

The Sustainability Reporting Landscape

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CDSB

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Task Force on Climate-related Financial Disclosures
2020 Status Report

September 2020
IFRS® Foundation
Consultation Paper on Sustainability Reporting
Comments to be received by 31 December 2020

FSB FINANCIAL STABILITY BOARD
The Implications of Climate Change for Financial Stability

HM Treasury
A Roadmap towards mandatory climate-related disclosures

WORLD ECONOMIC FORUM
The Global Risks Report 2021
16th Edition
INSIGHT REPORT
February 2021

FINAL REPORT
PROPOSALS FOR A RELEVANT AND DYNAMIC EU SUSTAINABILITY REPORTING STANDARD-SETTING
February 2021

The Economics of Biodiversity: The Dasgupta Review

23 November
Public Statement
Statement on the Review of Climate-Related Disclosure
Acting Chair Allison Herren Lee
Feb. 24, 2021
Today, I am directing the Division of Corporation Finance to enhance its focus on climate-related disclosure in public company filings. The Commission in 2010 provided guidance to public companies regarding existing disclosure requirements as they apply to climate change matters. As part of its enhanced focus in this area, the staff will review the extent to which public companies address the topics identified in the 2010 guidance, assess compliance with disclosure obligations under the federal securities laws, engage with public companies on these issues, and absorb critical lessons on how the market is currently managing climate-related risks. The staff will use insights from this work to begin updating the 2010 guidance to take into account developments in the last decade. The staff of the SEC plays a critically important role in ensuring compliance with disclosure obligations, including those that implicate climate risk, through its review of public company filings and its engagement with issuers. The perspective the staff brings to bear is invaluable in helping to ensure that issuers comply with their obligations and that investors receive the information they need to properly inform their investment decisions. Now more than ever, investors are considering climate-related issues when making their investment decisions. It is our responsibility to ensure that they have access to material information when planning for their financial future. Ensuring compliance with the rules on the books and updating existing guidance are immediate steps the agency can take on the path to developing a more comprehensive framework that produces consistent, comparable, and reliable climate-related disclosures.

08 March 2021
IFRS Foundation Trustees announce strategic direction and further steps based on feedback to sustainability reporting consultation
The Trustees of the IFRS Foundation met 7-8 March 2021 to continue their analysis and discussions of the feedback received to their Consultation Paper on Sustainability Reporting (2020 Consultation). Feedback to the 2020 Consultation confirmed an urgent need for global sustainability reporting standards and support for the Foundation to play a role in their development. The Trustees are therefore continuing their work on the establishment of an international sustainability reporting standards board within the existing governance structure of the IFRS Foundation, as set out in the Trustees' February announcement. The Trustees welcomed the February 2021 public statement by the IOSCO Board, announcing IOSCO's intention to work with the IFRS Foundation in developing a plan to establish a new board for setting sustainability reporting standards that meet the needs of the capital markets. This will include consultation of future endorsement of the new board and its standards. The Trustees recognise the importance for the public interest of reporting standards that address enterprise value, which captures expected value creation for investors in the short, medium and long term and is interdependent with value creation for society and the environment. Based on the feedback to the 2020 Consultation, and encouraged by the IOSCO Board statement, the Trustees have reached the following views about the strategic direction of a new board:

- Investor focus for enterprise value: the new board would focus on information that is material to the decisions of investors, lenders and other creditors.
- Sustainability scope, prioritising climate: due to the urgent need for better information about climate-related matters, the new board would initially focus its efforts on climate-related reporting, while also working towards meeting the information needs of investors on other ESG (environmental, social and governance) matters.
- Build on existing frameworks: the new board would build upon the well-established work of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), as well as work by the alliance of leading standard-setters in sustainability reporting focused on enterprise value. The Trustees will consider the position proposed by the alliance for an approach to climate-related disclosures as a potential basis for the new board to develop climate-related reporting standards. To prepare for this work, the IFRS Foundation will initiate a process of structured engagement with the relevant organisations.
- Building blocks approach: by working with standard-setters from key jurisdictions, standards issued by the new board would provide a globally consistent and comparable sustainability reporting baseline, while also providing flexibility for coordination on reporting requirements that capture wider sustainability impacts.

