

INTERNATIONAL SUSTAINABILITY STANDARDS BOARD

SURESH KANA
IFRS FOUNDATION TRUSTEE

**INTEGRATED REPORTING
COMMITTEE (IRC)
OF SOUTH AFRICA**

ANNUAL CONFERENCE

2021

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ABOUT THE IFRS FOUNDATION

OUR ORGANISATION

- NOT-FOR-PROFIT, PUBLIC INTEREST ORGANISATION
- THREE-TIER GOVERNANCE MODEL
 1. MONITORING BOARD (OVERSIGHT)
 2. TRUSTEES (GOVERNANCE & STRATEGY)
 3. IASB + ISSB (STANDARDS)
- EXTENSIVE, INCLUSIVE DUE PROCESS

OUR MISSION

DEVELOP IFRS STANDARDS THAT BRING TRANSPARENCY, ACCOUNTABILITY AND EFFICIENCY TO FINANCIAL MARKETS AROUND THE WORLD

IFRS ACCOUNTING STANDARDS

REQUIRED FOR USE BY MORE THAN 140 JURISDICTIONS AROUND THE WORLD

CURRENT SUSTAINABILITY REPORTING LANDSCAPE

INTERNATIONAL INITIATIVES

- VOLUNTARY APPLICATION
- MULTIPLE STANDARDS
- MULTIPLE AUDIENCES

JURISDICTIONAL INITIATIVES

- DIFFERENT JURISDICTIONS, DIFFERENT REQUIREMENTS
- DIFFERENCES IN SCOPE, AMBITION AND PACE

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CONSEQUENCES

'ALPHABET SOUP' OF REQUIREMENTS



COST & COMPLEXITY IN REPORTING

SELECTIVE & INCONSISTENT APPLICATION OF VOLUNTARY STANDARDS



'GREENWASHING' RISK

DIFFERENT REQUIREMENTS BY DIFFERENT JURISDICTIONS



LACK OF GLOBAL COMPARABILITY & CONSISTENCY

LACK OF CAPITAL MARKET RIGOUR (MANDATED STANDARDS, AUDITED INFORMATION, DIGITAL REPORTING)



LACK OF CONFIDENCE AND TRUST IN INFORMATION

IMPEDIMENT TO FINANCIAL MARKET PARTICIPATION IN DRIVE TOWARDS NET ZERO

DEMAND-DRIVEN PROCESS

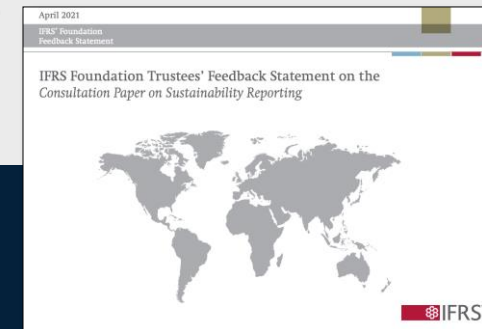
WHAT WE ASKED

- 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



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COP26 ANNOUNCEMENT



1. FORMATION OF THE
INTERNATIONAL SUSTAINABILITY
STANDARDS BOARD (ISSB)



2. CONSOLIDATION WITH
CLIMATE DISCLOSURE
STANDARDS BOARD (CDSB)
& VALUE REPORTING
FOUNDATION (VRF)



3. PUBLICATION OF CLIMATE
AND GENERAL DISCLOSURE
PROTOTYPE REQUIREMENTS

CREATES THE NECESSARY INSTITUTIONAL ARRANGEMENTS AND TECHNICAL GROUNDWORK FOR A GLOBAL SUSTAINABILITY STANDARD-SETTER FOR THE FINANCIAL MARKETS

