

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

INDEX

<u>Particulars</u>	<u>Page No</u>
International Sustainability Standard Board (ISSB)	2
International Financial Reporting Standards (IFRS)	3

ISSB at the 28th Conference of the Parties (COP28) (28th United Nations Climate Change Conference)

Multilateral Development Banks confirm support for work of the ISSB as world leaders gather at COP28 [Announcement dated 30th November 2023](#)

As world leaders gather for COP28 to advance action for addressing climate risks, a group of major Multilateral Development Banks have confirmed their support for the work of the ISSB. The support of the Multilateral Development Bank community was instrumental in the prior introduction of IFRS Accounting Standards in regions such as Africa, Latin America & the Caribbean, Eastern Europe and Southeast Asia.

IFRS Foundation launches knowledge hub in support of global drive to build capacity for the ISSB Standards

[Announcement dated 1st December 2023](#)

The IFRS Foundation has launched the [IFRS Sustainability knowledge hub](#) to support use of the ISSB Standards from year 2024. The hub has been designed to help companies prepare their ISSB disclosures and it will also be a useful repository for auditors, investors, regulators and other stakeholders seeking to advance their understanding of the ISSB Standards.

IFRS Foundation and ISO commit to future cooperation towards effective communication about sustainability-related risks and opportunities

[Announcement dated 3rd December 2023](#)

Following the publication of the ISSB's inaugural Standards—IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*—the IFRS Foundation and the International Organization for Standardization (**ISO**) have confirmed their shared commitment to cooperate to support efficient and resilient global economies.

ISO 14000 Environmental management and greenhouse gas emission standards can help companies that have sustainability and climate commitments implement them, and support disclosures in line with IFRS S2. Companies that have implemented such robust management system standards will be well placed to communicate with investors using the ISSB Standards.

Close to 400 organisations from 64 jurisdictions have committed to advancing the adoption or use of the ISSB's climate-related reporting at a global level

[Announcement dated 4th December 2023](#)

Close to 400 organisations from 64 jurisdictions, including associations gathering over 10,000 member companies and investors, join multilateral and market authorities to commit to advance the ISSB climate global baseline.

Corporate membership groups representing thousands of companies globally have signed the statement, joined by more than 140 companies preparing public disclosures who also chose to demonstrate support directly. Companies have been calling for standards that enable them to communicate to investors comprehensive information about their climate resilience strategy.

Educational Material for IFRS S2

[Announcement dated 14th December 2023](#)

In June 2023, the ISSB issued its inaugural standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (**IFRS S1**) and IFRS S2 *Climate-related Disclosures* (**IFRS S2**).

As part of efforts to support application of IFRS S1 and IFRS S2, the IFRS Foundation has published new [educational material](#) to help companies consider ‘nature and social aspects’ of climate-related risks and opportunities when applying IFRS S2.

The material sets out 3 examples that help illustrate how companies might apply requirements in IFRS S2 and IFRS S1 in such circumstances to provide material information to users of general-purpose financial reports. The material has been developed to help companies apply the ISSB Standards; it does not affect any of the requirements within the Standards.

ISSB publishes targeted amendments to enhance the international applicability of the SASB Standards

[Announcement dated 20th December 2023](#)

The Sustainability Accounting Standards Board (**SASB**) Standards are a source of guidance for applying IFRS S1. The SASB Standards help companies identify and disclose material information about sustainability-related risks and opportunities in the absence of specific IFRS Sustainability Disclosure Standards.

The SASB Standards identify the sustainability-related risks and opportunities most relevant to investor decision-making in 77 industries. The Standards are developed using a rigorous and transparent standard-setting process that included:

- evidence-based research;
- broad and balanced participation from companies, investors and subject-matter experts; and
- oversight and approval from the independent SASB Standards Board.

In August 2022, the ISSB assumed responsibility for the SASB Standards when the Value Reporting Foundation (VRF), the global nonprofit that previously maintained these Standards, consolidated into the IFRS Foundation. The ISSB is committed to maintaining and enhancing the SASB Standards and encourages their continued use.

The ISSB published amendments to the SASB Standards to enhance their international applicability. These amendments are intended to help preparers apply the SASB Standards regardless of the jurisdiction in which they operate or the type of generally accepted accounting principles (GAAP) they use without substantially altering the SASB Standards’ structure or intent. The SASB Standards facilitate the implementation and application of IFRS S1 for preparers.

International Financial Reporting Standards (IFRS)

IASB consults on improved accounting requirements for financial instruments with both debt and equity features

[Announcement dated 29th November 2023](#)

The International Accounting Standards Board (**IASB**) has proposed amendments to address the challenges in companies’ financial reporting on instruments that have both debt and equity features.

IAS 32 *Financial Instruments: Presentation* sets out how a company that issues financial instruments should distinguish debt instruments from equity instruments. The distinction is important because the classification of the instruments affects the depiction of a company’s financial position and performance.

