

**International Sustainability Standards Board consultation on Sustainability Disclosures**

Position – Executive summary

**August 2022**

The International Sustainability Standards Board (ISSB) has been established at COP26 with the purpose of developing a comprehensive global baseline of sustainability disclosures for the capital markets. The purpose of the consultation is to develop a comprehensive global baseline of sustainability disclosures designed to meet the information needs of investors in assessing enterprise value. To this end, the consultation includes proposed standards on general sustainability-related disclosure requirements as well as on climate-related disclosure requirements.

CONSISTENCY BETWEEN ISSB STANDARDS AND EFRAG ESRSs

WSBI-ESBG believe that it is crucial to achieve consistency of sustainability reporting at global level and especially a full alignment of reporting requirements between ISSB standards and EFRAG European Sustainability Reporting Standards (ESRSs) to ensure a global playing field in terms of sustainability reporting. This convergence between both standards will address the risk of additional disclosures.

**DOUBLE MATERIALITY**

WSBI-ESBG highlightthat the IFRS sustainability standards are based on an ‘enterprise value creation’ or financial materiality approach, in which sustainability impacts are measured in terms of impacts on the financial position and prospects of the company itself. On the other hand, the EFRAG ESRSs are being developed based on the ‘double materiality’ principle, where disclosure is required both from the point of view of financial impact on the company and on the impact of the company on society and the environment.

**TRANSITION PLANS**

WSBI-ESBG notes that the EFRAG ESRSs make a clearer reference to alignment with limiting global warming to 1.5°C in line with the Paris Agreement. On the other hand, IFRS sustainability standards allow the entity to choose its own target. By way of consequence, WSBI – ESBG requests that the ISSB takes into consideration including a clear reference to the 1.5°C target of the Paris Agreement in order to ensure comparability between the two standards.

**BOUNDARIES AND VALUE CHAIN**

Although, WSBI – ESBG considers it essential that sustainability reporting should capture the entire value chain, we ask for clearer and more defined boundaries as it is considered difficult and complicated to obtain information from companies that are not under the control of a financial institution, especially regarding scope 3 GHG emissions.

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