

ICAP

The ISSB Standards: better information for better decisions Thursday, 7 September 2023

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Structure

Public accountability

IFRS Foundation Monitoring Board

Governance, strategy, oversight

IFRS Foundation Trustees

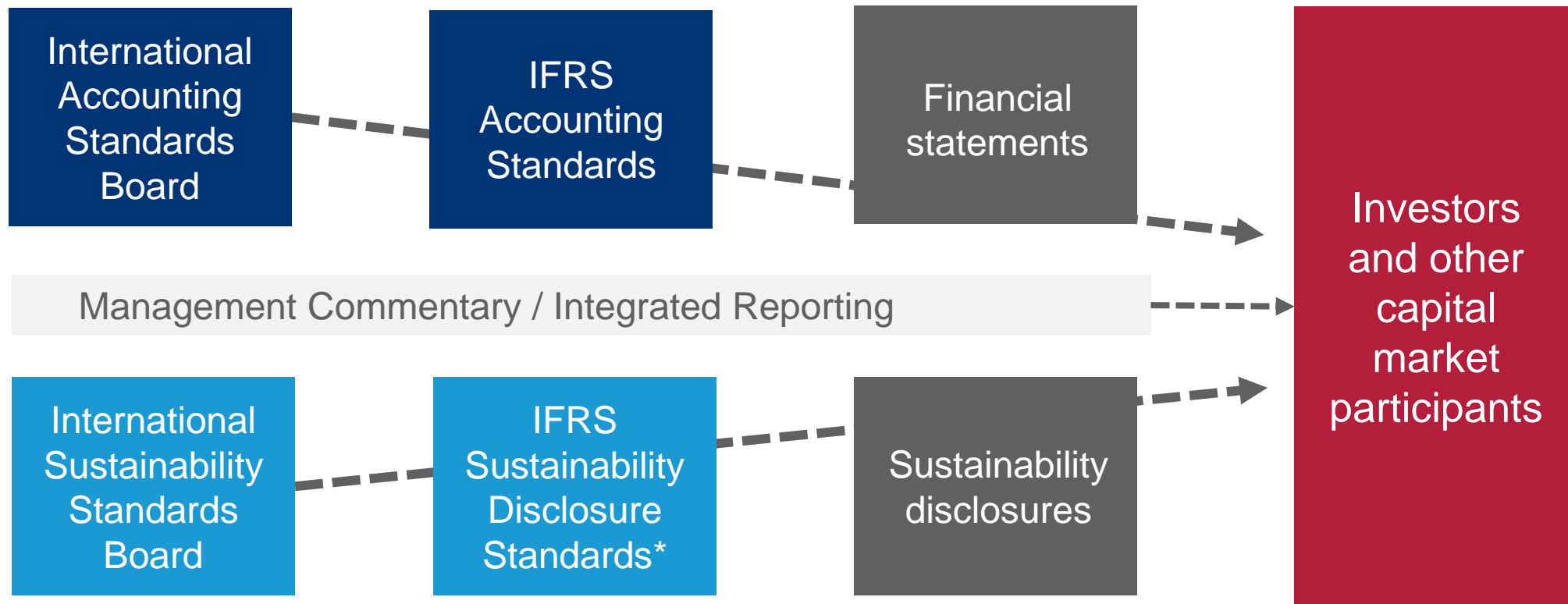
Independent standard-setting

International Accounting
Standards Board (IASB)

International Sustainability
Standards Board (ISSB)

IFRS Interpretations Committee

Designed for communication to investors



**GAAP-agnostic but developed to ensure compatibility with IFRS Accounting Standards*

Strong market demand

The ISSB was established as part of the IFRS Foundation because of investor, company and international policy maker (including 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



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

A truly global baseline of disclosures



additional
building blocks

- can be added to meet jurisdiction-specific requirements
- can be added to meet broader multi-stakeholder needs

ISSB Standards

- provide a comprehensive foundation of disclosures for global jurisdictional adoption
- are a common language for comparable, decision-useful disclosures
- are designed to meet investor needs across global capital markets

Rationalising investor-focused standards and frameworks



On 26th June 2023 the ISSB released its inaugural standards, IFRS S1 and IFRS S2



How does this align with
Pakistan's priorities and
Direction of Travel...?



