
IFRS Sustainability Reference Group

Quarterly Meeting

12 & 14 November 2024

Overview

1. Welcome to the Sustainability Reference Group (SRG)
2. Introduction to the ISSB Standards
3. ISSB research projects
4. SASB Standards enhancements
5. Q&A

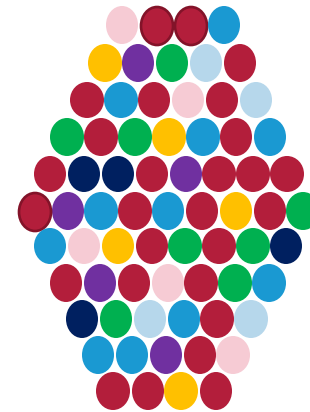
Welcome to the Sustainability Reference Group



About the SRG

- The **purpose** of the SRG is to provide **technical input** to ISSB members and staff for **research** and **standard-setting projects**.
- SRG members will be a go-to source for the technical team. In addition, the technical team and board will also seek feedback from other stakeholders outside the SRG.

Diverse group of members...



...provide technical input

Cross-industry preparer feedback on human capital reporting challenges



Survey to users/investors re: prioritised areas for biodiversity research



Feedback from Extractives and Minerals Processing sector experts for enhancements to SASB metrics



Objectives

1. Contribute individually, in sub-groups or collectively to the ISSB's technical agenda.
2. Bring diverse stakeholder perspectives through ad-hoc consultation on the ISSB's technical work
3. Facilitate effective technical discussions on sustainability standard-setting issues, including:
 - specific discussion topics, industry considerations, geographic/jurisdictional considerations,
 - feasibility of providing high-quality, transparent, comparable and decision-useful information to primary users of general purpose financial reports, and
 - the relevance of information for decisions about providing resources to a company

Membership

1. Members enable representation across jurisdictions, preparers, users, and industries.
2. Members are expected to have professional competence and practical preparer or user or related experience of sustainability disclosures and/or general purpose financial reports.
3. Membership is granted to the individual rather than the individual's affiliated organisation.
4. Members are expected to serve for a two-year term to facilitate continuity.

Meetings and Engagements

- Most engagement with the SRG will be undertaken virtually by the ISSB staff on an ad-hoc basis through bilateral meetings or through meetings with a small group of SRG members selected based on the topic for discussion.
- The full membership of the SRG will be invited to a quarterly webcast meeting for an update on the ISSB's activities.

ISSB's work informed by various experts

Strategic Advisory Groups

IFRS Advisory Council

Integrated Reporting and Connectivity Council

IFRS Taxonomy Consultative Group

ISSB Advisory Groups

IFRS Sustainability Reference Group

Sustainability Standards Advisory Forum

Jurisdictional Working Group

Sustainability Consultative Committee

Investor Advisory Group

Transition Implementation Group



Introduction to the ISSB Standards



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

A truly global baseline of disclosures



additional
building blocks

- can be added to meet jurisdiction-specific requirements
- can be added to meet broader multi-stakeholder needs

ISSB Standards

- provide a comprehensive foundation of disclosures for global jurisdictional adoption
- are a common language for comparable, decision-useful disclosures
- are designed to meet investor needs across global capital markets

