

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
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المنظمة الدولية لهيئات الأوراق المالية

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Madrid, 27 July 2022

IOSCO welcomes the strong stakeholder engagement on proposals for a comprehensive global baseline of sustainability disclosures for capital markets

At its recent Board meeting, the International Organization of Securities Commissions (IOSCO) welcomed the strong engagement from industry, policymakers, civil society and other stakeholders on proposed standards for corporate reporting on sustainability issued by the International Sustainability Standards Board (ISSB). The Board discussed the ISSB’s proposals and agreed on the criteria it will use to decide whether to endorse the standards when they are finalized.¹

IOSCO is closely monitoring the stakeholder feedback around the world on the ISSB’s exposure drafts on general sustainability disclosure requirements and climate-related disclosure requirements for capital markets.

Ashley Alder, Chair of the Board of IOSCO and CEO of the Hong Kong SFC, commented that “*We are seeing huge enthusiasm for IOSCO to contribute to the ISSB’s consultation so that the final versions of these crucial standards fulfil the requirements of our securities regulator membership. There is growing recognition of the value of a global baseline of sustainability disclosures that builds on existing initiatives and results in corporate reporting for investors that is sufficiently consistent and comparable across both developed and developing markets. An important aspect of IOSCO’s evaluation work focuses on the practicality of standards implementation across different markets, between companies of different sizes and within different industry sectors. We believe that clear guidance covering proportionality and technical implementation of the standards, including the critical climate standard, is important to encourage an aligned global outcome.*”

Establishing a global baseline for corporate sustainability disclosures is a key ambition of [IOSCO’s Workplan for Sustainable Finance](#), which aims to increase transparency and mitigate greenwashing in financial markets. The review of the ISSB’s finalized standards for potential IOSCO endorsement will be a crucial step towards increased comparability in sustainability reporting under either voluntary or mandatory reporting regimes.

¹ These criteria were initially set out in IOSCO’s June 2021 Report on Sustainability Disclosures, page 44, available at <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD678.pdf>

The Board welcomed the ambition of the proposed standards, as well as the investor focus and the use of the now-familiar framework of the recommendations of the Taskforce on Climate-related Financial Disclosures as the foundation for the proposed reporting requirements.

The Board discussion then focused on three key practical issues of proportionality and implementation:

- ensuring the proposed standards can truly serve as an effective global baseline under either a voluntary or mandatory regime, including by considering how to provide for the scaling and phasing-in of requirements to accommodate issuers with differing degrees of maturity in sustainability reporting;
- how the ISSB can best assist implementation by clarifying definitions and providing additional guidance and examples where necessary;
- how and when to incorporate the proposed industry-based disclosure data points, recognizing on the one hand that industry-specificity is highly valued by investors, while on the other that some data points may initially be challenging for some issuers.

Eric Thedéen, Chair of the Sustainability Task Force of IOSCO and Chair of the Swedish Finansinspektionen said: *“We welcome the public consultation on the proposed standards and the progress being made by the ISSB. This is a key deliverable with the potential of being instrumental to the future development of the entire sustainable finance reporting ecosystem. The ISSB has committed to an ambitious outreach program to listen to what the industry and civil society groups have to say. This work is extremely important. There is a lot more work to do as quickly as possible using a robust due process to develop high quality standards and we will continue our active engagement and collaboration with the ISSB to chart out a practical route forward for issuers and jurisdictions.”*

Abigail Ng, Executive Director for Markets Policy & Infrastructure at Singapore MAS, who leads the specialist group within IOSCO that reviewed the exposure draft on climate-related disclosure standards and developed the assessment criteria for the future assessment of the final standards said: *“Now that we have concurrence on the criteria which we will use to assess the ISSB standards and have also identified what are emerging as the key issues for IOSCO to focus on, we will engage further with ISSB technical staff and the ISSB Board to provide feedback which will stand us in good stead to make a final recommendation to the IOSCO Board on endorsement, once the ISSB has finalised the standards.”*

Jean-Paul Servais, Chair of the Belgian FSMA, also commented in his capacity as Chair of the International Financial Reporting Standards (IFRS) Foundation Monitoring Board, which works to ensure that the IFRS Foundation and its standard-setting boards act in the public interest. He said *“We are at a critical moment. The future shape of global sustainability reporting standards and disclosure regimes in major markets are beginning to take shape. We have confidence that the ISSB can successfully tackle the issues emerging in the public debate and work towards sustainability standards that capital markets can rally around.”*

The due process for IOSCO’s potential endorsement will begin after the ISSB has issued its final standards. In parallel, IOSCO has begun work in collaboration with the international standard setters

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for audit and assurance to promote a common global approach to independent and high-quality assurance of issuers' sustainability disclosures as new reporting standards emerge.

NOTES TO THE EDITORS

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organisation's membership regulates more than 95% of the world's securities markets in some 130 jurisdictions, Ashley Alder, CEO of the Securities and Futures Commission of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Bahamas, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Kenya, Korea, Malaysia, Mexico, Morocco, Nigeria, Ontario, Pakistan, Portugal, Quebec, Russia, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States of America (both the U.S. Commodity Futures Trading Commission and U.S. Securities and Exchange Commission). The Chair of the European Securities and Markets Authority and the Chair of IOSCO's Affiliate Members Consultative Committee are also observers.
2. The Growth and Emerging Markets (GEM) Committee is the largest committee within IOSCO, representing more than 75% per cent of the IOSCO membership, including ten of the G20 members. Dr. Mohammed Omran, Executive Chairman of the Financial Regulatory Authority, Egypt is Chair of the GEM Committee. The committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions. The GEM Committee's strategic priorities are focused, amongst others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.
3. IOSCO aims through its permanent structures:
 - to cooperate in developing, implementing and promoting internationally recognized and consistent standards of regulation, oversight and enforcement to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
 - to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and

- to exchange information at both global and regional levels on their respective experiences to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

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