

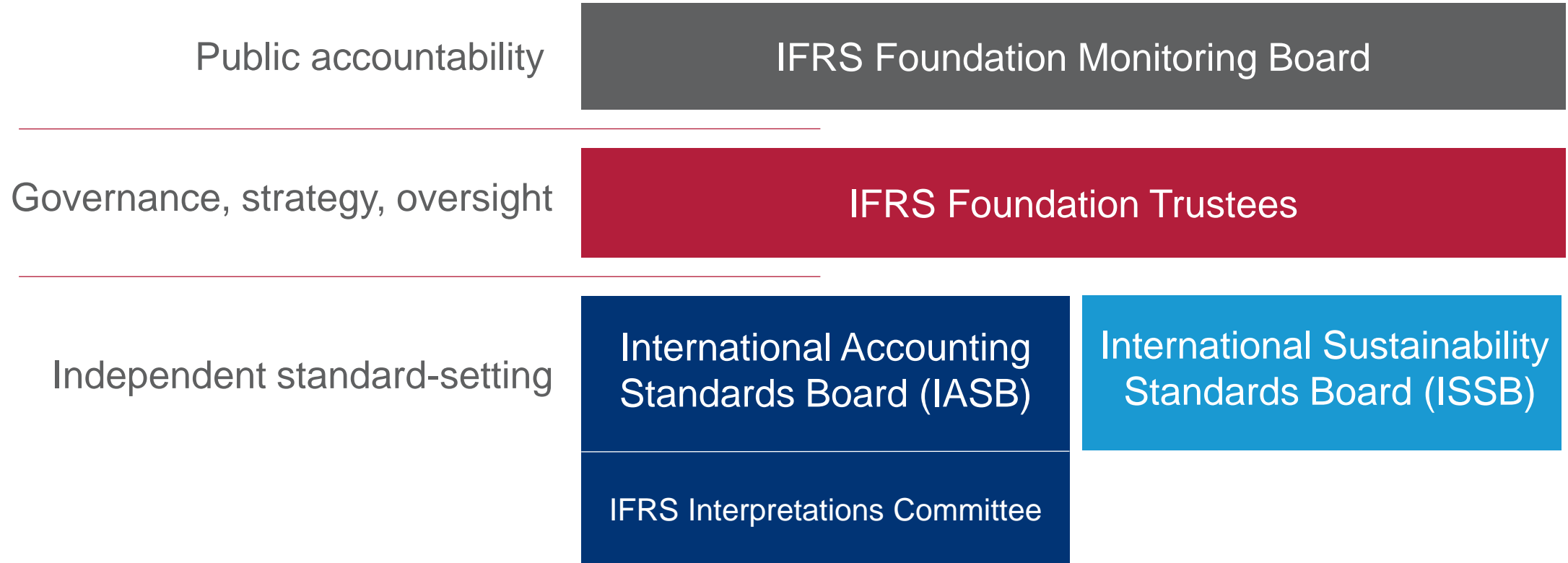
---

# Supporting use of the ISSB Standards: better information for better decisions

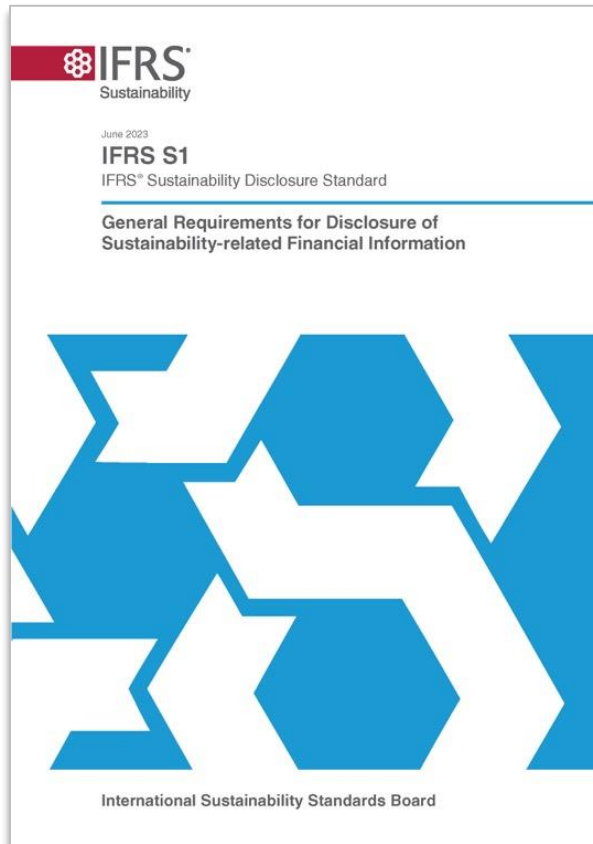
Verity Chegar, ISSB Member  
September 2024