Rationalising investor-focused standards and frameworks

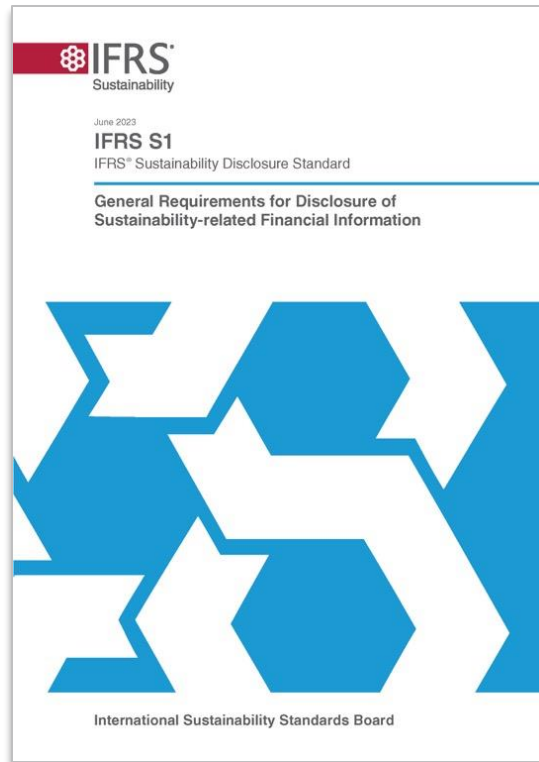
 **INTEGRATED
REPORTING**

 **SASB
STANDARDS**

 **CDSB**
Climate
Disclosure
Standards
Board

 **TCFD** | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

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

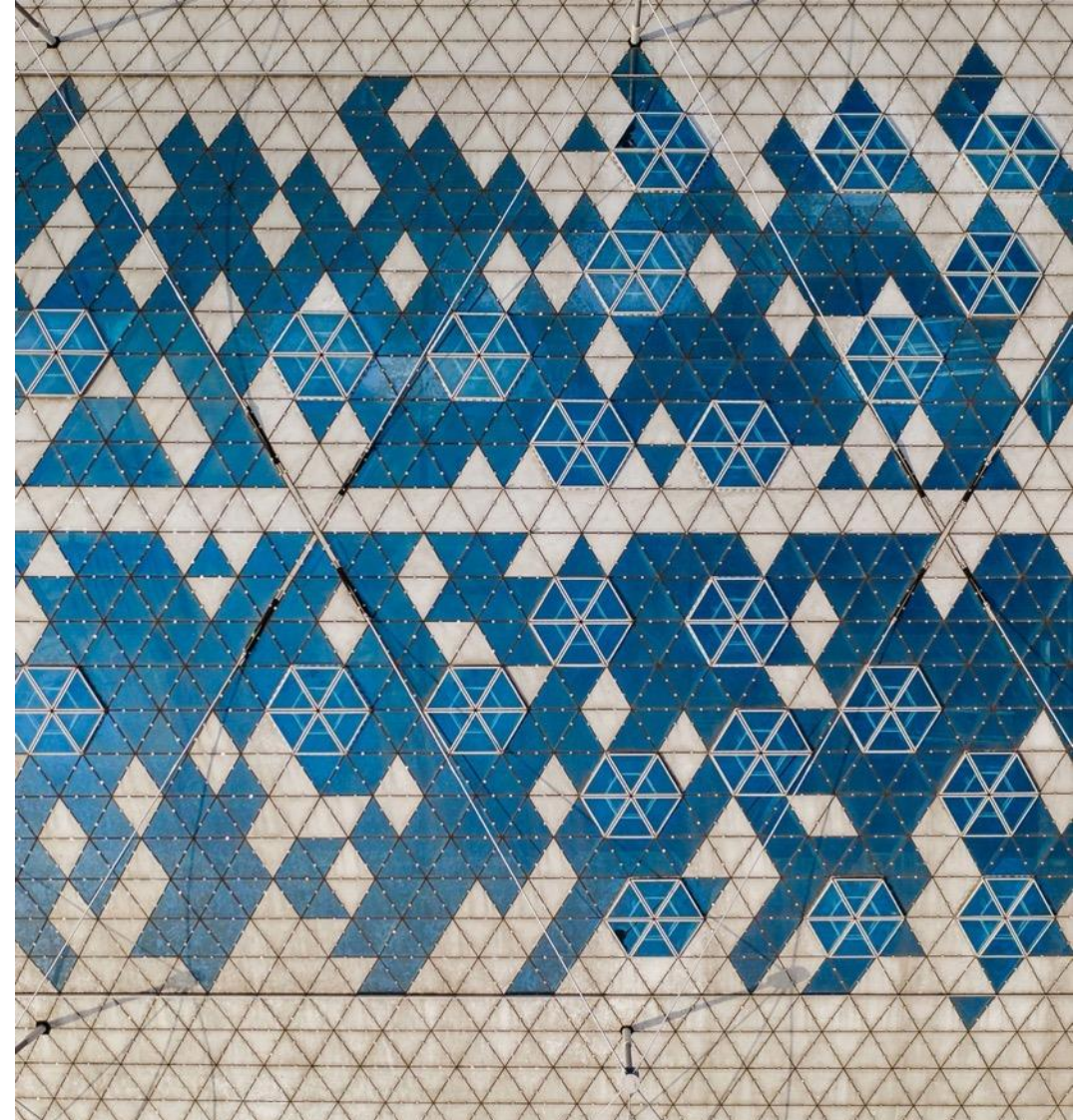
Both standards:

