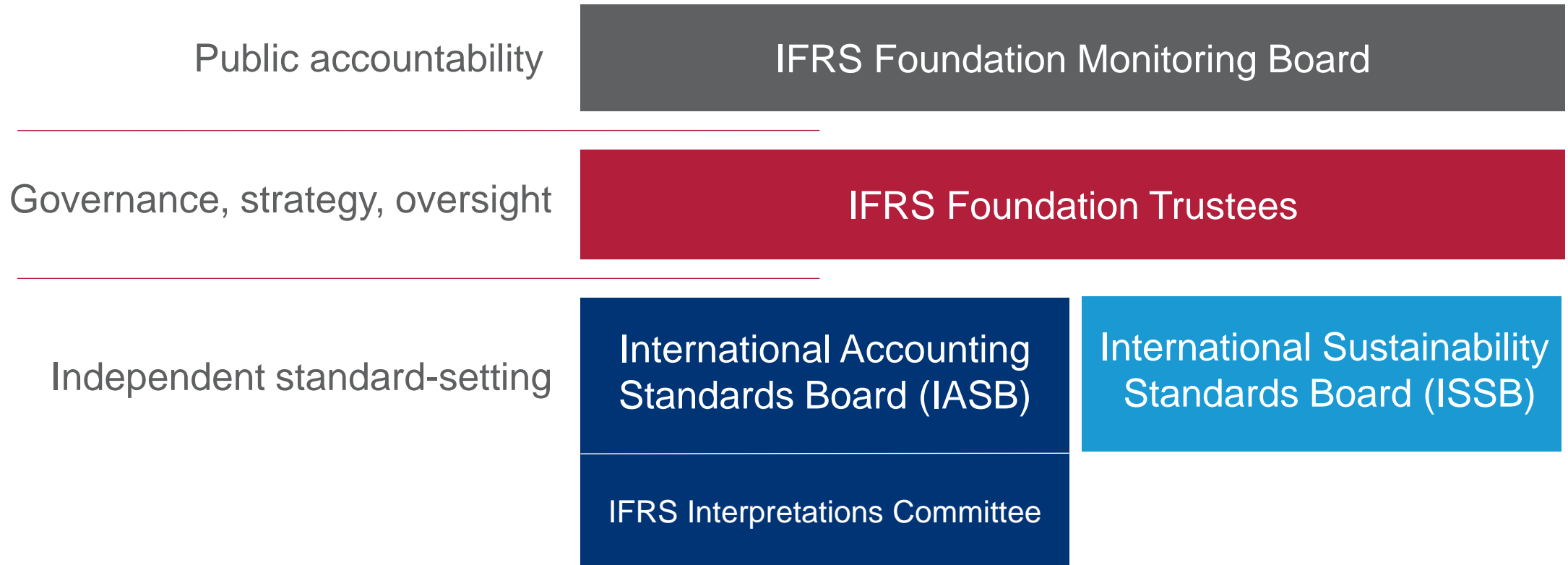

Introducing the ISSB Standards: better information for better decisions

Presentation for TÜYİD
September 26, 2023

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Structure

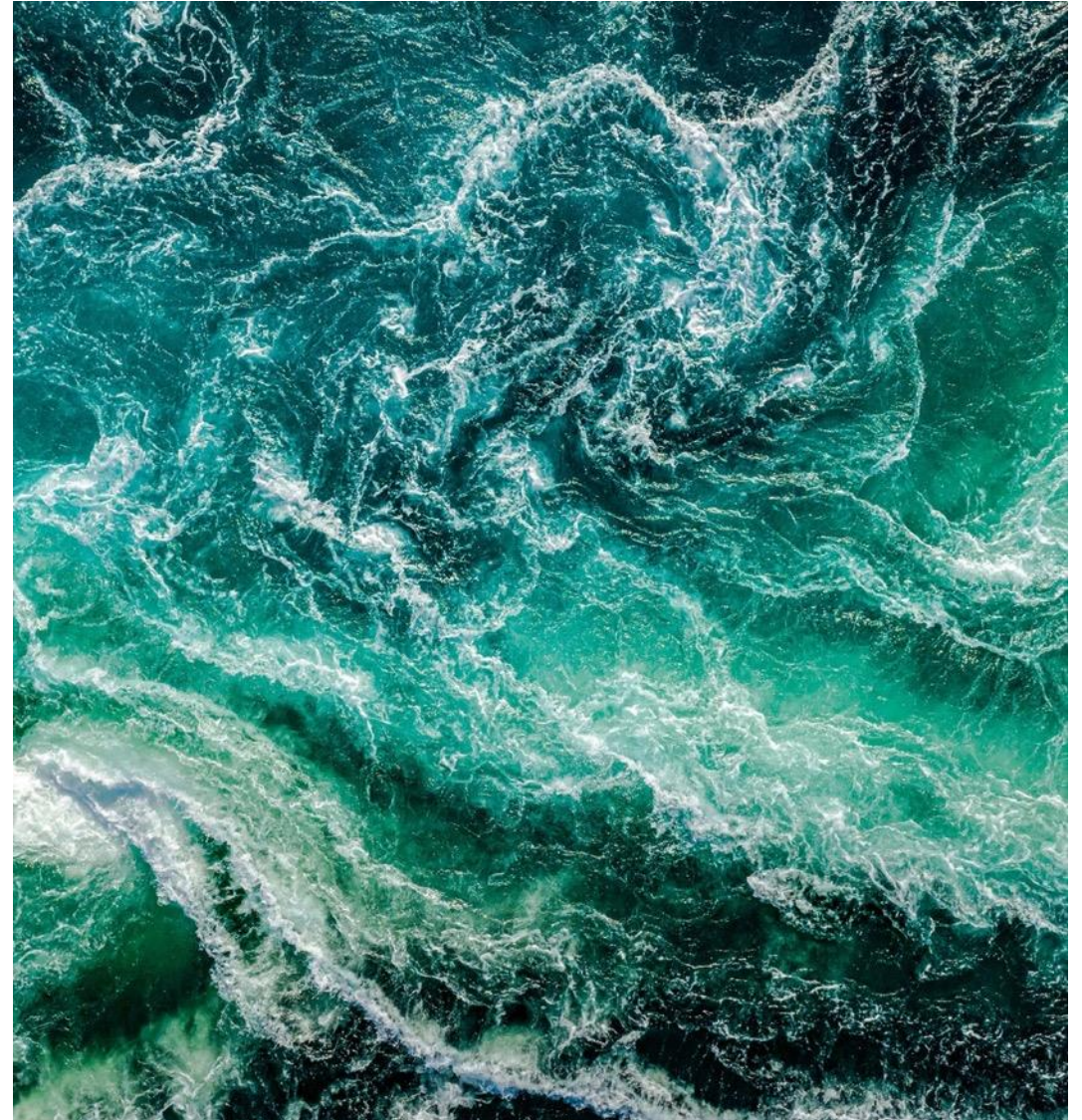


The ISSB Standards respond to market demand

The ISSB was established as part of the IFRS Foundation because of investor, company and international policy maker (including the G20, G7, IOSCO and the 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

