



ISSB Briefing Workshop and Q&As for Emerging Markets

We will begin shortly. Please feel free to insert any questions you have in the Q&A box.



ISSB Briefing Workshop and Q&As for Emerging Markets

Opening Remarks

Martine Valcin, Global Manager, Corporate Governance, IFC



Today's Agenda

7:30 - 7:40 (EST)
12:30 - 12:40 (BST)

Opening remarks and session overview
Martine Valcin (IFC) and Anthony Miller (UN SSE)

7:40 - 7:55 (EST)
12:40 - 12:55 (BST)

Overview of IFRS Exposure Draft for General Sustainability-related Disclosures
Sundip Jadeja (IFRS Foundation)

7:55 - 8:10 (EST)
12:55 - 13:10 (BST)

Q&A and participant feedback
Ralitza Germanova (IFC)

8:10 - 8:25 (EST)
13:10 - 13:25 (BST)

Overview of IFRS Exposure Draft for Climate-related Disclosures
Caroline Clark-Maxwell (IFRS Foundation)

8:25 - 8:35 (EST)
13:25 - 13:35 (BST)

Q&A and participant feedback
Tiffany Grabski (UN SSE)

8:35 - 8:45 (EST)
13:35 - 13:45 (BST)

Closing remarks and next steps
Charles Canfield (IFC)

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Housekeeping:

- Please feel free to introduce yourself in the chat box.
- We will be monitoring the Q&A box throughout so please share your questions at any time.
- This session is being recorded and will be shared after



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Opening Remarks

Anthony Miller, Coordinator,
UN SSE Initiative



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Overview of IFRS Exposure Draft for General Sustainability-related Disclosures

Sundip Jadeja, ISSB Technical Staff
IFRS Foundation



IFRS® Foundation

ISSB's proposed IFRS® Sustainability Disclosure Standards

June 2022

The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board or the IFRS Foundation.
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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

ISSB focus



Develop standards for global baseline of sustainability disclosures and a digital taxonomy to enable electronic tagging of disclosures



