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**Building a global baseline:**  
An update from the  
International Sustainability  
Standards Board



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## ISSB objectives



Develop standards for global baseline of sustainability disclosures



Meet information needs of investors



Enable companies to provide comprehensive sustainability information to global capital markets



Facilitate addition of disclosures that are jurisdiction-specific / aimed at broader stakeholder groups

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# Global support



“...we welcome the global baseline of sustainability reporting standards currently under development by the ISSB.

Support for the global baseline has the potential to improve information and thus mobilise finance for the needed investments, particularly in emerging and developing economies, and we ask the ISSB to work closely with regional standard setters and any relevant local stakeholders and to provide advisory and capacity support.

We welcome the ISSB’s jurisdictional working group.”

*G7 Finance Ministers  
& Central Bank Governors’  
Statement on Climate Issues  
12 October 2022*

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“Support the work of the ISSB to introduce a global baseline of sustainability disclosures to meet the needs of capital markets, which will enhance transparency, accountability, efficiency and comparability across market[s].

Early adoption by African jurisdictions and companies has the potential to attract more investment and to boost private sector development in Africa. We urge the ISSB to work closely with African stakeholders and to provide strong advisory and capacity building support to achieve early adoption of the ISSB standards in Africa.”

International Cooperation Forum  
and Meeting of African Ministers of Finance,  
Economy and Environment Communiqué  
September 2022

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“We are seeing huge enthusiasm for IOSCO to contribute to the ISSB’s consultation so that the final versions of these crucial standards fulfil the requirements of our securities regulator membership[...]

Establishing a global baseline for corporate sustainability disclosures is a key ambition of IOSCO’s Workplan for Sustainable Finance, which aims to increase transparency and mitigate greenwashing in financial markets.

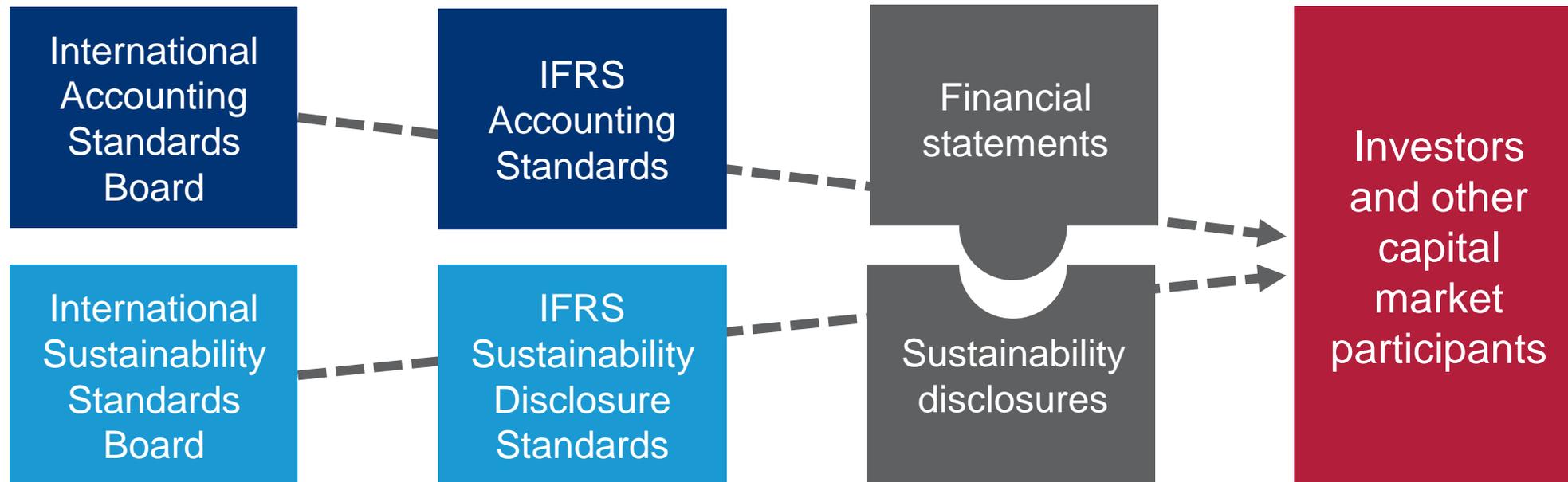
The review of the ISSB’s finalized standards for potential IOSCO endorsement will be a crucial step towards increased comparability in sustainability reporting under either voluntary or mandatory reporting regimes.”

