



The future of standardised ESG Reporting

What to expect from ISSB?

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Presentation by:

Neil Stewart, IFRS Foundation

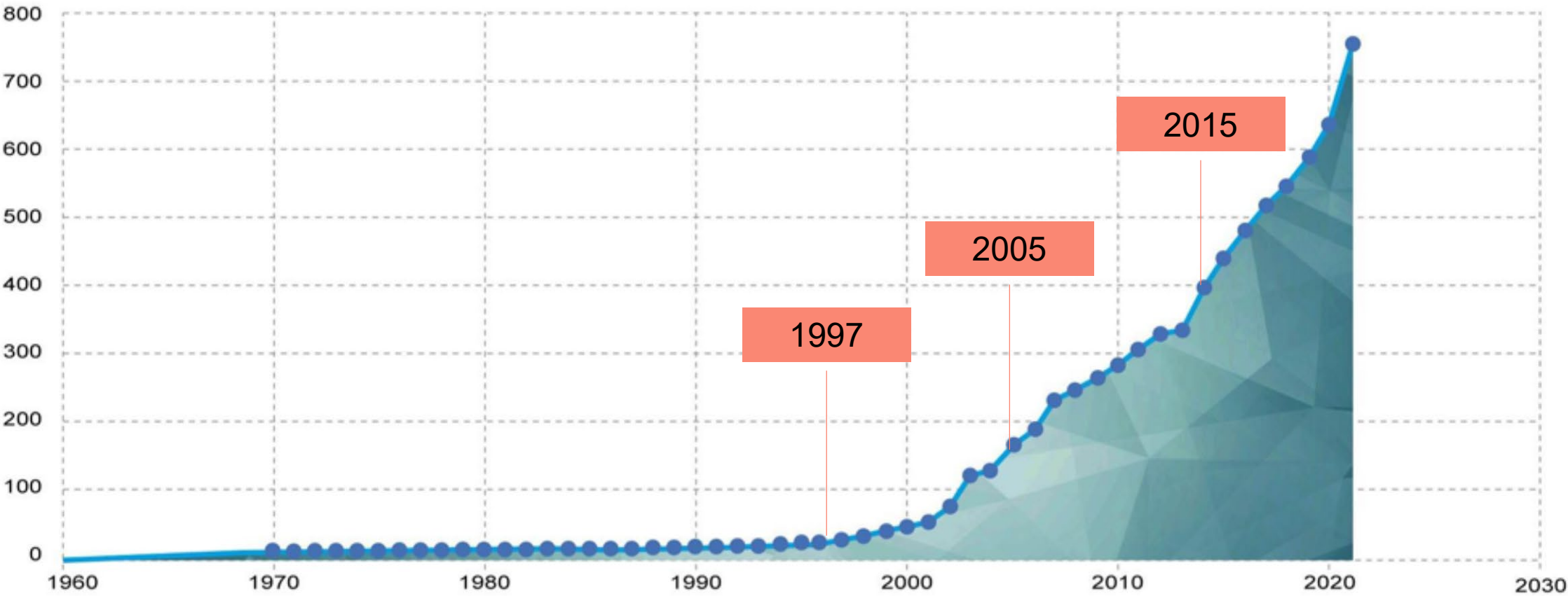
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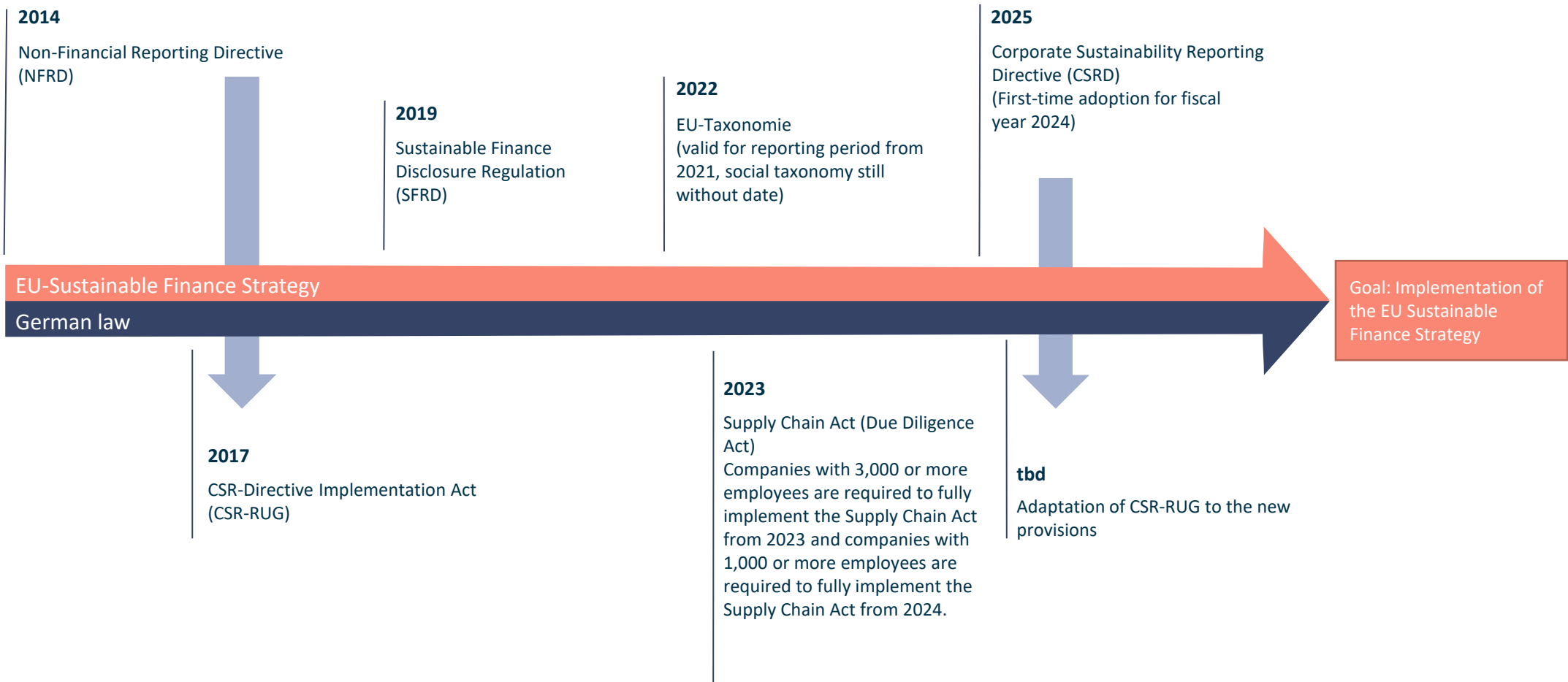


