
Islamic Finance Consultative Group meeting

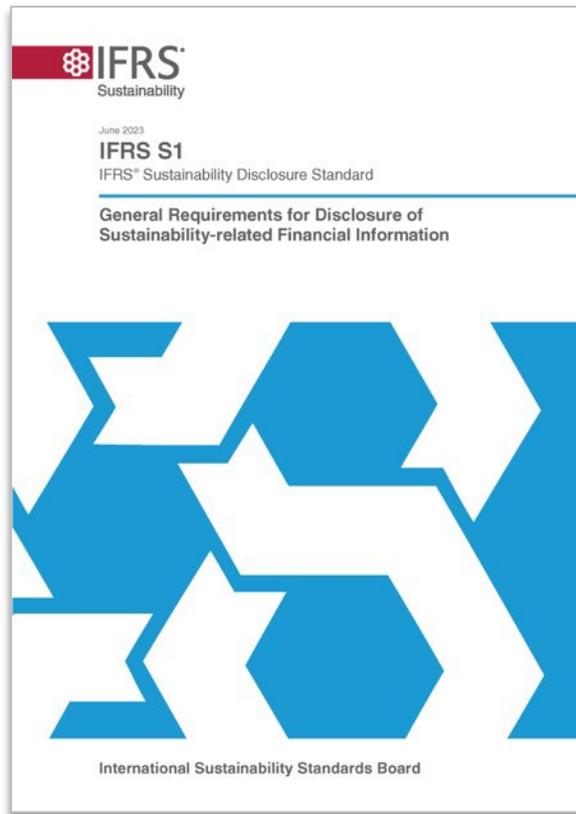
Date **May 2024**

Topic **ISSB Update and developments**

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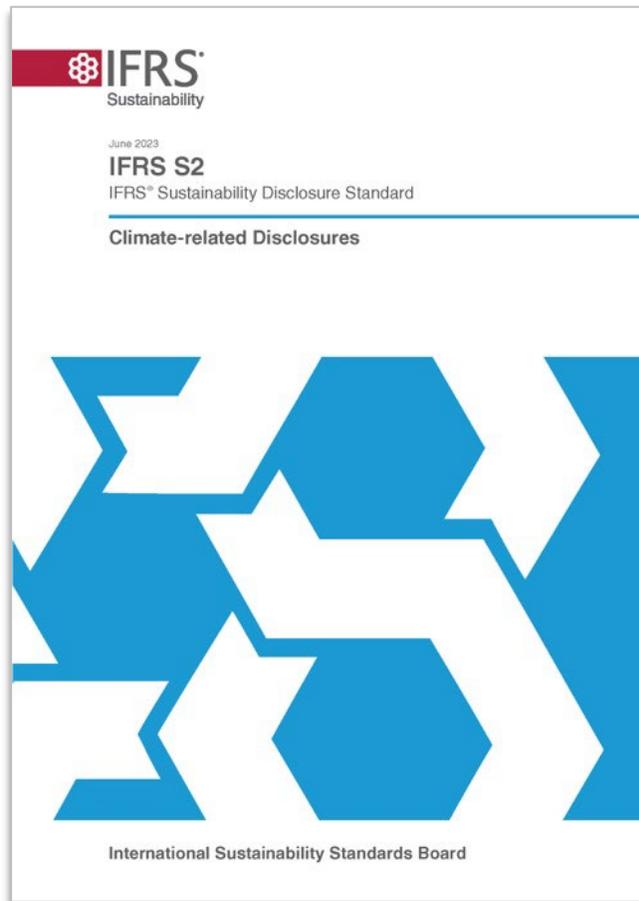
This paper has been prepared for discussion at a public meeting of the Islamic Finance Consultative Group (IFCG). This paper does not represent the views of the International Sustainability Standards Board (ISSB) or any individual ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the *ISSB Update*.

IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information



- Asks for disclosure of **material information** about **sustainability-related risks and opportunities** with the financial statements, to meet investor information needs
- Applies **TCFD architecture** whenever providing information about sustainability-related risks and disclosures
- Requires **industry-specific disclosures**
- For matters other than climate, refers to **sources to help companies** identify sustainability-related risks and opportunities and information
- Can be used in conjunction with **any accounting requirement (GAAP)**

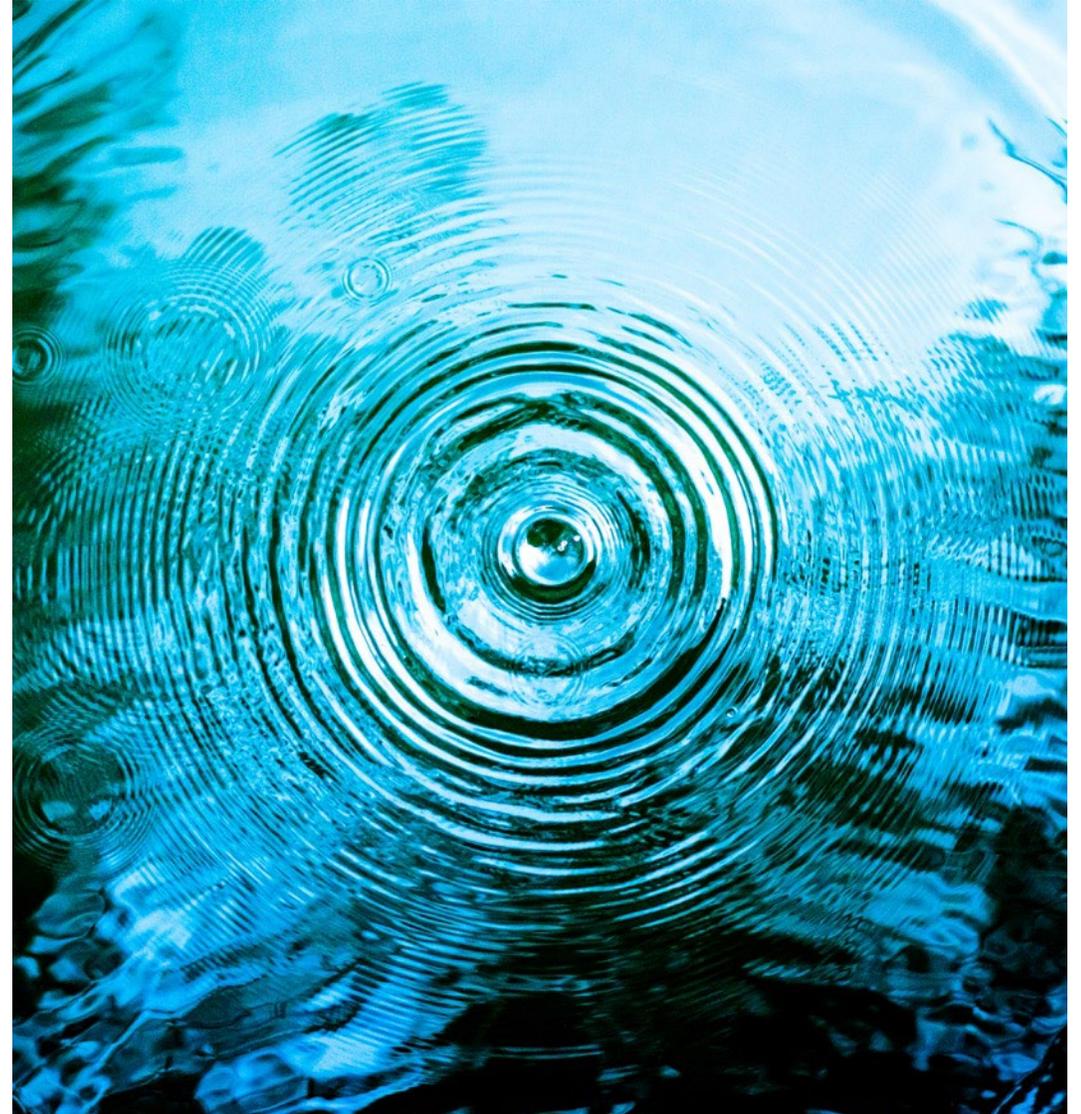
IFRS S2: Climate-related Disclosures



- Incorporates the **TCFD recommendations**
- To meet investor information needs, IFRS S2:
 - used in accordance with **IFRS S1**
 - requires disclosure of **material information** about **climate-related risks and opportunities**, including physical and transition risks
 - requires **industry-specific disclosures**, supported by accompanying guidance based on the SASB Standards

ISSB Standards endorsed by international securities regulators

- IOSCO endorsement sends strong signal that ISSB Standards are **fit for purpose** for use in the global capital markets
- Creates **trust** in ISSB Standards for jurisdictions
- IOSCO calling on **130 member jurisdictions** to consider how they can incorporate ISSB Standards into respective regulatory frameworks
- Historic **milestone** echoing IOSCO's sole previous endorsement, which was of IFRS Accounting Standards 20+ years ago



