

---

Agenda paper 5

# ISSB Adoption Strategy

IFRS Advisory Council  
November 2023

---

## Content

- Context: Our vision for ISSB adoption and how we're organising ourselves to be successful
- Today and the next 12 months
- Advisory Council support and advice

---

Context: Our vision for  
ISSB adoption and how  
we're organising ourselves  
to be successful

---

## Our vision for ISSB adoption

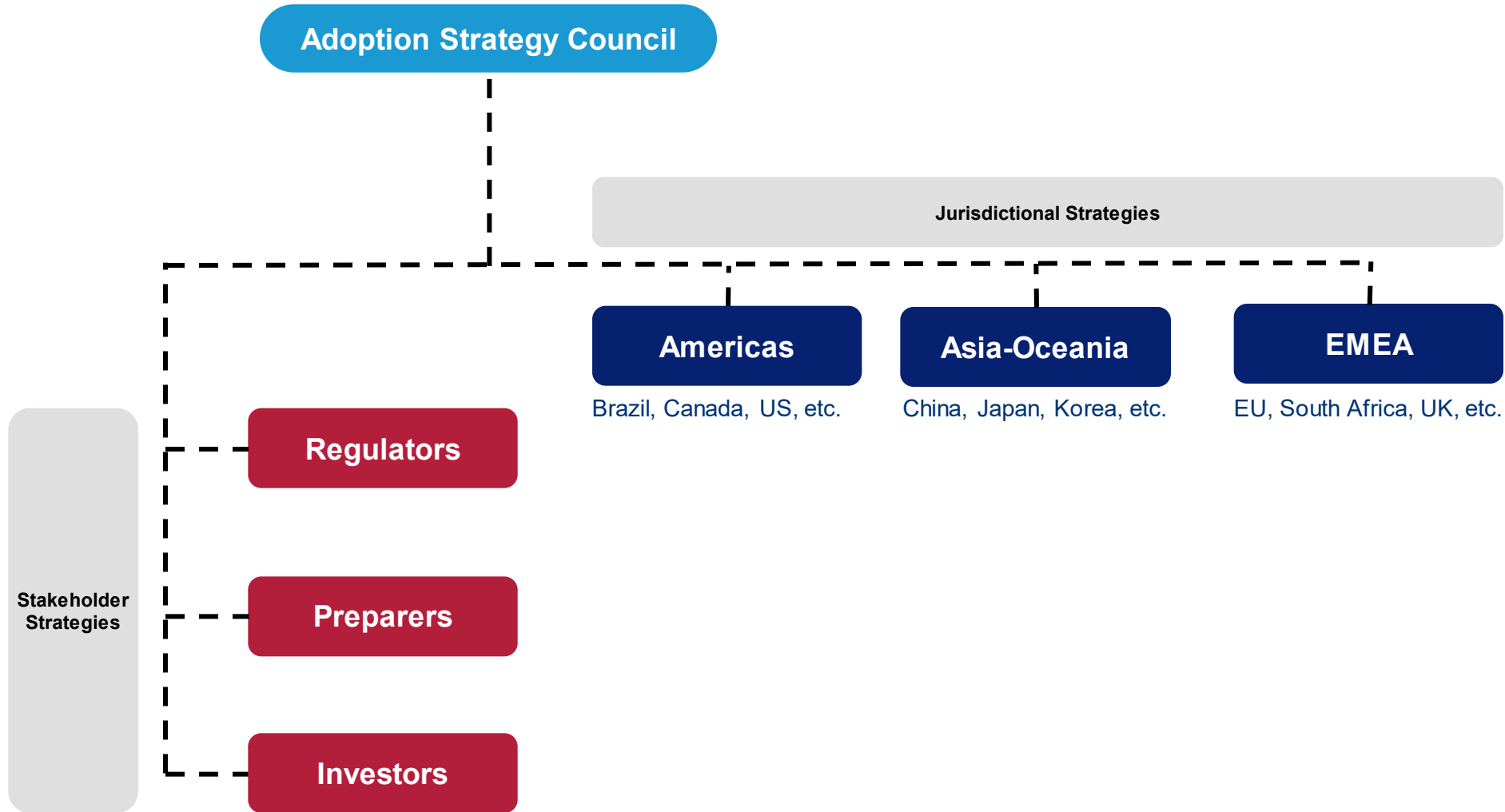
**“Adoption” here means stakeholders’ use of our Standards. The “perfect” end state in a jurisdiction is:**