The Trustees intend to publish a feedback statement that summarises the responses received to their 2020 Consultation, and how that feedback informed the above decisions. Together with the feedback statement, the Trustees will publish for public comment the proposed changes to the Foundation's Constitution necessary to formalise establishment of a new board, including by comparison. The Trustees will continue to engage with the IFRS Foundation Monitoring Board and be informed of their views to

To provide decision-useful environmental information to markets via the mainstream corporate report

Board



THE °CLIMATE GROUP



Examples of Technical Working Group members



The CDSB Framework

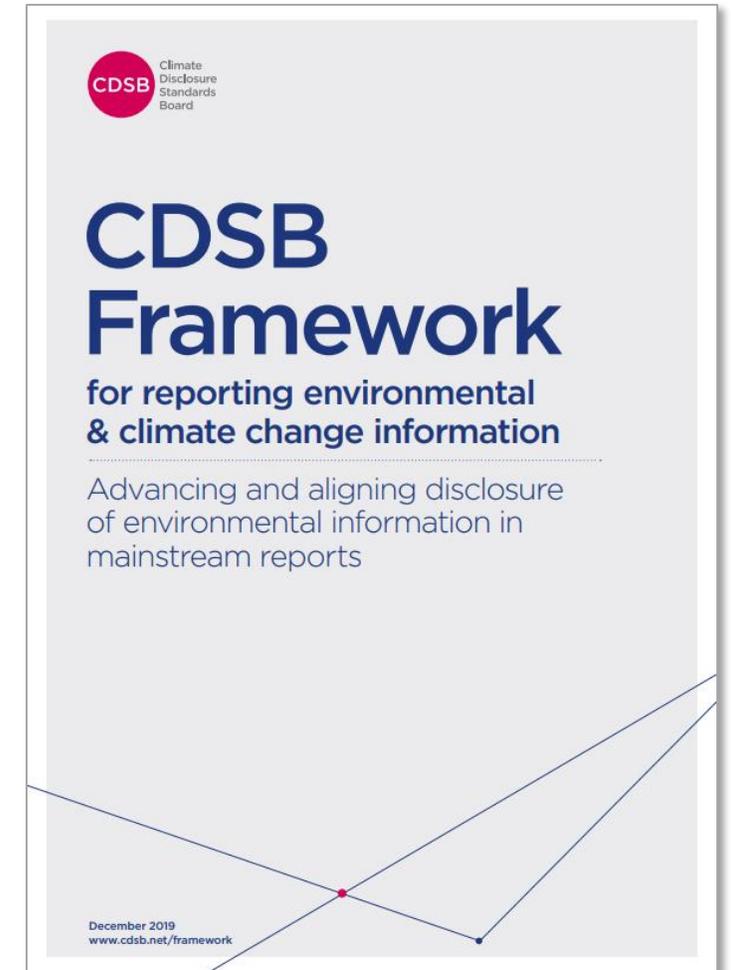
The guiding principles are designed to ensure that **environmental information** shall be:

- | | |
|---|-------------------------------------|
| P1 Prepared applying the principles of relevance and materiality | P4 Consistent and comparable |
| P2 Faithfully represented | P5 Clear and understandable |
| P3 Connected with other information | P6 Be verifiable |
| | P7 Be forward-looking |

