

Meeting investors' needs for sustainability-related information



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Sustainability consultation (2020)

What we asked

- Demand for global sustainability standards?
- Should the IFRS Foundation play a role?
- Is the solution a sustainability-focused standard-setting board within the IFRS Foundation?



What we heard

- Growing and urgent demand for global standards to improve consistency and comparability
- Broad support for Foundation to play a role
- Prioritise climate risks



Strategic decisions based on feedback received

1. Investor focused

2. Build on existing investor-focused frameworks

3. Global baseline

4. Climate first, not climate only

1. Investor focus

Demand-side

- Investors need better and globally comparable sustainability information
 - Assessment of sustainability risks and opportunities
 - Informed investment allocation decisions

Supply-side in transition

- IFRS Foundation well placed to consolidate existing investor-focused initiatives
 - Two decades of experience focused on investors and other capital market participants
 - Established model of governance, due process and global standard-setting
 - Potential for synergies with IFRS accounting standards

Proposed approach

- Sustainability-related financial disclosures
- Investor focus for enterprise value over the short, medium and long term

2. Build on existing investor-focused frameworks



3. Global baseline

Sustainability reporting (broader multi-stakeholder focus)

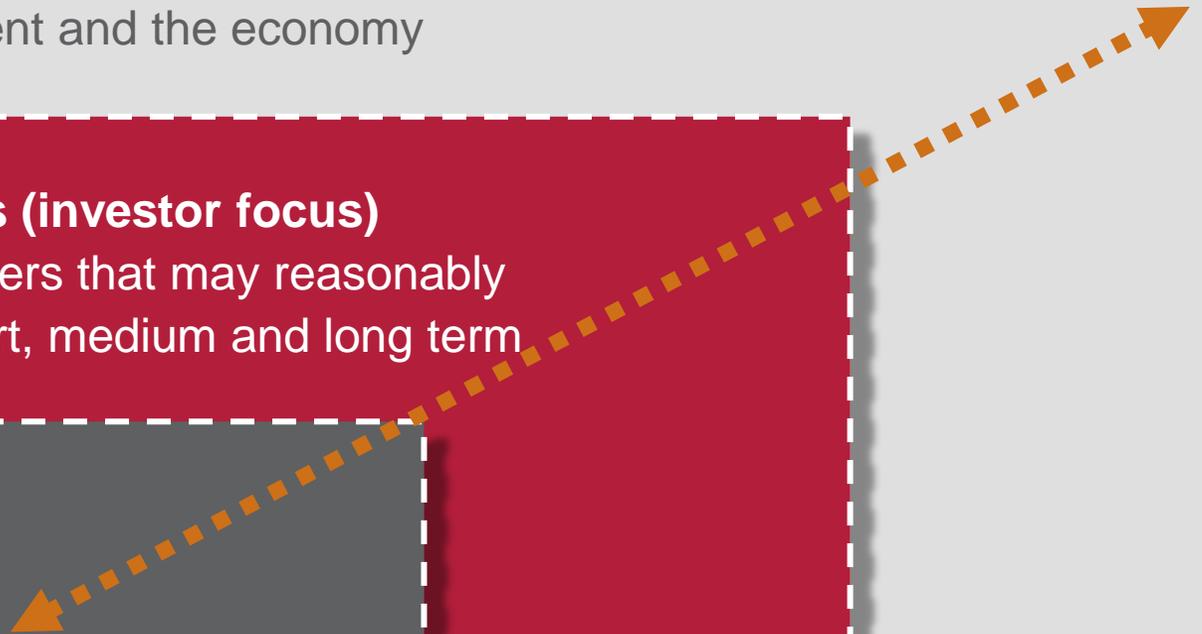
Reporting on all sustainability matters that reflect significant positive or negative impacts on people, the environment and the economy

Sustainability-related financial disclosures (investor focus)

Reporting on those sustainability-related matters that may reasonably create or erode enterprise value over the short, medium and long term

Financial reporting (investor focus)

Reflected in monetary amounts in the financial statements



Support for global baseline concept

IOSCO considers that the IFRS Foundation potentially could deliver **a global baseline for investor-oriented sustainability-related disclosure standards focussed on enterprise value creation**, which jurisdictions could consider incorporating or building upon as part of their mandatory reporting requirements as appropriate and consistent with their domestic legal frameworks.

IOSCO Report on Sustainability-related Issuer Disclosures, June 2021

We therefore agree on the need for **a baseline global reporting standard for sustainability**, which jurisdictions can further supplement. We welcome the International Financial Reporting Standards Foundation's programme of work to develop this baseline standard under robust governance and public oversight, built from the TCFD framework and the work of sustainability standard-setters, involving them and a wider range of stakeholders closely to foster global best practice and accelerate convergence.

