



FOR IMMEDIATE RELEASE

IFAC Responds to European Sustainability Reporting Standards

Transparency and interoperability needed to support a global system for reporting and avoid costly regulatory fragmentation, especially regarding matters of materiality

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As the global voice of the accountancy profession, the International Federation of Accountants (IFAC) supports corporate reporting that better addresses a company's ability to create long-term value and is decision useful for investors and other stakeholders. Specific regulatory requirements are necessary to harmonize reporting practice and deliver consistent, comparable, assurable, and decision useful sustainability information.

To this end, IFAC has [submitted feedback in response to the European Commission's European Sustainability Reporting Standards \(ESRS\)](#). In its response, IFAC welcomes the standards while noting significant concerns regarding the need for interoperability that supports a global system for reporting. In addition to the ESRS, IFAC has also welcomed the [International Sustainability Standards Board's \(ISSB\) new standards](#) and other important jurisdiction or regional initiatives, notably the [U.S. SEC's proposed climate disclosure rule](#). However, these approaches must align key concepts, terminologies, and metrics to avoid regulatory fragmentation, especially on matters of materiality.

“We strongly support efforts by the European Commission and ISSB to find areas of interoperability in their standards, starting with climate. However, substantive differences remain, so collaboration must continue. This is crucial for investors and all stakeholders who want interoperable ESRS and ISSB standards and connectivity between sustainability and financial information,” said IFAC CEO Kevin Dancey. “ISSB standards should function as a global baseline for all jurisdictions, including the EU for financial materiality, to adopt or align with. This is also why we need transparency—a navigation tool to help stakeholders know where the areas of alignment exist.”

Implementation by companies and enforcement by regulators of the new standards are essential to ESRS success. IFAC urges additional transitional reliefs to allow companies sufficient time to implement governance, processes, reporting capacity, and internal controls—all essential for high quality disclosure and its assurance.

As assurance brings trust and confidence to corporate reporting, IFAC encourages the European Commission to participate in ongoing stakeholder engagement with the International Auditing and Assurance Standards Board (IAASB) toward the goal of requiring use of the IAASB's forthcoming new International Standard on Sustainability Assurance (ISSA) 5000 under the Corporate Sustainability Reporting Directive. The International Ethics Standards Board for Accountants' (IESBA) work on establishing ethics and independence requirements for sustainability assurance practitioners is also vital to producing high-quality, reliable information.

About IFAC

IFAC is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of 180 members and associates in more than 135 jurisdictions, representing more than 3 million accountants in public practice, education, government service, industry, and commerce.