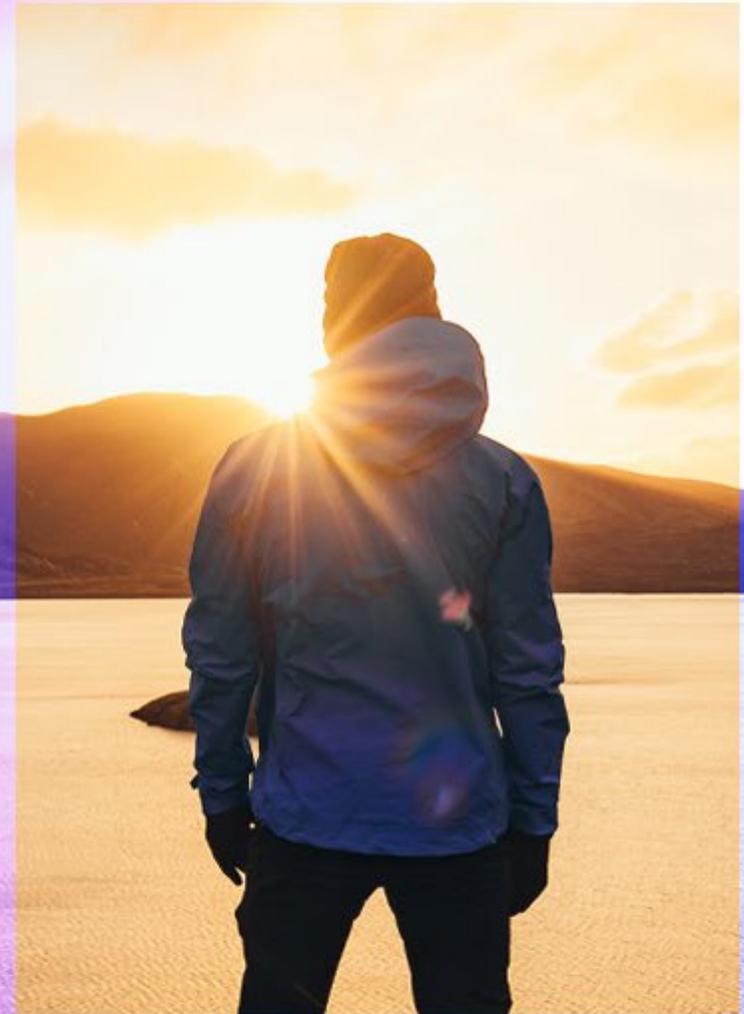




# Introducing the first ISSB™ Standards

KPMG International

[kpmg.com/esgreporting](https://www.kpmg.com/esgreporting)



# Administration

## Polling questions

- Polling questions will appear as we proceed through the presentation.
- As mentioned, in order to receive the certificate of attendance, we require participants to take part in at least four of the six polling questions.
- If you qualify for the certificate of attendance, it will be sent to you following the webcast.



## Attendee questions

- You may submit questions in the *Ask a question* button on the left. We will answer as many questions as we can during Q&A. If we are unable to answer your question during the webcast, someone from KPMG may reply via phone or email following the webcast.
- For technical issues, please use the *Question Mark* button in the upper-right hand corner of the media player.



## Your feedback

- When the webcast is over, the webcast player will automatically refresh to display an exit survey. Feel free to complete the survey, as your comments are very valuable to us.



