



Leading Financial Market Participants Call for Stronger Alignment of Regulatory and Standard Setting Efforts around Sustainability Disclosure

Investors, companies, and the accountancy profession all benefit from simplicity and alignment, serving the public interest

Clear, comprehensive and comparable disclosure of sustainability-related information is one of the foundational building blocks of a well-functioning global financial system. Financial market regulators should seize this historical and fast-closing window of opportunity to get it right by ensuring compatible standards.

Significant efforts by the International Sustainability Standards Board (ISSB), the US Securities and Exchange Commission (SEC), and the European Commission together with the European Financial Reporting Advisory Group (EFRAG), all aim to address the need to enhance and evolve corporate reporting to include and consider sustainability information.

As financial market participants representing over 200 companies, 4,902 investors with US \$121.3 trillion in assets under management, and more than 3 million professional accountants – WBCSD (World Business Council for Sustainable Development), PRI (Principles for Responsible Investment), and IFAC (International Federation of Accountants) collectively welcome and support these efforts. However, current draft standards and initiatives are not technically compatible in terms of concepts, terminologies, and metrics.

As these proposed sustainability-related disclosure requirements are refined and finalised, we call for each initiative to pointedly avoid regulatory and standard setting fragmentation by aligning key concepts, terminologies, and metrics on which disclosure requirements are built.

A coordinated approach is needed to provide the comprehensive global baseline of sustainability disclosures needed by capital markets. Collaboration and coordination are also important between sustainability disclosure initiatives and financial accounting standard-setting.

A globally consistent, comparable, reliable, and assurable corporate reporting system is indispensable in providing all stakeholders with a clear and accurate picture of an organisation's ability to create sustainable value over time.

Interoperability—allowing companies to collect and report in a manner that effectively serves both local and global requirements— helps meet the needs of global capital markets, including investors who allocate capital internationally, companies who operate and raise capital across national borders, and the accounting profession that serves *all* consumers of corporate reporting.

For reporting entities, a global baseline for capital markets will help reduce cost, complexity, and confusion — increasing the utility, comparability of the information, while serving the fundamental purpose of sustainability reporting, which includes delivering more sustainable outcomes.

For investors who allocate capital based on comparable financial and sustainability-related information, global consistency is a matter of investor protection, growing market demand, and the ability to incorporate ESG issues into investment decisions that contribute to sustainable outcomes.

For professional accountants, charged with transforming disclosure requirements into high-quality and decision-useful information, global consistency and alignment provide the best foundation for high-quality sustainability-related reporting and its assurance.

Together, we welcome the establishment by the International Sustainability Standards Board of a working group to enhance compatibility between the global baseline and jurisdictional initiatives through a coordination mechanism. We strongly urge all involved policymakers to engage with this platform at this current historical juncture and strive towards delivering the level of alignment needed by financial markets at the global level.

As global organisations committed to contributing to a global financial system that delivers sustainable and long-term value creation, we look forward to supporting this process.