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**Richard F. Lacaille**

Global Chief Investment Officer

Richard\_Lacaille@ssga.com

T + 44 (0)20 3395 6000

F + 44 (0)20 3395 6340

State Street Global Advisors

20 Churchill Place

Canary Wharf

London E14 5HJ

United Kingdom

ssga.com

**IFRS Foundation  
Columbus Building  
7 Westferry Circus  
Canary Wharf  
London E14 4HD  
United Kingdom**

**Via email: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)**

**Re: Consultation Paper on Sustainability Reporting**

Dear IFRS Foundation Trustee Members:

State Street Global Advisors appreciates the opportunity to comment on the Consultation Paper on Sustainability Reporting (the “Consultation Paper”) issued by the IFRS Foundation.<sup>1</sup> The Consultation Paper proposes the creation of a new Sustainability Standards Board, which would develop and maintain global sustainability standards. We broadly support the Foundation’s proposed approach.

State Street Global Advisors is the asset management arm of State Street Corporation, one of the world’s leading providers of financial services to institutional investors. With \$3.15 trillion<sup>2</sup> in assets under management across a range of asset classes, State Street Global Advisors is the world’s third-largest asset manager<sup>3</sup>.

State Street Global Advisors’ investment approach is premised on the belief that companies that adopt robust governance and sustainability practices will be better positioned to generate long-term value and manage risk. We believe that addressing material sustainability risks, particularly climate change risk, is good business practice and important to a company’s long-term financial performance. Consideration of sustainability factors in corporate strategies is a matter of value, not values, and we seek to capture these drivers of long-term shareholder value for our clients. Our letter to the board members of companies in our investment portfolios early this year<sup>4</sup> urged companies to further identify material sustainability

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<sup>1</sup> <https://cdn.ifrs.org/-/media/project/sustainability-reporting/consultation-paper-on-sustainability-reporting.pdf?la=en%20>

<sup>2</sup> This figure is presented as of September 30, 2020 and includes approximately \$80.51 billion USD of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

<sup>3</sup> As of September 30, 2020.

<sup>4</sup> <https://www.ssga.com/library-content/pdfs/insights/CEOs-letter-on-SSGA-2020-proxy-voting-agenda.pdf>

issues, and to incorporate the implications of these issues into their long-term strategy.

The thoughtful assessment of material sustainability factors as a complement to traditional financial research is important in our efforts to assess opportunities, risks and potential long-term shareholder value for investors. Meaningful and consistent disclosure of sustainability information by companies is critical for investors seeking to integrate sustainability factors into investment strategies. While sustainability reporting has improved over the past several years, and there have been significant efforts to improve the quality and consistency of these disclosures, investors would benefit from further global coordination, as proposed in the Consultation Paper.

Overall, we agree that the IFRS Foundation can provide leadership in this area, and that the development and maintenance of a global set of sustainability-reporting standards through a thoughtfully constructed Sustainability Standards Board (“SSB”) would be valuable to investors.

In our view, the success of a new SSB will depend on several key factors, including:

- **Adopt a “climate first” approach:** While we do not discount the need for other types of disclosures, we agree that the most pressing need for standards around sustainability disclosures relates to climate change risk.
- **Leverage and defer to existing standard setting efforts:** There are two widely prevalent frameworks that have global support and meet investor needs for concise, standardized metrics on material issues. The Financial Stability Board’s Taskforce on Climate-Related Financial Disclosures (“TCFD”) is not only a reporting framework but also a framework by which companies can develop strategies to plan for climate-related risks and make their businesses more resilient to the impacts of climate change. The Sustainability Accounting Standards Board’s (“SASB”) framework presents measurable, comparable and consistent reporting of sustainability issues by industry, and includes a very helpful interactive materiality map that allows companies to identify and report on material sustainability risks and opportunities. State Street Global Advisors is participating in the implementation of both the TCFD and SASB frameworks, and any new effort to establish global sustainability reporting standards should build off of these efforts.
- **Recognize investors as the primary constituency:** We believe the governance of the SSB will be critical to its success, and the strength of the governance of the SSB will be highly dependent on the composition of its members. Investors will be the primary users of data produced under the SSB’s global standards, and the SSB will only succeed if the standards are decision-useful for investors. While there is certainly the need to include other

perspectives --- issuers, auditors, climate change experts --- on the SSB, investors should have meaningful representation in its governance.

We urge the IFRS Foundation to consider the factors above as it moves forward with the proposed SSB.

Once again, thank you for providing the opportunity to comment on this important proposal. We support the proposed approach and look forward to working with IFRS Foundation to develop consistent global standards for sustainability-related disclosures that are decision-useful for investors.

Please feel free to contact me at [Richard\\_Lacaille@ssga.com](mailto:Richard_Lacaille@ssga.com) should you wish to discuss State Street Global Advisors' submission in further detail.

Sincerely,



Richard F. Lacaille  
Executive Vice President and Global Chief Investment Officer  
State Street Global Advisors