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14th December 2020

Dear Mr Liikanen,

IFRS Foundation Consultation Paper on Sustainability Reporting

We are pleased to comment on the IFRS Foundation's consultation paper as disclosed. The DGRV - German Cooperative and Raiffeisen Confederation represents both the umbrella organisation and auditing association of the German cooperative sector with over 20 million members in about 5.500 mostly small and medium sized cooperative entities.

If you have further questions, please do not hesitate to contact us.

Yours sincerely,

DGRV – German Cooperative and Raiffeisen Confederation

sgd. Dr. Eckhard Ott

sgd. i. V. Dieter Gahlen

Appendix: Comments on the questions for consultation

Appendix: DGRV comments on the questions for consultation

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?

a):

As the importance of sustainability reporting is increasing, we see a potential need for an internationally recognised sustainability reporting standard.

Currently many organisations provide sustainability reporting frameworks, standards etc. Simplifying and streamlining the non-financial reporting landscape is needed.

In addition, a uniform level-playing field can be achieved and distortions of competition can be avoided.

However, a global standard must reflect the specificities of the European and national environment.

As the IFRS Foundation has considerable experience in aligning stakeholders like preparers, investors, auditors and regulators the IFRS Foundation may play a key role in developing a sustainability reporting standard.

b): n/a

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. As non-financial reporting differs materially from financial reporting in terms of scope and objective it is important to properly segregate the two standard setting boards under 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)?

In our view a key success factor is to achieve the support of preparers, investors and lenders as proposed in par. 31(a).

IFRS are mainly focused on listed entities. In contrast CSR reporting addresses non-listed entities. Thus, it will be important to achieve the support of medium-sized entities such as cooperatives.

Also reducing complexity should be one of the governing principles.

Question 4:

Should 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. It seems to be efficient, if the SSB could draw on the IFRS Foundation network, assuming that SSB would benefit from existing contacts and experience.

Question 5:

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

The IFRS Foundation should liaise with preparers and investors in order to develop a principles-based standard rather than a rules-based standard. As a principles-based standard the EU accounting directive is a proven model.

As already large companies complain about the administrative burden of the current non-financial disclosure requirements any additional disclosure requirement should be on a voluntary basis avoid undue bureaucratic burden for SMEs and can never be "one size fits all".

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?

Approaches to further develop a global sustainability reporting should primarily be based on the EU CSR Directive. National jurisdictional initiatives should be committed not to go beyond a global sustainability standard as far as supply chains and trade relations are global.

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?

We see climate-related disclosures being a part of sustainability reporting. Therefore, sustainability reporting should include climate-related disclosures. In our view the standard should also cover the social area. In order to provide a useful basis, the standard should be stable for minimum five years once it is published and not be changed or extended every year.

Financial and non-financial reporting should be clearly segregated.

Question 8:

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

The SSB should have a focused definition of climate-related risks rather than consider broader environmental factors. The IFRS Foundation should remain targeted on serving investors and other primary users in making informed resource allocation and other economic decisions.

Question 9:

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

Yes. We clearly support the proposed focus on sustainability information most relevant to investors and other market participants. Such information would be closely connected with the current focus of the IASB.

One of various criticisms of IFRSs concern the ever-changing standards. Therefore, it is important to create a stable platform. Hence the above mentioned focus should be kept and not be extended in the future.

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?

An important principle in financial reporting is reliability. Therefore, also non-financial reporting should be confirmed by a statutory auditor within the meaning of EU directive 2006/43/EC to enhance the credibility of the published information. Given that most

non-financial information is narrative and consists of unstructured data limited assurance should be sufficient.

Question 10:

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

We clearly support a principles-based approach rather than a rules-based approach. Meaningful disclosures should balance preparation costs and benefits for users.

Especially for SMEs a simplified approach is necessary in order to reduce the bureaucratic burden and to develop a generally accepted sustainability reporting standard.