



# Unifying sustainability reporting

Global IFRS Institute

16 March 2021



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**“With the pivotal support of IOSCO, the IFRS Foundation is uniquely positioned to unify sustainability reporting. Our hope is that this will ultimately deliver a fully interconnected reporting system, addressing the key matters that drive long-term business value whether they relate to environmental, social, governance, intangibles or other non-financial information.”**

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Partner, Global IFRS leader

## IFRS® Foundation sets strategic direction for new investor focused sustainability reporting

### Highlights

- Steps towards establishing an international sustainability standards board
- Strategic direction for the new board
- What’s next?

Following the strong support received on their **2020 Consultation** and endorsement from **IOSCO**, the IFRS Foundation Trustees have set out the **strategic direction** for a new board to develop global sustainability reporting standards. This could signal a new era in corporate reporting where the same rigour is demanded for sustainability reporting as for financial information.

### Steps towards establishing an international sustainability standards board

The IFRS Foundation Trustees have outlined the strategic direction for a new international sustainability standards board. The new board’s remit would address the chorus of demand for value-relevant sustainability information that is both comparable and reliable.

### Strategic direction for the new board

The Trustees are focusing on four key strategic areas.

#### Investor focus for enterprise value

The Trustees intend to focus on enterprise value, placing the emphasis firmly on those sustainability factors that drive companies’ short-, medium- and long-term prospects, and the information the capital markets need to assess them. The emphasis on investor decision making provides a clarity of focus that is key for high quality standard-setting, while recognising that companies’ prospects also depend on value created for society and the environment.

#### Sustainability scope, prioritising climate

The new board would initially focus on climate related information while also working towards meeting the information needs of investors on other ESG matters, recognising the calls for urgent action in this area. This pragmatic approach acknowledges investors’ wider need for information on other sustainability topics.

## Build on existing frameworks

Having established an enterprise value focus, the Trustees have recognised the body of existing sustainability reporting frameworks that share a similar goal which they can build on. This includes the work of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and the alliance<sup>1</sup> of leading standard setters in sustainability reporting.

## Building blocks approach

The Trustees are seeking to provide a global foundation for consistent and comparable sustainability reporting. They recognise that additional or different information may be required to meet other reporting objectives. A 'building blocks' approach would enable jurisdictions to layer local requirements onto the global baseline.

## What's next?

The IFRS Foundation plans to publish a feedback statement on their 2020 Consultation along with the proposed changes to its constitution necessary to formally establish a new board, including its composition. This could lead to the announcement of a new board in advance of the November 2021 United Nations Climate Change Conference (COP 26) in Glasgow. Further announcements are expected in the run up to this.

You can keep abreast of developments in this area on our [Sustainability reporting](#) page.

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1 The CDP, CDSB, GRI, IIRC and SASB (see their paper [Reporting on Enterprise Value](#))

Publication name: *Unifying sustainability reporting*

Publication date: March 2021

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