- The local regulator(s) requires our Standards without changes for disclosure in the jurisdiction
- Local preparers view the Standards as a useful tool to measure and communicate management of sustainability-related risks and opportunities to investors, as well as progress in managing over time (and that preparers don’t view this as a compliance exercise)
- Investors who invest in a jurisdiction (i) tell preparers that disclosure with ISSB Standards is useful, (ii) actively use ISSB-compliant disclosures in investment decisions related to local preparers, and (iii) can access ISSB-compliant disclosures from data/analytics providers that cover the local jurisdiction
- Local policymakers understand ISSB and support the use of current and future ISSB Standards
- Other stakeholders (multilaterals, civil society, etc.) understand and respect the ISSB standard-setting process and the value of global baseline, even if they also advocate for building blocks

**Some jurisdictions will not be “perfect,” so they may differ in some respects, such as:**

- The local regulator(s) permits the use of ISSB Standards instead of requiring them

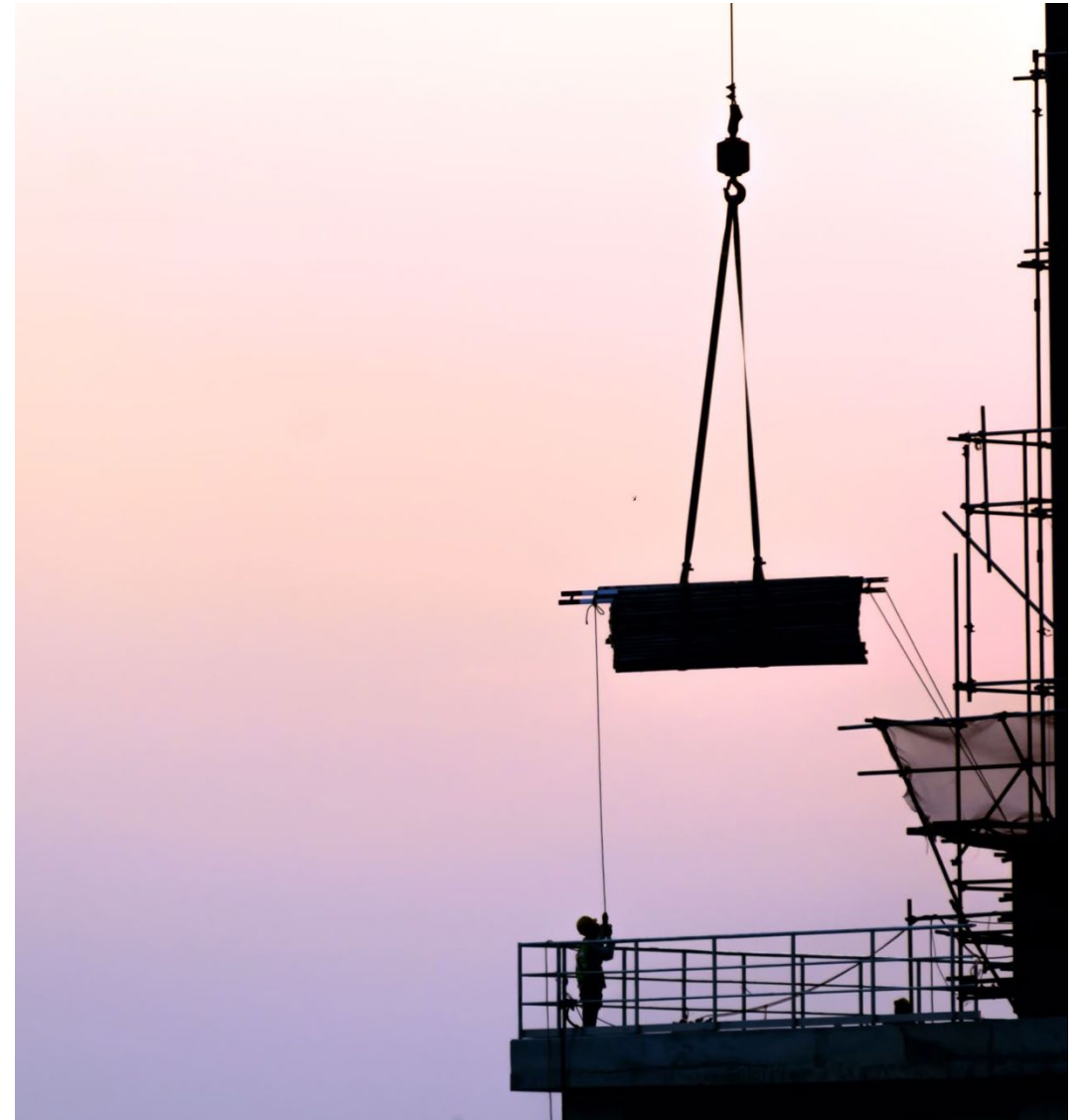
# How we're organising ourselves to be successful