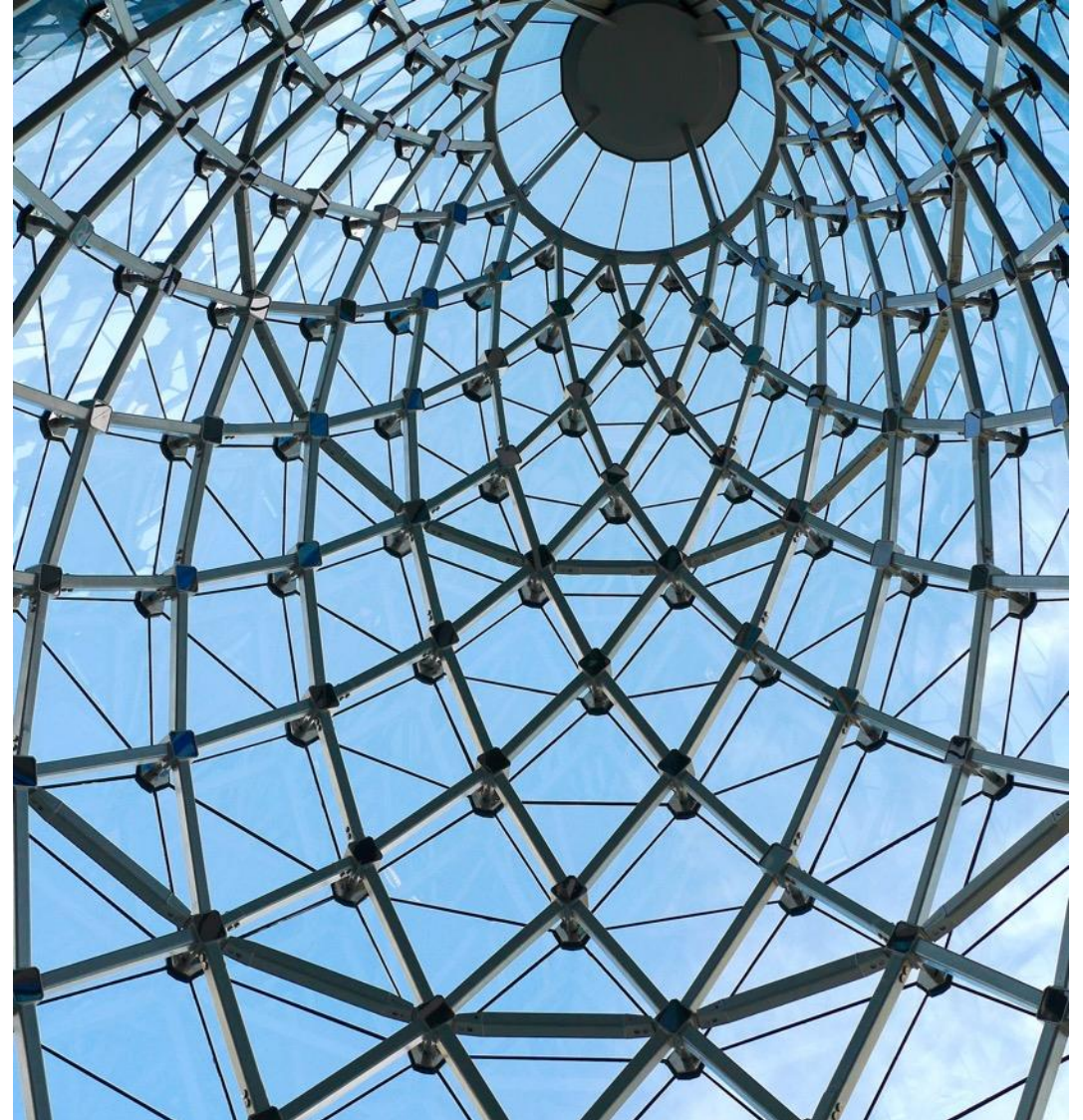


Cost-effective

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

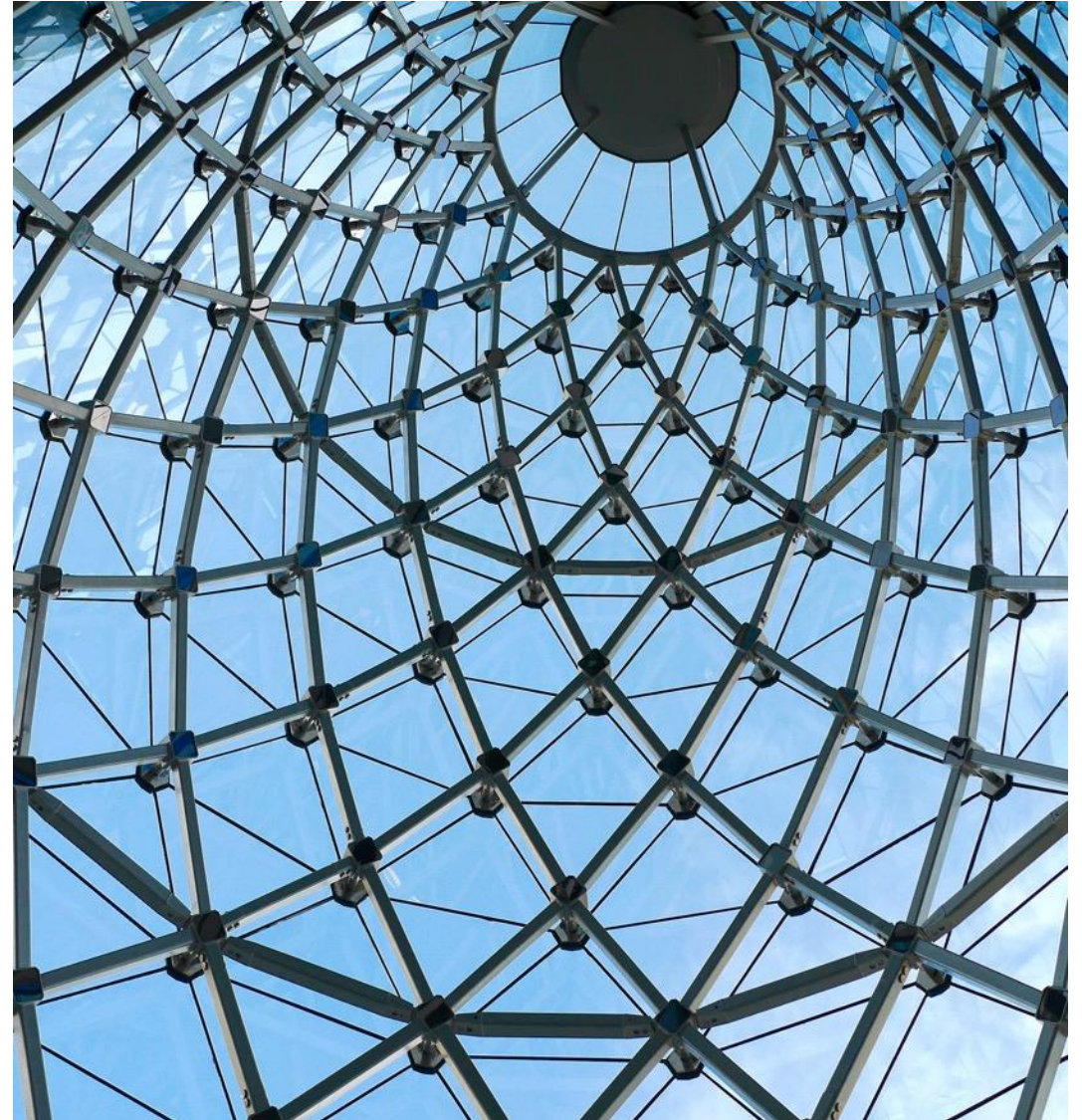
Key milestones in delivering truly global baseline

- ISSB issues IFRS S1 and IFRS S2, *26 June*
- Financial Stability Board announce work of the TCFD now completed due to ISSB Standards and transfers responsibilities for monitoring progress on climate-related disclosures, *6 July*
- IOSCO endorse ISSB Standards following a comprehensive review, *25 July*
- European Commission, EFRAG and ISSB confirm 'high degree of alignment' in climate-related disclosure requirements, *31 July*



‘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
- Financial Stability Board to **transfer TCFD monitoring responsibilities** to ISSB from 2024
- Announcement provides **yet further clarification** of ‘alphabet soup’