Making ISSB Standards the global baseline



ISSB

provide comprehensive global baseline through Standards



IOSCO

endorses ISSB Standards, recommending adoption



Audit standard-setters

enhance and develop assurance standards



Jurisdictions

require by adopting the Standards

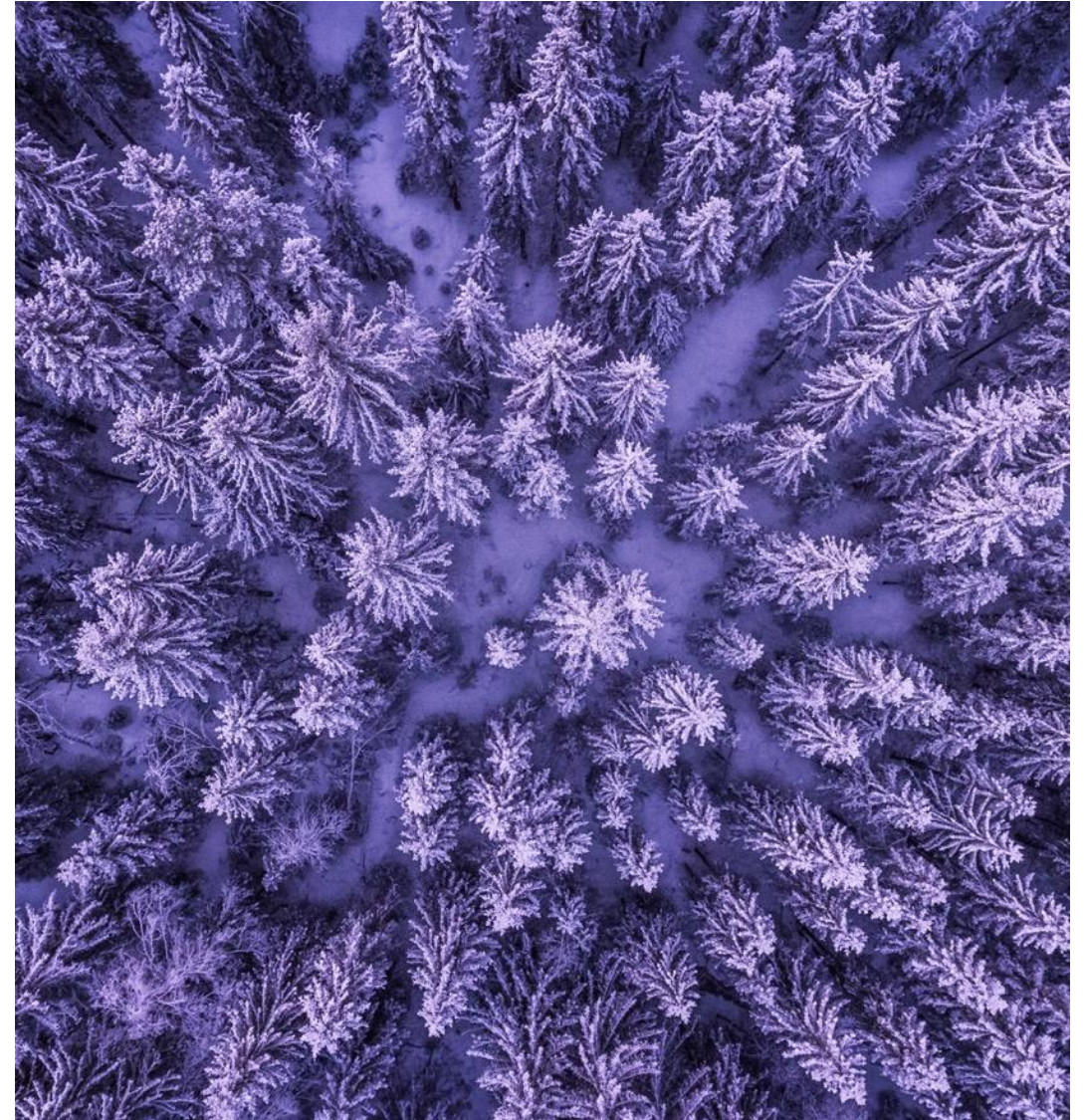


Market participants

voluntarily opt to apply the Standards

Mechanisms that support application

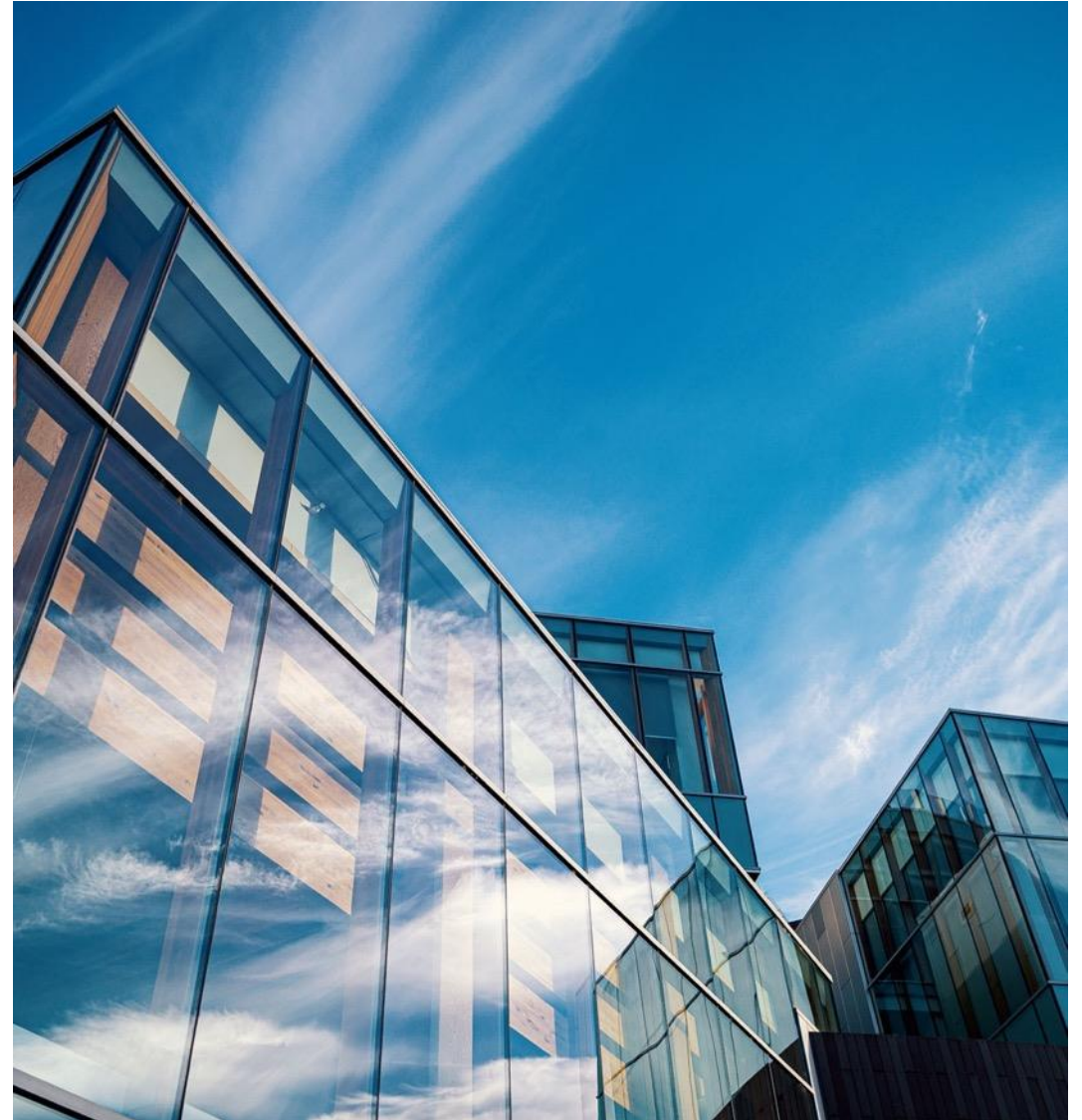
- Use of well-known **terminology and concepts**
- Proportionate:
 - the instruction to **use reasonable and supportable** information available without **undue cost or effort**
 - consideration of **skills, capabilities and resources**
- Help through:
 - **guidance** within the Standards and educational materials
 - **sources of guidance** to identify sustainability-related risks and opportunities, and metrics
 - other clarifications, such as permitting **qualitative** scenario analysis and qualitative information on financial effects
- Transitional **reliefs**



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.*



Supporting materials



Application Guidance

Guidance, sometimes presented as an appendix to a Standard. This is just a question of location – this material is still a required piece of the standard



Accompanying Guidance

Guidance issued alongside a Standard to assist companies, demonstrating how the requirements in the Standard could be applied often using examples (non mandatory)



Educational materials

Separate materials developed to help companies apply the Standards

Published with the Standards.

Published over time to meet preparer needs.

Where to find it? : <https://www.ifrs.org/supporting-implementation/supporting-materials-for-ifrs-sustainability-disclosure-standards/>

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