1. INTERNATIONAL SUSTAINABILITY STANDARDS BOARD (ISSB)



DEVELOP GLOBAL BASELINE OF SUSTAINABILITY DISCLOSURE STANDARDS



FOCUS ON MEETING THE INFORMATION NEEDS OF INVESTORS



WILL ENABLE COMPANIES TO PROVIDE COMPREHENSIVE SUSTAINABILITY INFORMATION FOR THE GLOBAL CAPITAL MARKETS



FACILITATE THE ADDITION OF REQUIREMENTS THAT ARE JURISDICTION-SPECIFIC OR AIMED AT A BROADER GROUP OF STAKEHOLDERS

2. CONSOLIDATION WITH CDSB & VRF

BECOMES PART OF THE IFRS FOUNDATION



ADDITIONAL MEMBERS OF TECHNICAL READINESS WORKING GROUP



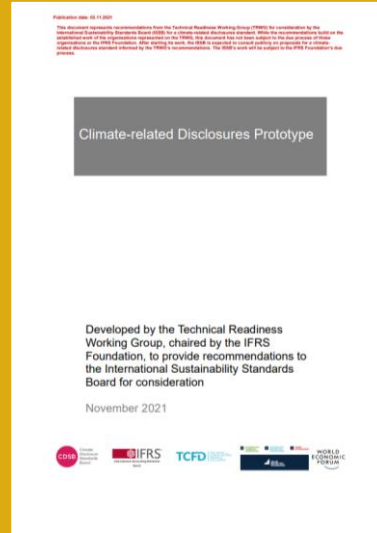
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3. PUBLICATION OF PROTOTYPE REQUIREMENTS

CLIMATE-RELATED DISCLOSURES



GENERAL REQUIREMENTS FOR DISCLOSURE OF SUSTAINABILITY-RELATED INFORMATION



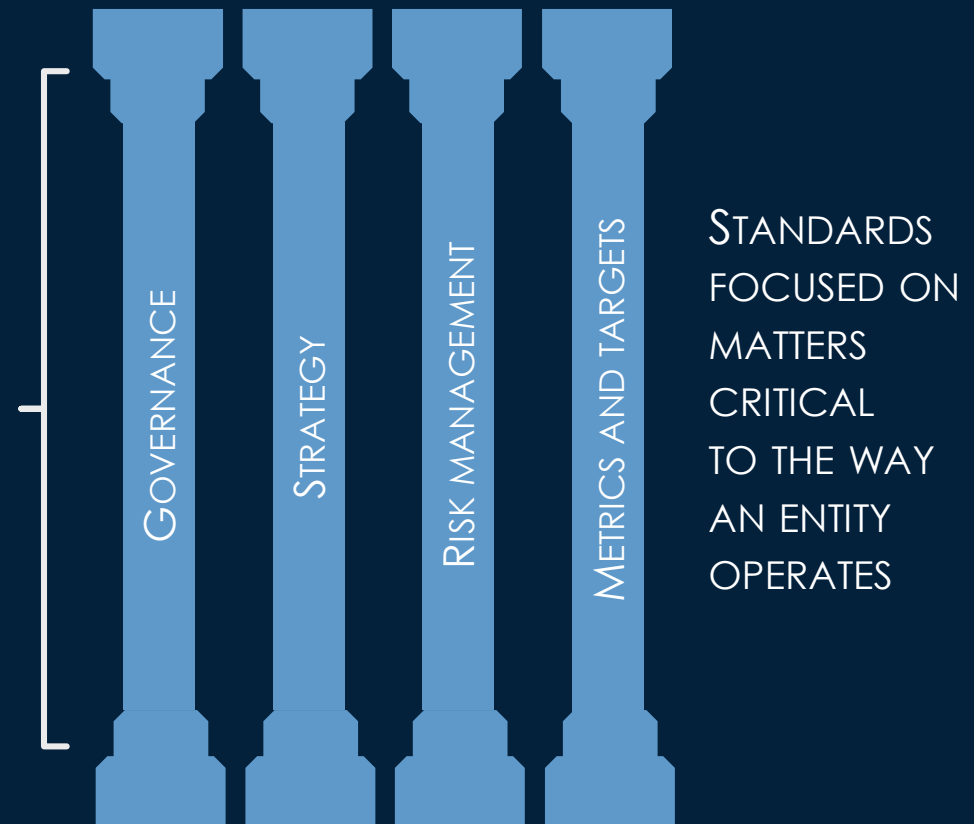
- RECOMMENDATIONS – TECHNICAL READINESS WORKING GROUP TO ISSB
- ISSB TO CONSIDER AS PART OF INITIAL WORK PROGRAMME

