



HKEX ESG Academy: ISSB's Pathway towards Global Sustainability Disclosure Standards

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ISSB office opening in Beijing on 19 June



Launching S1 and S2 on 26 June 2023



Similar launch events in Frankfurt, Johannesburg, Lagos, New York, Santiago de Chile, and Singapore

Building on investor-focused standards and frameworks



**INTEGRATED
REPORTING**



**SASB
STANDARDS**



TCFD



IFRS[®]
Sustainability

ISSB – intensely busy in the last 18 months

1,400+

Comment letters

400+

outreach events

36

ISSB staff papers

10

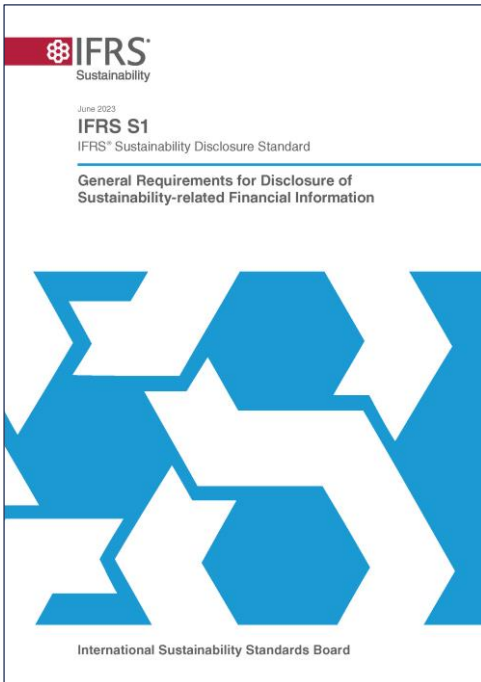
Public meetings with
ISSB board

30,000

participants worldwide
to discuss proposals

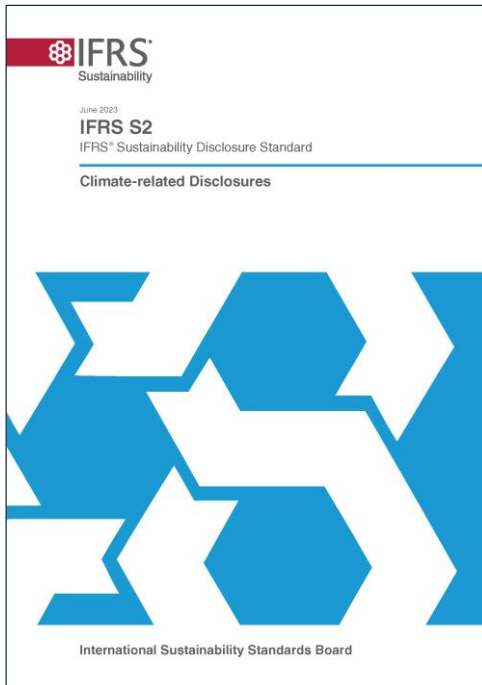
Feedback from various strategic, advisory, consultative, jurisdictional and technical committees, forums and groups

A few words on S1



- Follows **TCFD's disclosure architecture** (i.e. under governance, strategy, risk management, metrics and targets)
- Requires disclosure of **material information** about **ALL sustainability-related risks and opportunities** in the **short, medium or long term** i.e. risks and opportunities that could reasonably be expected to affect:
 - company's cash flow
 - access to finance
 - cost of capital
 - or the **company's prospects**
- These risks and opportunities that could not reasonably be expected to affect a company's prospects are **outside the scope of S1**
- Requires **industry-specific disclosures**

S2 - Climate-related Disclosures



- To be used with S1
- Requires disclosure of **material information** about **climate-related risks and opportunities**
- Incorporates **TCFD recommendations**
- Requires disclosure of **physical risks and transition risks**
- Provides illustrative guidance for **industry-specific metrics**
- Built from SASB Standards

An example – cross-industry and industry-based metrics

- Scope 1-3 GHG emissions
- Climate-related transition risk
- Climate-related physical risks
- Climate-related opportunities
- Capital deployment
- Internal carbon prices
- Remuneration
- Industry-based disclosures
- Climate-related targets

- Consider time horizon
- Consider where risks and opportunities are concentrated
- Consider effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period
- Consider connections between the information disclosed to fulfil the requirements with information disclosed in the related financial statements

Use reasonable and supportable information available without undue cost or effort

Lots of help – S1 and S2 package of documents

- **IFRS S1**
- **Basis for conclusions on IFRS S1**
- **Illustrative Guidance and Illustrative Examples on IFRS S1**

- **IFRS S2**
- **Basis for conclusions on IFRS S2**
- **Illustrative Guidance and Illustrative Examples on IFRS S2**

- **Industry-based Guidance on Implementing IFRS S2**
- **Effects Analysis on IFRS S1 and IFRS S2**

- **IFRS S1 and IFRS S2 feedback statement**
- **Video introducing the Standards**
- **IFRS S1 webcast**
- **IFRS S2 webcast**
- **FAQ**

Making ISSB Standards the global baseline



Soundbites - reading Hong Kong sustainability disclosure

“ Wading through muck ”

“ Easy to lose sight of what its all about ”

“ Difficult to separate real disclosure from PR ”

“ Unfinished business ”

“ Can't see the woods for the trees ”

Here is some of the how

- **Useful first steps include:**
 - **Get familiar with the concepts in S1**
 - **Evaluate internal systems and processes to collect, aggregate and validate sustainability-related information across your company and its value chain**
 - **Think through sustainability-related risks and opportunities that affect the business**
- **Review your company's reporting, identify gaps and plug them**
- **Embrace and use the ISSB standards S1 and S2 if you want to get ahead with investors**

ISSB's Pathway towards Global Sustainability Disclosure Standards

Thank you



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