
Latest from the IFRS Foundation and interoperability

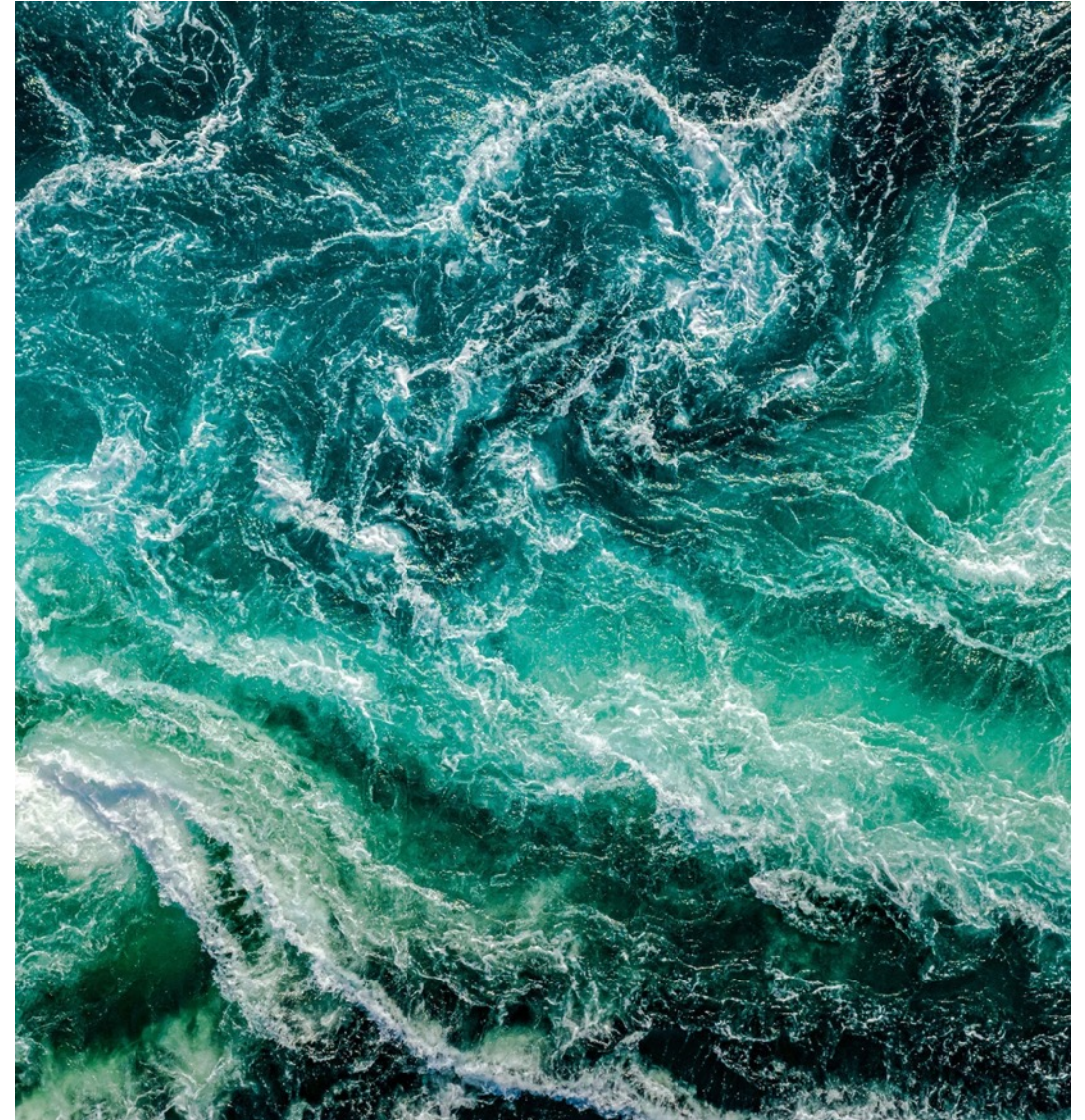
Suresh P Kana

Strong 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



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

ISSB Standards endorsed by international securities regulators

- IOSCO endorsement sends strong signal that ISSB Standards are **fit for purpose** for capital market use
- Creates **trust** in ISSB Standards for jurisdictions
- IOSCO calling on **130 member jurisdictions** to consider how they can incorporate ISSB Standards into respective regulatory frameworks
- Historic **milestone** echoing IOSCO's sole previous endorsement, which was of IFRS Accounting Standards 20+ years ago



