

International Financial Reporting Standards (IFRS) and International Sustainability Standards Board (ISSB)

ISSB establishes working group to enhance compatibility between global baseline and jurisdictional initiatives

The ISSB has announced the formation of a working group of jurisdictional representatives to establish dialogue for enhanced compatibility between the ISSB's exposure drafts that are currently open for comment and ongoing jurisdictional initiatives on sustainability disclosures. The formation of the working group is part of an extensive programme of outreach activity designed to encourage feedback on and engagement with the ISSB's consultation from all jurisdictions and stakeholder groups. Jurisdictional standard-setting in the field of sustainability-related financial disclosures is a relatively new discipline.

The ISSB's mission is to deliver a high-quality global baseline of sustainability disclosures, which includes an initial focus on detailed climate requirements. The global baseline addresses the needs of capital market participants around the world and can be directly used on a voluntary basis by market participants or incorporated into

jurisdictional mandatory requirements. The ISSB will operate in an inclusive manner in this mission.

These ongoing activities present an opportunity to align, as much as possible, requirements at a jurisdictional and international level to deliver the global baseline that has been welcomed by public authorities and market participants, including the G20, the G7, the International Organization of Securities Commissions (IOSCO) and the Financial Stability Board.

A new advisory body—the Sustainability Standards Advisory Forum—will be created by the ISSB during the next quarter to facilitate regular dialogue with, and high-level advice from, a broad set of jurisdictions.

In addition, to support timely development of the global baseline, the ISSB has formed a working group composed of representatives from several jurisdictions actively engaged in standard-setting in the field of sustainability disclosures. The working group will discuss compatibility of those initiatives to establish how the global baseline, fully responding to the needs of global market

participants, can contribute to optimising reporting efficiency for companies in those jurisdictions and how those jurisdictions can build upon the global baseline according to their needs.

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ISSB outlines actions required to deliver global baseline of sustainability disclosures

The ISSB has outlined the necessary steps required to establish a comprehensive global baseline of sustainability disclosures. The ISSB's global baseline presents a unique opportunity to reduce the existing and further fragmentation of sustainability disclosure requirements. Widespread use of the baseline will reduce the costs for data preparers and improve information usability for data users.

The ambition of the ISSB is to have completed by the end of 2022 the necessary institutional and technical standard-setting work to establish the core elements of the global baseline, subject to feedback received from its ongoing consultation.

Implementation of the global baseline will then require action by others, including public authorities and market participants, to contribute towards the development of the global baseline and to require or encourage its widespread use. The ISSB stands ready to engage proactively as jurisdictions and other stakeholders begin their evaluation of the ISSB's standards—IFRS Sustainability Disclosure Standards.

Implementing the global baseline

International collaboration in the development of the global baseline is essential to create a disclosure system that can be implemented globally, resulting in a consistent approach across markets. The current consultation on the ISSB's proposed standards provides an opportunity for jurisdictions to contribute to the development of high-quality standards for capital markets.

The ISSB is poised to work in close cooperation with jurisdictions that are consulting, or plan to consult, on their capital market requirements for

sustainability disclosures via a dedicated inclusive working group. As this work develops, the ISSB will pay special attention to the needs of emerging and developing economies, as well as smaller- and medium-sized companies and others within global supply chains, recognising the additional challenges faced by such companies in applying sustainability disclosure requirements.

Furthermore, the ISSB is currently establishing the necessary advisory and consultative bodies that will serve as a platform for enhanced collaboration with other international organisations, jurisdictional authorities and representatives of other stakeholders.

The global baseline approach will play a vital role in building the trust and transparency needed to foster economic stability and contribute to the transformation of sustainable economic, social and environmental systems and a just transition for a better future.

Demand-driven

The ISSB was established in November 2021 at the COP26 climate conference in response to strong demand from public authorities and market participants for high-quality, globally consistent sustainability disclosures that enable investors to assess sustainability-related risks and opportunities when making investment decisions and assessing enterprise value.

The global baseline builds upon, incorporates and protects the heritage of the existing investor-focused sustainability disclosure standards, including those of the Task Force on Climate-related Financial Disclosures (TCFD), the Climate Disclosure Standards Board (CDSB), Sustainability Accounting Standards Board (SASB) Standards, Integrated Reporting and the World Economic Forum's metrics.

Significant progress towards the global baseline

Since the COP26 announcement, considerable progress has been made in both the ISSB's institutional arrangements and technical work.

July 2022

At an institutional level, the IFRS Foundation Trustees appointed Chairman and Vice-Chairman of the ISSB. Further appointments are also underway.

At a technical level, in March 2022 the ISSB published for public comment its first two proposed standards – a *draft climate standard* and a *general requirements standard*, complete with *industry-based requirements*. Both proposed standards build upon prototypes published at COP26, incorporating TCFD recommendations and are open for public comment. The ISSB is currently undertaking a comprehensive outreach programme to encourage broad participation in the consultation.

