

International Sustainability Reporting Board
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Our ref: RJ-ISSB 511
Direct dial: Tel.: +31 (0)88 4960 391
Date: Hoofddorp 1 September 2023
Re: Request for Information: Consultation on Agenda Priorities

Dear Emmanuel,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to provide a response to the Consultation on Agenda Priorities.

The DASB much welcomes the ISSB efforts as well as the IFRS S1 and IFRS S2 standards delivered. The DASB strongly believes that globally accepted, transparent and meaningful sustainability reporting can contribute to accelerating the transition to a sustainable economy and appreciates this Agenda Consultation.

The DASB participates in EFRAG, including in EFRAG Sustainability Reporting Board, and in general the DASB supports EFRAG's responses to the Agenda Consultation. We refer to the EFRAG comments, which therefore will not be repeated here. Nevertheless, the DASB would like to provide some additional reactions to the Agenda Consultation. Please find attached our additional comments.

Both myself and the co-chair of our DASB Sustainability Reporting Working Group, Simon Braaksma, will be able to provide any additional information and explanation if appreciated.

Kind regards,

Gerard van Santen, Chairman Dutch Accounting Standards Board

Simon Braaksma, Co-chairman DASB Sustainability Reporting Working Group

Question 1 - Strategic direction and balance of the ISSB's activities

Question 1

Paragraphs 18–22 and Table 1 of the RFI provide an overview of activities within the scope of the ISSB's work.

- (a) From highest to lowest priority, how would you rank the following activities?
- (i) beginning new research and standard-setting projects
 - (ii) supporting the implementation of ISSB Standards IFRS S1 and IFRS S2
 - (iii) researching targeted enhancements to the ISSB Standards
 - (iv) enhancing the Sustainability Accounting Standards Board (SASB) Standards
- (b) Please explain the reasons for your ranking order and specify the types of work the ISSB should prioritise within each activity.
- (c) Should any other activities be included within the scope of the ISSB's work? If so, please describe these activities and explain why they are necessary.

DASB reaction:

(Q1a) We overall **agree** with the following priority:

- (1) beginning new research and standard-setting projects (including connectivity);
- (2) support implementation of IFRS S1 and S2 standards; and
- (3) enhancing SASB standards.

We support both priorities (1) and (2) but first and foremost ISSB should support companies with implementation, like EFRAG does with its implementation guidance. However, we **have reservations** with regards to the priority related to industry-specific standards. The majority (but not a full consensus) believes that focus on industry-agnostic standards across more areas will be much more beneficial in achieving the goals of comparable, accurate and comprehensive reporting, than focusing on individual industry standards.

We recommend to align the timeline of standards with the ISSB Taxonomy as well.

(Q1b) We **disagree** with the suggestion that the ISSB should focus on all topics covered by the ESRS standards, without setting any priority. We believe this may result in a similar too tight due process as EFRAG applied, whereas the ISSB followed an extensive due process. We would rather state that given the urgency of sustainability-related developments and risks, ISSB standards need to become available within reasonably accelerated timeframe, however allowing sufficient time for due process and implementation.

Therefore, we **support** the recommendation that ISSB develops and publishes its overall direction of travel in sustainability reporting, i.e. the target universe of all topics that are to be covered in its standard setting (beyond the proposed two-year period) and timetable to complete such standards. Clarity on overall scope and expected overall timeframe is much needed to manage expectations of both reporters and users of sustainability information.

Question 2 - Criteria for assessing sustainability reporting matters that could be added to the ISSB's work plan

Question 2

Paragraphs 23–26 of the RFI discuss the criteria the ISSB proposes to use when prioritising sustainability-related reporting issues that could be added to its work plan.

- (a) Do you think the ISSB has identified the appropriate criteria?
- (b) Should the ISSB consider any other criteria? If so what criteria and why?

DASB reaction:

(Q2a) and (Q2b) We **support** the suggestion to add interoperability with other jurisdictional standards, including ESRs, to the criteria, which we find essential to avoid double reporting for companies subject to (or voluntarily applying) IFRS reporting. Such interoperability should be a pre-requisite for the standards, to build on the alignment process started between EFRAG and ISSB based for IFRS S1 and S2 thus preventing significant double reporting by preparers falling under CSRD scope.

We **agree** on the suggestion to explicitly integrate the investor's interest in impact materiality in the criterion "importance of the matter to investors".

A general reservation we have on the topic is that even though ISSB chose investors as the first priority stakeholders, we still believe that the foundation of sustainability is beyond investors and should include a much wider stakeholder group.

Question 3 - New research and standard-setting projects that could be added to the ISSB's work plan

Question 3

Paragraphs 27–38 of the RFI provide an overview of the ISSB's approach to identifying sustainability-related research and standard setting projects. Appendix A describes each of the proposed projects that could be added to the ISSB's work plan.

(a) Taking into account the ISSB's limited capacity for new projects in its new two-year work plan, should the ISSB prioritise a single project in a concentrated effort to make significant progress on that, or should the ISSB work on more than one project and make more incremental progress on each of them?

(i) *If a single project, which one should be prioritised?* You may select from the four proposed projects in Appendix A or suggest another project.

(ii) *If more than one project, which projects should be prioritised and what is the relative level of priority from highest to lowest priority?* You may select from the four proposed projects in Appendix A or suggest another project (or projects).

DASB reaction:

(Q3a) We **believe** that ISSB should prioritise the most relevant topics, we support the proposed selection (Biodiversity, Human Capital and Human Rights). In this way the limited resources of the ISSB can be used effectively and due process followed.

