
Sustainability Standards Advisory Forum meeting

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Project **Update on ISSB activities**

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Purpose of this session

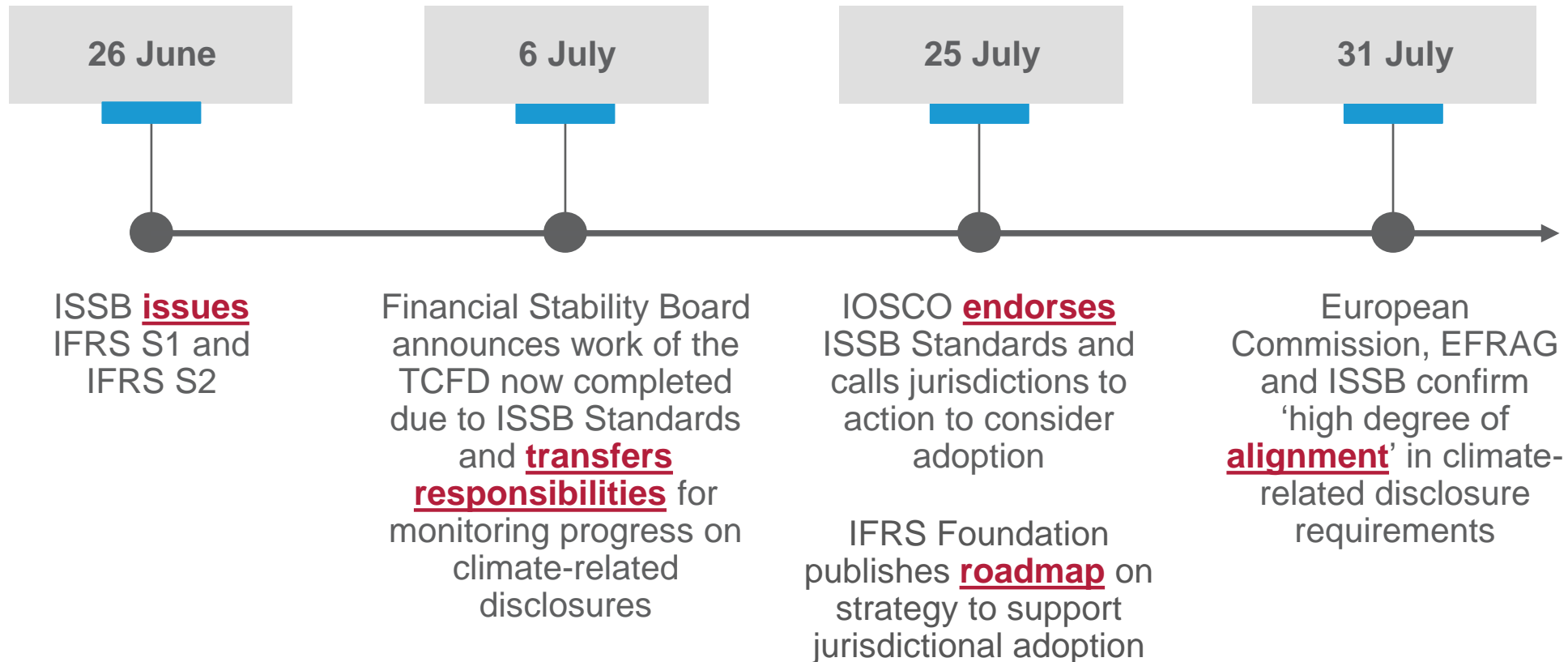
Purpose of this session

- To provide an update on the ISSB's work since the last SSAF meeting in July 2023
- Focus on Agenda Consultation and Internationalisation of the SASB Standards

