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Good Governance Academy's 11th Colloquium, 16 May 2024

Can we achieve a global baseline of sustainability information?

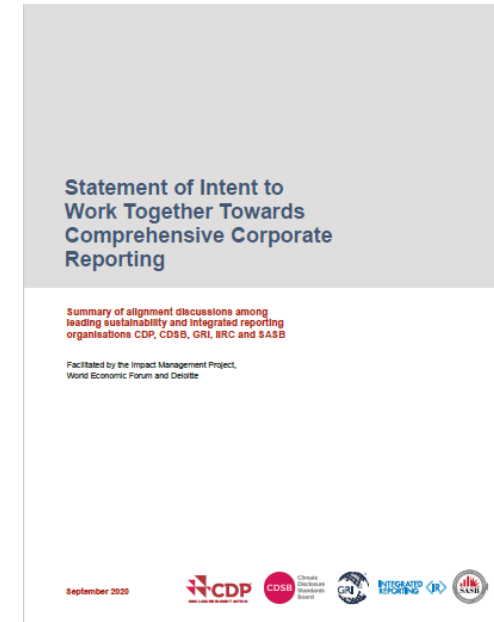
Alignment and equivalence

Neil Stevenson, Director, Deloitte



Agenda

- Summary of vision for comprehensive corporate reporting system
- Progress in achieving global baseline based on ISSB Standards
- Risk of fragmentation
- Approaches to enhance global alignment
- Considerations for companies



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Commentary News & Analysis

Comment: The case for equivalence – supporting globally consistent sustainability reporting

The legal concept of equivalence could help to achieve greater global comparability in sustainability disclosures and reduce fragmented requirements, says Deloitte's Veronica Poole.

Guest Writer - 21 February 2024

Time is running out to address climate and sustainability crises

Global clean energy spending needs to rise from USD 1.8 trillion in 2023 to USD 4.5 trillion annually by the early 2030s

The ratio of global investment in clean energy to investment in fossil energy needs to rise to 10 to 1 in 2030

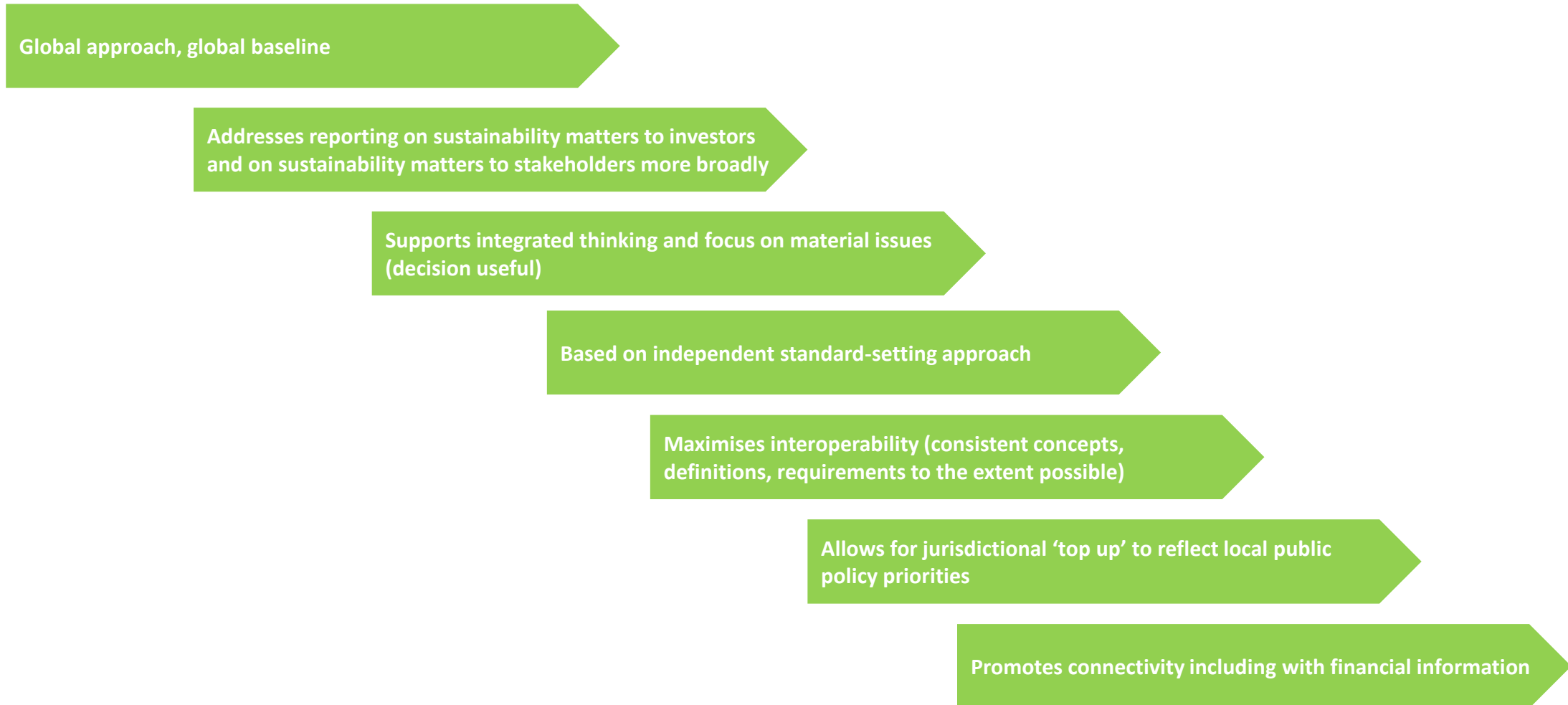
Source: Net Zero Roadmap A Global Pathway to Keep the 1.5 °C Goal in Reach: 2023 Update, International Energy Agency



