

## IASB - International Accounting Standards Board

The International Accounting Standards Board (IASB) is an independent, private-sector body that develops and approves International Financial Reporting Standards (IFRSs). The IASB operates under the oversight of the IFRS Foundation. The IASB was formed in 2001 to replace the International Accounting Standards Committee (IASC). A full history of the IASB and the IASC going back to 1973 is available on the IASB website. Currently, the IASB has 14 members.

### The IASB's role

Under the IFRS Foundation Constitution<sup>1</sup>, the IASB has complete responsibility for all financial reporting-related technical matters of the IFRS Foundation including: full discretion in developing and pursuing its technical agenda, subject to certain consultation requirements with the Trustees and the public the preparation and issuing of IFRSs (other than Interpretations) and exposure drafts, following the due process stipulated in the Constitution the approval and issuing of Interpretations developed by the IFRS Interpretations Committee<sup>2</sup>.

The International Accounting Standards Board (IASB) plays a pivotal role in the realm of sustainable finance, particularly in establishing accounting standards and frameworks that facilitate transparent reporting of environmental, social, and governance (ESG) factors. While the primary objective of the IASB is to set global accounting standards through the International Financial Reporting Standards (IFRS), its involvement in sustainable finance is evolving, albeit indirectly.

Here are some ways in which the IASB contributes to sustainable finance:

1. **Standard Setting and Reporting Frameworks:** The IASB has been exploring ways to incorporate sustainability reporting within financial reporting. It has been engaged in discussions on how to enhance the relevance, consistency, and comparability of information related to climate-related risks, other ESG factors, and broader non-financial metrics within financial reports.
2. **Collaboration and Guidance:** The IASB collaborates with other standard-setting bodies and stakeholders to develop guidelines and recommendations for reporting on sustainability-related issues. While it doesn't have direct authority over non-financial reporting standards, its influence and collaboration can shape how ESG factors are integrated into corporate reporting frameworks.
3. **Investor Confidence and Decision-Making:** By advocating for standardized and consistent reporting of ESG information, the IASB indirectly supports investor confidence and decision-making. Clear and reliable reporting frameworks can enable investors to better assess the long-term risks and opportunities associated with sustainable business practices.
4. **Adaptation of Reporting Standards:** The IASB has been monitoring the evolution of sustainable finance and acknowledging the need to adapt reporting standards to address emerging challenges related to climate change, social responsibility, and corporate governance.

However, it's important to note that as of now, the IASB primarily focuses on financial reporting standards, and while it's increasingly recognizing the importance of ESG factors, it hasn't yet developed comprehensive sustainability reporting standards. The IASB's involvement in sustainable finance is largely through encouraging the integration of material ESG information into financial reporting rather than creating standalone sustainability reporting standards.

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<sup>1</sup> <https://www.ifrs.org/>

<sup>2</sup> <https://www.iasplus.com/en/resources/ifrsf/due-process/background-to-ifrs>

The evolving landscape of sustainable finance and the increasing demand for transparent ESG disclosures may lead to further developments in the IASB's role and influence in shaping reporting frameworks that align financial and non-financial aspects of corporate performance.