

Frequently Asked Questions

1. What is the purpose of the Value Reporting Foundation?

The purpose of the Value Reporting Foundation is to merge SASB and IIRC into a credible, international organization that maintains the integrated reporting framework, advocates integrated thinking, and sets sustainability disclosure standards for enterprise value creation. It is a major advancement towards building a more comprehensive and coherent corporate reporting system.

In an era where the impacts of global pandemic, climate change and growing inequality are intensifying, the concepts of sustainability and intangible value have grown in importance. Capital markets must evolve to deliver long-term value to shareholders while also helping secure the future of our people and our planet—improving reporting is an important means to this end.

2. Why have the IIRC and SASB decided to merge?

The merger is a response to global market demands for convergence among standard setters and an intensification of efforts to advance a global solution for comprehensive reporting.

It is a signal of our commitment to advance the unified system for reporting (based on the building blocks approach we set out with CDP, CDSB and GRI) in our joint paper [“Statement of Intent To Work Together Towards Comprehensive Corporate Reporting.”](#)

- The merger will:
 - **Simplify the field** by bringing together the leading standard setter for disclosing sustainability information to investors with the leading framework for integrating sustainability information with financial and other capitals.
 - **Globalize both organizations** by combining SASB’s strength in the US with the IIRC’s strong presence in rest of the world.
 - **Support the needs of investors and other capital market participants** for a comprehensive view of a company’s performance and prospects.
 - Focus on **reporting as a means to changing behavior** by enabling improved corporate governance and investment decision making.
 - Aim to **achieve interoperability with the GRI standards**—which help companies report on their impacts on the economy, environment and people—so that companies can improve efficiency by using information for multiple purposes.
 - Aim to **help accelerate progress** toward a comprehensive corporate reporting system, including continuing to work with our colleagues at CDP, CDSB and GRI to support public authorities/regulators and accounting standards-setters as they consider their future role regarding sustainability disclosure.



3. What will the roles of the IIRC Council, the SASB Investor Advisory Group, and the SASB Standards Advisory Group be going forward?

The IIRC Council will play an important role as the primary institutional forum for the expression of the coalition's broad market view and collective voice on issues relating to reporting on value creation, including the development of integrated reporting, integrated thinking and the International <IR> Framework. Its thinking will feed directly into the Board of the Value Reporting Foundation. The Chair of Council will be on the Value Reporting Foundation Board and the Nominations Committee.

The SASB Investor Advisory Group will similarly continue its vital role in advising how to improve the quality and comparability of sustainability-related disclosures to investors and advocating for companies to use the SASB Standards in their disclosures to investors.

The SASB Standards Advisory Group will continue its role of providing ongoing feedback on the implementation and use of the SASB standards, as well as emerging sustainability issues to be considered as part of the standard-setting process.

4. What will the role of existing <IR> bodies and SASB groups be?

The intent of this merger is to strengthen the work that we do in every corner of the world and to provide more support to those that are working with us toward our shared goals. We therefore believe this merger will only serve to enhance the role of <IR> Regional Committees, the <IR> Business Network, <IR> Training Partners, <IR> Ambassadors, the <IR> Academic Network, the SASB Investor Advisory Group, the SASB Alliance and the SASB Standards Advisory Group.

5. How will you ensure integrated reporting and integrated thinking continue to play a role in the reporting architecture globally?

This merger allows for strengthening integrated thinking and reporting through merging two entities focused on enterprise value creation within the broader corporate reporting system. The <IR> Framework and the SASB Standards are complementary tools for investor-focused communications, that also benefit other stakeholders. The conceptual underpinnings of the <IR> Framework's six capitals and the SASB Standards' five sustainability dimensions are already well aligned, and we will look at making this alignment even clearer underneath the Value Reporting Foundation.

Via its by-laws, board composition, organizational structure, purpose and culture, the Value Reporting Foundation will maintain integrated reporting, integrated thinking, a multi-capital approach, rigorous processes, and a focus on disclosure tailored for investors (with these endeavours ultimately benefitting other key stakeholders). We will ensure the independence of the processes for developing the <IR> Framework and SASB Standards.