RECOMMENDED ARCHITECTURE FOR ISSB REQUIREMENTS

GENERAL REQUIREMENTS
(OVERALL SUSTAINABILITY-DISCLOSURE REQUIREMENTS)

THEMES
(FIRST: CLIMATE)

INDUSTRY
(DISCLOSURES SPECIFIC TO AN INDUSTRY)



COP26 STATEMENT



“ FINANCE MINISTERS AND CENTRAL BANK GOVERNORS FROM 40 JURISDICTIONS* FROM 6 CONTINENTS JOINED THE UK IN PUBLICLY WELCOMING THE ANNOUNCEMENT OF THE ESTABLISHMENT OF THE ISSB AND ITS WORK PROGRAMME TO DEVELOP A SET OF INTERNATIONALLY CONSISTENT, HIGH-QUALITY, AND RELIABLE BASELINE STANDARDS FOR DISCLOSURE OF SUSTAINABILITY-RELATED INFORMATION ON ENTERPRISE VALUE CREATION.

* AUSTRALIA, BRAZIL, CANADA, CHILE, CHINA, COSTA RICA, EGYPT, ETHIOPIA, EUROPEAN COMMISSION, FIJI, FRANCE, GERMANY, GREECE, GUATEMALA, INDIA, INDONESIA, ITALY, JAMAICA, JAPAN, KENYA, SOUTH KOREA, LUXEMBOURG, MALDIVES, MEXICO, MOROCCO, NETHERLANDS, NEW ZEALAND, NIGERIA, PARAGUAY, PHILIPPINES, RUSSIA, SAUDI ARABIA, SEYCHELLES, SINGAPORE, SPAIN, SWITZERLAND, TONGA, TURKEY, UK, URUGUAY, USA

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GLOBAL BASELINE APPROACH

SUSTAINABILITY REPORTING (BROADER MULTI-STAKEHOLDER FOCUS)

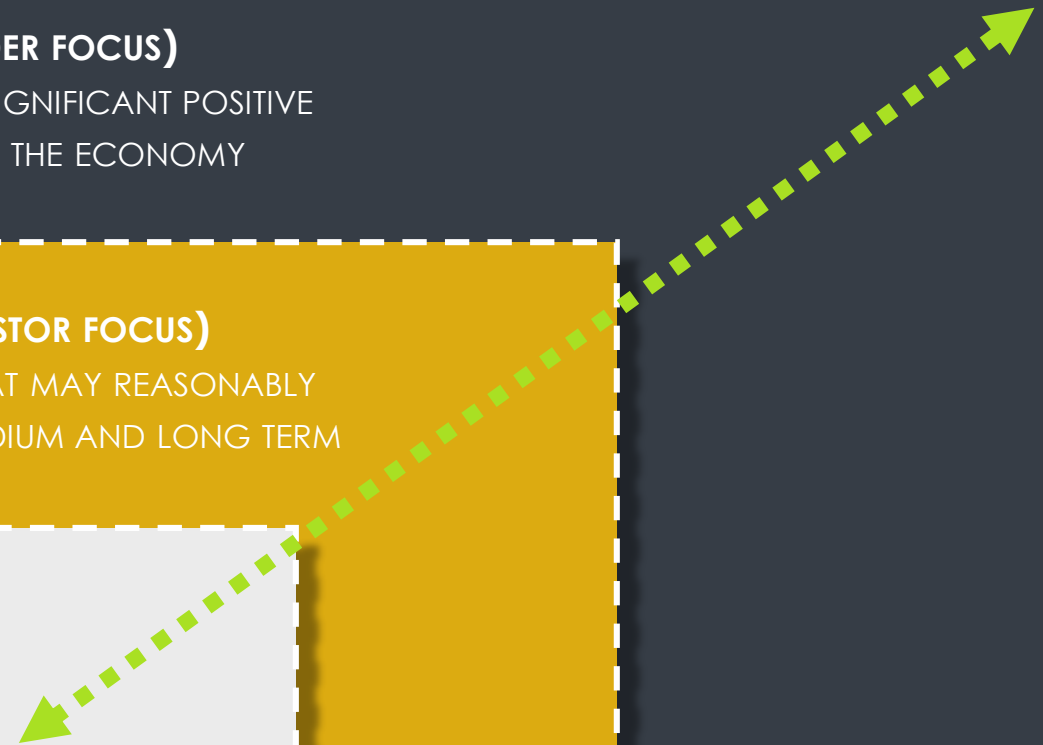
REPORTING ON ALL SUSTAINABILITY MATTERS THAT REFLECT SIGNIFICANT POSITIVE OR NEGATIVE IMPACTS ON PEOPLE, THE ENVIRONMENT AND THE ECONOMY

