



IFRS® Foundation

IFRS Sustainability Disclosure Standards

Digital from day one

XBRL Europe Conference
13 June 2022

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Topics

What is the problem?

IFRS Foundation response – creation of the International Sustainability Standards Board

First steps – consultations underway

Next steps

A grayscale world map is visible in the background, showing the continents. Overlaid on the map are several concentric, curved lines that sweep across the frame from the bottom left towards the top right. These lines are composed of a solid gray outer arc and a dotted gray inner arc.

What is the problem?

Current sustainability reporting landscape

International initiatives

- Voluntary application
- Multiple standards
- Multiple audiences

Jurisdictional initiatives

- Different jurisdictions, different requirements
- Differences in scope, ambition and pace



IFRS Foundation response – creation of the International Sustainability Standards Board

Market demand for action

What we asked

- Demand for global sustainability standards?
- Should the IFRS Foundation play a role?
- Is the solution a sustainability-focused standard-setting board within the IFRS Foundation?

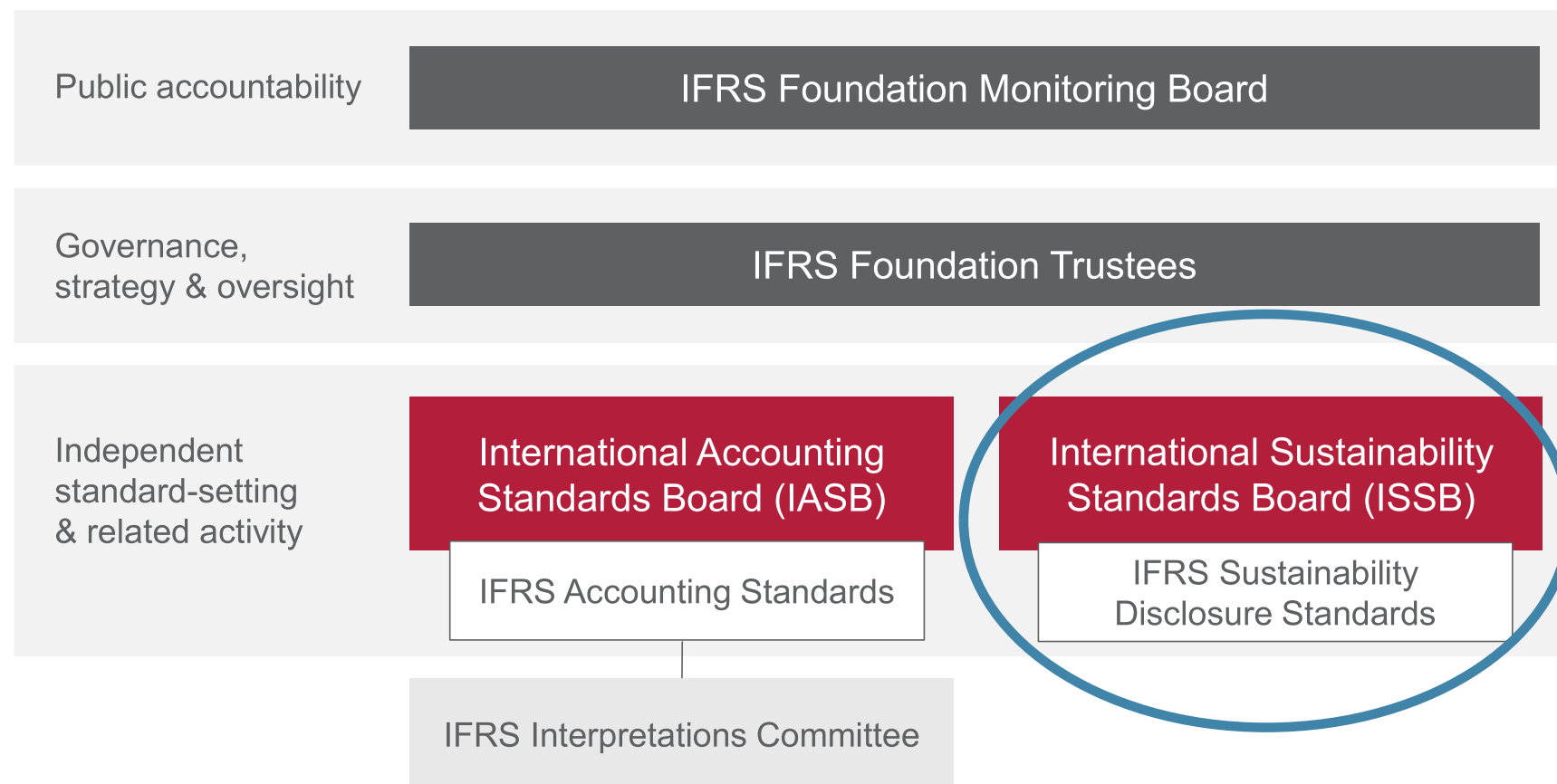


What we heard

- 750+ comment letters across stakeholder groups, geographies & economic settings
- Growing and urgent demand for global standards to improve consistency and comparability
- Broad support for Foundation to play a role
- ESG focus but climate first

