

August 9, 2022

Chair Emmanuel Faber
Vice-Chair Sue Lloyd
International Sustainability Standards Board
IFRS Foundation
Columbus Building, 7 Westferry Circus
Canary Wharf, London E14 4HD
United Kingdom

Re: International Sustainability Standards Board Exposure Draft IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and Exposure Draft IFRS S2 Climate-related Disclosures

Dear Chair Faber and Vice-Chair Lloyd:

This letter is submitted on behalf of Business Roundtable, an organization whose CEO members lead America's largest companies, employing over 20 million workers. The total value of Business Roundtable companies, over \$20 trillion, accounts for half the value of all publicly traded companies in the United States. Business Roundtable companies spend and invest over \$7 trillion a year, helping sustain and grow tens of thousands of communities and millions of medium- and small-sized businesses.

We appreciate the opportunity to provide high level comments on the overall work and efforts of the International Sustainability Standards Board (ISSB), established at COP26 to develop a comprehensive global baseline of sustainability disclosures for the capital markets, and the ISSB consultations on its proposed standards on general sustainability-related disclosure requirements and climate-related disclosure requirements. These comments are not exhaustive.

Nearly all our members lead companies that have operations around the world. As such, Business Roundtable supports efforts to develop more coordinated and consistent global sustainability reporting standards that are targeted and flexible. Roundtable companies make robust voluntary sustainability and climate-related disclosures and prioritize the disclosure of information of greatest interest to their stakeholders. Our members include some of the best in class when it comes to voluntary climate disclosure. An overwhelming majority have governance structures in place to oversee climate risks, have integrated climate considerations into their risk management and Board processes, and report Scope 1 and Scope 2 GHG emissions as well as, to some degree, Scope 3 GHG emissions, the latter of which remains challenging. Business Roundtable has been a leader in advocating for a more comprehensive,

coordinated and market-based approach to addressing risks associated with climate change.¹ And, in principle, we support greater alignment of global sustainability reporting standards, including climate-related disclosure standards.²

The process of developing a more coordinated and consistent international regulatory framework for sustainability and climate-related disclosures should seek to leverage existing private sector standards and frameworks, include meaningful engagement and input from the business community and investors and support close cooperation and coordination with national regulators and standard setters.³ The process should also prioritize flexibility, including with regard to timing, for compliance and an overall emphasis on developing and aligning disclosure standards that are relevant and workable. To that end, we encourage ISSB to continue engaging with industry to ensure the final disclosure standards feature commonly used and market-tested disclosure requirements.

We strongly urge the ISSB to focus on disclosure of sustainability risks and opportunities that are financially material to investors.⁴ Sustainability- and climate-related risks and opportunities vary among companies and across industries and accord with companies' traditional risk management processes that seek to identify material risks. Expanding the focus to issues that may be of interest to investors but would not be financially material will undermine the prospects for broad acceptance.

We would be happy to discuss these comments or any other matters you may find helpful. Please contact Maria Ghazal, Senior Vice President & Counsel of Business Roundtable, at mghazal@brt.org or 202-496-3268.

¹ <https://www.businessroundtable.org/business-roundtable-comments-to-the-sec-on-proposed-rule-the-enhancement-and-standardization-of-climate-related-disclosures-for-investors-file-no-s7-10-22>

² <https://s3.amazonaws.com/brt.org/International-CEOClimatStatement10.28.21.pdf>

³ <https://www.businessroundtable.org/business-roundtable-responds-to-sec-request-for-input-on-climate-disclosures>

⁴ <https://www.businessroundtable.org/the-materiality-standard-for-public-company-disclosure-maintain-what-works>