

THE ADOPTION OF A GLOBAL BASELINE ON SUSTAINABILITY REPORTING IS CRUCIAL TO INCREASE THE AVAILABILITY, RELIABILITY, AND COMPARABILITY OF ESG INFORMATION

BRUSSEL 28 JULY 2022



Today, Eurosif sent an open letter responding to the International Sustainability Standards Board (ISSB) consultation [\[link\]](#), concerning the “general requirements for disclosure of sustainability-related financial information” (IFRS 1) and “Climate-related disclosures” (IFRS 2). Eurosif welcomes the opportunity to provide comments on some general and climate-related reporting requirements that are proposed in the exposure drafts under consultation, including suggestions as to where and how the requirements could be improved.

Eurosif is highly supportive of the work of the International Sustainability Standards Board (ISSB). We welcome the opportunity to provide comments on the exposure drafts outlining the General Requirements for Disclosure of Sustainability-related Financial Information” (IFRS 1) & the “Climate-related Disclosures” (IFRS 2).

Increasing the availability, reliability and comparability of sustainability-related information

As a pan-European association dedicated to the promotion and advancement of sustainable investing, we are convinced that the widespread adoption of a global baseline will be crucial to **increase the availability, reliability and comparability of sustainability-related information** interoperable with existing international standards and regulatory frameworks, including the forthcoming European Sustainability Reporting Standards (ESRS).

In recent years the demand for Environmental, Social and Governance (ESG) data has grown dramatically to meet investors expanding and increasingly sophisticated needs as they consider sustainability matters in investment strategies. Initiatives aimed at improving the ESG information reported by companies will in turn support **better ESG data & research products, and more sound analysis and investment decisions.**

In the EU market, reliable ESG data from corporates are also essential to enable investors to satisfy the **regulatory requirements stemming from** the Sustainable Finance Disclosure Regulation (SFDR) and the Taxonomy Regulation, so as to provide accurate information to their clients as to the sustainability characteristics of their products.

Ensuring interoperability with existing international standards and regulatory frameworks

As investors hold geographically diversified portfolios, they invest in companies across the globe that operate in diverse markets and regulatory conditions. Hence, it is fundamental that they report sustainability-related information in accordance with convergent global principles and guidelines. For this reason, we strongly believe that two major added values of the ISSB’s

initiative are the **adaptability to different markets & jurisdictions**, and the **interoperability with already existing and upcoming reporting standards**. The challenge will be to ensure that information disclosed under the ISSB can also be used to satisfy other standards and regulatory requirements.

On this note, we appreciate that the core contents of the IFSR 2 build on the structure of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and adopts the **industry-based Sustainability Accounting Standards Board (SASB) standards**, which many investors are accustomed to. We also support the collaboration with the **Global Reporting Initiative (GRI)** and encourage further cooperation with the **European Financial Reporting Advisory Group (EFRAG)**, as it provides technical advice to the EU Commission on the development of the ESRS. Further interactions at the technical level between the ISSB and the EFRAG will prove crucial to **eliminate differences in common definitions and sections**, as well as to assist data preparers, data verifiers and data users navigate the different frameworks.

Ensuring interoperability with existing standards, however, will not be per se sufficient to upgrade the ESG data landscape to the extent that is needed. To achieve this goal, we recommend the ISSB standards to be more ambitious by **encouraging the disclosure of more granular climate-related information – especially on transition plans, metrics and GHG emissions reduction & net-zero targets** – also through **more precise guidance**.

Closing the data gaps and improving data consistency and comparability

Lack of reliable, comparable and decision-useful climate-related data on targets, transition plans and performance measurements, is often highlighted by investors. To enable them to set credible and ambitious decarbonisation/net-zero targets and to implement relative transition plans at portfolio level, we believe that companies should adopt their own targets & plans, and communicate them appropriately to investors.

In its June 2021 findings [\[link\]](#), the IOSCO also highlighted the “need for greater specificity in standards to complement the TCFD’s recommendations”.

The ISSB standards represent a significant opportunity to close these data gaps, and improve data consistency and comparability.

In this perspective, we take the opportunity to comment on some general and climate-related reporting requirements that are proposed in the exposure drafts under consultation, including suggestions as to where and how the requirements could be improved.

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