Focus on meeting the information needs of investors

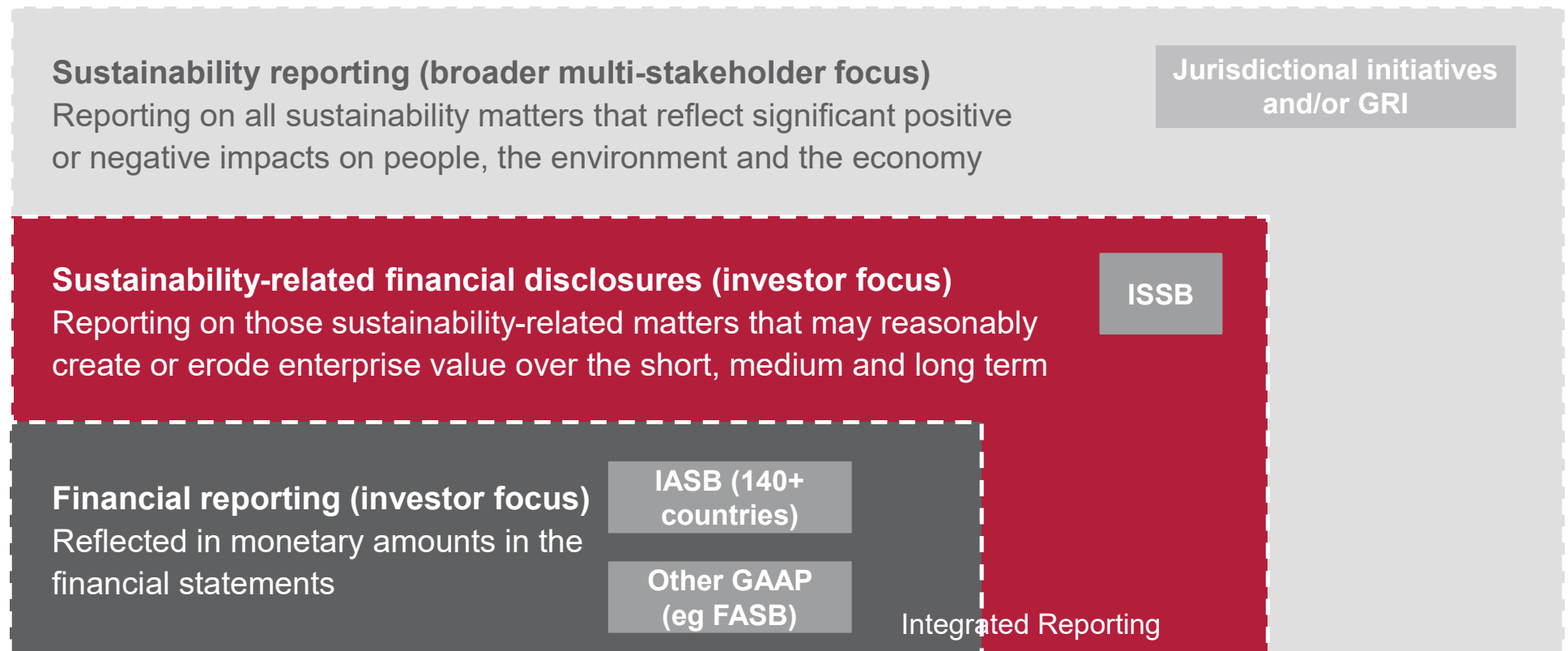


Will enable companies to provide comprehensive sustainability information for the global capital markets



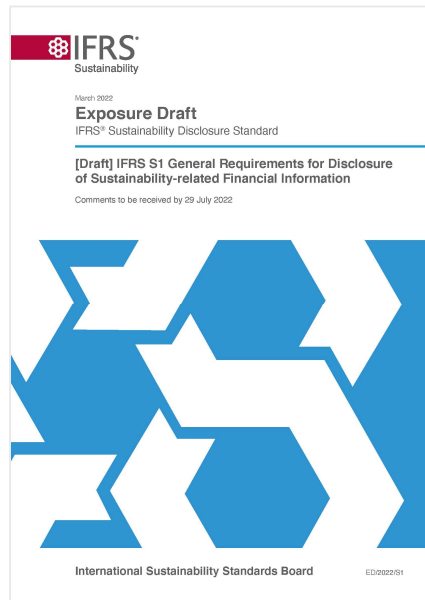
Building blocks approach: facilitate the addition of requirements that are jurisdiction-specific or aimed at a broader group of stakeholders

