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# ISSB Standards

## Communicating sustainability-related financial information to investors

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## Session overview

- About the ISSB
- About ISSB Standards
- Industry-specific guidance for transportation sector
- Next steps

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## About the ISSB

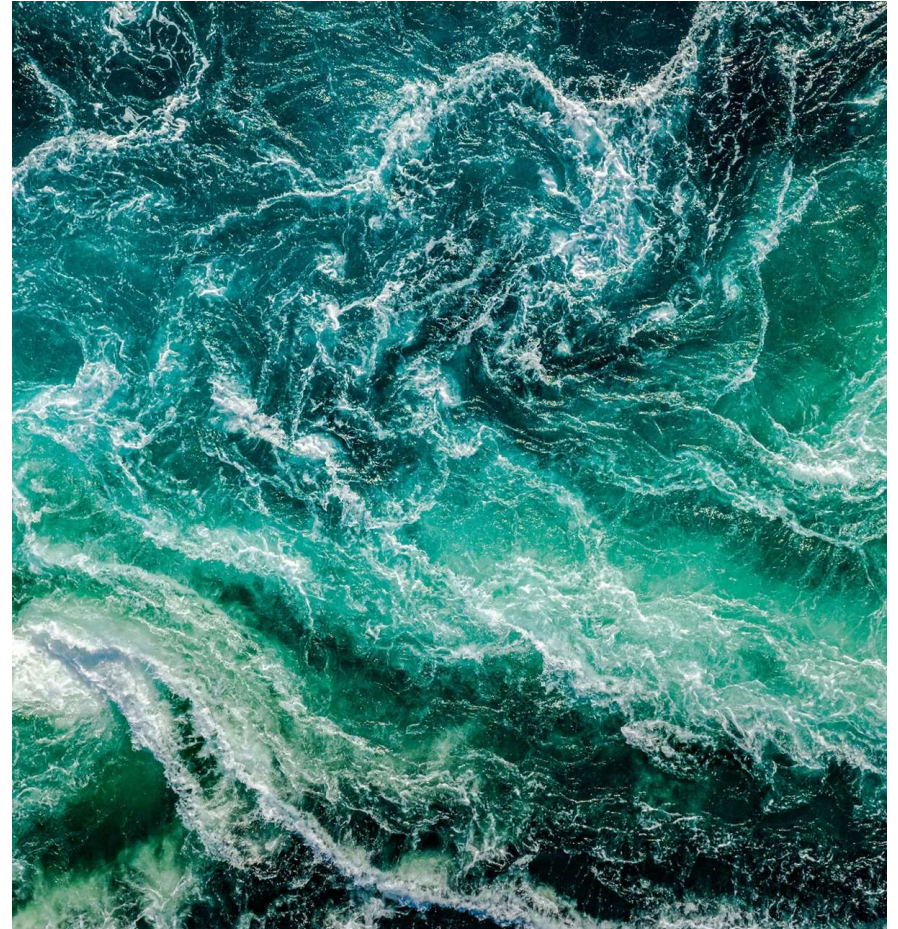
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## Strong market demand

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



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## 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

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# Rationalising investor-focused standards and frameworks

 **INTEGRATED  
REPORTING**

 **SASB  
STANDARDS**

 **CDSB** Climate  
Disclosure  
Standards  
Board

 **TCFD** | TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES

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## 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

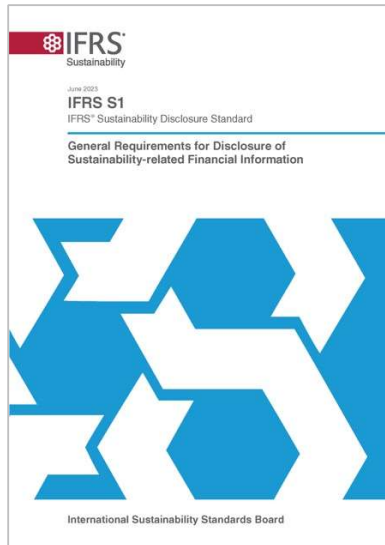
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## ISSB Standards overview



# First IFRS Sustainability Disclosure Standards

1



**IFRS S1:**  
General Requirements

2



**IFRS S2:**  
Climate-related Disclosures

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# IFRS S2: Climate-related Disclosures



- Incorporates the **TCFD recommendations**
- To meet investor information needs, IFRS S2:
  - is used in accordance with **IFRS S1**
  - requires disclosure of **material information about climate-related risks and opportunities**, including physical and transition risks
  - requires **industry-specific disclosures**, which are supported by accompanying guidance built on SASB Standards

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## Material climate-related information enables investors to:



Determine the effects of climate-related risks and opportunities on the company's performance and prospects