# Speakers



## Mark Vaessen

Chair, Global Corporate & Sustainability Topic Team and Partner, KPMG in the Netherlands



## Maura Hodge

ESG Audit Leader and Partner, KPMG in the US



## George Richards

Head of Reporting and Assurance and Partner, KPMG in the UK



## Eddie Ng

Partner, ESG Reporting and Assurance and ISSB Reporting Lead, KPMG China

# Keynote speaker



## Sue Lloyd

Vice-Chair, International Sustainability Standards Board (ISSB)

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# Introducing the ISSB Standards: better information for better decisions

Sue Lloyd, ISSB Vice-Chair  
20 July 2023

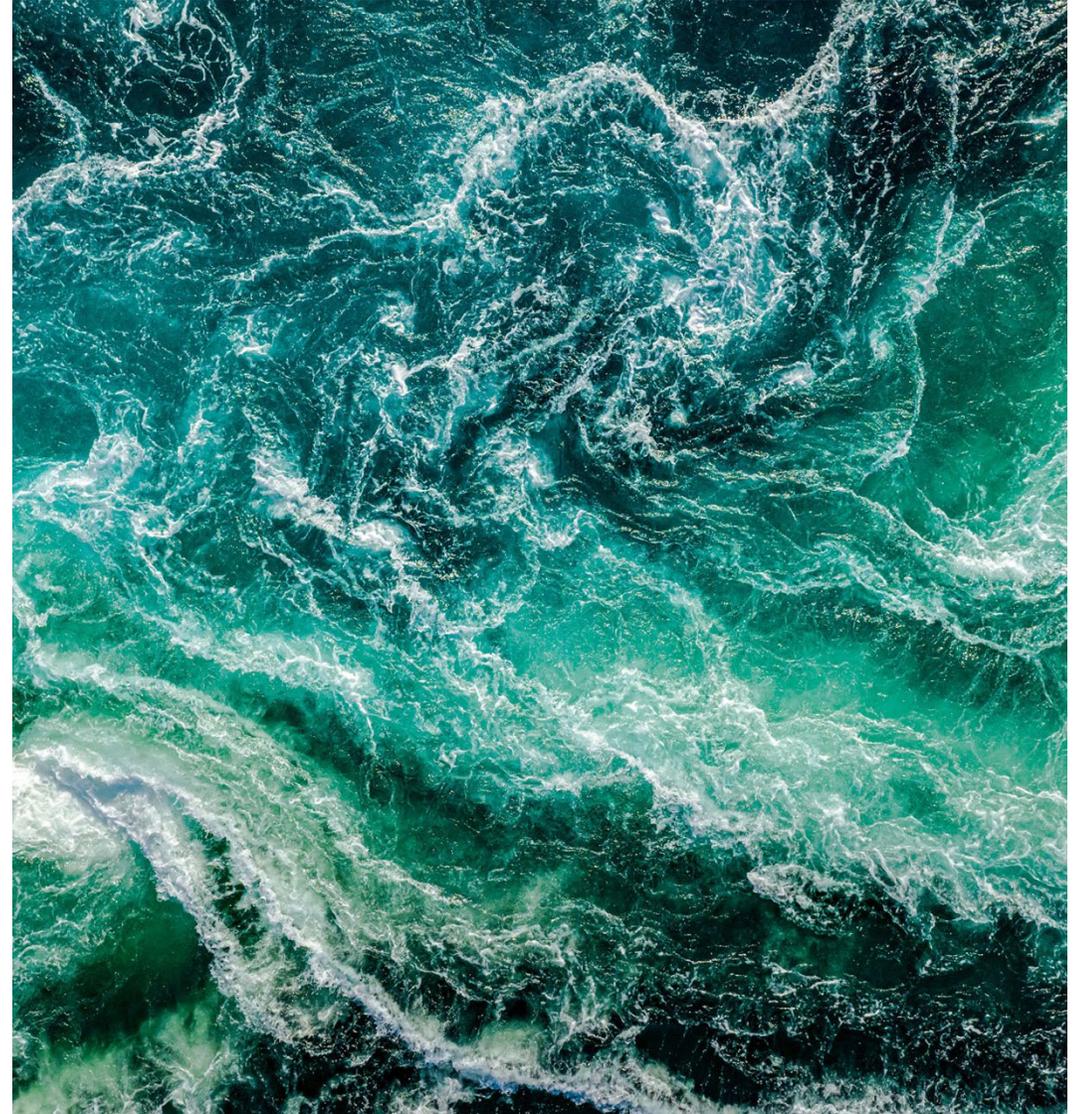
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## Strong market demand

