Get ready for sustainability disclosures

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Global IFRS Institute | Sustainability reporting

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Reporting could be as soon as 2022 year ends

Highlights

− A new era for reporting
− Driving global consistency in disclosures focused on enterprise value across all sustainability topics
− Connecting sustainability and financial reporting
− Take this opportunity to have your say by 29 July 2022

New proposals on the first IFRS® Sustainability Disclosure Standards mark the next step towards equal prominence for sustainability and financial reporting. The proposals aim to create a global baseline for investor-focused sustainability reporting that local jurisdictions can build on.

A new era for reporting

The two proposals – covering general requirements as well as climate-related disclosures – are the first to be released by the newly formed International Sustainability Standards Board (ISSB™ Board).

These standards are being developed at a much faster pace than IFRS Accounting Standards. The first standards could be finalised this year. Individual jurisdictions will decide whether and when to adopt but a rapid route to full adoption is expected in a number of jurisdictions.

Some public and private companies may choose to adopt them voluntarily – e.g. in response to investor or societal pressure – and so reporting could be as soon as 2022 year ends.

Driving global consistency

Under the proposals, companies would report on all relevant sustainability topics (not just on climate-related risks) across four content areas that are consistent with TCFD1 – i.e. governance, strategy, risk management, and metrics and targets. Companies would provide globally consistent disclosures that focus on how sustainability topics affect enterprise value.

Connecting sustainability and financial reporting

Reporting would be connected to the financial statements and released at the same time. Therefore, companies will need processes and controls in place so that

1. Task Force on Climate-related Financial Disclosures.
they can provide sustainability information of the same quality, and at the same time, as their financial information.

Getting ready now is critical even if the final standards are not identical to the proposals. Companies that already have the processes in place to produce similar sustainability-related information are likely to find reporting under the final standards easier.

Have your say
The proposals are open for comment until 29 July 2022; the subsequent standards may be issued as soon as the second half of 2022.

Our New on the Horizon (PDF 2.3 MB) publication explores some of the key impacts, and how companies might apply the proposals, using our insight and illustrative examples.

Our Sustainability reporting page provides a high-level summary together with links to additional analysis, including our Get ready for ISSB sustainability disclosures (PDF 870 KB) guide, which includes ten key questions that can help you with your preparations.

And our guide to Comparing sustainability reporting proposals (PDF 1.4 MB) will help you understand how the ISSB Board proposals compare with the separate proposals from the US Securities Exchange Commission (SEC) and the European Financial Reporting Advisory Group (EFRAG).