Key milestones in delivering truly global baseline

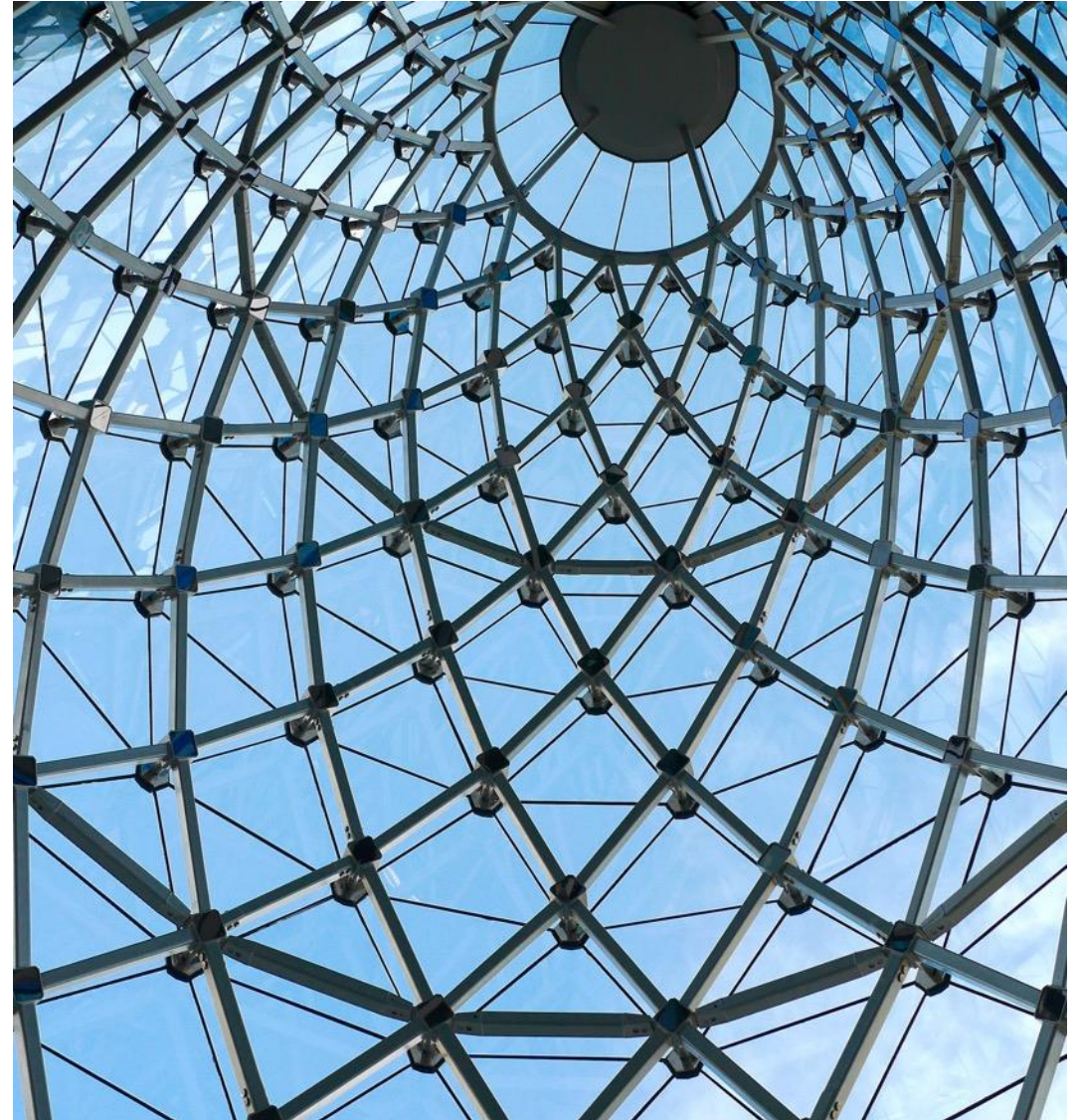


Key milestones in delivering truly global baseline



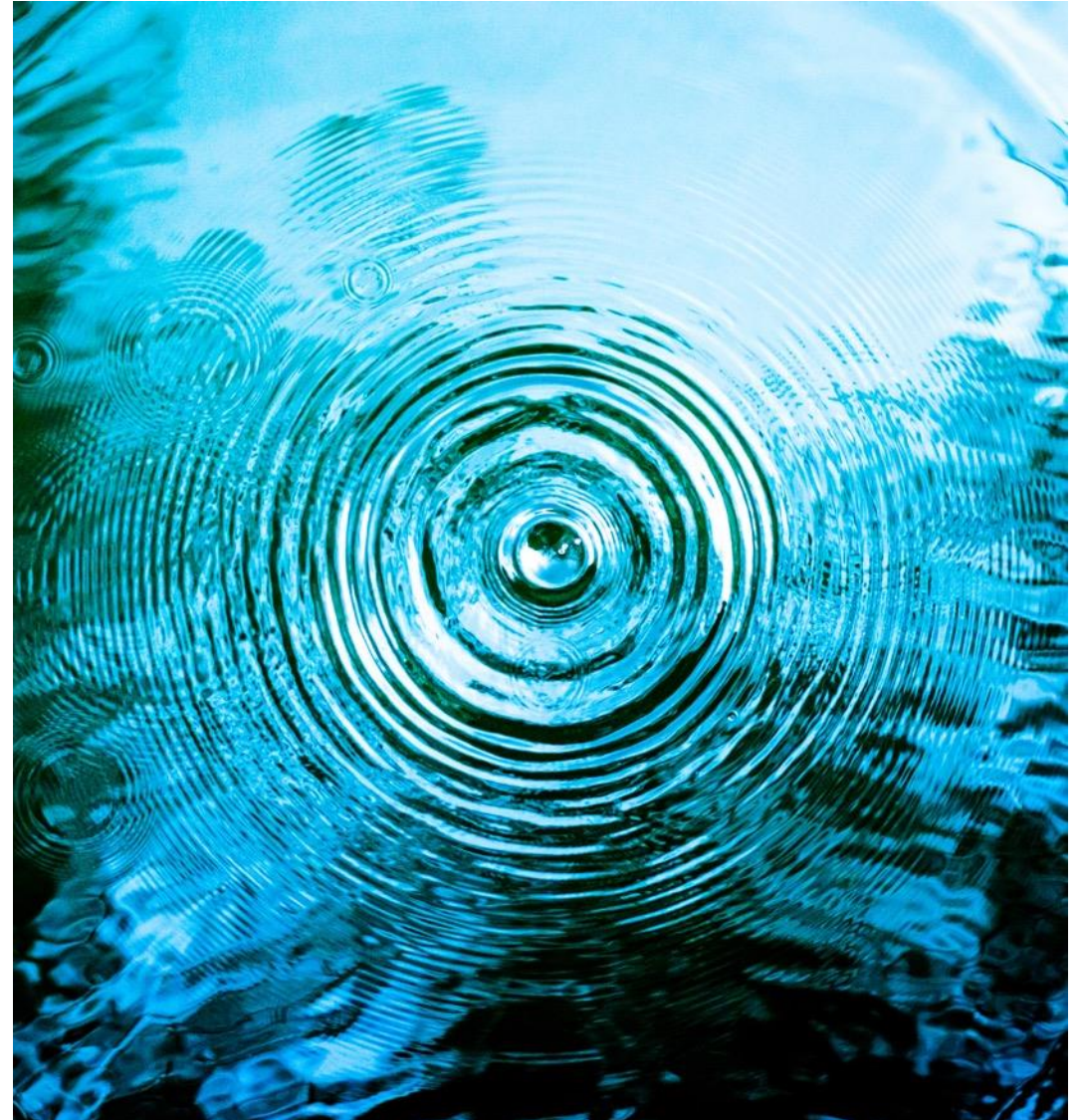
‘Culmination’ of TCFD work

- ISSB Standards mark “**the culmination of the work** of the Task Force on Climate-related Financial Disclosures”
- IFRS S1 and IFRS S2 **incorporate** the recommendations of the TCFD
 - **Mapping of TCFD to IFRS S2 published** by ISSB
- Financial Stability Board to **transfer TCFD monitoring responsibilities** to ISSB from 2024