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# Proposals

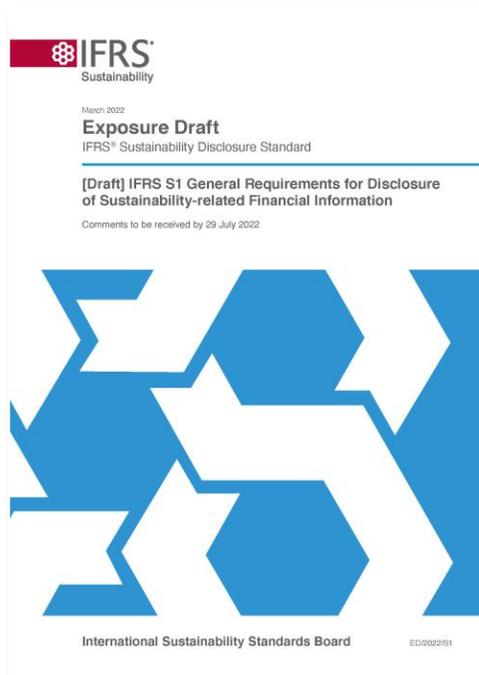


## Designed for communication to investors



Connectivity supported through the principles of integrated reporting.

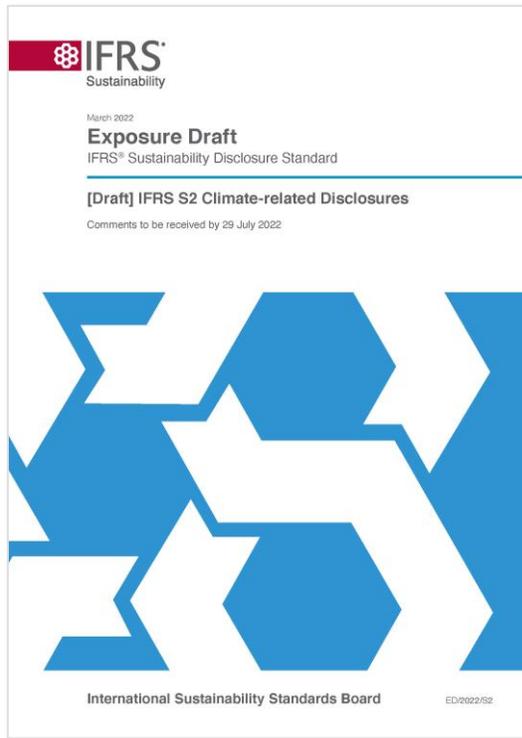
# Proposed General Requirements Standard: IFRS S1



Disclosure of material information about sustainability-related risks and opportunities.

- Other IFRS Sustainability Disclosure Standards (e.g. Climate Standard) set out specific disclosures
- Points to other standards and frameworks in absence of a specific IFRS Sustainability Disclosure Standard
- Sets out general reporting requirements (e.g. location and timing of the reporting)
- Equivalent to IFRS Accounting Standards IAS 1 and IAS 8.

# Proposed Climate-related Disclosures Standard: IFRS S2



Disclosure of material information about material climate-related risks and opportunities.

- Incorporates TCFD Recommendations
- Includes SASB Standards climate-related industry-based requirements
- Requires disclosure of information about
  - Physical risks (e.g. flood risk)
  - Transition risks (e.g. regulatory change)
  - Climate-related opportunities (e.g. new technology).