Jurisdictional journey: Adopting ISSB Standards

- Supporting regulators adopt the Standards in a timely, consistent and comprehensive manner
- Adoption Guide to be published later this year - supporting jurisdictional regulatory pathways to adoption
- IFRS Foundation [High-level roadmap](#) (a precursor to the Adoption Guide) outlines approach to adoption considerations

Jurisdictions on the adoption journey include:

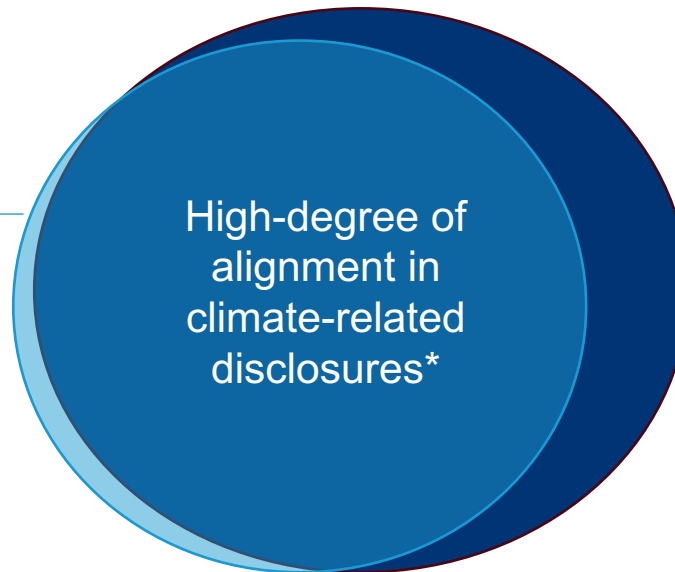


- Australia
- Brazil
- Canada
- Hong Kong
- Japan
- Kenya
- Nigeria
- Mexico
- Singapore
- UK
- Philippines

High degree of climate-disclosure alignment between ISSB Standards and European standards (ESRS)



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 around 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

* The ISSB, the European Commission and EFRAG are discussing how to explain the alignment and interoperability between the respective standards, including the choices a company needs to make to enhance alignment and where the standards have specific requirements.

High degree of climate-disclosure alignment between ISSB Standards and European standards (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 discussing **interoperability guidance material** that explains the alignment and interoperability of the respective requirements. Importance of **digital tagging** noted.
- These materials will help companies:
 - **identify common disclosures** (‘B’)
 - **identify disclosures that are unique** (‘A’ and ‘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	

