International perspectives on the application of the ISSB Standards

Better information for better decisions
Presenters and panellists

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Agenda

1. IFRS Foundation strategy to support jurisdictional adoption of IFRS S1 and IFRS S2
2. Panel discussion on the international perspectives on the application of the Standards
IFRS Foundation strategy to support jurisdictional adoption of IFRS S1 and IFRS S2
Making ISSB Standards the global baseline

ISSB
provide comprehensive global baseline through Standards

IOSCO
endorses the ISSB Standards recommending adoption

Audit standard-setters
enhance and develop assurance standards

Jurisdictions
require by adopting the Standards

Market participants
voluntarily opt to apply the Standards
Strong market demand

The ISSB was established as part of the IFRS Foundation because of investor, company and international policy maker (including the G20, G7, IOSCO and the Financial Stability Board) demand for:

• decision-useful, comparable information
• ending the ‘alphabet soup’ of voluntary initiatives
• an efficient reporting landscape

The ISSB has a transparent, rigorous due process to develop market-informed Standards that respond to these needs
The journey towards implementation of IFRS S1 and IFRS S2

- The ISSB acknowledges the significant change management exercise for preparers and regulators and has balanced the initial implementation challenges preparers could face with investors’ information needs
- **Benefits** of implementation to outweigh the costs by reducing fragmentation, promoting transparency and comparability and streamlining process for preparers
- ISSB adopting a **four-pillar strategy** to balance these considerations
IOSCO’s endorsement - catalyst for jurisdictional adoption

- **Called on its 130 member jurisdictions** to consider ways in which they might adopt, apply or otherwise be informed by the ISSB Standards
- Sends a strong signal that the ISSB Standards are **fit for purpose** for capital market use
- **Historic milestone**, the only other precedent of IOSCO’s endorsement was the endorsement of IFRS Accounting Standards over 20 years ago
- Particularly **Global South** jurisdictions can leverage on IOSCO’s work
Four-pillar strategy to support adoption and use of ISSB Standards

Proportionality and guidance built into IFRS S1 and IFRS S2

Adoption Guide to support scalability and jurisdictional phasing in

Transition reliefs – with possibility of jurisdictional extensions

Additional support – including Capacity Building for industry and jurisdictions
Potential for jurisdictions to extend current reliefs for first year of application

- Can limit disclosures to climate-related information
- Later reporting allowed - annual information can be provided with half year reporting
- Scope 3 disclosure not required
- Do not need to apply Greenhouse Gas Protocol if already using a different measurement approach
- Do not need to provide comparative information
IFRS S2 needs to be applied with IFRS S1

IFRS S1:

- establishes **key concepts** such as connected information, value chains, and which sustainability- and climate-related risks and opportunities to report on
- provides vital guidance on the **assessment of materiality**
- sets out the **qualitative characteristics** of the information to be provided, eg that it needs to be relevant and represented faithfully
- sets out **requirements** for reporting, such as:
  - the reporting entity
  - timing and location of reporting
  - connections and comparatives in reporting
- sets out how to deal with changes in estimates and errors, disclosures on judgements, assumptions and estimates, requirements on when to aggregate and disaggregate information, focussed exemptions from disclosing commercially sensitive opportunities, and the interaction with law and regulation
Objectives of the Jurisdictional Adoption Guide for IFRS S1 and IFRS S2 to be widely applied

• Facilitate **consistent adoption approaches** while supporting jurisdictions in **transitioning to full application** of IFRS S1 and IFRS S2

• Balance jurisdictional considerations about phasing-in of requirements with the need to achieve **global consistency and comparability**

• **Set expectations** on scope of application of requirements and pace for introduction of requirements

• **Support regulators** in their adoption considerations and facilitate monitoring across jurisdictions

• **Develop principles** for assessing jurisdictional adoption of ISSB Standards
The Jurisdictional Adoption Guide: supporting scalability and jurisdictional phasing in

- Focus on Publicly Accountable Entities (PAEs)
- Phase-in of application to different PAEs (focus on the largest first)

High-level roadmap (as a precursor to the Adoption Guide itself) provides information on how the IFRS Foundation and the ISSB are approaching adoption considerations
Support for those using the Standards

- Capacity building programme for industry and jurisdictional regulators
- Transition Implementation Group (TIG)
- Monitor market experience, with possible enhancements to guidance and additional educational materials
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