How has the legislation changed? Responsible Investment



Development of the Number of Responsible Investment-Related Policy Instruments of the 50 Largest Economies
Source: UN PRI Regulation Database

Which European & national laws are relevant for German companies?



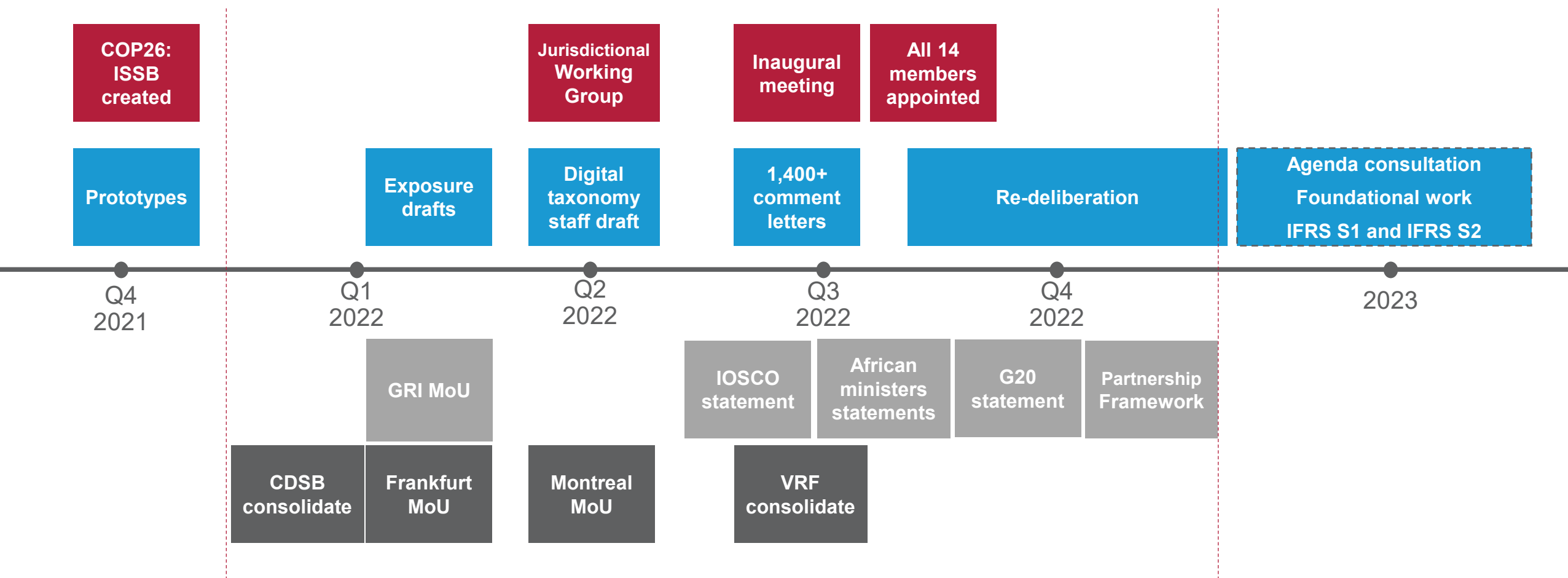