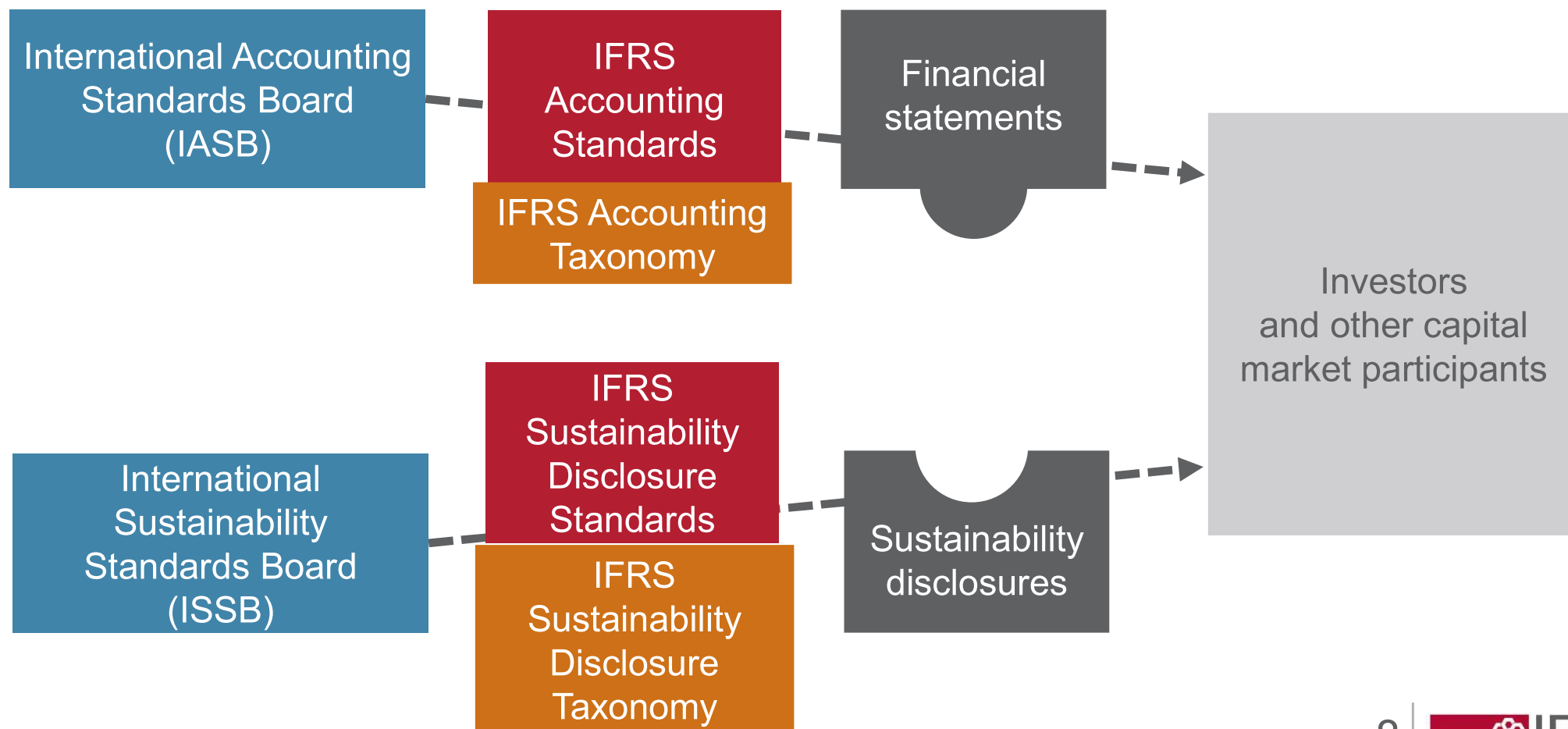


ISSB within IFRS Foundation Governance structure

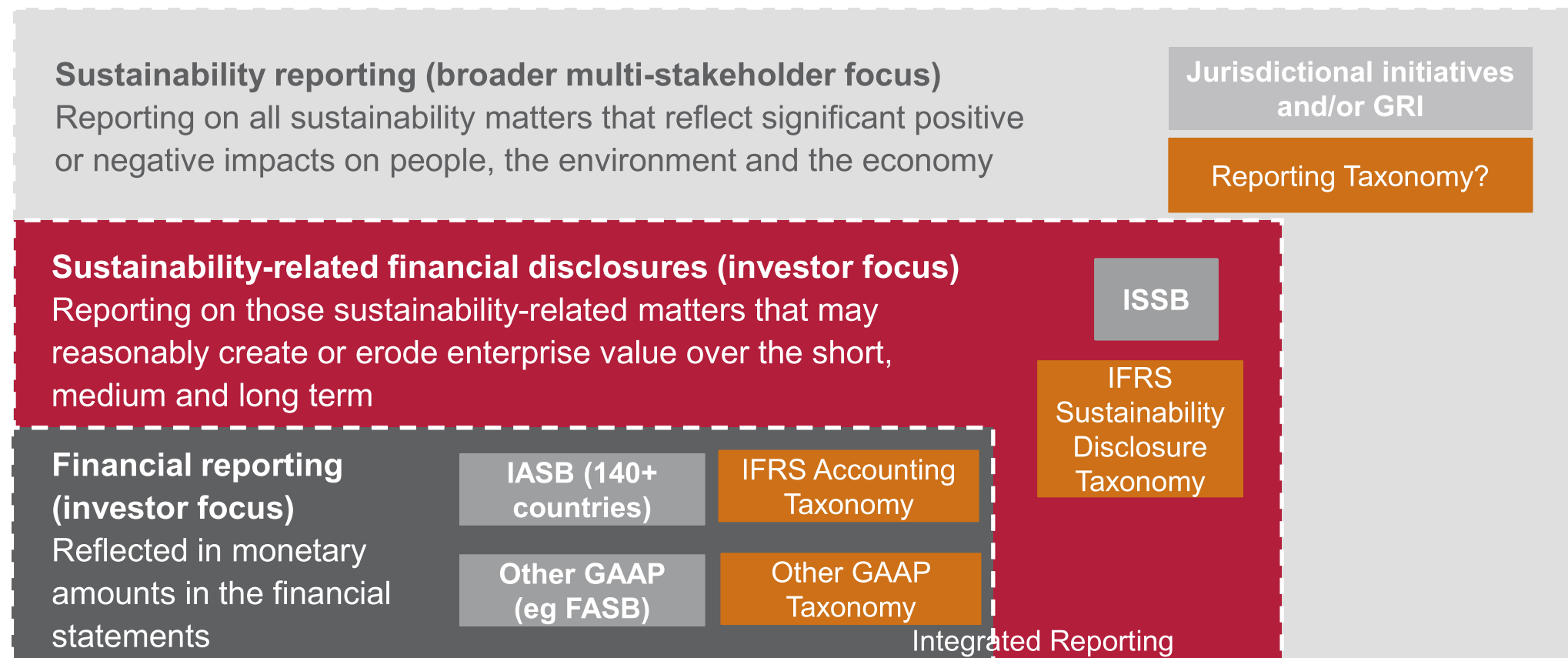


Investor focus

– with connectivity between IFRS Standards



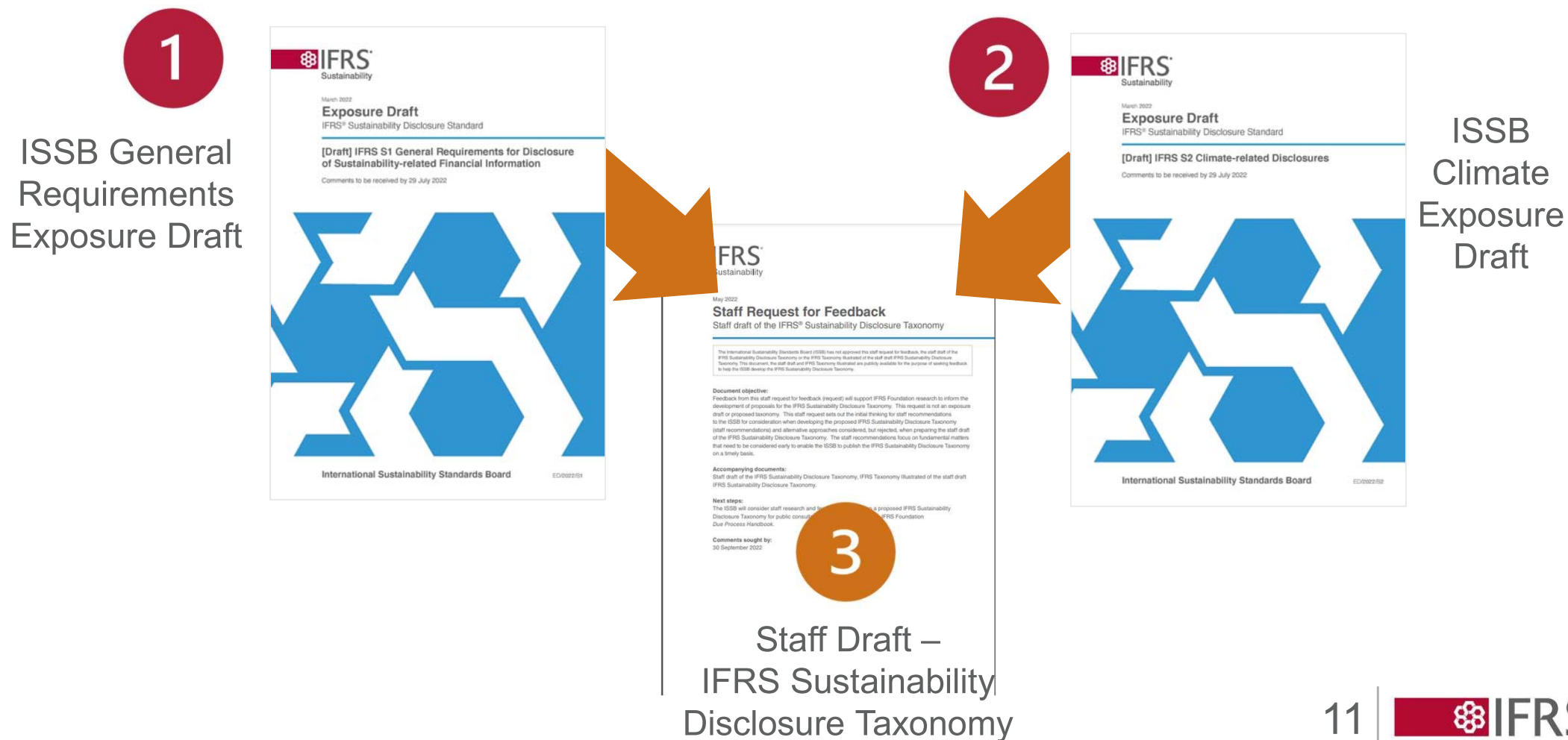
Comprehensive global baseline – a building blocks approach





The first steps –
consultations underway

ISSB consultations and staff request for feedback



1 ISSB General Requirements Exposure Draft – How to report on all risks and opportunities

General Requirements [Standard]

A company would be required to disclose material information about all significant sustainability-related risks / opportunities



Climate [Standard]

A company would apply the relevant IFRS Sustainability Disclosure Standards to identify risks / opportunities and disclosures