Building blocks approach



Two proposed IFRS Sustainability Disclosure Standards

1



General Requirements
Exposure Draft

2



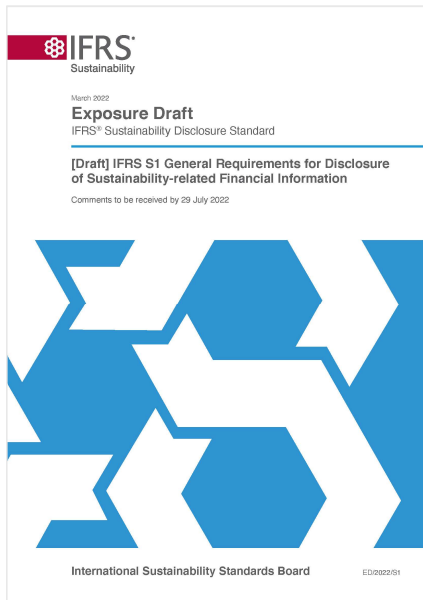
Climate
Exposure Draft



General Requirements Exposure Draft

1

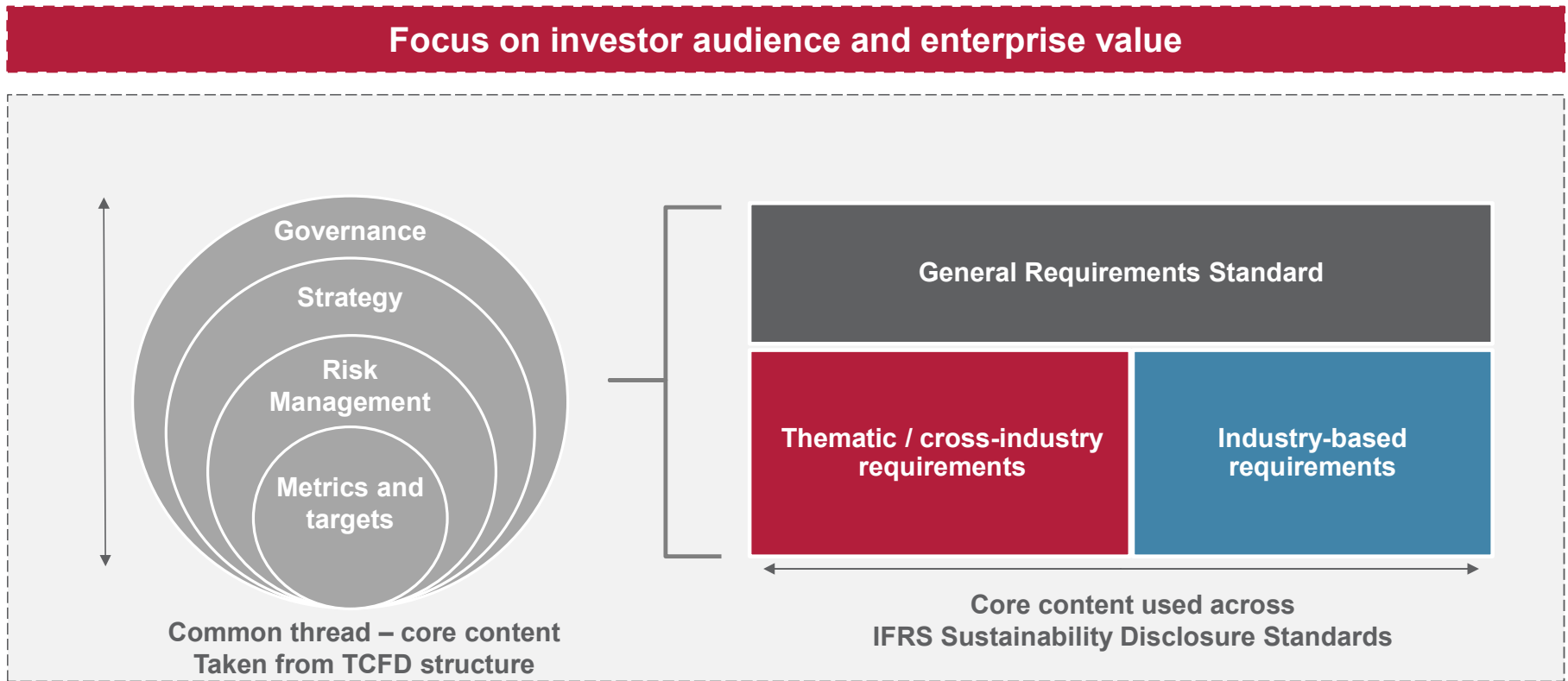
General Requirements Exposure Draft



Requires companies to provide material information on all significant sustainability-related risks and opportunities necessary to assess enterprise value

- Other IFRS Sustainability Disclosure Standards (eg Climate Standard) set out specific disclosures
- Points to other standards and frameworks in absence of a specific IFRS Sustainability Disclosure Standard
- Equivalent to IFRS Accounting Standards IAS 1 and IAS 8

Standards architecture



Information for the capital markets

- Information provided must 'enable an assessment of the effects of sustainability-related risks and opportunities on a company's enterprise value' (the market value of its equity and net debt)
- focus is on **significant** sustainability-related risks and opportunities
- information required includes the impacts of a company on people, the environment and the planet **if** they affect assessments of enterprise value
- requires information that is **material** for a company, ie that could reasonably be expected to influence decisions that investors would make (in this case, when assessing enterprise value)

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

Identifying sustainability-related risks and opportunities and disclosures

General Requirements [Standard]

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



Climate [Standard]

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



In lieu of a specific IFRS Sustainability Disclosure Standards, when identifying sustainability-related risks and opportunities and disclosures consider:

SASB Standards	CDSB Framework, CDSB Framework application guidance	Other standards	Other sources
Industry-based disclosure topics identified in SASB Standards	ISSB's non-mandatory guidance, e.g. CDSB Framework and CDSB Framework application guidance for social, water- and biodiversity-related disclosures	Other standards, provided that they are designed to meet the information needs of investors	Practices of peer companies in the same industries or geographies