Better information for better decisions

An update on the International Sustainability Standards Board

Neil Stewart, Director of Corporate Outreach, IFRS Foundation
neil.stewart@ifrs.org

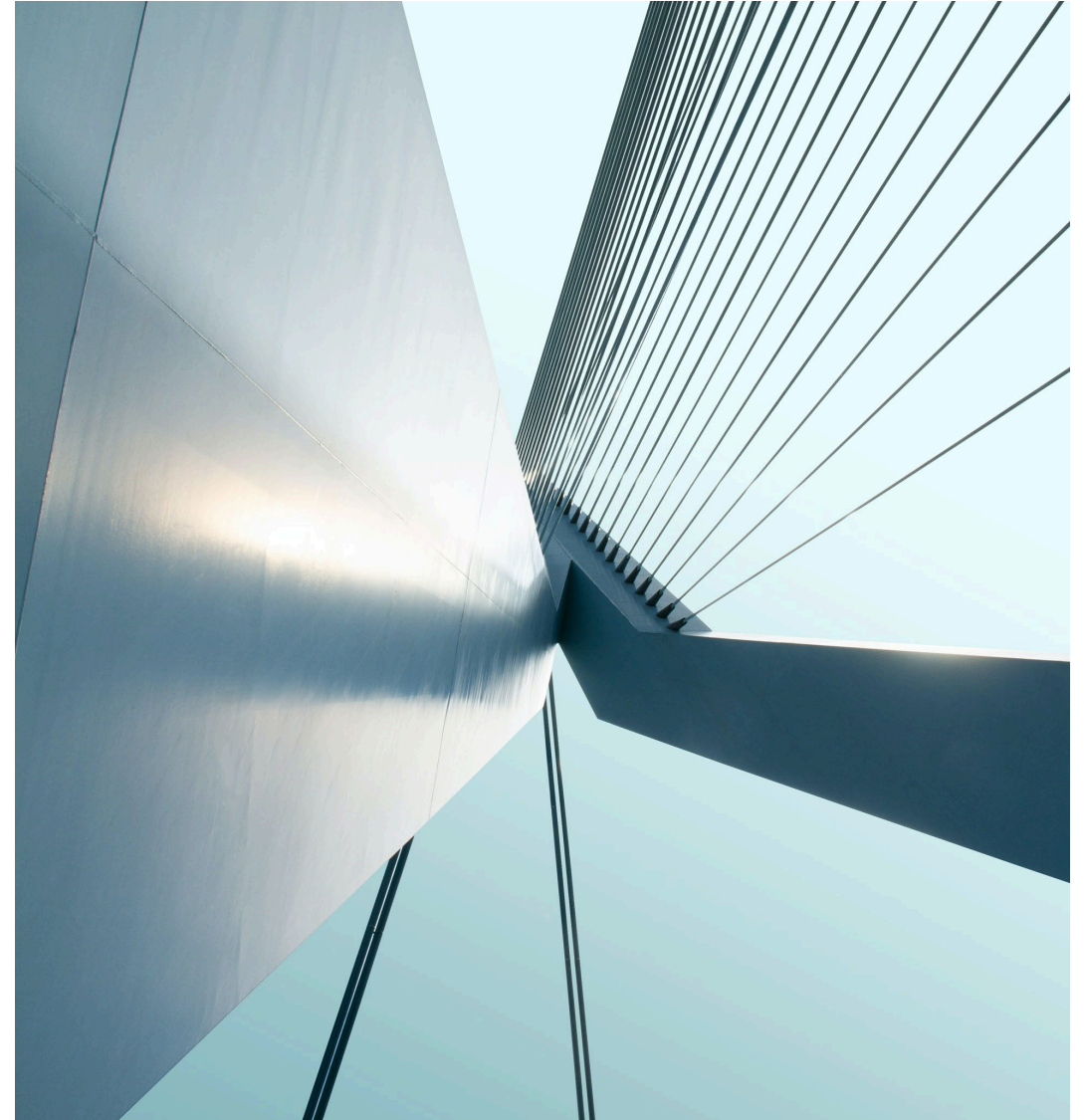
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ISSB milestones

