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Growing Momentum Behind the ISSB Standards as New Global Baseline for Sustainability Disclosures: Investor Coalition Urges Adoption By 2025

This week, a multinational group of 120 asset managers, industry associations and stock exchanges issued a [joint statement](#) urging global regulators to adopt the [climate](#)- and [sustainability](#)-related disclosure standards developed by the International Sustainability Standards Board (ISSB) for both public and private companies by 2025. Signatories include CalPERS, CalSTRS, Baillie Gifford, Legal & General Investment Management, the London Stock Exchange Group, Norges Bank, the Principles for Responsible Investment and the World Business Council for Sustainable Development.

Finalized last year, the ISSB Standards draw from and [build upon](#) the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and its four pillars—governance, strategy, risk management, and metrics and targets—and include disclosures informed by financial materiality that encompass transition plans, industry-specific metrics and the use of carbon credits.

Australia, Brazil, Canada, Hong Kong, India, Japan and Singapore have announced plans to implement the ISSB Standards in the next eighteen months. The United Kingdom has also announced plans to adopt UK-specific standards based on the ISSB Standards later this year. Earlier this month, the European Union released [guidance](#) on the interoperability between the ISSB Standards and the EU's Corporate Sustainability Reporting Directive disclosures.

While many U.S. investors, as well as ISS and Glass Lewis, are still guided by the TCFD framework when assessing corporate disclosures on climate risk management, BlackRock indicated in its 2024 global investment stewardship [principles](#) that companies may begin phasing in reporting aligned with the ISSB Standards over the next several years.

With the SEC's climate rules stayed pending litigation in the Eighth Circuit and California's climate [disclosure laws](#) also subject to legal action, this most recent investor push for ISSB adoption is a reminder of the continued importance of accurate, consistent and relevant climate and sustainability risk disclosures for many capital markets participants.

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