

# International Sustainability Standards Board

# ISSB INTRODUCTION

**O**n 3 November 2021, the IFRS Foundation Trustees announced the creation of a new standard-setting board—the International Sustainability Standards Board (ISSB)—to help high quality, transparent, reliable and comparable reporting by companies.

The intention is for the ISSB to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed decisions.



# ISSB Introduction

International investors with global investment portfolios are increasingly calling for high quality, transparent, reliable and comparable reporting by companies on climate and other environmental, social and governance (ESG) matters.

The IFRS Foundation Trustees announced the formation of the International Sustainability Standards Board (ISSB) on 3 November 2021 at COP26 in Glasgow. The ISSB will develop—in the public interest—standards that result in a high-quality, comprehensive global baseline of sustainability disclosures focused on the needs of investors and the financial markets.

The intention is for the ISSB's standards to cover important sustainability topics (environmental, social, governance—ESG) on which investors want information. It will begin with climate, due to the urgent need for information on climate-related matters. It is also the intention that the ISSB will develop both thematic and industry-based requirements.

The ISSB will build on the work of existing investor-focused reporting initiatives—including the Climate Disclosure Standards Board, the Task Force for Climate-related Financial Disclosures (TCFD), the Value Reporting Foundation's Integrated Reporting Framework and SASB Standards, and the World Economic Forum's Stakeholder Capitalism Metrics—to become the global standard-setter for sustainability disclosures for the financial markets.

The ISSB will develop standards that provide a comprehensive global baseline of sustainability disclosures and develop the standards in such a way that they can be mandated and combined with jurisdiction-specific requirements or requirements aimed at meeting the information needs of broader stakeholder groups beyond investors. Consistent with the approach taken for the IASB's Accounting Standards, it is for jurisdictional authorities to decide whether to mandate the use of the ISSB's standards.

It is expected there will be a great deal of overlap between the information needs of investors and broader stakeholder groups on sustainability matters. However, the focus of the ISSB will be on meeting investors' needs, as the Foundation's remit and expertise is to set standards that provide information for the capital markets.

The ISSB will engage with a range of stakeholders in its standard-setting, including jurisdictions. The Trustees have established a working group to create a mechanism for formal engagement on standard-setting between the ISSB and jurisdictional representatives, including those from emerging markets.