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24 March 2022

IFRS Foundation and GRI to align capital market and multi-stakeholder standards to create an interconnected approach for sustainability disclosures

The IFRS Foundation and Global Reporting Initiative (GRI) have announced today a collaboration agreement under which their respective standard-setting boards, the **International Sustainability Standards Board (ISSB)** and the **Global Sustainability Standards Board (GSSB)**, will seek to coordinate their work programmes and standard-setting activities.

The IFRS Foundation, which announced at COP26 the establishment of the ISSB to develop a comprehensive global baseline of investor-focused sustainability disclosures for the capital markets, and GRI, the leading global standard-setter for multi-stakeholder focused sustainability reporting, further announced that they will join each other's consultative bodies related to sustainability reporting activities.

The agreement reflects the importance of ensuring compatibility and interconnectedness of investor-focused baseline sustainability information that meets the needs of the capital markets, with information intended to serve the needs of a broader range of stakeholders. The IFRS Foundation and GRI recognise the considerable public interest in aligning where possible their respective work programmes, terminology and guidance, helping to reduce the reporting burden for companies and to further harmonise the sustainability reporting landscape at an international level.

By working together, the IFRS Foundation and GRI provide two 'pillars' of international sustainability reporting—a first pillar representing investor-focused capital market standards of IFRS Sustainability Disclosure Standards developed by the ISSB, and a second pillar of GRI sustainability reporting requirements set by the GSSB, compatible with the first, designed to meet multi-stakeholder needs.

Commenting on the agreement, Erkki Liikanen, Chair of the IFRS Foundation Trustees, said:

At COP26 we heard strong support for consolidation in the sustainability reporting landscape. The work of the ISSB and its global baseline concept will help deliver this objective for the capital markets, whilst this agreement with GRI will help ensure capital market standards are developed in a way that minimises the reporting burden for those companies also using GRI Standards.

Eelco van der Enden, Chief Executive Officer of GRI, said:

The MoU between GRI and the IFRS Foundation is a strong signal to capital markets and society that a comprehensive reporting system, which combines financial and impact materiality for sustainability reporting, is possible on a global scale. Aligning GRI's established and widely adopted standards for sustainability impacts with the investor-focused standards being developed by the ISSB will benefit both companies and investors, as well as a wide range of stakeholders around the world.

Emmanuel Faber, Chair of the ISSB, said:

For those interested in considering impact when assessing enterprise value, using the standards set by the ISSB and GSSB together will offer a complete and compatible suite of sustainability disclosures. This agreement will see the two standard-setting boards cooperate in pursuit of that objective.

Judy Kuszewski, Chair of the GRI GSSB, said:

The collaboration between the GSSB and the ISSB demonstrates our shared commitment to the global alignment of disclosure requirements. This is crucial if we are to enable consistent reporting by companies, which increases accountability and drives responsible business practices. We look forward to aligning work programs and to making the two-pillar corporate reporting system a reality, with financial and sustainability reporting on an equal footing.

The agreement, in the form of a Memorandum of Understanding (MoU), represents the latest development in efforts to consolidate or align multiple international initiatives covering sustainability reporting into a more cohesive approach for the benefit of companies, investors and society at large.

The IFRS Foundation previously announced consolidation with the Climate Disclosure Standards Board and the Value Reporting Foundation (which houses Integrated Reporting and SASB Standards). The ISSB intends to publish next week proposed Climate and General Sustainability-related Disclosure requirements that, once finalised, will form the global baseline for climate-related disclosures. The global baseline concept has been welcomed by the G20 Leaders, the International Organization of Securities Commissions (IOSCO) and others.

As the leading global standard-setter for sustainability reporting that addresses an organization's impact on the economy, environment and people for a multi-stakeholder audience, the GRI Standards are adopted extensively by companies worldwide. Many jurisdictions look to the GRI Standards when developing their own multi-stakeholder sustainability reporting requirements. The GRI Standards are continually reviewed, with current developments including new Sector Standards and an updated Biodiversity Standard.

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