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# An update from the International Sustainability Standards Board

Better Information, Better Decisions

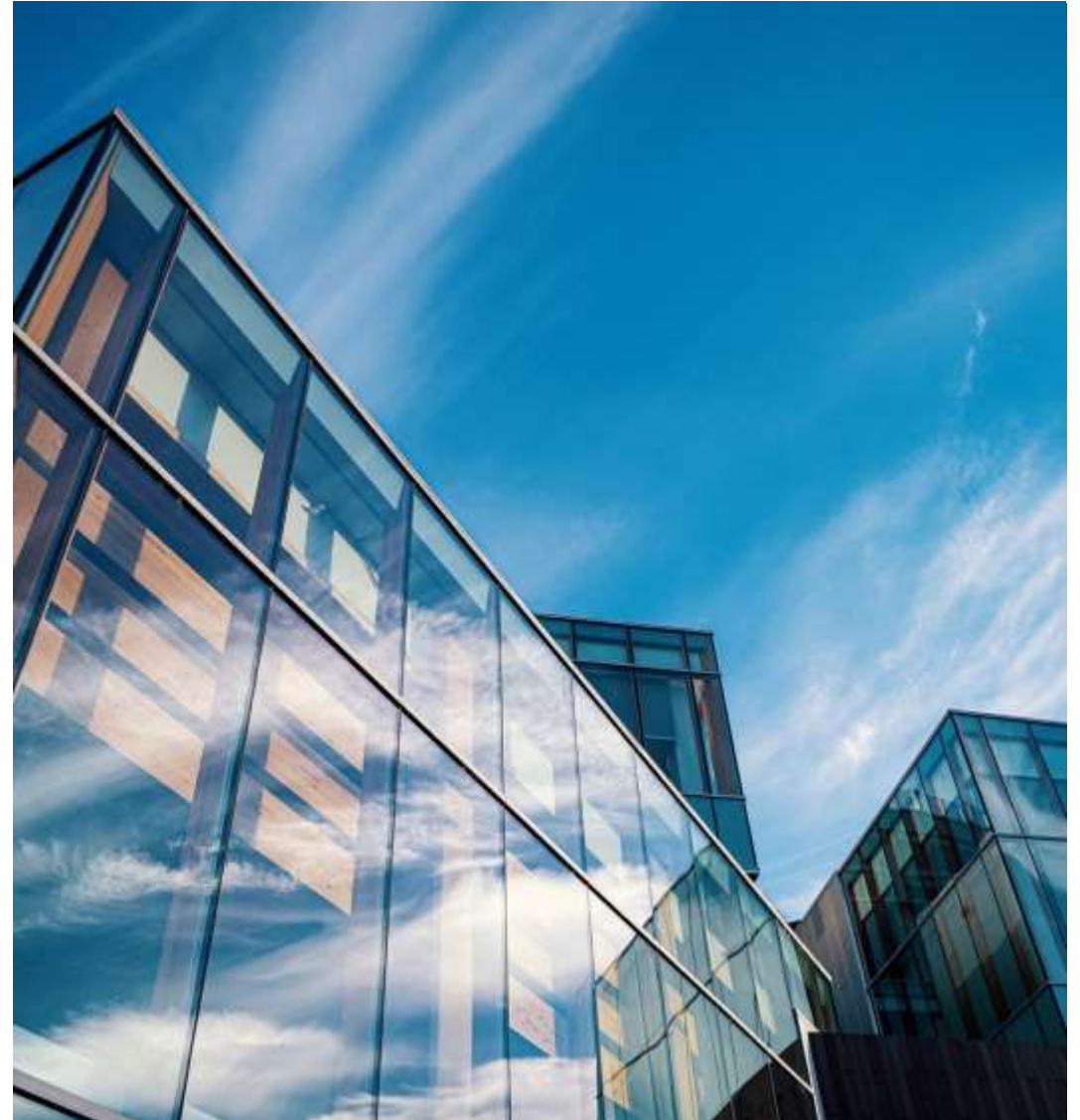
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## International Sustainability Standards Board (ISSB)