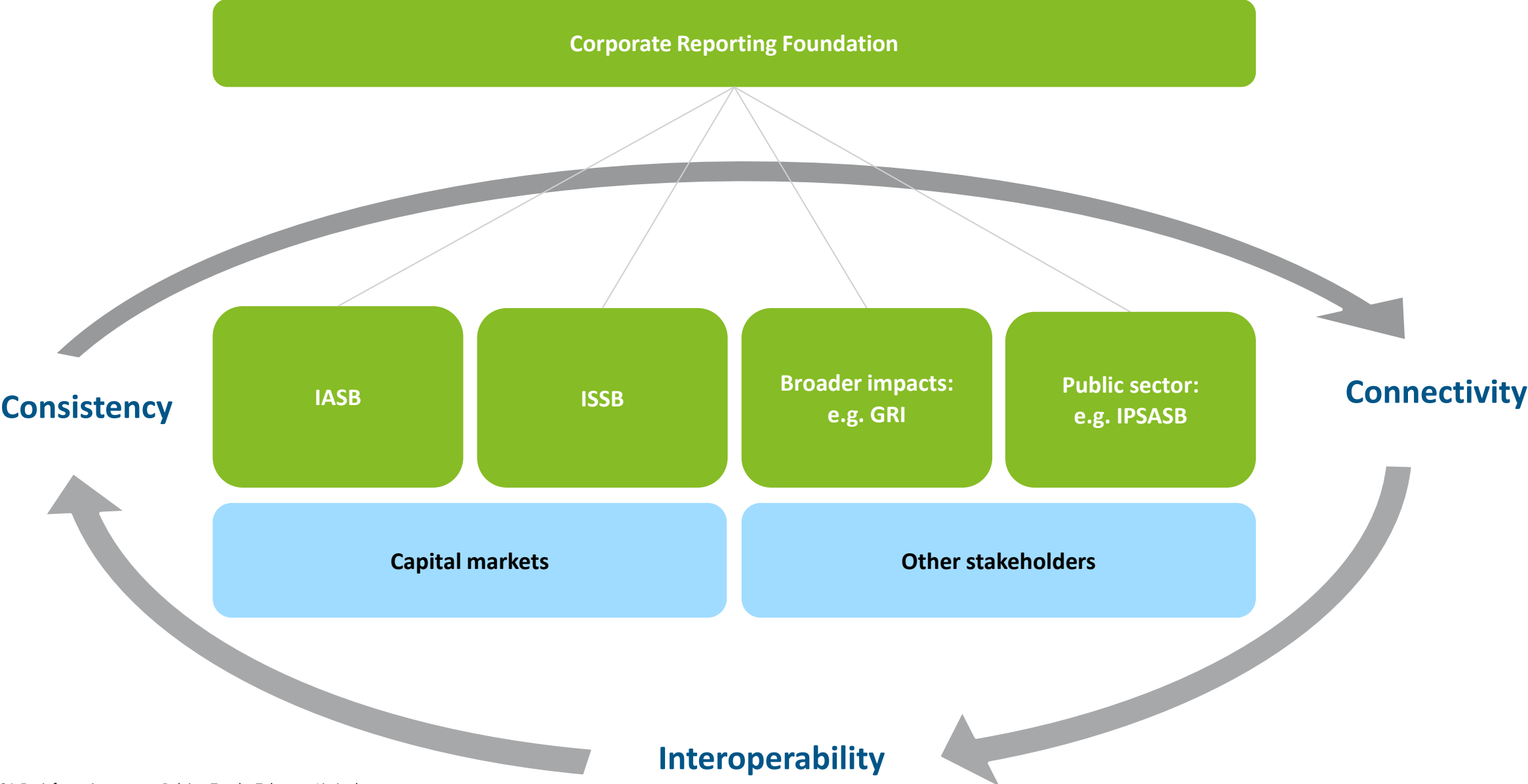
Need for sustainability reporting system that promotes trust and transparency and achieves high-quality information to support the decisions made by investors and stakeholders and which supports integrated thinking