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



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# ISSB Standards enhance investor-company dialogue



## Decision-useful

Developing globally comparable sustainability-related disclosures - that are assurable - to meet the information needs of investors



## Cost-effective

Enabling companies to communicate to investors globally comparable, comprehensive information about sustainability-related risks and opportunities

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# How the Standards evolved

Key areas the ISSB addressed feedback:

- additional interoperability considerations
- further proportionality mechanisms and transitional reliefs
- confirmed that industry-specific disclosures are required, but industry-based disclosure topics and metrics provided as guidance rather than required disclosures

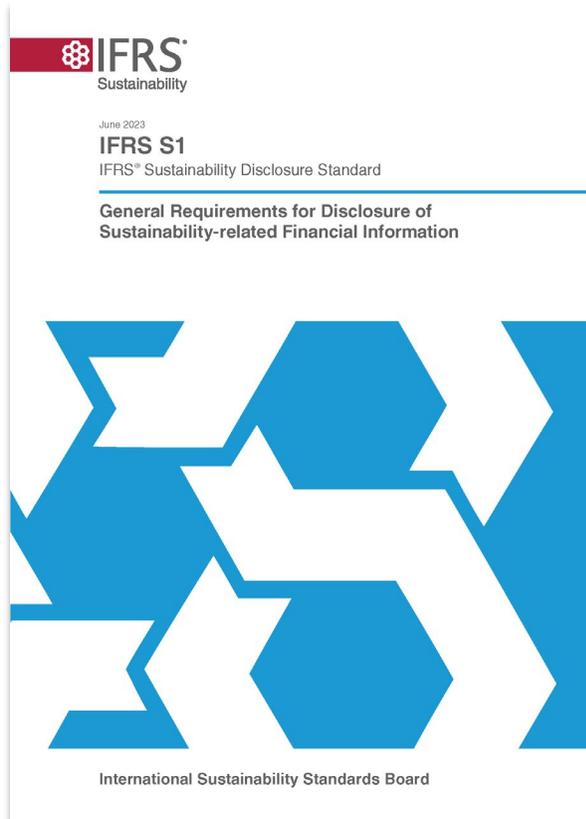
Access the Feedback Statement on [ifrs.org](https://www.ifrs.org) to find out more about the other major areas on which stakeholders provided feedback and how the ISSB responded.

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## Consultation in numbers...

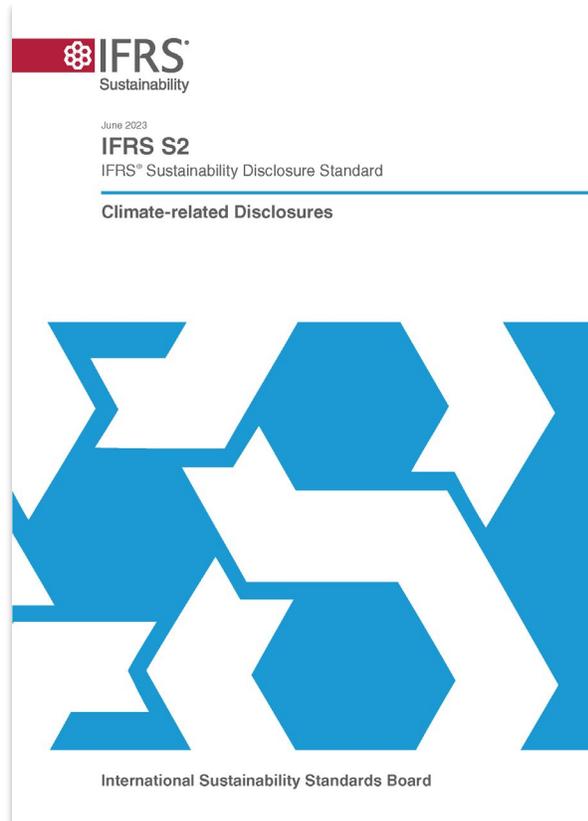
- **120**-day consultation
- **400+** outreach sessions
- **1400+** responses
- **36** staff papers reflecting feedback
- **10** ISSB meetings to deliberate

# IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information



- Asks for disclosure of **material information** about **sustainability-related risks and opportunities** with the financial statements, to meet investor information needs
- Applies **TCFD architecture** whenever providing information about sustainability
- Requires **industry-specific disclosures**
- For matters other than climate (IFRS S2) refers to **sources to help companies** identify sustainability-related risks and opportunities and disclosures
- Can be used in conjunction with **any accounting requirements (GAAP)**

# IFRS S2: Climate-related Disclosures



- Fully incorporates the **TCFD recommendations**
- To meet investor information needs, IFRS S2:
  - is used in accordance with **IFRS S1**
  - requires disclosure of **material information about climate-related risks and opportunities**, including physical and transition risks
  - requires **industry-specific disclosures**, which are supported by accompanying guidance built on SASB Standards

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# Key disclosures



## Strategy

Strategy and decision-making

Current and anticipated financial effects

Climate resilience



## Metrics and targets

Scope 1-3 GHG emissions

Industry-based disclosures

Climate-related targets

# Companies providing climate disclosures still need IFRS S1

## Answers provided by IFRS S1

Who reports (reporting entity)	Timing of reporting (with financial statements)	Value chain concepts
Describes sustainability	Location of reporting (in general purpose financial report)	Materiality – meaning and assessment
Connections in information (including with financial statements)	Relief from disclosing commercially sensitive opportunities	Quality of information (eg relevant and representationally faithful)
What to do with changes in estimates and errors	When disaggregation is needed	Comparative information
Interactions with law and regulation	Disclosures about key judgements	Assertion using ISSB Standards

