

IFRS Foundation  
Attn. Erkki Liikanen, Chair of the Trustees  
of the IFRS Foundation  
London  
United Kingdom

Secretariaat:  
Antonio Vivaldistraat 2, 1083 GR Amsterdam  
Postbus 7984, 1008 AD Amsterdam

T +31(0)20 301 03 91  
secretariaat@rjnet.nl  
www.rjnet.nl

Our ref : RJ-IASB 502 E  
Direct dial : (+31) 20 301 0391  
Date : 15 July 2021  
Re : ED/2021/5 Proposed Targeted Amendments to the IFRS Foundation Constitution

Dear mr. Liikanen, dear Erkki,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to the Exposure Draft Proposed Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards.

#### *General*

The DASB is in favour of global sustainability reporting standards and welcomes the incorporation of an International Sustainability Standards Board (ISSB) in the governance structure of the IFRS Foundation. An international/global set of standards will be able to significantly improve comparability and clarity of sustainability information and will create a level playing field for all companies around the globe. In our opinion it is an important advantage that the ISSB, considering the governance structure and due process of the IFRS Foundation, will be able to safeguard interconnectivity between international financial reporting standards, developed by IASB, and international sustainability standards, developed by ISSB. This in order to avoid ‘disclosure overload’ and optimize synergies between financial and sustainability reporting.

#### *Answers per question*

##### Question 1

Do you agree that the amendments proportionately reflect the Trustees’ strategic direction, considering in particular:

- (a) the proposed amendments to the objectives of the Foundation, outlined in the proposed new section 2b of the Constitution, as set out in Appendix A; and
- (b) the proposed amendments to reflect the structure and function of the new board, outlined in the proposed new sections 43–56 of the Constitution, as set out in Appendix A?

The DASB agrees that the proposed amendments proportionately reflect the objectives and direction of developing International Sustainability Standards. The proposed amendments to the constitution are likely to achieve that the current (due) process and operations of the ISSB will replicate the proven processes and operations of the IASB. The DASB considers this of major importance for this standard setting process.

As already stated in our comment letter to your Consultation Paper of September 2020,<sup>1</sup> the DASB is much in favor of international/global standard setting. This also to mitigate a situation that regional areas could take a different path or at a quicker speed to developed sustainability standards. The DASB advises the IFRS Foundation to keep consulting with key stakeholders concerned, to scan similar initiatives and cooperate with regulatory bodies to make maximal use of parallel projects and harmonize standards where possible. The DASB emphasizes the need for a constructive dialogue in a cooperative manner between the EU and the IFRS Foundation to further establish how they can most effectively work together. The DASB considers the proposal for a Corporate Sustainable Reporting Directive, published by the European Commission (in April 2021) a welcome development too (hereafter: EU-CSR). We would like to see the highest possible level of coordination regarding the proposals of EU-CSR, especially those related to development of EU-sustainability standards, and the proposed international sustainability standards setting by ISSB. The DASB fully agrees with the considerations stated in paragraph B12 of Appendix B. The DASB suggest that under a certain “hybrid model” the ISSB will set international standards (as a baseline) that focus on metrics that are relevant for companies worldwide. This also enables that next to the scope and application of these ISSB-standards, it is possible that additional reporting requirements may be introduced by regional jurisdictions, for instance by the EU-CSR, which focus on matters particularly important to that specific region or jurisdiction. Such a “building block” approach would both ensure international comparability and a level playing field, while potentially also enabling regional additions and facilitating specific local requirements. The latter, for example, due to a difference in (sustainability) scope or a broader focus than investors/capital markets. In this way the ISSB may provide the international/global baseline as major starting point that others can apply and/or build upon. It may be useful, to underpin what is stated in paragraph B12 of Appendix B, that not only the Trustees but also the ISSB shall engage with key jurisdictions to provide a globally consistent and comparable sustainability reporting baseline, including a building blocks approach. For instance by mentioning this in the tasks of the ISSB (proposed section 55) and/or in the qualifications for members of ISSB (proposed section 44).

Regarding question 1 (b):

The DASB agrees with the proposed broad international and geographical balance for ISSB-membership (proposed section 45), but questions why the proposal differs from and does not mirror the current system for IASB-membership (current section 26). In the same way it is unclear why the proposed voting system for approval of sustainability standards (proposed section 54) differs from the current voting system for IASB-approval of standards or interpretations (current section 35). The DASB would welcome an explanation of these differences and why a similar system for both boards would not be appropriate.

Question 2

On the potential naming of the new board and its associated standards, do you agree that ‘the International Sustainability Standards Board (ISSB)’ setting ‘IFRS sustainability standards’ accurately describes the function of the new board and its associated standards?

The DASB agrees that the potential naming of the new board, ISSB, seems accurate. However, the DASB is against the proposed name “IFRS Sustainability Standards”, not only because this most likely may lead to confusion with (application of) IFRS in financial statements, but also because the term IFRS seems not suitable for ‘non-financial’ reporting. Moreover, with incorporation of the ISSB and development of sustainability standards the Foundation may reconsider its name too, for instance by (including) “corporate reporting”. Although the DASB considers it very important to safeguard and emphasize interconnectivity between financial reporting and sustainability reporting, it is equally important not to confuse the current application of (and name) IFRS.

---

<sup>1</sup> DASB letter to IFRS Foundation, 23 December 2020 (see attachment: RJ-IASB 496 J)

Question 3

Do you agree with this proposed consequential amendment, outlined in proposed new sections 60 and 61 of the Constitution, as set out in Appendix A?

The DASB agrees with the proposed amendments, as they mirror those of IASB including due process.

Question 4

Are there any other matters you would like to raise in relation to the proposed targeted amendments to the Constitution?

We refer our answer to Question 1. Furthermore, the DASB considers it important to incorporate, either in the Constitution or in the (board's) governance, a certain mechanism requiring coordination of agenda-setting and connectivity between (standards developed by) the IASB and the ISSB.

Yours sincerely,

drs. Gerard van Santen  
Chairman Dutch Accounting Standards Board