

Get ready for ISSB Standards

June 2023



It's time to get ready....

The first two ISSB™ Standards¹ on sustainability reporting have been released ready for the FY24 reporting cycle. These will require you to report on a broad range of topics, incorporating data from across the value chain. The aim is to provide information to support investor decision-making.

This is a significant step up in reporting and presents a challenge for all companies, not just the most complex.

Understand the change

- New standards are driving significant change in the scope and scale of reporting
- Your company needs to understand the landscape of new requirements to be able to get ready

Report for FY24

- The first companies will report for FY24, whether voluntarily or required by local jurisdictions
- Companies need to be ready for enhanced sustainability-related reporting and report on the whole value chain across a broad range of ESG topics, subject to transition options



Connect your reporting

- Investors will expect connectivity across reporting – with the front and back of the corporate report telling the same story

Prepare now

- The ISSB has issued its first standards so you can get ready to report
- Perform a gap analysis and identify the information you'll need to report. Design a plan to gather and report relevant data

¹ In June 2023, the International Sustainability Standards Board (ISSB) issued IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.

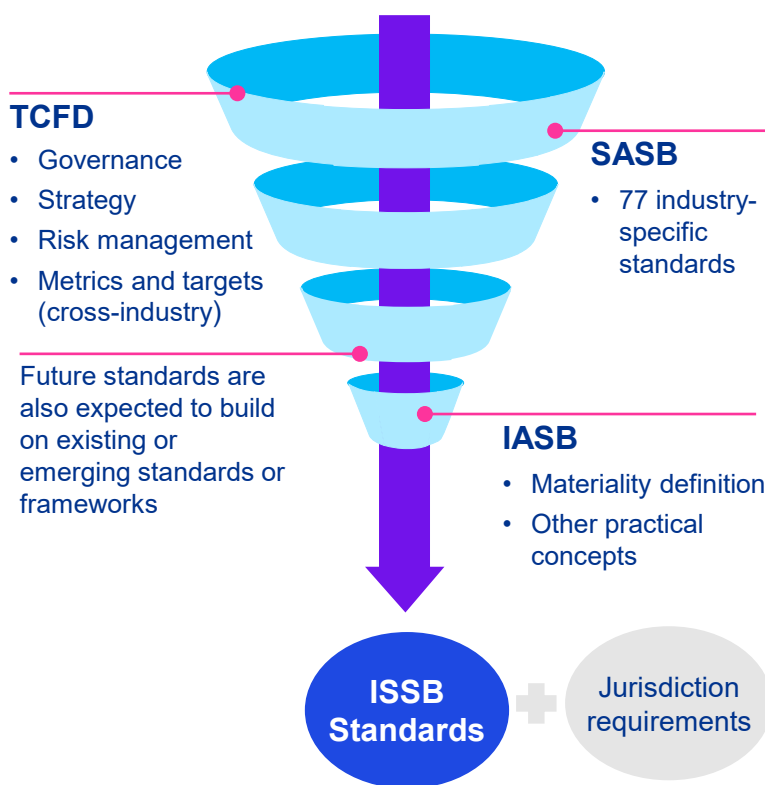
Understand the change

The new standards' core content areas of governance, strategy, risk management and metrics and targets are consistent with the TCFD² framework. They also incorporate industry-specific guidance based on the SASB² Standards.

Companies will report on all topics under the first two standards. However, over time, the ISSB intends to issue additional standards to support and enhance reporting on topics other than climate.

Companies will apply the standards together – IFRS S1 sets out the conceptual elements and the general principles; IFRS S2 builds on the climate-specific requirements. Under the transition reliefs available, companies can choose to report only on climate-related matters in their first year of application.

The standards aim to create a global baseline of sustainability reporting that jurisdictions can adopt and build on to suit local requirements.



Get ready to report

Companies need to be ready to report a connected reporting suite as early as FY24³.

What's the impact?

Reporting is required **at the same time** and for the same period as the financial statements, subject to transition relief.

It may significantly expand the volume and type of data you need to report.

Information needs to be **connected** across the corporate report – using the same data and assumptions where appropriate.

You will need to report **forward-looking information** about the impact of sustainability-related risks and opportunities on the company's strategy, business and financial statements in the short, medium and long term.

Information is reported **where material** – where it is needed to help investors understand the company's future cash flows.

The standards include important **transition options** to help companies reporting for the first time – including allowing companies to report only on climate-related matters in the first year.

What do you need to consider?

Are your systems and processes able to deliver this?

Do your financial and sustainability reporting teams work collaboratively enough to support this?

Do you have the governance in place to do this?

Do you understand the ISSB's approach to materiality?

Are you clear on what you need to report, and when?

² Task Force on Climate-related Financial Disclosures; Sustainability Accounting Standards Board.

³ Companies may be required to adopt by their local jurisdiction from as early as 1 January 2024 or choose to adopt to meet global investor expectations.

How can you prepare?

Our approach to applying the ISSB Standards follows the following steps.



This approach can help you

- **See beyond compliance and realise opportunities** by making reporting part of your business processes
 - Embed sustainability into risk management, strategic decision making across the company
 - Set ESG targets and determine the key metrics required to meet current and upcoming regulations
 - Establish a cross-functional governance structure to collect, report and approve ESG data
- **Determine the most efficient approach** to ESG data management including systems, processes and controls
- **Build trust** in your reporting through high-quality disclosures and preparing for assurance

KPMG ESG insights

For more information about how you can help your company fulfil its purpose and achieve its ESG goals, check out and subscribe to [ESG insights](#). This is an on-going subscription that allows you to receive articles, publications, webcasts and podcasts curated for ESG leaders.

For practical guidance to help you get ready for the new ISSB Standards, capturing the latest thinking together with our insight, refer to our [Sustainability reporting resource centre](#).

Our ESG reporting team of technical accounting and sustainability subject matter specialists draws upon practical experience, helping companies prepare for current and upcoming ESG requirements.



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