- 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

How companies identify material sustainability information

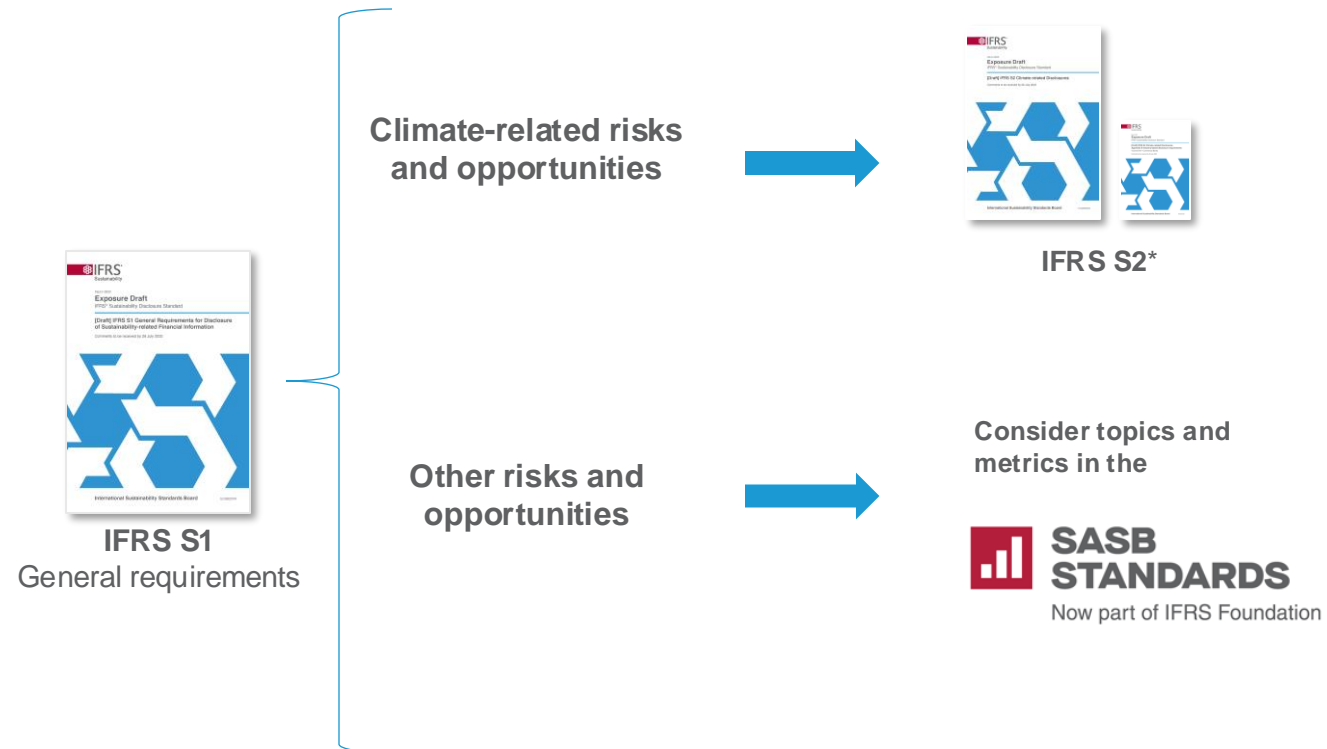
*Information is material if omitting, misstating or obscuring it could reasonably be expected to **influence investor decisions.***

This is based on the IFRS Accounting Standards definition of 'material'