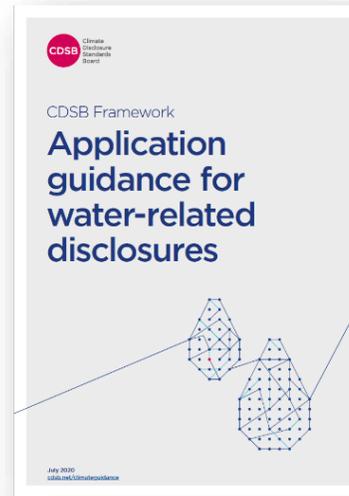
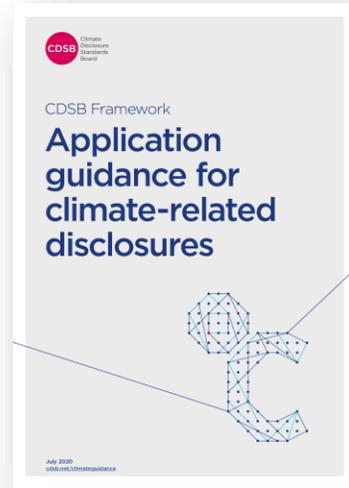
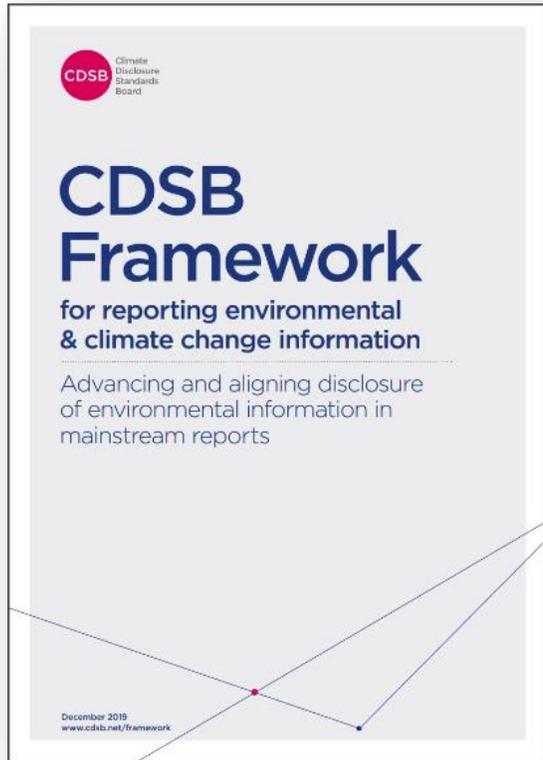
Reporting Requirements

REQ-01 Governance	REQ-07 Organisational boundary
REQ-02 Management's environmental policies, strategy and targets	REQ-08 Reporting policies
REQ-03 Risks and opportunities	REQ-09 Reporting period
REQ-04 Sources of environmental impact	REQ-10 Restatements
REQ-05 Performance and comparative analysis	REQ-11 Conformance
REQ-06 Outlook	REQ-12 Assurance

