Comments on S7-10-22 The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Madam or Sir,

we welcome the opportunity to comment on the proposed rule changes S7-10-22 The Enhancement and Standardization of Climate-Related Disclosures for Investors. We would like to comment on Question 189 of the proposed rule specifically.

Deutsches Aktieninstitut and its member companies fully and actively support the newly established International Sustainability Standards Board (ISSB) and its endeavor to develop the future IFRS Sustainability Disclosure Standards. Our member companies are strongly committed to sustainable business practices and internationally recognized sustainability reporting standards that lead to transparent, comparable and reliable sustainability information worldwide. A global baseline is essential for companies that are acting on a global level, both for investors, but also for other stakeholders more broadly.

As ESG matters are of global relevance and transparency and comparability are needed globally, it is crucial and indispensable that the international dimension is taken into account in the reporting provisions of the SEC. The ISSB will design standards that will serve as a global baseline for sustainability reporting standards all across the globe. Consequently, it is of paramount importance that the future reporting framework of the SEC is fully consistent and compatible/interoperable with the global baseline of the ISSB. Sustainability reporting standards should at best be equivalent and not differ at all, at least not in substance, where they cover the same contents.

Structuring the SEC provisions in a way to encompass reports made pursuant to criteria developed by the ISSB from the beginning would allow to establish an ‘equivalence mechanism’ without any additional provisions, which would be highly valuable. This should not be limited to foreign issuers, but also US players as, otherwise, they are likely to find themselves in a situation where they need to report under two (potentially non-
complementary) regimes, i.e. the SEC regime (for regulatory purposes) and the ISSB regime (to fulfil market expectations). Such double reporting burden should be avoided wherever possible.

Please note that Deutsches Aktieninstitut and its members have also strongly advocated for full interoperability and alignment with the global baseline when it comes to the EU sustainability reporting standards that are currently being drafted by EFRAG and communicated this position both to the EU Commission and EFRAG. We will use EFRAG’s consultation to emphasize the need for a global baseline and our support of the ISSB endeavor as well.

I stay at your disposal for any questions.

Yours faithfully

Dr. Uta-Bettina von Altenbockum
Head of Communications