Role of the SASB Standards in the ISSB Standards

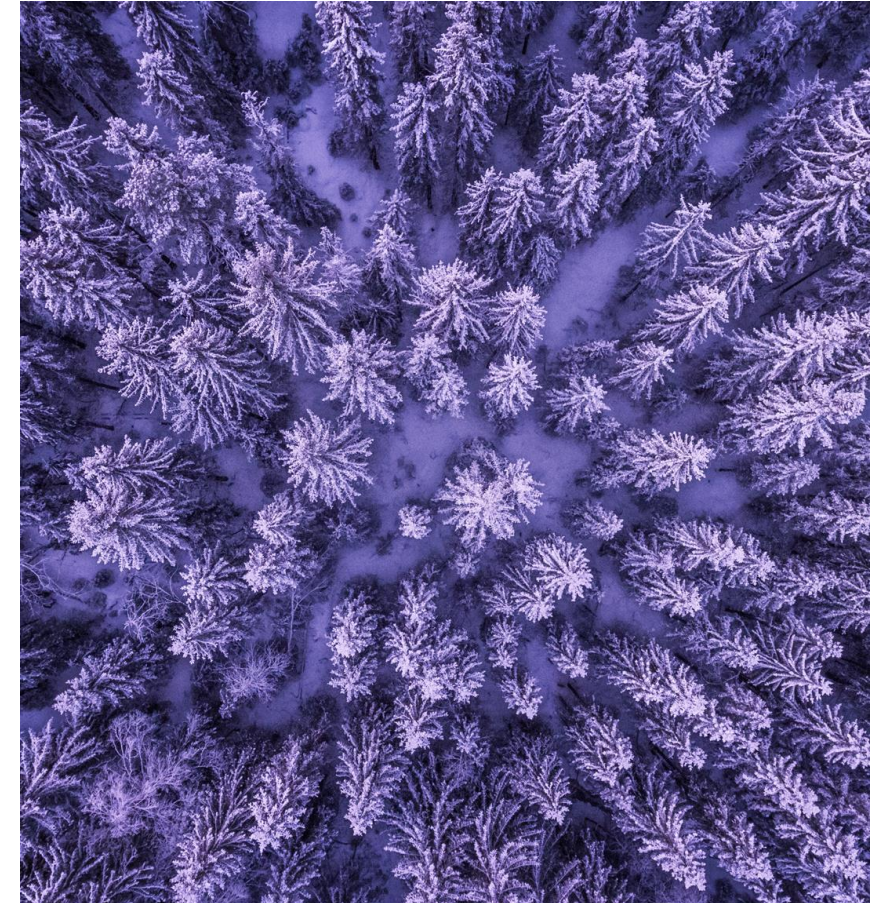
- Source of guidance provided in IFRS S1 for developing sustainability-related disclosures beyond climate
- An entity **shall refer to and consider** the SASB Standards when:
 - identifying sustainability-related risks and opportunities
 - identifying information to disclose about those risks and opportunities
- An entity may determine that the disclosure topics and associated metrics in the SASB Standards are inapplicable given the entity’s specific circumstances



*IFRS S2 is accompanied by industry-based guidance derived from the climate-related metrics in the SASB Standards.

Mechanisms that support application

- Use of well-known **terminology and concepts**
- Proportionate:
 - the instruction to **use reasonable and supportable** information available without **undue cost or effort**
 - consideration of **skills, capabilities and resources**
- Help through:
 - **guidance** within the Standards and educational materials
 - **sources of guidance** to identify sustainability-related risks and opportunities, and metrics
 - other clarifications, such as permitting **qualitative** scenario analysis and qualitative information on financial effects
- Transitional **reliefs**



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

Jurisdictions taking steps towards ISSB Standards

30 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:

~57%

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	Mexico	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	Zimbabwe
El Salvador		Malaysia	Chinese Taipei	Tanzania	

This list of jurisdictions is based on information available to the IFRS Foundation as of 30 September 2024.