ISSB recent progress

- IFRS S1 General Requirements & IFRS S2 Climate-related Disclosures and supporting content published
- IOSCO endorses as fit-for-purpose

- **First ISSB meeting in Beijing**, plus International Sustainability Conference
- GRI Sustainability Innovation Lab in Singapore launched

- **ISSB at COP 28**
- Organisations commit to advance climate global baseline
- Enhanced SASB Standards issued
- ISO collaboration
- Knowledge hub

- **First joint ISSB-IASB meeting: integration in reporting and connectivity**
- Interoperability considerations for GHG emissions published jointly with GRI

- **IFRS Sustainability Symposium** in New York
- Preview of the Inaugural Jurisdictional Guide published
- List of jurisdictional consultations

- **Transition Implementation Group** meeting
- Agreed balance of activities in ISSB two-year work plan
- ISSB Chair visit to Kenya, Nigeria and South Africa

Summer 2023

November

December

January

February

March

ISSB at COP28

- IFRS Sustainability knowledge hub launched
- Ongoing CDP, ISO, and GRI collaboration
- Transition of the TCFD to the ISSB
- Commitments to capacity building, pursuing regulatory adoption and building the global sustainability-related disclosure baseline
- **Declaration of support from ~400 organisations from 64 jurisdictions** including regulators & standard-setters (IOSCO, FSB, IMF, and multilateral development banks)



2024 ISSB priorities

Implementation

Support implementation of IFRS S1 and IFRS S2, including educational activities and advancing the IFRS Foundation's **capacity building programme** to help ensure companies, regulators and other stakeholders are prepared for ISSB Standards

Adoption

Advance jurisdictional adoption of the ISSB Standards through bilateral dialogue with governments and regulators to support them on their journey to requiring sustainability-related disclosures in their jurisdiction

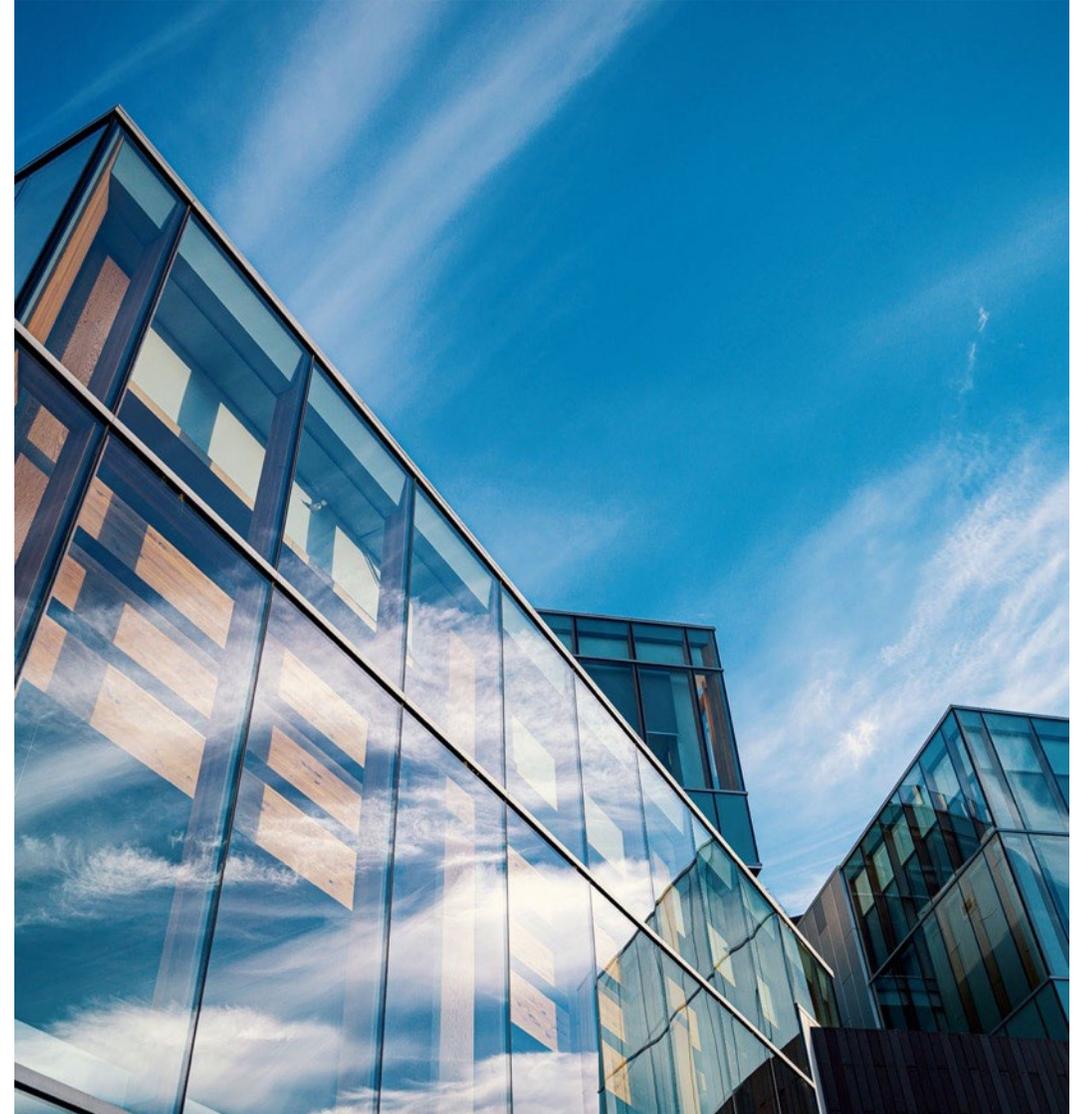
Pursue market adoption of the ISSB Standards by companies choosing to use the Standards to communicate to investors

