

Business should take note of the new sustainability reporting standards

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Sustainability reporting is about to be revolutionised thanks to the International Sustainability Standards Board's (ISSB) two new standards, which are due to be launched globally on 29 June 2023. Milton Segal, executive director for Standards at the South African Institute of Chartered Accountants (Saica), believes these standards will bring about positive changes and reforms in the way we approach sustainability.



A few days before the ISSB's global launch of the two new standards, Segal emphasises the growing interest among investors in sustainable investments for the long term. "Investors are no longer solely focused on financial returns. They want to invest in businesses that prioritise sustainability and environmental, social, and governance (ESG) factors," he explained.

The ISSB has been working diligently to develop these standards in the public interest. Their aim is to create a global framework for corporate reporting that incorporates sustainability measures, metrics, and disclosures. This framework will ensure consistency and comparability across different sectors, industries and continents.

The first standard, IFRS S1, will establish a core baseline for sustainability reporting. It will address important factors such as waste and emissions. The second standard, IFRS S2, will delve into more specific topics, particularly climate change mitigation and adaptation.

Businesses are increasingly realising that sustainability issues, like climate change, have a significant impact on their operations and future prospects. By prioritising sustainability and considering the well-being of their employees, investors, and the market, businesses can increase their chances of long-term success. This shift towards sustainability will create a level playing field for both investors and businesses.

While these standards bring great benefits, businesses may experience initial challenges in implementing them. Some organisations might need to invest in system upgrades and additional resources to meet the requirements, however, the transparency and comparability that these standards bring to Sustainability Reporting are commendable. The ISSB has

taken existing reporting frameworks and adapted them to promote consistent reporting globally.

The successful integration of these standards into existing frameworks and systems will require collaboration and support from regulators and standard-setting bodies. Ongoing dialogue between these entities is crucial to ensure effective and efficient implementation. Chartered accountants in particular, with their expertise in reporting, controls, governance, and integrated thinking, have a vital role to play in this process.

Segal concludes: “Organisations should view the transition to these new standards as an opportunity rather than a compliance burden. It is a chance to create value, reform reporting practices, and operate sustainably. The ultimate goal is not just reporting but embracing sustainability as a core principle. By continuously reflecting on the standards’ intent and incorporating sustainability into their operations, organisations can make their reporting more impactful and meaningful.”

Saica, in collaboration with the JSE, will be hosting the South African leg of the global launch of the ISSB’s first two standards on 29 June. These sustainability standards mark a new era of reporting and accountability, by providing a common language for businesses to showcase their commitment to sustainable practices for the benefit of everyone. Together, we can build a more sustainable future for South Africa and the world.

More information on the ISSB and the standards can be found on the [IFRS website](#).

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