

## **A4S Summit 2022**

Latest developments in the global sustainability-related reporting landscape

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Ladies and gentlemen,

It is a real privilege for me to stand before you – although virtually – and update you on what is happening in the field of sustainability reporting for corporates on the international stage. The sustainability reporting landscape is taking shape at a rapid pace. In the ten minutes of speaking time allotted to me, I will try to guide you through the latest updates and summarize the current state of affairs.

I will address the topic from various angles.

As the recently appointed chair of IOSCO, the International Organisation of Securities Commissions, I will of course focus on the role of IOSCO and its expectations for sustainability disclosures. IOSCO is the global membership organisation whose membership regulates more than 95% of the world's financial markets in some 130 jurisdictions. It is recognized as the global standard-setter for the securities sector. IOSCO's strategy for Sustainable Finance is aimed at increasing transparency and mitigating greenwashing on financial markets.

Furthermore, I will explain the key importance of international standards for consistent, comparable and reliable sustainability disclosures for corporates, as well as for the audit thereof. I am closely involved in these ongoing initiatives as chair of the Monitoring Board of the IFRS Foundation, as well as co-chair (with the US SEC) of the Monitoring Group responsible for the governance standard setting on audit, ethics and independence.

On the 9th of November 2022, at the COP27 meeting in Sharm el-Sheikh, IOSCO publicly outlined the various actions it is taking to mitigate greenwashing and protect investors in financial markets. One of IOSCO's key priorities is to contribute to the establishment of high-quality sustainability disclosure standards that benefit both issuers and investors. Given the global demand on the part of market participants and investors, an ambitious but realistic timeline is of the essence.

IOSCO therefore announced at COP27 that it expects both the disclosure and the audit standards to be ready for use by corporates for their end of 2024 accounts. Effective sustainability

disclosures for capital markets will empower market participants with the right information to support better economic and investment decision making.

In order to achieve this objective, there is still work to be done. The good news is that since the establishment of the International Sustainability Standards Board (ISSB) was announced at Glasgow's COP26, the IFRS Foundation has delivered on its commitments to establish the ISSB board, to consolidate the voluntary disclosure landscape, to embed a global footprint, and to consult on proposed standards with a view to laying the foundations of the global baseline of sustainability-related financial disclosures.

The ISSB will issue its standards for climate disclosures and general requirements in the first part of 2023. The finalization of these standards will be an essential milestone in the establishment of a global baseline on sustainability disclosures. IOSCO will then move fast and assess the ISSB standards against its agreed endorsement criteria, with a view to potential endorsement. As was the case 20 years ago with the IFRS standard(s), endorsement should be a game changer for regulators around the world setting regulatory requirements consistent with the global baseline.

Maximising interoperability across the world will be an important factor in IOSCO's endorsement decision. IOSCO believes that close alignment is essential between the ISSB and those jurisdictions that seek to implement their own sets of standards, in order to ensure that capital flows to where it is most needed.

It is also important to ensure that corporates at all stages of development, size and sophistication can apply - either under a voluntary or a mandatory regime - the standards, which have the potential to unlock capital.

We should be realistic and recognize that the needs, resources, and preparedness of jurisdictions (and companies) around the globe are not equal. This is not only the case for sophisticated and emerging markets, but also for jurisdictions (and companies) in the same region and even the same sector. Both jurisdictions as well as companies are on a transition journey. The voluntary uptake at a domestic level can have its role to play.

This is why IOSCO, working closely with the ISSB, has initiated a comprehensive capacity-building programme aimed at assisting securities regulators in their preparations to adopt and implement the ISSB standards, in anticipation of a possible IOSCO-endorsement decision.

The Monitoring Board ('MB') of the IFRS Foundation, of which I am currently the chair, consists of capital markets authorities whose mandates cover investor protection, market integrity and capital formation. The MB enhances the public accountability of the IFRS Foundation.

As it has done with financial reporting standards, the MB will make sure that due process remains top of mind during the development of the sustainability reporting standards by the ISSB as well. Even though the work must advance at an appropriate pace, there can be no shortcuts for the due process.

Audit is the cornerstone of a sound, sustainable finance market that can mitigate greenwashing. Greenwashing could erode trust in sustainable investments, at a time when it is crucial for financial markets to contribute to mitigating climate change.

As co-chair of the Monitoring Group, which is responsible for public interest oversight of audit standard setting, I wish to emphasize that the development of global high-quality audit, quality management and ethical standards applicable to all providers of sustainability assurance is key to preserving trust in the sustainable finance ecosystem.

Both IOSCO and the Monitoring Group have been and intend to continue working with the audit standard-setters in order to - together with the ISSB - seize the momentum. It is equally important that the timing of the outcome be coordinated, so that corporate issuers can start to produce reliable, independently audited information for markets in their end of 2024 accounts.

Thank you for your attention.

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