



## NEWSFLASH

CDP to incorporate ISSB Climate Standard in its disclosure platform

November 2022

# CDP to incorporate ISSB Climate Standard in its disclosure platform

## Background

COP 27 is a conference which was formerly known as the United Nations Climate Change Conference of the Parties and the 27th conference is being hosted by the Egyptian government in Sharm El-Sheikh, which started on November 6, 2022. With the theme being implementation, a roadmap to actual implementation of the global baseline of sustainability disclosures remains the focus.

At COP 26, held in Glasgow last year, the International Financial Reporting Standard (IFRS) Foundation announced the creation of the International Sustainability Standards Board (ISSB). Since its formation, ISSB has finalized its Board membership, consolidated the voluntary reporting landscape, and published two draft standards, namely IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. The sectoral based draft standards are currently in the process of reviewing feedback and are expected to be finalized in early 2023.

CDP (formerly Carbon Disclosure Project), founded in 2000, is an institution that analyses and evaluates the Climate-Water and Forest impacts of companies, through its global environmental outreach platform. CDP requests companies to disclose comprehensively on their environmental impacts - including beyond climate change and what is material for investors. The platform provides annual scores for companies which are released each year in December.

At COP 27, on 8 November 2022, CDP announced to incorporate IFRS Foundation's ISSB Climate-related Disclosures Standard into their global environmental disclosure platform. Further, CDP also quoted that will continue to incorporate all high-quality standards, such as those being developed in the EU, the US, and across the world.

## Implications

The milestone development at COP 27, marks as a significant progress towards delivering the global baseline of sustainability-related disclosures.

The announcement implies that CDP will integrate IFRS S2 in its existing annual questionnaire. Further, effective 2024, companies representing more than half of the value of global stock markets, reporting environmental data through CDP will begin complying to the IFRS S2

Furthermore, in October 2022, it was announced that Scope 3 greenhouse gas (GHG) emissions which are not controlled by a company but generated in its value chain, will be included in climate-related disclosures. However, 'relief provisions' and 'safe harbor' clauses will be created for delayed introduction of requirements. Resultantly, companies reporting through CDP may be required to disclose Scope 3 GHG emissions too.

By collecting this data, CDP will provide investors and other stakeholders access to corporate environmental information that is consistent,

comprehensive, and comparable across geographies, leading to a step forward to coherence of global standards and reporting.

CDP will provide the IFRS Foundation with access to data on disclosures made against the climate standard for monitoring uptake and implementation of the standards and pursuing their continuous improvement. Nearly 20,000 entities disclose through CDP and due to this development, CDP is uniquely positioned to scale early adoption of ISSB climate data disclosure across the global economy.

Additionally, integration between the ISSB and CDP would also relieve some reporting burden on companies, considering that they can use the same information for two purposes. This move is a step closer to a common language for disclosures. Further, ISSB aligned data will guide investors to make an informed decision and help countries progress towards building a truly sustainable economy.



## Nangia Andersen LLP's Take

The need for uniform and well-defined reporting standards has been a crucial issue for non-financial corporate reporting and the pace at which global baseline is being established is incredible.

This development is clearly validating the need of standards to come together to fill each other's gaps, which is imperative to build a robust global baseline.

The decision of CDP to incorporate ISSB climate-related disclosures even before they are finalised is commendable, as it showcases their commitment to deliver comprehensive environmental disclosure.





### **NOIDA**

(Delhi NCR - Corporate Office)  
A-109, sector 136, Noida 201304, India  
T : +91 120 512 3000

### **Gurugram**

812-814, Tower B, Emaar Digital Greens, Sector  
61, Gurugram, Haryana, 122102, India  
T: 0124-4301551

### **Chennai**

Palladium Bayan, Level 5, 129-140, Greams  
Road, Thousand Lights, Chennai 600006, India  
T: +91 44 46549201

### **Pune**

Nangia Andersen LLP, 3rd Floor, Park Plaza,  
CTS 1085, Ganeshkhind Road, Next to Pune  
Central Mall, Shivajinagar, Pune - 411005

### **Delhi**

B-27, Soami Nagar,  
New Delhi-110017, India  
T : +91 120 2598000

### **Mumbai**

11<sup>th</sup> Floor, B Wing, Peninsula Business Park,  
Ganpatrao Kadam Marg, Lower Parel,  
Mumbai - 400 013, India | T: +91 22 6173 7000

### **Bengaluru**

Prestige Obelisk, Level 4, No 3 Kasturba Road,  
Bengaluru - 560 001, Karnataka, India  
T: + 91 80 2248 4555

### **Dehradun**

First Floor, "IDA" 46 E. C. Road, Dehradun -  
248001, Uttarakhand  
T: +91 135 271 6300

[www.nangia-andersen.com](http://www.nangia-andersen.com) | [query@nangia-andersen.com](mailto:query@nangia-andersen.com)