



# **ESG Standards and Rule- Making: What You Need To Know**

November 17, 2022  
2:00-3:00 p.m. ET

# Meet the ESG Pro Group



The **ESG Professional Group** is a community of professionals who are actively involved in reporting on environmental, social, or governance impact. The purpose of the community is to foster networking between members, provide industry knowledge, and discuss practical application of best practices.

Membership is free and limited to those who are in-house sustainability reporters.

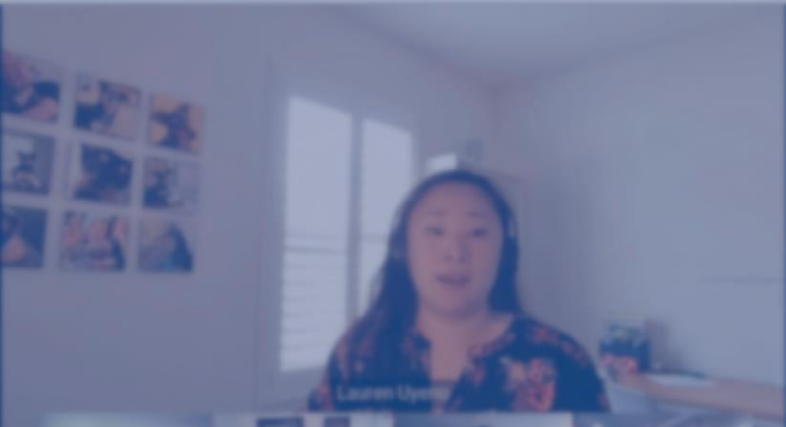


**Members interact on an online community and have the opportunity to:**






- Meet others in ESG reporting and sustainability
- Ask questions
- Share advice
- Attend meetings, special events, and webinars
- Access a job board
- Browse resources

[progroups.org](http://progroups.org)

Webcams



Lauren Uyemura



Slides

## ESG PRO Qualifying for CPE


In order to qualify, you must:

- Log in individually
- Attend the full 60-minute duration
- Answer 3 of 4 poll questions

Download your CPE certificate

Questions? Contact [info@ecgprofessionals.org](mailto:info@ecgprofessionals.org)

Speaker Bios



**Jonathan Gregory**  
Director External Reporting & Technical Accounting, The Hershey Company

Survey

### Event Survey

1. Were the stated learning objectives met?

Select a Choice

2. Were the stated prerequisite requirements appropriate and sufficient?

FAQs

### CPE poll question not displaying

Keep the window maximized on your screen (i.e. don't split screens with another window). View on a computer as poll questions may not display correctly on phones or tablets.

### Buffering or playback issues

- Refresh your console by pressing F5 (Command+R on Macs)
- Exit out and re-open the webinar
- Switch browsers (Chrome works best)
- Clear your cache
- Avoid using other high bandwidth applications or programs

### CPE certificates

Certificates are available for download as soon as you meet the qualification requirements. Click the certificate icon to download. Certificates will also be emailed to attendees 1 hour after the webinar concludes.

Please use the Q&A box for additional questions, and we will reply via email.

Resources (open in new tab)

- Today's Slides
- Forum: Weigh in on the best ASC 8
- On-demand Webinar: 10-
- ESG Reporting Committee Pro
- 6/30 ESG Reporting Committee Pro

Certification

This webcast allows certification only when viewing live.

Q&A

Enter your question

Submit



ON24

Webcams

Lauren Uyeda

Slides

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Resources (open in new tab)

Today's Slides  
 Forum: Weigh in on the best ASC 842 software  
 On-demand Webinar: 10-Q Prep  
 ESG Reporting Committee Page  
 6/30 ESG Reporting Committee Kickoff Call

Certification

This webcast allows certification only when viewing live.

Q&A

New question submission has been disabled by the organizer.

