
Emerging Economies Group meeting

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| Date | December 2024 |
| Topic | Update on the ISSB's Activities |
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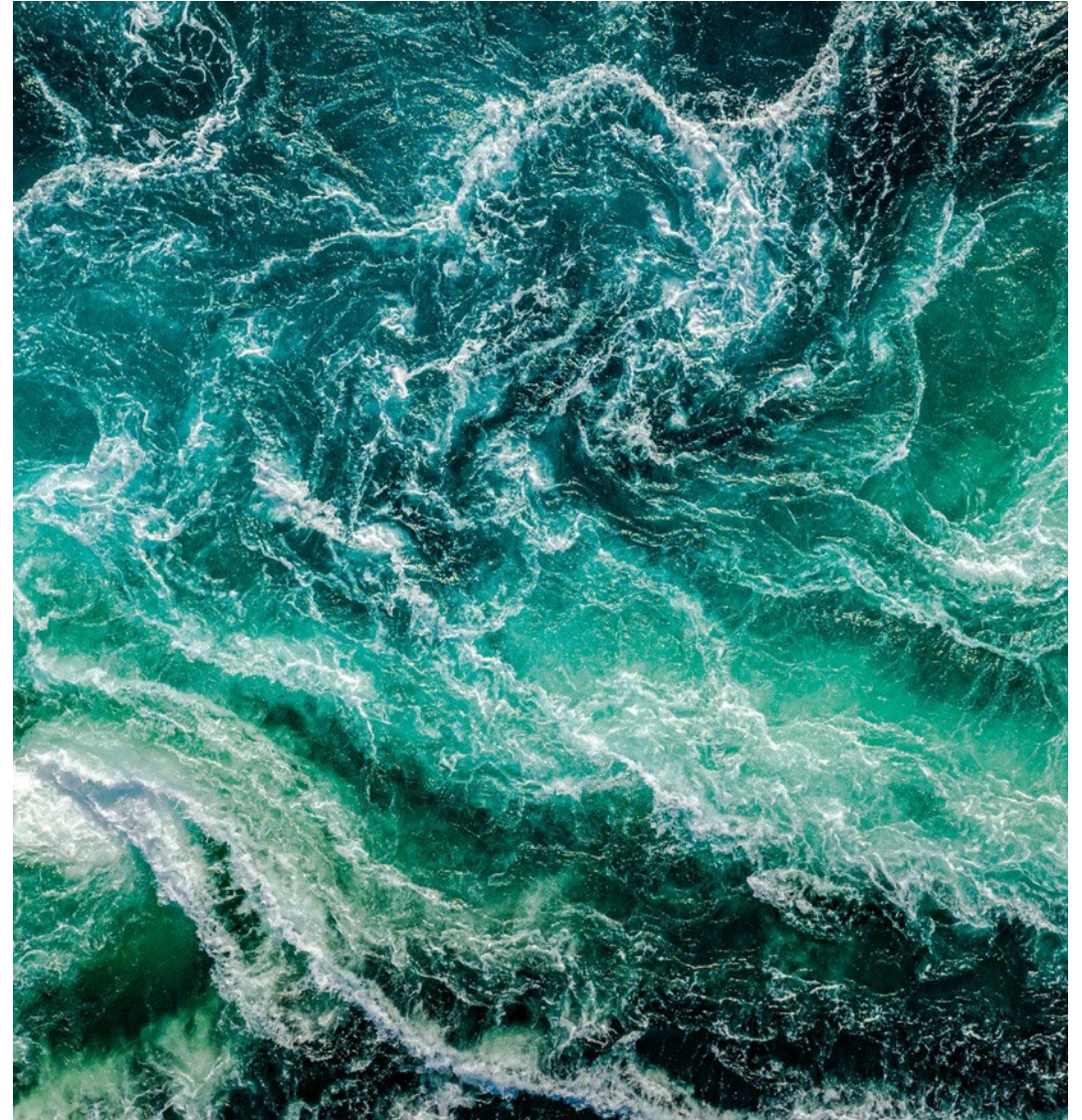
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Strong market demand

The ISSB was established as part of the IFRS Foundation because of investor, company and international policy maker (including G20, G7, IOSCO and Financial Stability Board) demand for:

- decision-useful, comparable information
- ending the ‘alphabet soup’ of voluntary initiatives
- an efficient reporting landscape

The ISSB has a transparent, rigorous due process to develop market-informed Standards that respond to these needs.