Illustrative Guidance is provided to illustrate how a company can use the **SASB Standards** and the **CDSB Framework application guidance** to identify disclosures about significant sustainability-related risks and opportunities that are relevant to investor decision making, faithfully represent the company's risks and opportunities, and are neutral



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Q&As and Participant Feedback

Moderator: Ralitza Germanova, IFC



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Overview of IFRS Exposure Draft for Climate-related Disclosures

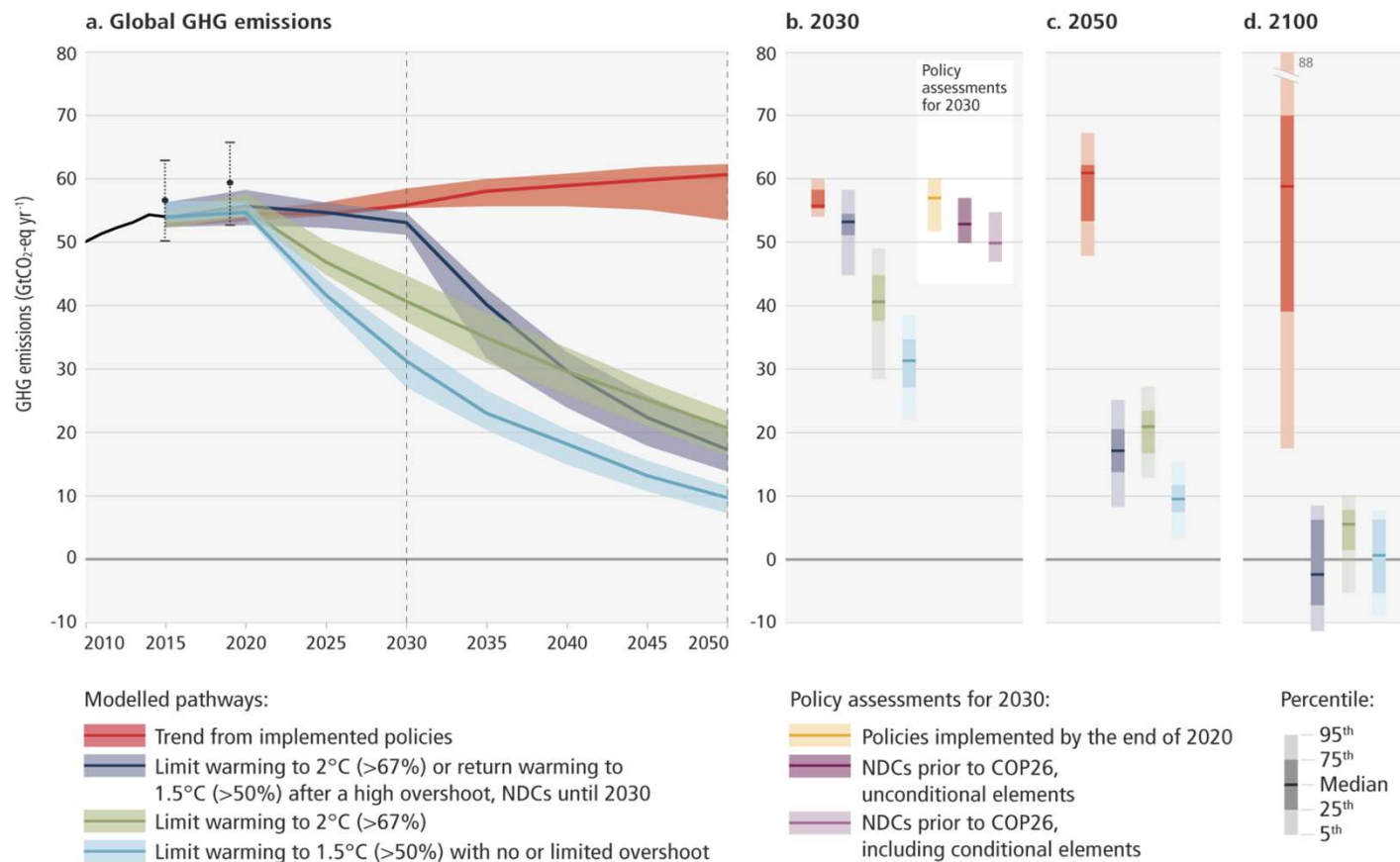
Caroline Clark-Maxwell, ISSB Technical Staff
IFRS Foundation



