

[Securities Regulation Daily Wrap Up, INTERNATIONAL NEWS—Idea for international sustainability standards board has wide support, IOSCO finds, \(May 12, 2021\)](#)

Securities Regulation Daily Wrap Up

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Group said participants in recent roundtables urged regulators to build on current momentum to deliver needed improvements to sustainability reporting.

At two roundtables hosted by the International Organization of Securities Commissions' (IOSCO) sustainable finance taskforce, participants expressed strong support for an International Sustainability Standards Board (ISSB) under the supervision of the IFRS Foundation. Stakeholders said they are willing to work with IOSCO and the IFRS Foundation to implement the idea and were optimistic that an ISSB could deliver high-quality international sustainability-related reporting standards within a reasonable timeframe.

The roundtables were intended to facilitate a dialogue on IOSCO's plan to enhance the reliability, comparability, and consistency of sustainability-related disclosures, and to collect views on the practical implementation of a global system for those disclosures. Participants included senior representatives from international and multilateral organizations, sustainability reporting organizations, global asset managers, corporate issuers, and accounting firms, among others.

Key takeaways. IOSCO [found](#) that stakeholders were united in their support for globally aligned sustainability reporting standards. Some participants worried that voluntary disclosure would not be enough and expressed support for mandatory reporting requirements aligned across jurisdictions, along with frameworks for audit and assurance.

According to IOSCO, some participants supported starting with a climate-related financial disclosure prototype developed by the 'group of five' leading sustainability reporting organizations that was published in December 2020. They felt that the prototype would be a sound basis on which to develop a climate-first reporting standard that could be used to set a common baseline for consistent and comparable sustainability-related disclosures across jurisdictions. IOSCO noted that participants stressed the importance of setting a clear roadmap to extend the scope of standards to a wider spectrum of sustainability topics on an accelerated timeframe.

Areas of focus. Participants suggested certain priority areas, including emphasizing quantitative metrics and standardization to promote consistency and comparability, and providing clarity on how to report forward-looking metrics, as well as on methodologies for scenario analysis. Participants also believe IOSCO and the ISSB should encourage a strong linkage between sustainability reporting and financial statements, including disclosure of key assumptions.

Stakeholders expressed a need for industry-specific standards and metrics to accommodate the different dependencies on natural, social and human capital across different sectors of the economy. They also believe that IOSCO and the ISSB should promote digitization by developing a taxonomy for sustainability-related reporting in a structured electronic, machine-readable format.

Additional feedback. IOSCO said that roundtable participants also underscored the need for a global architecture that is sufficiently flexible to accommodate a building blocks approach. While there was support for IOSCO's vision of a multi-stakeholder consultative committee to advise the ISSB and to promote interoperability of reporting standards, participants stressed the importance of clearly articulating the purpose of such a committee as an advisory body to the ISSB and developing a structure and membership consistent with that purpose.

Participants encouraged the IFRS Foundation to leverage existing advisory groups that provide input to the standard-setting process. This would allow the ISSB to benefit from the multi-stakeholder process already in place, including channels for consultation with stakeholders across regions. Participants emphasized that the proposed consultative committee should complement and not supersede existing advisory groups and outreach arrangements.

IOSCO also heard that the design of ISSB standards should allow for interoperability. This would apply not only to jurisdiction-specific requirements that go beyond enterprise value creation, but also to the expansion of scope to other sustainability topics beyond climate and to allow for the evolution of sustainability topics over time.

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