ISSB Standards enhance investor-company dialogue



Decision-useful

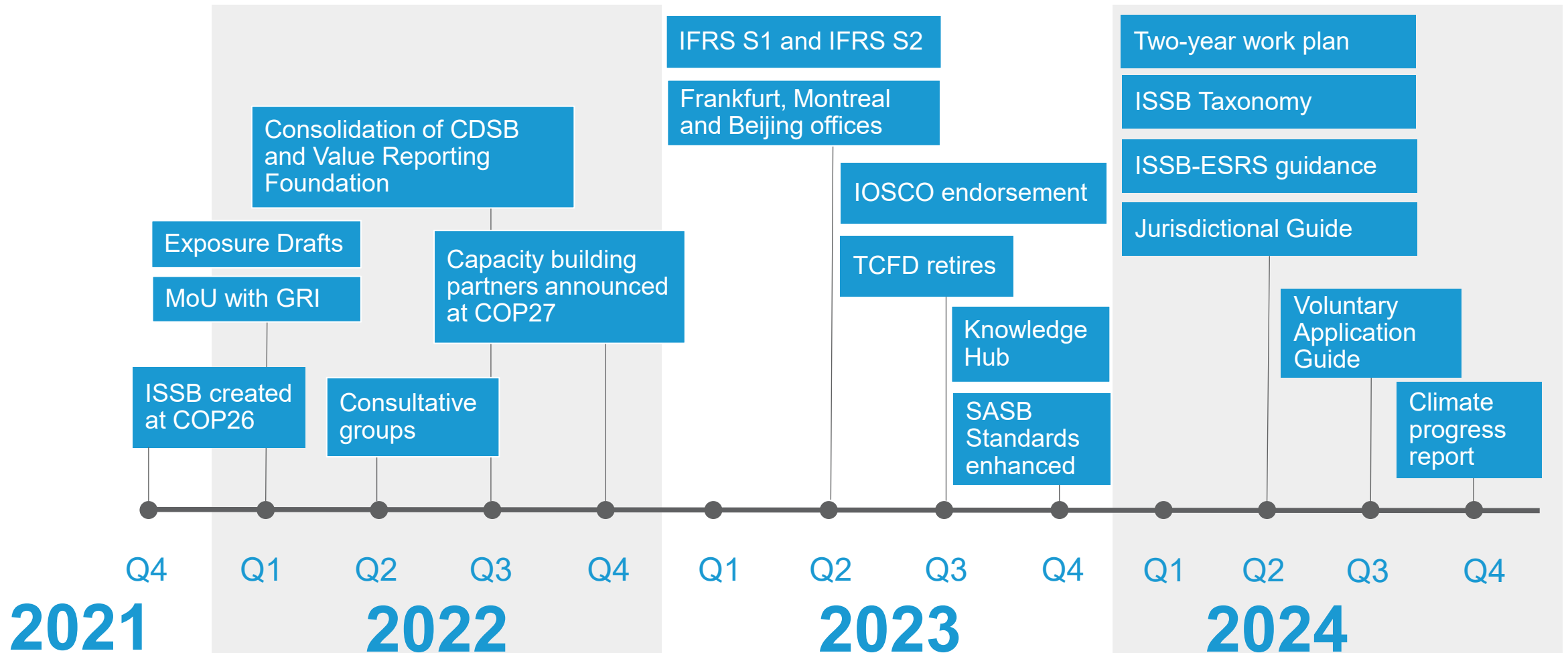
Developing globally comparable sustainability-related disclosures - that are assurable - to meet the information needs of investors



Cost-effective

Enabling companies to communicate to investors globally comparable, comprehensive information about sustainability-related risks and opportunities

ISSB milestones



‘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 available at [ifrs.org](https://www.ifrs.org))



Provided **yet further clarification** of ‘alphabet soup’



Companies and jurisdictions **still able to use TCFD Recommendations**



Financial Stability Board **transferred TCFD monitoring responsibilities** to ISSB

IFRS S1 and IFRS S2: the first ISSB Standards



IFRS S1 covers all sustainability-related risks and opportunities

IFRS S2 provides more detailed requirements on risks and opportunities related to climate

Both Standards:

- Require disclosure of information **material** to investors and capital markets
- Incorporate **TCFD** recommendations
- Require **cross-industry and industry-specific** information
- Offer **guidance from SASB Standards** for industry-specific disclosure

ISSB Priorities

Adoption

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

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

Implementation

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

Work plan

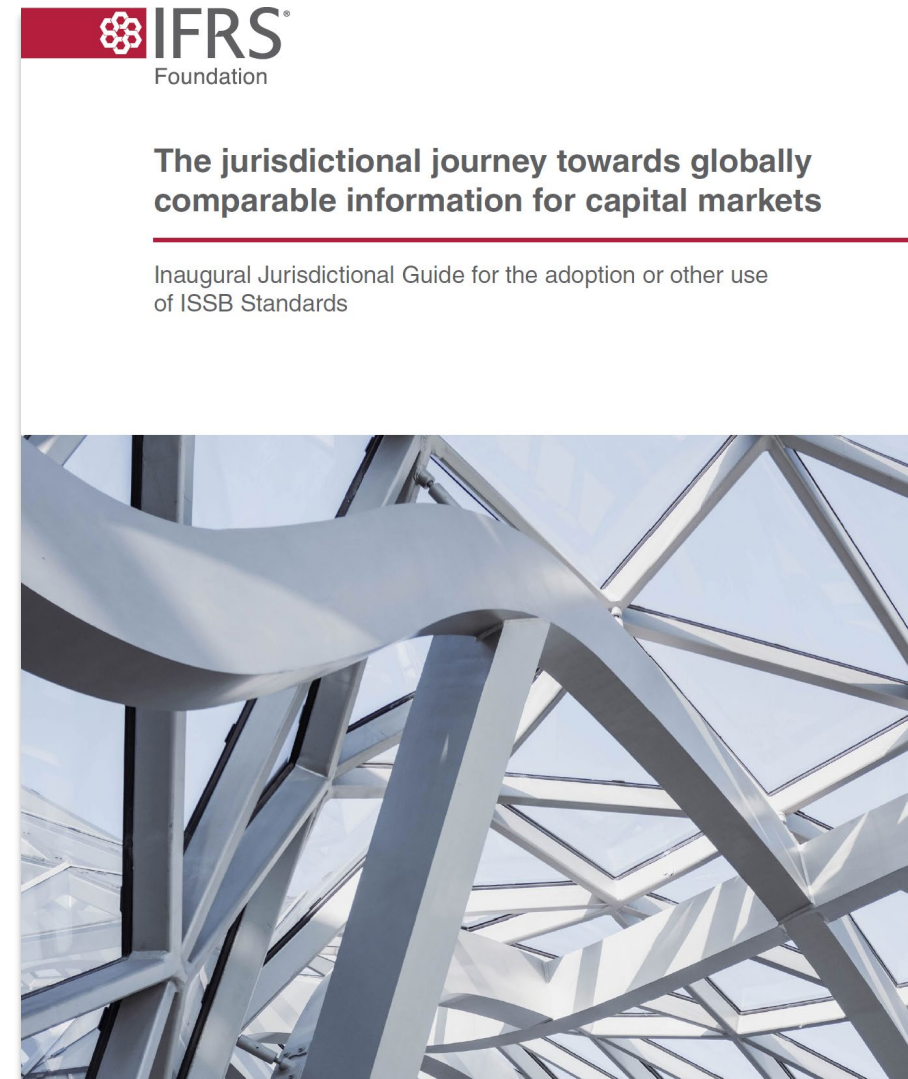
Advance the ISSB's work to **build out the global baseline of sustainability-related disclosures** following feedback to the consultation on the ISSB's agenda