- Announcement provides **yet further clarification** of ‘alphabet soup’
- Companies and jurisdictions **still able to use TCFD Recommendations**



ISSB Standards endorsed by international securities regulators

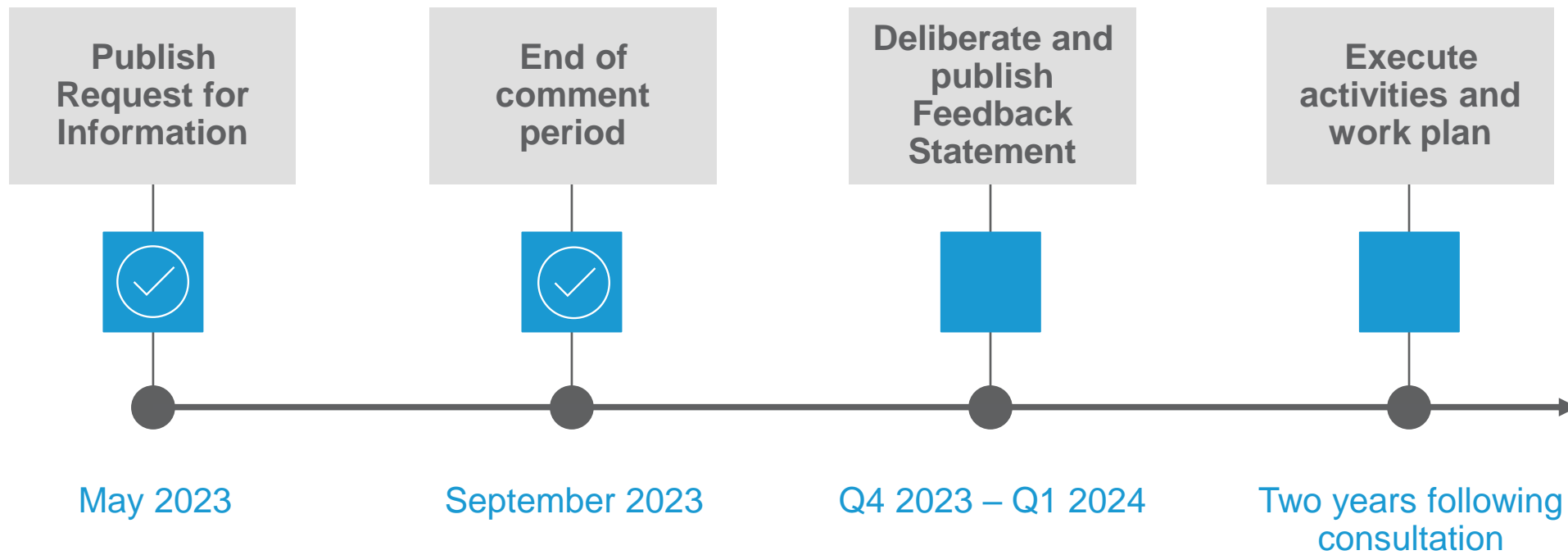
- IOSCO endorsement sends strong signal that ISSB Standards are **fit for purpose** for capital market use
- Creates **trust** in ISSB Standards for jurisdictions
- IOSCO calling on **130 member jurisdictions** to consider how they can incorporate ISSB Standards into respective regulatory frameworks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