Future work plan

Build out the global baseline of sustainability-related disclosures responding to feedback on recent consultation on the ISSB's future agenda

Balance of ISSB activities

- High level of focus on supporting **implementation of IFRS S1 and IFRS S2**
- Next, equal focus on **enhancing the SASB Standards + new research and standard-setting projects**
- Some capacity reserved for flexibility to **address emerging issues** and **engage with IASB** as needed
- Furthermore, three activities **fundamental** to all work:
 1. interoperability with other sustainability standard-setting initiatives
 2. connectivity with IASB
 3. stakeholder engagement

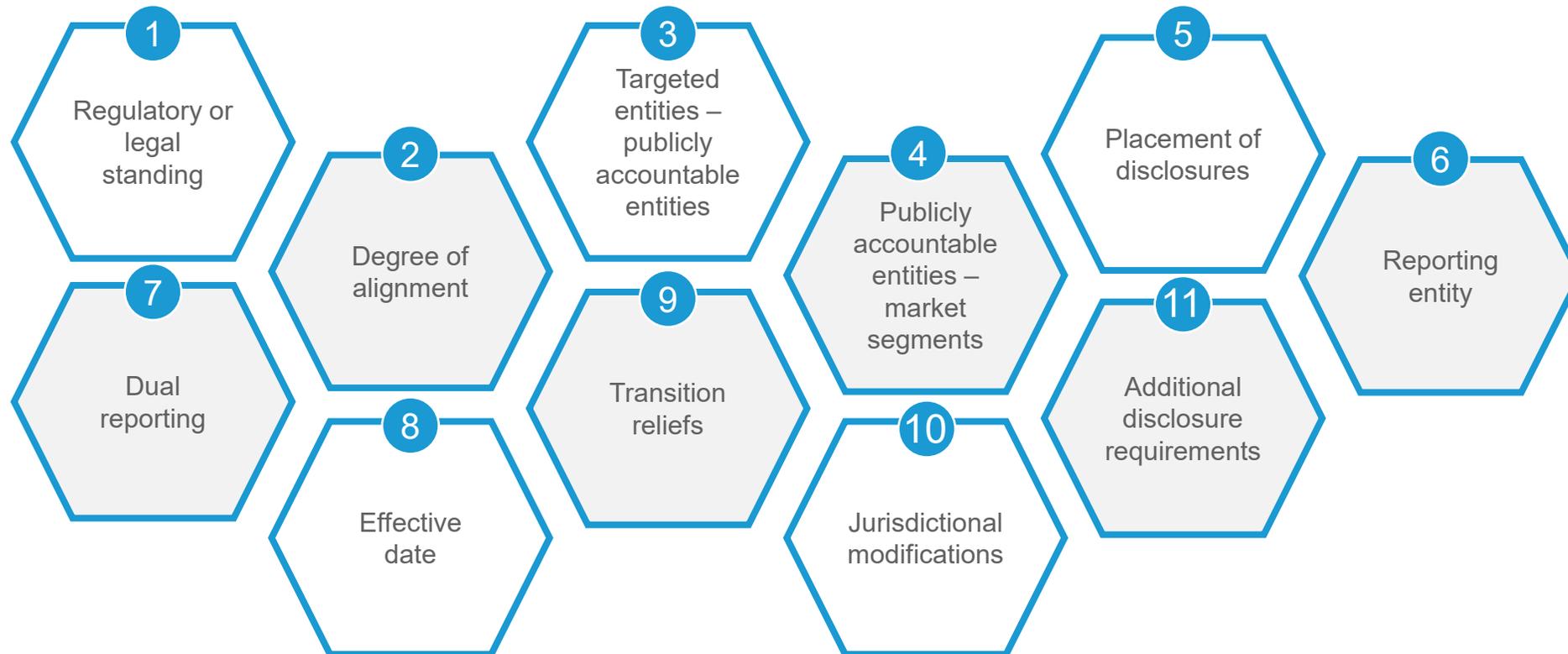


‘Adoption or other use of ISSB Standards’

