

December 25, 2020

Mr. Erkki Liikanen, Chairman
IFRS Foundation Trustees
Columbus Building, 7 Westferry Circus, Canary Wharf
London E14 4HD
United Kingdom

Dear Mr. Erkki Liikanen,

Consultation Paper on Sustainability Reporting

Accounting Research and Development Foundation in Taiwan appreciates the opportunity to respond to the above consultation paper. The attachments (Attachment 1) are our comments to this consultation paper.

If you have any question about our comments, please contact me (via my email: trenddw@gmail.com) or Ms. Margaret Tsui (via her email: margaret@ardf.org.tw).

Sincerely Yours,



Doris Yi-Hsin Wang, Ph.D.
Chairman,
Accounting Research and Development Foundation, Taiwan

Attachment 1

Consultation Paper on Sustainability Reporting

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Question 1

Is there a need for a global set of internationally recognised 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.

In our view, a global set of internationally recognized sustainability reporting standards is needed since it helps to eliminate inconsistencies across different sustainability reporting frameworks that have contributed to diversity and improve the comparability of sustainability information.

We agree that IFRS Foundation should play an important role in setting these standards since the existing standard-setting expertise and professional backgrounds of the IFRS Foundation is quite helpful to improve the quality of those standards.

Question 2

Is the development of a sustainability standards board (SSB) to operate under the governance structure of the IFRS Foundation an appropriate approach to achieving further consistency and global comparability in sustainability reporting?

Yes.

SSB should operate under the governance structure of the IFRS Foundation. Since the Monitoring Board consist of securities regulators from various jurisdictions, we believe the Monitoring Board would assist in providing a formal link between the Trustees and public authorities to enhance the public accountability of the IFRS Foundation.

Question 3

Do you have any comment or suggested additions on the requirements for success as listed in paragraph 31 (including on the requirements for achieving a sufficient level of funding and achieving the appropriate level of technical expertise)?

No.

We do not have further comments on the requirements for success as listed in paragraph 31.

Question 4

Could the IFRS Foundation use its relationships with stakeholders to aid the adoption and consistent application of SSB standards globally? If so, under what conditions?

Yes.

The IFRS Foundation could use its relationships with stakeholders to aid the adoption and consistent application of SSB standards globally. As The IFRS Foundation maintains strong

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and collaborative international relationships with governments, regulators, national standard-setters and the investors in connection with the Foundation's standard-setting work, we believe the relationship with stakeholders would be helpful regarding the adoption and consistent application of SSB standards globally.

Question 5

How could the IFRS Foundation best build upon and work with the existing initiatives in sustainability reporting to achieve further global consistency?

We suggest that IFRS Foundation enhance the communication with different organizations across different industries to obtain different views on sustainability reporting to achieve further global consistency.

Question 6

How could the IFRS Foundation best build upon and work with the existing jurisdictional initiatives to find a global solution for consistent sustainability reporting?
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We suggest that IFRS Foundation hold virtual conferences with organizations in addition to the existing jurisdictional initiatives, including the ARDF in Taiwan.

Question 7

If the IFRS Foundation were to establish an SSB, should it initially develop climate-related financial disclosures before potentially broadening its remit into other areas of sustainability reporting?
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Question 8

Should an SSB have a focused definition of climate-related risks or consider broader environmental factors?

Question 9

Do you agree with the proposed approach to materiality in paragraph 50 that could be taken by the SSB?
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Yes.

We are in favor of the 'climate-first' approach since the climate issues have become critical matters which significantly influence the long-term value of the entity and accordingly may have impact on the decision-making of the investors. Therefore, we support the 'climate-first' approach. In addition, we suggest that SSB have a focused definition of climate-related risks because of the urgent demands of addressing the climate issues.

We are concerned about the effect of the 'double materiality' approach since that approach involves more complexity. As a result, 'double materiality' would not be an appropriate approach in the current stage.

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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?

Yes.

We think the sustainability information may be considered to be assured by external experts, under the condition that the framework of sustainability reporting is well-developed and the methodology on quantitative and qualitative assessment is established. In addition, from the perspective of securities regulators or stock exchanges, it may be required that sustainability information of certain listed companies (large capitalization, specific industries,..) should be subject to external assurance.

Question 11

Stakeholders are welcome to raise any other comment or relevant matters for our consideration.

We suggest that the IFRS Foundation can announce the time table for the SSB development by June 30, 2021.