



Progress update

IFRS[®] Sustainability Disclosure Standards

November 2022



ISSB November 2022 summary

This month's focus

Facilitating transparent disclosures on climate resilience and transition plans and targets.

Building momentum towards finalising the standards as early as possible in 2023 by addressing topics including:

- financial effects and connected information;
- updating estimates in comparative information;
- using other guidance to report on topics other than climate; and
- timing of sustainability reporting.

COP27 update

The **CDP** disclosure platform will integrate the ISSB's climate-related disclosures from 2024 – meaning that **over 18,700 companies** will need to provide information aligned to the requirements.

Nigeria became the first country to confirm that it will adopt the IFRS Sustainability Disclosure Standards.

Latest status on topics discussed

at International Sustainability Standards Board (ISSB) meetings in November

Climate resilience

Companies will be required to use **scenario analysis** when describing their assessment of climate resilience.

The ISSB is taking a **scalable** approach to ensure that all types of companies can disclose decision-useful information for investors.

The ISSB plans to provide guidance, building on TCFD and setting out a **range of approaches** to scenario analysis.



Detailed narrative

Quantitative outputs

Transition plans and targets

Investors want to understand companies' readiness to transition to a lower-carbon economy. More **transparent** and **granular** disclosures can achieve this.

The ISSB has proposed disclosing additional information on **transition plans** and **climate-related targets** in response to stakeholder feedback.

Financial effects and connected information

The ISSB discussed examples of how companies could provide information on the current and anticipated financial effects of sustainability-related risks and opportunities and connected information.

It did not discuss the application of accounting standards or disclosures required in the financial statements because that is the remit of the International Accounting Standards Board.

ISSB November 2022 summary

Latest status on topics discussed

at ISSB meetings in November

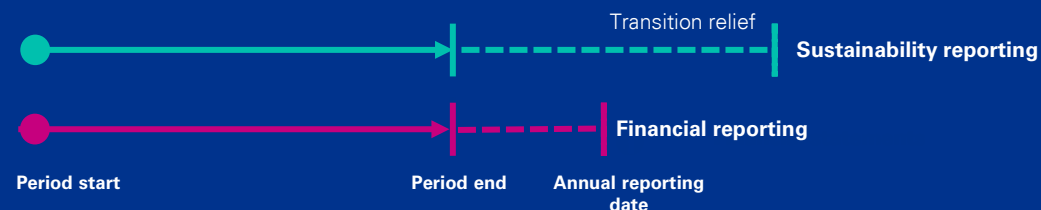
Updating estimates in comparatives

Estimates are a fundamental part of sustainability reporting. They are used in forward-looking information (e.g. forecasts), as well as in data that is primarily historical (e.g. metrics).

The ISSB confirmed that companies would be required to **revise comparative information** to reflect updated estimates in some but not all circumstances.

Timing of sustainability reporting

Companies would need to report sustainability-related financial disclosures at the **same time** as the financial statements but may be subject to short-term transition relief.



Reporting on topics other than climate

Step 1: Identifying sustainability-related risks and opportunities

The ISSB provides a **two-step framework** for companies to disclose material information across all sustainability-related topics, not just climate.



Step 2: Identifying disclosures (including metrics)

The ISSB has confirmed that companies **'shall consider'** disclosure topics and metrics in the industry-based **SASB**¹ standards.

It will provide **future guidance** on materials companies **'may consider'**. It also discussed the option of referring to GRI standards and ESRS².

1. Sustainability Accounting Standards Board.
2. European Sustainability Reporting Standards.



For more information visit our Sustainability reporting resource centre

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

Comment letter feedback summary

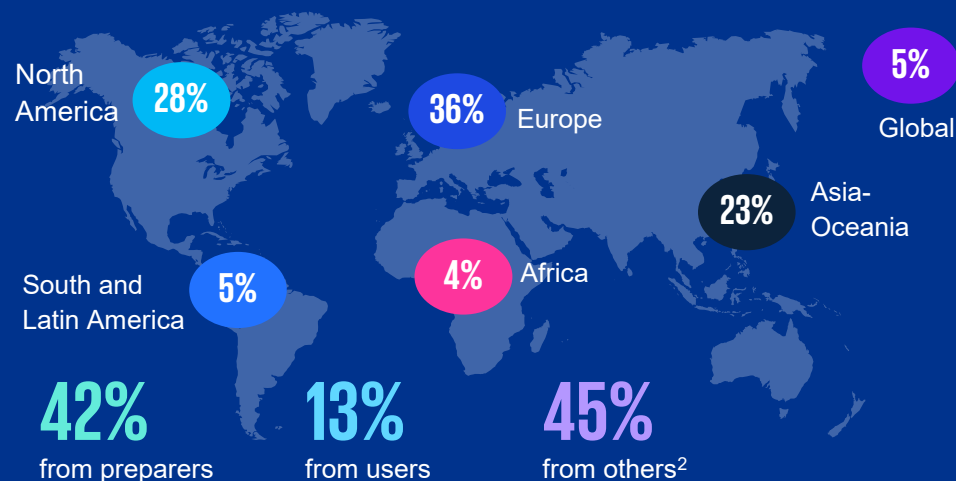
1,435

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.

Action list

key areas chosen for redeliberation

GENERAL REQUIREMENTS

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

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 November meeting



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