

ESG & Sustainability Governance and Reporting

Gearing up for the IFRS Sustainability Disclosure Standards



- Are you prepared to embrace a new era of corporate reporting?
- Are your supply chain partners asking your organisation to provide sustainability disclosures in accordance with international leading practice?
- Does your organisation have up-to-date information about the new international sustainability disclosure standards and the relevant governance requirements?
- Has your organisation aligned the expectations and aspirations of the Board and Management in relation to ESG & sustainability corporate reporting and the governance to monitor and manage ESG & sustainability matters?
- Have you begun to invest time and resources to meet the public disclosure requirements of ESG & sustainability matters on par with financial reports?

The IFRS Sustainability Disclosure Standards

At COP26, the International Financial Reporting Standard (IFRS) Foundation announced the creation of a new International Sustainability Standards Board (ISSB), an independent ‘sister’ board to the International Accounting Standards Board (IASB), to develop a comprehensive global baseline of sustainability disclosure standards. This has been the biggest change in corporate reporting since the 1930s and would simplify and harmonise the sustainability reporting landscape.

In March 2022, the ISSB published its first two draft IFRS Sustainability Disclosure Standards:

- S1 General Requirements for Disclosure of Sustainability-related Financial Information (General Requirements Exposure Draft)
- S2 Climate-related Disclosures (Climate Exposure Draft)

The Exposure Drafts use the four-pillar structure from The Task Force on Climate-Related Financial Disclosures (TCFD): **Governance, Strategy, Risk Management, Metrics and Targets** as the architecture of the standards whilst also incorporating industry-based disclosure requirements derived from the Sustainability Accounting Standards Board (SASB) Standards.

The ISSB redeliberated the proposals after considering the feedback on the Exposure Drafts and has just issued its first two standards S1 and S2 on 26 June 2023 with the effective date from 1 January 2024.

In the final standards the ISSB incorporated the key concepts and principles of the Integrated Reporting <IR> Framework such as value creation over different time horizons through different resources and relationships as well as the connectivity of information.

We expect Australia is to develop a separate suite of sustainability standards using the IFRS Sustainability Disclosure Standards as a baseline, with modifications for Australian specific matters and requirements where necessary to meet the needs of Australian stakeholders. Based on ISSB’s published S1 and S2 standards, the Australian Accounting Standards Board (AASB) will revisit its preliminary decisions before re-exposing the standards in Australia. In December 2022 the Department of the Treasury issued Climate-related Financial Disclosure consultation paper to seek initial views on key considerations for standardised and internationally aligned disclosure of climate-related financial risks and opportunities in Australia. On 27 June 2023 Treasury released the second consultation to seek views whether the proposed positions set out in the consultation paper relating to coverage, content, framework and liability are workable in Australia.