Understand the company's response to, and strategy for, managing its climate-related risks and opportunities, including its climate-related transition planning



Evaluate the ability of the company to adapt its planning, business model and operations to climate-related risks and opportunities



Understand climate-related risks and opportunities in a company's value chain

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## GHG emissions

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Disclose a company's absolute gross Scope 1, Scope 2 and Scope 3 GHG emissions

- **Scope 1:** direct emissions
- **Scope 2:** indirect emissions from the generation of purchased energy consumed by the company
- **Scope 3:** other indirect emissions that occur in the company's value chain

**Measured in accordance with the GHG  
Protocol Corporate Standard**

Disclosure of how and why a company has used specific inputs, assumptions and estimation techniques to measure its GHG emissions, including any changes to these

# Climate-related targets



Disclose the climate-related targets a company has set, as well as those it is required to meet by law or regulation



**The characteristics** of each target



How the company **sets and reviews** each target



The company's **performance against** each target

Including additional disclosures related to a company's gross and net GHG emissions targets



**ISSB Standards:**  
Additional requirements  
(eg financed emissions)

**ESRS:**  
Additional requirements for stakeholders interested in impacts (that do not create risks or opportunities for a company's prospects) and information that if missing or obscured is not reasonably expected to affect investor decisions

High-degree of alignment around disclosures to provide decision-useful information for investors on risk management and how dependencies and impacts create risks and opportunities for a company's financial position and prospects

\* The ISSB, the European Commission and EFRAG are discussing how to explain the alignment and interoperability between the respective standards, including the choices a company needs to make to enhance alignment and where the standards have specific requirements.



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## Industry-specific disclosures: Transportation sector

## Industry-based approach

- Financial effects of sustainability topics **vary by industry**
- **Investors analyse companies and portfolios by industry** and sector
- Companies can focus on reporting that more closely fits their businesses, which can improve ease and **reduce cost** of reporting
- For these reasons, the ISSB:
  - Includes **industry-based guidance** for IFRS S2 (climate)
  - Points companies to the **SASB Standards** (for topics beyond climate)



### CONSUMER GOODS

- › Apparel, Accessories & Footwear
- › Appliance Manufacturing
- › Building Products & Furnishings
- › E-Commerce
- › Household & Personal Products
- › Multiline and Specialty Retailers & Distributors
- › Toys & Sporting Goods



### EXTRACTIVES & MINERALS PROCESSING

- › Coal Operations
- › Construction Materials
- › Iron & Steel Producers
- › Metals & Mining
- › Oil & Gas - Exploration & Production
- › Oil & Gas - Midstream
- › Oil & Gas - Refining & Marketing
- › Oil & Gas - Services



### FINANCIALS

- › Asset Management & Custody Activities
- › Commercial Banks
- › Consumer Finance
- › Insurance
- › Investment Banking & Brokerage
- › Mortgage Finance
- › Security & Commodity Exchanges



### FOOD & BEVERAGE

- › Agricultural Products
- › Alcoholic Beverages
- › Food Retailers & Distributors
- › Meat, Poultry & Dairy
- › Non-Alcoholic Beverages
- › Processed Foods
- › Restaurants
- › Tobacco



### HEALTH CARE

- › Biotechnology & Pharmaceuticals
- › Drug Retailers
- › Health Care Delivery
- › Health Care Distributors
- › Managed Care
- › Medical Equipment & Supplies



### INFRASTRUCTURE

- › Electric Utilities & Power Generators
- › Engineering & Construction Services
- › Gas Utilities & Distributors
- › Home Builders
- › Real Estate
- › Real Estate Services
- › Waste Management
- › Water Utilities & Services



### RENEWABLE RESOURCES & ALTERNATIVE ENERGY

- › Biofuels
- › Forestry Management
- › Fuel Cells & Industrial Batteries
- › Pulp & Paper Products
- › Solar Technology & Project Developers
- › Wind Technology & Project Developers



### RESOURCE TRANSFORMATION

- › Aerospace & Defense
- › Chemicals
- › Containers & Packaging
- › Electrical & Electronic Equipment
- › Industrial Machinery & Goods



### SERVICES

- › Advertising & Marketing
- › Casinos & Gaming
- › Education
- › Hotels & Lodging
- › Leisure Facilities
- › Media & Entertainment
- › Professional & Commercial Services



### TECHNOLOGY & COMMUNICATIONS

- › Electronic Manufacturing Services & Original Design Manufacturing
- › Hardware
- › Internet Media & Services
- › Semiconductors
- › Software & IT Services
- › Telecommunication Services