# Redeliberations based on feedback

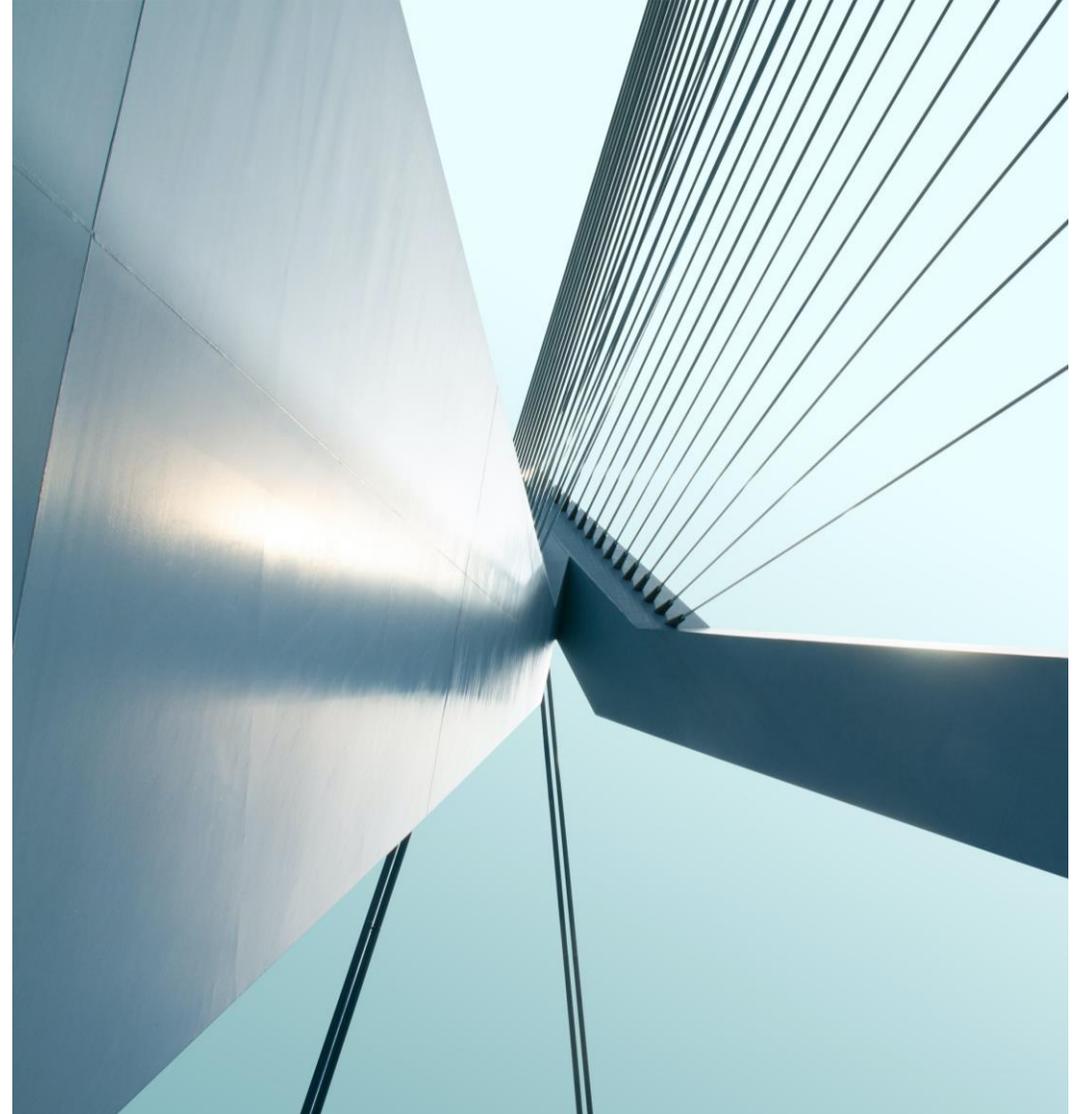
Both proposed standards	General requirements (S1)	Climate (S2)
<ul style="list-style-type: none"> <li>• Proportionality – tools to support adoption</li> <li>• Current and anticipated financial effects of sustainability-related risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Fundamental concepts: ‘enterprise value’, meaning of ‘significant’, materiality assessment</li> <li>• Breadth of reporting</li> <li>• Connected information</li> <li>• Timing of reporting</li> <li>• Comparative information and updated estimates</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy and decision-making (including transition planning)</li> <li>• Climate resilience</li> <li>• GHG emissions</li> <li>• Industry-based requirements</li> </ul>

