

MEMO# 33706

July 29, 2021

ICI Responds to the IFRS Foundation's Proposed International Sustainability Standards Board to Set IFRS Sustainability Standards

[33706]

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TO: ICI Members

ICI Global Members

ESG Advisory Group

ESG Task Force SUBJECTS: ESG

International/Global RE: ICI Responds to the IFRS Foundation's Proposed International Sustainability Standards Board to Set IFRS Sustainability Standards

Attached for your reference is our response to the IFRS Exposure Draft of Proposed Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards.[\[1\]](#)

Some highlights:

- We strongly support the creation of a second board - the ISSB - that would sit alongside the International Accounting Standards Board (IASB) under the existing three tier governance structure of the IFRS Foundation.
- We were encouraged by the Trustees' views shared in April that placed a clear emphasis on investors' needs and the importance of linking sustainability standards with enterprise value.
- We were therefore concerned with the proposed objectives of the ISSB that conflate the sustainability information needs of investors with the information needs of other stakeholders in a manner that could misdirect the focus of the standard setting process.
- We appreciate the urgent need to improve the consistency and comparability of sustainability reporting, but we strongly believe that urgency should not detract from robust due process. The IFRS Foundation should apply at least the minimum due

process requirements to the ISSB as it applies to the IASB.

- It is critical that the Trustees create a balanced funding model to ensure the ISSB's independence and avoid undue influence of third parties and conflicts of interest.
- Investor representation on the ISSB will be key to its success. We encouraged the IFRS Foundation to more clearly articulate the criteria for ISSB members to ensure significant investor representation.

Thank you to everyone who provided input on ICI's response. If you filed your own response, we would appreciate if you could share it with us to help us with further work on sustainability standards.

Elizabeth Lance
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ICI Global

endnotes

[1] The IFRS consultation is available at <https://www.ifrs.org/content/dam/ifrs/project/sustainability-reporting/ed-2021-5-proposed-constitution-amendments-to-accommodate-sustainability-board.pdf>. See Memorandum No. 33536 (13 May 2021), available at <https://www.ici.org/memo33536>

Source URL: <https://icinew-stage.ici.org/memo-33706>

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