



The IMF- WB- FED October Seminar

**Progress – Global Climate/Sustainability Disclosure
Standards**

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The global climate/sustainability disclosure standards - progress

Before the International Sustainability Standards Board (ISSB) was established - **the need for order and consolidated global climate/sustainability disclosure standards**



The global climate/sustainability disclosure standards -- progress

Progress by the IFRS Foundation so far

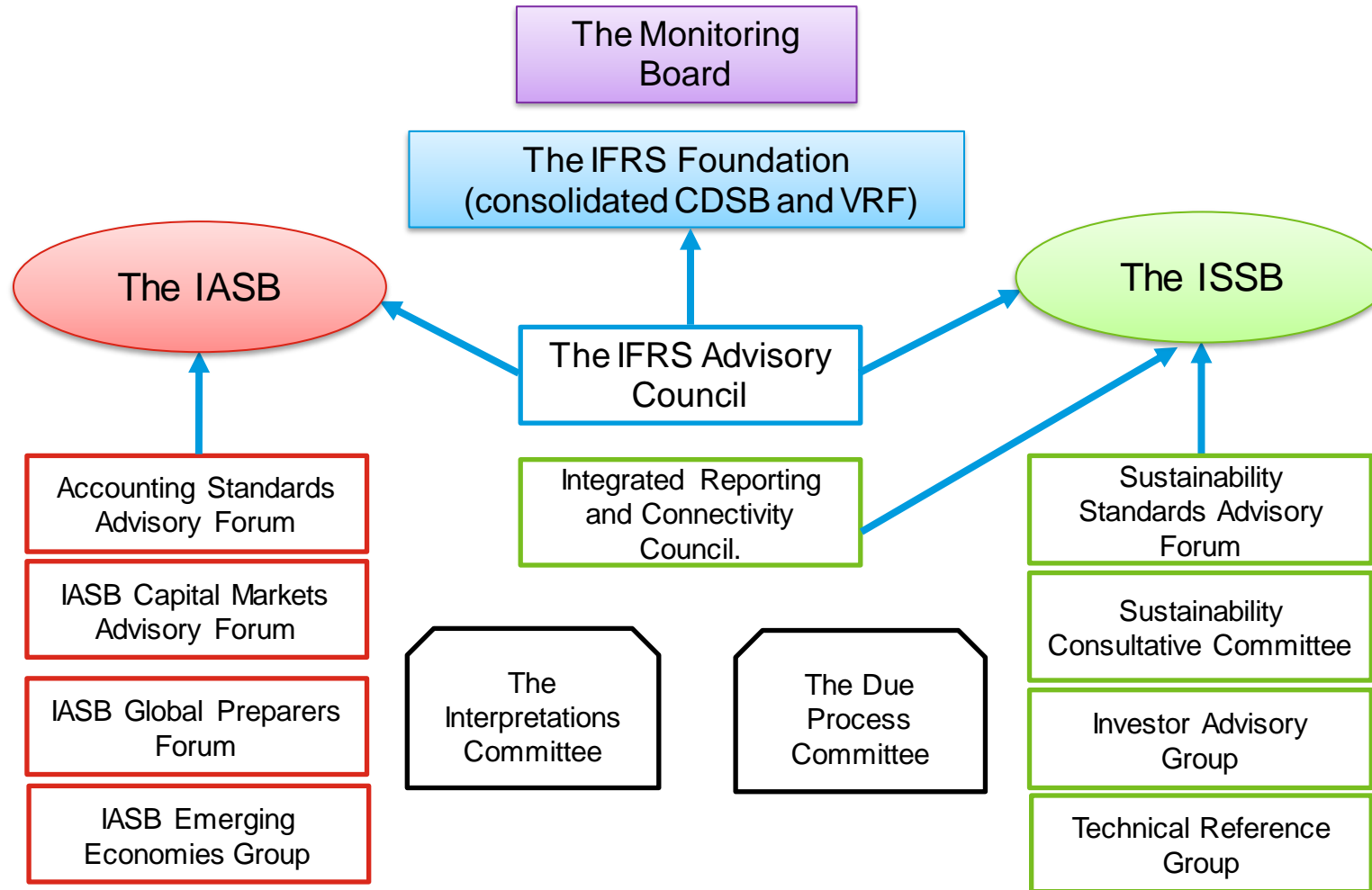
- A set of global baseline climate/sustainability disclosure standards will help to promote comparability, transparency, and facilitate global climate finance
- To meet global demand, the IFRS Foundation
 - Established the ISSB in 2021 at the COP 26, and various advisory bodies thereafter
 - Incorporated Climate Disclosure Standards Board (CDSB) and Value Reporting Foundation, which includes the Sustainability Accounting Standards Board (SASB)
 - Published in March 2022, the initial two exposure drafts for consultation
 - **IFRS S1**, General Requirements for Disclosures of Sustainability related Financial Information
 - **IFRS S2**, Climate Related Disclosures



The global climate/sustainability disclosure standards -- progress



The structure and support



The global climate/sustainability disclosure draft standards -- progress



Draft IFRS S1 and S2

- Global baseline, based on the four pillars of TCFD recommendations: governance, strategy, risk management, metrics and targets.
- Consistent with IFRS concepts and relevant standards where applicable.
- Integrated general purpose financial statements including financial reporting and sustainability related financial disclosures.
- CDSB standards on water and biodiversity and SASB's 77 industry specific standards have become part of the IFRS Sustainability Disclosure Standards.
- IFRS S1 Sets out general requirements to govern S2 and future ISSB sustainability disclosure standards, leveraging concepts and principles from IFRS.
- IFRS S2 focuses on requiring disclosing information on climate related risks and opportunities.

The global climate/sustainability disclosure standards -- progress

Main issues and challenges

- Proportionality for EMs and SMEs
- Interoperability with jurisdictional requirements
- Connectivity with IFRS
- Audit and assurance
- Mandatory adoption or voluntary

Next steps

- Final versions of the two draft standards in early 2023, followed by IOSCO endorsement
- Public consultation by end 2022 on ISSB's future agenda
- ISSB capacity building strategy
- Work on sustainability assurance standards by the International Auditing and Assurance Standards Board
- Regulatory climate/sustainability disclosure requirements, e.g. BCBS Pillar 3





Thank You