Consultation on agenda priorities

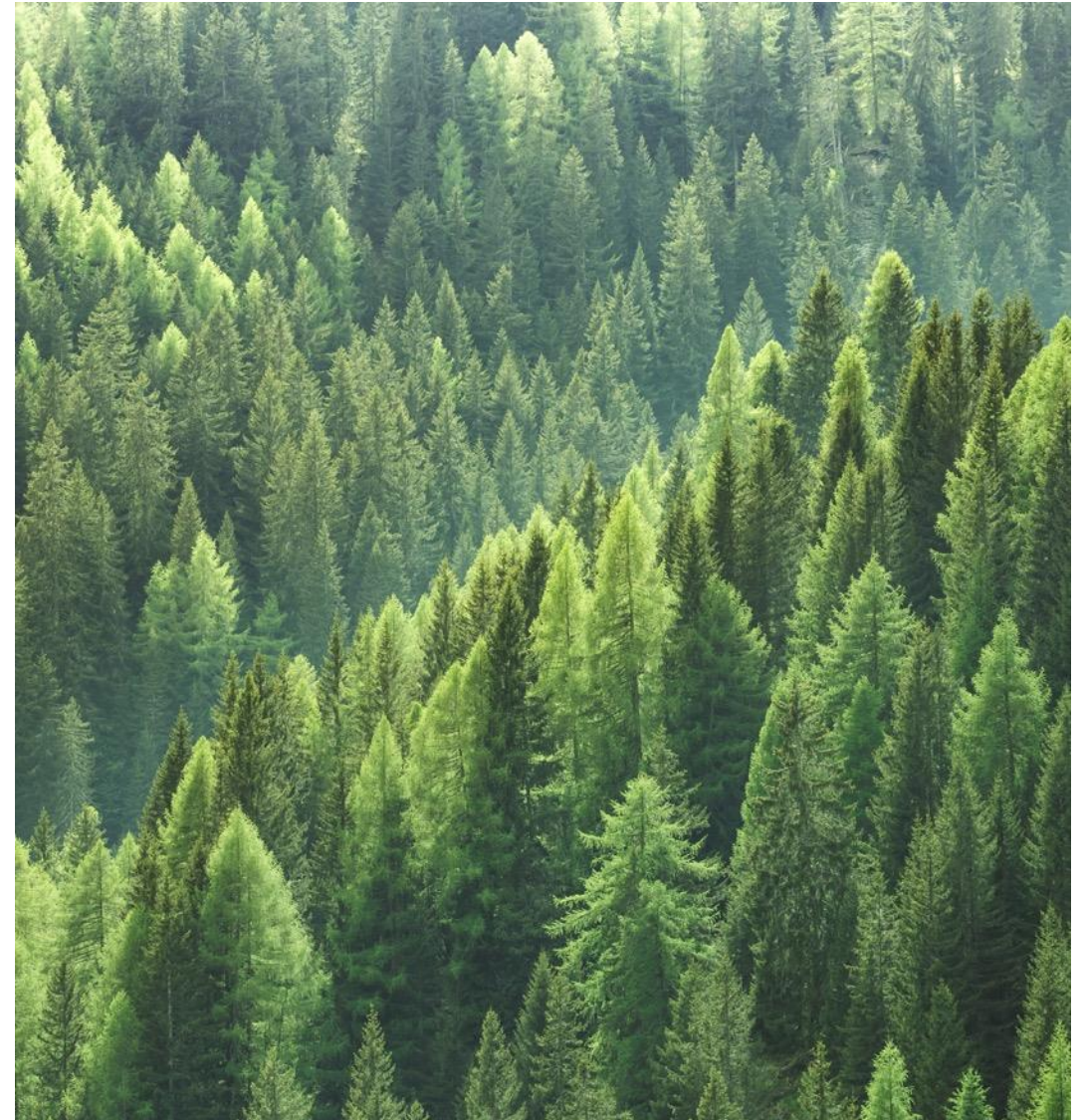


Timeline



Feedback on

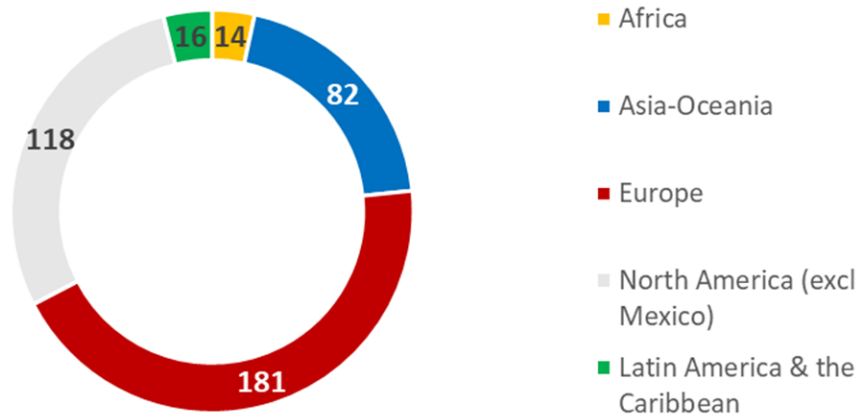
- 1 Strategic direction and balance of the ISSB's activities
- 2 Criteria for assessing the priority of new projects
- 3 Priority, scope and structure of potential new research and standard-setting projects
 - research projects on the sustainability-related risks and opportunities associated with:
 - biodiversity, ecosystems and ecosystem services
 - human capital
 - human rights
 - a research project on integration in reporting



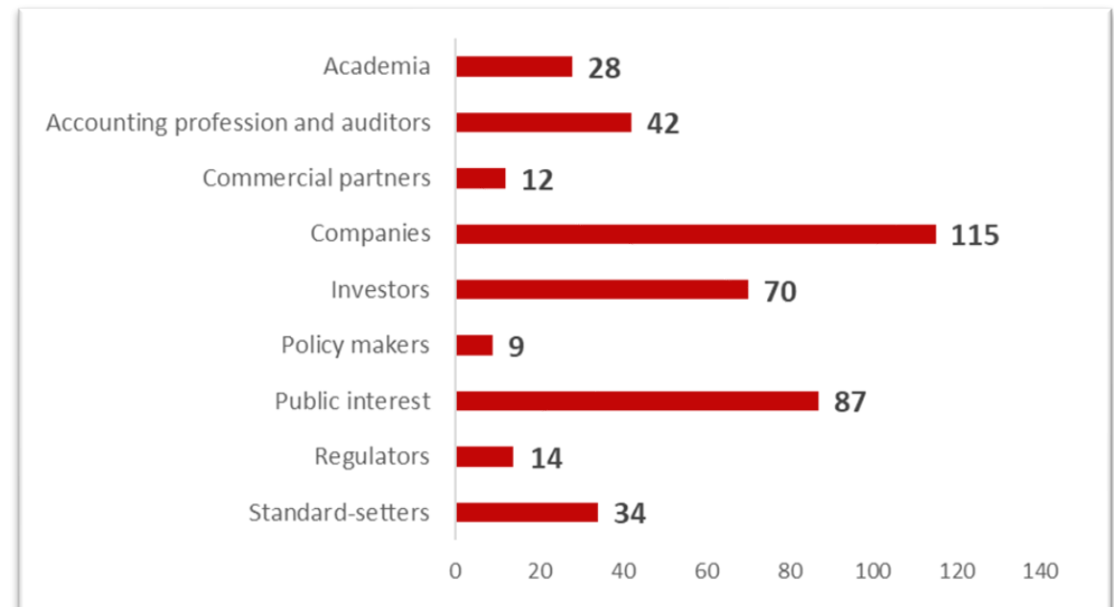
Technical staff are analysing responses

- 411 responses received by 1 September (251 surveys and 160 comment letters)