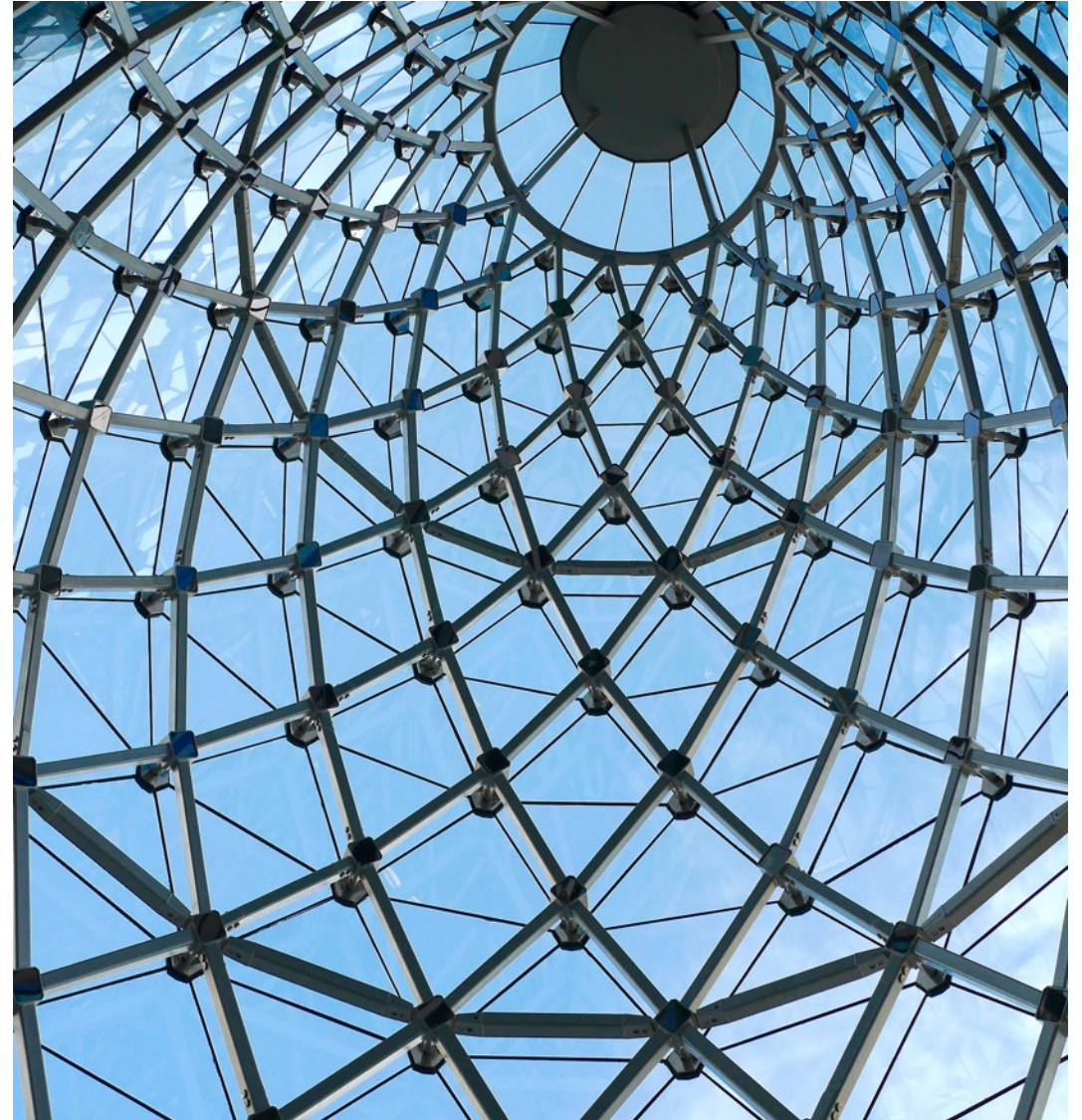
Achieving efficient reporting through interoperability

- Ongoing dialogue with **jurisdictions** to ensure consistency across reporting requirements, eg the European Commission
- ISSB Standards mark “**culmination of the work** of the TCFD”
- **CDP** to align platform to IFRS S2
- Work with **GRI** to further harmonise the sustainability reporting landscape



