

Joint Statement

IFRS ISSB Consultation On Agenda Priorities & Sustainable Disclosure Taxonomy

Our vision

The ISSB's recently published standards mark significant strides towards **reinforcing the connection between sustainability and business value and integrating financial and non-financial reporting**. Among other noteworthy aspects, we commend the ISSB for having integrated a long-term outlook to materiality analysis and requirements on Scope 3 climate disclosures.

Nonetheless, **the UN continues advocating for a double materiality perspective, which is aligned with the vision of the 2030 Agenda for Sustainable Development** and endorsed by various other jurisdictional and voluntary standard-setting bodies. The ISSB's building-block vision allows its standards to serve as a foundation or "baseline" upon which additional disclosure requirements can be adopted by jurisdictions with little duplication of effort. Through interoperability, this approach could ensure coexistence between different standards, including those with broader target audiences beyond the ISSB's investor focus, such as policymakers, non-governmental organizations, or investors and corporates who are focused on double materiality issues.

We have conveyed our **reservations on the ISSB's choice to rely on the single financial materiality** because this is inconsistent with the UN's approach. Yet, we will remain engaged and **focus this note on the realization of ISSB's building-blocks vision** in the short to medium term, while **continuing to advocate for a double materiality perspective with the hope that it will be embraced soon**.

Considering the **ongoing efforts needed to achieve universal sustainability reporting**, the ISSB's *Request for Information On Agenda Priorities* presents an important **opportunity to input into ISSB's next two-year plan**. The recent release of the *IFRS Sustainability Disclosure Taxonomy* for public consultation also provides a timely opportunity to briefly address this work within this statement.

For ease of reference, this statement addresses all points outlined in the *Request for Information (RFI) on Agenda Priorities*:

- **Part I focuses on Question 1**, pertaining to the strategic direction and balance of ISSB activities. *We argue that the ISSB should continue enhancing existing standards, providing implementation guidance, and working on their interoperability. We also briefly address the work on the Sustainable Disclosure Taxonomy, which we fully support and view as a means to facilitate interoperability.*
- **Part II addresses Questions 3-7** on new research and standard-setting projects that could potentially be added to the ISSB's work plan. *We argue that the ISSB should prioritize new research which aligns with the 2030 Agenda on environmental and social topics, while favoring collaborative processes on those, as well as considering projects which align with its expertise.*
- **Part III addresses Question 2**, which involves discussing the criteria to evaluate the priority of new initiatives. *We argue that the ISSB should reinforce links with the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs).*

I. Continuing foundational work

The ISSB should continue enhancing existing standards and developing implementation guidance, as well as supporting related initiatives including assurance standards.

- The ISSB should continue developing non-mandatory, educational guidance, such as for the IFRS S2 climate-reporting standards, as listed in the RFI.
- We encourage the ISSB to contribute to the development of the global sustainability assurance standard,¹ and to endorse it in its guidance documents once adopted. This is crucial to enhance information comparability and mitigate selective disclosure risks, as the ISSB standards put the onus for deciding what to disclose on the reporting entity.

The ISSB should continue work to optimize interoperability with voluntary and jurisdictional sustainability reporting standards, particularly those rooted in double materiality to drive the success of the building-blocks model. Over time, we believe the ISSB should broaden its criteria to target a wider set of stakeholders, beyond investors, and move towards double materiality.

- The ISSB has made significant progress with the European Sustainability Reporting Standards (ESRS) and the Global Reporting Initiative (GRI) standards, which are both referenced in IFRS S1. The ISSB and ESRS have reportedly “reached a very high degree of alignment”.² The ISSB should continue engaging with other standard-setters and framework providers going forward.
- The ISSB should provide guidance on how IFRS S1 and S2 standards can be effectively implemented by entities in a way that is interoperable with other standards (e.g. guidance that helps navigate where there are incremental disclosures required by only one set of standards).
- In the longer term, the ISSB should broaden its criteria to ensure its applicability and usefulness to a wider set of stakeholders (e.g. policymakers, NGOs, corporates) and move in the direction of double materiality.

The ISSB is encouraged to pursue work on its Sustainability Disclosure Taxonomy.

- We support this proposed new work and encourage the ISSB to pursue it, namely for its potential of facilitating interoperability with other standards, via the digital consumption of tagged disclosures.

The ISSB must continue stakeholder engagement, including with entities and jurisdictions, to ensure proper integration of the standards into legal frameworks and industry practices.

- The recent IOSCO endorsement represents a significant signal for jurisdictions worldwide to adopt the new ISSB standards. The ISSB should engage in capacity building to support jurisdictions, particularly those starting on their sustainability reporting journeys, in its capacity as a “baseline” standard-setter.
- The ISSB has initiated capacity building through the ISSB Partnership Framework. Going forward, it should develop further guidance and training material to deliver a core capacity building program across different economic settings, including developing economies and smaller firms.