---

# Structure



# IFRS S1 and IFRS S2: the first ISSB Standards



S1 covers **all** sustainability-related risks and opportunities

S2 provides more detailed guidance on **climate**

Both standards:

- Require disclosure of information that is **material to investors** Build on the TCFD recommendations
- Require **cross-industry and industry-specific** information
- Offer **guidance from SASB Standards** for industry-specific information

---

## 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

### Work plan

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

---

# Adoption



# Jurisdictions taking steps towards ISSB Standards

**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 progress towards the adoption or other use of ISSB Standards

Americas	Asia/Oceania		EMEA
Bolivia	Australia	Pakistan	EU
Brazil	Bangladesh	Philippines	Kenya
Canada	China	Singapore	Nigeria
Costa Rica	Hong Kong SAR	South Korea	Türkiye
	Japan	Sri Lanka	UK
	Malaysia	Chinese Taipei	

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)

# Investor support for the ISSB Standards

## Global Asset Owner Forum<sup>1</sup>:

“...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”

<sup>1</sup>Forum members represent ~\$5T in assets in Australia (Hesta), Japan (GPIF), the Netherlands (APG), Norway (NBIM), Singapore (Temasek), and the US (CalSTRS and CalPERS), among others.



# Asset Manager Support for the ISSB Standards

## *ISSB in 2024 proxy voting guidelines*

9

### Capital Group

“We generally believe environmental issues present investment risks and opportunities that can shape a company’s long-term financial sustainability. Accordingly, **we expect companies to disclose against industry standards, including those set forth by the International Sustainability Standards Board (ISSB) and**, to the extent applicable, the underlying **Sustainability Accounting Standards Board (SASB)** and Task Force on Climate-related Financial Disclosures (TCFD) frameworks.”

Source:

<https://americanfundsretirement.retire.americanfunds.com/pdf/shareholder/AFDLIT-007-556841.pdf>

### Neuberger Berman

“Specific to climate-related risk, **Neuberger Berman expects companies to...**Produce reporting in alignment with the recommendations of the TCFD and **consider voluntary implementation of ISSB IFRS S1 and S2** as a next step.”

Source:

<https://www.nb.com/handlers/documents.ashx?name=ESG%20Governance%20and%20Proxy%20Voting%20Guidelines&id=d1de5494-2eea-473c-9e67-b795f99ffe86>

# Asset Manager Support for the ISSB Standards

## *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.”**

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.”**

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)

