

With the establishment of the International Sustainability Standards Board (ISSB), the way forward is clear: The accountancy profession must lead on climate reporting and other material environmental, social and governance disclosures and their assurance—contributing to strong and sustainable financial markets and economies and enabling the UN’s Sustainable Development Goals.

## ACTIONS

- 1 Advocate for smart sustainability-related policymaking & regulation—starting with support for the new ISSB and requiring assurance of sustainability disclosures.
- 2 Adopt an integrated mindset—breaking down information silos within companies and promoting an interconnected approach to what companies report and have assured.
- 3 Be proactive on climate reporting—complying with existing standard-setter requirements and best practices.
- 4 Demonstrate sustainability-related skills and competencies—ensuring professional accountants continue to expand the value-added services they are able to offer in the future.

### ACCELERATE SUSTAINABILITY

To address the climate crisis

To promote sustainable organizations that create long-term value for investors, stakeholders, and society

To enable reporting entities and investors to measure and assess progress towards sustainability objectives

### THE OBJECTIVE

**ENABLE HIGH-QUALITY & DECISION-USEFUL INFORMATION**

### AVOID REGULATORY FRAGMENTATION

To promote consistency and comparability for investors and capital markets

To reduce cost, complexity, and confusion for reporting entities



**Support and promote the ISSB—the accountancy profession is an essential stakeholder**

- The path to globally comparable, decision-useful, and assurable sustainability disclosure starts with a comprehensive baseline of standards set by the ISSB. This is **Block 1 of the Building Block Approach**: investor-focused information.
- The accountancy profession should encourage and contribute to the completion of the ISSB’s climate standard in 2022, with potential endorsement by IOSCO. This is step one in the ISSB’s mission to develop standards addressing a broad range of environmental, social and governance factors.
- Now is the time to engage with local policymakers and regulators about how to build on the success of IFRS Accounting Standards adoption and to develop a similar **pathway for IFRS Sustainability Disclosure Standards**.
- Policymakers must collaborate and align jurisdiction-specific requirements with global requirements developed by the ISSB.



## WHY

- **Information & Data:** Professional accountants are at the center of information flows and decision making—uniquely positioned to capture, analyze, report on, and assure sustainability information.
- **Relevant Skills & Competencies:** Interconnecting financial and sustainability information must happen. This relies on the skills and competencies of professional accountants—combining understanding of a company's business model, risks/opportunities, systems/processes and performance with knowledge of sustainability factors and the ability to collaborate with experts.
- **Global Reach:** Professional accountants are globally connected to meet the needs of global capital markets, global clients and global supply chains.
- **High-Quality Assurance:** Assurance services, based on the IAASB's ISAE 3000 (Revised)—applied by professional accountants in compliance with quality management standards and an ethical framework—enhance credibility and trust in sustainability disclosure. High-quality sustainability assurance should be mandatory.
- **Public Interest Mandate:** As a regulated profession, professional accountants are subject to an ethical code, public oversight, and charged with acting in the public interest. Their professional judgment and skepticism, independence, and competencies are unique.

## HOW

### ADVOCATE FOR SMART POLICY & REGULATION

Enhance corporate reporting through regulatory frameworks that promote rigor and define the scope of what companies report and have assured, disincentivizing compliance-based behaviors.

Foster trust and confidence in the sustainability information companies report by requiring **high-quality assurance**, conducted in accordance with standards set by the IAASB and performed by professional accountants.

Implement sustainability disclosure requirements taking a proportional, phased approach that is rightsized for smaller enterprises.

Update liability regimes to better support expanded, value-added professional services and assurance.

### DEMONSTRATE SUSTAINABILITY-RELATED SKILLS & COMPETENCIES

Position professional accountants as best placed to meet the sustainability-related needs of reporting entities, including assurance services.

**Integrate new ESG subject matter** with the foundational skills and competencies, professional judgement, and integrity of professional accountants.

Provide support, education, and technical guidance that promotes high-quality reporting and assurance of sustainability information, enhancing the role of professional accountants as valued partners and advisors.

### BE PROACTIVE ON CLIMATE REPORTING

**Comply with financial statement reporting requirements** (e.g., IFRS Accounting Standards or local GAAP and best practices), without material omissions or misstatements to reflect climate matters material to financial performance.

Align and integrate climate-related information and financial disclosures with a reporting entity's stated climate commitments/targets and strategic decisions.

Quantify climate-related risks and build robust data capture and reporting systems for sustainability information.

### CHAMPION AN INTEGRATED MINDSET

Enhance corporate governance, including audit committees, to provide effective oversight of *all* reporting, including sustainability-related disclosure.

Eliminate information silos within companies to better integrate sustainability disclosures with the work of CFOs and to facilitate holistic decision-making and communication with stakeholders.

**Consider climate and other ESG factors carefully**—integrating them into strategy and business model development, decision making, and risk/opportunity assessments.