If no specific IFRS Sustainability Disclosure requirements, a company must consider:

SASB Standards	CDSB Framework and application guidance	Other standards	Other resources
Industry-based disclosure topics	ISSB's non-mandatory guidance – eg social, water and biodiversity	Those that meet investors' information needs	Peer company practices (similar industry / geography)

Illustrative Guidance: how to use **SASB Standards** and **CDSB Framework application guidance** to do this

1 ISSB General Requirements Exposure Draft – Key features



Emphasises need for consistency and connections between financial statements and sustainability reporting by requiring companies to

- explain linkages in information
- use consistent assumptions when relevant



Requires financial statements and sustainability disclosures to be published at the same time



Facilitates application in different jurisdictions by

- not specifying a particular location for sustainability information
- allowing additional information to be provided

1

ISSB General Requirements Exposure Draft

Governance

The governance processes, controls and procedures a reporting entity uses to monitor sustainability-related risks and opportunities.

Strategy

How an entity's strategy addresses significant sustainability-related risks and opportunities.

Risk management

How sustainability-related risks are identified, assessed, managed and mitigated.

Metrics and targets

Information used to manage and monitor the entity's performance in relation to sustainability-related risks and opportunities over time.

2 ISSB Climate Exposure Draft

Consistent with the General Requirements Exposure Draft

- focus is on significant climate-related risks and opportunities
 - information provided must be material for assessments of enterprise value
-
- Incorporates TCFD recommendations
 - Includes SASB's climate-related industry-based requirements
 - Requires disclosure of information about;
 - physical risks (eg flood risk)
 - transition risks (eg regulatory change)
 - climate-related opportunities (eg new technology)

2 ISSB Climate Exposure Draft

Requires information that enables investors to...

- determine the effects of climate-related risks and opportunities on the company's enterprise value
- understand the company's response to and strategy for managing its climate-related risks and opportunities
- evaluate the ability of the company to adapt its planning, business model and operations to climate-related risks and opportunities

2 ISSB Climate Exposure Draft – Key features



Transition planning

Emissions targets and use of carbon offsets



Climate resilience

Resilience of business strategy in multiple scenarios



Scope 1-3 emissions

Requirement to disclose GHG emissions

3 Staff draft of the IFRS Sustainability Disclosure Taxonomy

Staff documents published

- Staff request for feedback
- Staff draft of the IFRS Sustainability Disclosure Taxonomy
 - in XBRL format (machine-readable format)
 - illustrated in a simplified, visual PDF format (human-readable format)

Purpose: Support staff with the development of proposals for the Taxonomy

Set out the initial thinking for staff recommendations and alternative approaches considered, but rejected

Focused on fundamental matters that need to be considered early to enable the ISSB to publish a Taxonomy on a timely basis

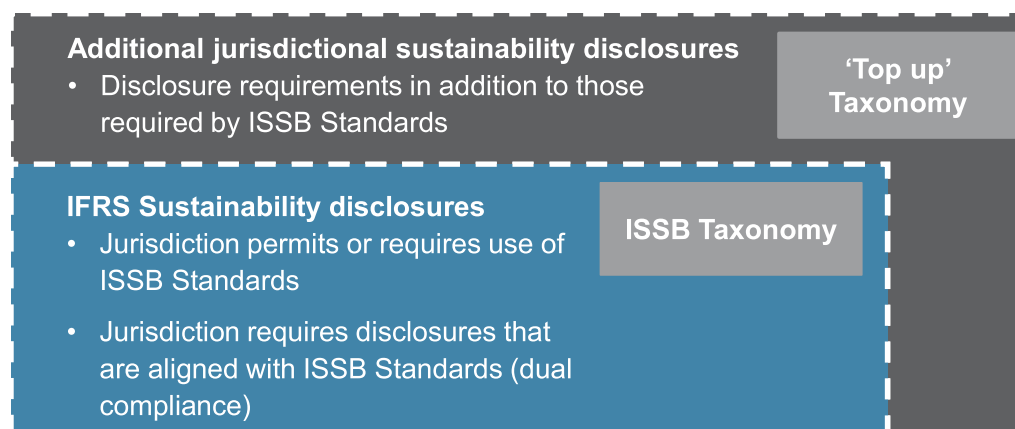
These documents have not been approved by the ISSB. They are not an exposure draft or proposed taxonomy and do not constitute due process documents