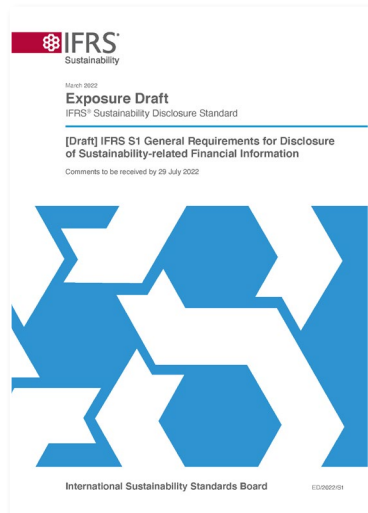


Priorities for 2023

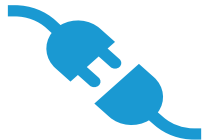
- Foundation building:
 - support **adoption and application**, including supporting materials
 - develop a digital **taxonomy**
 - **international applicability** of SASB Standards
 - **connectivity** with IASB
 - **interoperability** with others
eg GRI / EFRAG
 - **research** incremental enhancements to Climate Standard
- **Agenda consultation** on new areas of work in H1 2023



Proposed General Requirements Standard: IFRS S1



- Sets out disclosure of material information about sustainability-related risks and opportunities
- Sets out general reporting requirements; other IFRS Sustainability Disclosure Standards (eg Climate Standard) set out specific disclosures
- Points to other standards and frameworks in absence of a specific IFRS Standard
- Equivalent to IFRS Accounting Standards IAS 1 and IAS 8



Emphasises need for **consistency and connections** between financial statements and sustainability disclosures

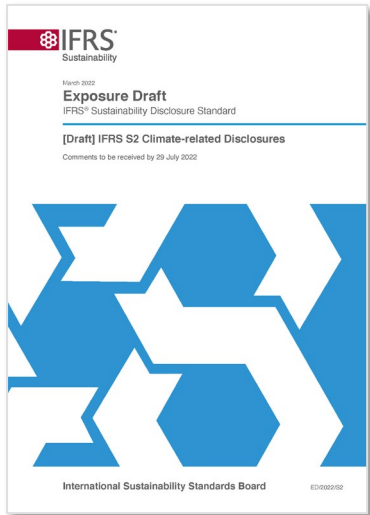


Requires financial statements and sustainability disclosures to be published **at the same time**



Does **not specify a location** for disclosure and **allows additional information** to be provided, to facilitate application in different jurisdictions

Proposed Climate-related Disclosures Standard: IFRS S2



- Disclosure of material information about climate-related risks and opportunities
- Incorporates TCFD Recommendations
- Includes SASB Standards climate-related industry-based requirements
- Requires disclosure of information about:
 - Physical risks (eg flood risk)
 - Transition risks (eg regulatory change)
 - Climate-related opportunities (eg new technology)



Transition planning

Emissions targets and use of carbon offsets



Climate resilience

Resilience of business strategy in multiple scenarios



Scope 1-3 emissions

Requirement to disclose GHG emissions in accordance with the GHG Protocol Corporate Standard

Simplifying the sustainability disclosure landscape

Consolidated into the IFRS Foundation



**Climate
Disclosure
Standards
Board**



IFRS Sustainability Disclosure Standards built off market-leading, widely adopted frameworks and standards.