Adoption



Inaugural Jurisdictional Guide

- Objective: to promote globally consistent and comparable sustainability-related disclosures for capital markets by:
 - ✓ Supporting jurisdictions as they design and plan their journey to the adoption or other use of ISSB Standards
 - ✓ Providing transparency on jurisdictional progress towards the adoption or other use of ISSB Standards and help market participants understand emerging jurisdictional approaches



Jurisdictions taking steps towards ISSB Standards

More than 25 jurisdictions have already decided to use or are taking steps to introduce ISSB Standards in their legal or regulatory frameworks.

Together, these jurisdictions account for:

~55%

of global **gross domestic product (GDP)**

40%+

of **global market capitalisation**

50%+

of **global greenhouse gas emissions**

Jurisdictional progress towards the adoption or other use of ISSB Standards

| Americas | Asia-Oceania | | EMEA | |
|-------------|---------------|----------------|-------------|---------|
| Bolivia | Australia | Pakistan | EU | Türkiye |
| Brazil | Bangladesh | Philippines | Ghana | Uganda |
| Canada | China | Singapore | Kenya | UK |
| Chile | Hong Kong SAR | South Korea | Nigeria | Zambia |
| Costa Rica | Japan | Sri Lanka | Switzerland | |
| El Salvador | Malaysia | Chinese Taipei | Tanzania | |

This list of jurisdictions is based on information available to the IFRS Foundation as of 10 September 2024. A list of ongoing and completed jurisdiction consultations on sustainability-related disclosures is available:

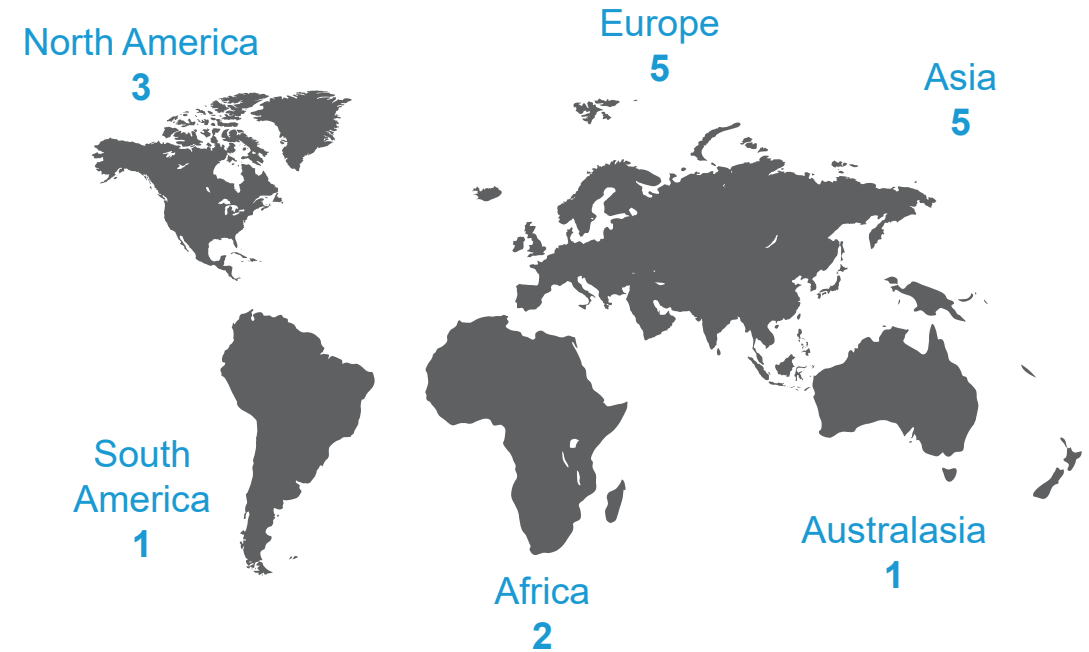
[ifrs.org/ifrs-sustainability-disclosure-standards-around-the-world/jurisdiction-consultations-on-sustainability-related-disclosures](https://www.ifrs.org/ifrs-sustainability-disclosure-standards-around-the-world/jurisdiction-consultations-on-sustainability-related-disclosures)

Implementation



Transition Implementation Group on IFRS S1 and IFRS S2

- Public forum for all stakeholders to share implementation questions with the ISSB and to follow discussion of those questions
 - 17 members (13 preparers, 4 assurance providers)
 - 3 official observers
- Consistent with previous IASB (and FASB) groups, meeting summaries and recordings are published on [ifrs.org](https://www.ifrs.org)
- Discussions help the ISSB determine what, if any, action needed to address implementation questions (for example, webinars, case studies, other educational material)



