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## Capital Markets Advisory Committee Global Preparers Forum

Date           **14 June 2024**

Topic           **ISSB Update**

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# ISSB Update

Verity Chegar, ISSB Member  
CMAC-GPF joint meeting  
June 2024

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## 2024 priorities

### 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

### 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

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

### Current priorities

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

# ISSB global baseline progress report

**More than 20 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 journey: adopting or otherwise using ISSB Standards

Americas	Asia/Oceania		EMEA
<ul style="list-style-type: none"> <li>Bolivia</li> <li>Brazil</li> <li>Canada</li> <li>Costa Rica</li> </ul>	<ul style="list-style-type: none"> <li>Australia</li> <li>Bangladesh</li> <li>China</li> <li>Hong Kong SAR</li> <li>Japan</li> <li>Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>Pakistan</li> <li>Philippines</li> <li>Singapore</li> <li>South Korea</li> <li>Sri Lanka</li> <li>Chinese Taipei</li> </ul>	<ul style="list-style-type: none"> <li>EU</li> <li>Kenya</li> <li>Nigeria</li> <li>Türkiye</li> <li>UK</li> </ul>

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://ifrs.org/ifrs-sustainability-disclosure-standards-around-the-world/jurisdiction-consultations-on-sustainability-related-disclosures)

# ISSB in 2024 proxy voting guidelines

## BlackRock

*Robust disclosure is essential for investors to effectively evaluate companies' strategy and business practices related to material sustainability-related risks and opportunities.*

*Long-term investors like our clients can benefit when companies demonstrate that they have a resilient business model through disclosures that cover governance, strategy, risk management, and metrics and targets, including industry-specific metrics.*

***The ISSB standards, IFRS S1 and S2, provide companies with a useful guide to preparing this disclosure.***

*[...]We recognize that companies may phase in reporting aligned with the ISSB standards over several years.*

*We also recognize that some companies may report using different standards, which may be required by regulation, or one of a number of voluntary standards. In such cases, we ask that companies highlight the metrics that are industry- or company-specific.*

Source: [blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-guidelines-us.pdf](https://blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-guidelines-us.pdf)

## Vanguard

*The funds encourage companies to provide fulsome disclosure of material risks to their company's long-term investment returns.*

*To guide their presentation of information in a way that is consistent, comparable, and decision-useful, **the funds suggest that companies adhere to broadly accepted industry-specific investor-aligned reporting frameworks, such as those promulgated by the ISSB.***

*The funds encourage companies to disclose both historical data and forward-looking information so that the market has context for what companies have done, what they plan to do, and how their governance practices enable successful decision-making.*

Source: [corporate.vanguard.com/content/dam/corp/advocate/investment-stewardship/pdf/policies-and-reports/global\\_proxy\\_voting\\_policy\\_2024.pdf](https://corporate.vanguard.com/content/dam/corp/advocate/investment-stewardship/pdf/policies-and-reports/global_proxy_voting_policy_2024.pdf)



# Investor support for the ISSB Standards

## **Global Asset Owner Forum (Hesta, GPIF, APG, NBIM, Temasek, CalSTRS, CalPERS):**

“...are encouraging **all portfolio companies** to align their disclosures with ISSB Standards... we hope that the jurisdictional implementation of ISSB Standards **will stay as faithful as possible** to the global baseline.”

## **CalSTRS:**

"The ISSB Standards establish a global baseline of sustainability-related disclosures, **essential for evaluating a company's** sustainability-related risks and opportunities and facilitating informed decision-making by investors.“