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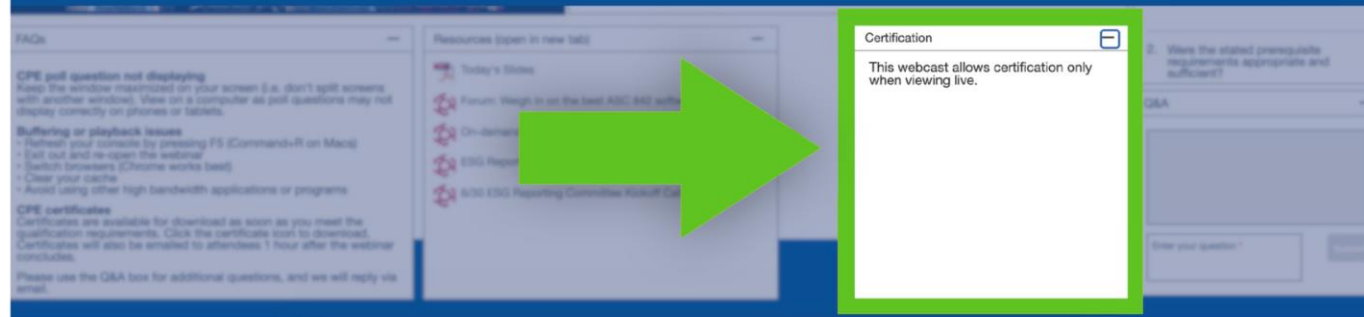
# QUALIFYING FOR CPE



In order to qualify, you must:



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# PRESENTER



**Neil Stewart**  
Director of Corporate Outreach  
**IFRS Foundation**

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# **Better information for better decisions:** An update from the International Sustainability Standards Board

November 17, 2022  
[neil.stewart@ifrs.org](mailto:neil.stewart@ifrs.org)



## November 2021: The ISSB is launched

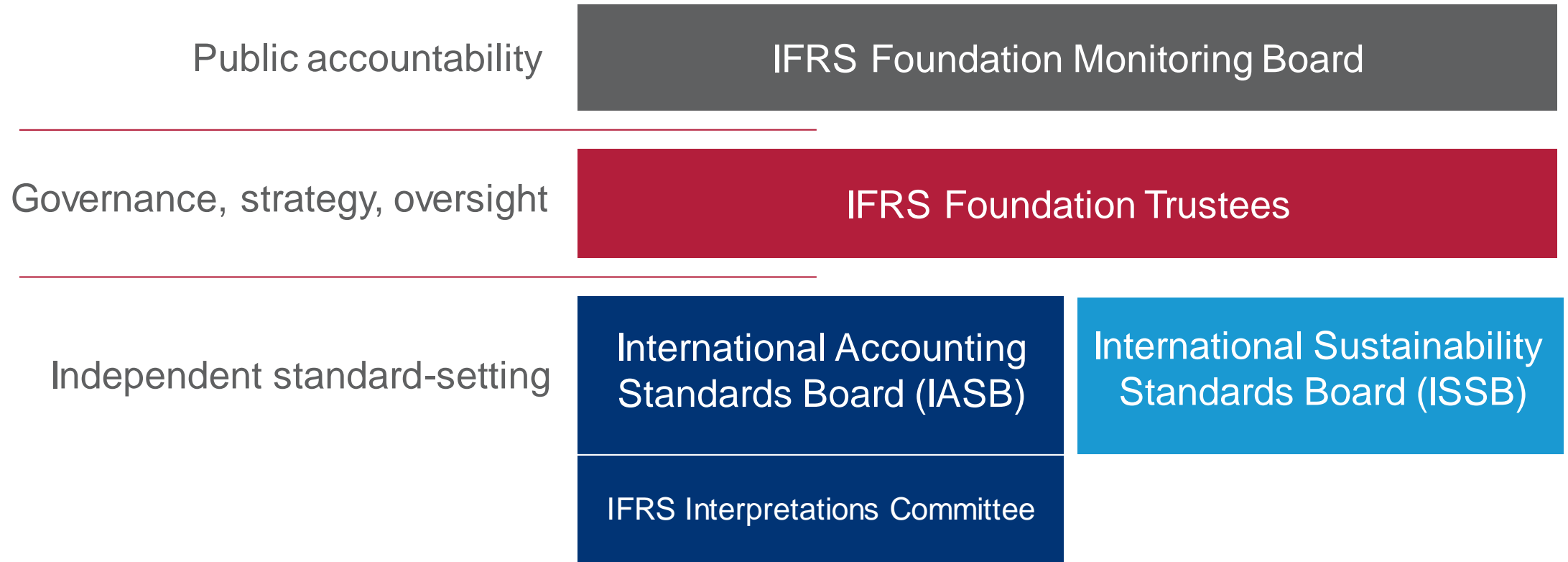


1. **Establish** International Sustainability Standards Board (ISSB)
2. **Consolidate** Climate Disclosure Standards Board and Value Reporting Foundation (Integrated Reporting Framework and SASB Standards)
3. **Publish** general disclosure and climate prototypes as a precursor to ISSB proposals (exposure drafts)



