

**MEMO# 32982**

December 14, 2020

## **FOR REVIEW: Draft Response to IFRS Consultation on Creation of New Sustainability Standards Board**

[32982]

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TO: Accounting/Treasurers Committee

ESG Advisory Group

ESG Task Force

ICI Global Regulated Funds Committee

SEC Rules Committee RE: FOR REVIEW: Draft Response to IFRS Consultation on Creation of New Sustainability Standards Board

Attached for your review is our draft response to the IFRS Foundation consultation on whether it should create a second board—the Sustainability Standards Board (SSB). [\[1\]](#) **Please provide any comments on the draft letter to Linda French (linda.french@ici.org) or Greg Smith (smith@ici.org) by COB this Friday, 18 December.** Please also reach out if you did not yet receive a Word version of the draft letter via email, and we will send it to you. Responses to this consultation are due by 31 December, and we are hoping to finalize our response before the holidays.

According to the consultation paper, a new SSB would leverage existing sustainability reporting frameworks; initially focus on climate-related sustainability information; and approach materiality by focusing its work on information most relevant to investors and markets.

Our draft response is cautiously supportive of the IFRS effort as long as it meets the following four requirements:

1. **Focus on sustainability-related information that is decision-useful for investors.** We agree with their proposal to focus on disclosure standards from a materiality perspective and urge them away from including “double materiality”/sustainability impact within the scope of the SSB initiative.
2. **Leverage existing sustainability standards that emphasize sector-specific, decision-useful information for investors and have broad investor support, in particular the Sustainability Accounting Standards Board (SASB) and Task**

**Force on Climate-related Financial Disclosures (TCFD).** We reference the recent ICI Board statement in support of SASB and TCFD.

3. **Develop a governance structure that appropriately represents investors as a primary constituency.**
4. **Create a balanced funding model to ensure independence and avoid even the appearance of undue influence or conflicts of interest.**

We also make the point that mandatory third-party assurance of issuer sustainability reporting is premature, but that the standards should be developed in such a way as to enable third-party assurance once the standards are mature and the cost-benefit dynamic is favorable.

As always, please do not hesitate to reach out to us with any questions or comments. We look forward to your feedback.

Linda M. French  
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Dorothy M. Donohue  
Deputy General Counsel - Securities Regulation

Gregory M. Smith  
Senior Director, Fund Accounting and Compliance

## [Attachment](#)

### **endnotes**

[1] Our summary of the consultation is *available at* [https://www.ici.org/my\\_ici/memorandum/memo32943](https://www.ici.org/my_ici/memorandum/memo32943). The consultation is *available at* <https://www.ifrs.org/projects/work-plan/sustainability-reporting/comment-letters-projects/consultation-paper-and-comment-letters/#consultation>.