### TRANSPORTATION

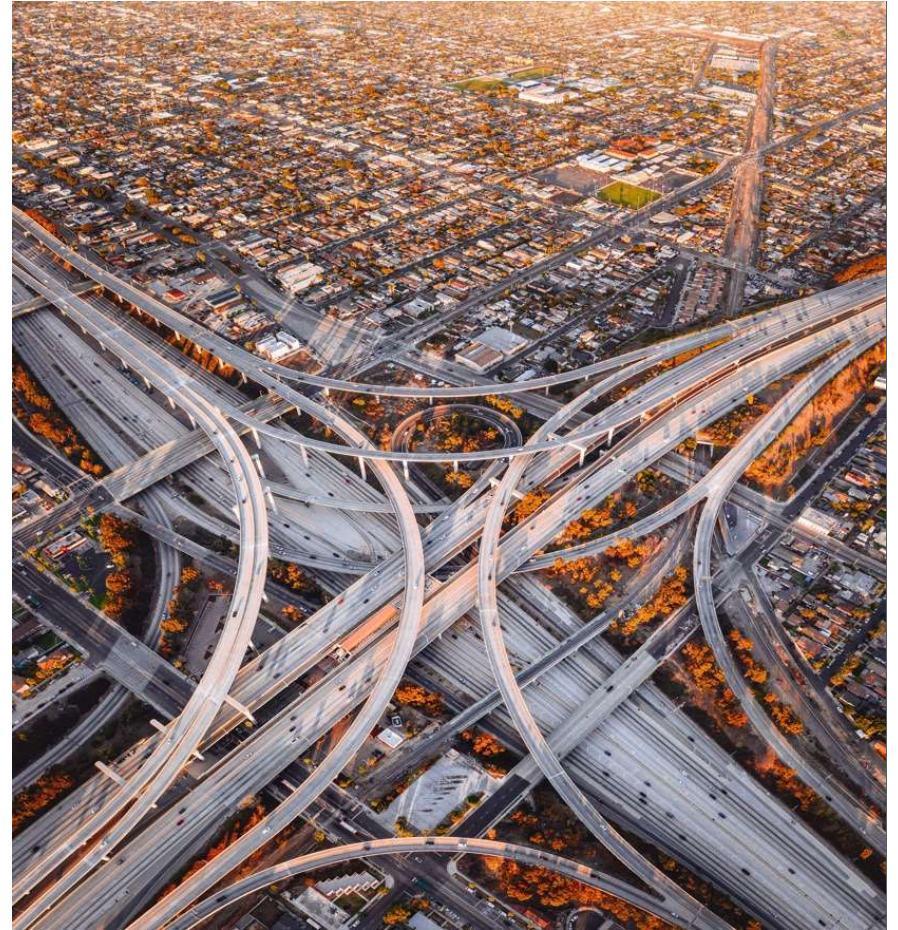
- › Air Freight & Logistics
- › Airlines
- › Auto Parts
- › Automobiles
- › Car Rental & Leasing
- › Cruise Lines
- › Marine Transportation
- › Rail Transportation
- › Road Transportation



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## Transportation sector: industry-based guidance

- Air Freight & Logistics
- Airlines
- Auto Parts
- Automobiles
- Car Rental & Leasing
- Cruise Lines
- Marine Transportation
- Rail Transportation
- Road Transportation



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# Industry focus: *Road Transportation* SASB Standard

Sustainability Dimension	Disclosure Topics
Environment	GHG Emissions Air Quality
Human capital	Workforce Conditions, Health & Safety
Leadership & governance	Accident & Safety Management

Sample Metrics:

**GHG Emissions:** (1) Total fuel consumed, (2) percentage natural gas and (3) percentage renewable

**Workforce Conditions:** (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees

**Accident & Safety Management:** (1) Number and (2) aggregate volume of spills and releases to the environment



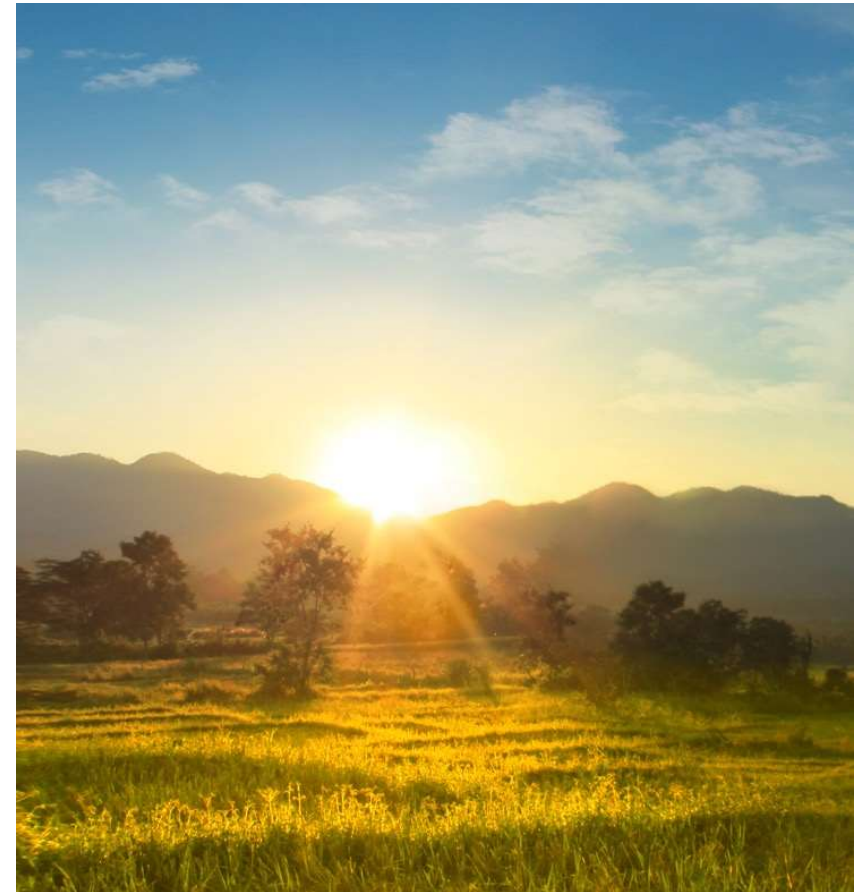
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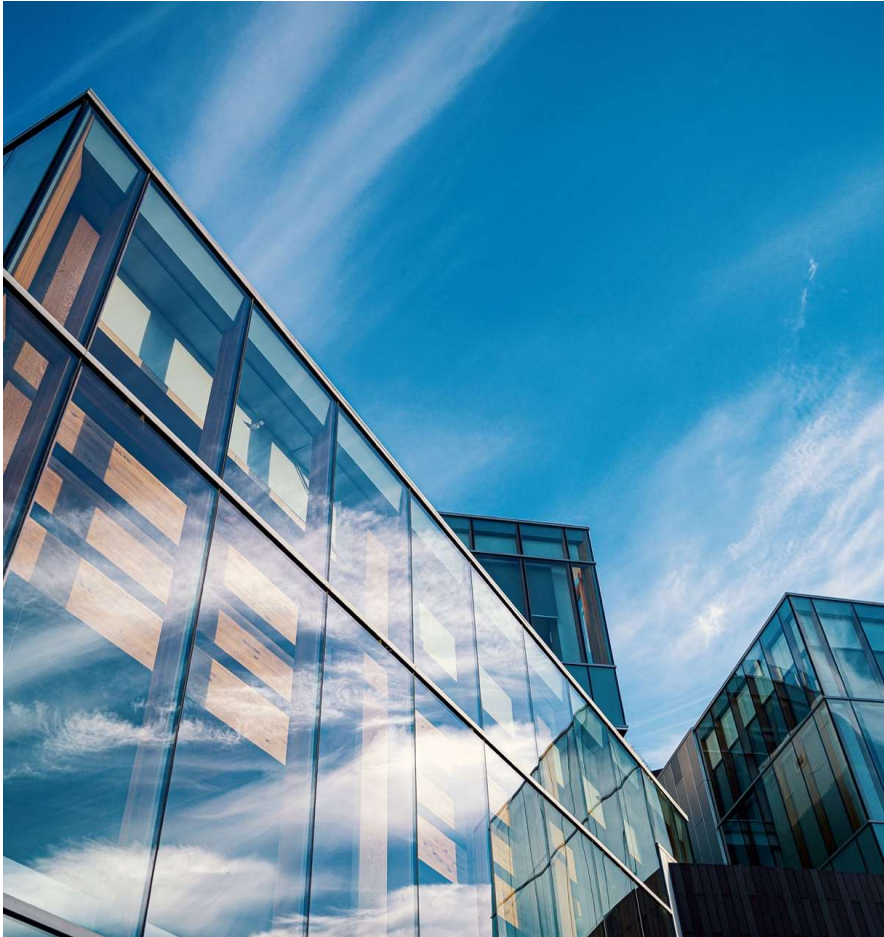
## Next steps

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## Looking ahead: ISSB's work plan

- Highest level of focus on **supporting implementation** of IFRS S1 and IFRS S2
- Next, equal focus on:
  - enhancing **SASB Standards**
  - beginning **new research** and standard-setting projects
    - Biodiversity, ecosystems and ecosystem services
    - Human capital





## The ISSB Standards can deliver...

- **For investors:** access to more consistent, comparable, verifiable and comprehensive disclosures.
- **For companies:** positive effects on areas such as governance, strategy, access to capital, cost of capital, reputation, and employee and stakeholder engagement.
- **For financial markets:** improved transparency about sustainability-related risks is expected to contribute to long-term financial stability.

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