



TIDELINE

December 11, 2020

Dear IFRS Foundation Trustees,

Thank you for the opportunity to comment on the IFRS Foundation's *Consultation Paper on Sustainability Reporting*. I am providing input on behalf of [Tideline](#), a specialist impact investment consultancy established in 2014, and its sister company [BlueMark](#), a dedicated provider of impact verification services for investors and companies. These comments also draw on my 15+ years of experience in traditional finance and risk management, which includes creating and launching JP Morgan's Social Finance business in 2007.

We are very encouraged about initiatives underway to establish alignment around a global set of corporate sustainability and ESG reporting standards, two in particular: the first co-led by the five leading voluntary framework- and standard-setters (CDP, CDSB, GRI, IIRC and SASB) and facilitated by the Impact Management Project (IMP) as reflected in their recent [Statement of Intent](#); and the second led by the World Economic Forum's International Business Council as summarized in their September 2020 [White Paper](#).

In this context, we welcome the entry of the IFRS Foundation and the proposal for a sustainability standards board (SSB) that could help contribute to the development of standards that benefit from the Foundation's role and experience in defining and overseeing international financial reporting standards. The Foundation's mission to promote transparency, accountability and efficiency in financial markets reflects squarely the fundamentals necessary to build trust and scale the market for impact and sustainable investments.

We also believe that, to contribute to development of a robust and comprehensive set of sustainability reporting standards that serve the public interest, the SSB should consider the following:

1. The Foundation should avoid the temptation to assume that sustainability reporting will either lend itself to the same level of numerical precision as, or integrate seamlessly with, financial reporting. In addition to applying the characteristics of useful qualitative information spelled out in the Foundation's *Conceptual Framework for Financial Reporting*, we believe the SSB will need to look beyond information that only directly affects an entity's prospects for future net cash inflows and stewardship of the entity's economic resources. (See related point #3 below).
2. We urge the Foundation to engage formally with and draw on the deep expertise of specialized, voluntary market standard-setters that have worked for many years to advance sustainability reporting practices, starting with the group of five mentioned above and including IMP. This engagement should include significant representation on the SSB itself.
3. The Foundation should adopt a broader definition of materiality beyond the IFRS Standards' core financial materiality concept, recognizing the "nested" and "dynamic materiality" concepts laid out recently in the Statement of Intent referenced above, which necessitate the consideration of stakeholder interests beyond those of investors.

The GRI Standards offer a good model for how such a multi-stakeholder approach can work.

4. We urge the Foundation to develop upfront a comprehensive set of domain or thematic areas that should be covered by sustainability reporting, ideally before kicking off at the natural starting point of climate-related sustainability reporting. Given that climate-related reporting offers potential for more quantitative precision and focus than other domain areas, it will be important that the SSB has the broader perspective on the kinds of information required to assure sustainability practices and performance in other themes, such as biodiversity, water scarcity, gender and racial diversity, and social and economic inequality.
5. It is imperative that the Foundation allows for a range of service providers – beyond the traditional accounting firms – to provide external assurance services to verify the accuracy and completeness of sustainability reporting. We strongly believe that specialized firms like BlueMark bring an expertise and perspective to third-party assurance that extends well beyond the typical sustainability metrics to include the full range of qualitative and quantitative information necessary to form a complete understanding of sustainability practices and performance.
6. Finally, we encourage the Foundation to continue to solicit the opinions of service providers and industry networks beyond the accounting firms to ensure the inclusion of specialist firms like Tideline. We bring deep sector knowledge and a valuable outside perspective, built on our experience advising many of the world's largest asset managers and asset allocators on impact management and measurement, as well as industry groups like the B Lab, the Global Impact Investing Network, and 60 Decibels, among others. We wholeheartedly welcome the opportunity to share our knowledge and experience with the Foundation and others to help ensure the SSB is a success.

Thank you again for taking on this initiative and the opportunity for consultation. We would be delighted to discuss any of these issues in more detail if helpful.

Best,

Christina Leijonhufvud  
CEO, BlueMark, A Tideline Company  
Managing Partner, Tideline