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# Structure



# Simplifying the sustainability disclosure landscape

*Consolidated into the IFRS Foundation*



**Climate  
Disclosure  
Standards  
Board**



*IFRS Sustainability Disclosure Standards built off market-leading, widely adopted frameworks and standards.*



**\*Integrated Reporting integration goes beyond IFRS Sustainability Disclosure Standards. It will be used to drive connectivity between IFRS Accounting Standards and IFRS Sustainability Disclosure Standards**

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## ISSB objectives



Develop standards for global baseline of sustainability disclosures, and a digital taxonomy to enable electronic tagging of information



Meet information needs of investors



Enable companies to provide comprehensive sustainability information to global capital markets



Facilitate addition of disclosures that are jurisdiction-specific / aimed at broader stakeholder groups

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# Comprehensive global baseline

## BUILDING BLOCKS:



- Possible additional requirements mandated by jurisdictions
- Voluntary standards adopted to meet broader multi-stakeholder needs (e.g., GRI Standards)

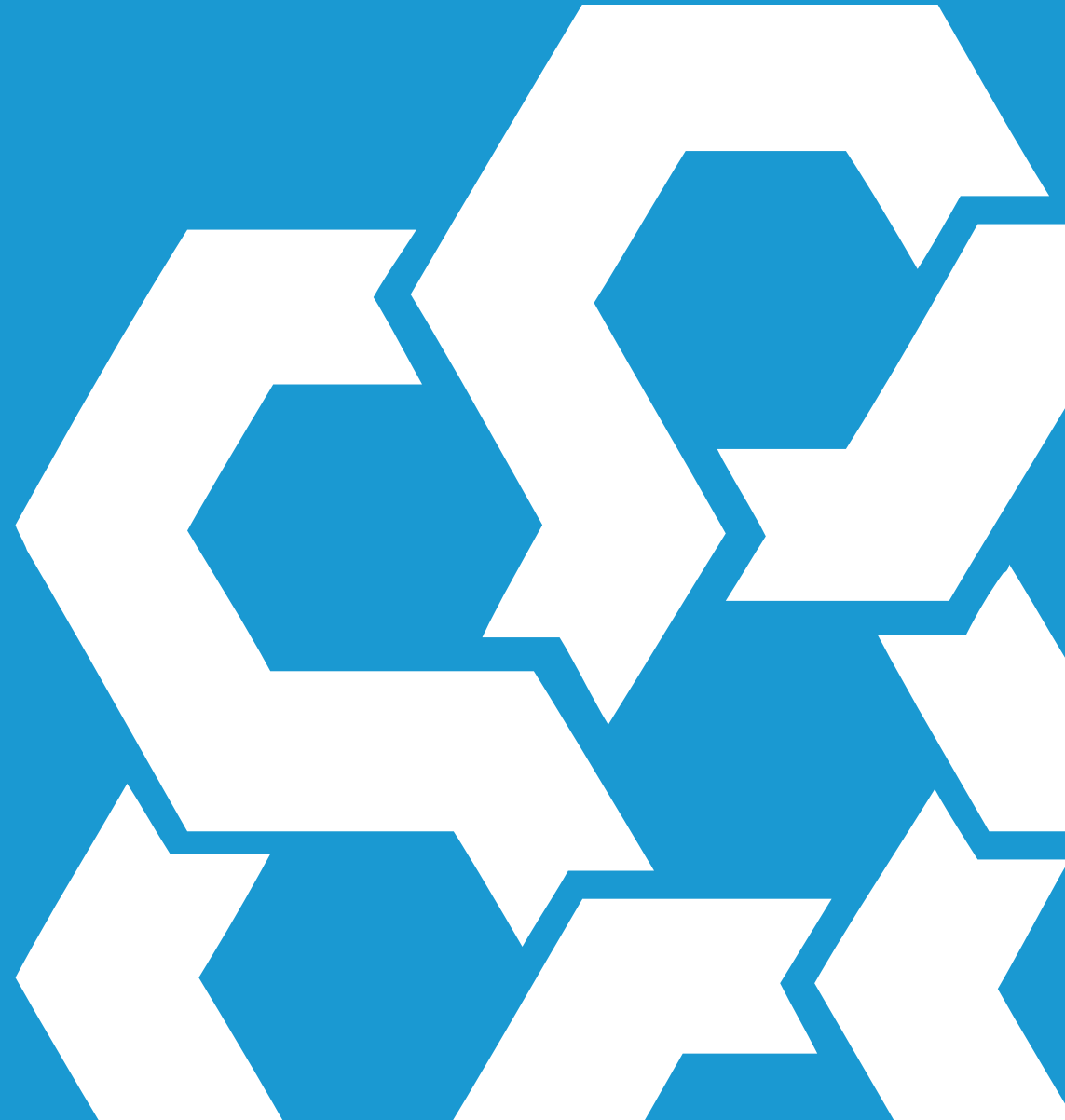
## BASELINE:

