About the Association

The Association of International Certified Professional Accountants® (the Association), representing AICPA® & CIMA®, advances the global accounting and finance profession through its work on behalf of 696,000 AICPA and CIMA members, students, and engaged professionals in 192 countries and territories. Together, we are the worldwide leader on public and management accounting issues through advocacy, support for the CPA license, the CGMA designation and specialized credentials, professional education, and thought leadership. We build trust by empowering our members and engaged professionals with the knowledge and opportunities to be leaders in broadening prosperity for a more inclusive, sustainable, and resilient future.

The American Institute of CPAs® (AICPA), the world’s largest member association representing the CPA profession, sets ethical standards for its members and U.S. auditing standards for private, not-for-profit organizations, and federal, state, and local governments. It also develops and grades the Uniform CPA Examination and builds the pipeline of future talent for the public accounting profession.

The Chartered Institute of Management Accountants® (CIMA) is the world’s leading and largest professional body of management accountants. CIMA works closely with employers and sponsors leading-edge research, constantly updating its professional qualification and professional experience requirements to ensure it remains the employer’s choice when recruiting financially trained business leaders.

We very much welcome the ISSB decision to consult on their strategic direction through open consultation. As the market begins to mature in this area it is critical that the standards setter takes time to carefully consider its next steps in coordination with its stakeholders. Below we give our response to questions relevant to our profession.

**Question 1 – Strategic Direction and Balance of ISSB’s activities**

We recognize the significant global shift that the new sustainability reporting standards will take for organizations worldwide. In making this shift, we believe that the ISSB’s priority should be to provide organizations with tools, resources, and supporting materials needed to adopt S1 and S2 and embed these standards into their business models. ISSB standards should be the global baseline for sustainability-related disclosures and with this in mind, we believe that the ISSB should focus on supporting the worldwide implementation of S1 and S2 and ensuring compatibility with local jurisdictions. The ISSB can add value by providing insightful guidance for the first wave of adopters, and then progress to sharing best practices and highlighting successful implementations. This will encourage more jurisdictions to adopt the standards as a baseline and mitigate potential risks of fragmentation.

The current standards are necessarily high-level, and we feel that the aforementioned implementation guidance from the ISSB on S1 and S2 will be very helpful in ensuring that the detailed adherence to the standards remains consistent and reliable across sectors and geographies. To do this we suggest that the ISSB prioritize partnerships with key players globally, such as the world’s leading accountancy institutes, to deliver guidance and to monitor traction and adoption around the world.
**Question 2 – Criteria for assessing sustainability reporting matters that could be added to the ISSB’s work plan**

We agree that the 7 criteria as outlined are the best criteria and, welcome their crossover with the IASB criteria. This approach will enable Management Accountants to use their tried and tested skills and experience when assessing materiality in sustainability matters. This in turn means that resources can be used in the most efficient manner. We suggest that the criteria be expanded to ensure that consistency and comparability across jurisdictions is prioritized as well as considering the 17 Sustainable Development Goals as adopted by the UN.

**Question 3 – New Research and standard-setting projects that could be added to the ISSB’s work plan**

While ISSB has limited capacity to address all these areas, we would encourage the development of a roadmap that spells out the ESG topics that need to be addressed in the future. This global view will be particularly useful for local jurisdictions as they are assessing their local needs.

As the development of new standards does move forward, we encourage the leveraging of existing frameworks and emerging regulations. For example, the Taskforce for Nature-related Financial Disclosure (TNFD) ([https://framework.tnfd.global/introduction-to-the-framework/](https://framework.tnfd.global/introduction-to-the-framework/)) has been developed and this would be a good starting point from which to build any standard on biodiversity and nature. This topic, as currently defined is broad and we would welcome the ISSB narrowing its definition and building on best practices with the TNFD, ESRS, and GRI frameworks so that any future standard is practically implementable and of use to investors and wider stakeholders.

**Questions 5 & 6 - New Research and Standard-Setting projects that could be added to the ISSB’s work plan: Human Capital and Human Rights**

As noted above we encourage the development of a roadmap to provide a forward-looking view of potential new standards and look to existing regulations as a starting point. Given that the ISSB standards are intended as a global baseline, we recommend that the ISSB look towards the most internationally developed issues in human capital and human rights. We recognize that some jurisdictions are already embracing corporate sustainability reporting in relation to human capital and human rights. In particular, we refer to the European Commission’s proposed Corporate Sustainability Due Diligence Directive, which is currently at the triage stage. Based on capacity limitations and the potential breadth of these issues it will be important for the ISSB to agree its scope and definition of any project undertaken.

**Question 7 – New Research and standard-setting projects that could be added to the ISSB’s work plan: Integration in reporting**

We are supportive of the ISSB’s intention to develop a conceptual framework. However, we would question whether a 2-year framework for this is realistic, given existing resources and other priorities. In our view, the connection between sustainability reporting and financial reporting is the biggest challenge facing corporate reporting and stakeholder needs at present. A standard on connectivity is an interesting concept but we feel that this topic needs distinguishing from the previously developed Integrated Reporting Framework. We suggest that the ISSB work with the IASB on this project and that it
should draw heavily on the Management Commentary project that the IASB has already undertaken. It should also draw on the concept of integrated thinking and the development of the Integrated Thinking Principles that have been developed by the IFRS Foundation previously.

Conclusions
In summary, we welcome the ISSB’s focus on the next 2 years and its realization that the market needs time to mature in terms of sustainability-related financial reporting. We strongly support the widespread international adoption of standards S1 and S2 and believe that the ISSB should use its leverage to ensure that this happens as successfully as possible. Insights and guidance from the ISSB and IASB to preparers to equip the market for implementation will be critical. There is also a clear need to ensure that the new standards connect in a meaningful way with the core financial statements for them to be a success. To further ensure the adoption of ISSB standards as the global baseline, we feel that it is important for the ISSB to provide visibility regarding potential future standards.

Yours Faithfully,

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