‘Culmination’ of TCFD work

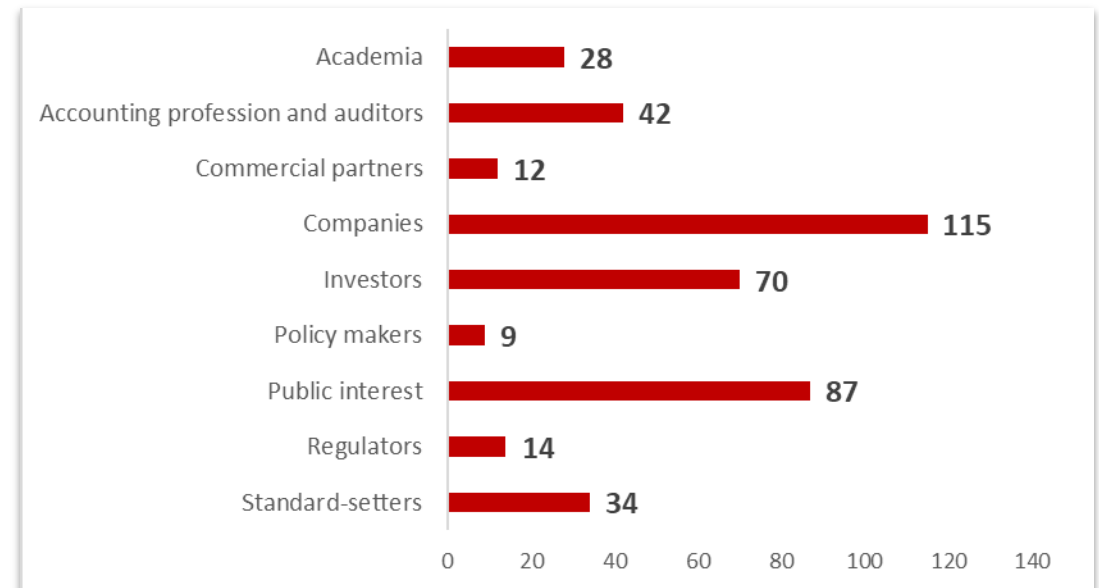
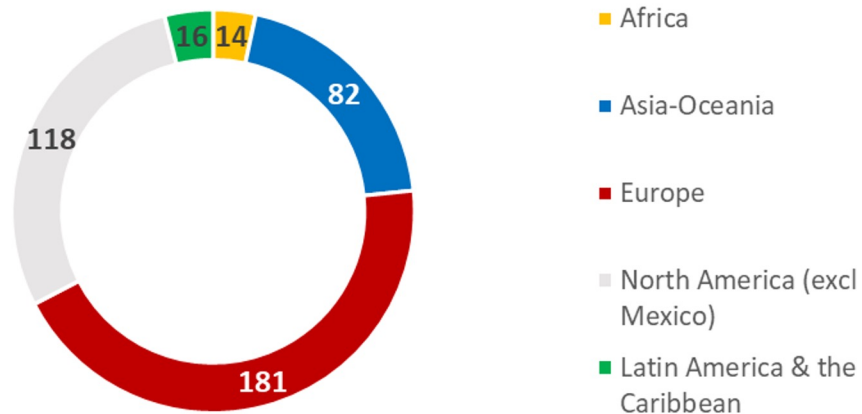
- ISSB Standards mark “**the culmination of the work** of the Task Force on Climate-related Financial Disclosures”
- IFRS S1 and IFRS S2 **incorporate** the recommendations of the TCFD
- **Mapping** of TCFD to IFRS S2 published
- Financial Stability Board to **transfer TCFD monitoring responsibilities** to ISSB from 2024
- Announcement provides **yet further clarification** of ‘alphabet soup’
- Companies and jurisdictions **still able to use TCFD Recommendations**