Together, these developments ensure the necessary institutional and technical underpinnings for the global baseline to be in place by the end of 2022.

[Read more](#)

Further Developments

G7 Finance Ministers and Central Bank Governors have welcomed ISSB's work to deliver global baseline of sustainability disclosures

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Integrated Reporting—articulating a future path

The IASB and ISSB have communicated plans for the future role, governance and development of the Value Reporting Foundation's (VRF) *Integrated Reporting Framework (IRF)* and *Integrated Thinking Principles (ITP)*. They have laid down plans and the future role of the Integrated Reporting Council in the IFRS Foundation.

The IRF and the ITP will become part of the materials of the IFRS Foundation and have a prominent place on the Foundation's website.

The International Integrated Reporting Framework is used to accelerate the adoption of integrated reporting across the world with an aim to:

- Improve the quality of information available to providers of financial capital to enable a more

efficient and productive allocation of capital

- Promote a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of an organization to create value over time
- Enhance accountability and stewardship for the broad base of capitals (financial, manufactured, intellectual, human, social and relationship, and natural) and promote understanding of their independencies
- Support integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long term.

Integrated thinking leads to integrated decision making and actions that consider the creation, preservation or erosion of value over the short, medium and long term.

[Read more](#)

Further Developments

Consolidation with VRF expected to complete 1st August 2022

The IFRS Foundation Trustees VRF Board have announced an updated expected target date for the consolidation of the VRF into the IFRS Foundation as 1st August 2022, to finalise the remaining procedures necessary to complete the legal consolidation.

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ISSB and GRI provide update on ongoing collaboration

Technical representatives from the ISSB and the Global Reporting Initiative (GRI) met to begin work on delivering the agreed MoU.

The IFRS Foundation and GRI recognise the need to further harmonise the sustainability reporting landscape at an international level. IFRS Sustainability Disclosure Standards and GRI Standards can be viewed as two interconnected reporting pillars that address distinct perspectives, which can together form a comprehensive corporate reporting regime for the disclosure of sustainability information.

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IFRS Foundation Conference 2022: A Summary

About 55 countries participated in this year's IFRS Foundation Conference to engage with experts from the International Accounting Standards Board (IASB) and ISSB as well as from the financial reporting landscape. Deliberations were held on Sustainability matters and Accounting matters. The summary of which is given below.

Sustainability

The Chair of the IFRS Foundation Trustees, reflected on the similarities between what happened when the IASB was created in 2001 and the current developments since the formation of the ISSB in 2021.

Board Chair of IOSCO gave an overview of the role that the IOSCO played in the creation of the ISSB and referred to the widespread support from securities regulators for the establishment of a global baseline for sustainability disclosures. He stressed on the importance of bridging the divide between accounting standards and sustainability disclosure standards so that they complement each other and complete the picture of a company's enterprise value and future prospects.

Chair of the ISSB highlighted the significant progress that the ISSB has been making since its creation. He reiterated that the support from IOSCO was foundational for the work that the ISSB is doing to ensure that capital markets are operating well..

There was a panel discussion involving ISSB Chair, IASB Chair and ISSB Vice-Chair. Connectivity between the IASB and the ISSB was a key theme that emerged in their discussion and from the questions submitted by participants to the panelists. Overall, the panel agreed that connectivity between both boards is critical to avoid the risk of gaps or inconsistencies between sustainability disclosures and financial statements. (FSs).

The day ended with a panel of experts exploring how technology is changing the way investors

consume financial reports and make investment decisions. The discussions in this session underlined the importance of technology in providing both financial data and sustainability-related information in the most effective manner to capital markets.

Accounting

IASB Chair shared the IASB's strategic decisions. The IASB has unanimously agreed to completing its current work plan as a matter of priority. It has also decided to add three projects to its work plan. These projects are intangible assets, the statement of cash flows and a maintenance project on climate-related risks in FSs. Looking ahead, the IASB and the ISSB will work collegially together for the benefit of investors and other capital market participants.

[Read more](#)

Indian Accounting Standards (Ind AS) (IFRS as applicable in India with certain carve-outs)

Educational Material on Ind AS 34 *Interim Financial Reporting*

An interim financial report is a complete or condensed set of financial statements for an interim period which is shorter than a full financial year. Ind AS 34 does not specify which entities must publish an interim financial report. This is generally a matter for relevant law and government regulations. Ind AS 34 applies if an entity following Ind AS in its annual FSs publishes an interim financial report that asserts compliance with Ind AS. Ind AS 34 prescribes the minimum content of such an interim financial report. It also specifies the recognition and measurement principles applicable to an interim financial report.

ICAI has prepared this Educational Material to provide guidance in the form of Frequently Asked Questions (FAQs) on the practical issues that the preparers of the FSs face while applying this Ind AS.

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