### IFRS Sustainability Disclosure Standards

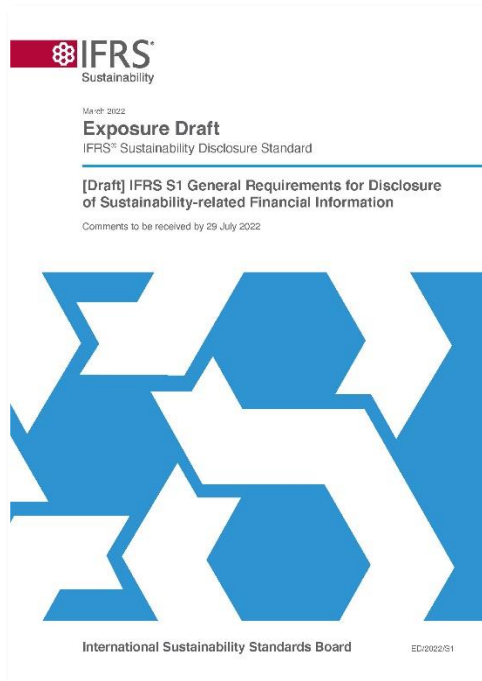
- Act as a comprehensive foundation
- Common language to deliver comparable, consistent disclosures
- For global capital markets, meeting investor needs globally
- Enterprise value lens.

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## Recap on proposals



# Proposed General Requirements Standard



Requires companies to provide material information on all significant sustainability-related risks and opportunities necessary to assess enterprise value.

- Other IFRS Sustainability Disclosure Standards (e.g. Climate Standard) set out specific disclosures
- Points to other standards and frameworks in absence of a specific IFRS Sustainability Disclosure Standard
- Sets out general reporting requirements (e.g. location and timing of the reporting)
- Equivalent to IFRS Accounting Standards IAS 1 and IAS 8.

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# Structure

## Governance

The governance processes, controls and procedures a reporting entity uses to monitor sustainability-related risks and opportunities.

## Strategy

How an entity's strategy addresses significant sustainability-related risks and opportunities.

## Risk management

How sustainability-related risks are identified, assessed, managed and mitigated.

## Metrics and targets

Information used to manage and monitor the entity's performance in relation to sustainability-related risks and opportunities over time.



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## Key features



Emphasises need for consistency and connections between financial statements and sustainability reporting by requiring companies to explain linkages in information and use consistent assumptions when relevant

