

Erkki Liikanen
Chair, The IFRS Foundation

Lucrezia Reichlin
Trustee, The IFRS Foundation

December 18, 2020

Dear Erkki and Lucrezia,

The International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) commend the IFRS Foundation's leadership in considering how it might contribute to the sustainability disclosure landscape and in consulting with the public to assess its options. We appreciate the opportunity to respond to the Foundation's Consultation Paper on Sustainability Reporting.

Our organizations, IIRC and SASB, recently submitted comment letters to respond to the specific questions in the consultation. We both, in principle, support the proposed creation of a new Sustainability Standards Board (SSB) under the IFRS Foundation. We believe the Foundation is uniquely positioned to establish authority and legitimacy around sustainability disclosure standards for capital markets, just as it did for financial reporting.

The IIRC and SASB are strongly committed to simplifying the corporate reporting landscape and to the collaborative efforts of the "group of 5" standards-setters and frameworks to establish a more coherent and comprehensive corporate reporting system. As you know, in September CDP, CDSB, GRI, IIRC and SASB published a *Statement of Intent to Work Together Towards Comprehensive Corporate Reporting* that provides a shared vision for how existing sustainability disclosure standards and the integrated reporting framework can complement Financial GAAP to serve as a basis for this corporate reporting system.

On December 18, this group issued a further paper, *Reporting on Enterprise Value*, which illustrates the concepts from the *Statement of Intent* with a prototype climate-related financial disclosure standard. The paper demonstrates that standard-setting for sustainability-related financial disclosure is a natural extension of the IFRS Foundation's remit and provides insight into what can be rapidly achieved by building on content that already exists. It also offers this content as a prototype that can serve as a running start for any standards development that a new Standards Board under the IFRS Foundation might undertake.

IIRC and SASB's joint commitment to simplification resulted in our recently announced intent to merge into the Value Reporting Foundation. The Value Reporting Foundation will merge the SASB and IIRC into a credible, international organization that maintains the Integrated Reporting Framework, advocates integrated thinking, and sets sustainability disclosure standards for enterprise value creation. By integrating two entities that are focused on enterprise value creation, this merger represents significant progress towards simplifying the corporate reporting landscape. The Value Reporting Foundation could eventually integrate other entities focused on enterprise value creation, and the Value Reporting Foundation and CDSB have jointly signaled interest in entering exploratory discussions in the coming months. The Value Reporting Foundation seeks to support further integration and/or interoperability of standards and frameworks across the corporate reporting landscape.

This merger is an important step on the journey but there remains much to do both pre- and post-merger to achieve our shared goal of a corporate reporting system fit for the 21st Century. A reporting system fit for both providers of financial capital and all stakeholders must be trusted, credible, publicly accountable, and underpinned by comprehensive governance. For this reason, we applaud the IFRS Foundation for exploring the role it could play in advancing such a system.

We have been asked if the Value Reporting Foundation is "competing" with the IFRS Foundation's effort. The truth is quite the opposite—ours are complementary initiatives. We stand ready to support your efforts in all ways that would be helpful to our shared objectives.

Regards,



Charles Tilley



Janine Guillot