

December 30, 2020

Online submission: commentletters@ifrs.org

Erkki Liikanen
Chair, IFRS Foundation Trustees
Lucrezia Reichlin
Trustee, Chair of the Sustainability Reporting Task Force
IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London, E14- 4HD, UK

RE: Comments on IFRS Foundation's *Consultation Paper on Sustainability Reporting*

Dear Chairs Liikanen and Reichlin:

Boston Trust Walden Company is an independent, employee-owned investment management firm with approximately \$11 billion in assets under management. As an investment manager and fiduciary, we seek to invest our client assets in diversified portfolios of securities positioned to manage risk and produce sustainable returns.

We believe Boston Trust Walden offers a valuable perspective to the IFRS Foundation's (IFRS) consultation. Our firm has been integrating environmental, social, and governance (ESG) factors into investment decisions since 1975—one of the longest track records of any institutional investment manager. ESG considerations are integral to our investment philosophy. Simply stated, we seek to invest in enterprises with sustainable business models, strong financial underpinnings, prudent management practices, and a governance structure that supports these objectives.

We provide the following responses to selected "Questions for consultation."

Need for sustainability reporting standards and the proposed creation of an IFRS Sustainability Standards Board: Questions 1 and 2

Boston Trust Walden agrees there is a great need for global, internationally recognized sustainability standards. Despite ubiquitous investor demand for high quality, consistent, and comparable ESG data on company ESG performance, sustainability disclosures remain inadequate. Moreover, numerous organizations and frameworks attempting to fill the void have created a confusion of competing entities with overlapping interests.

We believe IFRS has unique credibility and standing to facilitate the adoption of globally accepted sustainability standards. Consistent with our comments below, we support the proposed creation of a Sustainability Standards Board (SSB) to accelerate the process.

Building upon the work of existing initiatives in sustainability reporting: Question 5

Boston Trust Walden believes it is crucial for IFRS/SSB to work with established organizations rather than embark on yet a new disclosure framework. Hence, we are pleased to affirm the strength of

each of the entities identified under Part 4 of the consultation—specifically, SASB, TCFD, GRI, CDSB, and CDP.

In our view, SASB deserves unique consideration and inclusion in the proposed IFRS/SSB initiative. Along with many of the world’s largest asset owners and investment firms, we serve on SASB’s [Investor Advisory Group](#) (IAG) whose members encourage companies to adopt SASB’s industry specific key performance indicators and disclosure standards. Codified in 2018, SASB standards were developed in a multi-year process using evidence-based research and extensive input from market participants to determine the financial materiality of ESG considerations. Exponential growth in the number of companies disclosing SASB indicators in 2020 points to building momentum that could leverage the process and output of IFRS/SSB.

Climate-related and environmental disclosures versus more comprehensive sustainability reporting: Questions 7 & 8

We believe it would be a mistake to pursue a “climate-first” approach, though we agree that climate risk is generally the most urgent ESG consideration in the investment process. We prefer SASB’s more comprehensive focus on financially material and decision useful ESG disclosures for several reasons. Foremost, we believe good information on material ESG risks and opportunities is essential to making good investment decisions, especially when created with an industry-specific lens. In addition, climate related disclosures are *relatively* well developed and recognized by global investors, whereas much more work is needed in other issue areas for global adoption to ensue. We are concerned that a process planning “to enlarge its scope in due course” has the potential to indefinitely delay needed improvements in ESG disclosures.

Proposed approach to materiality: Question 9

We agree IFRS/SSB should at the outset focus on sustainability information most relevant to investors and other market participants as opposed to pursuing a more comprehensive stakeholder disclosure framework (“double materiality”). We also believe IFRS is best positioned to focus on the intersection between ESG considerations and shareholder value creation. Indeed, the scope of this work is already ambitious, particularly given our interest in sustainability reporting standards that reach beyond climate and environmental risks as described above. However, investor-relevant standards—including those developed by IFRS/SSB—should be harmonized, where possible, with multi-stakeholder frameworks, building on the collaboration announced in 2020 by SASB, GRI, CDSB, and CDP.

We appreciate your consideration of our comments.

Sincerely,



William H. Apfel, CFA
Chief Investment Officer



Amy D. Augustine
Director, ESG Investing