6. Will there be changes to SASB Standards or how they are set?

No. SASB Standards will continue to be set according to the principles, processes, and practices outlined in the SASB Conceptual Framework and Rules of Procedure. The SASB Standards Board—an independent board that is accountable for the due process, outcomes, and ratification of the SASB Standards—will continue to play the same role.

7. Are the <IR> Framework and SASB Standards used around the globe? How will the merged organization maintain an international perspective?

The <IR> Framework is already adopted by organizations in over 70 countries and signposted by over 40 stock exchanges worldwide. 42% of SASB reporting companies are domiciled outside of the US, with adoption rapidly growing internationally. In addition, 39% of SASB Alliance members, 52% of SASB licensees, and 68% of SASB Standards downloads are from outside of the US.

The Value Reporting Foundation will pursue an international approach to driving system change. By combining our resources, the IIRC and SASB are better placed to be truly global in our approach and outreach. We will continue to have staff and secondees globally and our Board will (over time) consist of Directors from every region of the world.

8. What will be the governance and leadership at the point of merger, and how will it develop?

The merged organization will be governed by the Value Reporting Foundation Board, which will be chaired by Robert Steel and Richard Sexton, with Mary Schapiro and Helen Brand serving as Vice-Chairs.

An <IR> Framework Board will be formed to propose changes to the <IR> Framework, and the SASB Standards Board will continue to have delegated authority for the process and content of the SASB Standards.

The Value Reporting Foundation Board of Directors will be complemented by existing advisory bodies including the <IR> Business Network, the <IR> Council, the SASB Investor Advisory Group, and the SASB Standards Advisory Group.

Janine Guillot will serve as CEO of the Value Reporting Foundation, with Charles Tilley initially serving as Senior Advisor to support the integration of the two organizations. He will serve on the Foundation Board and chair the <IR> Framework Committee within the Board.

9. How will the governance structure ensure public oversight and a global mandate?

The Value Reporting Foundation will be market-led and have global reach. Initially, the Board for the Value Reporting Foundation will consist of the membership of the IIRC Board and the SASB Foundation Board. The combined Boards reflect a range of key stakeholders in the global reporting system, including the accounting profession, asset owners, asset managers, business, civil society, data and service providers, standard setters, and policy makers. From there, the Board's Nominating Committee will appoint directors to ensure a good balance of professions, perspectives and regions.

We stand ready to engage with international bodies such as IFRS Foundation, IOSCO, EFRAG, CDP, CDSB, GRI, TCFD and others to work towards a comprehensive, coherent global system for corporate reporting.

10. Is the IIRC becoming a standard setter?

No, we have been clear on the role of the <IR> Framework as the connector that drives holistic and connected reporting across sustainability disclosure and financial and other capital reporting.

It will continue to as a principles-based disclosure framework that supports effective communication and reporting on strategy, governance, performance and prospects. The SASB Standards serve as a complementary tool to the <IR> Framework, providing disclosure guidance for sustainability topics connected to enterprise value creation. The conceptual underpinnings of the <IR> Framework's six capitals and the SASB Standards' five sustainability dimensions are already well aligned, and under the Value Reporting Foundation, we will link the concepts between the <IR> Framework and SASB Standards even further.

11. How are the IIRC and SASB complementary organizations?

The IIRC and SASB are complementary in many ways, including:

- Complementary philosophies
 - Both IIRC and SASB are focused on a target audience of providers of financial capital and on long-term enterprise value creation
- Complementary 'products'
 - IIRC has a framework (principles-based guidance for reporting structure and content) and SASB has Standards (detailed requirements for what to report)
- Complementary networks
 - SASB has a strong network of investor supporters, whereas the IIRC has a stronger company network
- Complementary geographic scope
 - Integrated reporting has strong international recognition whereas SASB is strong in the US

12. How do the <IR> Framework and SASB Standards fit together?

The <IR> Framework and the SASB Standards are complementary tools for investor-focused communications. Together, the <IR> Framework and SASB Standards provide a more complete picture of long-term value creation while meeting investor needs for comparable, consistent, and reliable information. Much of the complementarity of the <IR> Framework and SASB Standards can be attributed to the inherent purpose of "frameworks" and "standards" for disclosure. Frameworks provide a set of (often) industry agnostic, principles-based guidance for *how* information is structured and prepared and which broad topics are covered. Standards offer industry-specific, replicable and detailed requirements for *what* should be reported for each topic.