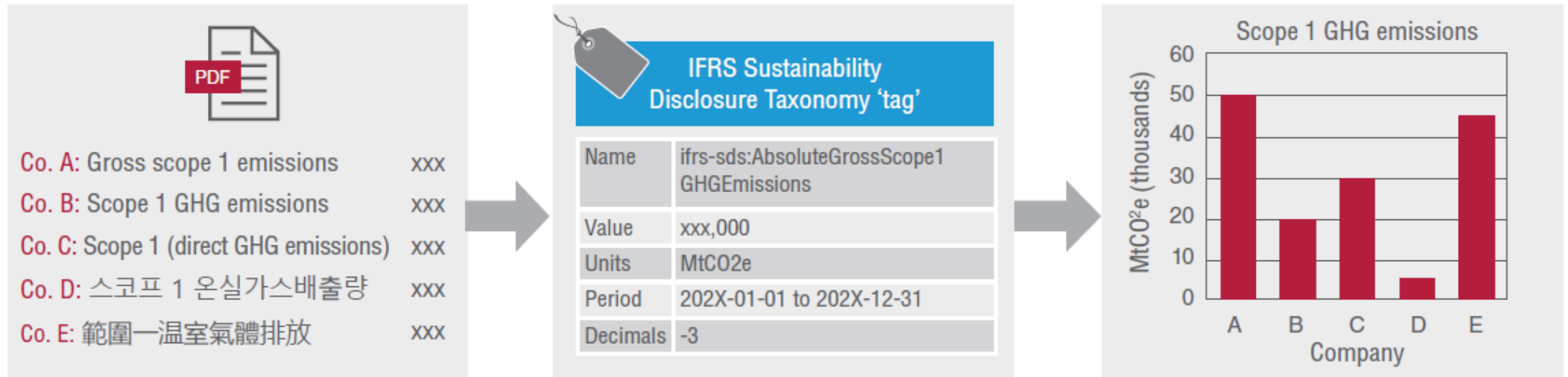
2024 meetings of the Transition Implementation Group

- Three meetings held this year to discuss eight implementation questions
- Topics discussed by the Group include:
 - how the Standards can be used to inform an understanding of specific disclosure requirements
 - revision of preceding period estimated amounts
 - comparative information
 - identification of sustainability-related risks and consideration of risk mitigation activities
 - GHG emissions, including what emissions are included in Scope 3 GHG emissions, application of the jurisdictional relief on the measurement method and use of global warming potential values

Submission guidelines and form to submit questions are available at [ifrs.org](https://www.ifrs.org)

Supporting investors' use of ISSB disclosures in a digital format

The ISSB Taxonomy provides the common elements (or 'tags') needed to make sustainability-related financial disclosures computer-readable



The ISSB Taxonomy reflects the requirements and accompanying materials of the ISSB Standards. It does not introduce any new requirement

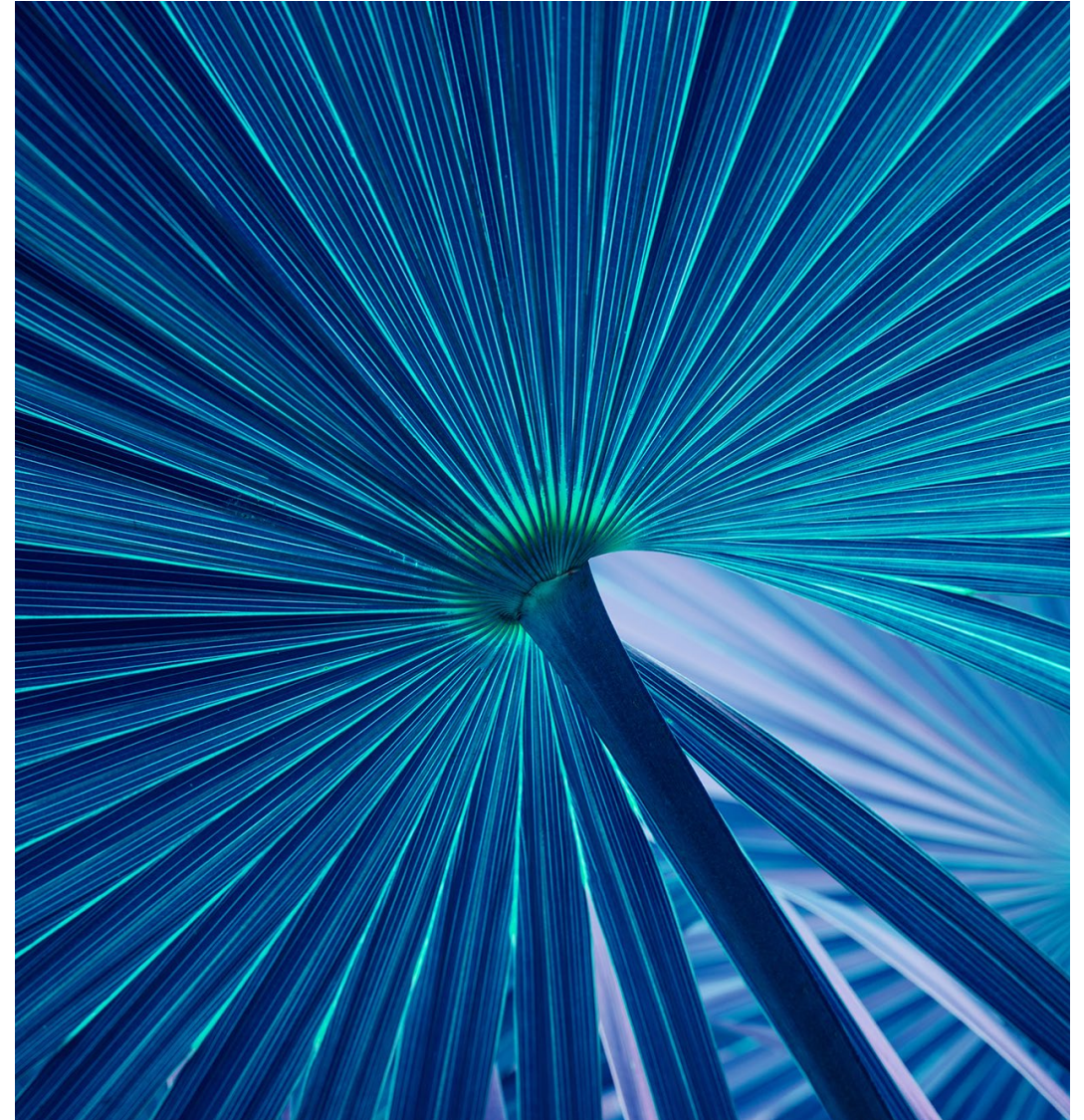
ESRS–ISSB Standards Interoperability Guidance