Design of the ISSB Taxonomy

The ISSB Standards and Taxonomy are intended to work with any GAAP and accounting taxonomy



The ISSB Taxonomy could work as a comprehensive global baseline with 'top up' jurisdiction taxonomies



3 Staff draft of the IFRS Sustainability Disclosure Taxonomy – Fundamental matters being considered

- Separate from the IFRS Accounting Taxonomy

A distinct taxonomy

1

- Elements grouped by
 - ISSB ED and
 - aspects of core content
 - Industry-based metrics grouped by industry

Taxonomy grouping

2

- Disclosures related to core content in each ISSB ED are reflected as a separate list of distinct elements

Relationships between ISSB EDs

3

- Distinct elements created for narrative information that is
 - separately understandable
 - easily identifiable

Granularity of narrative information

4

- Categorical elements used for disclosures that can be true/false responses or specific responses from a list

Categorical elements

5

Granularity of narrative information – which level(s) of disclosure requirements to ask preparers to identify?

Governance

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Setting targets

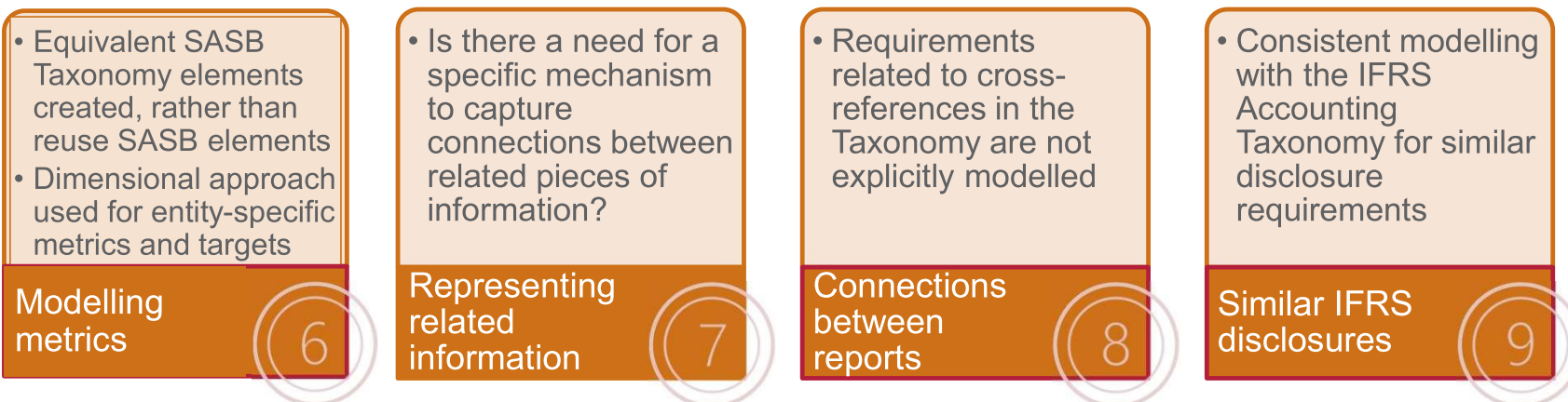
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Performance metrics are included in remuneration policies. This is achieved by setting 10% of performance bonus to be contingent on achieving targeted reductions in key sustainability impact measures. Excepteur sint occaecat cupidatat non proident, sunt in culpa qui officia deserunt mollit anim id est laborum.