---

# Implementation

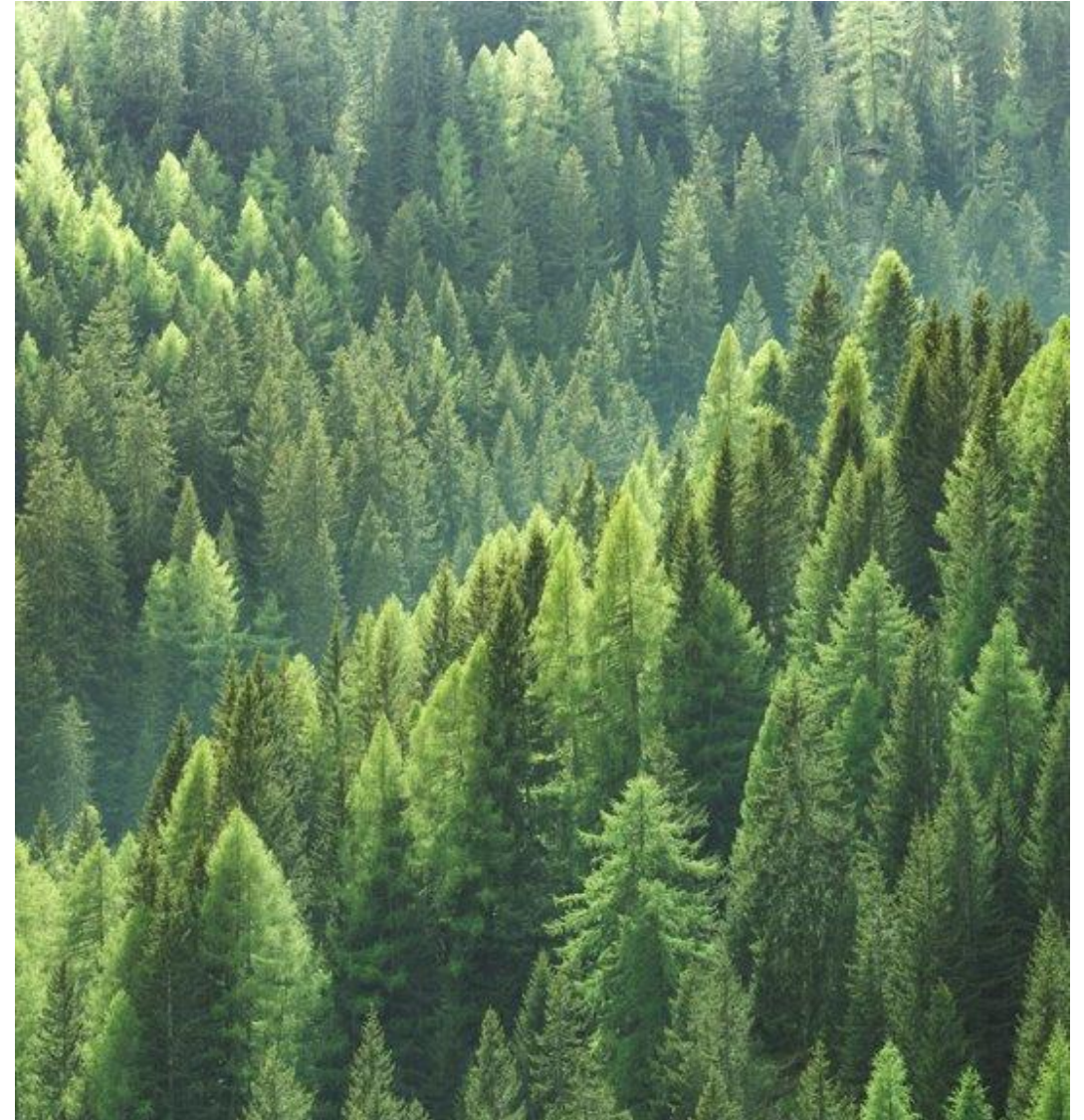


## Educational material

- How to apply the **Integrated Reporting Framework** with IFRS S1 and IFRS S2
- Using the **SASB** Standards to meet the requirements in IFRS S1
- **Current and anticipated financial effects** webcasts
- **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

In development – materials about:

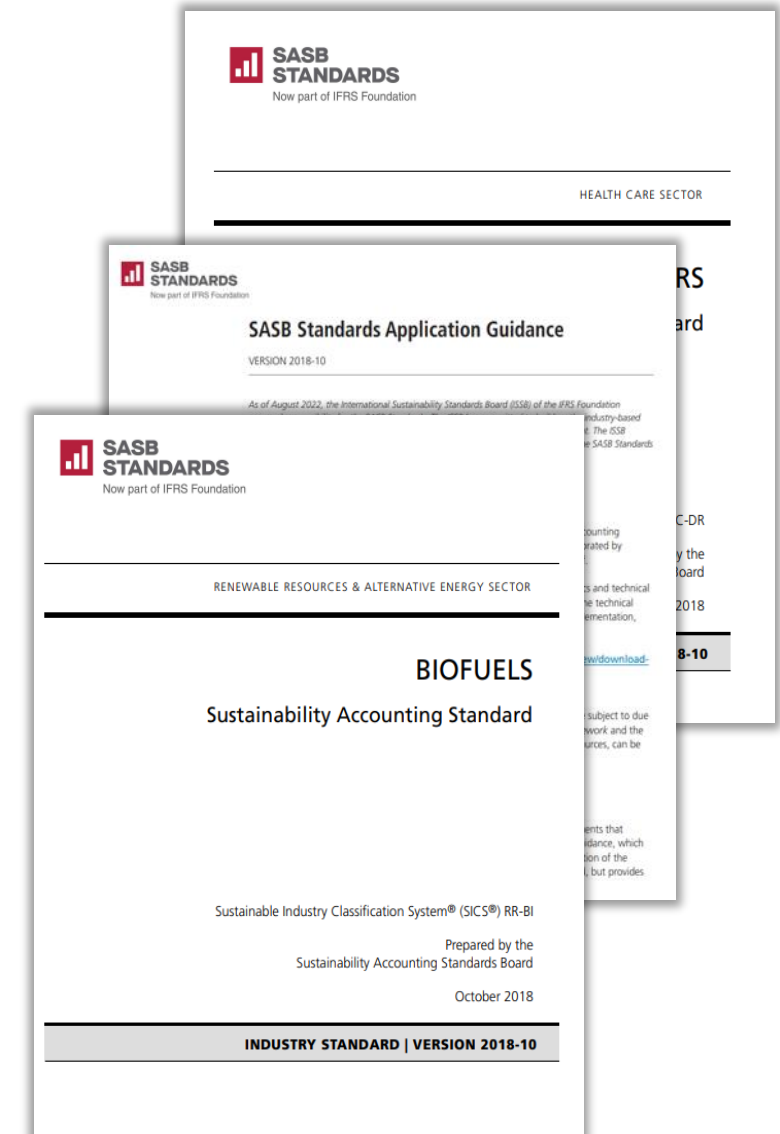
- Materiality
- Proportionality mechanisms
- Scenario analysis