- **Provides practical support** that explains how companies can efficiently comply with both sets of standards
- Illustrates the **high level of alignment** achieved between ISSB Standards and ESRS
- Describes alignment of general requirements including key concepts such as **materiality, presentation and disclosures** for sustainability topics other than climate
- Includes **detailed analysis of climate-related disclosures**
- Explains why companies will **still need to use both** sets of standards, but makes it **easier to navigate** doing so



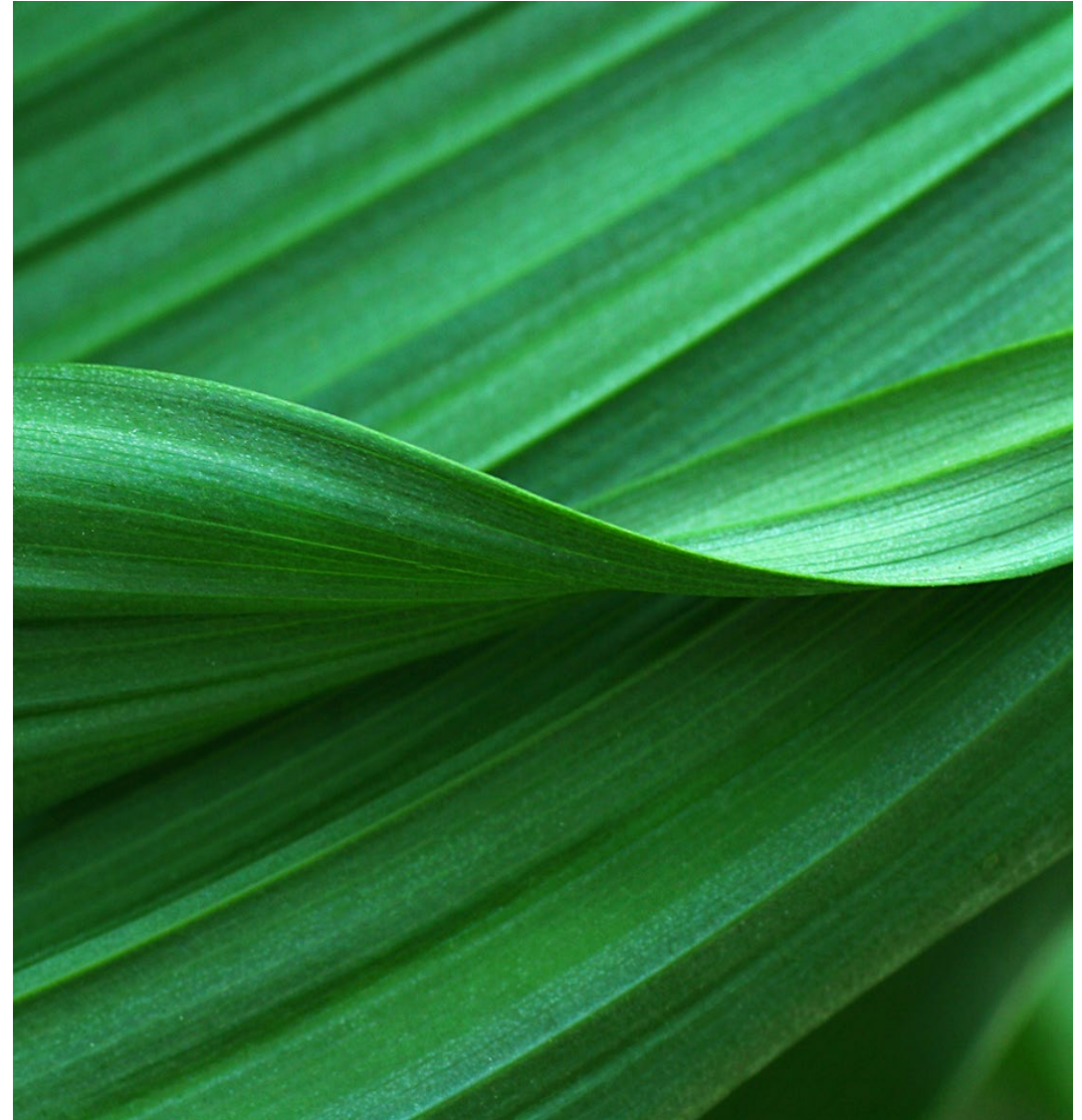
IFRS Foundation and the Global Reporting Initiative