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Decisions taken by ISSB in October

## Clarifying key concepts

- **Remove term ‘enterprise value’** from the objective and the assessment of materiality – but no change in concept
- **Remove term ‘significant’** to describe which sustainability risks and opportunities to disclose – describe process
- Confirmed use of the same **definition of material** as is used in IFRS Accounting Standards

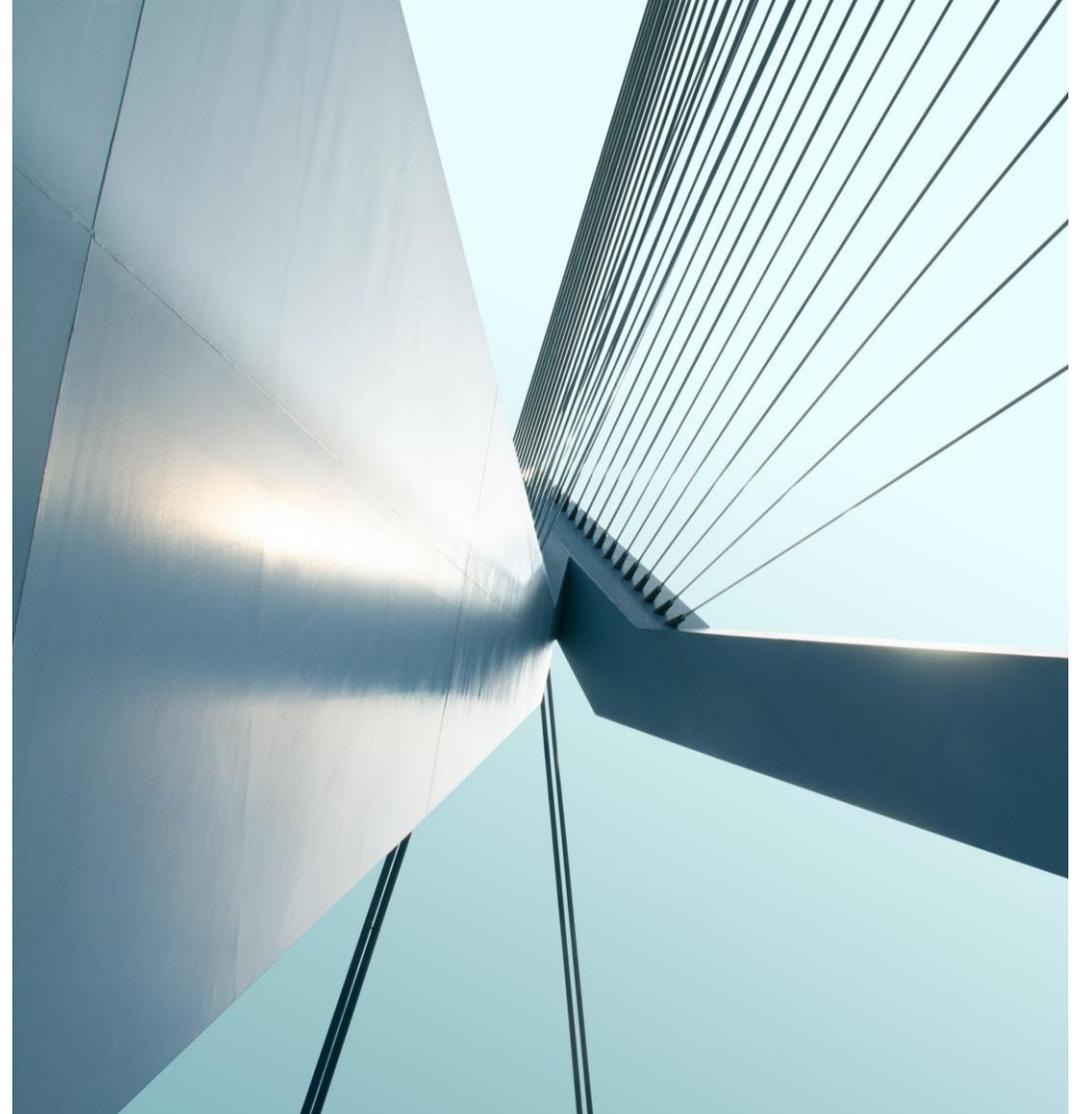


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Decisions taken by ISSB in October

# GHG Emissions

- Confirmed disclosure of **Scope 1-3 emissions**, applying GHG Protocol Corporate Standard
- **Relief provisions** for Scope 3 to assist with data challenges be decided at a future meeting
- Work with jurisdictions to establish **safe harbour** relief
- Modifying some disclosures and language in relation to **transition plans** to facilitate alignment
- Will provide **guidance** on how to estimate Scope 3