Summary of responses by region

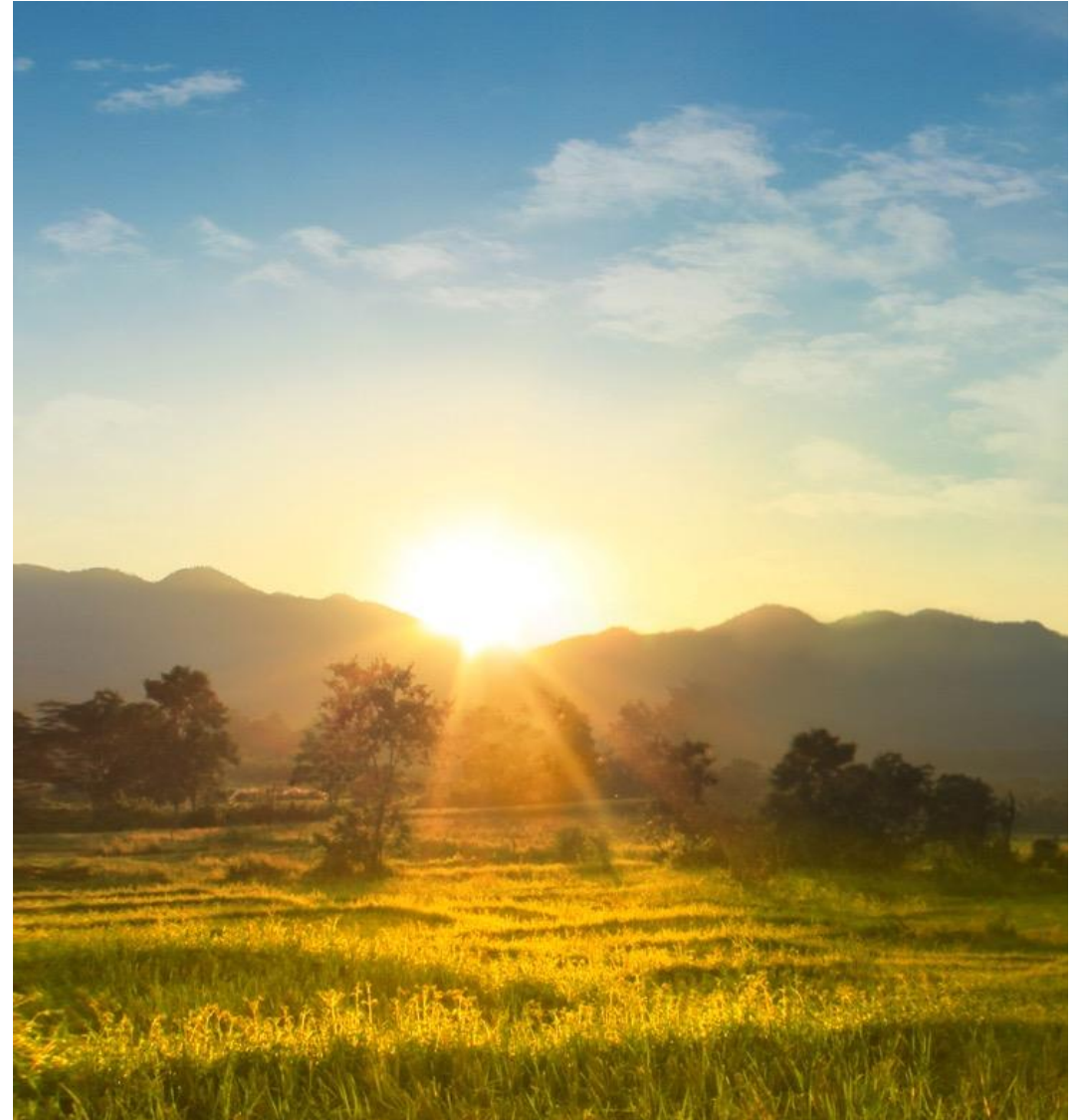


Summary of responses by stakeholder type



Preliminary common themes

- Desire for a **roadmap** showing ISSB overall strategic direction
- Demand for the ISSB to pursue **interoperability** to reduce duplication for preparers and secure consistency and comparability for investors
- Need to balance different views on **timelines**:
 - many noted it is important to take time to support implementation of IFRS S1 and IFRS S2 – focus on capacity building initiatives
 - those already well advanced with disclosures are more keen for the ISSB to move more quickly to develop new ISSB Standards
- General support for **research** in areas related to the four potential research projects discussed in the Request for Information – to balance with different views on timelines



