

PRI WELCOMES PROGRESS ON IFRS SUSTAINABILITY DISCLOSURE STANDARDS

London, 10 January 2023.

In November 2021 the IFRS Foundation Trustees announced the creation of the [International Sustainability Standards Board](#) (ISSB). The Board has now been fully established and works towards delivering standards that provide a global baseline of sustainability-related financial disclosures to provide global financial markets with information on companies' sustainability risks and opportunities.

As the world's leading proponent of responsible investment, the PRI is advocating for globally comparable, consistent and high-quality corporate sustainability disclosure to enable investors to incorporate ESG risks and opportunities and consider sustainability outcomes in their investment decisions.

The PRI strongly supports the efforts by the IFRS Foundation and IOSCO to develop a global baseline for reporting on sustainability-related financial information and has supported these efforts by providing views and recommendations through our [consultation responses](#), [public statements](#) and its representation in the [ISSB Technical Reference Group](#) and the [Integrated Reporting and Connectivity Council](#).

We recognise the rapid progress by the ISSB since its inauguration. Among the decisions taken by the Board, we welcome in particular the confirmation of the following disclosure requirements, which are key to meet the needs of responsible investors:

- sustainability information disclosed at the same time as financial statements:
- disclosure of Scope 1, location-based Scope 2 and Scope 3 (albeit including a temporary one-year exemption) GHG emissions:
- disclosure of effects of climate-related risks / opportunities on strategy and decision-making, including transition plans and information on climate-related targets:
- disclosure of assumptions / dependencies associated with transition plans, scope of climate-related targets and how international or regional climate agreements have informed their transition planning: and
- the use of climate-related scenario analysis to report on climate resilience and how this has been used to identify climate-related risks and opportunities as well as the provision of guidance thereof.

Furthermore, we welcome the clarifications by the ISSB on key concepts such as using the same definition of materiality as is used in IFRS Accounting Standards, as well as the decision to describe sustainability in the standards as *'the ability for a company to sustainably maintain resources and relationships with and manage its dependencies and impacts within its whole business ecosystem*

over the short, medium and long term'. With this clarification, the standards will enable disclosure of information that captures elements of an entity's sustainability performance and its positive and negative contributions to sustainability outcomes – which is increasingly important for responsible investors.

In our view, the ISSB's actions and decisions to date – such as the draft IFRS Sustainability Disclosure Standards, the collaboration with other standard setters, and recent announcements – have been important steps towards a global baseline of decision-useful information for global capital markets.

We encourage IOSCO, the IFRS Foundation, the ISSB and relevant jurisdictions to continue their work towards establishing this global baseline. Interoperability between the future IFRS Sustainability Disclosure Standards and jurisdictional initiatives is a key concern for investors that need consistency and comparability of data across their portfolio.

The PRI will continue its engagement with standards-setters and jurisdictions to provide insights on what investors need from corporate sustainability reporting and to support efforts in developing standards. We look forward to continuing our engagement with the ISSB as it finalises its first standards, further develops its work program and works on building capacity through the [ISSB Partnership Framework for Capacity Building in Developing and Emerging Economies](#) announced at COP27.



David Atkin
CEO, Principles for Responsible Investment

For more information, contact:

René van Merrienboer
Director of Sustainable Markets
Rene.van-merrienboer@unpri.org

Susanne Dräger
Senior Specialist, Sustainability Reporting
Susanne.draeger@unpri.org