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (INVESTOR FOCUS)

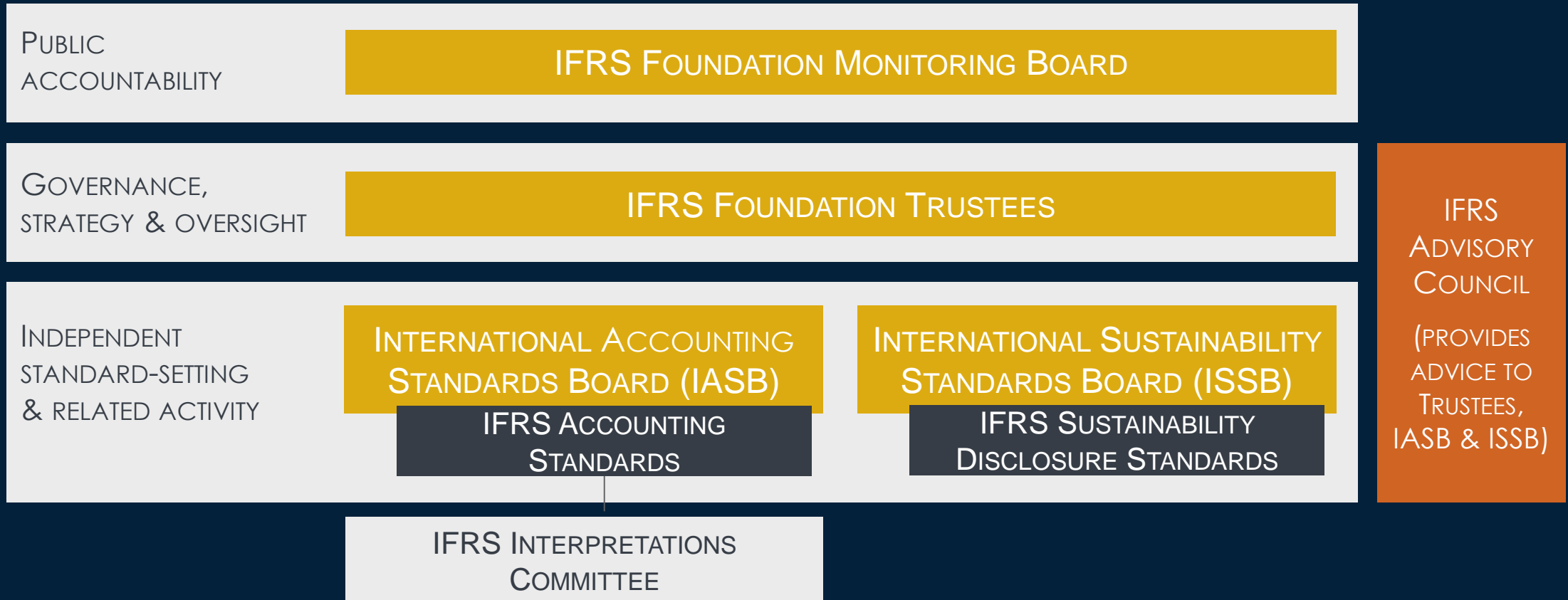
REPORTING ON THOSE SUSTAINABILITY-RELATED MATTERS THAT MAY REASONABLY CREATE OR ERODE ENTERPRISE VALUE OVER THE SHORT, MEDIUM AND LONG TERM

