

Jean-Paul Gauzes, Board President of EFRAG
Jack Ehnes, Chair of the Supervisory Board of GRI
Gary Gensler, Chairman of SEC
Emmanuel Faber, Chairman of ISSB

Sent by email

18 May 2022

Dear Sirs,

We Mean Business Coalition works with more than 7,000 companies around the world committed to the highest standards of climate leadership. On their behalf, we urge you to prioritize convergence between your respective corporate reporting initiatives on sustainability.

To deliver on the Paris Agreement, The Glasgow Climate Pact and keep alive the chance of restraining global temperature rise to below 1.5°C we need a new global baseline reporting standard on sustainability disclosures. Transparent, consistent and robust reporting is essential for businesses to demonstrate their progress in cutting emissions wherever they are based; for responsible investors to know where to direct their capital and for society to understand how quickly progress is being made towards science-based climate goals.

With each of your initiatives advancing simultaneously, 2022 is a unique opportunity – and perhaps the last chance to get this right.

We therefore recognise and welcome the pioneering legislative and standard-setting efforts by the US Securities and Exchange Commission (SEC), the European Financial Reporting Advisory Group (EFRAG) and the International Financial Reporting Standards (IFRS) Foundation's International Sustainability Standards Board (ISSB).

In our view, greater convergence between your initiatives is both possible and vital. Even small misalignments around terminology, definitions, and concepts in the draft versions of the standards and legislation risks undermining their collective impact. Our overall ambition should be to ensure companies and their investors get the most efficient solutions, without the need for additional reporting to cater to a multitude of standards. Comparability across jurisdictions will:

- Offer the most cost-efficient solution for companies committed to transparent and robust reporting and minimize the opportunities for greenwashing.
- Provide the clearest possible picture to investors seeking the world's most sustainable companies across markets and geographies.
- Deliver the greatest degree of accountability for corporate climate reporting, necessary to secure a just transition to a sustainable future.

We Mean Business Coalition urges the following changes to draft legislation under consideration:

- **We urge the CSRD to make clear references to the ISSB in order to support the creation of the global baseline for capital markets, and to GRI in order to maintain consistency with double materiality.**

In March 2022, the IFRS Foundation and the Global Reporting Initiative (GRI) signed a Memorandum of Understanding that sought to reassure companies reporting against both ISSB and GRI's standards that the requirements will be compatible. However, the latest draft of the CSRD contains an alternate definition of impact materiality that is not aligned with GRI. Companies are no longer confident that reporting against IFRS Sustainability Disclosure Standards and GRI will be sufficient to meet the standards required by CSRD.

We urge EFRAG and GRI to ensure a common definition on impact materiality, and that clear references are made in the CSRD to both ISSB and GRI's standards.

- **We call on the US SEC to allow companies to use comparable reporting standards such as ISSB's IFRS Sustainability Disclosure Standards, where they meet SEC requirements.**

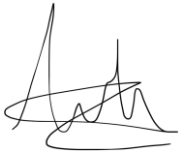
We strongly support the intent of the US SEC in its proposed rule, "The Enhancement and Standardization of Climate-Related Disclosures for Investors". To ensure global comparability, cost efficiency and greatest impact, we call on the SEC to ensure its final rules are closely aligned with, and comparable to, the ISSB standard. We also call on the SEC to ensure issuers can use ISSB disclosures to meet SEC reporting obligations, where these disclosures made under ISSB finalized standards meet the SEC final rule requirements.

- **Members of the ISSB working group for enhanced compatibility should make every endeavour to establish ISSB as the global baseline for sustainability-related financial disclosures.**

We Mean Business Coalition strongly supports the ISSB's decision to establish a working group to enhance compatibility and interoperability between the global baseline and jurisdictional initiatives. We urge the ISSB and the members of the working group, which includes the Chinese Ministry of Finance, the European Commission, the European Financial Reporting Advisory Group, the Japanese Financial Services Authority, the Sustainability Standards Board of Japan Preparation Committee, the United Kingdom Financial Conduct Authority and the US Securities and Exchange Commission, to find constructive ways of making sure that the ISSB's standards are established as the common global baseline for companies to report against to meet the information needs of investors and capital markets.

With these reforms, 2022 will be remembered as the year that a global reporting standard on sustainability disclosures became reality. By working together, we will unleash the potential of corporate climate leadership in pursuit of our shared goals of halving emissions by 2030 and securing a just, sustainable future for all.

Yours Sincerely,



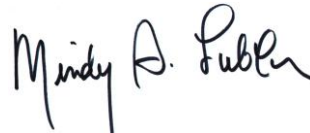
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Aron Cramer, President & CEO, BSR



Paul Simpson, CEO, CDP



Mindy Lubber, CEO and President, Ceres



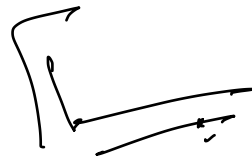
Helen Clarkson, CEO, Climate Group



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Halla Tomasdottir, CEO, The B Team



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