## **Norges Bank Investment Management:**

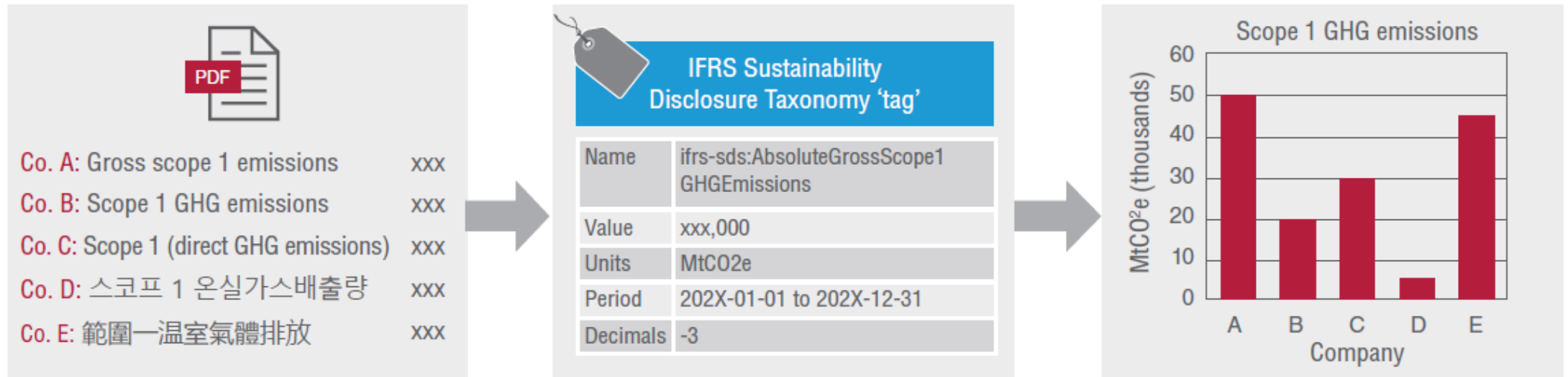
“We strongly support the ISSB and its **mission of providing a global baseline** for sustainability-related financial disclosures.”

## **CPP Investments:**

“We **encourage companies** to report in alignment with ISSB Standards”

# 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.**



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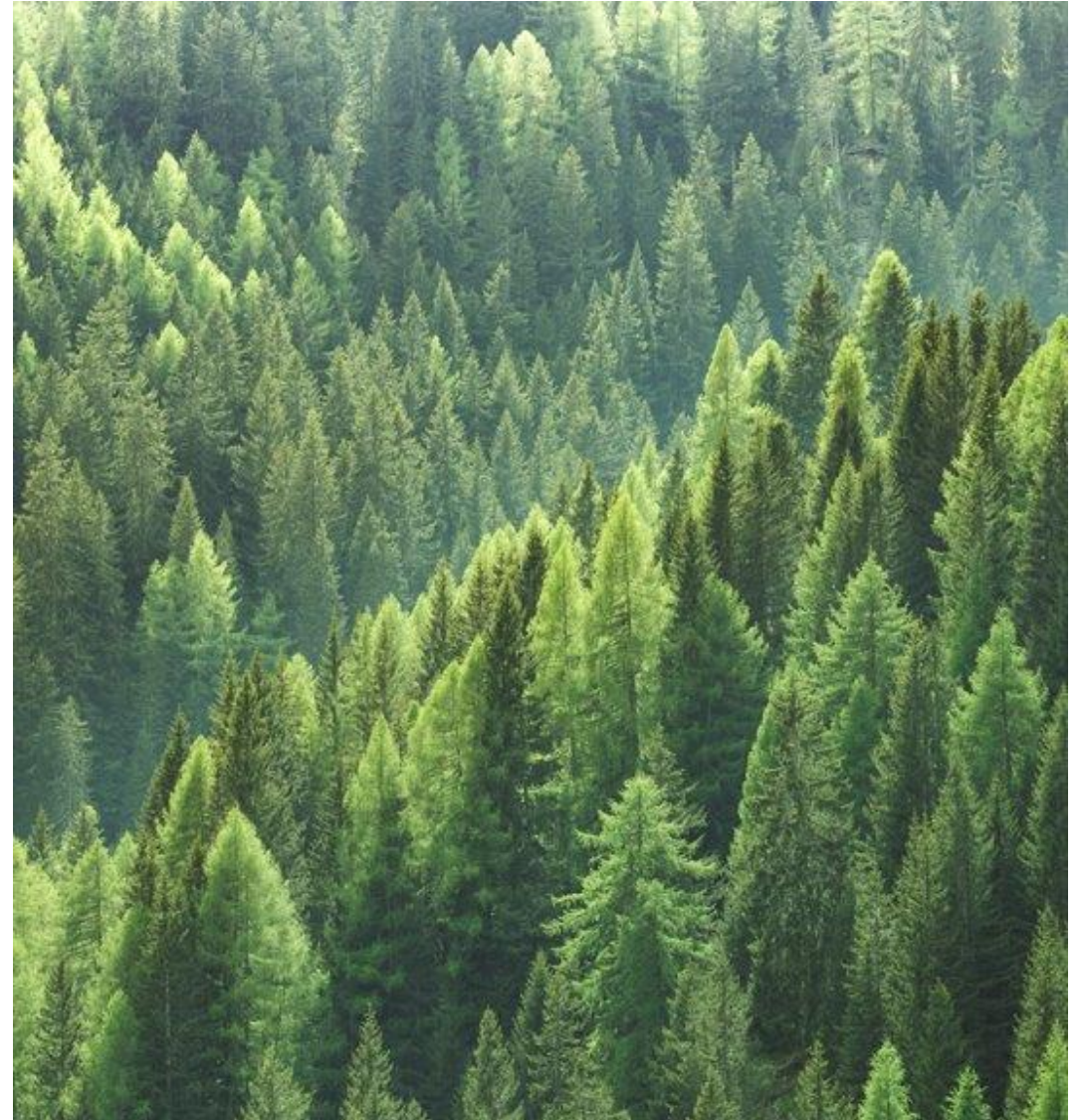
## Educational material