II. Prioritizing new research projects aligned with the 2030 Agenda and with ISSB’s expertise

There is a clear need for the environmental and social research projects. While they are a priority in the 2030 agenda, sustainability reporting is still weak in these areas. This includes the project on Biodiversity, Ecosystems, and Ecosystems services (BEES), human capital and human rights topics.

¹ [Sustainability Assurance | IAASB](#)

² [European Commission, EFRAG and ISSB confirm high degree of climate-disclosure alignment | IFRS](#)

For these new projects, the ISSB is encouraged to establish stronger linkages to the Sustainable Development Goals (SDGs). Reframing the new research projects listed in the RFI through this lens would ensure their relevance for the global Agenda and thus bolster their acceptability and interoperability.

- Regarding the two research projects on human rights and human capital, there are fundamental interconnections and overlaps between these constructs in the social dimension. They could be framed as a singular social research initiative, aligned with the discourse on inequalities. Links could be established with SDG10 on 'Reduced Inequalities', SDG16 on 'Peace and Justice', as well as SDG8 on 'Decent Work and Economic Growth'.
- The topic on nature could be linked to SDG 15 on 'Life On Land' and 13 on 'Climate Action'.

The ISSB is advised to work as part of multi-stakeholder collaborative processes for the above projects.

- The new topics around nature (biodiversity, ecosystems and ecosystem services) and social issues (human rights and human capital) are less explored reporting areas, in contrast for instance to climate matters which has benefited from years of foundational work before IFRS S2. Addressing these emerging topics necessitates global cooperation from the outset, to reduce the capacity burden on a single entity and optimize the early integration of diverse approaches for early interoperability.
- The right forums have either been established or are currently being formed. The ISSB is encouraged to actively engage in these platforms, after contributing to their successful formation. This includes among others the Task Force on Nature-Related Financial Disclosures (TNFD), the potential forthcoming Task Force on Inequality and Social-related Financial Disclosures (TISFD).

Finally, we also support the realization of new research projects that are additional considering ISSB's expertise.

- The ISSB is in a privileged position to bridge remaining gaps between financial and sustainability dimensions. Out of the projects listed in the RFI, we thus also encourage work on integrated reporting. The ISSB should build on the progress already achieved in IFRS S1 and IFRS S2 to develop further guidance on the connectivity between the ISSB's and IASB's respective requirements.
- Going forward, this could extend to larger sustainability valuation work, such as guidance around how to integrate the sustainability data produced via existing standards into models. This natural progression aligns with ISSB's aim of to better informing investors decision-making and vision on entity value. Advancing incentive alignment is essential for the required scaling up of financing for sustainable development.

III. Using the SDGs as selection criteria

We argued above that the 2030 Agenda for Sustainable Development should be used as a key lens for new research framing and scoping. **The SDGs should also be used as an important tool to select new projects, by being added to the selection criteria for new ISSB activities.**

- To the list of 7 criteria in Table 2, the ISSB should add the relevance to the 2030 Agenda on Sustainable Development. This could be complementary to existing criteria focusing on the project's importance to investors and companies, and work alongside other criteria such as reporting gaps. Among the array of sustainability topics significant to companies and investors, the ISSB should establish their relative prioritization by considering development and planetary objectives. For instance, the decision to concentrate on nature and social topics for new research, rather than addressing other reporting

gaps, already suggests an implicit choice influenced by the prominence of these matters on the global agenda. We suggest formalizing this going forward.

Who we are:

UN institutions, agencies, and associated organizations who are supporting countries and the private sector to deliver on global goals and agreements, in particular the 2030 Agenda for Sustainable Development, the Paris Agreement, and the Addis Ababa Action Agenda.

This joint statement puts forward our vision to create a sustainability reporting framework which is fit-for-purpose and supportive of globally agreed ambitions and goals. We are guided by the April 2022 agreement among Heads of State and Government, Ministers and high-level representatives on the need to: (i) make private business more accountable for its impact on sustainable development; and (ii) encourage progress towards globally consistent and comparable international standards for sustainability-related disclosure, by leveraging existing principles, frameworks and guidance.³

In addition, specific suggestions for the ISSB’s exposure drafts are/ will be available in the consultation responses provided directly by the different UN agencies.



United Nations Department of Economic and Social Affairs (DESA)



United Nations Environment Programme – Finance Initiative



United Nations Conference on Trade and Development (UNCTAD)



United Nations Development Programme (UNDP)



United Nations Capital Development Fund (UNCDF)



United Nations Global Compact (UN Global Compact)



United Nations Regional Commissions

³ See Outcome Document of the 2022 ECOSOC Forum on Financing for Development