

February 27, 2017

Susan M. Cospers  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Re: File Reference No. 2017-210

Dear Susan,

The International Integrated Reporting Council (IIRC) appreciates the opportunity to respond to the Exposure Draft (ED), "Disclosure Framework-Changes to the Disclosure Requirements for Inventory". We have indicated our desire to participate in the Public Roundtable Meeting on the Board's Decision Process under the Disclosure Framework scheduled for March 17, 2017. The FASB has asked that those who have not yet submitted a comment letter and wish to participate in the Public Roundtable Meeting to submit written comments on the proposed inventory disclosures ED. Our comments are focused more on the Board's disclosure framework initiatives rather than the details of the ED.

The IIRC is a global coalition of regulators, investors, companies, standard setters, the accounting profession and non-governmental organizations. The coalition promotes communication about value creation as the next step in the evolution of corporate reporting. The IIRC convenes the Corporate Reporting Dialogue, which includes the FASB and is an initiative designed to respond to market calls for greater coherence, consistency and comparability between corporate reporting frameworks, standards and related requirements. The Dialogue brings together organizations that have significant international influence in the corporate reporting landscape.

In the Alternative Views of the ED, two Board members indicate that they believe that any proposed disclosures of expected gross margin would be more suitable for Management's Discussion and Analysis rather than footnotes to the financial statements, mainly because of the potential for unintended litigation consequences if reporting entities fail to achieve those margins upon the eventual sale of the inventory. To avoid this type of issue, we believe the FASB and SEC should place a high priority on the recommendation from the Final Report of the Advisory Committee on Improvements to Financial Reporting to the United States Securities and Exchange Commission, which indicated that:

The SEC and the FASB should work together to develop a disclosure framework to integrate existing SEC and FASB disclosure requirements into a cohesive whole to ensure meaningful communication and logical presentation of disclosures, based on consistent objectives and principles. This would eliminate redundancies and provide a single source of disclosure guidance across all financial reporting standards.

In December 2013, the IIRC introduced the International <IR> Framework, which helps businesses to think more holistically about their strategy and plans, make better-informed decisions and manage key risks to build investor and stakeholder confidence and improve performance. We believe the principles in <IR> Framework can be a useful tool to support the process of including disclosures in MD&A and to help integrated SEC and FASB requirements.

We are pleased to share our views and should you have any questions, please do not hesitate to contact us.

Sincerely,  
Bob Laux  
North American Lead  
International Integrated Reporting Council