www.cdsb.net/Framework



CDSB Framework and guidance



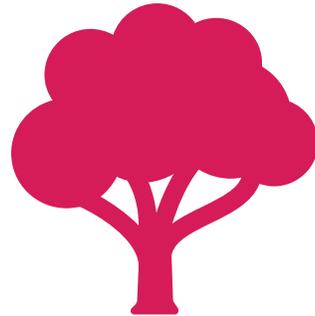
cdsb.net/publications

Future guidance

2021: Key projects



Water



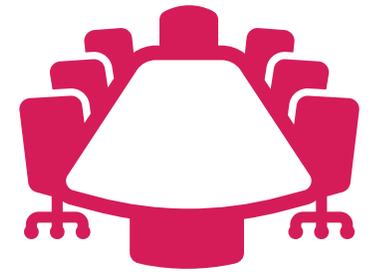
Biodiversity, Forests
& Land-use



Social

TCFD

TCFD
adoption



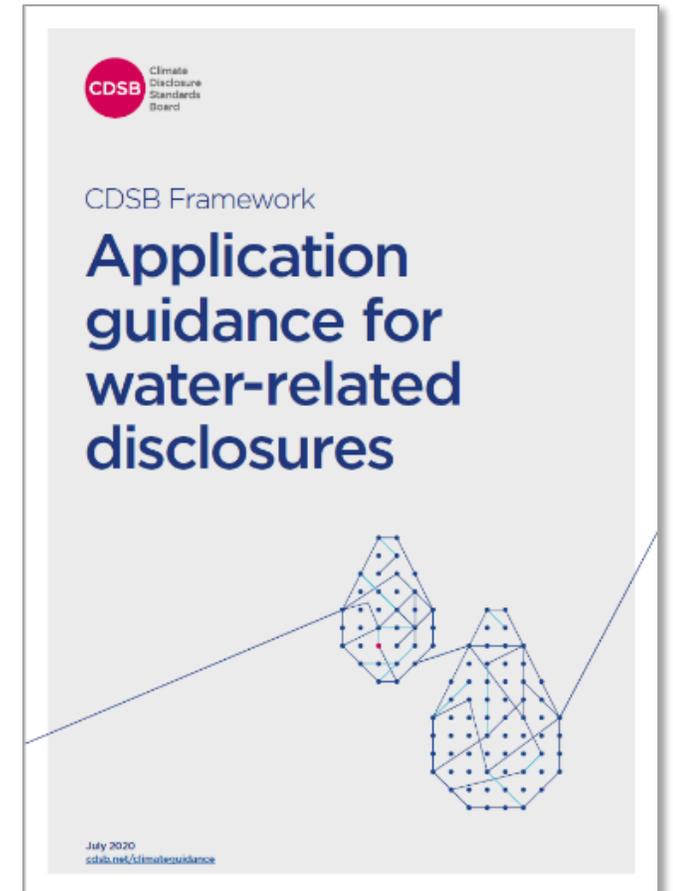
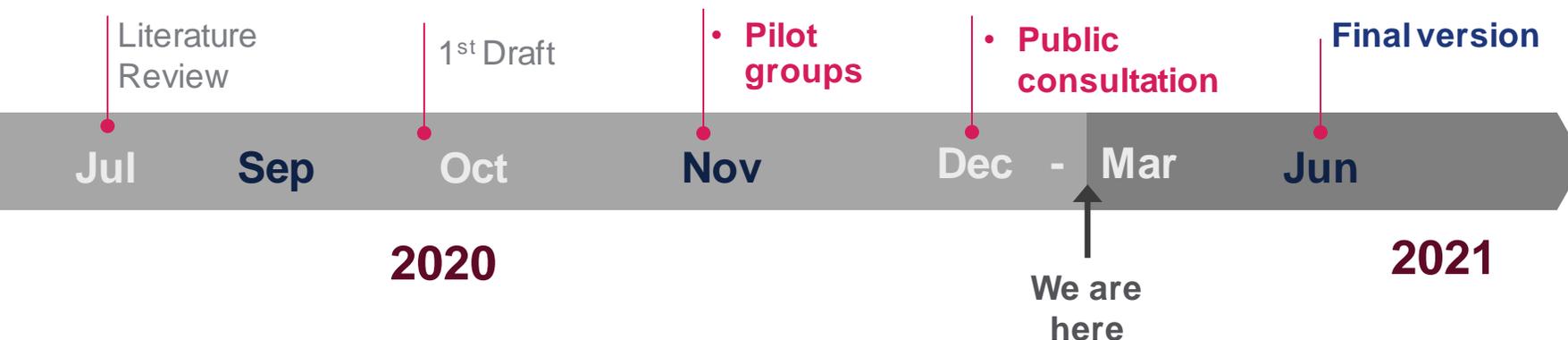
Sustainability
Standards Board
(SSB) / Convergence

Framework application guidance

Water application guidance

Overview:

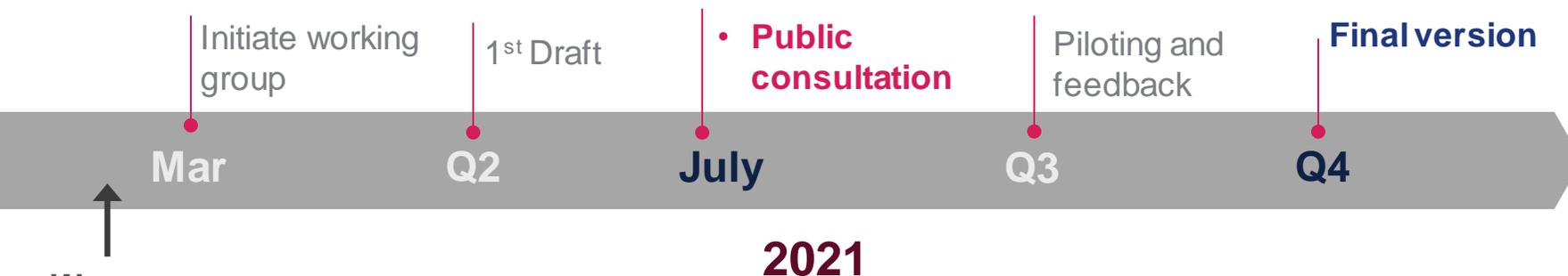
- Supports companies in reporting material water-related information in their mainstream report, providing decision-useful water-related information to investors.



