

IFRS Advisory Council Update International Sustainability Standards Board

COP26 announcements

1. Announcement of the International Sustainability Standards Board (ISSB)

2. Consolidation with VRF & CDSB

3. Publication of climate and general disclosure prototypes

Creates the necessary institutional arrangements and technical groundwork for a **global sustainability standard-setter for the financial markets**

COP26 Statement



“Finance Ministers and Central Bank Governors from 38 jurisdictions from 6 continents joined the UK in publicly welcoming the announcement of the establishment of the ISSB and its work programme to develop a set of internationally consistent, high-quality, and reliable baseline standards for disclosure of sustainability-related information on enterprise value creation.”*

* Australia, Brazil, Canada, Chile, China, Costa Rica, Egypt, Ethiopia, European Commission, Fiji, France, Germany, Greece, Guatemala, India, Indonesia, Italy, Jamaica, Japan, Kenya, South Korea, Luxembourg, Maldives, Mexico, Morocco, Netherlands, New Zealand, Nigeria, Philippines, Saudi Arabia, Seychelles, Singapore, Spain, Switzerland, Tonga, Turkey, UK, Uruguay, USA

1. International Sustainability Standards Board (ISSB)

- Develop **global baseline** of sustainability disclosure standards
- Focus on meeting the **information needs of investors**
- Will enable companies to provide **comprehensive sustainability information for the global capital markets**
- Facilitate **compatibility with requirements** that are jurisdiction-specific or aimed at a wider group of stakeholders