**Overarching requirements in IFRS S1 necessary for any disclosures**

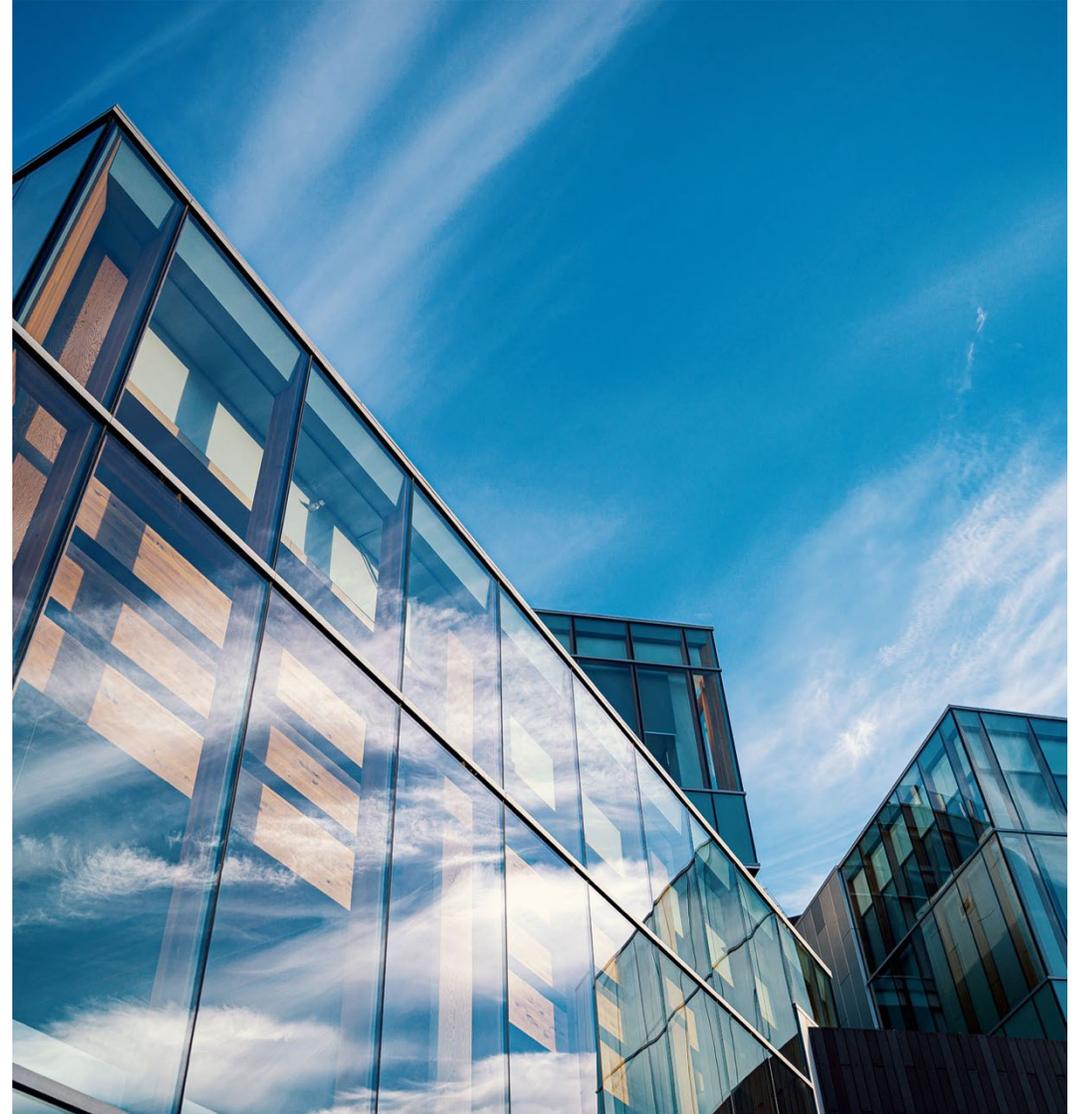
This is why if a company only reports on climate it still must use IFRS S1

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# Reliefs for first year of application

- can limit disclosures to climate-related information
- later reporting allowed - annual information can be provided with half year reporting
- Scope 3 disclosure not required
- do not need to apply Greenhouse Gas Protocol if already using a different measurement approach
- do not need to provide comparative information\*

*\*companies that limit disclosures to climate-related information in the first year do not need to provide comparative information about their sustainability-related risks and opportunities beyond climate in their second year.*