G7 Finance Ministers and Central Bank Governors
Communiqué, June 2021

4. Climate first, not climate only

- Begin with climate-related disclosures
- Move at pace with other sustainability-related disclosures, where there is global investor need
- Leveraging work of existing standard-setters



Consultation on governance and constitutional changes

April 2021

IFRS® Foundation
Exposure Draft

Proposed Targeted Amendments to the IFRS Foundation *Constitution* to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards

Comments to be received by 29 July 2021



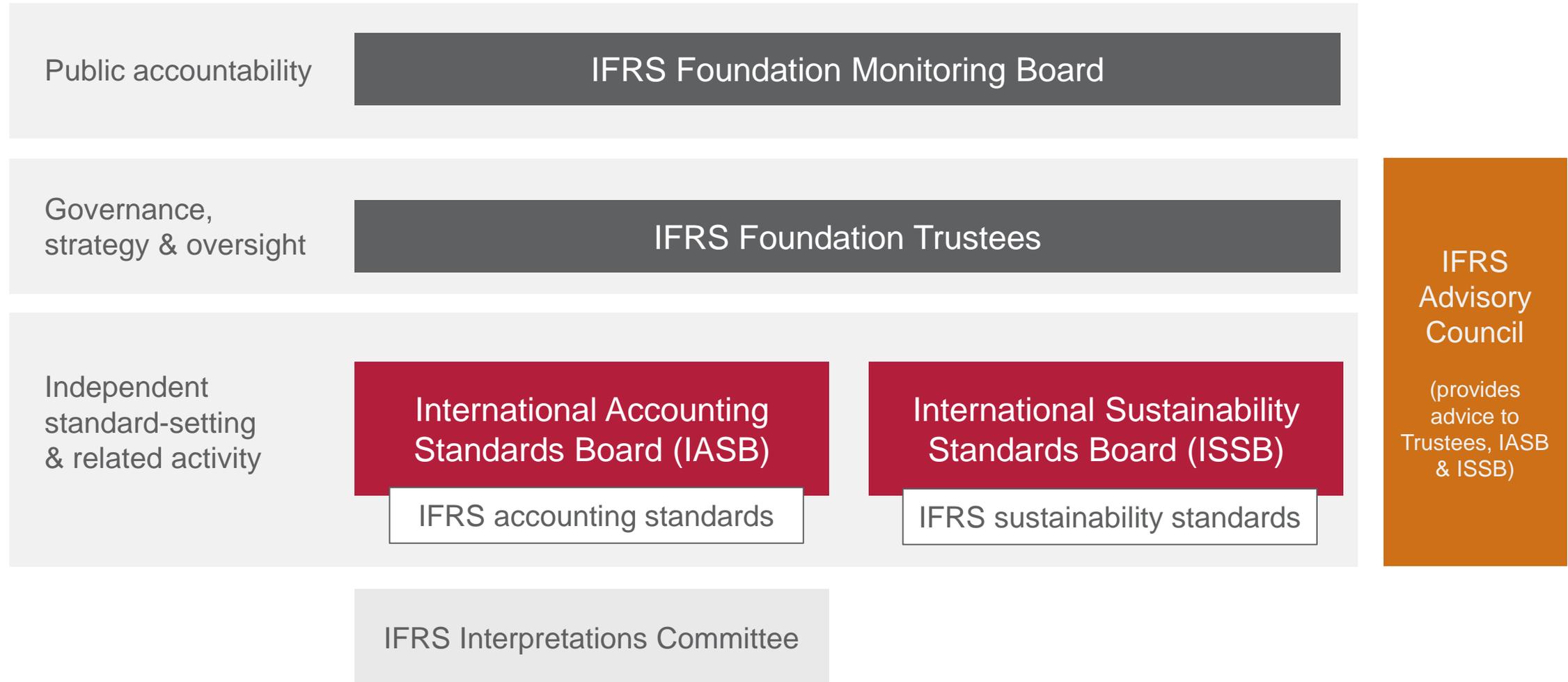
 IFRS®

Proposed new ISSB

- 14 board members
- Majority full-time
- Qualifications: professional competence and relevant experience
- Diversity in expertise and geographical balance

