



IFRS Alert

IFRS Foundation announce formation of the ISSB

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Executive summary

The IFRS Foundation (Foundation) has announced three significant developments to provide the global financial markets with high-quality disclosures on climate and other sustainability issues:

- Forming the new International Sustainability Standards Board (ISSB)
- Consolidating of the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF—the Integrated Reporting Framework and the SASB Standards) by June 2022, and
- Publishing a prototype Standard of climate and general disclosure requirements that has been developed by the Technical Readiness Working Group (TRWG).

As world leaders meet this week in Glasgow for COP26, the IFRS Foundation Trustees (Trustees) announced three significant developments. Together, these developments lay the technical groundwork for a global sustainability disclosure standard-setter for the financial markets.

In order to provide the global financial markets with high-quality disclosures on climate and other sustainability issues, the IFRS Foundation announced:

- The formation of a new International Sustainability Standards Board (ISSB) to develop—in the public interest—a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' information needs
- A commitment by leading investor-focused sustainability disclosure organisations to consolidate into the new board. The IFRS Foundation will complete consolidation of the Climate Disclosure Standards Board (CDSB—an initiative of CDP) and the Value Reporting Foundation (VRF—which houses the Integrated Reporting Framework and the SASB Standards) by June 2022, and
- The publication of prototype climate and general disclosure requirements developed by the Technical Readiness Working Group (TRWG), a group formed by the IFRS Foundation Trustees to undertake preparatory work for the ISSB. These prototypes are the result of six months of joint work by representatives of the CDSB, the International Accounting Standards Board (IASB), the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), the VRF and the World Economic Forum (Forum), supported by the International Organization of Securities Commissions (IOSCO) and its Technical Expert Group of securities regulators. The TRWG has consolidated key aspects of these organisations' content into an enhanced, unified set of recommendations for consideration by the ISSB.



Next steps

The Foundation is at the advanced stages in appointing a Chair and a Vice-chair for the ISSB, and it is the process of thinking about what Board Members they need. As soon as the Chair and Vice-chair are in place, work will commence and public consultations on the ISSB's work plan and proposals from the TRWG will be sent out.



Our thoughts

We welcome this announcement from the Foundation and believe the formal launch of the ISSB, consolidation with leading sustainability standard setters, and publication of the prototype climate and general disclosure requirements are important steps to achieving comprehensive disclosures for participants in global capital markets. A great deal has already been achieved, but a great deal more still needs to be done. Going forward it will be fascinating to see how the ISSB and the IASB ultimately work together to generate high-quality, transparent and globally comparable disclosures for business and investor decision-making.

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