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

Achieving efficient reporting through interoperability

- Ongoing dialogue with **jurisdictions** to ensure consistency across reporting requirements, eg the European Commission
- Adopted the **TCFD structure** to align with existing reporting and regulation
- **CDP** to align platform to IFRS S2
- Work with **GRI** to further harmonise the sustainability reporting landscape



High degree of climate-disclosure alignment between ISSB Standards and ESRS

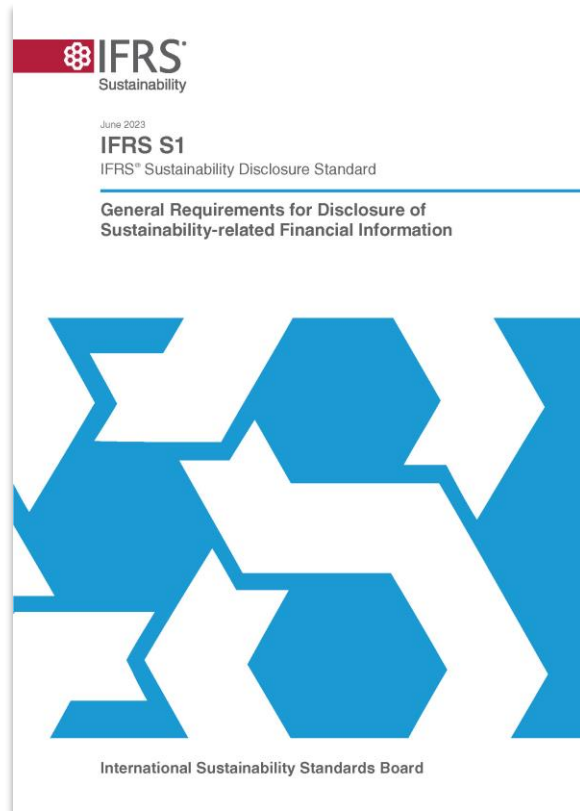
- **Reduces complexity and duplication** for companies applying ISSB Standards and ESRS – enabling targeted communication to investors while meeting EU requirements
- Some differences on **impact materiality beyond an investor’s perspective**
- European Commission, EFRAG and ISSB are working on **interoperability guidance material** to assist navigation between the standards.
- These materials will help companies:
 - **identify common disclosures** (‘Column B’)
 - **identify disclosures that are unique** (‘Column A’ and ‘Column C’)
 - identify disclosures that are ‘automatically’ aligned and those that can be aligned when choices are made (eg applying the GHG Protocol to measure GHG emissions)

Interoperability		
ISSB only	In common	EU only
Column A	Column B	Column C
For example, financed emissions	For example, disclosure of GHG emissions	For example, energy efficiency
Comply with ISSB global baseline		
	Comply with EU requirements	

