

Stakeholders event organised by the Financial Services
Commission of Korea and the Korea Accounting Institute
At the occasion of the IFRS Foundation Trustees Seoul Meeting

Seoul, 26 October 2022

**A Year after Glasgow and the Future:
Global Adoption of the ISSB Standards**

Keynote speech

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Chair, IOSCO Board

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Introduction

Thank you for giving me the opportunity to speak at this stakeholder dinner organized by our esteemed friends of the Korea Accounting Institute and the Financial Services Commission.

As you are probably eager to start your dinner on time, I will try to keep it brief and stay within my ten minutes of speaking time.

The topic of tonight is at the centre of a lively international debate. This is why I will briefly touch upon the issue of the global adoption of the ISSB Standards from three different angles.

First, from the perspective of the IFRS Foundation Monitoring Board. Secondly, as its newly appointed chair, I will deliver some remarks from the side of IOSCO on the ISSB work. Finally, I will conclude

on the topic of sustainability audit and assurance through my experience as co-chair of the Monitoring Group.

The perspective of the Monitoring Board Chair

Global inclusiveness of the ISSB Standards. The first point I would like to make concerns the inclusiveness of the ISSB Standards. By taking into consideration the feedback from a broad variety of stakeholders and continuing the extensive outreach program, the ISSB is building up public support. The Monitoring Board ('MB') in its interactions with the Board of Trustees and other stakeholders – some of which are present here tonight – has on numerous occasions highlighted the importance of global outreach and effective stakeholder engagement. The success of the ISSB standards in becoming truly global will depend, to a large extent, on getting as manymany jurisdictions as possible on board from the outset. The ambitious outreach programme the ISSB has embarked upon is very much to be welcomed, as is the personal investment in this by the Chair, the first Vice-Chair, and the recently appointed second Vice-Chair, Mr. Jingdong Hua, who will oversee the development and implementation of the ISSB's strategies to support and include stakeholders in emerging and developing economies as well as small and medium-sized companies.

Scalability as a means to reach global inclusiveness. At its September Board meeting, the ISSB discussed scalability as a means to address the diverse range of capabilities and the preparedness of entities around the world to apply the provisions within the proposed IFRS S1 and S2 standards. A key underlying practical issue is to ensure that the proposed standards can truly serve as an effective global baseline. This includes considering how to provide for the scaling and phasing-in of requirements to accommodate issuers with differing degrees of maturity in sustainability reporting. Amongst the scalability

mechanisms considered by the ISSB as was the issuance of non-mandatory implementation guidance. This could result in better and more consistent disclosures for all entities, especially over time. Getting jurisdictions moving in the same direction is of crucial importance. However, this does not mean all jurisdictions have to travel at the same speed. As long as they are on the same track, all could reach their destination in due course. As such, the scalability and its practical application can be seen as a complementary tool which can reinforce the outreach program.

This brings me to the second part of my remarks.

The perspective of IOSCO Chair

Pathway to potential IOSCO endorsement. As its newly appointed chair, it would be hard for me not to say a few words on the pathway to potential IOSCO endorsement. When the ISSB finalises finalizes and publishes the IFRS Sustainability Disclosure Standards, S1 and S2, IOSCO will commence assessing these against its agreed endorsement criteria with a view to potential endorsement.

Capacity building and other activities. As stressed earlier, capacity building will be of crucial importance. While not foreclosing the question of endorsement, IOSCO has already set up, together with the ISSB, a capacity building program to support an efficient implementation of the future ISSB standards. That event, which was organized in Egypt in September, was an important milestone to ensure emerging market jurisdictions become familiar with the standards and are able to learn from the ISSB, IOSCO and one another on potential challenges as well as solutions for implementation.

Such capacity building programs will need to run during the entire implementation phase. This will be important in order to further support jurisdictions in:

- 1) understanding how the new ISSB standards would fit into their overall public regulatory framework as well as the role of securities regulators in progressing on the sustainability corporate disclosure agenda;
- 2) gaining familiarity with the substance of the ISSB Standards; and
- 3) sharing current initiatives and learning from other fellow regulators that have already adopted sustainability disclosure requirements in their jurisdictions.

Implementation guidance for jurisdictions. Subsequent to any potential endorsement of the ISSB Standards, avoiding market fragmentation will remain a continuous point requiring attention. In order to avoid fragmentation, the creation of non-mandatory implementation guidance for jurisdictions can be considered. The usefulness of such guidance for jurisdictions in introducing the standards could depend on (i) their level of development, (ii) the size of the firms to be captured and (iii) the industries involved.

This brings me to the final part of my remarks.

The perspective of the Monitoring Group Co-Chair

Role of the Monitoring Group. The Monitoring Group (MG) is a group of international financial institutions and regulatory bodies committed to advancing the public interest in areas related to international audit standard setting and audit quality. It is responsible for the overall governance of the international audit and ethics standard-setting system (the Public Interest Oversight Board (PIOB), the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants

(IESBA)). As co-chair of the MG (together with the US SEC's Acting Chief Accountant), in charge of the public interest oversight of the audit and ethic standard setters, I can attestreport that things are moving rapidly on this front as well. One of the key factors for the MG to help support overall readiness of the information for assurance is to promote the importance that the internal control structure of issuers for preparing sustainability disclosures become as robust as those related to current financial reporting.

Acknowledgment of the role of the IAASB and IESBA. Recently, in July, the FSB publicly voiced support for the IAASB and IESBA in the development of robust sustainability assurance, ethics and independence standards. IOSCO also issued a statement in September encouraging the IAASB and IESBA to develop international assurance and ethics (including independence) standards, for assurance over sustainability-related reporting which will complement progress towards a global baseline of standards under development by the ISSB. It is very much to be welcomed that the standard setters have heard this call and are taking the necessary steps. Both the IAASB and IESBA have announced detailed project plans that should allow for the issuance of international audit and assurance standards for sustainability information as well as the accompanying ethics and independence standards in the near future.

I thank you for your attention.