Available now:

- ESRS–ISSB Standards Interoperability Guidance
- 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

In development – materials about:

- Current and anticipated financial effects
- Materiality
- Proportionality mechanisms
- Scenario analysis



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## Key takeaways: Interoperability guidance

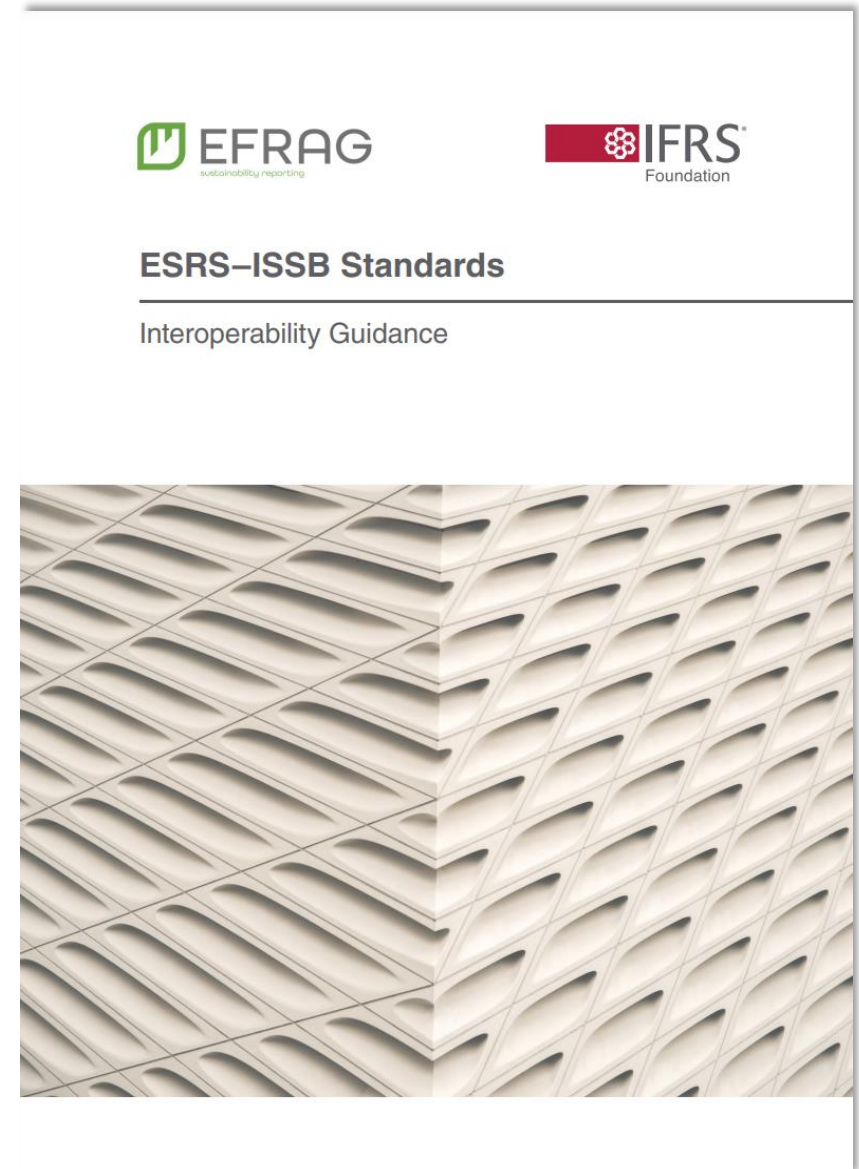
A company can prepare its IFRS S2 disclosures in a way that **enables all these disclosures to be used as part of compliance** with ESRS climate-related requirements