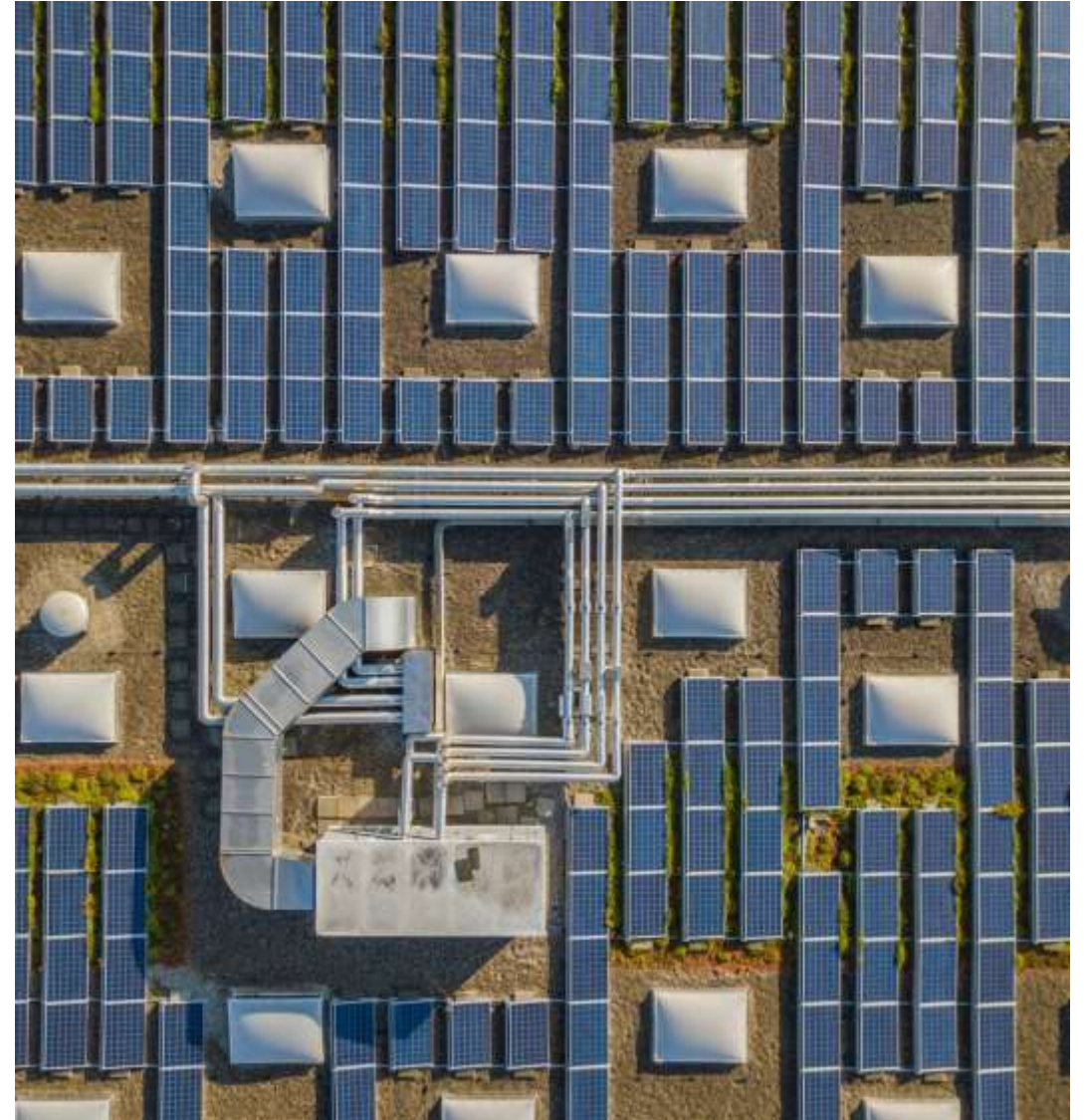
- Launched at COP26
- Consolidation of major investor-focused sustainability standard setters into the IFRS
- Sister Board to International Accounting Standards Board (IASB)
- IFRS Standards are used for yearly financial reporting in most global jurisdictions (US uses GAAP)