Biodiversity & land-use application guidance

Overview:

- Supports companies in reporting material land-use and/or biodiversity-related information in their mainstream report, providing decision-useful information to investors.



We are here

April 21 | Tweet @CDSBGlobal

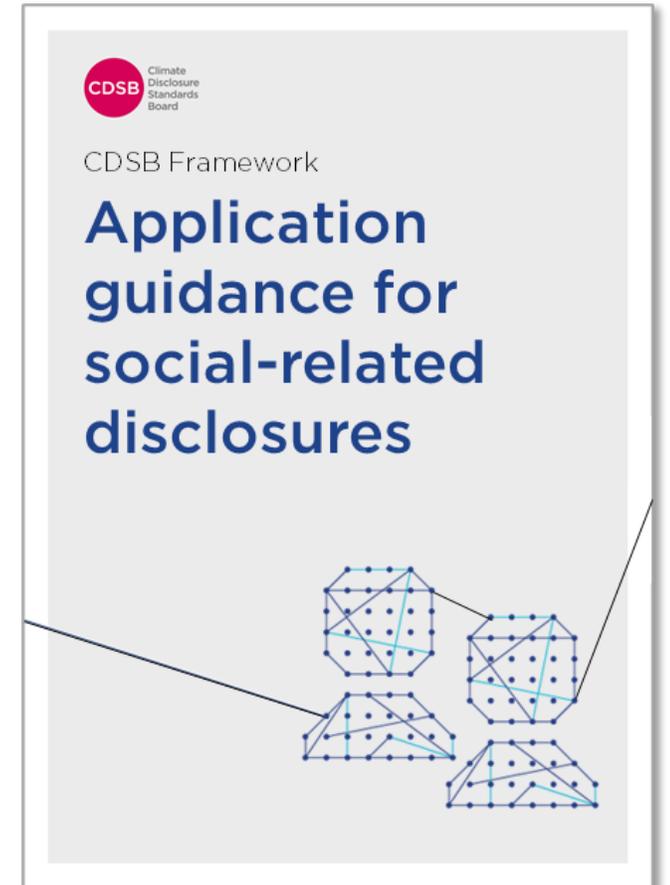


www.cdsb.net/natural-capital

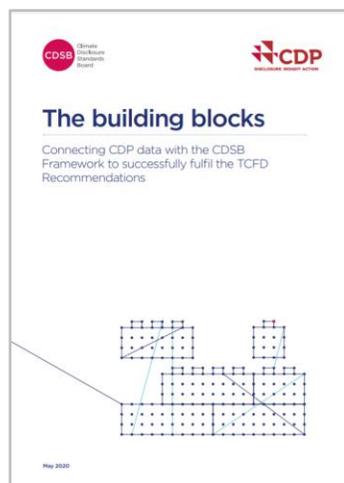
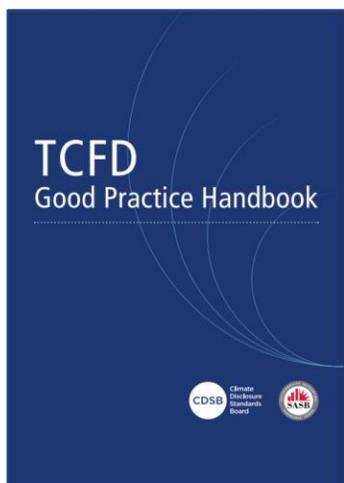
Social application guidance

Overview:

- Larry Fink's (CEO & Chair of Blackrock) 2021 letter included explicit reference to the need for businesses to consider **social governance**.
- Through a **holistic approach**, the interconnections between the impacts of climate change and inequality can be considered.
- By expanding our technical offerings in this way, it ensures that CDSB continues serving the need of **high-quality, decision-useful** corporate disclosure.