To achieve this, some disclosures need to be prepared in **a particular way** – the guidance explains how.

Section 4.2 sets out the **additional** climate-related disclosure requirements in ESRS

ESRS covers **'impact materiality'** in addition to 'financial materiality' (the latter is aligned between ISSB Standards and ESRS)

To comply with ISSB Standards, companies cannot **'obscure'** sustainability-related financial disclosures with additional information.



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# Transition Implementation Group on IFRS S1 and IFRS S2

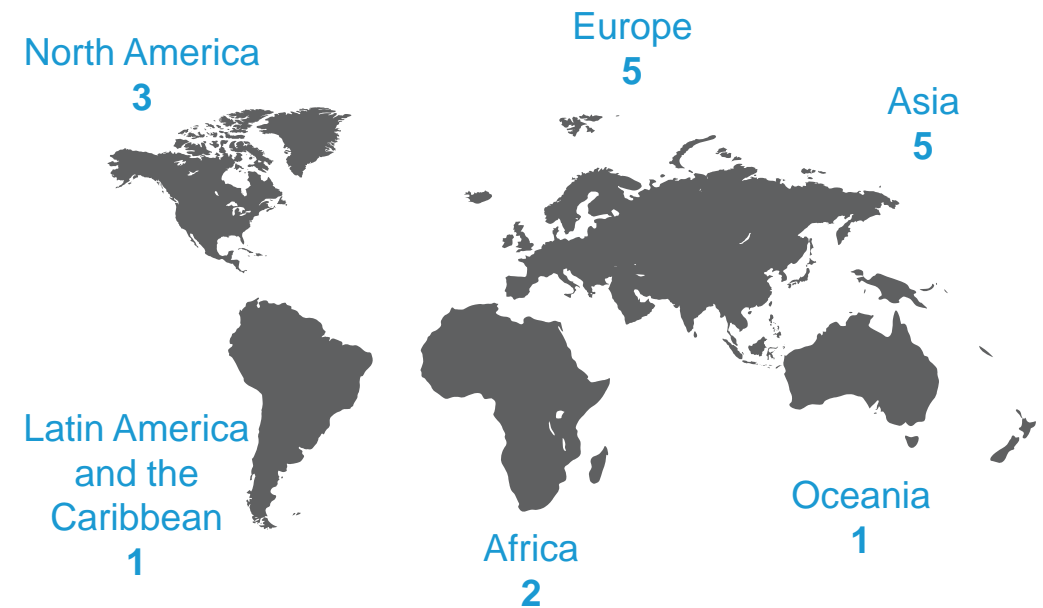
Public forum for all stakeholders to share implementation questions with the ISSB and to follow discussion of those questions

- 17 members (13 preparers, 4 assurance providers)
- 3 official observers

Consistent with previous IASB (and FASB) groups, will not issue any authoritative guidance

Meeting summaries and recordings published on [ifrs.org](https://www.ifrs.org)

Discussions help the ISSB determine what, if any, action needed to address implementation questions (eg webinars, case studies, other educational material)



## New ISSB projects

The ISSB has **finalised the decisions** for its next two-year work plan and will start **two new research projects**:



### Biodiversity, ecosystems and ecosystem services

- Growing interest among investors for improved disclosure
- Build from pre-existing initiatives such as SASB Standards, CDSB guidance and TNFD