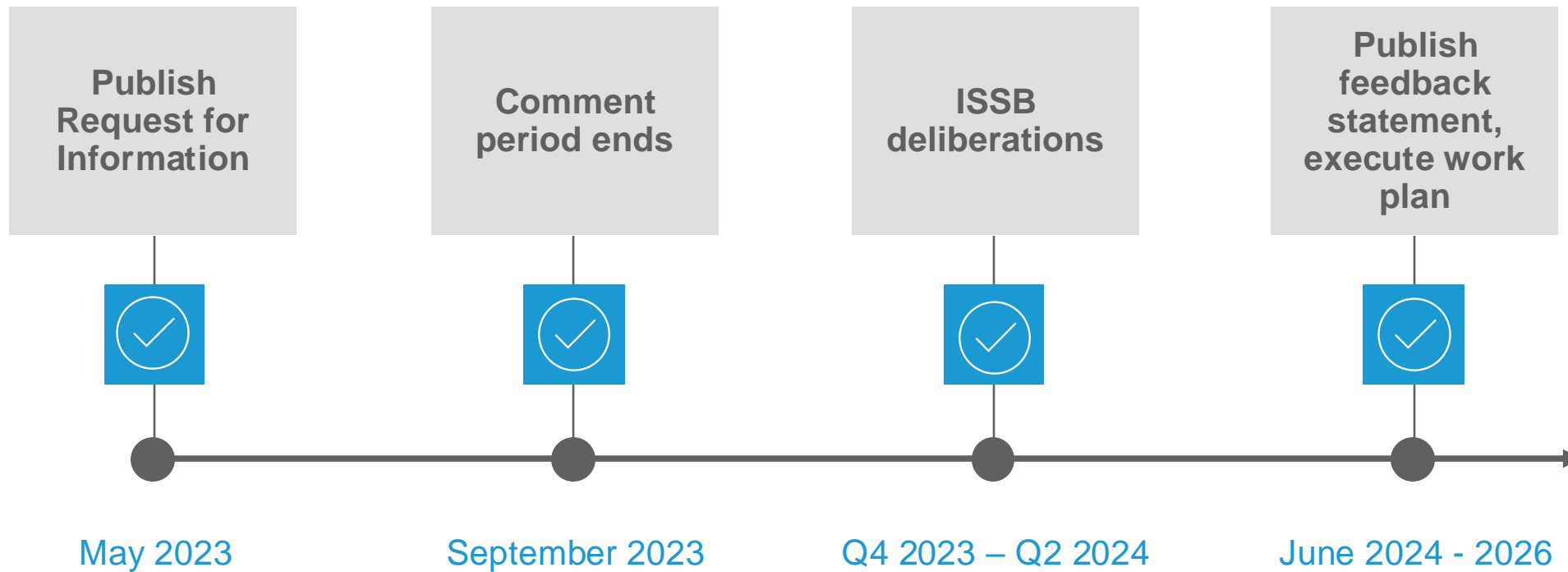
A list of ongoing and completed jurisdiction consultations on sustainability-related disclosures is available:

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

ISSB research projects



Timeline: ISSB consultation on agenda priorities



Agenda priorities: strategic direction, balance of activities

Committed work:

- Supporting implementation of S1, S2
- SASB Standards enhancements

Core activities:

- connectivity between ISSB and IASB requirements
- interoperability of the ISSB Standards with other sustainability standards
- engaging with stakeholders