Internationalisation of the SASB Standards



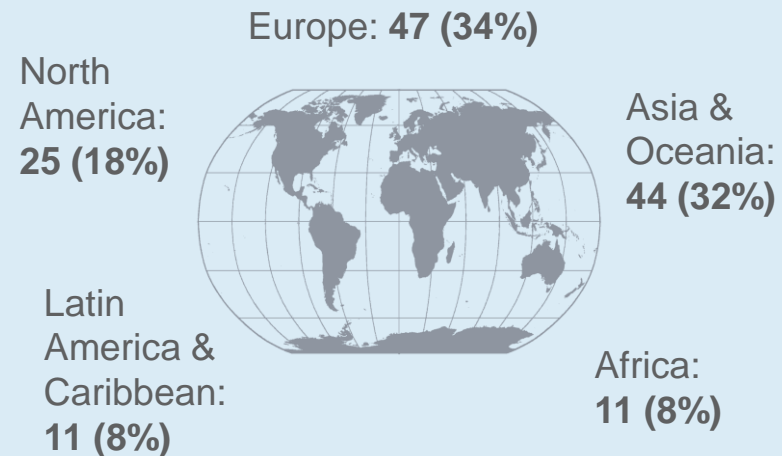
Methodology Exposure Draft respondents

Summary statistics

- 148 responses from 138 unique respondents

Some respondents submitted a survey and comment letter.

Jurisdictional spread



Feedback broadly supported the ISSB's direction of travel

Almost all respondents **agreed:**



Methodology enhances international applicability



Scope and objectives of the methodology are clear



Current constraints of the objective are appropriate



Revision approaches are sequenced appropriately

Some respondents also provided feedback on the following considerations outside the scope of the ED



External references

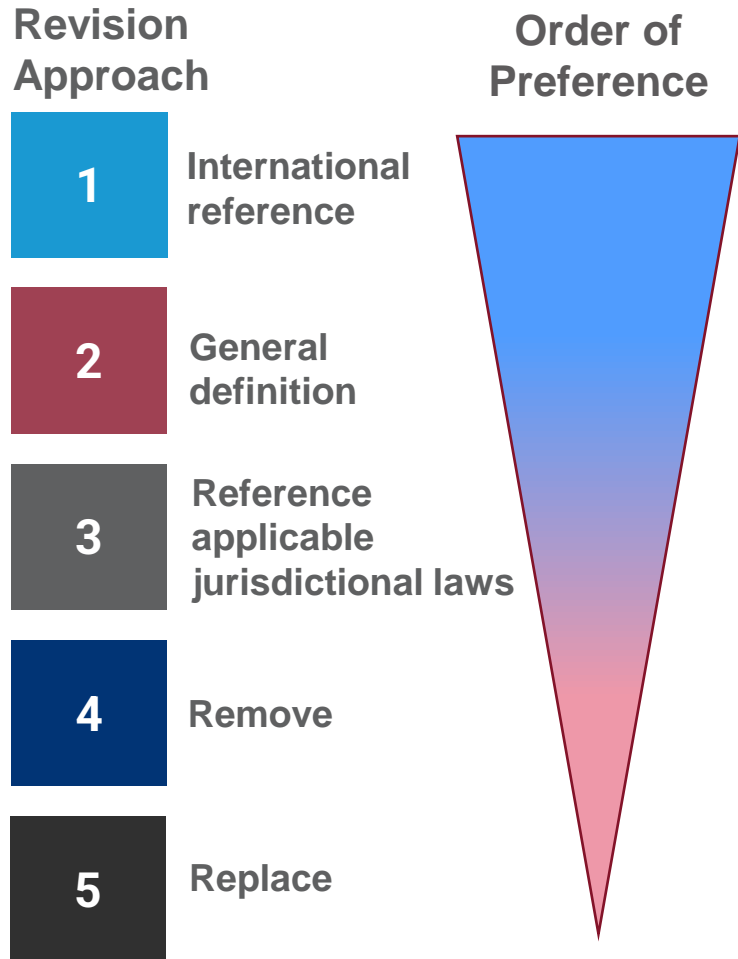
to third-party frameworks or standards outside of the ISSB's control



Public notice period

the nature and length of time that the updated Standards are made public prior to finalisation

Stakeholders supported the proposed hierarchy of revision approaches



- Overall, respondents were supportive of the Revision Approaches while noting potential trade-offs between them
- Most respondents agreed Approaches 2 and 3 should follow Approach 1
- Some respondents thought using international frameworks in Approach 1 might increase reporting burden for preparers with existing jurisdictional reporting requirements
- Some respondents noted Approach 3 may not result in cross-jurisdictional comparability
- Some current SASB reporters were concerned Approach 4 may hinder comparability with previous SASB reporting and Approach 5 may increase their reporting burden

Stakeholder feedback has informed the application of the methodology

Comments regarding the use of external references



Many respondents noted that references to third-party frameworks outside the control of the ISSB could pose challenges for **jurisdictional adoption**



Some respondents suggested that a **process** be established to routinely review and update these references



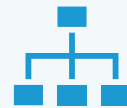
A few respondents noted that some third-party references are behind a **paywall** (ex: IEA Dataset) which could be costly or burdensome

Respondents requested clarity re: ISSB's strategy



Clarify direction

short, medium, and long-term strategy for SASB Standards



Structure

of future ISSB Standards (approach to thematic and industry-based requirements)