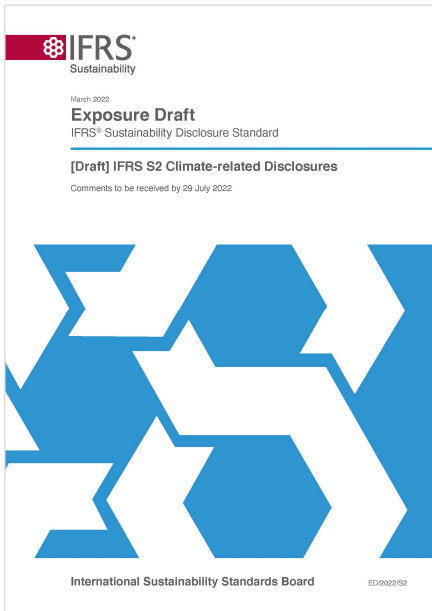
Climate Exposure Draft

Latest climate science (IPCC)

Projected global GHG emissions from NDCs announced prior to COP26 would make it likely that warming will exceed 1.5°C and also make it harder after 2030 to limit warming to below 2°C.



2 Climate Exposure Draft



Requirements for disclosure of material information about significant climate-related risks and opportunities

- Requires disclosure of information about;
 - physical risks (eg flood risk)
 - transition risks (eg regulatory change)
 - climate-related opportunities (eg new technology)

Building on existing standards



Consistent with TCFD

- Governance
- Strategy
- Risk management
- Cross-industry metrics and targets
- Illustrative guidance

Builds on SASB Standards

- Industry-based disclosures in Appendix B derived from SASB Standards
- Proposed changes to:
 - Internationalise metrics
 - Add financed emissions disclosures

Strategy

Proposed Climate Disclosure Requirements



“The objective of climate-related financial disclosures on strategy is to enable users of general purpose financial reporting to understand **an entity’s strategy for addressing significant climate-related risks and opportunities.**”

Identification of climate-related risks and opportunities

Business model and value chain

Strategy and decision-making (e.g., carbon offsets)

Financial position, financial performance and cash flows

Climate resilience

Proposed Climate Disclosure Requirements



Metrics and targets


“The objective of climate-related financial disclosures on metrics and targets is to enable users of general purpose financial reporting to understand **how an entity measures, monitors and manages its significant climate-related risks and opportunities**. These disclosures shall enable users to understand how **the entity assesses its performance, including progress towards the targets it has set**”

Cross-industry metric categories

- Greenhouse gas emissions
- Transition risks
- Physical risks
- Climate-related opportunities
- Capital deployment
- Internal carbon prices
- Remuneration

Industry-based requirements

In preparing these disclosures, an entity shall consider whether **industry-based metrics** associated with disclosure topics could be used in whole or part to meet the requirements

A grayscale world map is centered in the background. Overlaid on the map are several thick, light gray curved lines that sweep across the continents. A network of thin, dotted white lines forms a grid across the map, representing latitude and longitude.

Call to action and next steps

Consultation package & communication materials

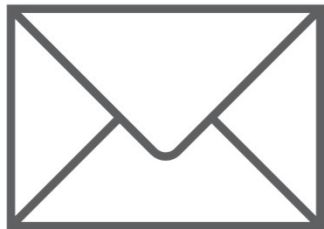
General Requirements Exposure Draft	Climate Exposure Draft	Other materials
<ul style="list-style-type: none"> • Draft Standard 	<ul style="list-style-type: none"> • Draft Standard <ul style="list-style-type: none"> - including Appendix B industry-based disclosure requirements 	<ul style="list-style-type: none"> • Press release
<ul style="list-style-type: none"> • Basis for Conclusions 	<ul style="list-style-type: none"> • Basis for Conclusions 	<ul style="list-style-type: none"> • Snapshot (high-level summary)
<ul style="list-style-type: none"> • Illustrative Guidance 	<ul style="list-style-type: none"> • Illustrative Guidance 	<ul style="list-style-type: none"> • Video
		<ul style="list-style-type: none"> • Comparison of Climate ED & TCFD
		<ul style="list-style-type: none"> • Comparison of TRWG prototypes and Exposure Drafts

How to comment on the proposals?