Rationalising investor-focused standards and frameworks



IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information

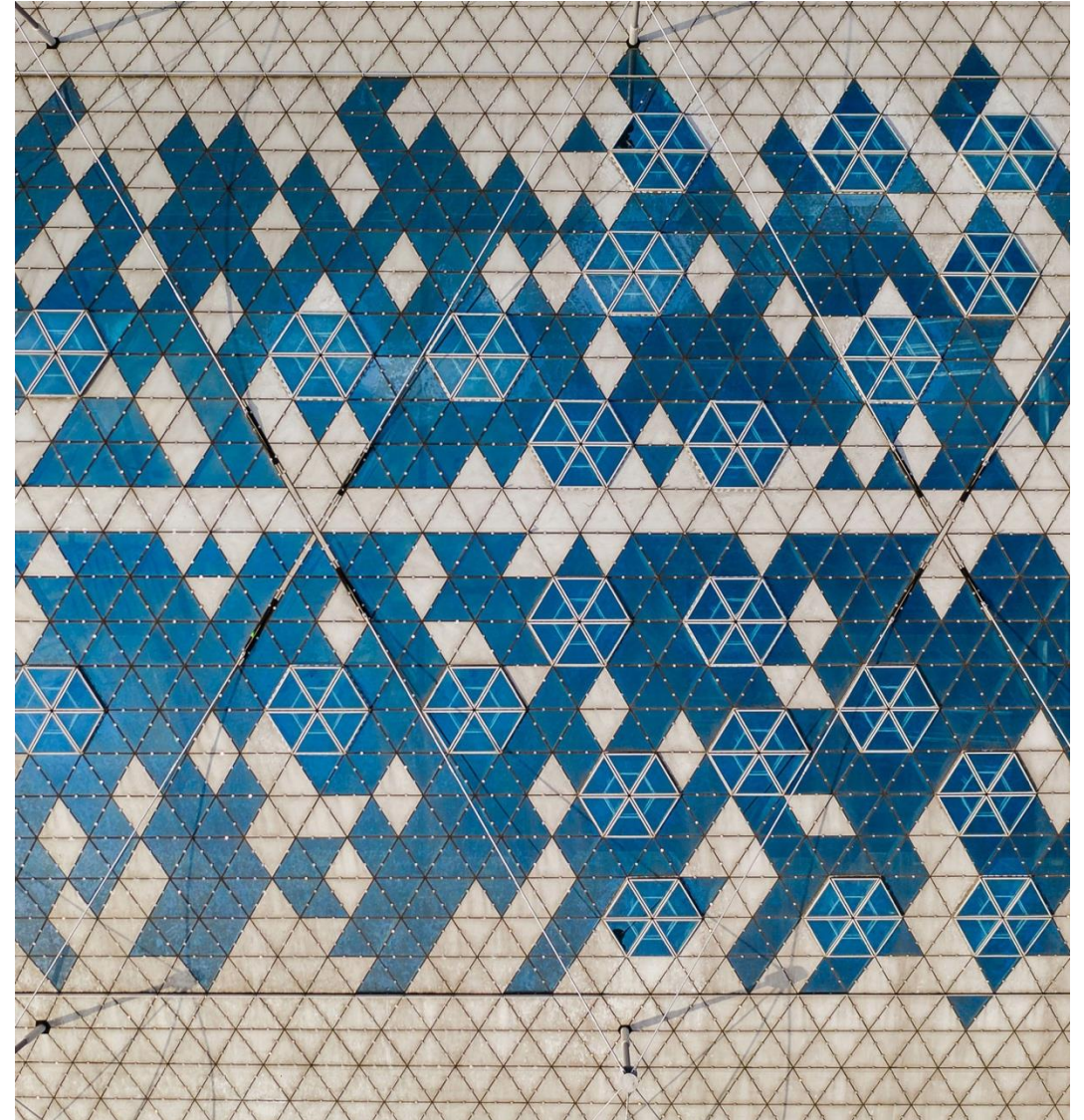


- Asks for disclosure of **material information** about **sustainability-related risks and opportunities** with the financial statements, to meet investor information needs
- Applies **TCFD architecture** whenever providing information about sustainability
- Requires **industry-specific disclosures**
- For matters other than climate (IFRS S2) refers to **sources to help companies** identify sustainability-related risks and opportunities and information
- Can be used in conjunction with **any accounting requirements (GAAP)**

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'



How sustainability can affect a company's prospects

A company's ability to deliver financial value for **investors is inextricably linked to:**

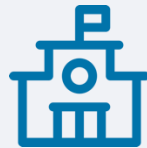
Stakeholders

with whom it works
and serves



Society

in which it
operates



Natural

resources upon
which it draws



Builds on concepts from the **Integrated Reporting Framework**

Guidance for developing sustainability disclosures



Which risks & opportunities?

To identify relevant **risks and opportunities**, a company uses ISSB Standards and **shall consider**:

- **SASB Standards**

A company **may also consider**:

- CDSB Framework Application Guidance
- industry practice
- materials of investor-focused standard setters



Which information?