Towards a global comprehensive corporate reporting system

Some principles



Blueprint for a global comprehensive corporate reporting system?



Progress in achieving global baseline based on ISSB Standards

International Sustainability Standards Board

- In June 2023, ISSB issued IFRS S1 (general requirements) and IFRS S2 (climate-related disclosures)
- Consultation on agenda priorities for the next two years has concluded. ISSB to focus on support for adoption of S1 and S2 and start projects on nature/biodiversity and human capital
- Further development of SASB Standards metrics

IOSCO and Financial Stability Board

- **IOSCO**: endorsed the ISSB standards calling on its 130 members to consider ways to 'adopt, apply or otherwise be informed by the ISSB standards within the context of jurisdictional arrangements'
- **Financial Stability Board**: ISSB standards should serve as a global framework for sustainability disclosures. TCFD has disbanded and the FSB has transferred monitoring of climate-related disclosures to the ISSB

Jurisdictions moving towards ISSB adoption include: Australia, Brazil, Canada, Japan, Malaysia, Nigeria, Singapore, South Korea and the UK

A fragmented landscape?



**Variant local standards
adapted from ISSB
Standards?**



**Jurisdictions developing
their own sustainability
standards and
regulations**

| Fragmented regulatory reporting requirements can detract from a global baseline and from decision-useful information

Approaches to enhance global alignment

Adoption of ISSB Standards is the best approach to achieve a global baseline of consistent and comparable sustainability information