Survey

or

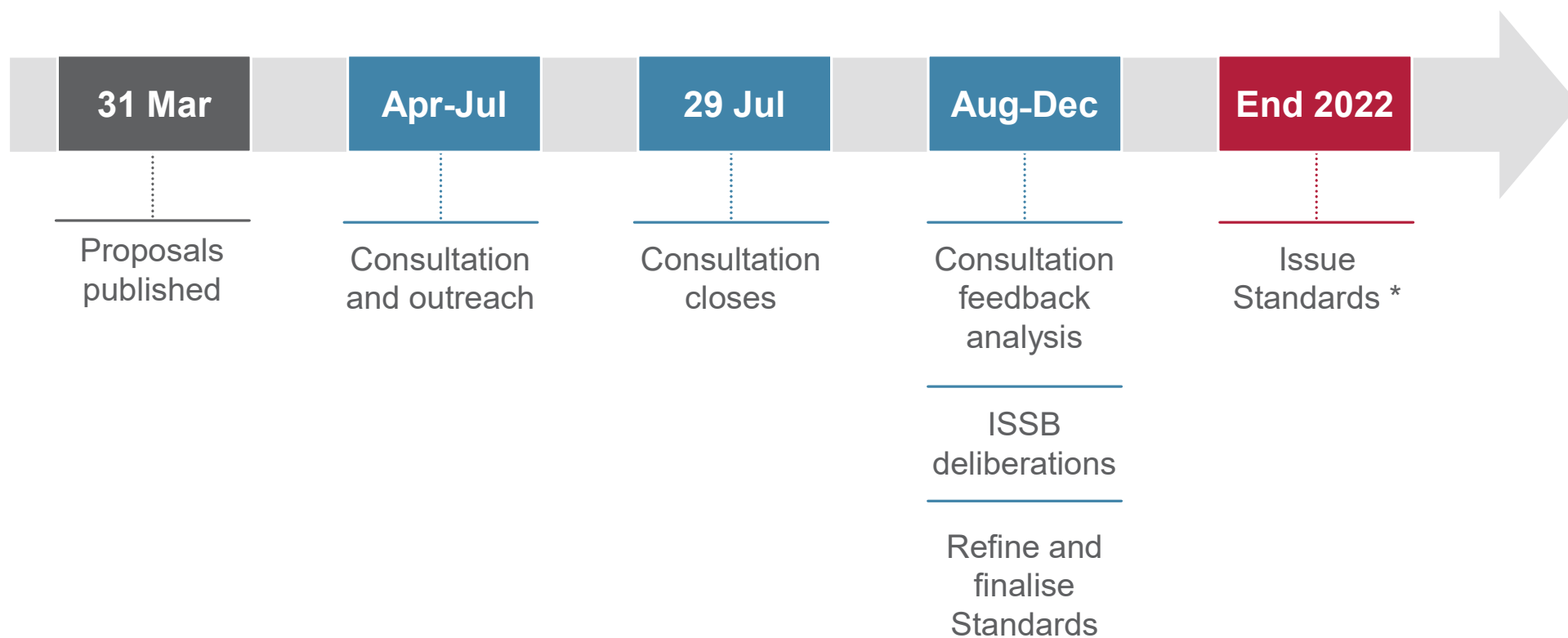


Comment letter

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

Comments are published on ifrs.org

Next steps for the Exposure Drafts



* Dependent on feedback from the consultation



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Q&As and Participant Feedback

Moderator: Tiffany Grabski, UN SSE



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Closing Remarks and Next Steps

Charles Canfield,
Principal Corporate Governance Officer, IFC



Thank you for your participation

Please don't forget to share your comments on the ISSB exposure drafts before 29 July

<https://www.ifrs.org/groups/international-sustainability-standards-board/>

CONTACT DETAILS

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