## How we're organising ourselves to be successful

1. An internal **Adoption Strategy Council** that is responsible for overall adoption strategy and identifying where and how to focus the board's and staff's time
2. **Jurisdictional leads** – staff members responsible for developing jurisdiction-specific strategies
3. **Stakeholder leads** – staff members responsible for developing stakeholder-specific strategies (e.g. preparers, regulators, investors)

There is a matrixed structure between jurisdictional leads and stakeholder leads to ensure coordination and efficiency for our work in the coming years.



---

# Today and the next 12 months



---

## Summary of jurisdictional status as of late October

- A. We've seen several jurisdictions **begin consulting publicly on disclosure requirements and roadmaps towards adoption of ISSB Standards**, either encompassing disclosure of all sustainability-related risks and opportunities – such as Singapore and UK – or encompassing just climate-related disclosures – such as Australia and Hong Kong.
- B. A handful of additional jurisdictions **plan to publish consultations** on proposed requirements and/or a proposed roadmap – such as Japan and Korea.
- C. A few jurisdictions have made **public statements that they will fully adopt S1 and S2**,
  - A. Brazil announced full endorsement of S1 and S2, with two years for voluntary application, followed by mandatory application in 2026.
  - B. Kenya, Nigeria and Zimbabwe and Sri Lanka have also announced full adoption, with details to be finalised, such as potential phase-ins and the scope of preparers affected
- D. The two jurisdictions with consultations that took place at the same time as the S1 and S2 consultation last summer – the EU and US – are at different stages:
  - i. EU has finalised its first 12 European Sustainability Reporting Standards. There is a very high degree of alignment in their and our climate disclosure standards.
  - ii. The US SEC has not finalised their climate disclosure requirements and there is not a definitive timeline to do so. California recently passed legislation to require climate risk disclosure with permission to use ISSB.



---

## Priorities

With S1 and S2 finalised, the goal is to secure clear adoption “wins” over the course of the next year by:

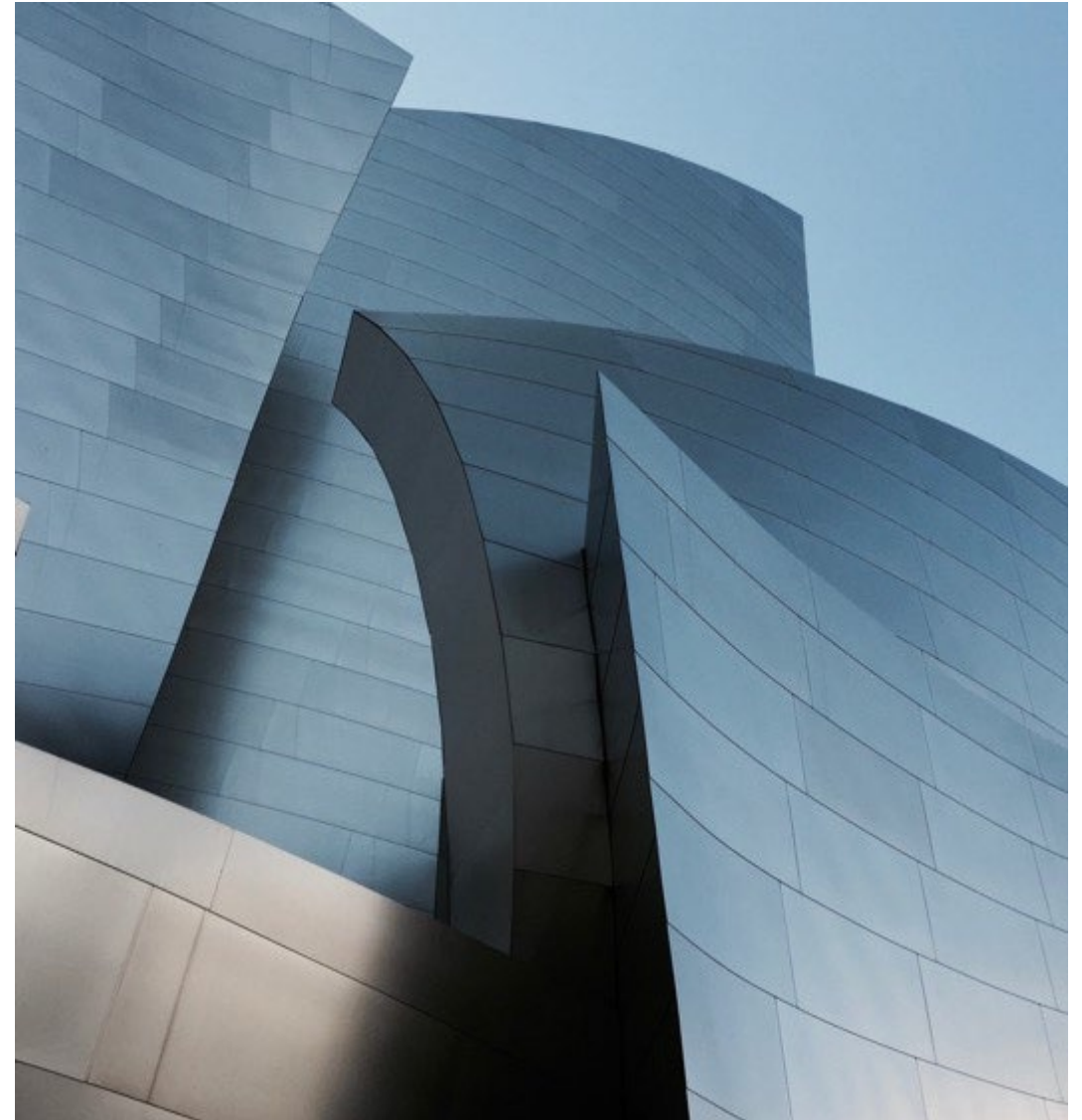
1. Finalising Adoption Guide. See more details in “Update on the ISSB’s Activities” paper
2. Achieving positive regulatory outcomes, which are one of the following:
  - a) Ideally, a jurisdiction requires both S1 and S2 early (rules finalised by end of 2024)
  - b) Next best outcome if for jurisdictions to commit to a roadmap to become full adopters within a reasonable time
  - c) Following best outcome is for jurisdictions that will only want to (or have political buy-in to) start with climate, then we ensure their requirements are fully aligned with S2 and just as importantly, the climate-related aspects of S1
  - d) Or, for those jurisdictions that won’t be in a position to finalise disclosure requirements by end of 2024, they explicitly permit and/or encourage voluntary disclosure using both S1 and S2
3. Identifying and maintaining a list of companies committed to voluntary disclosure
4. Equipping investor supporters with clear talking points about the benefits of ISSB disclosure and mobilising them to ask portfolio companies to disclose with ISSB
5. Staying informed about and analyse proposals in local regulatory consultations

---

## Our approach to local regulatory consultations

Not every jurisdiction will conduct a public consultation related to S1 and S2, but a number of them will, so we have aligned on a consistent approach:

1. Our first priority is to learn about consultations before they take place and engage to align a proposal with S1/S2 as much as possible.
2. When a jurisdictional regulator consults on disclosure rules or a roadmap for introducing sustainability-related requirements, we plan to assess the proposals against the ISSB global baseline.
3. We plan to keep the regulator and other local stakeholders informed as much as feasible about jurisdictional consultations in relation to the ISSB global baseline.





---

# Advisory Council support and advice



---

## How Advisory Council members can help

In addition to advising our work, Advisory Council members can help achieve ISSB adoption by:

1. Sharing what you learn in the market, such as jurisdictional plans to issue guidance or educational materials based on S1 and S2 or jurisdictional plans to consider at sustainability disclosure **without** adopting S1 and S2.
2. Helping us spread the word as much as possible when we publish education content (capacity building materials) in the coming months.





---

## Questions for the Advisory Council

1. Do you think we've accurately summarised jurisdictional status today? Are there jurisdictions we are missing?
2. Do you agree with the priorities? Or do you recommend changes?



---

## 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)