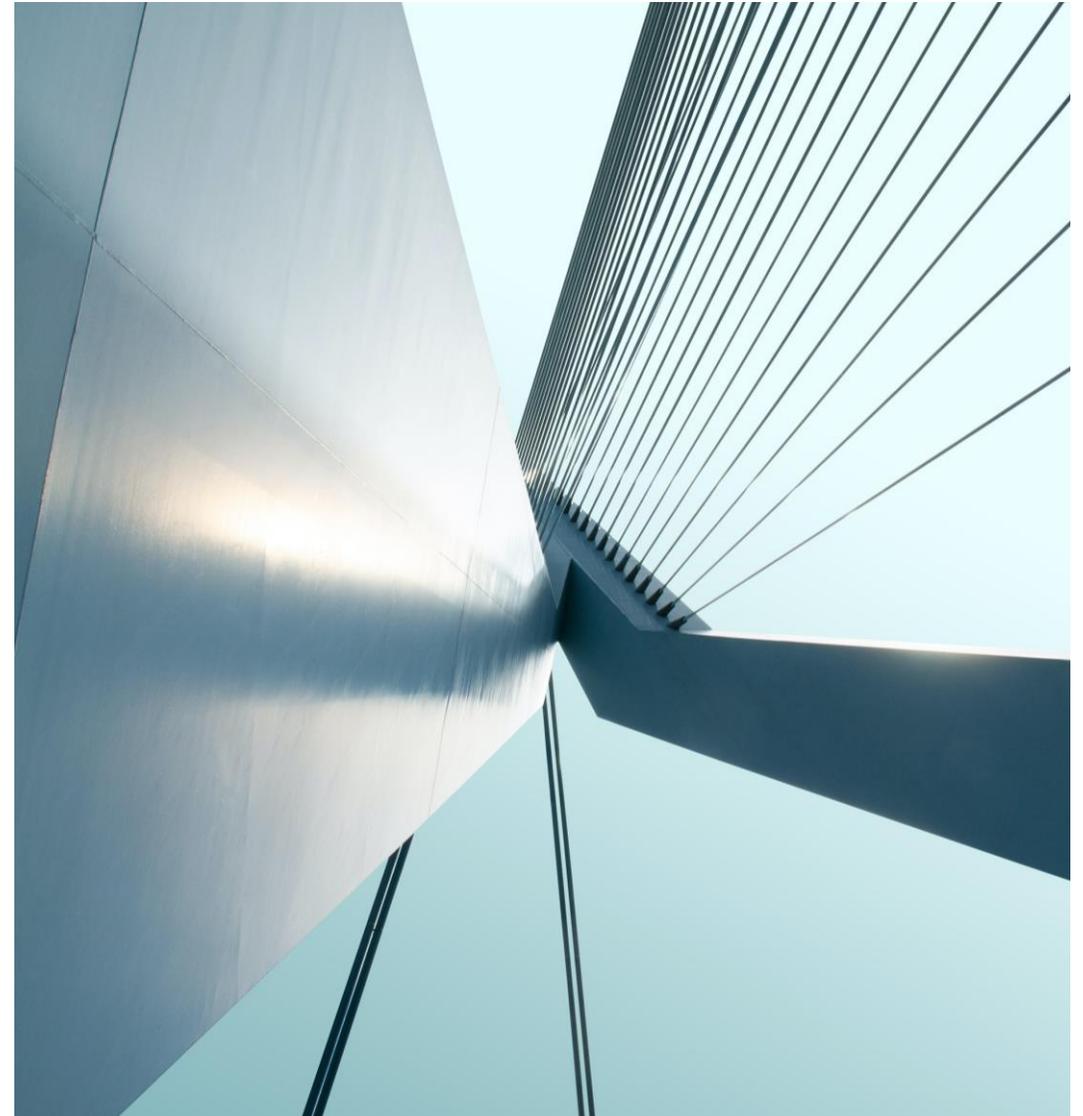


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Decisions taken by ISSB in October

## Industry-based

- Feedback during the consultation indicated support from investors for industry-specific disclosures as **decision-useful**
- The ISSB tentatively agreed to:
  - Maintain the requirement that entities provide industry-specific disclosures
  - Make Appendix B of S2 (Climate-related) **illustrative examples**, with the view to make the topics and metrics **mandatory in the future** following further consultation
  - Take time to further ensure that disclosures are relevant across jurisdictions and consider alignment with others



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# Interoperability



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# Comprehensive global baseline

## BUILDING BLOCKS:



- Possible additional requirements mandated by jurisdictions
- Voluntary standards adopted to meet broader multi-stakeholder needs (e.g., GRI Standards)

## BASELINE:

### IFRS Sustainability Disclosure Standards

- Act as a comprehensive foundation
- Common language to deliver comparable, consistent disclosures
- For global capital markets, meeting investor needs globally

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## Jurisdictional Working group



**Remit:** platform for dialogue to enhance compatibility between the ISSB's global baseline of sustainability disclosures and jurisdictional initiatives