## Market drivers for the ISSB

- Sustainability factors have become a mainstream part of investment decision-making
- End the alphabet soup of voluntary initiatives
- Support from international policy makers\* for a global baseline of sustainability disclosures for capital markets

\* G7, G20, Financial Stability Board



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# Building on investor-focused standards and frameworks

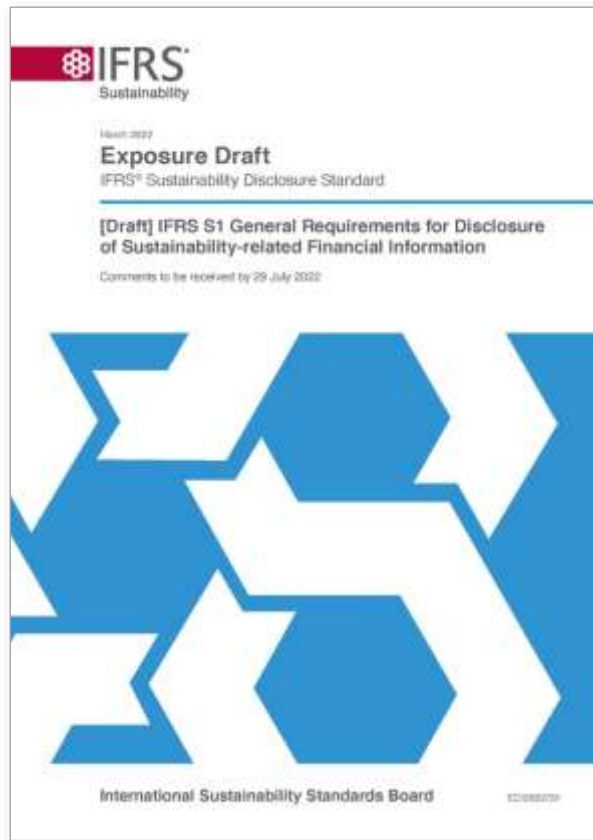
Consolidated into the IFRS Foundation



CDSB  
Framework



# S1: General Requirements for Sustainability-related Disclosure



- Asks for disclosure of **material information** about **sustainability-related risks and opportunities** to meet investor information needs
- Applies **TCFD structure** (four pillars) whenever providing information about sustainability
- Requires **industry-specific disclosures**
- Can be used by companies that report to **any GAAP**

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# S1: Links sustainability and financial value creation

A company's ability to deliver financial value for **investors is inextricably linked to:**

## Stakeholders

with whom it works  
and serves



## Society

in which it  
operates



## Natural

resources upon  
which it draws



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## S1: Applies TCFD structure to report on sustainability issues



### Governance

Governance processes, controls and procedures a company uses to monitor sustainability-related risks and opportunities



### Strategy

A company's strategy for managing sustainability-related risks and opportunities



### Risk management

The process a company uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities



### Metrics and targets

A company's performance in relation to sustainability-related risks and opportunities



## S2: Climate-related Disclosures



### Scope 1-3 GHG emissions

In accordance with the GHG Protocol



### Industry-based metrics

Based on common sustainability risks and opportunities



### Transition planning

Emissions targets and use of carbon offsets



### Climate resilience

Resilience of business strategy in multiple scenarios

*S2 requires these disclosures if the reporting company determines they are material information.*

