



California State  
Teachers'  
Retirement System  
Sustainable Investment &  
Stewardship Strategies  
100 Waterfront Place, MS 4  
West Sacramento, CA 95605

December 22, 2020

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

Erkki Liikanen, Chair  
IFRS Foundation, Columbus Building  
7 Westferry Circus, Canary Wharf  
London E14 4HD United Kingdom

RE: IFRS Foundation - [Consultation Paper on Sustainability Reporting – Global Sustainability Standards Board](#)

Dear Chair Liikanen:

I am writing on behalf of the California State Teachers' Retirement System ("CalSTRS"). CalSTRS was established for the benefit of California's public-school teachers over 100 years ago and is the largest educator only public pension fund in the world, with a global investment portfolio valued at approximately \$275 billion.<sup>1</sup> We serve the investment and retirement interests of more than 949,000 plan participants and their beneficiaries.

We appreciate the opportunity to provide our comments in response to the consultation paper of the IFRS Foundation on Sustainability Reporting. As a long-term, globally diverse investor we require global sustainability standards that are consistent, complete, reliable, and comparable. Therefore, we welcome the proposal by the IFRS Foundation to establish institutional arrangements, including a Sustainability Standards Board ("SSB"), and develop global sustainability reporting standards. We offer our views on three main topics that we believe will be critical to achieving unified global standards: 1) Sustainability standards must ultimately meet the needs of investors and other market participants, as the primary users of the data, 2) Existing standards and frameworks should be leveraged reflecting the considerable work already

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<sup>1</sup> [California State Teachers' Retirement System, Current Investment Portfolio, as of November 30, 2020.](#)

undertaken, and 3) The standards should encompass the full range of material sustainability risks and disclosures.

### **Global sustainability standards must address the needs of investors**

CalSTRS has long advocated for companies to disclose comparable, decision useful environmental, social, governance (“ESG”) alongside traditional financial information so investors can comprehensively assess risk and properly value investments.<sup>2</sup> As the primary users of company disclosures, global sustainability standards must focus on the needs of investors and other market participants. Just as financial reporting is rigorous, current, and comparable; sustainability standards and disclosures must also be comprehensive, timely, and decision useful. Financial and sustainability disclosures are critical as they provide the underlying basis for investors, the providers of capital, to make informed investment and voting decisions that drive sustainable economic growth.

### **Global sustainability standards should leverage existing sustainability standards**

Leveraging and harmonizing existing sustainability reporting standards is needed and necessary. On September 11, 2020, five of the leading frameworks and standard-setting institutions announced a shared vision to promote a more comprehensive framework for corporate sustainability performance and have pledged to work together to further this goal. This group consisted of CDP, (formerly the Climate Disclosure Project), the Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI) the International Integrated Reporting Council (IIRC), and the Sustainability Accounting Standards Board (SASB).<sup>3</sup> The five organizations outline a shared vision that includes both financial accounting and sustainability disclosure, connected via integrated reporting. This is highly significant because their frameworks, standards, and data platforms guide the majority of sustainability and integrated reporting.

These existing resources are critical to advancing high-quality standards. While we see this cooperative effort as great progress towards a unified global corporate reporting system, they rely upon voluntary adoption and therefore are applied inconsistently by companies. We believe the IFRS is well positioned to take advantage of the existing frameworks and efforts by these standard-setting organizations to establish widespread and standardized adoption.

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<sup>2</sup> [The Investor Revolution, “Shareholders are getting serious about sustainability”](#), Robert G. Eccles and Svetlan Klimenko, Harvard Business Review (May-June 2019).

<sup>3</sup> [Shared Vision of five global framework-standard setting institutions promote a more comprehensive framework for sustainability performance](#)

Erkki Liikanen, Chair  
IFRS Foundation  
12/22/2020

## **Global sustainability standards should address the full range of sustainability disclosures**

While we recognize that climate change is one of the most financially material sustainability topics for many companies, a sole focus on climate disclosures would be at the expense of standards that address other material sustainability risks. Standards that address the full range of sustainability factors that are material to enterprise value creation (e.g., environmental, social, human capital, governance) must be the goal of global sustainability standards, even though we recognize that climate change may, pragmatically, be an initial priority.

In conclusion, we support the ambitions set out in the consultation paper of the IFRS Foundation and appreciate the solicitation of views from a variety of respondents, including our own. If you would like to discuss this letter further, please feel free to contact me, or my colleagues, Aeisha Mastagni, [AMastagni@calstrs.com](mailto:AMastagni@calstrs.com) or Mary Hartman Morris, [MMorris@CalSTRS.com](mailto:MMorris@CalSTRS.com).

Sincerely,



Kirsty Jenkinson  
Investment Director  
Sustainable Investment & Stewardship Strategies  
California State Teachers' Retirement System

Cc: Trustees of the IFRS Foundation