



**IOSCO's endorsement of the ISSB Standards IFRS S<sub>1</sub> and IFRS S<sub>2</sub>:**  
a major step towards creating effective sustainable capital markets

Jean-Paul SERVAIS, IOSCO Chair

25 July 2023

Brussels, Belgium





## About IOSCO

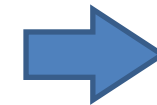


- ✓ International Organization of Securities Commissions (IOSCO)
- ✓ International body for world's financial markets regulators
- ✓ Global standard setter for the financial sector
- ✓ G20 and FSB partner in the global regulatory reform agenda
- ✓ 130 jurisdictions, 95% of financial markets supervised



## Corporate sustainability reporting: where do we come from?

- 1 Incomplete, inconsistent and incomparable information
- 2 No global framework to facilitate comparability
- 3 Little connectivity between financial and sustainability information
- 4 A confusing alphabet soup for investors

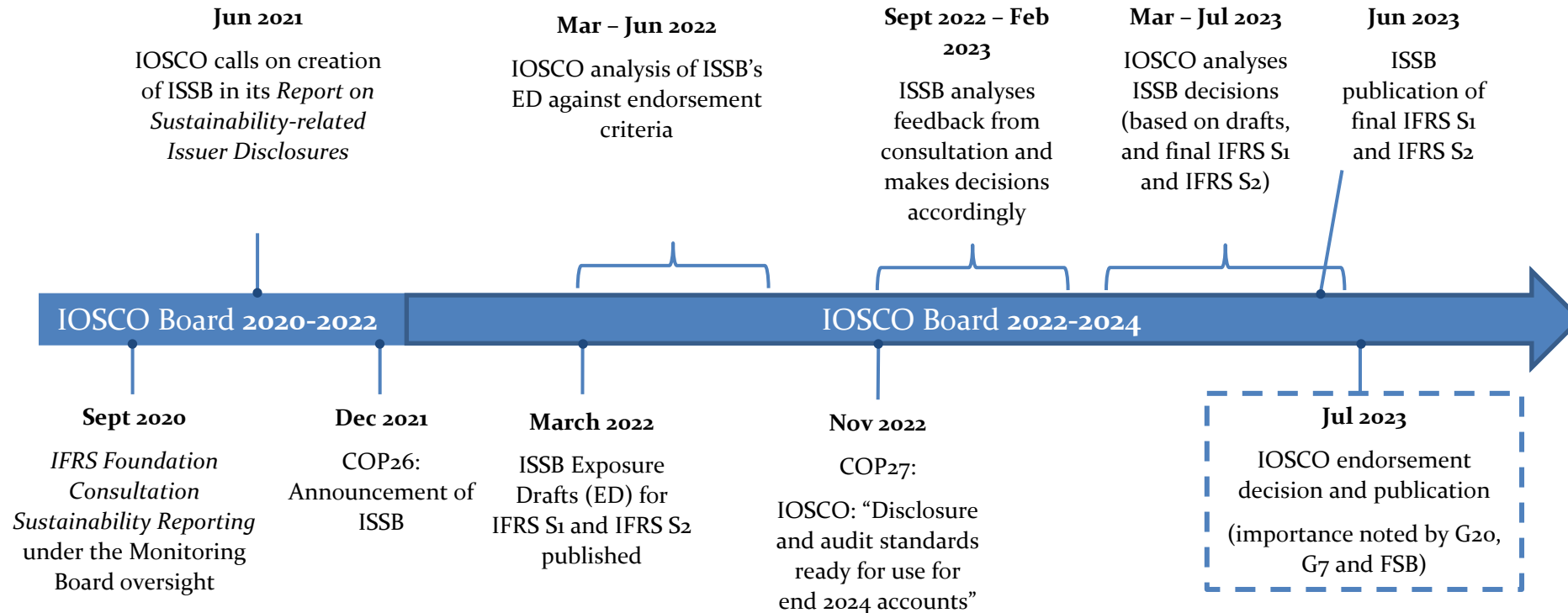


IOSCO calls on  
creation of ISSB in its  
*2021 Report on  
Sustainability-related  
Issuer Disclosures*



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## IOSCO & sustainability related disclosures





## Why does IOSCO's endorsement matter?

- Assesses ISSB Standards are fit for purpose for financial markets (valued by G20, G7 and FSB)
- Support for a private entity working in the public interest, only for the second time in IOSCO's existence. IOSCO's historical endorsement of the International Accounting Standards in 2000 empowered the IFRS Standards
- Key role in addressing fragmentation
- Promotes investor protection by addressing greenwashing
- Fosters a consistent language and facilitates data collection & digitization
- Creates momentum for ISSB Standards for jurisdictions to consider using them



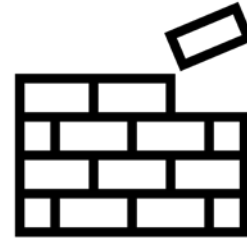
## What is the philosophy behind IOSCO's endorsement?



**Effective global framework for consistent and comparable approaches to mandatory or voluntary reporting.**



**Interconnectivity with financial accounting standards**



**Common framework for interoperability**



**Enable pricing of sustainability-related risks and opportunities, meeting investor, issuer and capital markets needs**



**Basis for robust audit and assurance framework**



## What assessment criteria has IOSCO applied?

1. Completeness, consistency and comparability	2. Principles, frameworks and standards	3. Topic scope and materiality	4. Narrative disclosures and quantitative metrics	5. Linkage to business strategy/financial implications
1(a) Target outcome	2(a) Purpose of framework	3(a) Sustainability topics covered: (i) Climate (ii) Broader environmental issues (iii) Social issues (iv) Governance issues	4(a) Narrative	5(a) Framework for integration with financial accounting standards
1(b) Objective of framework	2(b) Approach	3(b) Materiality lens	4(b) Quantitative metrics	5(b) Link to financial statements
	2(c) Principles vs prescription	3(c) Dynamic materiality and interoperability with other reporting standards	4(c) Reference to science-based parameters	5(c) Supporting narrative
		3(d) Industry-specific guidance	4(d) Structured, historical, current and forecast data	5(d) Audit and assurance
		3(e) Company-level materiality assessment	4(e) Forward-looking	
			4(f) Format, location and taxonomy	



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## IOSCO's endorsement: What does it mean?

It means IOSCO considers the ISSB Standards:



were subject to a comprehensive and independent review



provide an effective and proportionate global framework for sustainability-related information



accurately assess relevant sustainability risks and opportunities

**And as a result, IOSCO calls on members and jurisdictions to consider ways in which they might adopt, apply or otherwise be informed by the ISSB Standards, reflecting each jurisdiction's circumstances, similarly to what IOSCO did with the IFRS Accounting Standards.**





**IOSCO**



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## What's next and from 2024 onwards?

### National Considerations

- July 2023 onwards

### Capacity building

- July 2023 onwards

### ESG Assurance Standards

- 2024

### Support and monitor adoption

- 2024 onwards



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