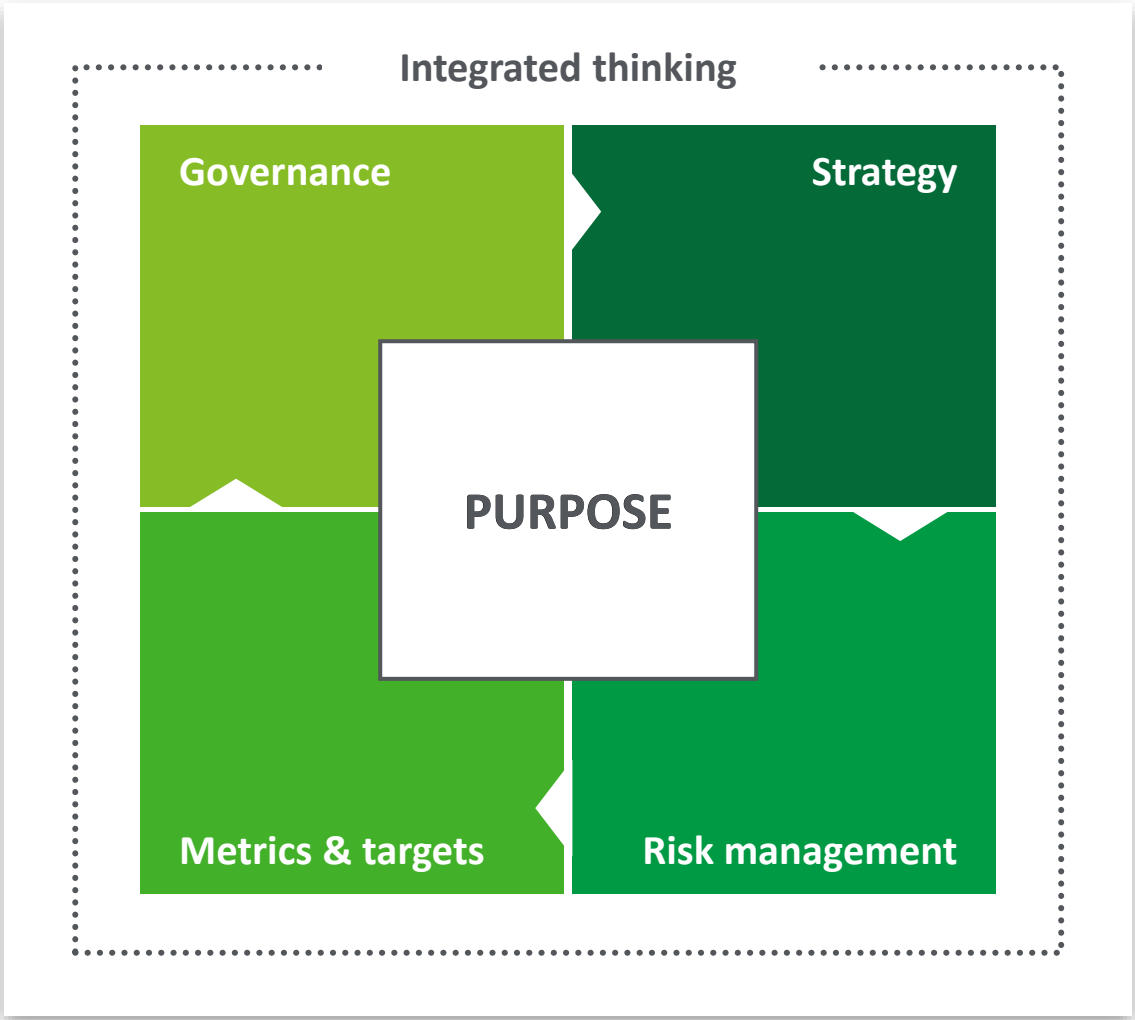
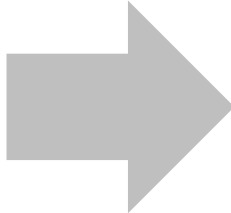
Interoperability

- **The ability of a company to meet different reporting requirements efficiently and with less duplication of effort**
- **Publication of ISSB/EFRAG interoperability guidance on climate disclosures**
- **Interoperability leads to reconciliation tools**
- **Companies have to make sure their disclosures comply with the requirements of each set of standards or regulations**

Equivalence

- **Builds on approach used for financial reporting**
- **Regulators permit companies outside their own jurisdictions to use globally recognised standards to meet corresponding jurisdictional requirements**
- **Additional consideration in jurisdictions that have adopted the concept of double materiality**
- **Can support greater comparability**

How can companies make sense of emerging requirements?





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