IAS 32 works well for most financial instruments. However, the instruments have evolved since this IFRS Accounting Standard was initially issued—they are more complex and present new reporting challenges for companies. Companies’ solutions to the reporting challenges differ, resulting in diverse accounting practices that make it difficult

for investors to assess and compare companies' financial position and performance. Investors are calling for better information, particularly about equity instruments.

To address these challenges, the IASB has published an [Exposure Draft](#) that would amend IAS 32 *Financial Instruments: Presentation*, IFRS 7 *Financial Instruments: Disclosures*, and IAS 1 *Presentation of Financial Statements*.

The IASB proposes:

- to clarify the underlying classification principles of IAS 32 to help companies distinguish between debt and equity;
- to require companies to disclose information to further explain the complexities of instruments that have both debt and equity features; and
- to issue new presentation requirements for amounts—including profit and total comprehensive income—attributable to ordinary shareholders separate to the amounts attributable to other holders of equity instruments.

New and revised pronouncements as on 31st December 2023 (applicable for reporting period ending on 31st December 2023)

The table providing pronouncements which will be mandatorily applied by entities for the first time on 31st December 2023

Pronouncement	Effective Date	Corresponding Ind AS
Standards		
IFRS 17 <i>Insurance Contracts</i>		Ind AS 117
Amendments		
Amendments to IFRS 17 <i>Insurance Contracts</i>		Ind AS 117
Disclosure of Accounting Policies (<i>Amendments to IAS 1 and IFRS Practice Statement 2</i>)	1 st January 2023	Ind AS 1
Definition of Accounting Estimates (<i>Amendments to IAS 8</i>)		Ind AS 8
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (<i>Amendments to IAS 12</i>)		Ind AS 12
International Tax Reform — Pillar Two Model Rules (<i>Amendments to IAS 12</i>) — Application of the exception and disclosure of that fact	23 rd May 2023	Ind AS 12
International Tax Reform — Pillar Two Model Rules (<i>Amendments to the 'IFRS for SMEs' Standard</i>) — Application of the exception and disclosure of that fact	29 th September 2023	-

Table showing the effective dates of IFRS Sustainability Disclosure Standards, IFRS and International Accounting Standards (IAS) identifying amendment made to those standards

Standards	Pronouncement	Issued	Effective Date	Corresponding Ind AS
IFRS Sustainability Disclosure Standards				
IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i>	Original Issue	2023	Annual periods beginning on or after 1 st January 2024	-

Standards	Pronouncement	Issued	Effective Date	Corresponding Ind AS
IFRS S2 <i>Climate-related Disclosures</i>	Original Issue	2023	Annual periods beginning on or after 1 st January 2024	-
IFRS				
IFRS 7 <i>Financial Instruments: Disclosures</i>	Amendments regarding supplier finance arrangements	May 2023	Annual periods beginning on or after 1 st January 2024	Ind AS 107
IFRS for Small and Medium-sized Entities (SMEs)	Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	September 2023	Annual periods beginning on or after 1 st January 2023	-
IAS				
IAS 7 <i>Statement of Cash Flows</i>	Amendments regarding supplier finance arrangements	May 2023	Annual periods beginning on or after 1 st January 2024	Ind AS 7
IAS 12 <i>Income Taxes</i>	Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	May 2023	Annual periods beginning on or after 1 st January 2023	Ind AS 12



Disclaimer and Statutory Notice

This e-publication is published by C N K & Associates, LLP Chartered Accountants, India, solely for the purposes of providing necessary information to employees, clients and other business associates. This publication summarizes the important statutory and regulatory developments. Whilst every care has been taken in the preparation of this publication, it may contain inadvertent errors for which we shall not be held responsible. The information given in this publication provides a bird's eye view on the recent important select developments and should not be relied solely for the purpose of economic or financial decision. Each such decision would call for specific reference of the relevant statutes and consultation of an expert. This document is a proprietary material created and compiled by C N K & Associates LLP. All rights reserved. This newsletter or any portion thereof may not be reproduced or sold in any manner whatsoever without the consent of the publisher.

This publication is not intended for advertisement and/or for solicitation of work.

www.cnkindia.com

CNK & Associates LLP
Chartered Accountants

Mumbai

3rd Floor, Mistry Bhavan, Dinshaw Vachha
Road, Churchgate, Mumbai 400 020.

Tel: +91 22 6623 0600

501/502, Narain Chambers, M.G Road,
Vile Parle (East), Mumbai 400 057.

Tel: +91 22 6250 7600

Chennai: +91 44 4384 9695

GIFT City: +91 79 2630 6530

Pune: +91 20 2998 0865

Vadodara: +91 265 234 3483

Bengaluru: +91 91 4110 7765

Dubai: +971 4355 9533

Ahmedabad: +91 79 2630 6530

Delhi: +91 11 2735 7350

Abu Dhabi: +971 4355 9544