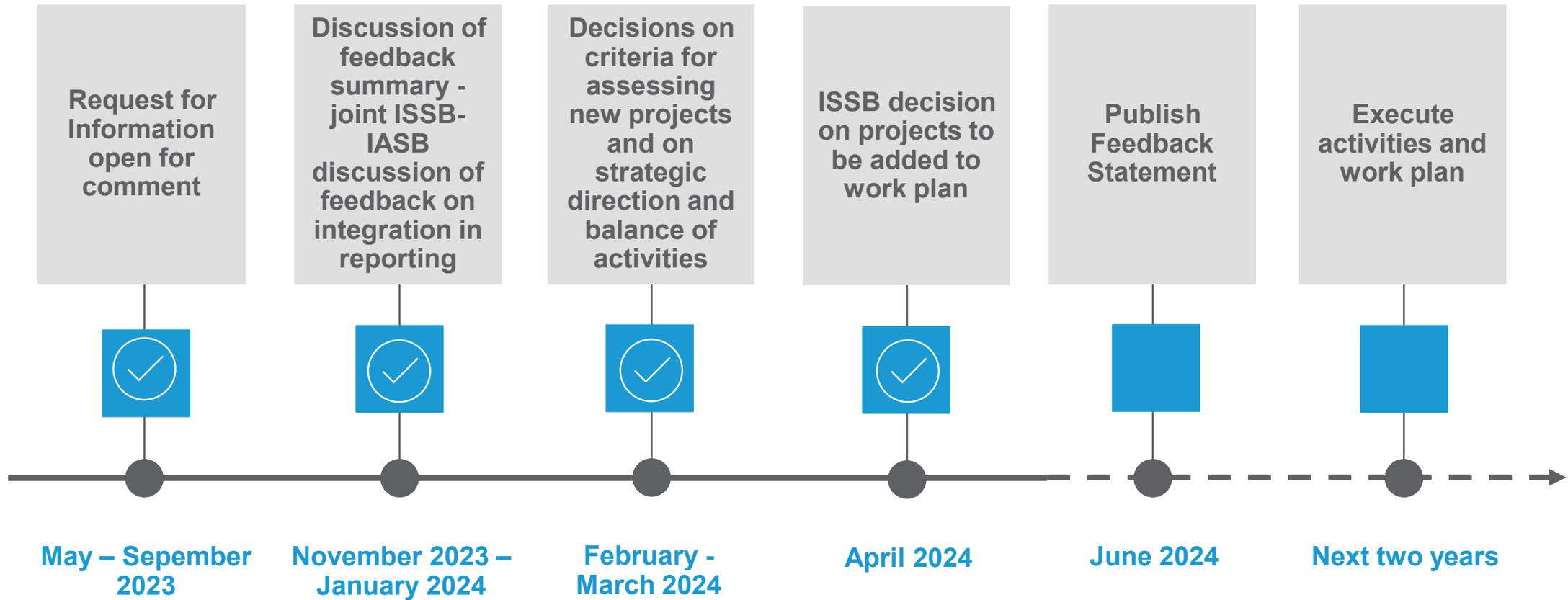
Jurisdictions may pursue a range of different approaches to *‘adopt, apply or otherwise be informed by ISSB Standards’* when introducing sustainability-related disclosure requirements in their legal and regulatory frameworks. Includes approaches that:

- involve the **adoption or other use of IFRS S1 and IFRS S2 directly**
- involve the introduction of local sustainability-related disclosure requirements (or standards) designed to deliver **functionally aligned outcomes** to those resulting from the application of IFRS S1 and IFRS S2

Features of jurisdictional adoption and alignment



Next steps: ISSB Agenda Consultation Timeline



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