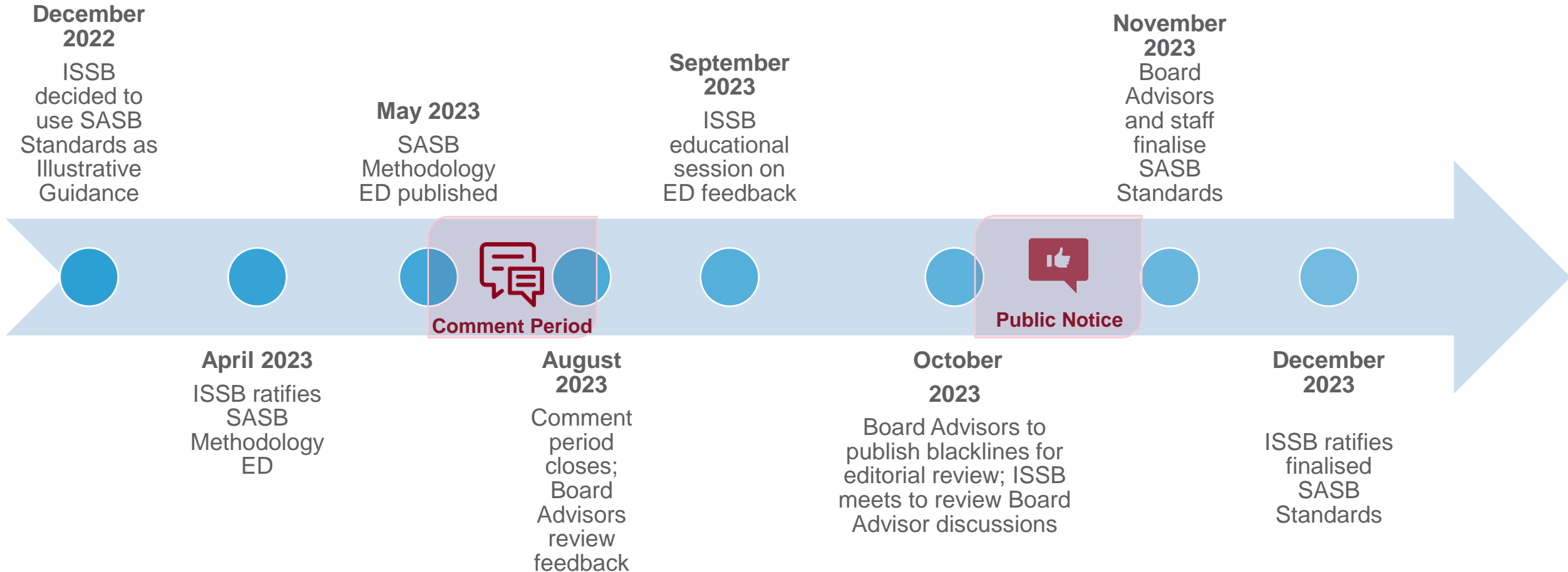


Interoperability

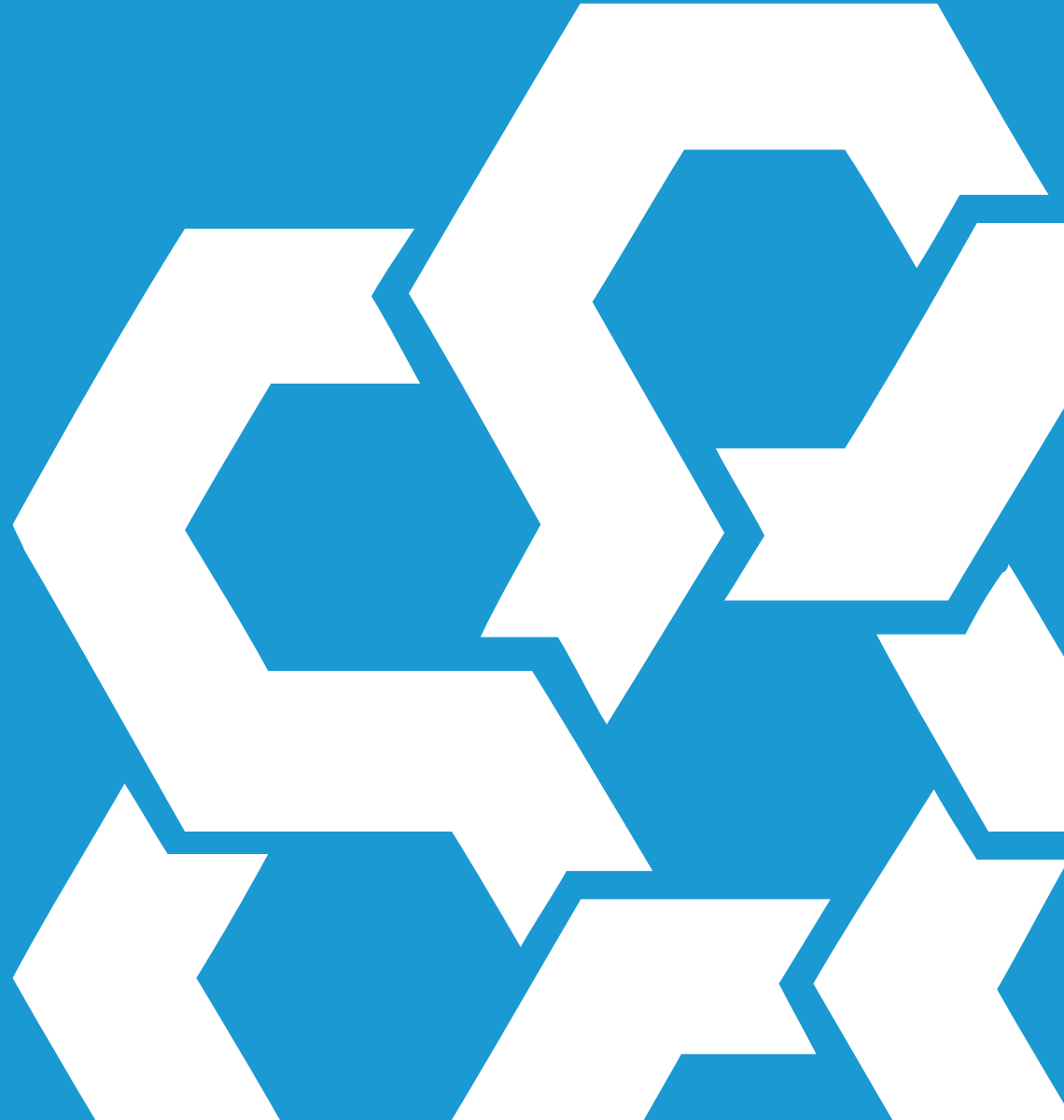
with anticipated GRI and ESRS sector-specific standards

