

August 28, 2023

IFRS Foundation  
Columbus Building  
7 Westferry Circus  
Canary Wharf  
London E14 4HD  
UK

By e-mail: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

**Re: Request for Information – IFRS Sustainability Disclosure Standards: Consultation on Agenda Priorities**

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 19,000 CPAs in public practice, industry, government and education, welcomes the opportunity to respond to the above-captioned exposure draft.

The NYSSCPA's Sustainability Accounting and Reporting Committee deliberated the document and prepared the attached comments. If you would like additional discussion with us, please contact Sustainability Accounting and Reporting Committee Chair Timothy Coville at (718) 990-8307, or Keith Lazarus, NYSSCPA staff, at (212) 719-8378.

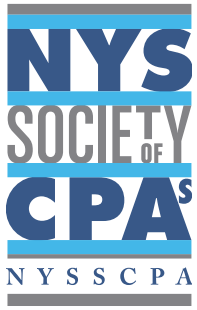
Sincerely,

NYSSCPA

NYSSCPA

Liren Wei  
President

Attachment



**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON**

**REQUEST FOR INFORMATION – IFRS SUSTAINABILITY DISCLOSURE  
STANDARDS: CONSULTATION ON AGENDA PRIORITIES**

**August 28, 2023**

**Principal Drafters**

**Matthew T. Clohessy  
Timothy Coville  
Edward F. Esposito  
Thomas J. Goodfellow  
Elliot L. Hendler  
Richard C. Jones  
Lisa F. Quint**

## **NYSSCPA 2023–2024 Board of Directors**

Liren Wei, <i>President</i>	Mathieu Aimlon	Kelly M. Mandell-Klumpp
Kevin P. O'Leary, <i>President-Elect</i>	Kurt Button	Philip Marciano
Timothy J. Hammond, <i>Secretary/Treasurer</i>	Frank J. DeCandido	Kevin Matz
Anthony S. Chan, <i>Vice President</i>	Timothy J. Doyle, Jr.	Shmueli Milecki
Edward N. Lee, <i>Vice President</i>	William H. Dresnack	Steven M. Morse
Philip J. London, <i>Vice President</i>	Michael R. Durant	Ronald F. Ries
John A. Mourer, <i>Vice President</i>	Nicholas Eells	William D. Ryan III
Lisa Mrkall, <i>Vice President</i>	Mark L. Farber	Lenore Sanchez
Calvin H. Harris Jr., <i>ex officio</i>	Lynne M. Fuentes	William F. Schwenk
	Stephanie Gigliotti	John M. Spatola
	Zachary Gordon	Jennifer Stone
	Orumé A. Hays	A'Isha Torrence
	Robert J. Huether	Mark M. Ulrich
	William C. Huether	Natalie Verbanac
	Michael R. Koeppl	Craig A. Zellar
	Katelyn N. Kogan	

## **NYSSCPA 2023–2024 Accounting and Auditing Oversight Committee**

Diane L. Jules, <i>Chair</i>	Jean-Pierre Henderson	Robert M. Rollmann
Sean C. Prince, <i>Vice Chair</i>	Jennifer A. Kartychak	Nick Tsoukaris
Herbert M. Chain	Angela V. Katehis	James R. White
Timothy Coville	Bonnie S. Mann Falk	Margaret A. Wood
Joseph Farrenkopf	Renee Mikalopas-Cassidy	

## **NYSSCPA 2023-2024 Sustainability Accounting and Reporting Committee**

Timothy Coville, <i>Chair</i>	Glenn W. Kempa	Renee Rampulla
Richard C. Jones, <i>Vice Chair</i>	J. Michael Kirkland	Ronald F. Ries
Anthony J. Artabane	Richard H. Kravitz	Carla M. Rodriguez
Kathleen G. Brown	Stephen F. Langowski	Christopher A. Schreiber
Matthew T. Clohessy	Vincent J. Love	Paulette M. Small
James R. D'arcangelo, Jr.	Santa J. Marletta	Philip C. Sookram
Gholamhossein Davani	Edward Mendlowitz	Jeffrey R. Steinberg
Edward F. Esposito	Mitchell J. Mertz	William M. Stocker III
George Fanourakis	Renee Mikalopas-Cassidy	A'Isha Torrence
Thomas P. Gallo	Shmueli Milecki	Aracelis Torres
Thomas J. Goodfellow	Christine A. Miller	Linda M. Voce
Leon J. Gutmann	Tracey J. Niemotko	Lori M. Voss
Jean-Pierre Henderson	Jason M. Palmer	Felicity L. Wasser
Elliot L. Hendler	Ilene L. Persoff	Robert N. Waxman
Gregory R. Holden	Sujithkumar Pushpakaran	David C. Wright
Gabriel M. Hunigan	Lisa F. Quint	