FINANCIAL REPORTING (INVESTOR FOCUS)

REFLECTED IN MONETARY AMOUNTS IN THE FINANCIAL STATEMENTS



ISSB WITHIN IFRS FOUNDATION GOVERNANCE STRUCTURE



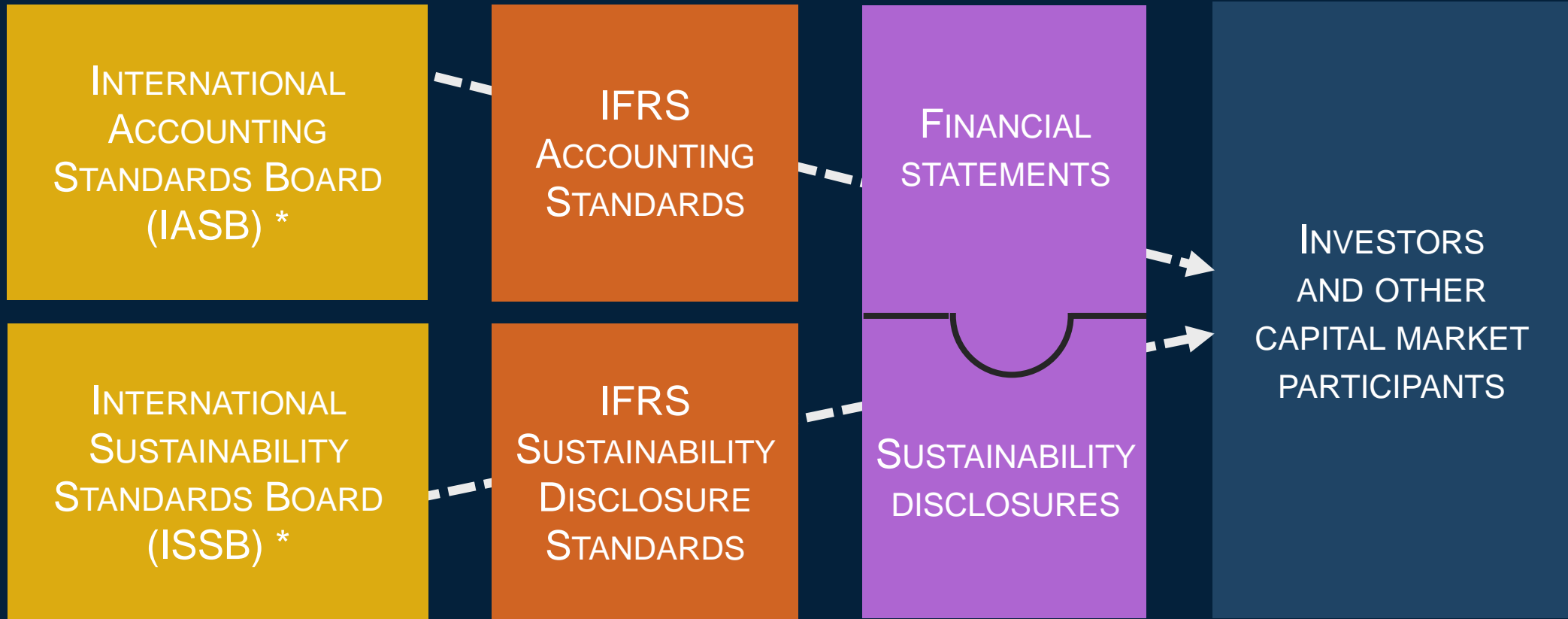
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COMPATIBLE STANDARDS TO MEET INVESTORS' NEEDS

* IIRC COUNCIL TO ADVISE IASB AND ISSB ON CONNECTIVITY VIA FUNDAMENTAL CONCEPTS / GUIDING PRINCIPLES OF INTEGRATED REPORTING



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ISSB COMPOSITION



14 BOARD
MEMBERS



MAJORITY
FULL-TIME



DIVERSITY IN
EXPERTISE AND
EXPERIENCE



GEOGRAPHICAL
BALANCE

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ISSB LOCATIONS

GLOBAL FOOTPRINT THROUGH MULTI-LOCATION PRESENCE

COVERAGE ACROSS THE AMERICAS, ASIA-OCEANIA AND EMEA (EUROPE, THE MIDDLE-EAST & AFRICA)