## Both S1 and S2 recognise the value of industry-specific sustainability disclosures

- Financial effects of sustainability topics vary by industry
- Investors analyse companies and portfolios by industry and sector
- Companies can focus on reporting that more closely fits their businesses



# Adopt the SASB Standards

## Get ahead

- 77 industry-based disclosure standards
- Provide investors with comparable information on the sustainability factors most relevant to financial performance and enterprise value
- Developed through rigorous, market-informed, due process
- Used by 2,500+ companies in 70 jurisdictions; 56% outside the US
- SASB Standards will continue to be supported on a standalone basis by the ISSB, with ISSB Standards that build on the SASB industry-based standards to follow

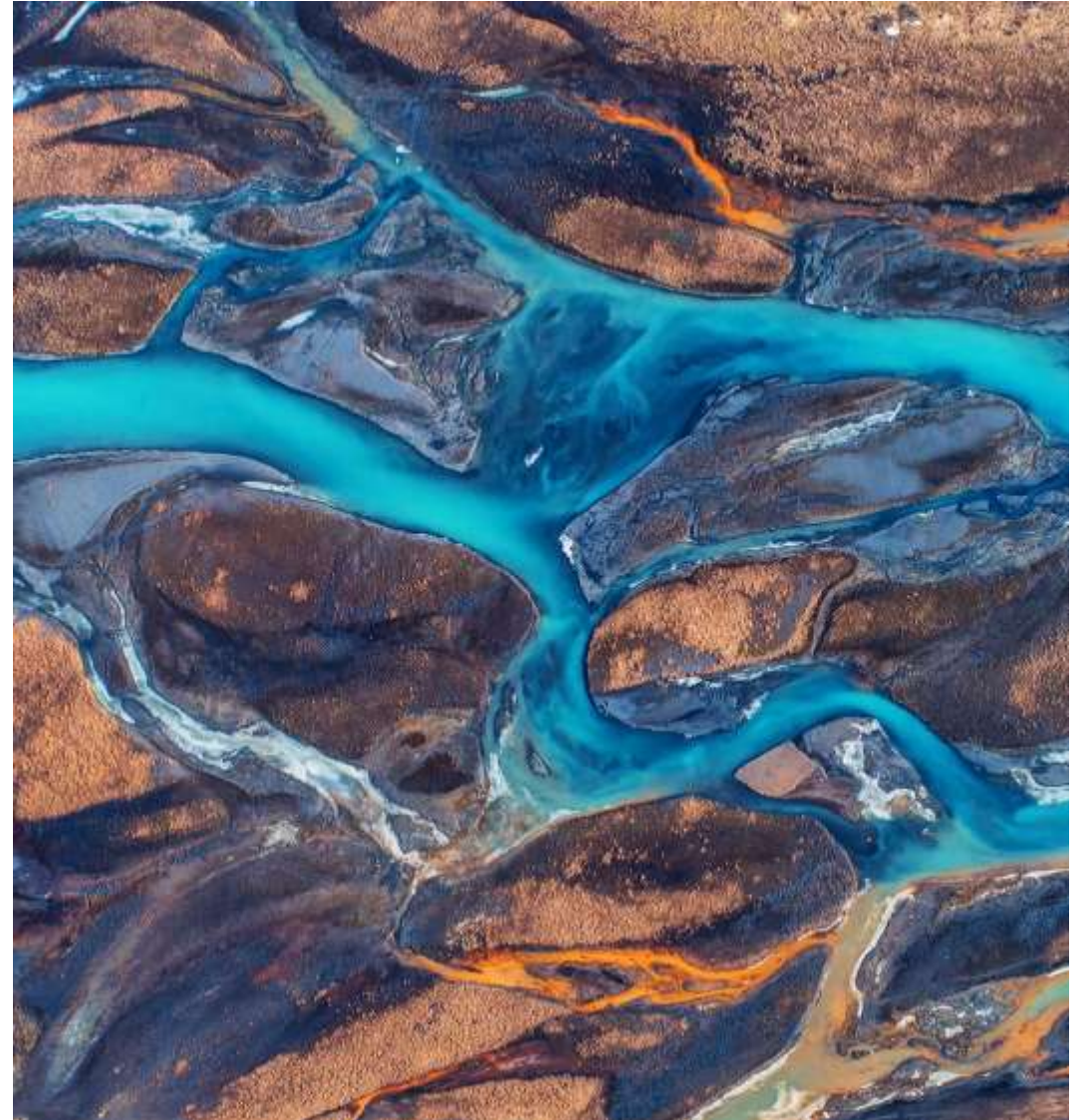


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# SASB industries relevant for forest certification

The 77 SASB industries Standards include:

- Forestry Management
- Pulp & Paper Products
- Containers & Packaging
- Home Builders
- Engineering & Construction Services
- Building Products & Furnishings
- Others: Apparel, Accessories & Footwear; Toys & Sporting Goods; Multiline and Specialty Retailers & Distributors; Biofuels, etc.



# SASB Standards: topics and metrics

- Average of 6 disclosure topics and 13 accounting metrics per industry
- Mix of qualitative and quantitative information
- Frequently leverage third-party frameworks and certifications

## Third-Party Forest Certification Standards

**Table 1. Sustainability Disclosure Topics & Accounting Metrics**

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Ecosystem Services & Impacts	Area of forestland certified to a third-party forest management standard, percentage certified to each standard <sup>2</sup>	Quantitative	Acres (ac), Percentage (%)	RR-FM-160a.1
	Area of forestland with protected conservation status	Quantitative	Acres (ac)	RR-FM-160a.2
	Area of forestland in endangered species habitat	Quantitative	Acres (ac)	RR-FM-160a.3
	Description of approach to optimizing opportunities from ecosystem services provided by forestlands	Discussion and Analysis	n/a	RR-FM-160a.4
Rights of Indigenous Peoples	Area of forestland in indigenous land	Quantitative	Acres (ac)	RR-FM-210a.1