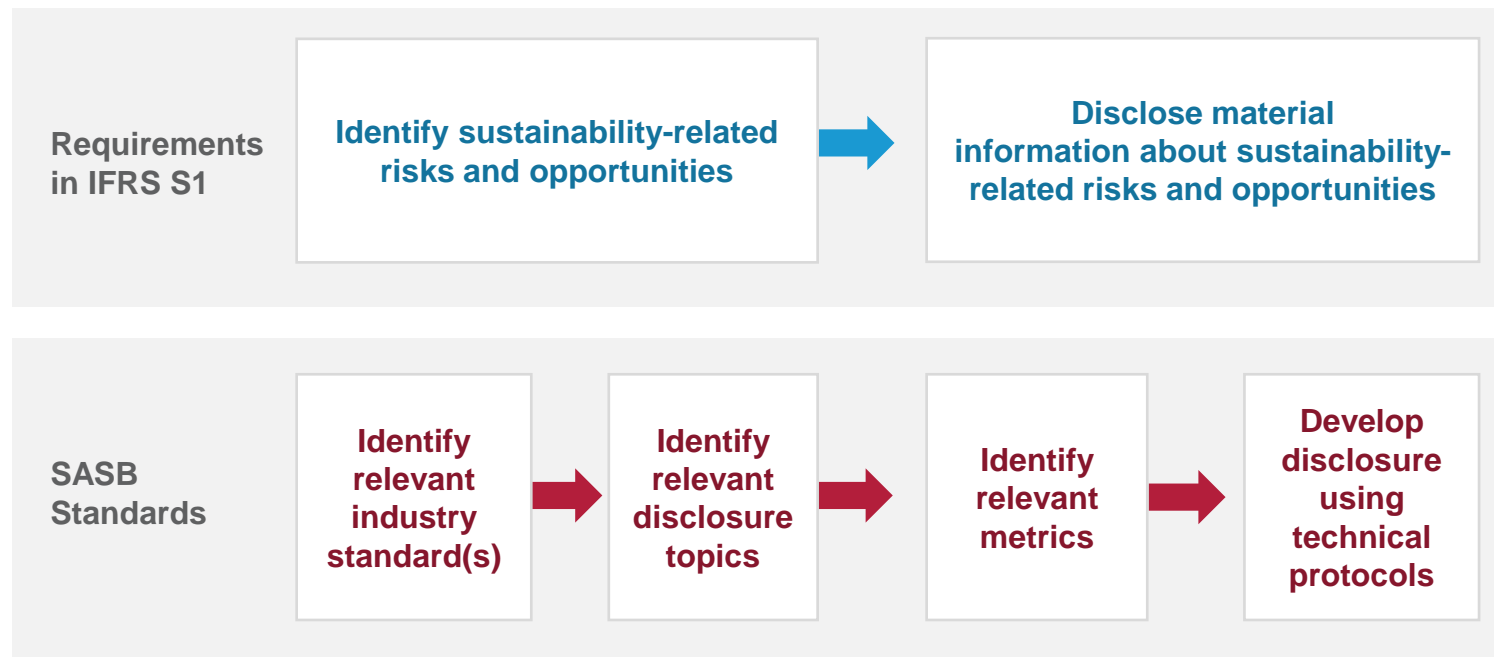


# What are SASB Standards?

- 77 industry-specific disclosure standards
- Guide to identify the sustainability factors most relevant to financial performance and company prospects for the typical company in an industry
- Developed through transparent, market-informed due process
- Around 3,500 companies in over 80 jurisdictions report using SASB Standards
- Result in comparable information for investors and other providers of capital



