



**ICGN**

International Corporate Governance Network  
*Inspiring good governance & stewardship*

Emmanuel Faber, Chair, and Sue Lloyd, Vice-Chair  
International Sustainability Standards Board (ISSB)

26 June 2023

Dear Chair Faber and Vice-Chair Lloyd,

**Subject: ISSB issues inaugural global sustainability disclosure standards (IFRS S1 and IFRS S2)**

The International Corporate Governance Network (ICGN) welcomes the publication of the standards IFRS S1 *General Requirements for Disclosure of Sustainability-related financial Information* and IFRS 2 *Climate-related Disclosures* by the International Sustainability Standards Board (ISSB).<sup>1</sup>

Led by investors responsible for assets under management of \$77 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries - largely in Europe and North America, with growing representation in Asia. The ICGN Global Governance Principles and Global Stewardship Principles, written from an investor perspective, are widely used by our members in their company assessments and voting decisions, and by regulators when developing corporate governance rules.<sup>2</sup>

The ICGN supports the ISSB's mission to develop a global baseline of sustainability-related corporate disclosures. We welcome the decision to build on the widely recognised Taskforce for Climate-related Financial Disclosures (TCFD) recommendations and Sustainability Accounting Standards Board (SASB) standards. We were pleased to see a dedicated section in IFRS S1 and IFRS S2 on governance information, to help users understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee sustainability-related risks and opportunities.

We welcome the ISSB's focus on decision-useful information for investors, who have been calling for comparable, reliable and verifiable corporate sustainability disclosures to make informed stewardship and investment decisions, and for their own reporting to beneficiaries.

While the ISSB has decided to focus on information related to how sustainability factors affect companies' prospects, we wish to note that investors, regulators and other stakeholders might have a broader understanding of materiality and seek information on the impacts of a company on society and the environment (regardless of how this affects enterprise value). The European Commission describes this as a 'double materiality' perspective.<sup>3</sup> We believe it is very important to ensure the inter-operability of reporting standards, including with standards that have a 'double materiality' approach. We commend the ISSB's progress towards meeting this objective.

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<sup>1</sup> [IFRS press release - ISSB issues inaugural global sustainability disclosure standards](#)

<sup>2</sup> [ICGN Global Governance Principles and Global Stewardship Principles](#)

<sup>3</sup> [EUR-Lex - 52019XC0620\(01\)](#)

We believe the adoption of the ISSB standards will contribute to greater transparency on companies' exposure to and management of sustainability risks and opportunities. This is an important step for efficient capital markets and sustainable economies. We hope IFRS S1 and IFRS S2 will be endorsed by the International Organisation of Securities Commission Organisations (IOSCO), and that regulatory authorities worldwide will refer to these standards in their reporting requirements. We invite companies to start reporting according to these standards.

If you would like to follow up with questions or comments, please contact our Global Policy Director, Séverine Neervoort ([severine.neervoort@icgn.org](mailto:severine.neervoort@icgn.org)), or Wendela Rang, Policy Executive ([wendela.rang@icgn.org](mailto:wendela.rang@icgn.org)).

Yours faithfully,



**Kerrie Waring**  
Chief Executive Officer, ICGN