

ISSB sustainability symposium



What happened?

The IFRS, which is responsible for publishing the ISSB climate standards, met in Montreal on 17 February, with the aim of detailing what's next for sustainability disclosure. This is what was discussed:

The standards are nearly here

The ISSB, after a public meeting, agreed on the final contents of its S1 and S2 standards. The balloting process will now begin, with the standards set to be publicly released by 30 June 2023.

SASB standards are an important tool

Existing SASB standards provide industry specific guidance, and this will be needed for S1 and S2 implementation, with S1 specifically detailing use of a SASB standard if a specific ISSB standard does not exist. Therefore, those who are already reporting under SASB will have a material advantage.

ISSB will continue to monitor, develop and support SASB for at least 4 years, with the ISSB committing to building upon existing SASB guidance for its own standards.

Comparability is key

Global comparability of disclosure between divergent standards is one of the key concerns for users, and is the principle reason ISSB came into existence. It is hoped the release of this standard will solve this issue, and all reporting users will have a baseline from which to allocate capital and make business decisions.

Jurisdictional take-up

It is yet to be seen which jurisdictions will mandate ISSB standards, but to achieve a global baseline of comparability for users, they will have to do so.

The Board expects some ambitious jurisdictions to mandate the standards first, with others then following the lead. The Board expect take up to be relatively quick.

Businesses, of all sizes, need implementation support

There is a range of preparedness for implementation, with SMEs in particular needing help and advice. The Board will release advice, guidance, examples and reliefs to reporting requirements (a proportionate response). This approach is seen as crucial to successful onboarding, and the engagement of a firm's accountants to help produce this disclosure will be a key differentiator.

Integrated reporting

The Board have drawn upon concepts in the integrated reporting framework, as they appreciate the importance of linking sustainability disclosures to the financial statements. This matter will gain in prominence, especially as ISSB asks preparers to consider materiality risks.

What to do now

Implementation date for ISSB standards is January 2024. The short timeframe means firm's need to start having internal conversations about how they will report now. This is a Board level agenda item that will require a lot of attention and resource.



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