New research and standard-setting projects

Agenda priorities: potential research projects

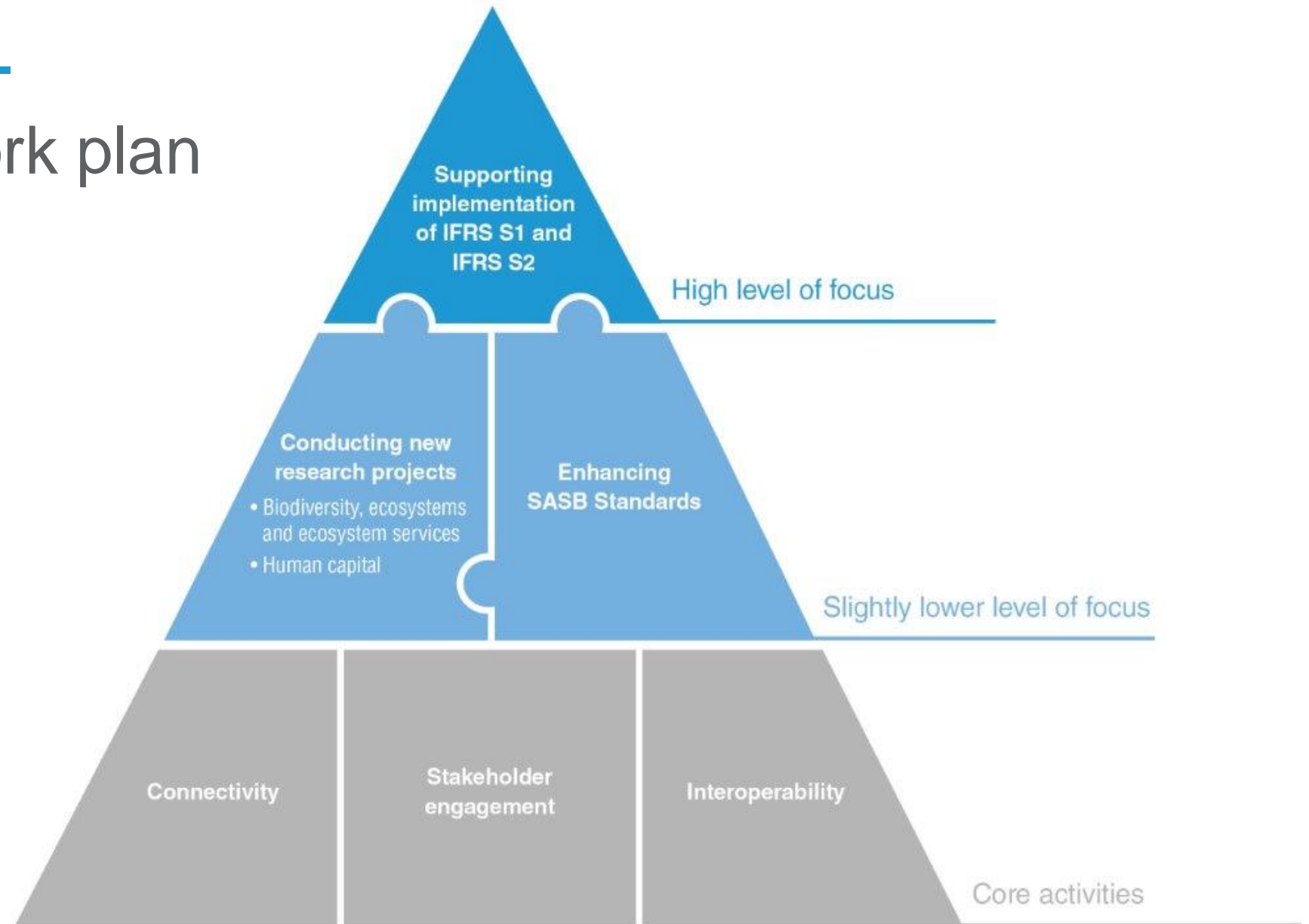
Public consultation on four projects to further understand standard-setting priorities:

- **biodiversity, ecosystems and ecosystem services**
- **human capital**
- **human rights**
- **integration in reporting**

Market feedback:

- Mixed views on prioritising a single vs. multiple projects
- No clear consensus on the particular project, or set of projects, that the ISSB should prioritise
- Most supported the ISSB prioritising at least one of the four proposed projects

Technical work plan to 2026



Research projects



Biodiversity, ecosystems and ecosystem services (i.e., nature)

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

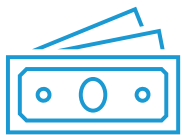
Research questions: nature and human capital

We are assessing investor interest in - and the implications of - human capital and nature related risks and opportunities on investments and capital allocation.

Our overarching aims are to understand:



What are **the information needs of investors** on nature and human capital and how is **current disclosure practice meeting or failing to meet these needs**?



Whether, how and to what extent do nature and human capital-related risks and opportunities **affect an entity's cash flows** over **the short, medium or long term** and what are the **implications for access to finance and cost of capital**?

Ultimately, this will help us understand whether and how the ISSB should undertake standard-setting activities on these issues.

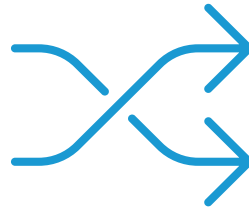
Enhancing the SASB Standards



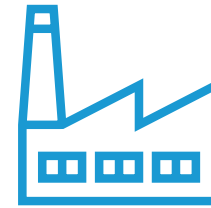
Why enhance the SASB Standards?