The <IR> Framework provides principles-based guidance for reporting structure and content, while SASB Standards provide specific metrics to help understand non-financial risks and opportunities in greater detail. When used together, integrated reporting creates the connectivity needed to understand the relationship between non-financial and financial performance, while SASB Standards enable the comparability and accountability needed to accurately assess the effectiveness of a company's governance, strategic planning, and risk management.

13. Is this a signal to report preparers that they should do both <IR> Framework and the SASB Standards?



The International <IR> Framework and SASB Standards will remain complementary tools.

While the Value Reporting Foundation will provide guidance on how to use both together, we expect organizations to use the standards and/or frameworks best suited to their needs to fulfil demands for transparent, robust reporting to a broad range of stakeholders.

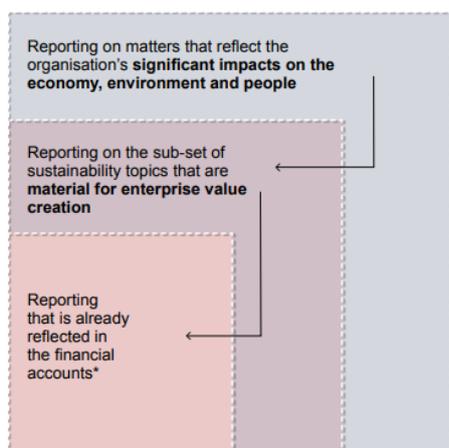
14. How does this fit with the work SASB already announced with GRI?

There are simultaneous and complementary projects underway to clarify the corporate reporting landscape. Earlier this year, SASB and GRI announced a [joint workplan](#) to make it easier for companies to use both sets of standards together. A technical report providing guidance is planned to be published in December.

The IIRC fully supports and encourages the collaboration between GRI and SASB. GRI's standards are the leading standards for sustainability reporting to multiple stakeholders, and SASB and GRI continue to be committed to improving the interoperability of the SASB and GRI standards.

15. Why SASB and the IIRC and not GRI?

Over many years GRI has demonstrated incredible leadership in the sustainability reporting field, pushing the boundaries of reporting and ensuring businesses are accountable for their impact on the planet and society. Indeed, as the IIRC celebrates its ten-year anniversary it owes a great deal to GRI as a founder of the integrated reporting movement. SASB also acknowledges GRI as a founding leader in sustainability reporting.



As the [Statement of Intent To Work Together Towards Comprehensive Corporate Reporting](#) by the IIRC, GRI, SASB, CDP and CDSB demonstrates, we all believe in the distinct, important, and complementary roles we each play in the reporting eco-system. The GRI Standards play the important role of focusing on the economic, environmental, and social impacts of a company, and hence its contributions – positive or negative – towards sustainable development (the outer blue box in the diagram). The IIRC and SASB's joint focus on enterprise value creation (the middle box), and our common audience of providers of financial capital means we are already closely aligned and a merger is

a natural step in the simplification of the reporting ecosystem.

GRI remains our important partner and is a critical part of the system. Under the Value Reporting Foundation, IIRC and SASB will aim to achieve interoperability with the GRI standards—which help companies report on their impacts on the economy, environment and people—so that companies can improve efficiency by using information for multiple purposes. (SASB and GRI have already started a [joint workplan](#) designed to help companies use both sets of standards more easily.)