- Committed to **jointly identify and align common disclosures** that address information needs under the distinct scopes and purposes of respective standards for both thematic and sector-based standard-setting
- Interoperability work starting with **GRI 101 Biodiversity** and ISSB's project on biodiversity, ecosystems and ecosystem services
- GRI has established a **sector program** to develop standards for 40 sectors; to date, GRI has released four sector standards
- The ISSB's work to enhance the **77 industry-based SASB Standards** will support interoperability with GRI's sector work



Continued interoperability work with the EU

- Interoperability is **embedded** in the ISSB's future standard-setting
- ISSB will continue to work with EFRAG and the European Commission to support ongoing interoperability
- Immediate work on:
 - **sector-based standards**
 - **digital reporting**
 - research projects on **biodiversity, ecosystems and ecosystem services**, and **human capital**
 - **transition plan disclosures**



Capacity Building: key progress

Capacity Building Partnership Framework

- IFRS Foundation aims to build market readiness for adoption and implementation of ISSB Standards globally, with an emphasis on emerging markets and developing economies
- Currently **44 capacity building partners** with global, regional or jurisdiction-specific focus

Partner engagements and advocacy

- Launch of **PAFA Centre of Excellence in Africa**
- Presentation to **G20 Sustainable Finance Working Group** on co-authored paper with the World Bank and IOSCO on capacity building for ISSB Standards
- **Capacity building events** and workshops with A4S, ACCA, AICPA-CIMA, CAANZ, CASI, CDP, CPA Canada, ERM, GLASS, GSG, ICAEW, IFAC, KPMG, PAFA, PRI, PwC, UNCTAD, WBCSD, WEF, XBRL
- **London Climate Action Week:** joint events with LSEG and Deloitte Academy
- **Climate Week NYC:** joint events with IFAC & IOSCO, WEF and WBCSD, PwC, Bloomberg, and UNEP-FI; World Bank announcement regarding Emerging Markets and Developing Economies

Capacity Building: key progress (cont.)

Resources

- **263 resources on the IFRS Sustainability Knowledge Hub**
- As a founding and steering member, supporting the **Global Capacity Building Coalition's platform** as a global hub for climate finance capacity building and technical assistance resources, case studies and live-learning opportunities, including link via IFRS Sustainability Knowledge Hub
- Ongoing development of **preparer case studies** with **WEF**

Training

- **UN Sustainable Stock Exchange Initiative / IFRS Foundation training sessions** (c. 8,000 participants in 24 sessions May–October 2024)
- **ISSB P4EEast seminar series** – ‘Challenges and Practices in Sustainability Disclosure: A Focus on Scope 3’
- **PAFA sustainability webinar**
- Online course recorded with **Shanghai National Accounting Institute**
- IFRS Foundation webinar series: **Perspectives on Sustainability Disclosure**

Work plan



Progress Update: Adoption

Adoption

- Inaugural **Jurisdictional Guide** and **Regulatory Implementation Programme** Outline launched by ISSB Chair at IOSCO Annual Meeting (May 2024)
- First IFRS–CBPS Sustainability Forum in **Brazil**, for companies and regulators (May 2024)
- Publication of document to **guide** companies to **voluntarily apply** ISSB Standards (September 2024)
- Expanded partnership with **World Bank** to support adoption of ISSB Standards (September 2024)
- Leadership **visits** to Australia, Brazil, China, South Korea, Mexico, New Zealand, US (April–September 2024)

Progress Update: Implementation

Implementation

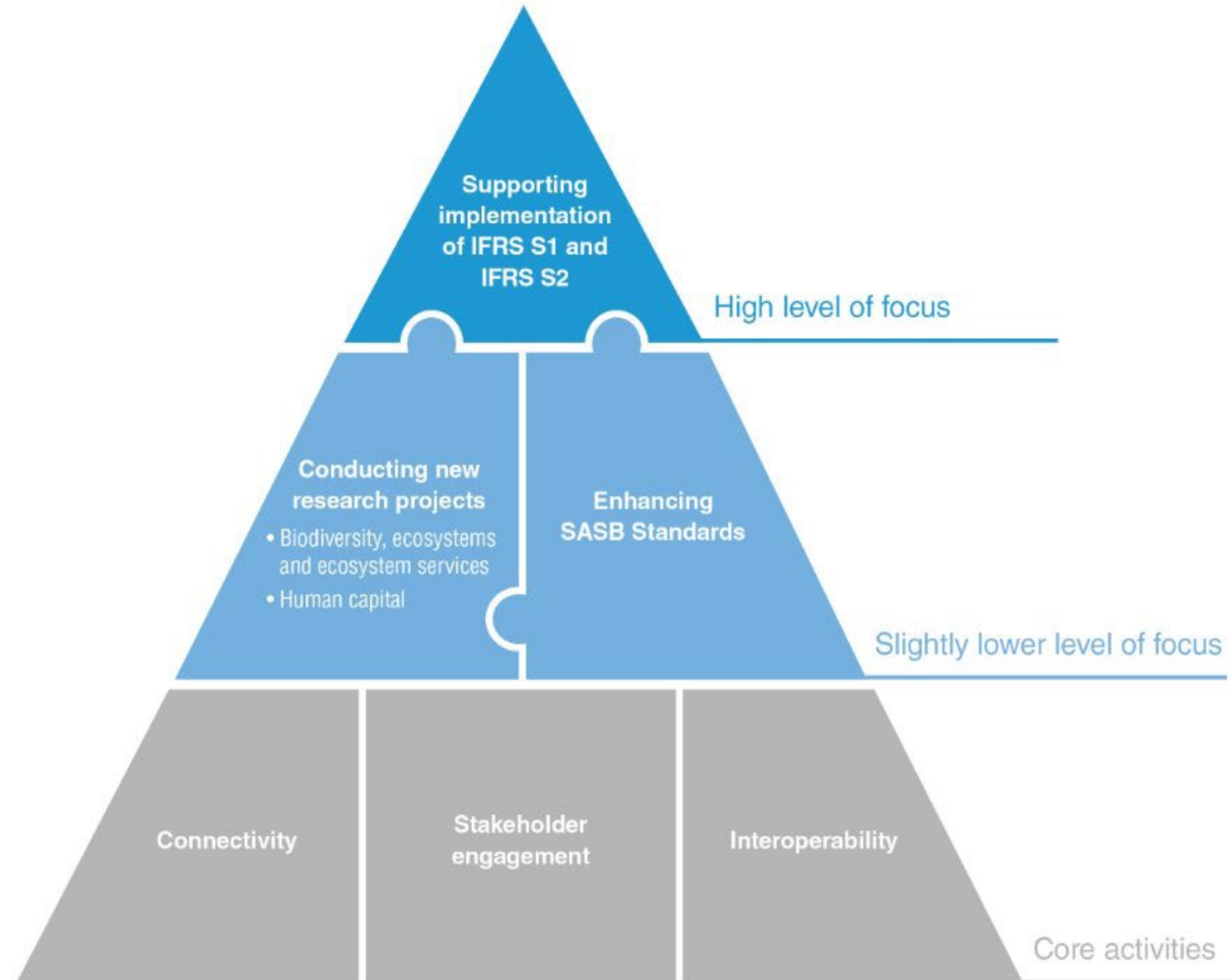
- Meetings of the **Transition Implementation Group** on IFRS S1 and IFRS S2 (June 2024 and September 2024)
- ISSB digital **Taxonomy** published (April 2024)
- ESRS–ISSB Standards **Interoperability Guidance** published (May 2024); continued engagement with EU and non-EU **companies** on the Guidance
- ISSB and **GRI** commitment to jointly identified and align common disclosures (May 2024)
- Alignment of **CDP questionnaire** with IFRS S2 (June 2024)
- Assumed responsibility for the **Transition Plan Taskforce**'s disclosure-related materials (June 2024)
- Partnership with the **International Finance Corporation** (private sector arm of the World Bank Group) to improve sustainability reporting in emerging markets and developing economies (September 2024)
- Update to the **SASB Standards Taxonomy** published (October 2024)
- **Webinar series** on Sustainability Disclosure – four episodes released (May–October 2024)