### Human capital

- Affects companies of all sizes and types
- Opportunity to address a lack of consistent, comparable disclosures
- Includes both employees and workers in value chain

*The ISSB expects to publish its Feedback Statement in June 2024, setting out its two-year work plan.*



# ISSB will enhance and maintain the SASB Standards

## Latest project

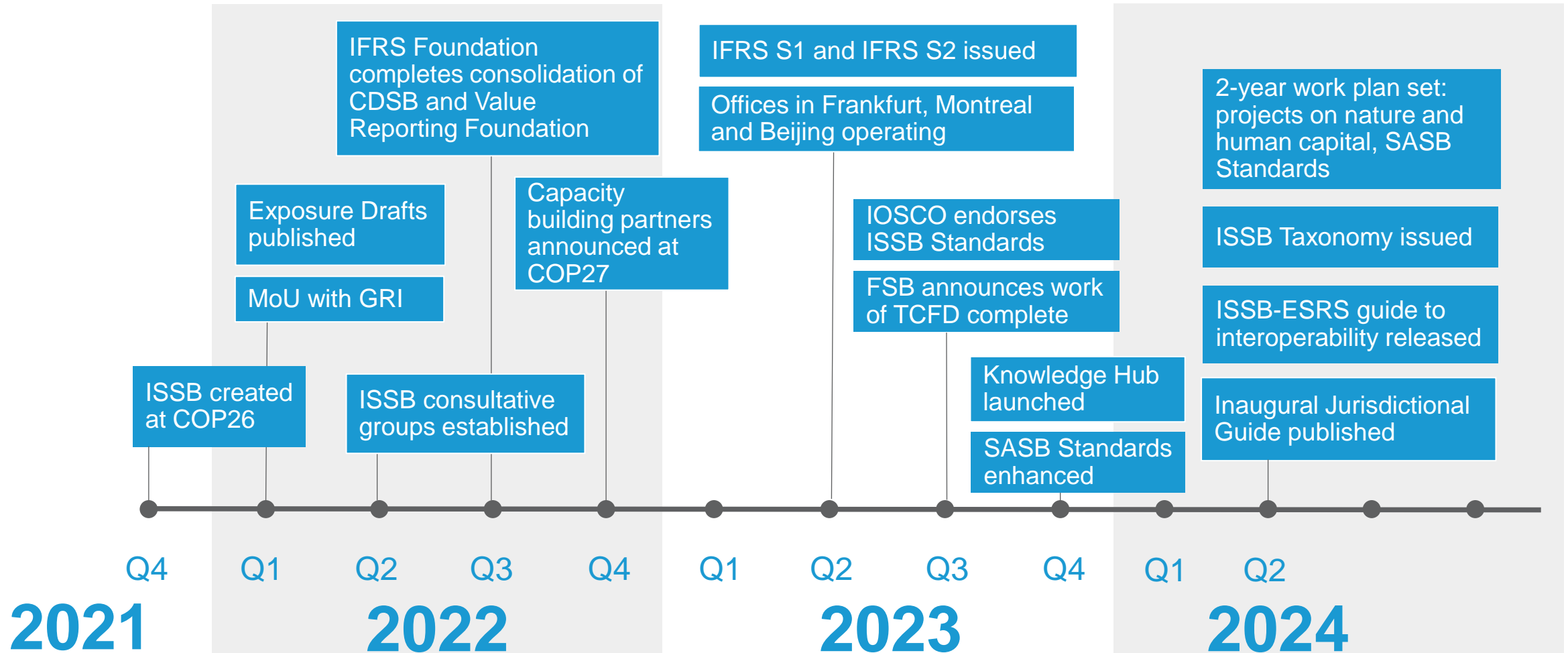
Enhanced the **international applicability** of the SASB Standards:

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

## Looking ahead

- Consider how the SASB Standards will be built upon and developed as part of strategic planning linked to consultation on agenda priorities.
- Advance industry-based research and standard-setting work inherited from SASB
- Maintain the SASB Standards through research, consultation, outreach and revisions

# ISSB milestones



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## Visit [ifrs.org](https://www.ifrs.org) to find out more

- [Access](#) the Standards and supporting materials
- Listen to the monthly [podcast](#)
- Respond to live [consultations](#)
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