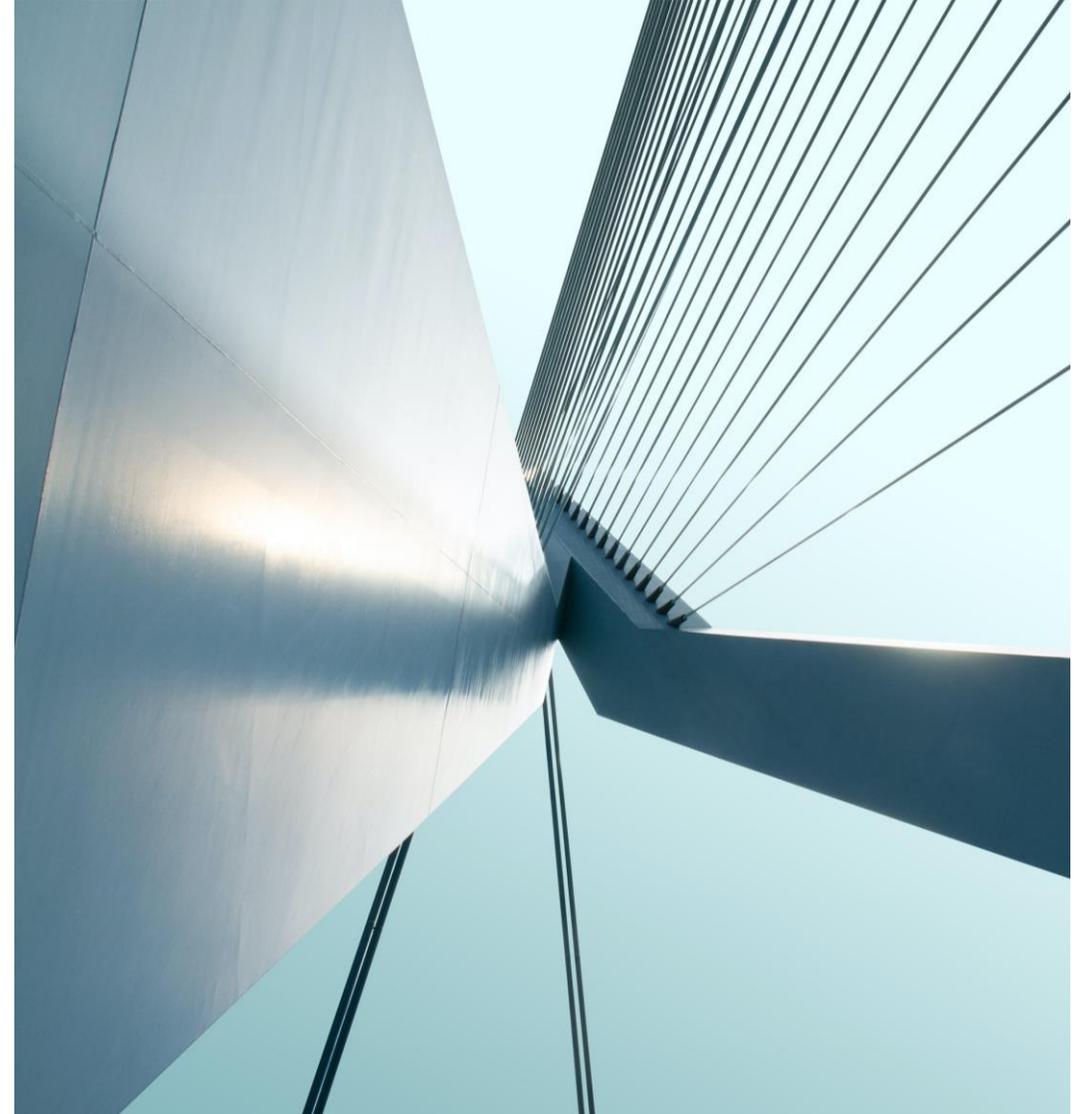


**Membership:** Chinese Ministry of Finance, European Commission/EFRAG, Japan Financial Services Authority, UK Financial Conduct Authority, US SEC

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## Facilitating interoperability

- Prioritising ISSB board meeting discussions that facilitate **ongoing dialogue with jurisdictions** working on jurisdiction-specific disclosure requirements
- Many redeliberation decisions – e.g. enterprise value, Scope 3 – **support interoperability**
- Adopted the **TCFD architecture** to drive interoperability.
- Discussion about use of ESRS in the absence of a specific ISSB Standard



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## Aligning disclosure requirements

Column A	Column B	Column C
Disclosures only for ISSB	Disclosures relevant to both ISSB & ESRS	Disclosures only for ESRS