Progress Update: Work Plan

Work plan

- Agreed to start new research projects on **nature** and **human capital** (April 2024)
- Summary of all decisions made to set out the ISSB's **two-year work plan** (May 2024)
- **Feedback statement** on ISSB's agenda consultation establishing **work plan** for 2024–2026 (June 2024)
- **Strategic relationships** with CDP, GHG Protocol, Global Reporting Initiative, Taskforce on Nature-related Financial Disclosures (TNFD) (June 2024)

Technical work plan to 2026



Supporting IFRS S1 and IFRS S2 implementation



Develop and enhance **educational materials** that explain the core concepts underpinning IFRS S1 and IFRS S2



Convene the **Transition Implementation Group** (TIG) to discuss companies' questions related to implementing IFRS S1 and IFRS S2



Monitor the **progress of relevant standard-setters and framework providers** to assess potential implications for IFRS S1 and IFRS S2



Design and deliver comprehensive **regulatory and market capacity-building programme**



Support companies in using the **ISSB Taxonomy** to enhance efficient digital consumption and comparison of reports

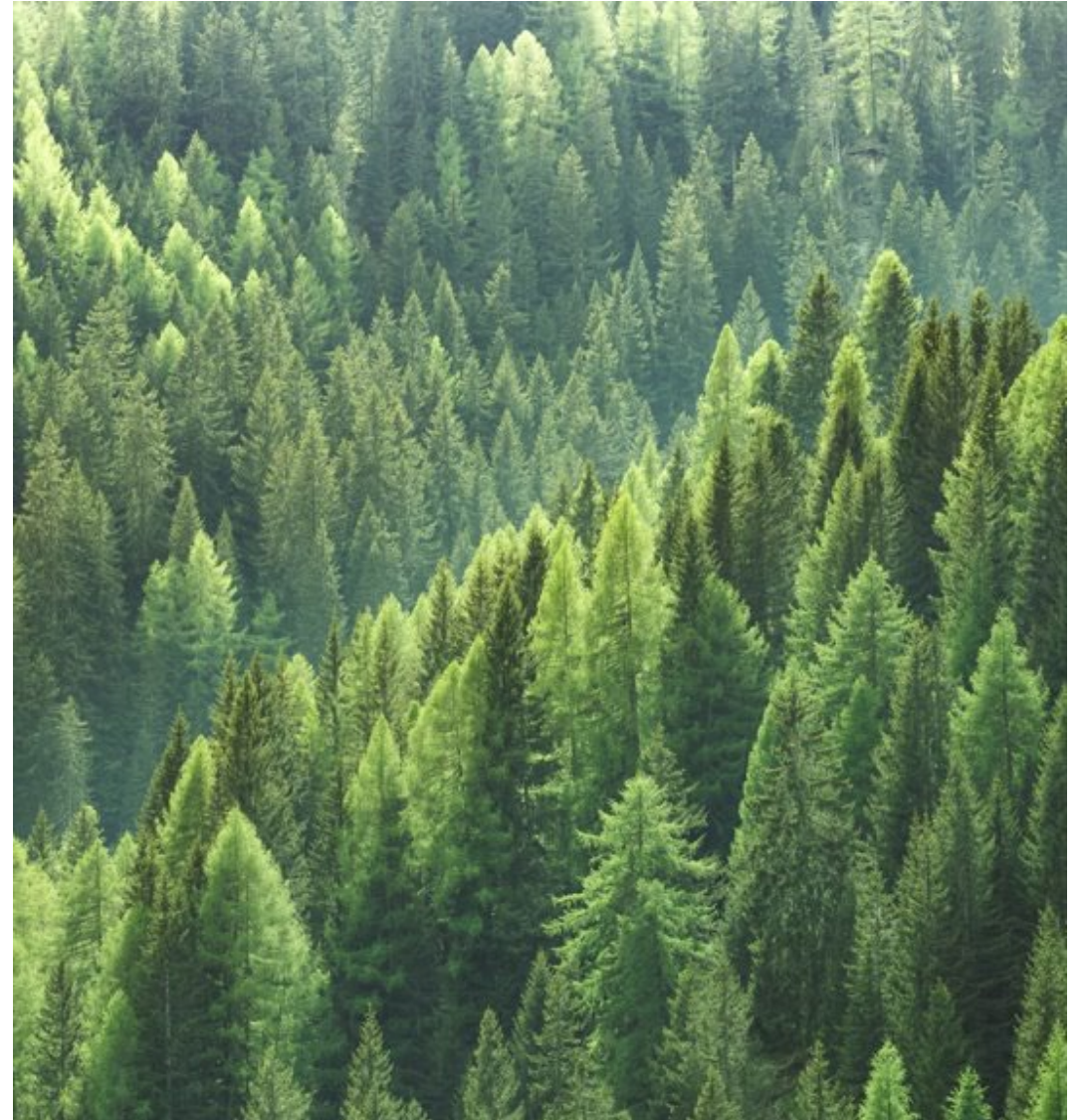
Educational material

Available now:

- Comparison of IFRS S2 with the TCFD recommendations
- Nature and social aspects of climate-related risks and opportunities
- Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards
- Using the SASB Standards to meet the requirements in IFRS S1
- How to apply the Integrated Reporting Framework with IFRS S1 and IFRS S2
- Current and anticipated financial effects
- Interoperability guidance: ISSB Standards and ESRS

In development – materials about:

- Materiality
- Proportionality mechanisms
- Scenario analysis



ISSB maintaining and enhancing SASB Standards

Recent updates

Enhanced the **international applicability** of the SASB Standards in 2023:

- SASB Standards **updated** based on outcomes of consultation through ~150 comment letters
- updated to remove and replace jurisdiction-specific references and definitions without significantly altering industries, topics or metrics

Looking ahead

- **Further enhancing** the SASB Standards through phased approach
- Enhancements work deeply connected to the **other ISSB work plan projects**
- First phase focused on **initial set** of 9-12 SASB Standards
- Considering targeted amendments to other SASB Standards to **maintain consistent measurement** of common topics across industries
- Public **consultation** expected H1 2025
- **Research ongoing** to understand phase two priorities including recommendations for any enhancements to the Sustainable Industry Classification System

The ISSB is responsible for the SASB Standards.

Any proposed updates to SASB Standards are subject to consultation in accordance with IFRS Foundation due process

Research projects



Biodiversity, ecosystems and ecosystem services