**NYSSCPA Staff**  
Keith N. Lazarus

## **New York State Society of Certified Public Accountants**

### **Comments on**

### **Request for Information – IFRS Sustainability Disclosure Standards: Consultation on Agenda Priorities**

The New York State Society of Certified Public Accountants (NYSSCPA or Society) welcomes the opportunity to respond to the International Sustainability Standards Board's (ISSB) invitation to comment on the above-mentioned Request for Information (RFI).

#### **Executive Summary**

We want to emphasize the importance of the ISSB's work in supporting the smooth implementation of IFRS S1 and S2, along with the internationalization of the SASB Standards. We recommend the following prioritization:

1. Supporting the implementation of IFRS S1 and S2.
2. Enhancing the SASB standards, specifically their internationalization to allow them to be more broadly applicable.
3. Prioritizing integration in reporting as a formal joint project between the ISSB and the IASB.
4. Using the ISSB's remaining capacity, as applicable, for standard-setting research on possible Human Capital disclosures and to establish a coordinated approach for ensuring connectivity and symmetry with the related standard-setting activities of the IASB, e.g., ISSB having an Interpretations Committee and a Post-Implementation Review calendar, as well as the establishment of a joint Conceptual Framework.

Further background detailing our reasoning for the above prioritization and how you might choose to act on it is provided in our question responses that follow.

#### **Responses to Questions 1 – 8 of this RFI are as follows:**

##### **Question 1 – Strategic direction and balance of the ISSB's activities**

- (a) From highest to lowest priority, how would you rank the following activities?
- (i) beginning new research and standard-setting projects
  - (ii) supporting the implementation of ISSB Standards IFRS S1 and IFRS S2
  - (iii) researching targeted enhancements to the ISSB Standards

(iv) enhancing the Sustainability Accounting Standards Board (SASB) Standards

**Response:** Ranked from highest to lowest:

- 1<sup>st</sup> (ii) supporting the implementation of ISSB Standards IFRS S1 and IFRS S2
- 2<sup>nd</sup> (iv) enhancing the Sustainability Accounting Standards Board (SASB) Standards
- 3<sup>rd</sup> (i) beginning new research and standard-setting projects
- 4<sup>th</sup> (iii) researching targeted enhancements to the ISSB Standards

**(b)** Please explain the reasons for your ranking order and specify the types of work the ISSB should prioritize within each activity.

**Response:** The successful implementation of the ISSB's first two standards will play an important role in the credibility of this new standards board for years to come. A failure to see them smoothly implemented would threaten a loss of credibility for the ISSB and, therefore, any future projects. Therefore, your Request for Information's (RFI) Q1 (a) (ii) has to be seen as your top priority. The ISSB should work with other standard setters, including government-level standard setters, to promote the IFRS Sustainability Disclosure Standards as the global baseline and to ensure the interoperability of the requirements. The ISSB should carefully consider how it will work with these standard setters to avoid developing diverging disclosure requirements.

Enhancing the SASB Standards as described in the recent RFI regarding making them internationally applicable has tremendous potential to increase their actual adoption and the ISSB's ability to promote that adoption, which would be a substantial step towards achieving a global baseline of sustainability related disclosures. That achievement, as we described in our comments to that earlier RFI, offers too meaningful of a payoff to put research into other possible standards ahead of it.

As the ISSB's capacity allows for progress, and there is confidence in the success of those first two priorities, then begin new research for standard-setting on additional topics. We see some of those other potential standards as also offering to make substantial contributions towards achieving a global baseline of financially material sustainability related disclosures. We don't see them as making a larger contribution towards that goal than the first two priorities mentioned above.

Broadly using ISSB resources to look for targeted enhancements to the first two ISSB Standards, we hope would be unnecessary, beyond any possible adjustments that come to light during your efforts to succeed with the first-priority mentioned above of supporting their implementation. The only exception to this, that we would note, is the possibility expressed in our response to your earlier RFI on making SASB's Standards internationally applicable. There we recommended that you enhance the language in IFRS S1, from requiring entities to, "consider the disclosure topics in the industry-based SASB Standards," to language that requires disclosures based on the disclosure requirements that have been derived from SASB Standards, which we believe is more consistent with the guidance in IFRS S2.