TCFD adoption



cdsb.net/publications

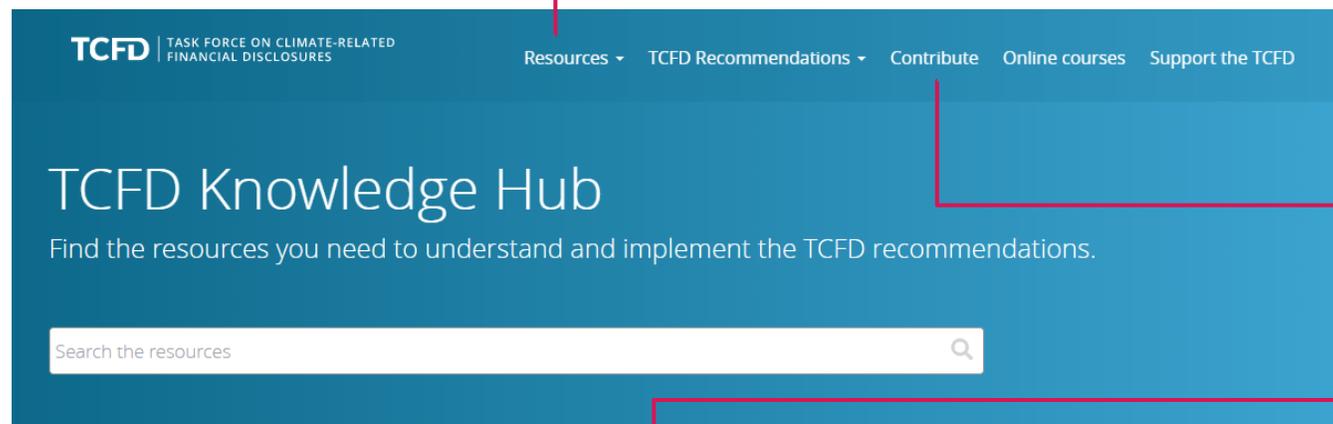
TCFD TO-DO LIST

Effective climate-related financial disclosures must be:

<input type="checkbox"/> Presented - in the mainstream report	<input type="checkbox"/> Prepared - according to the same rigour as financial information
<input type="checkbox"/> Specific - to the reporting entity	<input type="checkbox"/> Coherent - across strategy, finance and impact
<input type="checkbox"/> Supported by leadership - with oversight and involvement from all relevant business areas and functions	<input type="checkbox"/> Qualified - contain a statement of conformance so that the reader understands the limitations
<input type="checkbox"/> Future-oriented - the plan is clear and stands up as being resilient	<input type="checkbox"/> Financed and resourced - current financing arrangements support the delivery of the plan
<input type="checkbox"/> Decision-useful - to providers of financial capital, responsive to your investors' feedback and with a continuous plan for improvement	