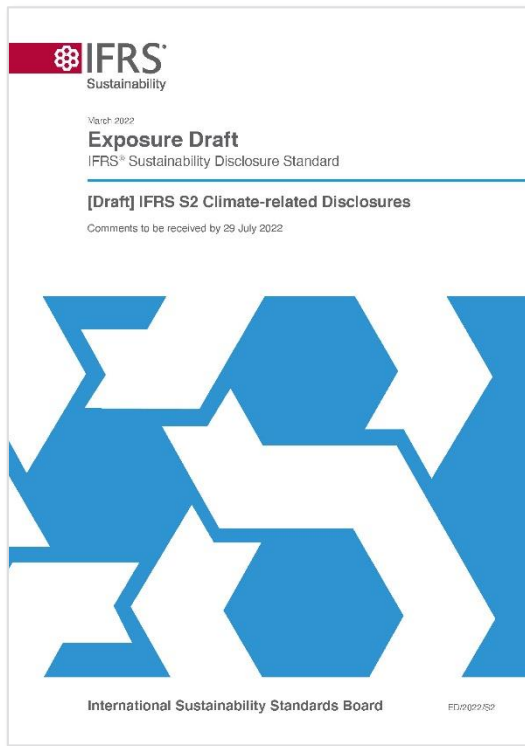


Requires financial statements and sustainability disclosures to be published at the same time



Facilitates application in different jurisdictions by not specifying a particular location for sustainability information and allowing additional information to be provided

# Proposed Climate-related Disclosures Standard

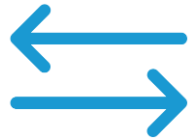


Disclosure of material information about significant climate-related risks and opportunities.

- Incorporates TCFD Recommendations
- Includes SASB Standards climate-related industry-based requirements
- Requires disclosure of information about
  - Physical risks (e.g. flood risk)
  - Transition risks (e.g. regulatory change)
  - Climate-related opportunities (e.g. new technology).

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## Key features



### **Transition planning**

Emissions targets and use of carbon offsets



### **Climate resilience**

Resilience of business strategy in multiple scenarios



### **Scope 1-3 emissions**

Requirement to disclose GHG emissions.

# Relation to TCFD recommendations and SASB Standards



## Consistent with TCFD

- Governance
- Strategy
- Risk management
- Cross-industry metrics and targets
- Illustrative guidance

## Builds on SASB Standards

- Industry-based disclosures in Appendix B derived from SASB Standards
- Proposed changes to:
  - Internationalise metrics
  - Add financed emissions disclosures

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# How to prepare



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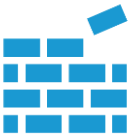
## Next steps



Complete discussions on consultation feedback around end of 2022



Issue final Standards as early as possible in 2023



Work to support adoption and application



Consult on proposed digital taxonomy



Consult on future priorities, early 2023

# Three reasons to prepare for IFRS Sustainability Disclosure Standards

1. **Cost-effective:** Enables efficient disclosure of what is needed by investors
2. **Decision-useful:** Designed to support capital market decision-making
3. **Market-informed:** Rigorous, international due process to deliver a common language for disclosure.



# Three ways to prepare for IFRS Sustainability Disclosure Standards

## 1. **Internal controls:**

Evaluate internal systems and processes for collecting, aggregating, validating sustainability information across the organisation and its value chain

