

Public summary of the International Sustainability Standards Board Jurisdictional Working Group Meeting held on 16 May 2022

Participants on behalf of the IFRS Foundation:

- Emmanuel Faber ISSB Chair
- Sue Lloyd ISSB Vice-Chair
- Lee White IFRS Foundation Executive Director

Participating jurisdictions and jurisdictional institutions

- China
 - Chinese Ministry of Finance (MOF)
- Europe
 - European Commission
 - European Financial Reporting Advisory Group (EFRAG)
- Japan
 - Financial Services Agency of Japan (FSA)
 - Sustainability Standards Board of Japan Preparation Committee
- United Kingdom
 - Financial Conduct Authority (FCA)
- United States
 - Securities and Exchange Commission (SEC)

Observer

- IOSCO

Meeting summary

In the ISSB Jurisdictional Working Group Meeting on 16 May participants:

- Provided an update of the ongoing institutional developments in their jurisdiction in relation to ongoing global developments in sustainability-related reporting.
- Provided an update on current plans and processes to obtain feedback from stakeholders on the current open consultations and any initial feedback that had been received; and
- Considered areas where further work can be undertaken during the consultation period to establish a global baseline for sustainability-related reporting.

In China, the MOF is co-ordinating with other Chinese jurisdictional authorities in relation to sustainability-related reporting. The Chinese MOF have translated the ISSB's Exposure Drafts to engage further with Chinese stakeholders with a view to provide detailed feedback on the proposals. In Japan, a Taskforce has been established within the FSA to discuss the sustainability reporting system and internationally the FSA are engaged through IOSCO and the G7. A Preparation Committee has also been established to prepare for the creation of the Sustainability Standards Board of Japan. The ISSB's proposals have been translated to assist in engaging Japanese stakeholders. In the United Kingdom, the FCA are coordinating with the Department for Business, Energy & Industrial Strategy and the Treasury with a view to transition to the ISSB's Standards.

In the European Union, establishing consistent sustainability reporting is a key political priority. It is part of the European Green Deal including the ambition to transition to a carbon neutral economy by 2050. The EU expects to reach a political agreement soon on a new Corporate Sustainability Reporting Directive, which embeds the double materiality perspective. Based on the forthcoming EU legal mandate, on 29 April EFRAG published a set of thirteen draft standards covering many sustainability matters for comment until 8 August. Upon adoption by the European Commission, the standards will become mandatory. EFRAG will continue to work closely with the ISSB on areas of interoperability.

In the United States, the SEC is consulting on the proposals on climate published in March 2022. The deadline to receive comments on those proposals has been extended to June 17 2022. Work is ongoing on the detailed assessment of the interoperability of these proposals with other proposals currently out for public consultation.

In further discussion the participants discussed the ongoing activities to obtain feedback on proposals currently subject to consultation, including on compatibility of those proposals and the initial feedback being received. The SEC, EFRAG and ISSB representatives all acknowledged that there is significant compatibility between their proposals. A key focus is to understand where there are areas of difference between the proposals, the reasons behind those differences and how this could impact stakeholders.

Other participants acknowledged the importance that these proposals have been substantively based on the Task Force on Climate Related Financial Disclosures (TCFD) Framework. Participants highlighted the early feedback from stakeholders and will continue to seek further detailed feedback on the open consultations. Participants noted the benefits of compatibility in requirements for market participants and jurisdictions with open consultations were encouraged to further consider the compatibility of the proposals with a view of enhancing the interoperability between jurisdictional requirements and establishing the global baseline.

Participants agreed to undertake further work to inform future meeting(s), including further consideration of differences between the proposals open for consultation and the reasons behind those differences and how this could impact stakeholders, and ways to approach the implementation

of the global baseline including issues of proportionality (specifically considering emerging markets and smaller companies).

Participants will appoint working level representatives to advance work in the interim between meetings and a further meeting of the group will be scheduled during the ISSB's open consultation period.