Open for comment until 29 July 2021

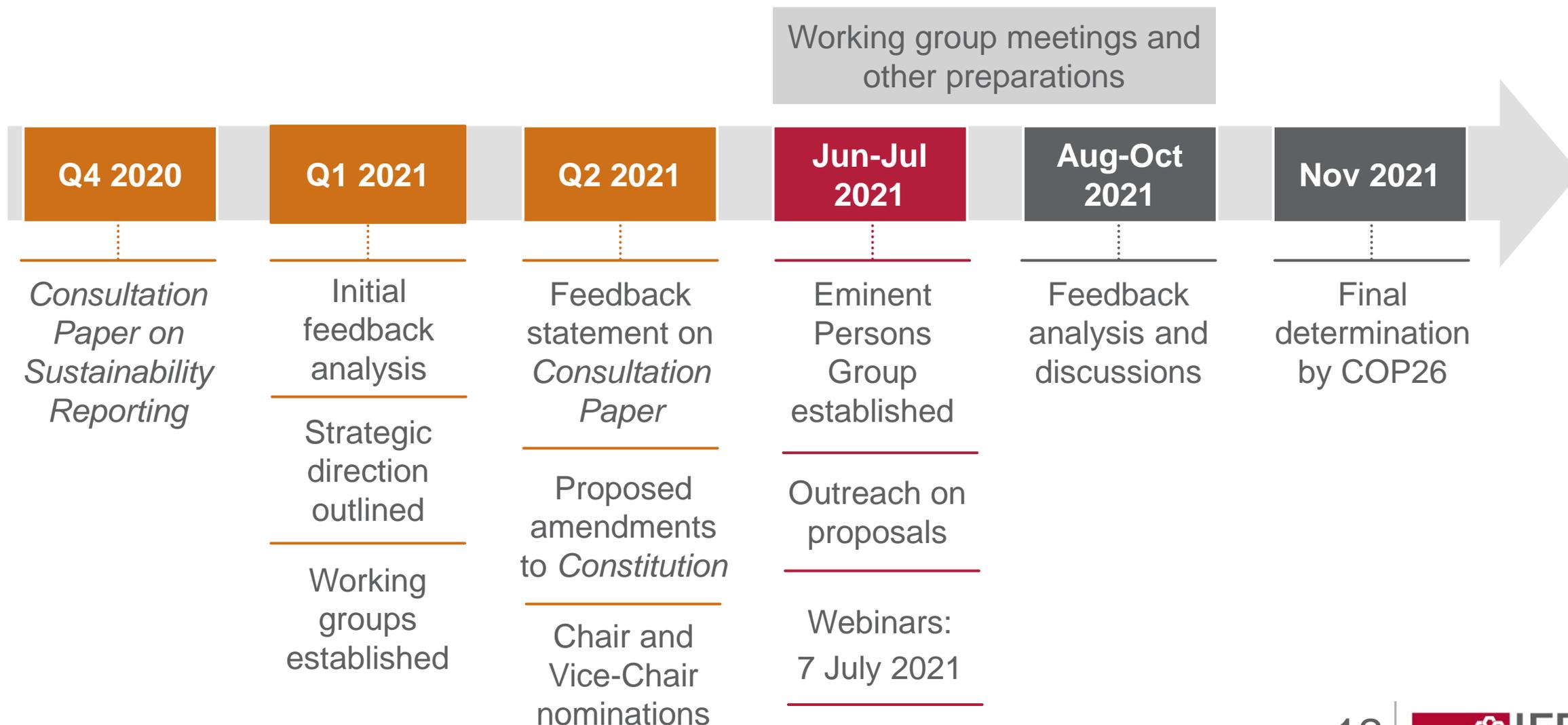
Proposed organisational structure



Preparatory working groups and committees

Who	What
Trustees' Steering Committee <i>(Chair: Lucrezia Reichlin)</i>	Strategic direction and project oversight
Eminent Persons Group <i>(Chair: Jean-Claude Trichet)</i>	Strategic advice and counsel to the Trustees
Technical Readiness Working Group <i>(Chair: Michel Madelain)</i>	Comprising CDSB, IASB, SASB/IIRC, TCFD and WEF, with IOSCO and IPSASB as observers. Objective is to provide ISSB with 'running start'.
Multilateral Working Group <i>(Chair: Suresh Kana)</i>	Preparatory work on connection between global baseline of standards set by ISSB and jurisdictional requirements

Road to COP26



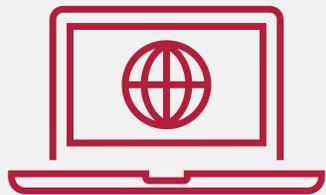
A stylized world map in shades of gray, overlaid with several thick, curved, light-gray lines and a network of dotted lines, suggesting global connectivity or data flow.

Q&A

Stay up to date

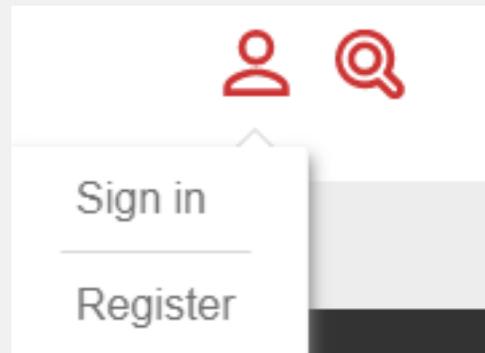
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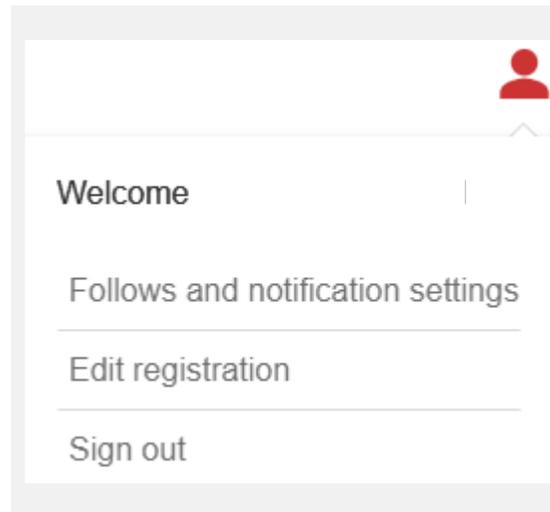
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