6 October 2023

Call for evidence: prospective use of the ISSB Standards in the UK

To whom it may concern,

The World Business Council for Sustainable Development (WBCSD) welcomes the opportunity to comment on the suitability of the ISSB Standards for application in the UK.

WBCSD represents preparers from a global network of leading businesses

WBCSD is the premier global, CEO-led community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a net zero, nature positive, and more equitable future. Our member companies come from all business sectors and all major economies, representing a combined revenue of more than USD \$8.5 trillion and 19 million employees. 21 of our members are headquartered in the UK.

Together, we are the leading voice of business for sustainability, united by our vision of a world in which 9+ billion people are living well, within planetary boundaries, by mid-century.

WBCSD's CFO Network which brings together more than 50 CFOs from across all sectors and geographies – together representing over USD 1.5 trillion in combined revenue and over 3 million employees.

WBCSD strongly supports the adoption of the ISSB Standards as the global baseline for sustainability-related financial disclosures

Clear, comprehensive, reliable and comparable investor-grade disclosure of sustainability information is one of the foundational building blocks of a well-functioning global financial system, and essential to ensuring a friction-free, easy-to-use, scalable corporate accountability system. The adoption of the ISSB Standards at a jurisdictional level provides a clear opportunity to build global alignment and interoperability for the disclosure of key sustainability-related financial disclosures.

For the ISSB Standards to be feasible for implementation by preparers and useful for investor decision-making, they need to be adopted consistently and comprehensively across jurisdictions. Comprehensive adoption of the standards should include the adoption of all ISSB Standards, alignment on definitions, basis for conclusion, guidance and the adoption of the individual ISSB Standards at the same time.

The ISSB Standards build upon and incorporate the recommendations of the Taskforce on Climaterelated Financial Disclosures (TCFD) recommendations, as well as other key reporting frameworks: their adoption at a UK level is a natural evolution to build on existing progress and ensure companies report on financially material sustainability information in a consistent and comparable manner.

WBCSD cautions against deviation from the ISSB Standards

WBCSD believes that deviation from the ISSB Standards would lead to divergent reporting practices and undermine global progress towards ensuring the disclosure of consistent and comparable financially material sustainable information.



We emphasize that any carve outs or reductions in reporting requirements in the adoption of the ISSB Standards by the UK are unlikely to lead to an actual reduction in reporting burdens for companies. Due to the geographical footprints of companies, as well as their non-regulatory obligations (for example, towards customers and investors) we believe that companies will have to align their reporting with the ISSB Standards regardless.

The justification for deviation from the ISSB Standards must meet a high bar, with clear, specific and transparent rationale. For example, explicit clashes with specific national legislation could be justifiable, but broad, generic arguments around the national interest would be insufficient.

Additional reporting requirements to those outlined in the ISSB Standards should be proportionate and feasible for implementation. Such requirements should seek to build from existing standards to allow preparers to satisfy multiple reporting requirements through their disclosures, ensuring interoperability across jurisdictions. The ISSB Standards already allow for a strong level of flexibility in the selection of metrics, using other standards as references: any jurisdictional requirements that are more prescriptive should be built to be compatible with the overall framework provided by the ISSB Standards.

The ISSB is exploring whether to develop further standards beyond S1 and S2. Where additional reporting requirements are made by the UK, a commitment to review the necessity of the additional mandatory reporting requirements once the ISSB has released further topical standards should be made. This should avoid duplicative reporting requirements in the medium-term and the likely confusion duplicative reporting requirements would cause for preparers and users of information.

Additional considerations for the UK's adoption of the ISSB Standards

In adopting the ISSB Standards, the UK must allow for consolidated group-level reporting by companies. This approach is not only more feasible for issuers, but also better serves the information needs of the capital markets.

The ISSB Standards do not mandate assurance. It is at the discretion of individual jurisdictions to do so. We believe mandatory assurance helps build trust in reported information, better ensuring it can be used by investors to inform their decision-making. Assurance requirements can be phased in, for example starting with limited assurance and moving to reasonable assurance over time and considering feedback from preparers and auditors alike on the feasibility of reasonable assurance requirements.

WBCSD and its members stand ready to support the adoption of the ISSB Standards. We would be happy to further input into your discussions as you consider the adoption of the standards in the UK.

WBCSD

Note that this consultation response was released in the name of WBCSD. Like others, it is the result of collaborative efforts by the secretariat, partners and representatives from member companies. It does not mean, however, that every member company agrees with every word.

