

MEMO# 33642

July 6, 2021

SEC Commissioner Peirce Statement on IFRS's Proposed Constitutional Amendments Relating to Sustainability Standards

[33642]

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TO: ICI Members
Accounting/Treasurers Committee
ESG Advisory Group
ESG Task Force
SEC Rules Committee SUBJECTS: Disclosure
ESG RE: SEC Commissioner Peirce Statement on IFRS's Proposed Constitutional Amendments Relating to Sustainability Standards

Commissioner Peirce recently issued a public statement, which summarizes, and includes as an appendix, a copy of a comment letter she submitted to the International Financial Reporting Standards ("IFRS") Foundation on its planned creation of an International Sustainability Standards Board under the Foundation's governance structure.[\[1\]](#) Her remarks are summarized below.

She noted that the IFRS Foundation (which oversees the International Accounting Standards Board) began formally exploring the creation of an International Sustainability Standards Board under the Foundation's governance structure in September 2020. She urged the IFRS Foundation not to wade into sustainability standard-setting because doing so would (i) improperly equate sustainability standards with financial reporting standards, (ii) undermine the Foundation's current important, investor-centered work, and (iii) raise serious governance concerns.

Commissioner Peirce closed by stating that,

[s]trong financial reporting standards are the bedrock of our capital markets. They enable investors to make informed decisions about how to allocate capital. We must be careful not to compromise accounting standard-setting in an effort to achieve objectives other than high-quality financial reporting, no matter how noble those objectives may be.

Dorothy M. Donohue
Deputy General Counsel - Securities Regulation

endnotes

[1] Commissioner Hester M. Peirce, Statement on the IFRS Foundation's Proposed Constitutional Amendments Relating to Sustainability Standards (July 1, 2021), *available at* <https://www.sec.gov/news/public-statement/peirce-ifrs-2021-07-01>.

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