



Cayman Islands
Institute of
Professional
Accountants

29 July, 2022

Mr Emmanuel Faber
International Sustainability Standards Board
Columbus Building
7 Westferry Circus
London
E14 4HD

**ED/2022/S1 General Requirements for Disclosure of Sustainability-related Financial Information and
ED/2022/S2 Climate-related Disclosures**

Dear Mr Faber,

The Cayman Islands Institute of Professional Accountants ('CIIPA') welcomes the opportunity to comment on the International Sustainability Standards Board's ('ISSB') Exposure Draft addressing general requirements for disclosure of sustainability-related financial information and the International Sustainability Standards Board's ('ISSB') Exposure Draft addressing climate-related disclosures (combined the "Exposure Drafts"). The Cayman Islands is a leading international financial centre with a mature and sophisticated regulatory environment. CIIPA (formerly CISPA) was formed in 1970 and has evolved into one of the largest professional membership organizations in the Cayman Islands, comprised of student, associate, regular and practitioner members from recognized foreign professional accountancy organizations and registered public practice and accountancy firms. CIIPA has been a full member of the International Federation of Accountants ('IFAC') since 2013. We have consulted with, and this letter represents the views of, the CIIPA members.

We applaud the IFRS Foundation Trustees for their leadership in establishing the ISSB. CIIPA supports including a broader range of information in corporate reporting so that organizations can communicate more effectively—and stakeholders can better understand—prospects for longer-term value creation. We believe that companies that adopt an "integrated mindset"—insight gained by management and those charged with governance from both financial and sustainability information—will make better commercial decisions as well as take account of value to customers, employees, suppliers, and societal interests.

We believe our current views on climate and sustainability-related disclosure remain broadly consistent with those of the leading integrated and sustainability reporting organizations (i.e., the CDSB, IIRC, and SASB), which either have been or are in the process of being consolidated into the IFRS Foundation. We support IFAC's recently released [joint statement with PRI and the World Business Council for Sustainable Development](#) that emphasizes the need for global and jurisdiction-specific sustainability disclosure initiatives to avoid regulatory and standard-setting fragmentation by collaborating and, wherever possible, aligning key concepts, terminologies, and metrics on which disclosure requirements are built.

CIIPA anticipates the completion of the ISSB's work on the Exposure Drafts, with potential endorsement by IOSCO later in 2022. CIIPA strongly supports these important steps towards a harmonized, global system based on a comprehensive, global baseline of sustainability information—financially material disclosure topics and performance metrics—for investors and global capital markets, addressing enterprise value.

In this context, CIIPA highlights five thematic areas that we believe are important to high-quality, decision-useful sustainability-related disclosures.

1. **Investor focus:** Climate and sustainability-related information enhances investors' ability to assess company performance, risks, opportunities, and long-term prospects—i.e., “enterprise value.” A [“Building Blocks Approach,”](#)—as advocated by IFAC, the IFRS Foundation, IOSCO, and others—balances the information needs of investors and capital markets with those of other stakeholders who also want a better understanding of a reporting entity's societal impacts on people, economy or environment. Further, some jurisdictions may require specific public policy-related disclosure. The distinction between these two primary “perspectives” is nuanced and may change over time as investor assessments of materiality are dynamic in nature.¹

Perspective 1: “Outside-in” disclosures address how ESG factors—and a company's actions related to ESG—can impact a company's enterprise value.

Perspective 2: “Inside-out” disclosures address multi-stakeholder needs—societal impacts—not already captured by the assessment of enterprise value.

Therefore, CIIPA supports the ISSB's continued collaboration with GRI² (a reporting standard with global recognition according to our benchmarking research³) and encourages the ISSB to develop its *comprehensive* global baseline of disclosure requirements addressing enterprise value while taking into consideration whether some societal impacts may be relevant to investors' assessment of enterprise value. We believe this approach, coupled with cooperation with jurisdiction-specific initiatives (see below), has the greatest potential for a truly global system for reporting sustainability-related information that serves the interests of capital markets and broader society.

