
Sustainability Consultative Committee (SCC)

Date **29 April 2024**

Contacts **Mardi McBrien, Chief of Strategic Affairs & Capacity Building (mmcbrien@ifrs.org)**
Mahima Moolbharati, Strategic Affairs Associate (mahima.moolbharati@ifrs.org)

This document summarises a meeting of the Sustainability Consultative Committee (SCC). The SCC's remit is to identify, inform and advise the International Sustainability Standards Board (ISSB) on priority sustainability matters and related technical protocols, as well as significant interdependencies between sustainability matters.

Participants on behalf of the IFRS Foundation

- Emmanuel Faber (ISSB Chair)
- Sue Lloyd (ISSB Vice-Chair)
- Jingdong Hua (ISSB Vice-Chair)
- Jonathan Bravo (Director of Regulatory Affairs, IFRS Foundation)
- Rommie Johnson (ISSB Technical Director, IFRS Foundation)
- Mardi McBrien (Chief of Strategic Affairs & Capacity Building, IFRS Foundation)
- Susanne Dräger (Strategic Affairs Director, IFRS Foundation)
- Mahima Moolbharati (Strategic Affairs Associate, IFRS Foundation)

Participating organisations

- CDP
- Glasgow Financial Alliance for Net Zero (GFANZ)
- Global Steering Group for Impact Investment (GSG)
- International Monetary Fund (IMF)
- Johannesburg Stock Exchange (JSE)
- United Nations Environment Programme (UNEP)
- UN Department for Economic and Social Affairs (UN DESA)
- World Bank
- World Business Council for Sustainable Development (WBCSD)

Meeting summary

In opening the meeting, Mr. Emmanuel Faber emphasised the critical decisions pertaining to the ISSB's future agenda and priority setting for sustainability standards development. He acknowledged the momentum behind regulatory and market interest in adopting and applying the ISSB Standards, noting over 20 jurisdictions have already committed to the adoption of the IFRS Sustainability Disclosure Standards (ISSB Standards).

Update on the Inaugural Jurisdictional Guide for the Adoption and other use of ISSB Standards

Mr. Jonathan Bravo presented the Preview of the Inaugural Jurisdictional Guide for the Adoption and other use of ISSB Standards (Guide). He outlined the significance and nuances of how the Guide facilitates the adoption and other use of the standards across jurisdictions, highlighting detailed concepts including jurisdiction profiles, necessary modifications, and various provisions including transition reliefs. The discussion underscored the necessity of establishing a robust regulatory implementation program and bolstering capabilities across different jurisdictions. It emphasized the importance of leveraging existing resources and fortifying collaboration with international organizations to drive widespread adoption and effective application of the standards. Following the presentation, an interactive session was held where feedback from the SCC members was invited on the Preview of the Jurisdictional Adoption Guide. The IMF highlighted the importance of interoperability of ISSB Standards with other reporting frameworks to avoid fragmentation. They also highlighted, the challenges of data availability in emerging market and developing economies (EMDEs) and the potential of unintended consequences of the ISSB Standards and the potential risk of unintended consequences on implementation. WBCSD highlighted the challenges of adoption by publicly listed companies and extended their support to raise awareness of the work of ISSB in their extensive network. The World Bank reflected on recent developments in the reporting landscape in the United States of America and the European Union, the need for flexibility in EMDEs and with smaller and medium sized companies; they also extended their support for capacity building activities in EMDEs. UNEP highlighted the importance of recognising broader reporting requirements in different jurisdictions while preparing the country profiles and the relevance of sustainability reporting in jurisdictions. GSG reflected on the stakeholder engagement and capacity-building activities and offered to share lessons learnt and recommendations. CDP highlighted the importance of understanding market readiness for jurisdictional adoption of ISSB Standards and extended their support for adoption of the standards.

Update on the Consultation on Agenda Priorities

Mr. Rommie Johnson provided an overview of the ISSB's recent outcomes of the Consultation on Agenda Priorities, reflecting on extensive feedback received as part of a public consultation. This included prioritising the implementation of IFRS S1 and S2, enhancing SASB (Sustainability Accounting Standards Board) Standards, and commencing two new research projects focusing on biodiversity, ecosystems, ecosystem services, and human capital. He outlined the process involving market feedback, internal reviews, and ISSB decision-making that led to the commencement of projects to research disclosure about risks and opportunities associated with biodiversity, ecosystems and ecosystem services, as well as human capital. It was also noted that the ISSB would reserve capacity for emergent needs and connectivity projects, as they pertain to evolving market practices. He emphasised the importance of interoperability and leveraging existing frameworks both from within and external to ISSB's current resources, with the aim of establishing more specific disclosures to build out the global baseline of sustainability-related financial disclosures. The presentation provided updates on anticipated next steps, including publishing a detailed work plan and a feedback statement by the end of June 2024. Mr. Johnson acknowledged the balancing act required between timely delivery and maintaining high-quality standards in meeting global expectations. He reiterated the commitment to transparency throughout the standard setting process and to deliver further updates to keep stakeholders informed as the research projects progress.

The presentation was followed by an interactive session where the members were invited to provide reflections on the topic. UNEP addressed the research project on human capital and its possibility to expand into a broader project on all-encompassing social dimensions, to which Mr. Johnson clarified the ISSB's intention to draw boundaries wherever necessary to avoid the risk of the generalising the project, and reemphasised the ISSB commitment to using existing Human capital resources as part of the research.

Next steps

Mrs. Mardi McBrien reflected on the upcoming two-year mandate of the SCC outlined in the Sustainability Consultative Committee (SCC) terms of reference and explained that the IFRS Foundation will circulate a feedback survey to the SCC members for their input on the progress of the committee so far and shaping the SCC going forward to align with ISSB future work plan.

Mr. Jingdong Hua expressed his gratitude towards SCC members for their ongoing engagement with the ISSB, emphasising the crucial role of global cooperation in standardising sustainability disclosure. He updated the group on the launch of the IFRS Digital Taxonomy, ESRS-ISSB Interoperability Guidance as well as the Inaugural Adoption Guide. Further, he highlighted the extensive capacity building efforts, the ISSB, together with their partners under the Partnership Framework for capacity building are initiating, including GSG in Latin America, with PRI (Principles for Responsible Investment) in Latin America and Asia, and with UN-SSE (United Nations Sustainable Stock Exchanges Initiative) in Oman, Bangladesh, Nepal, Hong Kong SAR, Greece, and Egypt, among others. He also highlighted the collaboration with PAFA (Pan African Federation of Accountants), funded by FCDO (Foreign, Commonwealth and Development Office) UK, to establish a roadmap to empower 125,000 accountants on ISSB Standards in Africa. Lastly, Mr. Hua stressed the need for jurisdictional granularity and importance of tailored training programs to meet specific regional needs, thus inviting proactive collaboration for advocacy, dissemination, and capacity building on the IFRS Sustainability Disclosure Standards.