## 2. **Proposed Standards:**

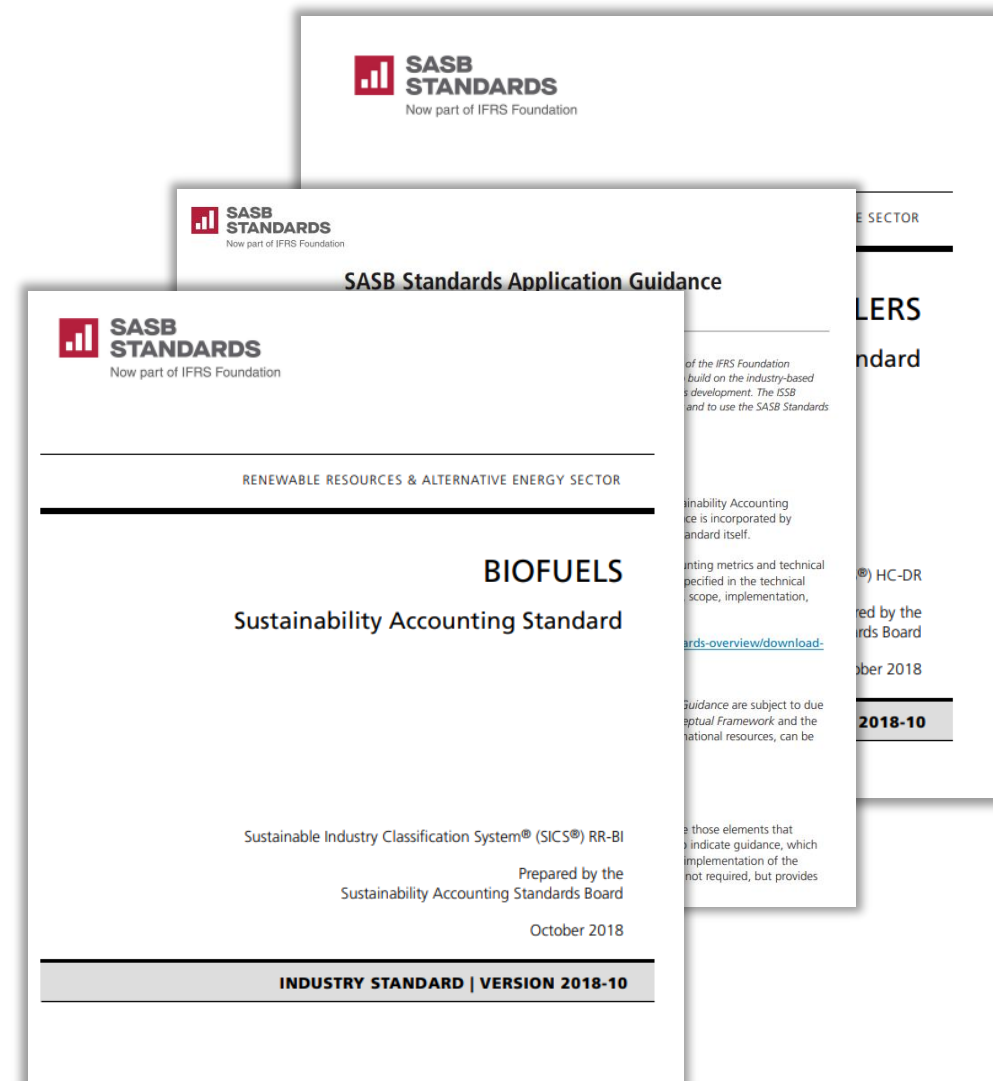
Review the draft standards and supporting materials

