

December 18, 2020

IFRS Foundation Trustees
IFRS Foundation
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Dear Foundation Trustees,

The Canadian Public Accountability Board (CPAB) is pleased to submit a response to the IFRS Foundation's Consultation Paper on Sustainability Reporting. This is an important area and we have seen a growing level of interest from investors and audit committee chairs. We support having one set of reporting standards and the need for consideration of the auditability of such disclosures.

CPAB's mandate as an audit regulator does not directly extend to disclosure and reporting matters; we have not performed research in this area and will limit our response to the questions related to auditing.

Responses to specific questions

Question 1:

Is there a need for a global set of internationally recognized sustainability reporting standards?

- a) *If yes, should the IFRS foundation play a role in setting these standards and expand its standard-setting activities into this area?*
- b) *If not, what approach should be adopted?*

Yes. Strong public accountability would be best served with one consistent set of standards. We recognize that a significant amount of work has already been performed by different groups that should be leveraged in the development of standards.

Question 10:

Should the sustainability information to be disclosed be auditable or subject to external assurance? If not, what different types of assurance would be acceptable for the information disclosed to be reliable and decision-useful?

The ability to audit quantitative data is important – the integrity, consistency and comparability of data is paramount. This does not mean that an external audit or other form of assurance should initially be mandated. In addition, we recognize that there are likely qualitative aspects of the disclosures where the application of traditional audit procedures may not be possible.

Having been heavily involved in the interaction of accounting and auditing standards, we want to underscore the importance of considering auditing challenges as an important element of the framework for assessment of reporting standards. Simply put, some accounting standards, while theoretically sound, are exceptionally difficult for preparers of a diversity of company sizes and resources to implement and then be subject to audit.

The timeliness of standards and guidance is critical. Traditional processes used by other standard setters have sometimes resulted in a very long period of research, consultation and drafting prior to finalization of standards. If a new standard setting process is established, we encourage the IFRS Foundation to develop an agile process that effectively uses technology and other means to reach stakeholders and develop standards in a timely way.

Thank you for inviting our feedback on this important topic.

Very truly yours,

A handwritten signature in cursive script that reads "Carol Paradine".

Carol A. Paradine, FCPA, FCA
Chief Executive Officer