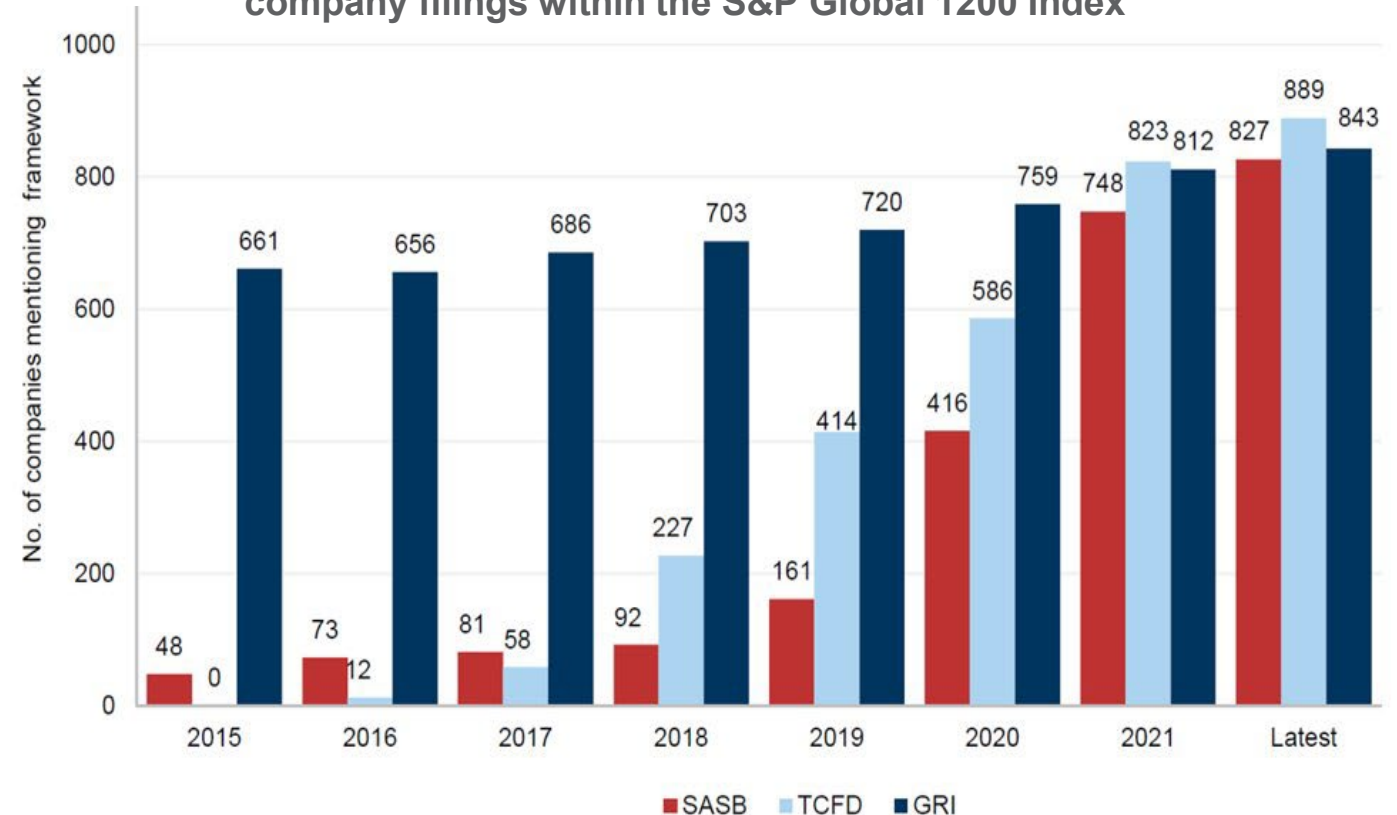


*Integrated Reporting integration goes beyond IFRS Sustainability Disclosure Standards. It will be used to drive connectivity between IFRS Accounting Standards and IFRS Sustainability Disclosure Standards

SASB Standards and TCFD recommendations

- Corporate adoption of TCFD Recommendations and SASB Standards matches mounting demand for investor-relevant ESG information.

Unique companies mentioning SASB, TCFD, GRI in annual reports and company filings within the S&P Global 1200 Index



Source: Bloomberg, Data compiled by **Goldman Sachs Global Investment Research**

Three reasons to prepare for IFRS Sustainability Disclosure Standards

1. **Cost-effective:** Developed with efficiency in mind
2. **Decision-useful:** Designed to provide the right information to support investor decision-making
3. **Market-informed:** Rigorous, international due process to deliver a common language for disclosure.

Comprehensive global baseline for capital markets

BUILDING BLOCKS:



- Possible additional requirements mandated by jurisdictions
- Voluntary standards adopted to meet broader multi-stakeholder needs (eg GRI Standards)

BASELINE:

IFRS Sustainability Disclosure Standards

- Act as a comprehensive foundation
- Common language to deliver comparable, decision-useful disclosures
- For global capital markets, meeting investor needs globally

IFRS Standards within the broader reporting landscape



Neil Stewart, Director of Corporate Outreach, IFRS Foundation
neil.stewart@ifrs.org

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