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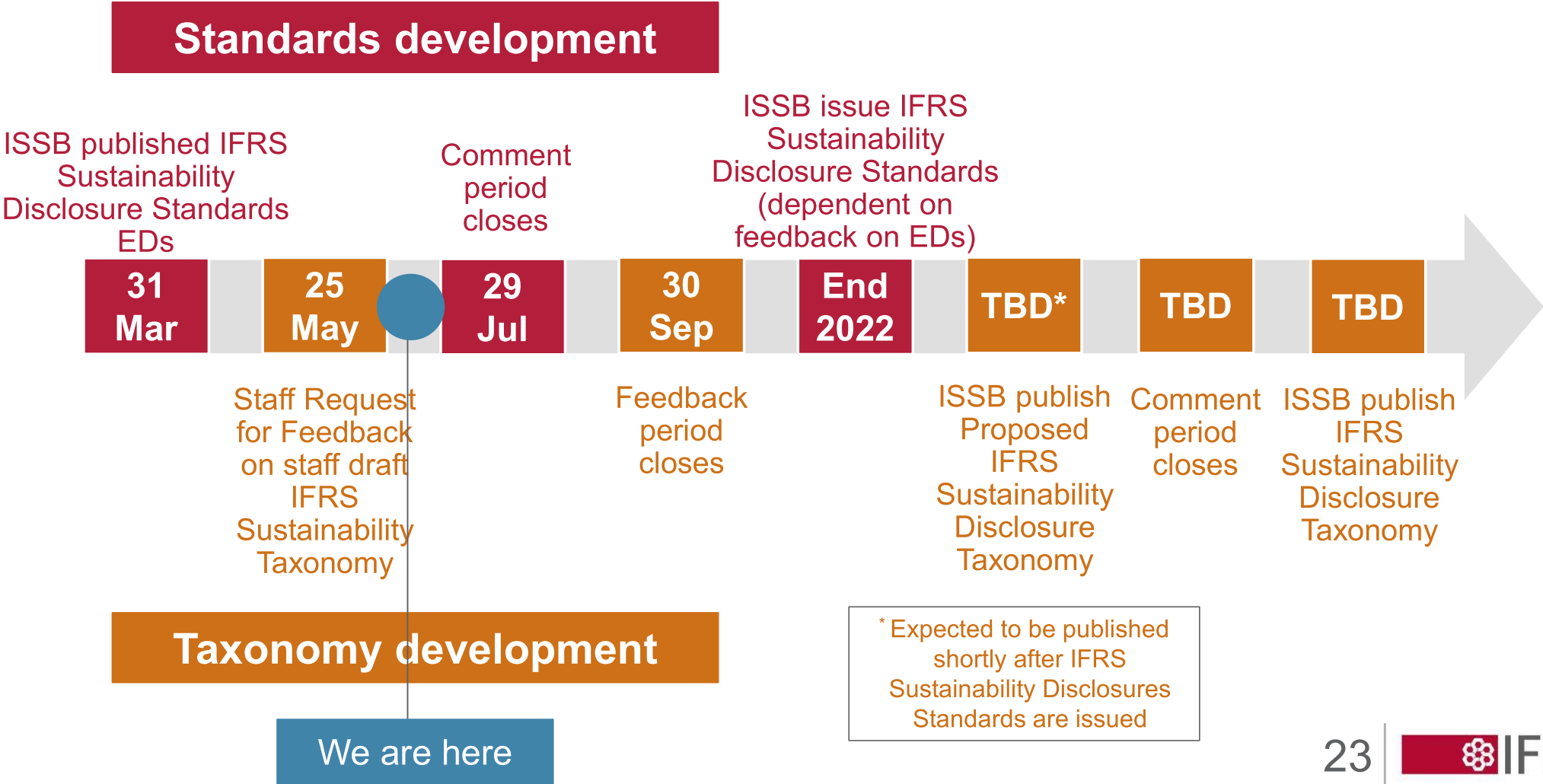
Fundamental matters being considered (continued)



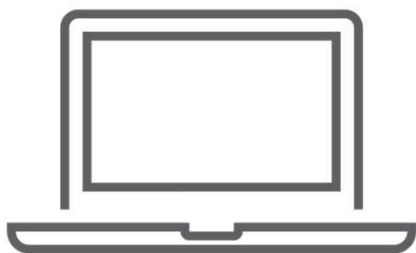
A grayscale world map is centered in the background. Overlaid on the left side of the map are three concentric, thick, light-gray curved lines that sweep from the bottom left towards the top right. A network of thin, dotted lines is also visible, connecting various points across the map, particularly in the lower-left quadrant.

Next steps

Next steps



How to comment



Survey

or



Comment letter

Visit:

ifrs.org/projects/open-for-comment/

Comments are
published on ifrs.org

Find us online



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