Might include: water management, land-use management, pollution (eg emissions into air, water and soil), resource depletion, and biodiversity risk management (eg rehabilitation/restoration).



Human capital

Relates to workers in entities' direct operations or value chains, and workforce-related human rights. Might include: worker wellbeing, pay and benefits, diversity and inclusion, and working conditions in the value chain.

Research project workstreams

Evidence of investor interest

Evidence of financial implications

Existing standards and frameworks

Current state of disclosure

Looking ahead



Strategic relationships

- **CDP** – ISSB’s climate standard is the foundational baseline for CDP’s climate disclosure
- **GHG Protocol** – governance arrangements so that the ISSB is actively engaged in updates to the GHG Protocol Corporate Standard
- **GRI** – seeks to deliver full interoperability through jointly identifying and aligning common disclosures making it possible to seamlessly report to multi-stakeholders
- **Transition Plan Taskforce (TPT)** – the IFRS Foundation has assumed responsibility for TPT’s disclosure-specific materials
- **Taskforce on Nature-related Financial Disclosures (TNFD)** – ISSB will consider how to build upon the recommendations of the TNFD to meet investors’ information needs

Transition plan disclosures

1

Make the **disclosure specific material** developed by the Transition Plan Taskforce (TPT) available in the **IFRS Sustainability Knowledge Hub**

2

Incorporate the TPT material into **IFRS Foundation educational material***

3

Monitor disclosure about transition plans

4

Consider if **more guidance** on disclosure about transition plans is needed

5

Over time, consider whether enhancements to IFRS S2 are needed, building on TPT material as relevant. Any changes would be subject to consultation.

IFRS S2 requires a company to disclose information about any transition plan it has

** Tailoring the material to ensure global applicability and to deliver full compatibility with the global baseline and IFRS S2's focus on disclosures of the climate-related risks and opportunities affecting an entity's prospects, to meet the needs of investors and the capital markets.*

Jurisdictional profiles

Jurisdictional profiles will provide information for jurisdictions that have already taken, are in the process of, or are taking, steps towards the adoption or other use of ISSB Standards or the introduction of other sustainability-related disclosures

1 Stated jurisdictional target

- Requirements that are planned to become effective or to be introduced in the future

2 Most up-to-date status

- Most up-to-date status of a jurisdiction's sustainability-related disclosure requirements

Informed by
bilateral
discussions with
jurisdictions

Developed based
on **publicly**
announced
roadmap/legislation

Covers **scalability**
and **transition**
reliefs

Updated as reliefs
expire or as
jurisdiction updates
roadmap

Visit ifrs.org to find out more

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