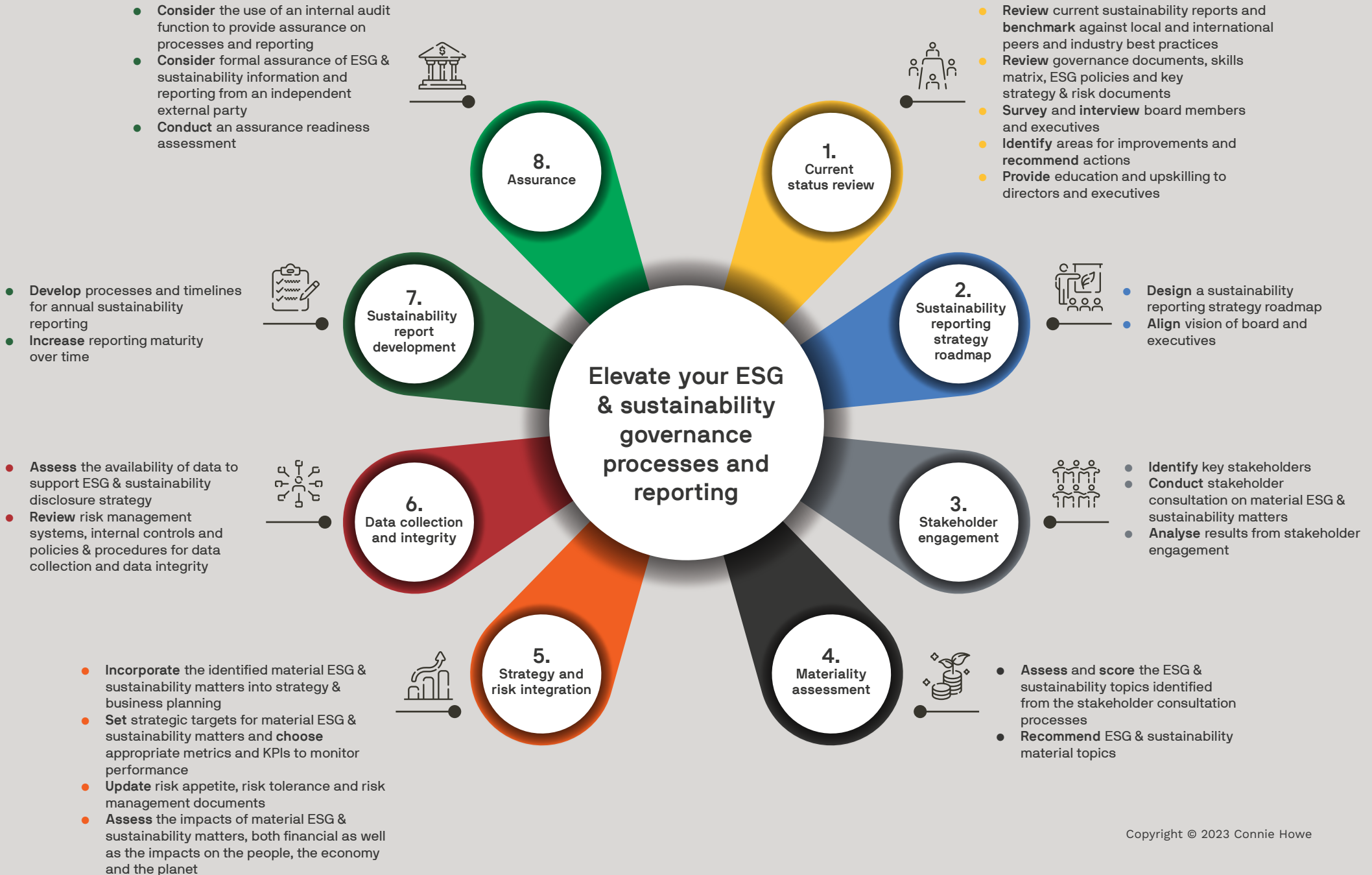


Key steps to elevate corporate sustainability governance and reporting

So where to start? No matter whether you have or have not started sustainability reporting, we suggest you follow the following steps to assess your organisation’s current status of **Governance Structure, Governance Processes and Reporting**, identify gaps against international leading practice and develop a strategy and a roadmap to close the gaps and get ready for the IFRS Sustainability Disclosure Standards and the Australian standards equivalent.

Step 1 ▶ Status Review	Step 2 ▶ Gap Analysis	Step 3 ▶ Alignment	Step 4 Roadmap
Understand your organisation’s current position in relation to ESG & sustainability governance and reporting compared with peers and industry benchmarks	Identify gaps of ESG & sustainability governance structure, governance processes and reporting against leading practice	Facilitate alignment of the expectations and aspirations from Board and executives	Develop a strategy and a roadmap to close the gaps and get ready for the IFRS Sustainability Disclosure Standards and the Australian standards equivalent
<p>Delivered through Peakstone Global customised service approach: Peer Review and Benchmarking Desktop Review Interview Survey</p>			
<p>Underpinned by customised education programs and workshops: ESG & sustainability risks & opportunities, governance, strategy and risk integration, and reporting</p>			

The following graphic provides a comprehensive summary of the key steps an organisation should take to elevate its ESG & sustainability governance processes and reporting.



The developments of corporate sustainability reporting continue to evolve rapidly. Over the next 12 to 24 months, we will see demands increase on reporting under the IFRS Sustainability Disclosure Requirements including the Australian standards equivalent, either under mandatory requirements or due to investor or supply chain partner expectations. We can assist you to get ready for these important requirements. Please contact us today. Be early in the game and stay in the game!

About us

Peakstone Global is a governance and board services firm whose overarching purpose is to enhance our client organisations by building outstanding Governance, Trust and Performance. Peakstone Global specialises in governance and board advisory services including board reviews, director assessments, governance of strategy and risk, and ESG & sustainability governance.

Our approach is One Firm, Many Minds. As a full service Board and Governance advisory firm, we can draw on the resources of 14 highly experienced governance advisors plus service partners.

We deliver localised services with a global perspective. Our commitment to the highest global standards of corporate governance and investor stewardship makes us proud, active members of the Australian Institute of Company Directors, as well as the International Corporate Governance Network, who advances the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation, contributing to sustainable economies, societies, and the environment.



Approach to supporting clients build their capacity and capability

Our Specialist Advisors have substantive experience as executives, non-executive directors or Chairs in the ASX, private, government and not-for-profit sectors.

This enables us to work alongside clients to identify gaps in capacity and effectively create roadmaps that address ESG & sustainability governance and reporting needs as well as build your internal capability.

We will be with you in the short term so you can be sustainable over the long term!



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Areas of expertise

- ESG and sustainability governance and reporting
- Sustainability disclosure standards
- Integration of ESG and sustainability into business practices
- ESG and sustainability coaching and training



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Areas of expertise

- Board and committee structures and membership
- Managing the interface between the board and management
- Labour standards, human rights, stakeholder engagement, diversity & inclusion
- Aligning strategy, risk and culture for corporate outcomes