# Educational material: using SASB Standards to meet the requirements in IFRS S1



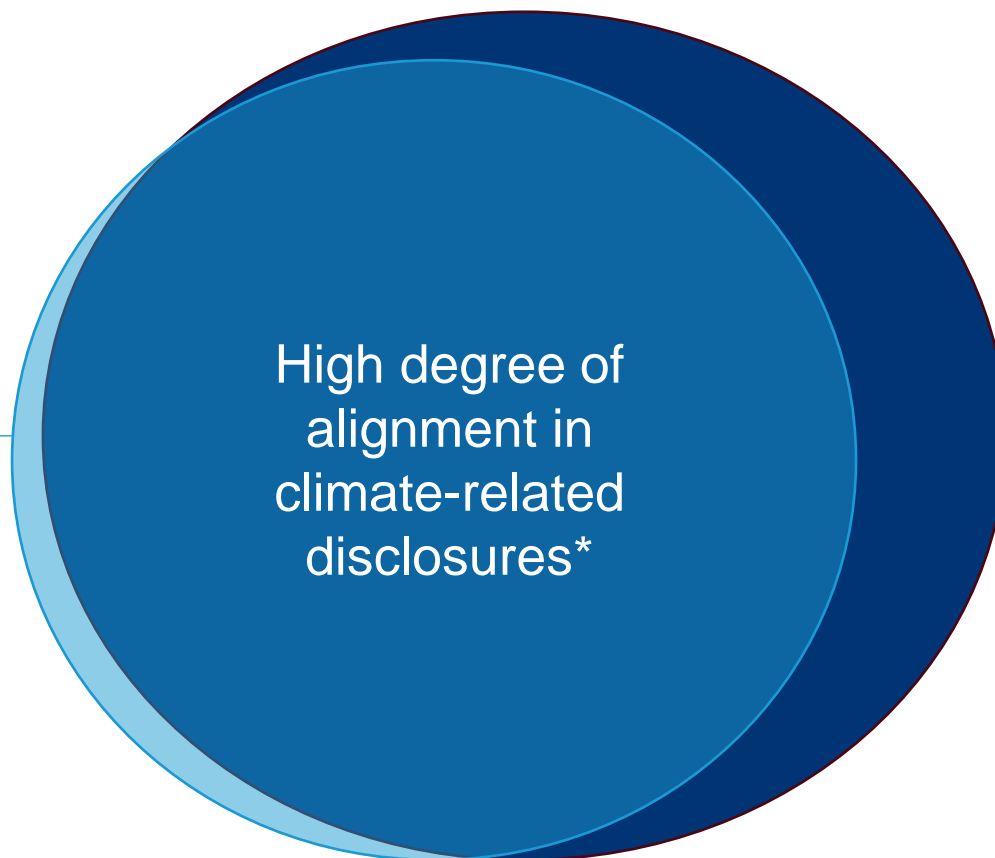
Visit [ifrs.org](https://www.ifrs.org) to access the [material](#)





### ISSB Standards:

Additional requirements  
(eg financed emissions)



### ESRS:

Additional requirements for stakeholders interested in impacts (that do not create risks or opportunities for a company's prospects) and information that if missing or obscured is not reasonably expected to affect investor decisions

