

September 1, 2023

International Sustainability Standards Board  
Columbus Building  
7 Westferry Circus, Canary Wharf  
London, E14 4HD

By email: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

Dear Board Members

### **Request for Information – consultation on agenda priorities**

We are writing on behalf of the Global Accounting Alliance (GAA) in response to your request for information on the International Sustainability Standards Board (ISSB) agenda priorities (consultation document).

#### **Introduction**

The GAA was formed in November 2005 and serves as a forum for 10 leading professional accountancy bodies representing 1,400,000 members in over 180 countries around the globe. Professional accountants play an important role in global capital markets helping organizations meet the evolving information needs of investors and other stakeholders, including on environmental, social and governance (ESG) issues.

The GAA's purpose is to serve the public interest by leading the advancement of a high-quality accounting profession by sharing information and collaborating among GAA members and advocating on international issues important to the profession.

The GAA's members include the following professional accountancy bodies:

- Association of International Certified Professional Accountants
- Chartered Accountants Australia and New Zealand
- Chartered Accountants Ireland
- Chartered Professional Accountants of Canada
- Hong Kong Institute of Certified Public Accountants
- Institut der Wirtschaftsprüfer in Deutschland e.V.
- Institute of Chartered Accountants in England and Wales
- Institute of Chartered Accountants of Scotland
- Japanese Institute of Certified Public Accountants
- South African Institute of Chartered Accountants

The consultation document contains strategies and focus areas that the GAA considers important in shaping the future of sustainability-related financial disclosures, and we appreciate the opportunity to comment.

We congratulate the ISSB in delivering the first set of sustainability related financial disclosures through IFRS S1 *General Requirements for Disclosure of Sustainability-related*

*Financial Information* (IFRS S1) and IFRS S2 *Climate-related disclosures* (IFRS S2). These two standards are an important step towards establishing a comprehensive global baseline for sustainability reporting; however, we are only at the beginning of the journey to achieve consistent, comparable, useful sustainability reporting for global investors and stakeholders.

We consider it important for the ISSB to share their strategic direction, including a proposed roadmap and timeline going beyond 2-years, that illustrates the connectivity and potential scope of the eventual suite of ISSB standards. This will help jurisdictions to adequately prepare, and resource expected future activities, supporting new standard development to achieve global baselines.

### **Question 1 - Strategic direction and balance of the ISSB's activities**

We recommend the ISSB prioritize the effective implementation of IFRS S1 and IFRS S2 and jurisdictional engagement to maximise and maintain baseline interoperability with respect to adoption of the standards.

#### *Achieving a global baseline through comparability and interoperability*

Broad adoption of these first two standards and their interoperability with jurisdictional requirements will be critical to establish the comprehensive global baseline. To achieve comparable sustainability-related financial information on a global scale, the ISSB will need to work closely with other jurisdictions to resolve any potential interoperability issues, since this will be key to the ISSB's success going forward and, especially in fostering confidence in the ISSB as the global sustainability reporting standard setter.

#### *Supporting the implementation of IFRS S1 and IFRS S2*

The availability of proactive and responsive high-quality guidance and support of the standards to promote consistent implementation and application of the standards will be fundamental. The successful implementation of these two standards will set the stage for the engagement and adoption related to any future work the ISSB will undertake. We also suggest interoperability be factored into the development of guidance to support the implementation of the standards.

Capacity building efforts will be required across government (regulators and standard setters), reporting entities and assurance providers to support the effective implementation. The ISSB's effective use of the partners within their Partnership Framework, in developing appropriate content and sharing it broadly, will enable the ISSB to focus more time on engagement with jurisdictions regarding the comparability and interoperability of the standards.

### **Question 2—Criteria for assessing sustainability reporting matters that could be added to the ISSB's work plan**

We consider the proposed seven criteria to be an appropriate starting point. However, it is unclear how each criterion will be assessed and how the criteria will be weighted in decision making.

**Question 3—New research and standard-setting projects that could be added to the ISSB’s work plan**

While the primary focus of the ISSB should be implementation support for IFRS S1 and IFRS S2, we are supportive of the ISSB continuing with the momentum that has been established by conducting research on other sustainability topics.

Before considering new research and standard setting projects, the ISSB should undertake analysis of the current reporting requirements of jurisdictions, plans to adopt the standards or use them as a baseline. This understanding of the global reporting landscape will assist the ISSB to identify where gaps may exist in the provision of consistent, comparable and decision useful information for investors.

The ISSB should consider their existing capacity and capability as well as the maturity of the topic to identify projects which could be advanced simultaneously.

We agree with the four key topics that have been identified and we also recognise the importance of interconnectivity between project areas.

**Question 7—New research and standard-setting projects that could be added to the ISSB’s work plan: Integration in reporting**

Should this project be pursued, whether in the next two years or in the longer-term, in our view this should be a joint project between the IASB and the ISSB. To avoid fragmentation of reporting and achieve the goal of a global comprehensive corporate reporting system, connectivity between the two boards and prioritisation to utilise existing standards should be considered. Alignment can only be achieved if knowledge and skills are shared amongst the boards.

It is critical for the ISSB to address the interconnectedness of sustainability-related disclosure topics. Understanding how these topics are integrated into the overall business model and risk management approach and how the impact is quantified and interwoven with the financial statements will be important.

**Conclusion**

The GAA supports the current work that the ISSB is undertaking towards a comprehensive global baseline for sustainability reporting and interoperability with jurisdictional initiatives. We, and our members, are already progressively building capacity to contribute and provide integrity to meet the evolving information needs of investors and other stakeholders.

If you have any questions or would like to further discuss any issues, please do not hesitate to contact me at [Jim.Knafo@aicpa-cima.com](mailto:Jim.Knafo@aicpa-cima.com).

Yours sincerely,



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