## 3. **Risks and opportunities:**

Consider the sustainability risks and opportunities that affect the business

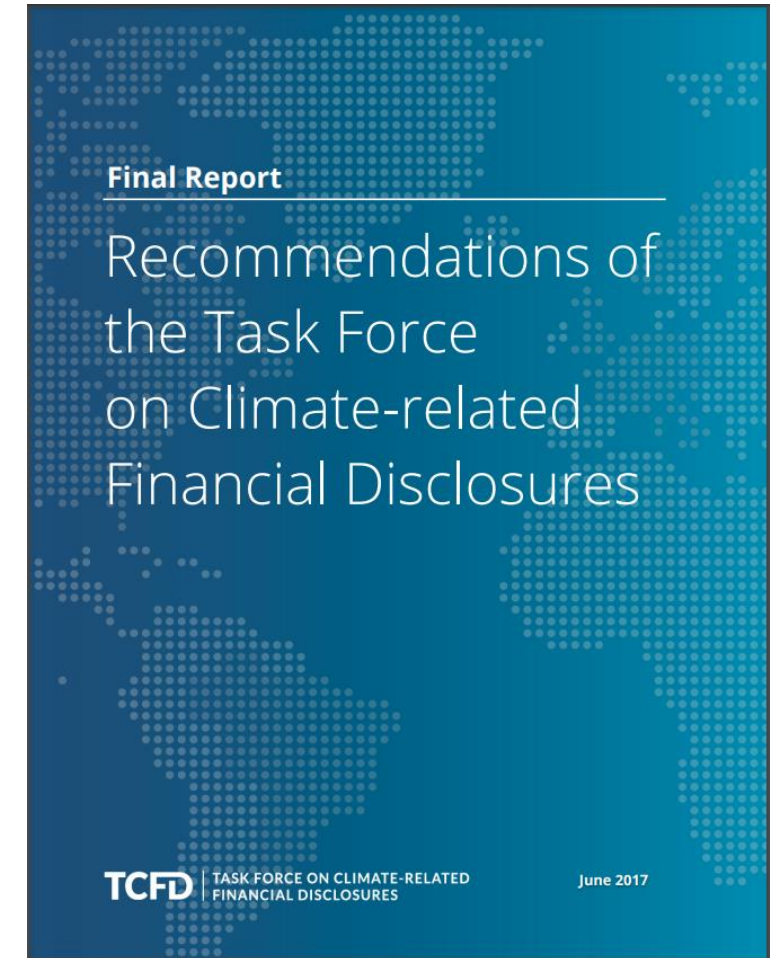
# Get ahead: Adopt the SASB Standards

- 77 industry-based disclosure standards
- Provide investors with comparable information on the sustainability factors most relevant to financial performance and enterprise value
- Developed through rigorous, market-informed, due process.



# Get ahead: Implement the TCFD Recommendations

- Designed to solicit decision-useful, forward looking information that can be included in mainstream financial filings.
- Focused on governance, strategy, risk management, and metrics and targets.
- Recommends that organisations describe the resilience of their strategy, taking into consideration different climate-related scenarios.



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# Get ahead: Drive connectivity through the Integrated Reporting Framework



Drives connectivity between financial statements and sustainability-related financial disclosures.



Supports high-quality corporate reporting.



Underpinned by Integrated Thinking Principles, that enhance quality of corporate governance.

*The IASB and ISSB will work to align the Integrated Reporting Framework and Management Commentary.*

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# Get involved



## Download

proposed IFRS Standards  
and supporting materials



## Listen

to our monthly podcast with  
highlights from meetings  
and key developments



## Respond

to live consultations



## Sign up

for news alerts



## Discover

services that can support  
you, including membership  
and education



## Observe

ISSB meetings –  
the next is w/c 14  
November

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## Follow us online

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 International Sustainability  
Standards Board

# Q&A



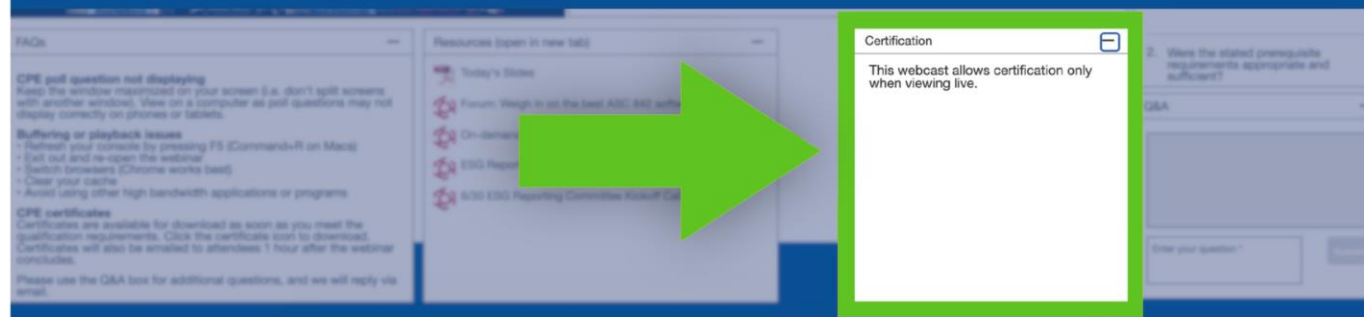
# Download CPE Certificate



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Certificates will also be emailed to you within 3 hours



Questions? Contact [info@secprofessionals.org](mailto:info@secprofessionals.org)

# Coming up



**November 29<sup>th</sup> @ 1pm ET**  
**ESG, SEC, and SOX: It Takes a Village**

*Registration URL is in the resources box.*



**Maureen Ebbs**  
Denver Co-Chair; Financial  
Reporting Manager  
**SM Energy**  
*Moderator*



**Steven Brink**  
Performance Enablement  
Manager  
**Intelligize**



**Mark Mellen**  
Director of ESG  
Enablement  
**Workiva**



**Ian Burnett**  
Vice President, Risk and  
Compliance  
**RGP**



**Lindsey Lopez**  
Sustainability Manager  
**DCP Midstream**



**THANK YOU  
FOR JOINING  
TODAY'S  
MEETING!**