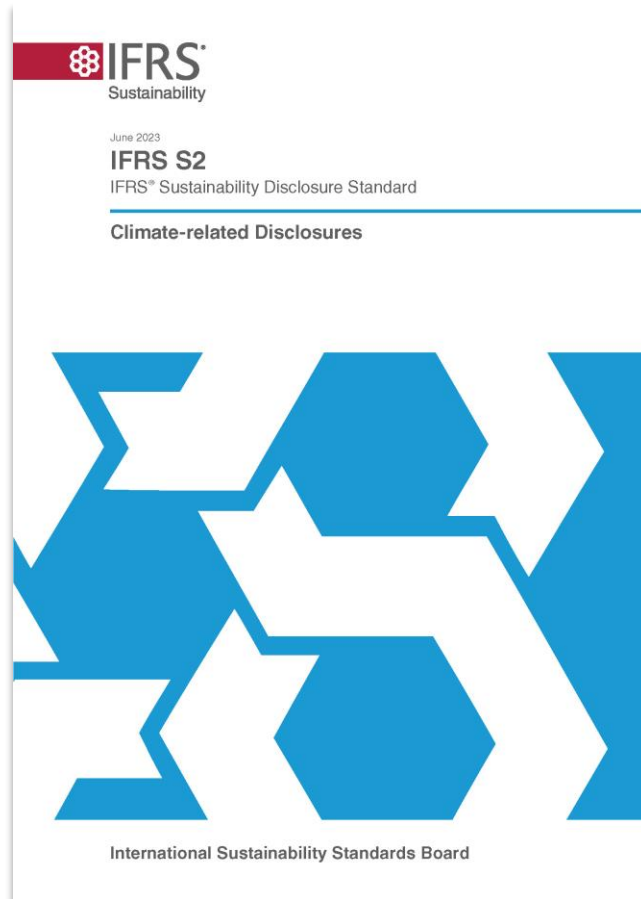
To identify what information to disclose, a company uses ISSB Standards, and for matters other than climate, **shall consider**:

- **SASB Standards**

A company **may also consider**, to the extent it meets investor information needs:

- CDSB Framework Application Guidance
- industry practice
- materials of investor-focused standard setters
- GRI Standards
- European Sustainability Reporting Standards

IFRS S2: Climate-related Disclosures



- Incorporates the **TCFD recommendations**
- To meet investor information needs, IFRS S2:
 - is used in accordance with **IFRS S1**
 - requires disclosure of **material information about climate-related risks and opportunities**, including physical and transition risks
 - requires **industry-specific disclosures**, which are supported by accompanying guidance built on SASB Standards

How the Standards evolved

Key areas the ISSB addressed feedback:

- additional interoperability considerations
- further proportionality mechanisms and transitional reliefs
- confirmed that industry-specific disclosures are required, but industry-based disclosure topics and metrics provided as guidance rather than required disclosures

Access the Feedback Statement on [ifrs.org](https://www.ifrs.org) to find out more about the other major areas on which stakeholders provided feedback and how the ISSB responded.

Consultation in numbers...

- **120**-day consultation
- **400+** outreach sessions
- **1400+** responses
- **36** staff papers reflecting feedback
- **10** ISSB meetings to deliberate

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**



Looking ahead

Commitment to:

- connections with financial statements
- interoperability with jurisdictional and voluntary initiatives

Supporting implementation of IFRS S1 and IFRS S2

- digital taxonomy
- awareness raising and capacity building
- regulatory adoption and voluntary application

Work to:

- enhance and maintain the SASB Standards
- develop educational materials for nature and social aspects of climate-related risks and opportunities

Future priorities:

- Agenda consultation closed 1 September 2023



Making ISSB Standards the global baseline



ISSB

provide comprehensive global baseline through Standards



IOSCO

endorses ISSB Standards recommending adoption



Audit standard-setters

enhance and develop assurance standards



Jurisdictions

require by adopting the Standards



Market participants

voluntarily opt to apply the Standards

Visit 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
- Discover [services](#) that can support you
- [Observe](#) ISSB meetings
- [Join](#) the team