Agenda consultation responses

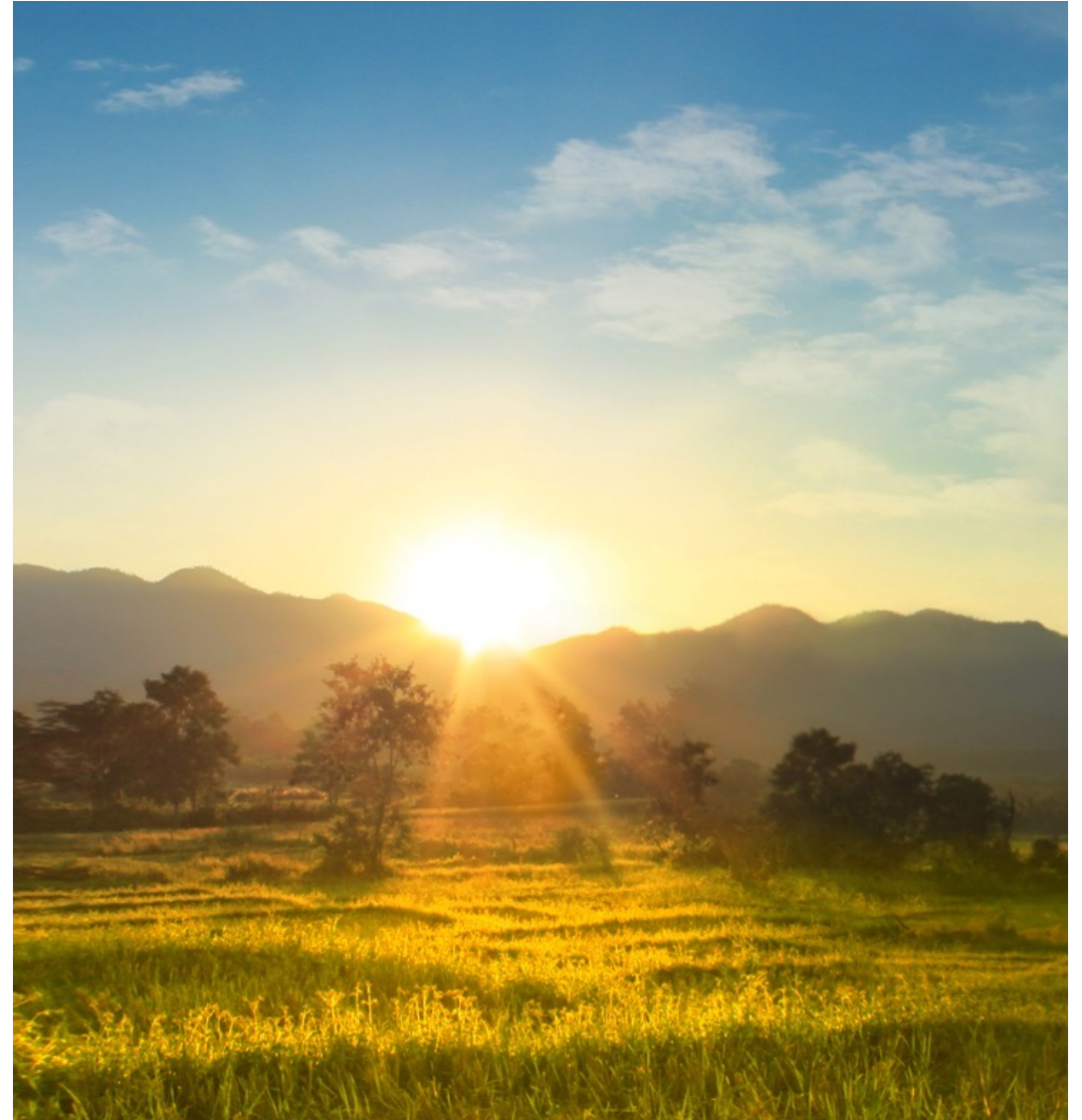
411 responses received by 1 September (251 surveys and 160 comment letters)

Summary of responses by region



Agenda feedback: Preliminary common themes

- Desire for a **roadmap** showing ISSB overall strategic direction
- Demand for the ISSB to pursue **interoperability** to reduce duplication for preparers and secure consistency and comparability for investors
- Need to balance different views on **timelines**:
 - many noted it is important to take time to support implementation of IFRS S1 and IFRS S2 – focus on capacity building initiatives
 - those already well advanced with disclosures are more keen for the ISSB to move more quickly to develop new ISSB Standards
- General support for **research** in areas related to the four potential research projects discussed in the Request for Information – to balance with different views on timelines



Management Commentary

Objective

- Overhaul IFRS Practice Statement 1—building on innovations in narrative reporting and focusing on capital market needs

Evolving landscape

- Feedback on ED indicated support for the project, in particular from investors
- Calls to work together with the ISSB—the consultation on ISSB’s agenda priorities closed in September 2023
- IASB discussed staff’s comparison with *Integrated Reporting Framework* and feedback on comparison

Next milestone

- Decide project direction in H1 2024

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