

Emmanuel Faber  
Chairman  
International Sustainability Standards Board  
IFRS Foundation  
Opernplatz 14, 60313 Frankfurt am Main  
Germany

**1 September 2023**

Dear Mr Faber,

**RE: Request for Information | Consultation on Agenda Priorities**

We are very pleased to respond to the International Sustainability Standards Board's (ISSB's) request for information — Consultation on Agenda Priorities. Since the formation of the ISSB at COP26, the Global Sustainable Investment Alliance (GSIA) and our member Sustainable Investment Forums (SIFs) from across different jurisdictions- which include the UK, EU, Asia-Pacific, Australasia, and the United States- have been strongly supportive of the ISSB's work to establish a high-quality and comparable baseline of sustainability disclosures.

GSIA very much welcomed the recent launch of the ISSB's finalised sustainability-related and climate-related standards. In our response below, we outline our perspectives on the ISSB's prioritisation of upcoming projects, which we believe should focus on supporting the global adoption of the IFRS 1 and IFRS 2 as swiftly as possible, while also shortly launching a new work programme to develop a set of further standards to report on biodiversity and social topics. These areas are of increasing interest to the investment community, and essential in ensuring a fair transition towards a more sustainable future.

Should significant progress be achieved by the ISSB in regards to these two core priorities, this will go some way to facilitate financial market participants and businesses' efforts to address sustainability-related risks, and help support the global transition to net-zero emissions.

**About GSIA**

The Global Sustainable Investment Alliance (GSIA) is a group of the world's largest regional and national sustainable investment representative organisations who collaborate to deepen and expand the practice of sustainable, responsible and impact investment through intentional international cooperation.

The organisations in the GSIA have the deepest reach into the world's largest sustainable and responsible investment markets, from retail to institutional investors.

GSIA is a recognised thought leader in responsible and sustainable investment at the global level. Since 2012 the GSIA has released a global biennial study that is the most comprehensive, pre-eminent and highly cited source report on the size, growth and dynamics of the responsible and sustainable investment industry.

GSIA is comprised of the sustainable investment membership organizations in the US, Canada, Australasia, Japan, EU, Netherlands and the UK with a combined membership of many hundreds of investment organisations managing trillions of dollars of assets.

GSIA's mission is to unlock the power of the worldwide financial services industry to drive leadership, achieve a substantial impact on key global challenges, and accelerate the transition to a sustainable future.

GSIA simultaneously works to enhance the synergies between members, participate in global initiatives, and provide advice and support to local and regional sustainable investment organisations as they setup and grow. Our vision is a world where sustainable investment is integrated into financial systems and the investment chain and where all regions of the world have coverage by vigorous membership-based institutions that represent and advance the sustainable investment community.

GSIA's response to this consultation is informed by our membership, though this does not necessarily reflect the views and perspectives of our entire membership, either individually or collectively

### **Delivery of IFRS 1 and IFRS 2 across the world**

As one core area of focus, we recommend that the ISSB facilitate the full implementation of the IFRS 1 and IFRS 2, which represents a hugely positive turning point in the creation of more consistent and actionable sustainability-related disclosures across the global economy.

There is now a clear need for the ISSB to engage closely in the coming months with policymakers, companies, and investors across different jurisdictions, as well as with global standard-setting institutions, such as the International Organization of Securities Commissions (IOSCO), to drive forward the adoption of the standards.

For issuers, the ISSB's work should encompass ongoing guidance for all issuers to navigate both sets of standards, particularly for SMEs. This could, for example, evaluate where any over-laps in requirements may lie for those issuers that are already reporting, or looking to shortly, against existing or upcoming disclosure frameworks. In terms of support for policymakers, the ISSB should seek to assist regulatory authorities, where necessary, in setting out clear envisaged implementation timeframes and legal adoption mechanisms for delivery of the standards on an economy-wide basis.

Crucially, we would like to see the ISSB continue to maintain a close dialogue going forward with the IOSCO, the EU, the European Financial Reporting Advisory Group (EFRAG), and international fora, and in due course consider post-implementation reviews of the standards in the coming years.

We welcome the recent positive signals provided by the ISSB and European Commission, demonstrating a higher degree of alignment between the S1/S2 standards and the European Sustainability Reporting Standards (ESRS). Should progress be made in terms of interoperability between these standards and in addition, the Global Reporting Initiative (GRI) standards and other frameworks, this should further assist with the widespread adoption of the ISSB's standards.