	Description of engagement processes and due diligence practices with respect to human rights, indigenous rights, and the local community	Discussion and Analysis	n/a	RR-FM-210a.2
Climate Change Adaptation	Description of strategy to manage opportunities for and risks to forest management and timber production presented by climate change	Discussion and Analysis	n/a	RR-FM-450a.1

# SASB Standards: technical protocols

- Instructions for disclosing sustainability information
- Aim to produce comparable data for investors
- Guidelines for reporting based on third-party frameworks and certifications

## Third-Party Forest Certification Standards

### **RR-FM-160a.1. Area of forestland certified to a third-party forest management standard, percentage certified to each standard**

- 1 The entity shall disclose its total forestland area, in acres, that is certified to a third-party forest management standard, where:
  - 1.1 The scope includes forestlands owned, leased, and/or managed by the entity.
  - 1.2 Third-party forest management standards are those that certify that forests are harvested in a sustainable manner and cover environmental and social criteria including legal compliance, land rights, community and worker relations, environmental impact and biodiversity, forest management plans and practices, land use, wildlife habitat conservation, and water conservation, among others.
  - 1.3 Third-party forest management certifications include, but are not limited to, those promulgated by the following organizations (or the equivalent):
    - 1.3.1 American Tree Farm System (ATFS)
    - 1.3.2 Forest Stewardship Council (FSC)
    - 1.3.3 Programme for the Endorsement of Forest Certification (PEFC)
    - 1.3.4 Forest certification systems endorsed by the PEFC
    - 1.3.5 Sustainable Forest Initiative (SFI)

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# Agenda consultation

Public consultation on four projects to further understand standard-setting priorities:

- biodiversity, ecosystems and ecosystem services
- human capital
- human rights
- integration in reporting



RFI now open at [ifrs.org](https://www.ifrs.org) (until Sep. 1)



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