**(c) Should any other activities be included within the scope of the ISSB's work? If so, please describe these activities and explain why they are necessary.**

**Response:** The other activities necessary for the ISSB's work all relate to achieving coordinated symmetry with the IASB. Such a symmetry is desirable for promoting interoperability between the ISSB and IASB.

Our suggestions for coordination and symmetry include:

- Establishing an Interpretations Committee for the ISSB, analogous to that already in existence for the IASB.
- Launching a Post-Implementation Review (PIR) calendar.
- Establishing a coordinated Conceptual Framework understood and used by both the IASB and the ISSB.

**Question 2 – Criteria for assessing sustainability reporting matters that could be added to the ISSB's work plan**

a) Do you think the ISSB has identified the appropriate criteria?

**Response:** Yes, the seven criteria in Table 2 are appropriate.

b) Should the ISSB consider any other criteria? If so what criteria and why?

**Response:** Yes. Consideration of cost effectiveness should be specifically stated in the criteria, as this is an important criterion and is consistent with IFRS S1 (Appendix B, B6-B10 and B48) and IFRS S2. We see this as consistent with our recommendation under question 1 (c) that you establish a coordinated Conceptual Framework understood and used by both the IASB and the ISSB, in that we would expect the resulting Conceptual Framework to include a "cost constraint" definition consistent with the existing IASB Conceptual Framework.

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

(a) Taking into account the ISSB's limited capacity for new projects in its new two-year work plan, should the ISSB prioritize a single project in a concentrated effort to make significant progress on that, or should the ISSB work on more than one project and make more incremental progress on each of them?

**Response:** We recommend that the ISSB primarily focus on one project, but not limit their efforts to only advancing a single project.

(ii) If more than one project, which projects should be prioritized and what is the relative level of priority from highest to lowest priority? You may select from the four proposed projects in Appendix A or suggest another project (or projects).

**Response:** We recommend the following:

1. Prioritize the integration in reporting project as the primary focus for ISSB's efforts. As the end goal of each of these important topics are to provide clear, consistent, and comparable reporting for users of financial statements, prioritizing the establishment of a reporting framework is necessary to ensure subsequent project requirements are constructed with alignment to an established reporting framework in mind.
2. Advance the proposed Human Capital project, as a concurrent agenda project, as a secondary priority. While a concerted effort on a single project can allow for dedicated progress towards that effort, we believe it is important to advance another project in tandem with secondary prioritization as it will give rise to specific technical application questions that would need to be addressed through the integration in reporting standards. This dual approach of theoretical framework development with specific application development will yield a reporting framework/standard that is both theoretically sound and pragmatic.
3. Lastly, as noted in our response to Question 7, in the development of an integration in reporting standard, we believe that the ISSB should integrate their activities with those of the IASB. This collaboration may create periods of time where the ISSB is awaiting responses from the IASB and would, therefore, allow the ISSB to put a concerted effort towards progressing on a secondary prioritization project in the interim.

**Question 4 – New research and standard-setting projects that could be added to the ISSB's work plan: Biodiversity, ecosystems and ecosystem services:**

**Response:** We chose not to address the specific questions under the topic of a Biodiversity, ecosystems, and ecosystem services (BEES) project because, currently, the Taskforce on Nature-related Financial Disclosures (TNFD) is taking this on. As the ISSB, as well as GRI, are knowledge partners with the TNFD, we believe the ISSB can leverage the work of the TNFD in a few years and use their resources for other, more immediate projects, as applicable. This would follow the same path as the framework on the Task Force on Climate-related Financial Disclosures (TCFD) which was incorporated into IFRS S2.

**Question 5 – New Research and standard-setting projects that could be added to the ISSB's work plan: Human Capital**



(a) Of the subtopics identified in paragraph A22, to which would you give the highest priority? Please select as many as applicable. Please explain your choices and the relative level of priority with particular reference to the information needs of investors.

**Response:** In paragraph A22, a list of subtopics on human capital is presented. This list came from the SASB's Preliminary Framework on Human Capital and the SASB Standards. We agree with this list and have prioritized it as follows:

1. Workforce composition and costs
2. Employee engagement
3. Worker wellbeing (including mental health and benefits)
4. DEI
5. Workforce investment
6. Labor conditions in the value chain
7. The alternative workforce

(b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterize participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate? Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.

**Response:** Human capital risks and opportunities do vary by industry and geographic location. Some industries put their employees at greater risk of physical harm than others, i.e., Mining and Construction versus Banking and Software. Certain geographic locations also carry unique health and safety considerations, whether for unique infectious diseases, challenging terrain, or inhospitable weather conditions. More research needs to be completed for this topic.