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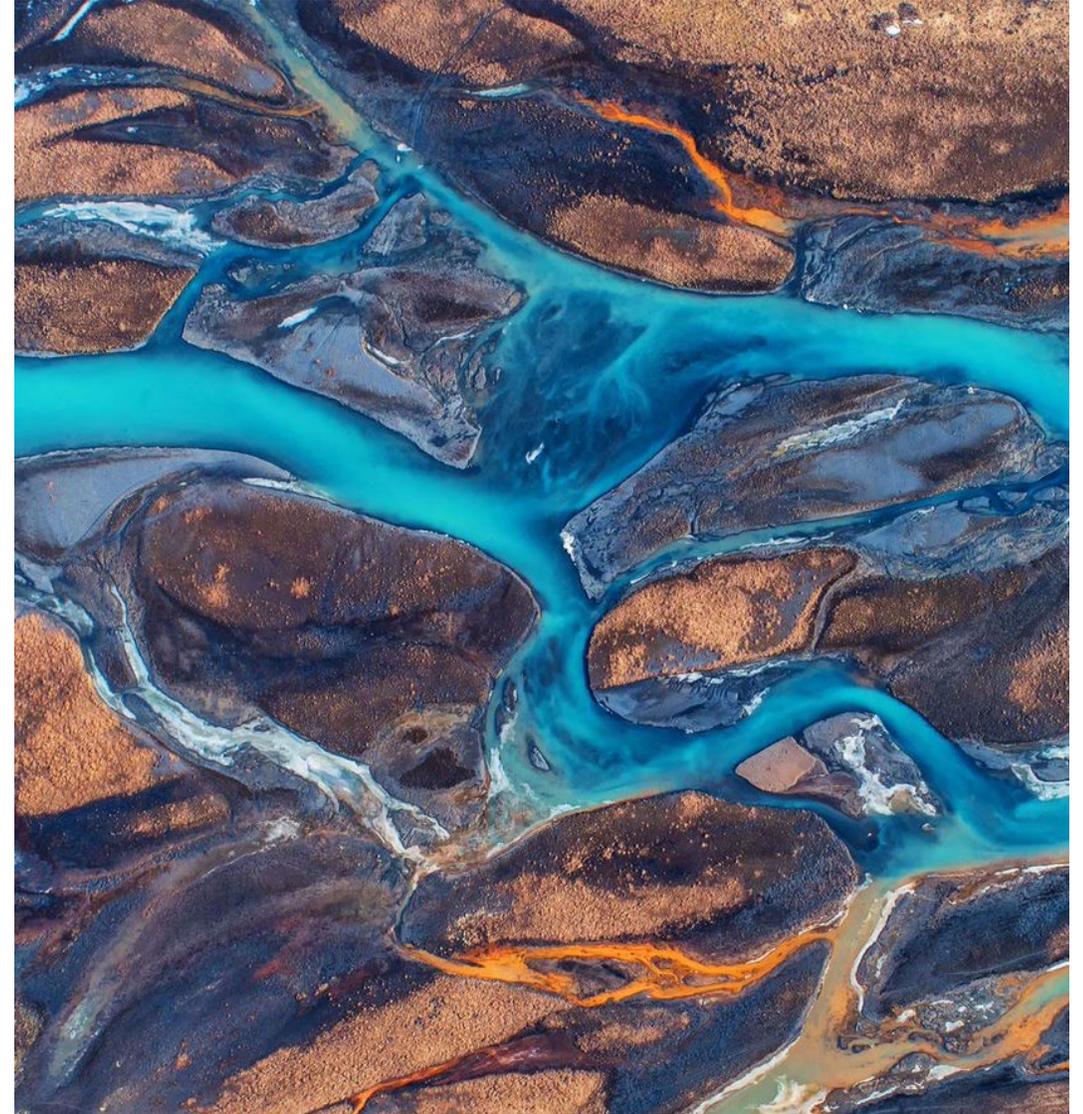
# Implementation support and education

## Capacity building initiative

- Development of general educational materials for all stakeholders (including investors)
- Development of specific educational materials for stakeholders in emerging and developing economies as well as smaller companies

## Support implementation by companies

- Transition Implementation Group - a public forum for stakeholders to follow the discussion of questions raised on implementation by those applying the Standards



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# Looking ahead

## Commitment to:

- connections with financial statements
- interoperability with jurisdictional and voluntary initiatives

## Supporting implementation of IFRS S1 and IFRS S2

- digital taxonomy
- awareness raising and capacity building
- regulatory adoption and voluntary application

## Work to:

- enhance and maintain the SASB Standards
- research disclosures that highlight nature and social aspects of climate-related risks and opportunities in IFRS S2

## Future priorities:

- Agenda consultation open until 1 September 2023



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## Visit [ifrs.org](https://ifrs.org) to find out more

- [Access](#) the Standards and supporting materials
- Listen to the monthly [podcast](#)
- Respond to live [consultations](#)
- [Sign up](#) for news alerts
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# Panel discussion



# Questions



[kpmg.com/socialmedia](https://kpmg.com/socialmedia)



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