cdsb.net/tcf-d-to-do-list

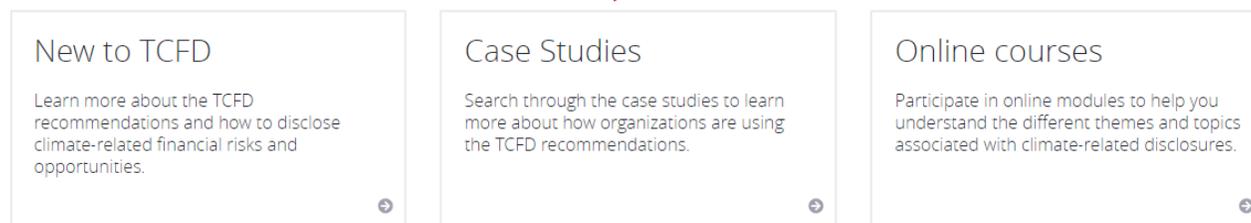
TCFD Knowledge Hub



Resources

Contribute

Case studies



Introduction to the TCFD and scenario analysis

Core Elements of Recommended Climate-Related Financial Disclosures

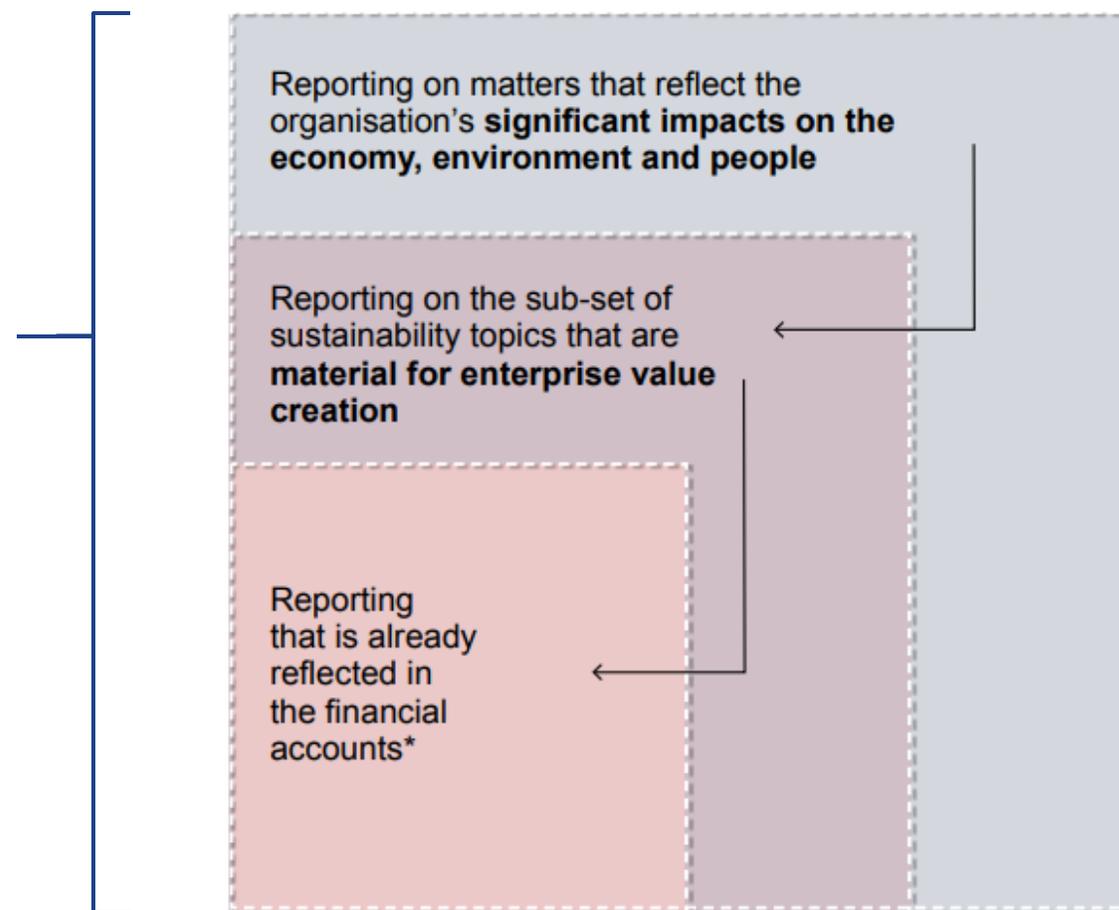


Break down of the recommendations

Comprehensive reporting

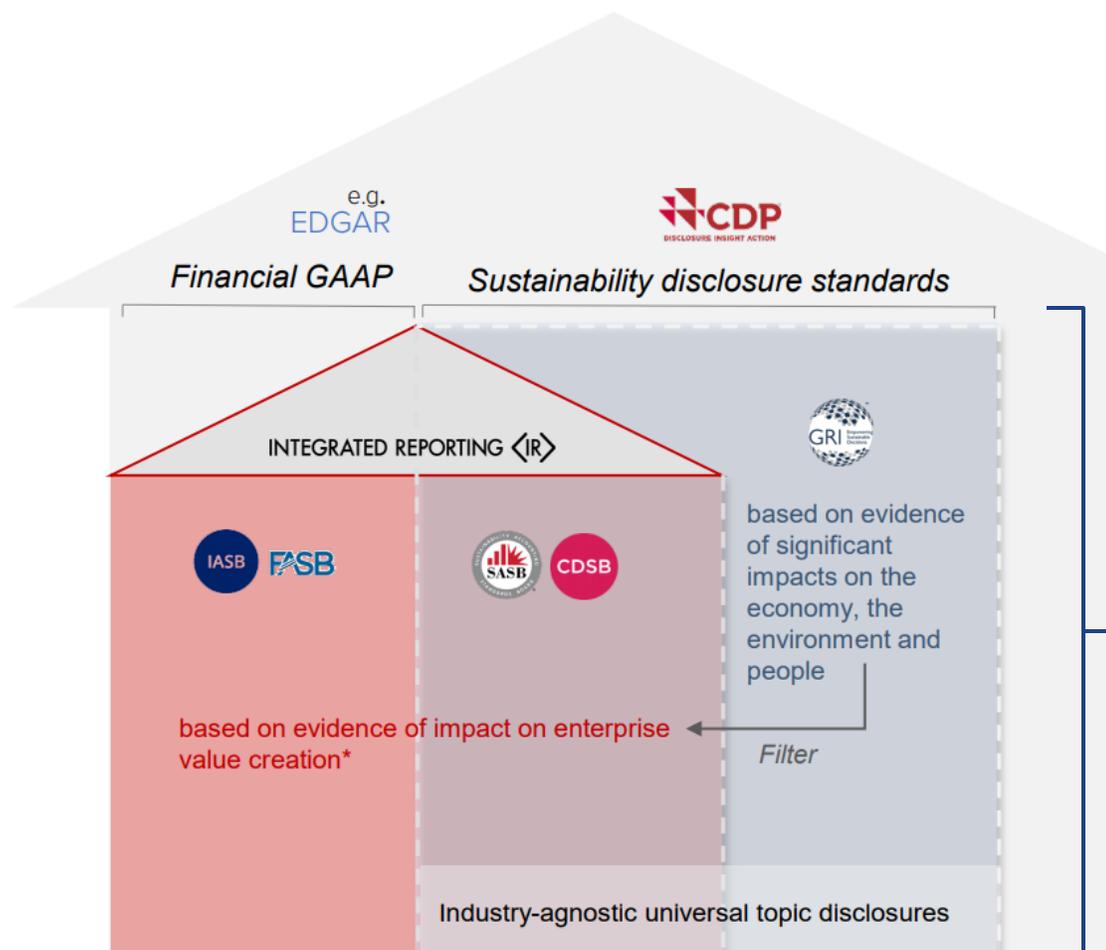
Dynamic materiality:

Sustainability matters can move between boxes over time. For example, carbon emissions enters the big box as society becomes aware of global warming, the middle box as investors start to factor net-zero transition into capital market pricing, and the small box as financial consequences are felt in net asset values.



Comprehensive reporting

cdsb.net/corporate-reporting



Sustainability reporting through various communication channels, particularly through the **annual integrated report**, about the economic, environmental, and social impacts caused by the organization to meet the information needs of a diverse group of stakeholders.

Sustainability Standards Board (SSB)

08 March 2021

IFRS Foundation Trustees announce strategic direction and further steps based on feedback to sustainability reporting consultation

The Trustees of the IFRS Foundation met 2-4 March 2021 to continue their analysis and discussions of the feedback received to their *Consultation Paper on Sustainability Reporting* (2020 Consultation).

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Related Information

- [Sustainability Reporting project](#)
- [IFRS Foundation Trustees](#)

The IFRS Foundation have invited CDSB to join a working group tasked with setting up a SSB with the following strategic direction:

- An investor focus on **enterprise value**
- Prioritising **climate** (as part of a broader sustainability scope)
- Build on **existing frameworks** and collaborate with standard-setters in key jurisdictions.

What a global standard means for Japan



**Streamlining a
busy ESG reporting
landscape**



**Listening to the
voice of the
Japanese market**



**A more attractive
market to a global
audience**

ありがとうございました

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