16. How does this fit with the CDP, CDSB, GRI, IIRC and SASB joint statement produced earlier this year?

The merger will advance the concepts CDP, CDSB, GRI, IIRC and SASB set out in their [Statement of Intent To Work Together Towards Comprehensive Corporate Reporting](#), which outlines a vision for a comprehensive corporate reporting system. By integrating two entities that are focused on enterprise value creation, this merger represents significant progress towards simplifying the corporate reporting landscape. The Value Reporting Foundation could eventually integrate other entities focused on enterprise value creation, and the Foundation and CDSB have jointly signalled interest in entering into exploratory discussions in the coming months. The Value Reporting Foundation will continue working towards the joint vision outlined in the Statement of Intent.

17. You're announcing the revised <IR> Framework, how does this address confusion in the market?

Throughout 2020, the IIRC has listened closely to report preparers and users internationally regarding their needs from the International <IR> Framework and we are delighted that the feedback indicates that it remains fit for purpose in the 21st century. We are excited to be able to share minor revisions with you in January 2021, and to set out areas for future development.

The <IR> Framework and SASB Standards are already highly compatible and there are many examples of how companies are already using both effectively for the benefit of their stakeholders. Therefore, while we acknowledge some terminology could be aligned further to provide better coherence and comparability, given the concurrent timings of this collaboration and revision to the <IR> Framework, we will go ahead as planned with the publication of minor revisions to the <IR> Framework in January 2021.

We will invite all of our networks to attend a webinar demonstrate how the <IR> Framework and SASB Standards work together, so watch out for an invitation in your inbox in due course.

18. You've announced a public comment period on SASB's core governance documents, is anything about that changing?

Nothing has changed—SASB welcomes public comment on the exposure draft Conceptual Framework and Rules of Procedure through December 31, 2020. The proposed revisions are designed to further clarify and explain SASB's approach to standard setting, including its principles, processes and practices.

19. How does this fit in with the IFRS Trustees consultation?

By merging two organizations focused on enterprise value creation, we hope to simplify the field. We support the IFRS Trustees consultation and are ready to engage with the IFRS Foundation, IOSCO and others working towards global alignment on a corporate reporting system.

20. How does this fit in with the European Commission and the European Financial Reporting Advisory Group work?

The IIRC and SASB are supportive of all efforts to advance progress towards a global comprehensive corporate reporting system. We believe that the work of the European Commission and EFRAG has the potential to make Europe a global leader in reporting, which can improve the quality of reporting internationally. We therefore continue to support their work and offer our intellectual capital as a resource. We have signed a memorandum of cooperation with EFRAG. We encourage leveraging existing frameworks and standards through a building block approach that can ensure global consistency for the capital markets while enabling flexibility to meet the needs of specific regions.

21. How does this fit in with developments in the US?

The incoming administration has expressed greater interest in sustainability issues (including a [stated intention](#) to require public companies to disclose climate risks and the greenhouse gas emissions in their operations and supply chains). We plan to work with the relevant agencies and lawmakers in the US to offer the <IR> Framework and SASB Standards as resources for achieving their sustainability-related policy goals.

22. How many businesses currently adopt the <IR> Framework and SASB Standards?

While we do not have a definitive figure, we are aware of increasing numbers of businesses that adopt both the <IR> Framework and SASB Standards and plan to develop case studies outlining how businesses are doing so to enhance their reporting.

The <IR> Business Network and SASB Membership Alliance will also consider running workshops to support businesses that are looking to use both frameworks and standards effectively. Previously, the IIRC worked with GRI to deliver the Corporate Leadership Group on integrated reporting to support businesses using GRI and IIRC together and we know how popular these networks are in helping organizations advance their reporting.

23. What is the timeframe of the merger?

The intent to merge was announced on 25 November. Then there is a period of planning, with the intent to execute the merger by mid-2021.

24. Where will you be headquartered?

The Value Reporting Foundation will be headquartered in London and San Francisco, with staff across the world.

25. What is the funding model for the Value Reporting Foundation?

The IIRC and SASB are grateful for the financial and in-kind support we receive from organizations and individuals globally. We believe this announcement will be welcome news to our funders given global demands for convergence and that our current funding models will be enhanced as we merge.

The organization will be funded from philanthropic contributions, market support grants, and earned income programs—such as membership, licensing, and education, and

events—which are mission-aligned and carry our work into the world, as well as generating revenue.