifrs.org/news-and-events/calendar](https://www.ifrs.org/news-and-events/calendar)

- papers published a week in advance
- summary published within a week

Advisory group meetings



15 September:

inaugural meeting of Sustainability Consultative Committee



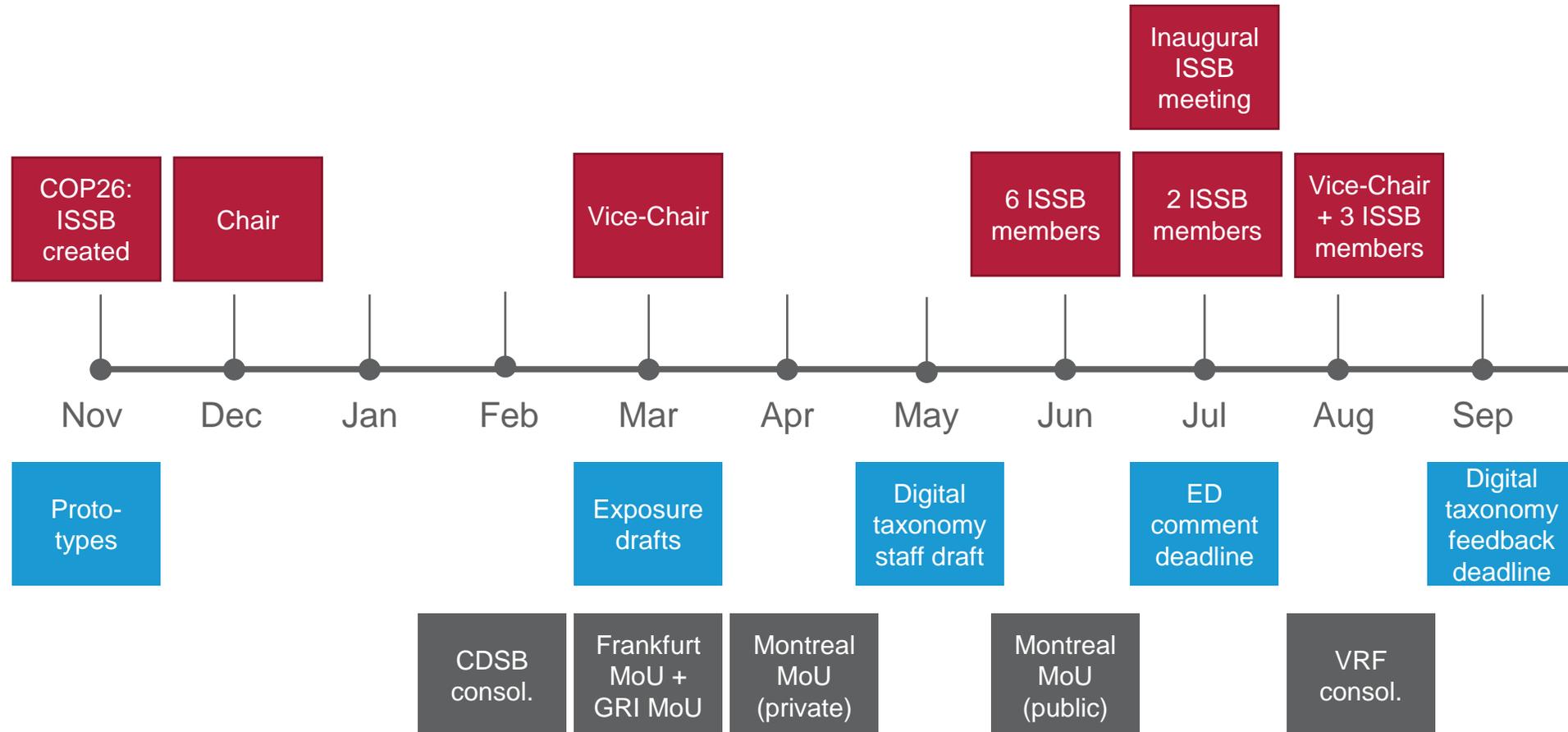
10 November:

inaugural meeting of Connectivity and Integrated Reporting Council

Access meeting papers and summaries + observe online:

[ifrs.org/news-and-events/calendar](https://www.ifrs.org/news-and-events/calendar)

Recap on milestones



“The G7 welcomes the inauguration of the ISSB and its progress of work on the global baseline of sustainability reporting standards. We [...] call on all relevant stakeholders to participate in the ongoing consultation on the proposed standards.”

“Support the work of the International Sustainability Standards Board (ISSB) to introduce a global baseline of sustainability disclosures to meet the needs of capital markets, which will enhance transparency, accountability, efficiency and comparability across market[s].

Early adoption by African jurisdictions and companies has the potential to attract more investment and to boost private sector development in Africa. We urge the ISSB to work closely with African stakeholders and to provide strong advisory and capacity building support to achieve early adoption of the ISSB standards in Africa.”

Communiqué from International Cooperation Forum and Meeting of African Ministers of Finance, Economy and Environment, September 2022

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