



Progress update

IFRS[®] Sustainability Disclosure Standards

October 2022



ISSB October 2022 summary

This month's focus

Providing **clear direction** about how key topics will feature in the final standards –

facilitating **interoperability** with jurisdictions including the EU.

Making early decisions on topics including **GHG emissions** and the application of **materiality** to allow the ISSB time to develop guidance and support for companies.

Discussing the path for **industry-specific** materials.



For more information visit our Sustainability reporting resource centre

Bookmark the page to read our insights and follow the development of the standards.

Latest status on topics discussed

at International Sustainability Standards Board (ISSB) meetings in October

Interoperability

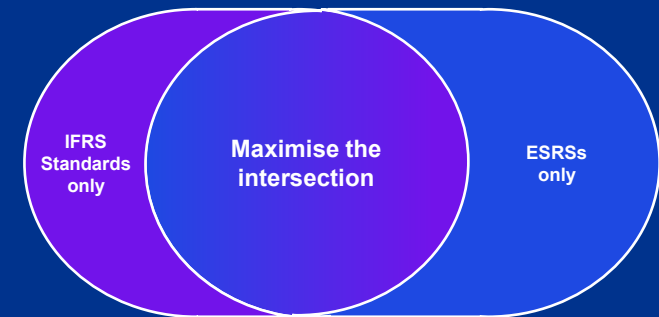
The ISSB is working with EU bodies to find a practical solution to help companies needing to apply both IFRS Sustainability Disclosure Standards and European Sustainability Reporting Standards (ESRSs).

They are aiming to have **a common area of intersection**.

The **ISSB provided clarity** on key areas to support this.

For example:

- **Confirming** its use of the TCFD framework structure and 'users' as investors, lenders and other creditors
- **Clarifying** language on transition plans and greenhouse gas (GHG) emissions disclosures
- **Adding** disclosures about how a company uses scenario analysis in risk identification



Agenda consultation

will focus on new research and standard setting projects in **H1 2023** – incremental to foundational work on proposed IFRS S1 and IFRS S2 such as producing guidance.

ISSB October 2022 summary

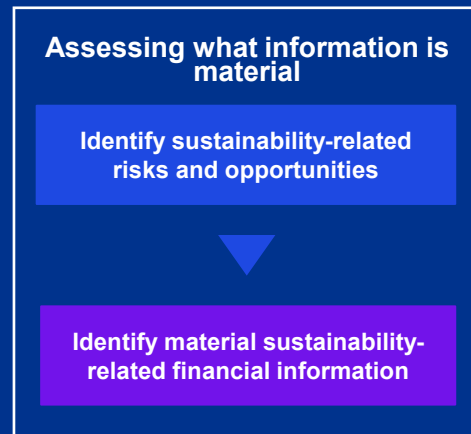
Latest status on topics discussed at ISSB meetings in October

Fundamental topics

Materiality is critical to sustainability reporting – allowing companies to focus on the information that matters to users.

The ISSB’s proposals are based on the International Accounting Standards Board (IASB) description of materiality but also introduce the terms ‘to assess enterprise value’ and ‘significant’ when explaining how a company assesses what information is material. The ISSB agreed to remove these terms and the definition of ‘enterprise value’ to resolve confusion.

It is not changing its proposals on **value chain** reporting or the definition of ‘reporting entity’.



Industry-specific materials

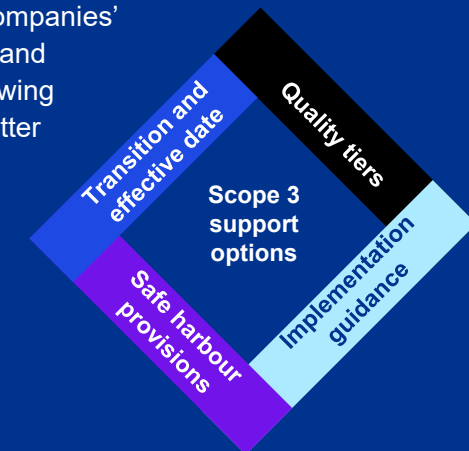
The ISSB is committed to maintaining and enhancing Sustainability Accounting Standards Board (SASB) Standards. The end goal is incorporating **SASB industry-based materials** into IFRS Sustainability Disclosure Standards.

Greenhouse gas emissions

Scope 3 emissions disclosures are fundamental for understanding a company’s exposure to transition risks.

The ISSB agreed to retain its requirement to report Scope 1, 2 and 3 emissions disclosures using the GHG Protocol.

It acknowledged companies’ practical concerns and discussed the following ways to support better **data quality** and **availability**:



Comment letter feedback summary

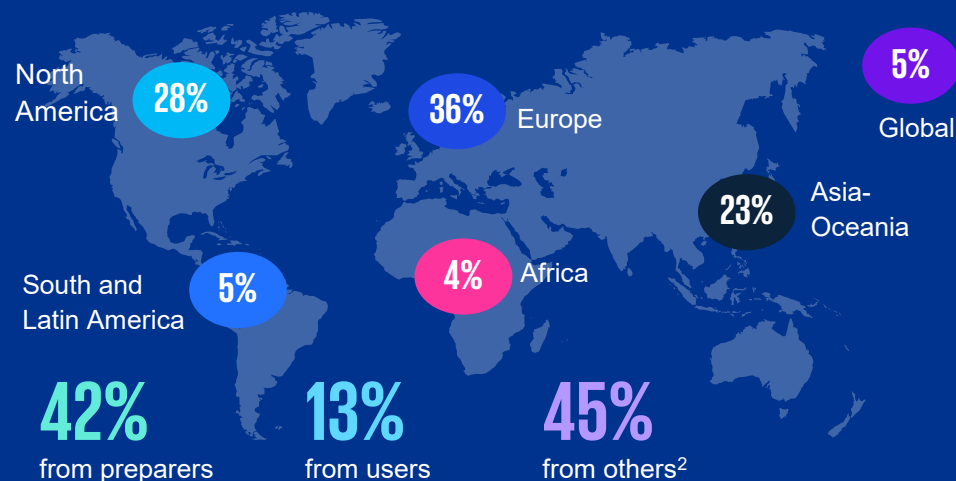
1,435

comment letters and survey responses

Almost all respondents supported:¹

- Building on the **TCFD framework**
- Creating a **global baseline**
- Achieving **interoperability** with US and EU requirements

Engagement from across the globe



1. This slide summarises the ISSB's own analysis of feedback received. 'Almost all' is defined as 'all except a very small minority'. Interoperability with EFRAG and SEC proposals was highlighted as important by almost all European and US respondents respectively.

2. Including public interest groups, accountants and academics, standard setters, regulators and policy-makers.

3. The ISSB added this topic to its plan in the October 2022 meeting.

Action list

key areas chosen for redeliberation

GENERAL REQUIREMENTS

- ✓ **Scope and breadth of reporting*** – Five topics including application of materiality, value chain reporting, and the meaning of terms including 'enterprise value' and 'significant'
- ✓ **Connected information** between topics and with the financial statements, plus IASB collaboration
- ✓ **Frequency of reporting** including location requirements
- ✓ **Updating estimates** in comparative information³

CLIMATE

- ✓ Disclosures on **strategy, decision making, and transition plans and targets**
- ✓ **Climate resilience and scenario analysis**
- ✓ **GHG emissions***, particularly Scope 3 and measurement methods
- ✓ **Industry-based topics***, including financed and facilitated emissions

CROSS CUTTING

- ✓ **Interoperability*** of the standards for all types of global company
- ✓ **Financial effects** of sustainability- and climate-related risks and opportunities

* Discussed in the October meeting



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