- FRANKFURT & MONTREAL TO HOST KEY FUNCTIONS, COOPERATION WITH REGIONAL STAKEHOLDERS
- FRANKFURT TO SERVE AS SEAT OF THE BOARD AND OFFICE OF THE CHAIR
- SAN FRANCISCO & LONDON TO PROVIDE TECHNICAL SUPPORT AND PLATFORMS FOR MARKET ENGAGEMENT
- FURTHER DISCUSSIONS WITH BEIJING AND TOKYO TO FINALISE ASIA-OCEANIA FOOTPRINT

ENGAGEMENT WITH DEVELOPING AND EMERGING ECONOMIES A PRIORITY

ISSB INFORMED BY EXPERT ADVICE

SUSTAINABILITY CONSULTATIVE COMMITTEE

- TECHNICAL EXPERT ADVICE TO THE ISSB
- MULTILATERAL INSTITUTIONS & OTHER TECHNICAL EXPERTS

SUSTAINABILITY STANDARDS ADVISORY FORUM (TBC)

- FORMAL MECHANISM FOR JURISDICTIONAL ENGAGEMENT
- MEMBERSHIP TBC, REPRESENTING ALL REGIONS, BOTH DEVELOPED, DEVELOPING AND EMERGING ECONOMIES

IFRS ADVISORY COUNCIL

- MANDATE EXTENDED TO INCLUDE STRATEGIC ADVICE TO ISSB (IN ADDITION TO TRUSTEES & IASB)
- APPROX. 50 MEMBERS REPRESENTING CROSS-SECTION OF KEY STAKEHOLDER ORGANISATIONS

INTEGRATED REPORTING

INTEGRATED REPORTING COUNCIL

- PROVIDE ADVICE ON ESTABLISHING CONNECTIVITY BETWEEN THE WORK OF THE IASB AND THE ISSB VIA THE FUNDAMENTAL CONCEPTS AND GUIDING PRINCIPLES OF INTEGRATED REPORTING

INTERSECTION OF REPORTING

- GENERAL REQUIREMENTS PROTOTYPE EMPHASISES IMPORTANCE OF LINKING INFORMATION IN FINANCIAL STATEMENTS AND SUSTAINABILITY-RELATED DISCLOSURES
- TRWG IDENTIFIED THE MANAGEMENT COMMENTARY PROJECT AS A POSSIBLE JOINT PROJECT FOR THE BOARDS, INCLUDING ALLOWING CONSIDERATION OF <IR> FRAMEWORK

STEPS TO ACHIEVING GLOBAL CAPITAL MARKET STANDARDS

ISSB



COMPREHENSIVE
GLOBAL
BASELINE OF
STANDARDS

IOSCO



ASSESS
STANDARDS WITH
A VIEW TO
RECOMMEND
ADOPTION

IAASB



ENHANCE &
DEVELOP
ASSURANCE
STANDARDS

JURISDICTIONS



REQUIRE BY
ADOPTING THE
STANDARDS

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NEXT STEPS

APPOINTMENTS	CHAIR, VICE-CHAIR(S), REMAINING ISSB MEMBERS
CONSULTATIONS	PROPOSED CLIMATE AND GENERAL DISCLOSURE STANDARDS, WORK PLAN AND FUTURE PRIORITIES (DUE PROCESS)
ADVISORY GROUPS	APPOINT MEMBERS TO TECHNICAL AND JURISDICTIONAL GROUPS
CONSOLIDATION	COMPLETE CONSOLIDATION WITH CDSB AND VRF
LOCATION	IMPLEMENT MULTI-LOCATION APPROACH FOR GLOBAL FOOTPRINT

CALL TO ACTION



CONTINUE APPLYING EXISTING FRAMEWORKS



GET FAMILIAR WITH THE PROTOTYPES – EARLY INDICATION OF DIRECTION OF TRAVEL



BE READY TO SHARE YOUR VIEWS – PUBLIC CONSULTATION EARLY 2022



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