Staff notes that **next steps for SASB Standards will also be informed by the results of the ISSB's consultation** on agenda priorities

Int'l Applicability of SASB Standards project timeline



Next steps



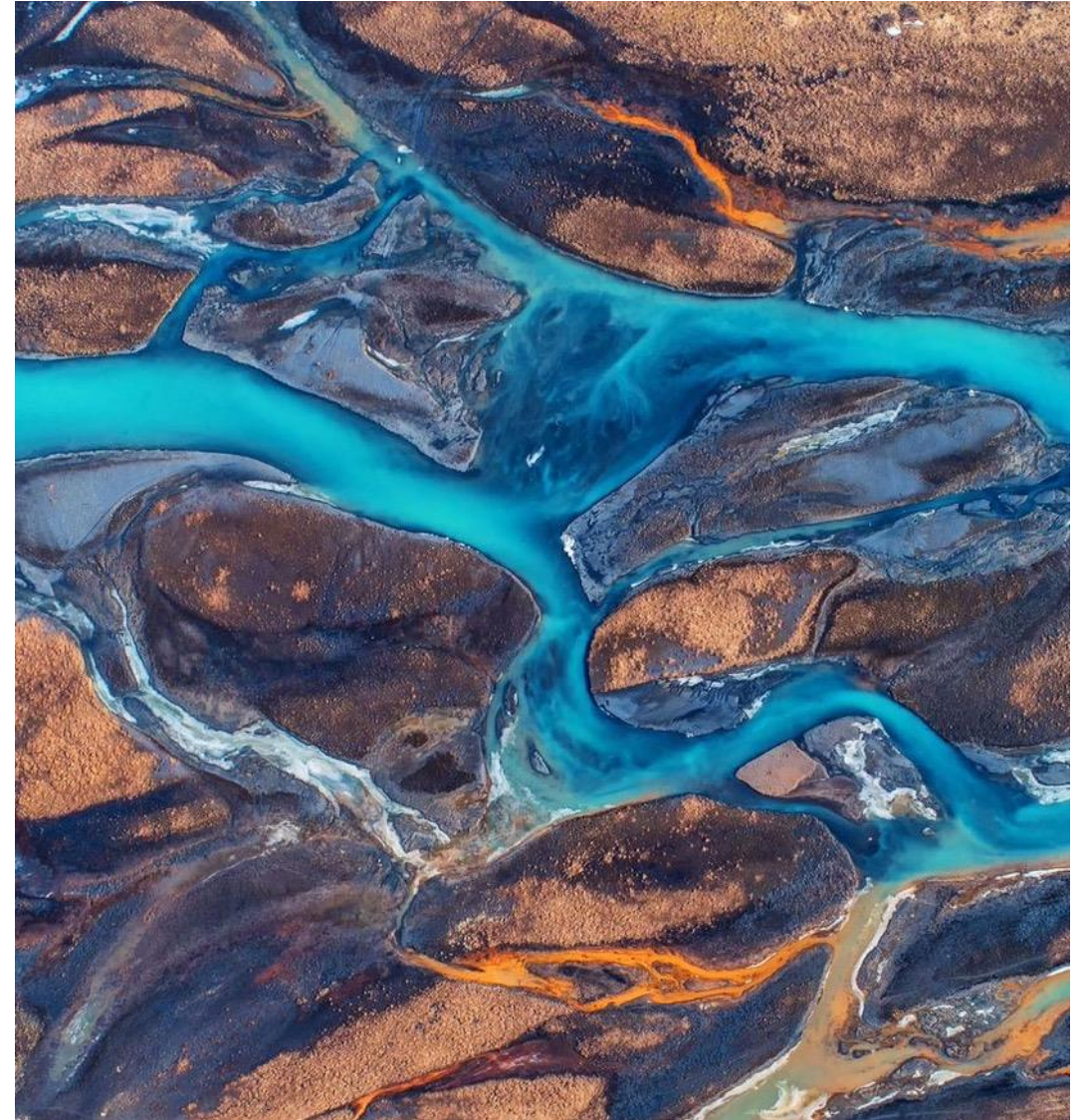
Implementation support and education

Capacity building initiative

- Development of general educational materials for all stakeholders (including investors)
- Development of specific educational materials for stakeholders in emerging and developing economies as well as smaller companies

Support implementation by companies

- Transition Implementation Group - a public forum for stakeholders to follow the discussion of questions raised on implementation by those applying the Standards



Looking ahead

Commitment to:

- connections with financial statements
- interoperability with jurisdictional and voluntary initiatives

Supporting implementation of IFRS S1 and IFRS S2

- digital taxonomy
- awareness raising and capacity building
- regulatory adoption and voluntary application

Work to:

- enhance and maintain the SASB Standards
- research disclosures that highlight nature and social aspects of climate-related risks and opportunities in IFRS S2

Future priorities:

- analysing feedback to ISSB agenda consultation



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