2. Consolidation with VRF & CDSB

Becomes part of the IFRS Foundation



Climate
Disclosure
Standards
Board



INTEGRATED
THINKING
PRINCIPLES



INTEGRATED
REPORTING
FRAMEWORK



SASB
STANDARDS

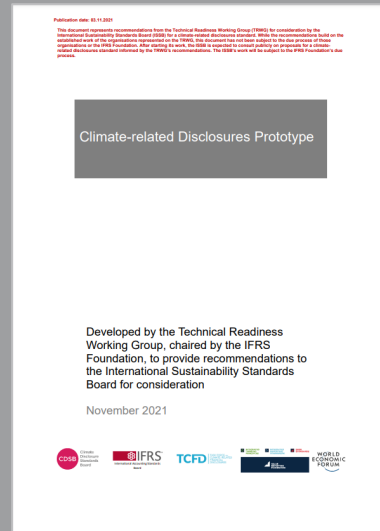


Additional members of Technical Readiness Working Group

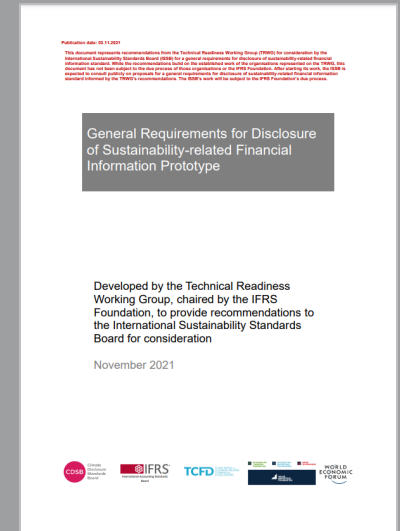


3. Publication of prototype requirements

Climate-related Disclosures

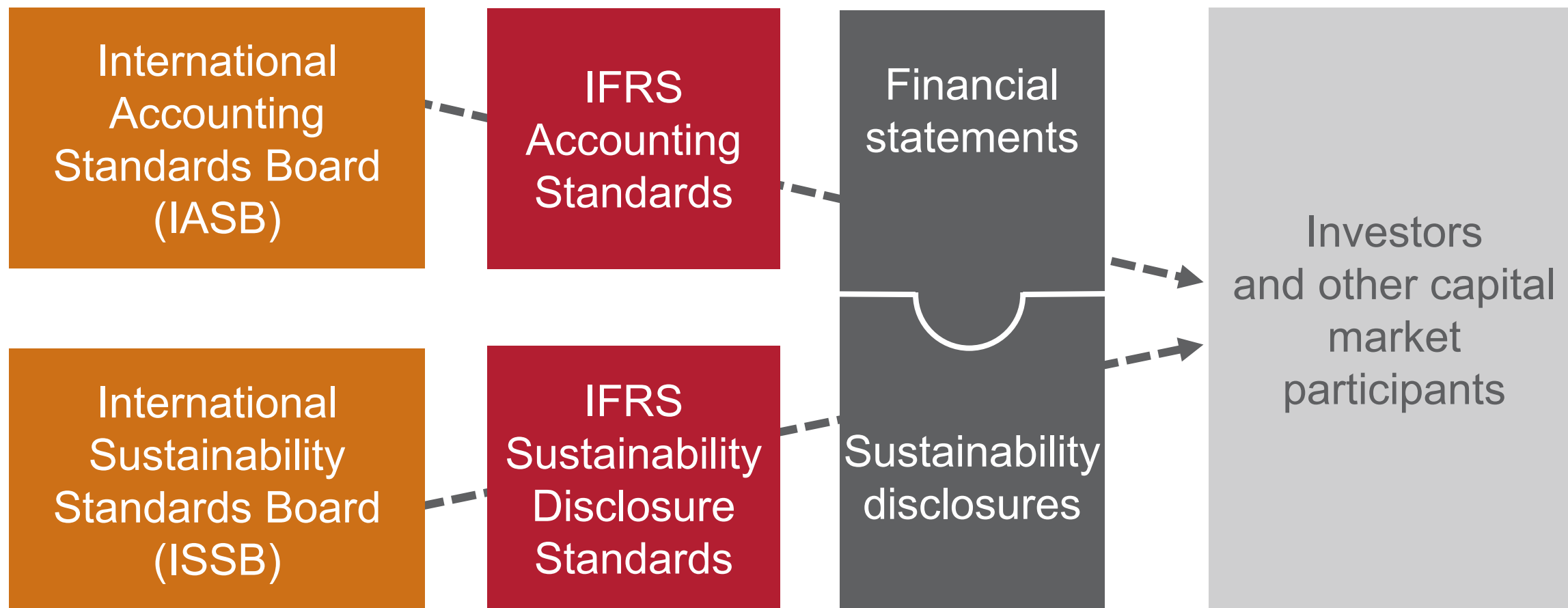


General Requirements for Disclosure of Sustainability-related Information

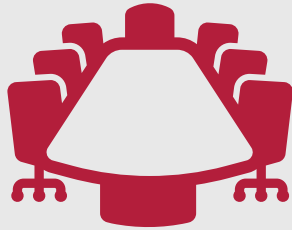


- Recommendations – Technical Readiness Working Group to ISSB
- ISSB to consider as part of initial work programme

Compatible standards to meet investors' needs



Composition



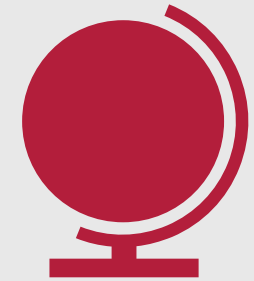
14 board
members



Majority
full-time



Qualifications:
professional
competence &
relevant
experience



Diversity in
expertise &
geographical
balance

Informed by expert advice

Sustainability Consultative Committee

- Technical expert advice to the ISSB
- Multilateral institutions & other technical experts

Sustainability Standards Advisory Forum (TBC)

- Formal mechanism for jurisdictional engagement
- Membership TBC, representing all regions, both developed, developing and emerging economies

IFRS Advisory Council

- Mandate extended to include strategic advice to ISSB (in addition to Trustees & IASB)
- Approx. 50 members representing cross-section of key stakeholder organisations

ISSB locations

- Global footprint through multi-location presence
- Coverage across the Americas, Asia-Oceania and EMEA (Europe, the Middle-East & Africa)
 - Frankfurt & Montreal to host key functions, cooperation with regional stakeholders
 - Frankfurt to serve as seat of the board and office of the Chair
 - San Francisco & London to provide technical support and platforms for market engagement
 - Further discussions with Beijing and Tokyo to finalise Asia-Oceania footprint
- Engagement with developing and emerging economies a priority

Next steps

Appointments	Chair, Vice-Chair(s), remaining ISSB members
Consultations	Proposed climate and general disclosure standards, work plan and future priorities (due process)
Advisory groups	Appoint members to technical and jurisdictional groups
Consolidation	Complete consolidation with CDSB and VRF
Location	Implement multi-location approach for global footprint

Call to action



Get familiar with the prototypes – early indication of direction of travel



Be ready to share your views – public consultation early 2022



Sign up for alerts – ifrs.org/sustainability

Engaging with Emerging Economies

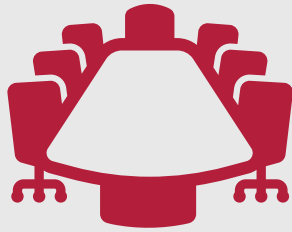
Engaging emerging economies

- Engagement with emerging economies will be key to the success of the ISSB establishing a comprehensive global baseline of sustainability-related disclosure standards and has been highlighted by many stakeholders including the G20 Sustainable Finance Working Group

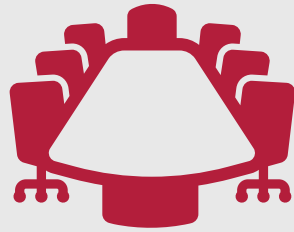
Recommendations on overcoming information challenges by improving sustainability reporting and disclosure

1. G20 to welcome the work program of the International Financial Reporting Standards (IFRS) Foundation.
2. The International Sustainability Standards Board (ISSB) should develop a baseline global sustainability reporting standard while allowing flexibility for interoperability with national and regional requirements.
3. Start from climate and extend to other sustainability factors over time. The ISSB should take a 'climate first' approach in the near term, based on the Taskforce on Climate-related Financial Disclosures (TCFD) framework, in developing the reporting standards. However, the ISSB should develop standards covering other sustainability topics, which could include nature, biodiversity, and social issues.
4. Enhance efforts on capacity building for SMEs and emerging markets. While the standards to be developed by the ISSB may be adopted by a broad range of jurisdictions around the world as a global baseline for reporting, SMEs and emerging markets could benefit from additional capacity-building initiatives.

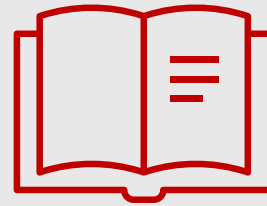
IASB and emerging economies



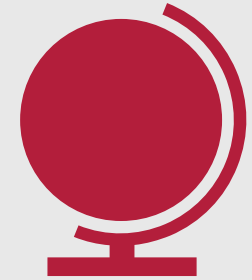
Emerging
Economies
Group



Other
consultative
bodies, including
through the IFRS
Advisory Council



IFRS for SMEs
Standard



Engagement with
regional
standard-setting
bodies

IASB engagement with emerging economies

ISSB and emerging economies

Questions for the IFRS Advisory Council

1. How can the ISSB utilise its operating model and consultative groups to effectively engage with emerging economies?
2. How best to ensure emerging economies engage with the standard-setting process?
3. How can the ISSB work with key stakeholders to improve capacity building to aid the implementation of IFRS Sustainability Disclosure Standards?
4. Can the development of an IFRS Sustainability Disclosure SMEs Standard?
5. Other comments

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