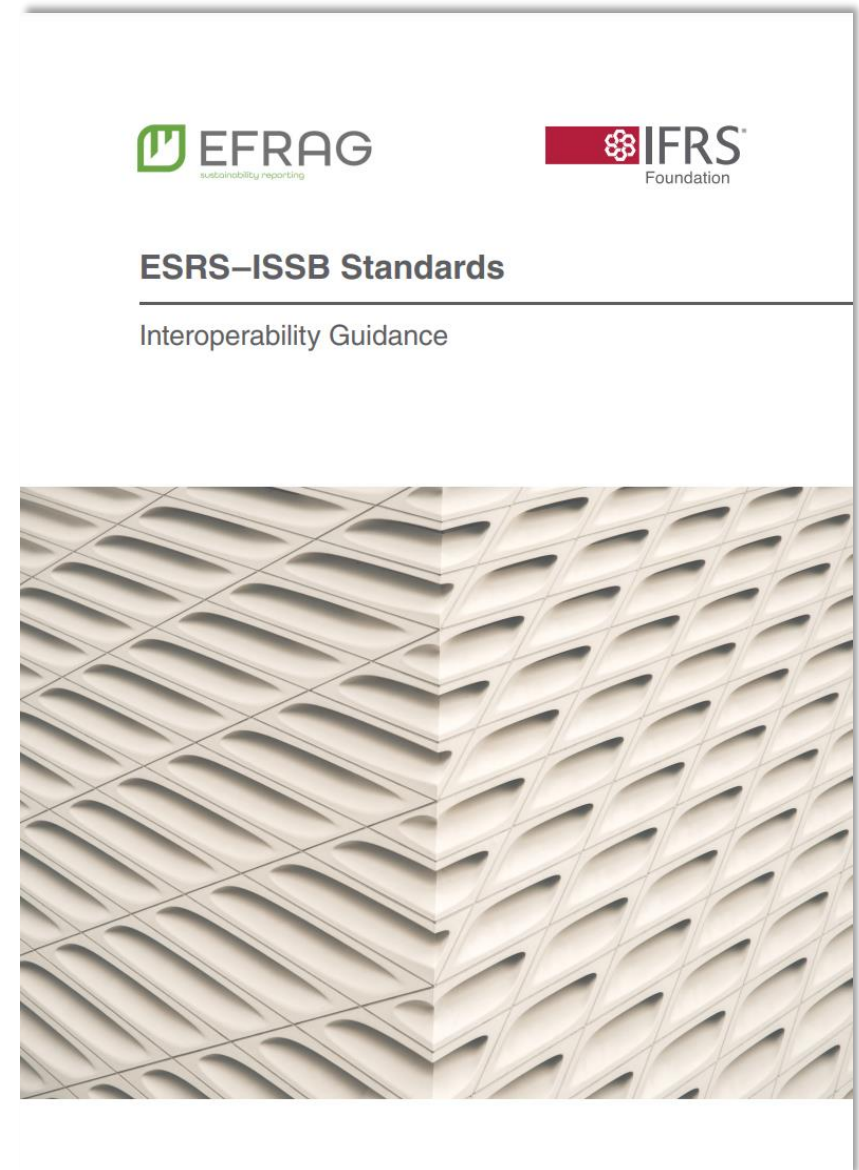


High degree of alignment in disclosures to provide decision-useful information for investors on risk management and how dependencies and impacts create risks and opportunities for a company's financial position and prospects

\* IFRS Foundation and EFRAG have published interoperability guidance material: <https://www.ifrs.org/content/dam/ifrs/supporting-implementation/issb-standards/esrs-issb-standards-interoperability-guidance.pdf>

