

Response to the International Sustainability Standards Board’s (ISSB) Consultation on Agenda Priorities

CPAB provided a response to the ISSB’s Request for Information *Consultation on Agenda Priorities*. The ISSB requested that stakeholders provide feedback via an online survey. CPAB’s submission can be found [here](#). CPAB has also summarized its views below.

CPAB’s mandate as an audit regulator does not extend to all sustainability disclosure considerations, as such CPAB limited its response to the areas most closely related to our mandate.

Survey responses

Question 1 – Strategic direction and balance of the ISSB’s activities.

01-A. (a) From highest to lowest priority, how would you rank the following activities?

Activity	Rating
Supporting the implementation of ISSB Standards (IFRS S1 and S2)	1
Researching targeted enhancements to the ISSB Standards	2
Beginning new research and standard-setting projects	3
Enhancing the Sustainability Accounting Standards Board (SASB) Standards	4

01-B. (b) Please explain the reasons for your ranking order and specify the types of work the ISSB should prioritise within each activity.

As Canada’s independent audit regulator CPAB is responsible for overseeing firms that audit Canadian reporting issuers. In our 2022 inspection cycle we conducted a climate focused thematic review. In that thematic review we found that auditors are still in the early stages of preparing to address climate-related risks in their financial statement audits.

It is also our view that the breadth of knowledge and skills required to provide assurance over sustainability-related disclosures may extend beyond the current skillsets of traditional financial statement auditors. Therefore, we believe that activities to support the implementation of ISSB standards including the development and strengthening of guidance and materials to assist in addressing challenges for auditors as well as preparers, investors, and regulators should be prioritized.

For other activities conducted by the ISSB it is our view that the ISSB should balance the desire for new standards covering other topics and areas with ensuring that stakeholders are able to appropriately implement and understand the impact of existing standards. We encourage the ISSB to continue working with

relevant regulators and standard setters around the world to ensure global applicability and understanding of the standards.

01-C. (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.

No.

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

02-A. (a) Do you think the ISSB has identified the appropriate criteria? Please explain your response.

Yes.

02-B. (b) Should the ISSB consider any other criteria? If so what criteria and why?

No.

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

03-A. (a) Taking into account the ISSB's limited capacity for new projects in its new two-year work plan, should the ISSB prioritise 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?

Single project

03-Ai. (i) If a single project, which one should be prioritised? You may select from the four proposed projects in Appendix A or suggest another project. Please explain your response.

Integration in reporting: It is our view that explicit and clear connections between financial and sustainable performance and disclosures are important and focusing on this project would provide stakeholders with better quality information and better consideration of sustainability related impacts on the financial statements (and associated audit).

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

07-A. (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? Please explain your response.

Integration in reporting project is a higher priority: We agree that a project focused on integration in reporting would help realize the full value of the IFRS Foundation's suite of materials. We believe it is important that connections between financial and sustainability performance and disclosures are more clearly understandable to stakeholders. We believe better integration in reporting would also allow financial statement auditors to more clearly assess the impact of sustainability risks and opportunities on the financial statements.

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

07-Ci. (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.

Yes

07-Cii. (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.

Yes: Connectivity of information will be an important concept/principle to ensure stakeholders understand the interrelatedness and dependencies of different disclosures. Consistency and comparability are also important concepts to allow stakeholders to understand the disclosures and to allow auditors to be able to provide assurance over these disclosures. Sustainability related disclosures should be consistent and comparable and be subject to appropriate controls and processes.