Support the
implementation of
IFRS S1 and IFRS
S2

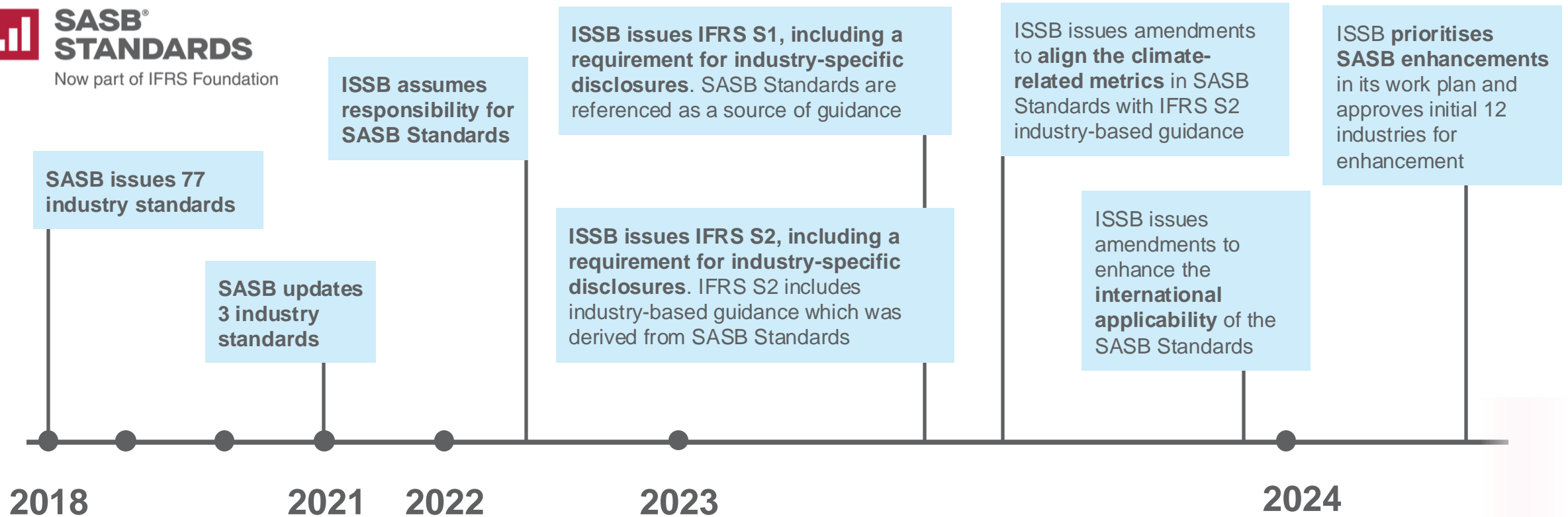


Support the work
of the research
projects



Industry-based
information is
important

Brief history of SASB Standards enhancements



Enhancing the SASB Standards: workstreams

Phase I – initial priority industries



Extractives & Minerals Processing sector

Oil & Gas (four industries)
Metals & Mining
Construction Materials
Iron & Steel Producers
Coal Operations



Infrastructure sector

Electric Utilities & Power Generators



Food & Beverage sector*

Agricultural Products
Processed Foods
Meat, Poultry & Dairy

**subject to ISSB and stakeholder capacity*

Targeted amendments

- In addition to priority industries, the ISSB will also consider amendments to other SASB Standards to maintain consistency of metrics across different industries, where appropriate

Phase II priorities

- The ISSB is seeking input on which additional industries or topics in the SASB Standards should be prioritised in the next phase of work, including enhancements to SICs®
- Staff targeting launch of second phase of enhancements during 1H 2025

Research questions for initial priority industries

For each of the 12 priority SASB Standards, the staff's high level research questions are:



Does the **industry description** accurately capture the business model and activities of a typical company in this industry in your jurisdiction?



Do the disclosure topics accurately capture the **sustainability-related risks and opportunities** that are likely to affect an entity's prospects in your jurisdiction?



Do the **metrics** provide decision-useful for investors? Are any of them difficult to apply in your jurisdiction?



Q&A

A decorative graphic on the right side of the slide, consisting of a complex, interlocking pattern of blue and white hexagons and polygons, creating a honeycomb-like structure.

Next SRG quarterly meeting Q1 2025

- **Option 1**

- 11 March at 5 PM PT / 8 PM ET
- 12 March at 9 AM CST / 10 AM JST / 12 PM AEDT

- **Option 2**

- 12 March at 9 AM ET / 11 AM BRT / 3 PM CET / 4 PM SAST

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

- [Access](#) the Standards and supporting materials
- [Sign up](#) for news alerts and listen to our [podcast](#)
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- [Observe](#) ISSB meetings
- Learn about [digital financial reporting](#) resources
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