# 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.

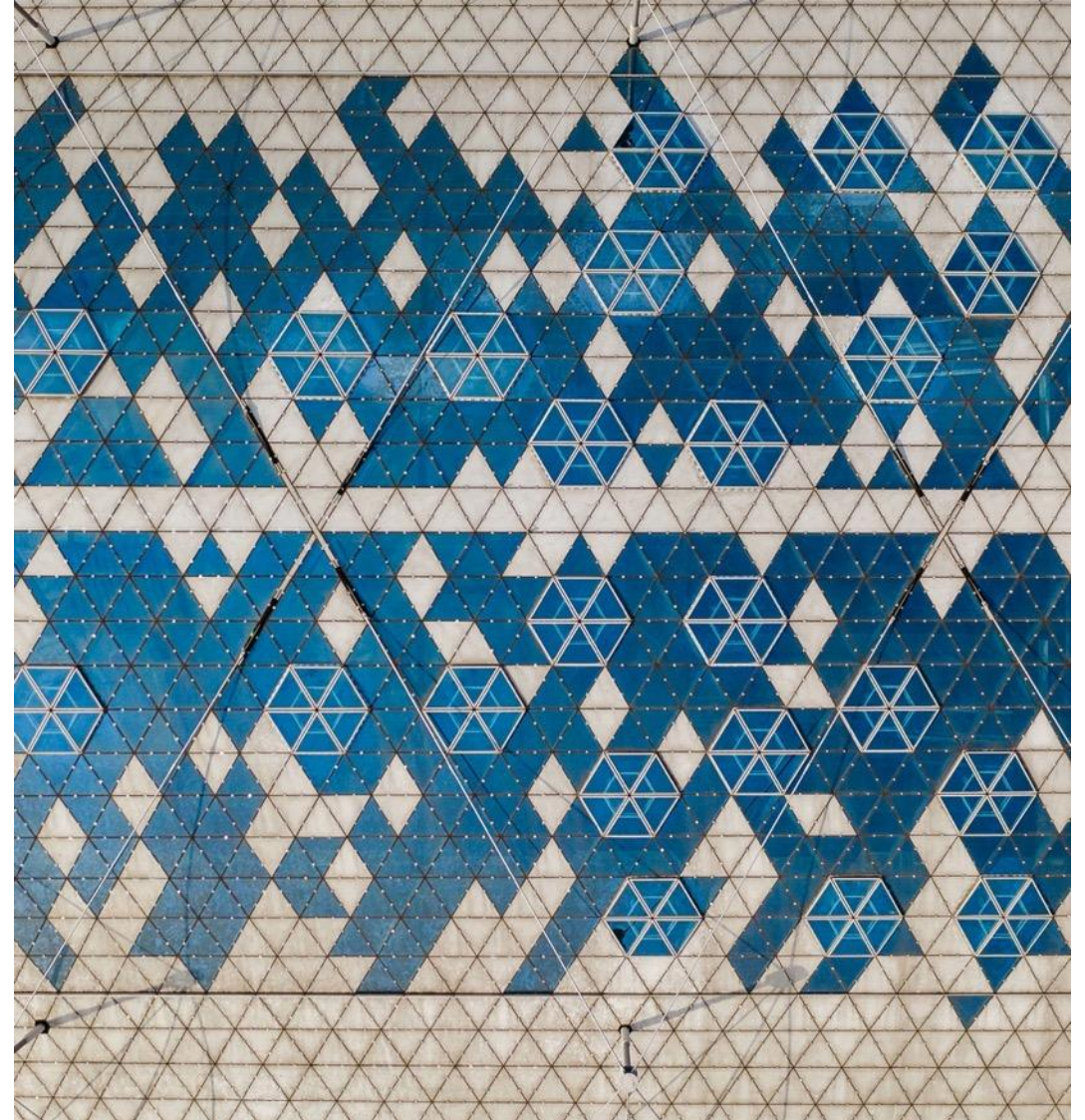




# How companies identify material sustainability information

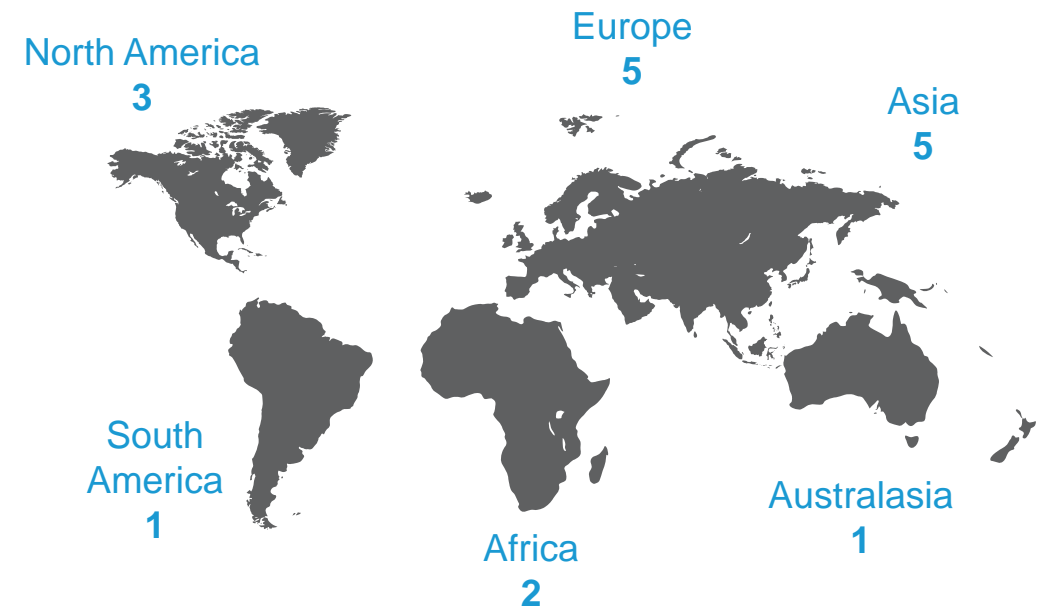
*Information is material if omitting, misstating or obscuring it could reasonably be expected to **influence investor decisions.***

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



# 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, summaries of the meetings will be published. These summaries are educational in nature
- Meeting summaries and recordings published on ifrs.org
- Discussions will also help the ISSB determine actions, if any, needed to address implementation questions (eg webinars, case studies, other educational material)