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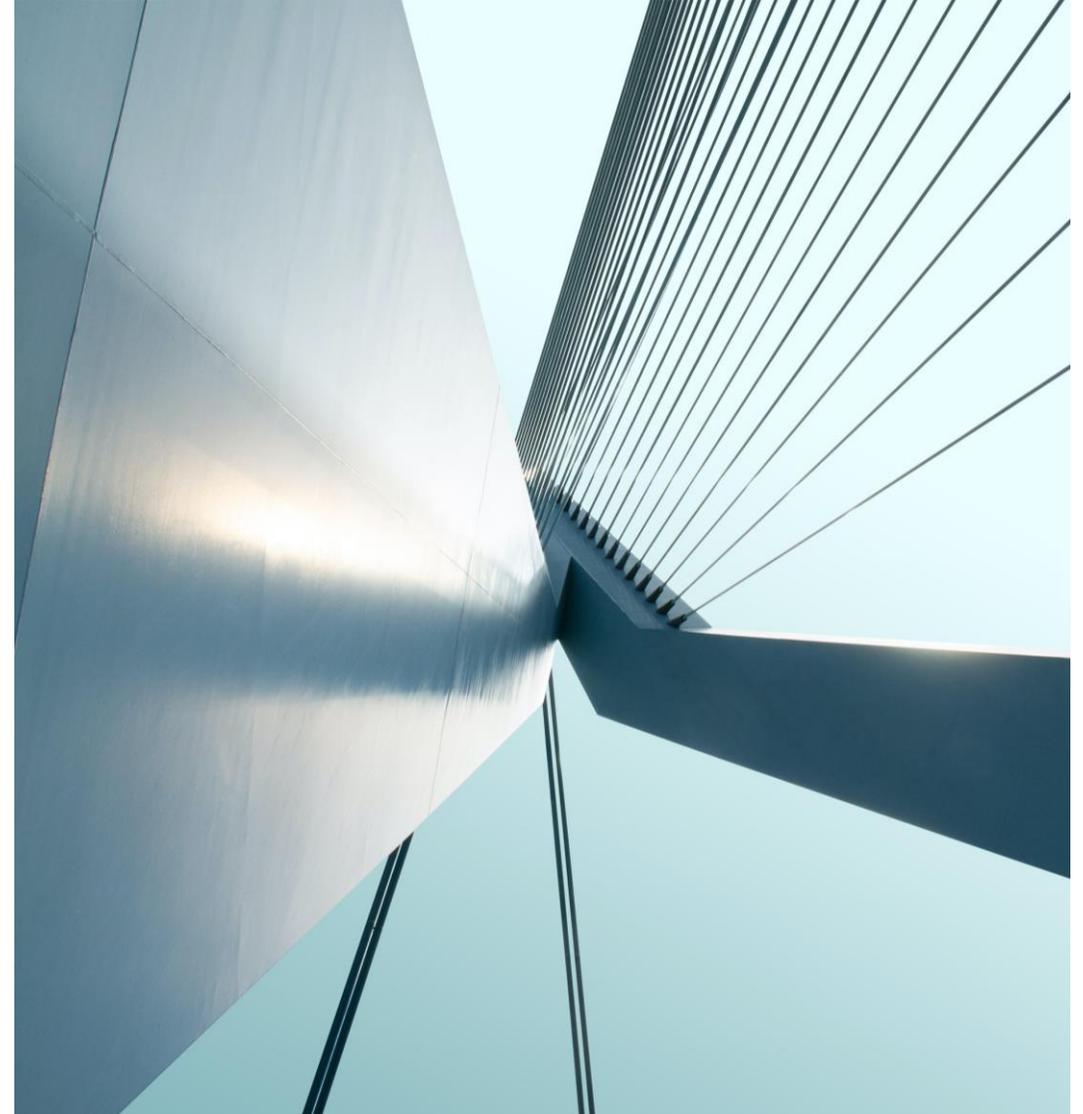
## Next steps



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# Priorities

- Foundation building:
  - Support **adoption and application**, including supporting materials
  - Develop a digital **taxonomy**
  - **International applicability** of SASB Standards
  - **Connectivity** with the IASB
  - **Interoperability** with others – e.g. GRI and EFRAG
  - **Research** incremental enhancements to Climate Standard
- **Consult** on new areas of work in H1 2023



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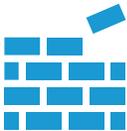
## Next steps



Complete discussions on consultation feedback around end of 2022



Issue final Standards as early as possible in 2023



Work to support adoption and application



Consult on proposed digital taxonomy



Consult on future priorities, H1 2023

# Get involved



## Download

proposed IFRS Standards  
and supporting materials



## Listen

to our monthly podcast with  
highlights from meetings  
and key developments



## Respond

to live consultations



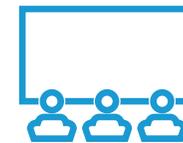
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ISSB meetings –  
the next is w/c 14  
November

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