2. **Alignment:** The interoperability of jurisdiction-specific sustainability disclosures with global disclosure requirements of the ISSB is critical for investors who allocate capital based on comparable

¹ See page 2 – “Sustainability Matters can be viewed Through Different Lenses” of IFAC's [Enhancing Corporate Reporting – The Sustainability Building Blocks](#)

² See statement by the [IFRS Foundation and GRI to align capital market and multi-stakeholder standards to create an interconnected approach for sustainability disclosures](#)

³ See: 2020 UPDATE: The State of Play in Reporting and Assurance of Sustainability Information <https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/state-play-sustainability-assurance>

information about entities across different markets. Reporting entities should be able to accurately collect and report information in a manner that effectively serves requirements under globally applicable or jurisdictional requirements. Alignment of key concepts, terminologies, and metrics is imperative to avoiding standard-setting and regulatory fragmentation and to allow companies to avoid unnecessary duplication.⁴ We applaud the establishment of the Sustainability Standards Advisory Forum as well as a working group composed of representatives from jurisdictions actively engaged in sustainability standard-setting.⁵ CIIPA urges the ISSB to continue these collaborative, global alignment efforts. Policymakers and regulators engaged in jurisdiction-specific sustainability standard-setting activities *must do their part* to collaborate with the ISSB and find a common baseline of disclosure based on the global standards of the ISSB.

- 3. Importance of regulation:** Climate and sustainability information must be high-quality, decision-useful, and trusted. Therefore, the current myriad of frameworks for such disclosure (primarily voluntary) must be rationalized and harmonized.⁶ CIIPA supports the consolidation, under the IFRS Foundation, of the work and resources of the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF, comprised of the Sustainability Accounting Standards Board and International Integrated Reporting Council) and collaboration with the World Economic Forum and the Task Force on Climate-Related Financial Disclosures (TCFD).

Developing disclosure standards based on these core investor-focused initiatives will provide a basis for international agreement on a global baseline of disclosures, promote rigor in reporting, and result in robust information. We note that incorporating the industry-specific nature of SASB Standards into the work of the ISSB can help companies to develop disclosures that are most relevant to their specific facts and circumstances. However, to achieve high-quality disclosure, authorities and regulators will need to mandate high-quality sustainability disclosures and their assurance (see verifiability below). We encourage the ISSB and IFRS Foundation Trustees to work with local policy makers and regulators to make the ISSB's [global standards local](#) reporting requirements—to minimize the current voluntary, fragmented approach to sustainability-related reporting.

- 4. Verifiability:** To be trusted, climate and sustainability information should be subject to high-quality, independent, external assurance, based on high-quality assurance and ethics standards. Our research indicates that assurance lags reporting of ESG information. While 92% of the companies we examined in our latest benchmarking research report *some* information, **only 58% also obtain assurance** on (a portion of) the information they report.⁷

CIIPA supports the International Auditing and Assurance Standards Board's (IAASB) current work to develop a global, overarching assurance standard on sustainability that encompasses all sustainability topics, all information disclosed about sustainability topics, all mechanisms for reporting, all reporting

⁴ See: [Leading Financial Market Participants Call for Stronger Alignment of Regulatory & Standard Setting Efforts around Sustainability Disclosure](#)

⁵ See IFRS Foundation statement on: [ISSB establishes working group to enhance compatibility between global baseline and jurisdictional initiatives](#).

⁶ Based on research conducted by IFAC and AICPA-CIMA, 80% of the sustainability information reported by companies, globally, is done so based on multiple reporting standards and frameworks. See 2020 UPDATE: The State of Play in Reporting and Assurance of Sustainability Information <https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/state-play-sustainability-assurance>

⁷ See: 2020 UPDATE: The State of Play in Reporting and Assurance of Sustainability Information <https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/state-play-sustainability-assurance>

standards, and all users/stakeholders. Consistent reporting of sustainability-related information is the best foundation for high-quality assurance. We urge the ISSB to continue to actively engage with the IAASB in its new standard-setting work and to take assurance into account in the development of IFRS Sustainability Disclosure Standards.

5. **Interconnected approach:** Climate and sustainability disclosures are most valuable to investors and other stakeholders when they are connected to financial reporting information. This includes improving the timeliness and proximity of location between financial and sustainability information when being made public. Climate and sustainability-related information must be at the same level of quality and decision usefulness as financial information. CIIPA supports the use of management commentary or integrated reports for sustainability disclosure and encourages the ISSB and IASB to utilize principles and concepts from the Integrated Reporting Framework in their standard-setting work—seeking opportunities to align and incorporate the concepts of the Framework with similar concepts in the IASB and SASB conceptual frameworks.⁸

A harmonized, global system for reporting climate and other sustainability information will help accelerate sustainability—by providing reporting that addresses the climate crisis, by helping companies and their stakeholders measure and assess progress towards sustainability objectives, and by promoting more sustainable companies that will create long-term value for investors and society.

CIIPA supports the mission and activities of the ISSB and stands ready to assist the Board and IFRS Foundation Trustees in any way we can.

Sincerely,



Sheree L. Ebanks
Chief Executive Officer

⁸ See IFRS Foundation statement on [Integrated Reporting—articulating a future path](#).