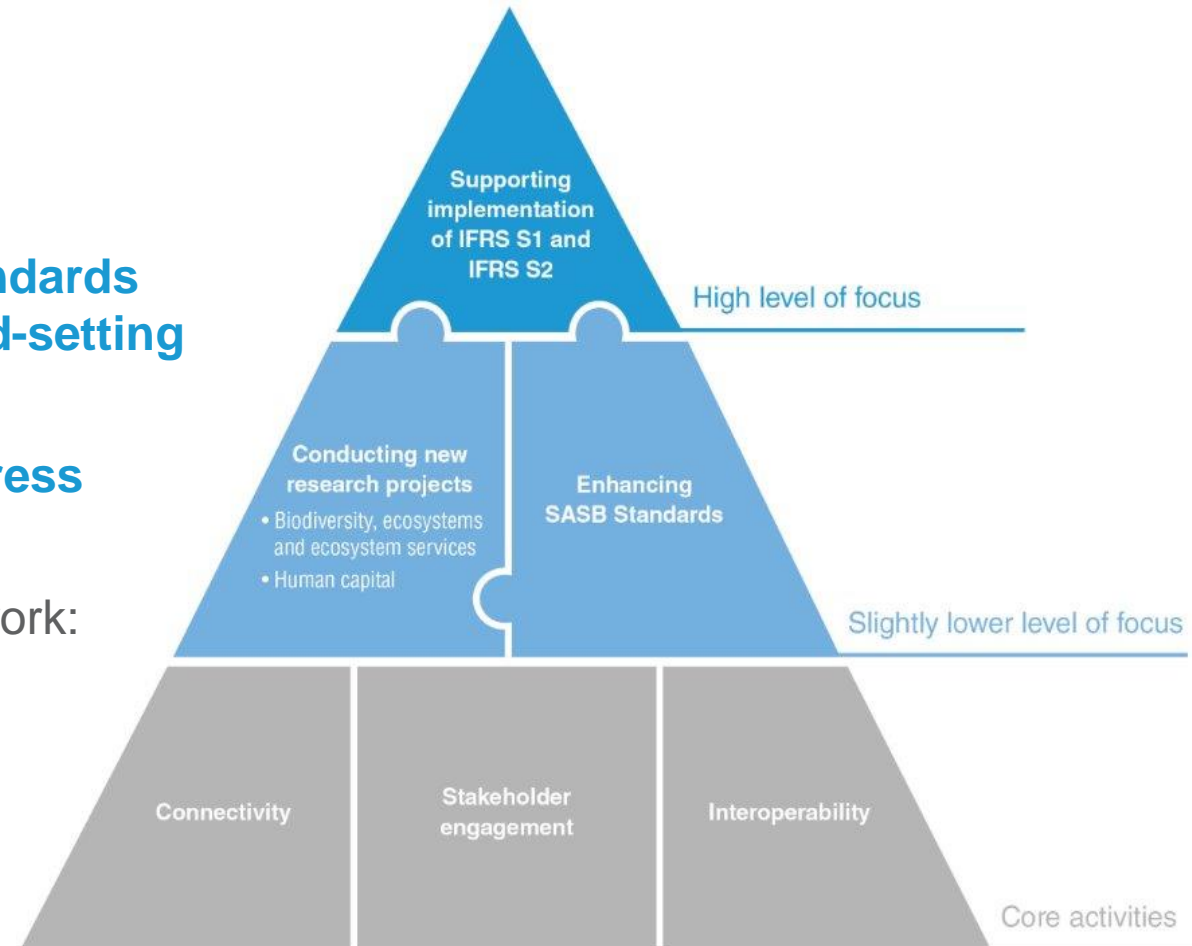
---

## Work plan



# ISSB work plan

- High level of focus on **supporting implementation of IFRS S1 and IFRS S2**
- Next, equal focus on **enhancing SASB Standards** and **beginning new research and standard-setting projects** on nature and human capital
- Some capacity reserved for flexibility to **address emerging issues**
- Furthermore, three activities **integral** to all work:
  1. interoperability with other standard-setting initiatives
  2. connectivity with IASB
  3. stakeholder engagement



# Research projects



## Biodiversity, ecosystems and ecosystem services

### Why?

- Growing interest among investors for improved disclosure
- Initial research will include considering the SASB Standards, CDSB guidance and TNFD

### What could be covered?

- Water
- Land-use and land-use change
- Pollution
- Resource depletion
- Invasive non-native species



## Human capital

### Why?

- Affects companies of all sizes and types
- Opportunity to address a lack of consistent, comparable disclosures

### What could be covered?

- Worker wellbeing
- Diversity and inclusion
- Workforce investment
- The alternative workforce
- Labour conditions in the value chain



# 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*

---

# 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** – full interoperability through jointly identifying and aligning common disclosures to deliver a seamless sustainability reporting system
- **Transition Plan Taskforce (TPT)** – the IFRS Foundation will assume 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

---

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

- [Access](#) the Standards and supporting materials
- Listen to the monthly [podcast](#)
- Respond to live [consultations](#)
- [Sign up](#) for news alerts
- Learn about [digital financial reporting](#) resources
- [Observe](#) ISSB meetings
- [Join](#) the team