Extremely close collaboration will minimise the risks of disrupting cross-border capital flows in financial markets, which if not avoided could constrain growth in the global economy and the clean energy transition. By comparison, greater harmonisation of disclosure standards, we expect, will bring considerable economic benefits to issuers and investors, saving costs for both groups, while increasing the availability and quality of information in financial markets.

## **New research and standard-setting projects: biodiversity and social topics**

Alongside the delivery of the IFRS 1 and IFRS 2, we would recommend that the ISSB focus its attention towards new standard-setting projects, specifically to support the creation of new comparable and decision-useful disclosure standards for biodiversity and ecosystem services, and social issues.

Substantial gaps in disclosures and more broadly knowledge and competency among all stakeholder groups remain, in particular, on topics beyond climate change. We want to see as much interoperability as is possible between the ISSB's new standards beyond climate change and global initiatives undertaken on these wider sustainability issues.

In its development of a biodiversity-specific standard, we believe that the ISSB should closely collaborate with, and draw heavily on, the finalised framework of the Taskforce on Nature-related Financial Disclosures (TNFD), as well as the ESRS on biodiversity and other environmental topics, which would assist in promoting international interoperability and reduce burdens for companies reporting under both frameworks, as well as other existing initiatives. This includes the GRI standard on biodiversity, the Convention on Biological Diversity (CBD), and recent work from the World Wildlife Fund (WWF).

The ISSB's biodiversity and ecosystem services project should consider the merits of exploring sub-topics under this area to minimise risks of confusion relating to different scopes of biodiversity. As part of this, the ISSB could draw on the topical structure of the EU's CRSD that addresses a number of topics within biodiversity, which may foster improved understanding by issuers reporting in future.

In regards to new research on social topics, we believe the ISSB should consider a project to establish a standard for reporting on human rights and human capital, drawing on the recent work of the European Financial Reporting Advisory Group (EFRAG), including last year's Exposure Draft relating to 'Own Workforce' and 'Governance'.

Separately, the ISSB could consider the work of the U.S. Securities and Exchange Commission (SEC) on human capital, as well as the UK's Taskforce on Social Factors (TSF).<sup>1</sup> There is real potential we think for the ISSB to establish a credible, baseline standard for the disclosure of social-related risks and opportunities, particularly with governments around the world increasingly turning their attention to social factors and mandating new requirements, including around supply chain due diligence.<sup>2</sup>

We would suggest that the ISSB consider human rights and human capital in tandem, given the inter-connections between these areas, and avoid an arbitrary split in its research project. One reason is that there will be overlaps in areas of both topics, such as issues relating to a company's workforce, and a global framework that connects these areas would be valuable.

With investors and wider stakeholders increasingly requesting social disclosures from investee companies, in light of the lack of information for example on human capital in financial statements, we think that issuers disclosing in more granular detail their approaches to a range of material social factors will be a business norm in the coming years.

---

<sup>1</sup>Department for Work and Pensions (DWP), Taskforce on Social Factors, March 2023). The UK's TSF, which formally launched earlier this year, is supporting UK pension scheme trustees, and wider industry, in effectively managing social issues in investments.

<sup>2</sup>For example, the EU taxonomy's minimum safeguards screening and the Corporate Sustainability Due Diligence Directive (CSDDD).

Finally, we would like to see the ISSB's project on human rights and human capital leverage and explicitly refer to existing frameworks to allow companies to cross-reference to them and leverage their reporting frameworks.

### **Conclusion**

More and more, investors will be considering a wide range of relevant and material sustainability factors and investment themes- beyond climate change alone- in their investments and strategies, requiring more decision-useful data on these factors to truly judge the long-term value of their investee companies, and companies' overall sustainability profile and performance.

Finally, we would rank the researching of targeted enhancements to the ISSB Standards and enhancing the Sustainability Accounting Standards Board (SASB) Standards as secondary to the afore-mentioned priorities above.

We would be pleased to discuss our response to this consultation with you and your colleagues in due course, and would be happy to convene a discussion to consider some of the issues we have raised in our response.

Yours sincerely,



**James Alexander**  
**Chair, Global Sustainable Investment Alliance (GSIA)**

[www.gsi-alliance.org](http://www.gsi-alliance.org)