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GLOBAL SUSTAINABILITY DISCLOSURE GUIDE

Unifying standards.
How ISSB is setting
the new baseline in
sustainability reporting

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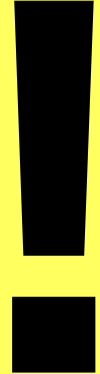
What you need to know about ISSB's global sustainability standards

On 26 June 2023 the International Sustainability Standards Board (ISSB) officially launched the first of its voluntary sustainability disclosure standards:

IFRS S1 for sustainability-related financial information

IFRS S2 for climate-related disclosures

The standards aim to translate sustainability into a consistent and comparable language, mostly directed towards investor information needs.



What is ISSB and IFRS

The **International Financial Reporting Standards (IFRS) Foundation** is the body that develops internationally accepted financial accounting standards through the International Accounting Standards Board (IASB).

In 2021, the IFRS launched the **ISSB** to develop high-quality, enforceable and widely accepted standards to address the currently fragmented nature of sustainability reporting frameworks.

The standards create better alignment between sustainability and finance departments, build on the work of the **Climate Disclosure Standards Board (CDSB), Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), World Economic Forum (WEF)** and others, and provide business and investors with clarity on corporate sustainability disclosures.

IFRS = The international body that launched ISSB

ISSB = The standard setter that created IFRS S1 + S2

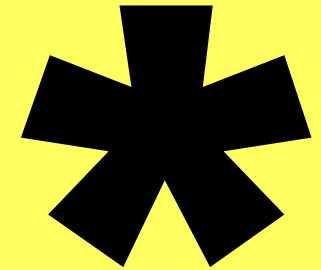
IFRS S1 + S2 = The new standards for sustainability reporting



Is it voluntary* or mandatory

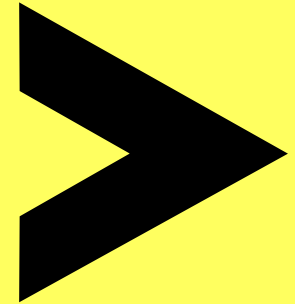
***Although the standards are voluntary, the IFRS is expected to inform regulation.**

In fact, jurisdictions such as Australia, the EU, Canada, Japan, Hong Kong, Malaysia, New Zealand, Nigeria, Singapore and the UK, as well as the International Organization of Securities Commissions (IOSCO), of which the SEC is a member, have already indicated that they're considering how to integrate ISSB.



Key things to know about the new standards

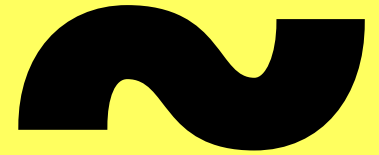
- > IFRS S1 and S2 are effective for the reporting period from 1 January 2024.
- > If companies want to apply these before 2024, both S1 and S2 must be applied at the same time and state this fact.
- > The new ISSB standards have integrated and replaced the SASB standards.
- > CDP has incorporated IFRS S2 into its 2024 questionnaire.
- > IFRS and GRI are collaborating on disclosure alignment, beginning with a pilot on biodiversity and human capital.
- > Sustainability-related information needs to be provided at the same time as financial statements.



Five reliefs for the first year of application of ISSB

In the first year of application, companies can:

1. report **only climate-related information** and then begin reporting other sustainability-related risks in the second year
2. report **sustainability-related information** later in the year to financial statements (e.g. report annual sustainability-related disclosures within their next half-year reporting)
3. exclude **Scope 3 emissions** from their disclosures
4. avoid applying the **Greenhouse Gas (GHG) Protocol** if already using a different measurement approach
5. refrain from providing **comparative information** (companies that limit disclosures to climate-related information in the first year also don't need to provide comparative information about their sustainability-related risks and opportunities beyond climate in their second year).



What companies should do next

Start aligning to CDP, TCFD and SASB if not already aligned.

Conduct a gap analysis against the IFRS S1 and S2 Standards, including SASB and other related disclosures that help identify sustainability and climate-related risks and opportunities.

Align future reporting timelines and launch dates for both financial and sustainability-related information.

Want to know more?

To find out about the framework, visit:

www.ifrs.org/news-and-events/news/2023/06/issb-issues-ifrs-s1-ifrs-s2/

Do you need a hand to understand and prepare for the new ISSB's global sustainability standards? Get in touch if you're looking for guidance. We'd be happy to help.

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