(c) - In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard- setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organizations referenced in paragraph A25 should be prioritized by the ISSB in pursuing its research? Please select as many as applicable.

**Response:** The World Economic Forum (WEF) was part of the Technical Readiness Working Group (TRWG) and they recently signed a memorandum of understanding with the ISSB to work together again. Therefore, we believe the WEF Stakeholder Metrics on People pertain to human capital, and they should be given priority.

**Question 6—New research and standard-setting projects that could be added to the ISSB's work plan: Human rights**

**Response:** As with question 4, we chose not to address the specific questions under this topic. While human rights are of paramount importance, we see them as better focused on by other international, national, and regional organizations and not a best fit for the ISSB’s work. It is also our hope that when the ISSB succeeds in its efforts to establish human capital related disclosures and metrics, those will help to elevate capital providers’ understanding of corporate activities associated with managing and protecting human rights.

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

(a) The integration in reporting project could be intensive on the ISSB’s resources. While this means it could hinder the pace at which the topical development standards are developed, it could also help realise the full value of the IFRS Foundation’s suite of materials. How would you prioritise advancing the integration in reporting project in relation to the three sustainability-related topics (proposed projects on biodiversity, ecosystems and ecosystem services; human capital; and human rights) as part of the ISSB’s new two-year work plan?

**Response:** We believe that the integration in reporting project is more important than the other proposed topics as that project and the related due process activities will influence the ISSB’s decisions on future topics and will promote consistency in reporting. In addition, there are already existing relevant sustainability disclosures and metrics available for use in an integration in reporting standard, mainly as developed by the SASB. Therefore, while the ISSB works with the IASB to develop integration in reporting guidance, those topics competing for the ISSB’s attention would not necessarily be neglected. Additionally, we believe IFRS S1, and the pre-existing sector-related guidance of the SASB, establishes a baseline for requiring reporting and disclosure of significant sustainability-related information while the ISSB develops its more narrowly-focused detailed disclosure requirements.

(b) In light of the coordination efforts required, if you think the integration in reporting project should be considered a priority, do you think that it should be advanced as a formal joint project with the IASB, or pursued as an ISSB project (which could still draw on input from the IASB as needed without being a formal joint project)?

- (i) If you prefer a formal joint project, please explain how you think this should be conducted and why.
- (ii) If you prefer an ISSB project, please explain how you think this should be conducted and why.

**Response:** Yes, as emphasized in our comments to related questions above, we strongly recommend that the integration in reporting project is undertaken as a joint project with the IASB. As this proposed project’s end goal would be a corporate reporting framework that integrates both financial and sustainability-related information into mandatory reports and to ensure a high-level of connectivity and interoperability between the ISSB and IASB guidance, it is only reasonable to expect a formal working relationship between the two Boards.

(c) In pursuing the project on integration in reporting, do you think the ISSB should build on and incorporate concepts from:

- (i) the IASB's Exposure Draft Management Commentary? If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why.
- (ii) the Integrated Reporting Framework? If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why.
- (iii) other sources? If you agree, please describe the source(s) and any particular concepts that you think the ISSB should incorporate in its work.

**Response:** We strongly recommend that the integration in reporting project is pursued as part of the ongoing project on Management Commentary, which should be advanced as a joint IASB-ISSB project. We believe that the requirements in the Management Commentary Practice Statement, similar to the required U.S. Management Discussion & Analysis (MD&A) Statements for public companies, has an important role to play in bringing together financial and non-financial information. Further, we believe requiring management commentary containing integrated financial and sustainability-related information will provide the overarching framework for narrative reporting that addresses the holistic integration of sustainability-related matters with traditional financial related matters into an integrated report.

We believe a high-quality management commentary disclosure requirement will be an important part of any future integration in reporting standard, once those integration in reporting standards are developed and implemented. Therefore, the interoperability of the guidance required for a management commentary and analysis disclosure will increase the value to investors of the envisioned integration in reporting project.

(d) Do you have any other suggestions for the ISSB if it pursues the project?

**Response:** We encourage the ISSB to seek additional ongoing feedback throughout the project from a broad range of constituents including investors and credit providers, regulators, preparers, auditors and other interested parties, as their comments will play a vital role in future adoption, acceptance, and auditability of your resulting reporting and disclosure guidance.

## **Question 8 – Other comments**

Do you have any other comments on the ISSB's activities and work plan?

**Response:** We believe we were able to comprehensively address our suggestions in our responses to your earlier questions. Thank you for this opportunity and all the best with the work ahead.