We **agree** with the suggestion that Human Rights may be integrated into Human Capital.

Question 4 - New research and standard-setting projects that could be added to the ISSB's work plan: biodiversity, ecosystems, and ecosystem services

Question 4

The research project on biodiversity, ecosystems and ecosystem services is described in paragraphs A3–A14 of Appendix A of the RFI. Please respond to these questions:

(a) Of the subtopics identified in paragraph A11, to which would you give the highest priority? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors.

You may also suggest subtopics that have not been specified. To help the ISSB analyse the feedback, where possible, please provide:

(i) a short description of the subtopic (and the associated sustainability-related risks and opportunities); and

(ii) your view on the importance of the subtopic with regard to an entity's sustainability-related risks and opportunities and the usefulness of the related information to investors.

(b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.

(c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A13 should be utilised and prioritised by the ISSB in pursuing the project? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

DASB reaction:

(Q4a) – (Q4c) We **agree** with the recommendation that ISSB would use the same reference regulations as used by EFRAG for development of standards on Biodiversity, Pollution, Water and Marine resources and Resource use and circular economy, given that it will lead to the highest interoperability between the standards. Regarding Biodiversity, many of the relevant frameworks are still new. Therefore, we see that given the ISSB standard on Biodiversity (or Nature) will be developed later and will consider the regulatory and definitions developments happening at the moment at their more mature stage (TNFD, SBTN, etc.).

Question 5 - New research and standard-setting projects that could be added to the ISSB's work plan: human capital

Question 5

The research project on human capital is described in paragraphs A15–A26 of Appendix A of the RFI. Please respond to the following questions:

(a) Of the subtopics identified in paragraph A22, to which would you give the highest priority? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors.

You may also suggest subtopics that have not been specified. To help the ISSB analyse the feedback, where possible, please provide:

(i) a short description of the subtopic (and the associated sustainability-related risks and opportunities); and

(ii) your view on the importance of the subtopic with regard to an entity's sustainability-related risks and opportunities and the usefulness of the related information to investors.

(b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.

(c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A25 should be prioritised by the ISSB in pursuing its research? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

DASB Reaction:

(Q5a) – (Q5c) We **support** the suggestion of EFRAG to include Human capital and Human rights in the priority in order to broaden its coverage of highly relevant social topics.

We **agree** that Human capital and Human rights areas can be covered by one combined standard. We strongly **support** the focus on interoperability with ESRS to prevent double reporting.

Question 6 - New research and standard-setting projects that could be added to the ISSB's work plan: human rights

Question 6

The research project on human rights is described in paragraphs A27–A37 of Appendix A of the RFI. Please respond to these questions:

(a) Within the topic of human rights, are there particular subtopics or issues that you feel should be prioritised in the ISSB's research? You can suggest as many subtopics or issues as you deem necessary. To help the ISSB analyse the feedback, where possible, please provide:

(i) a short description of the subtopic (and the associated sustainability-related risks and opportunities); and

(ii) your view on the importance of the subtopic with regard to an entity's sustainability-related risks and opportunities and the usefulness of the related information to investors.

(b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.

(c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A36 should be prioritised by the ISSB in pursuing its research? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

DASB Reaction:

(Q6a) – (Q6c) We **agree** with the comments of EFRAG and the proposal to incorporate and build on the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights.

We would **recommend** that interoperability with other legislation, in particular EU legislation like ESRS (EU Sustainability Reporting Standards) and CSDDD (EU Corporate Sustainable Due Diligence Directive), should be included. Another important area for alignment should be the Value Chain considerations.

Question 7 – Integration in reporting

Question 7

New research and standard-setting projects that could be added to the ISSB's work plan: Integration in reporting

The research project on integration in reporting is described in paragraphs A38–A51 of Appendix A. Please respond to the following questions:

(a) The integration in reporting project could be intensive on the ISSB's resources. While this means it could hinder the pace at which the topical development standards are developed, it could also help realise the full value of the IFRS Foundation's suite of materials. How would you prioritise advancing the integration in reporting project in relation to the three sustainability-related topics (proposed projects on biodiversity,

ecosystems and ecosystem services; human capital; and human rights) as part of the ISSB's new two-year work plan?

(b) In light of the coordination efforts required, if you think the integration in reporting project should be considered a priority, do you think that it should be advanced as a formal joint project with the IASB, or pursued as an ISSB project (which could still draw on input from the IASB as needed without being a formal joint project)? (i) If you prefer a formal joint project, please explain how you think this should be conducted and why. (ii) If you prefer an ISSB project, please explain how you think this should be conducted and why.

(c) In pursuing the project on integration in reporting, do you think the ISSB should build on and incorporate concepts from: (i) the IASB's Exposure Draft Management Commentary? If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why. (ii) the Integrated Reporting Framework? If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why. (iii) other sources? If you agree, please describe the source(s) and any particular concepts that you think the ISSB should incorporate in its work.

(d) Do you have any other suggestions for the ISSB if it pursues the project?

DASB Reaction:

(Q7a) – (Q7d) We **agree** with EFRAG's view that Integration in reporting is an area which should not compete with topical priorities and needs to be developed in parallel, being a foundational and strategic activity.

With regards to the structure of the connectivity project and a decision on the leading role (ISSB or IASB), the most important element is that it is a joint project with balanced representation and consideration of both the financial- and sustainability reporting views in all decisions, as well as complementary expertise.

We **agree** with the pros and cons mentioned by EFRAG, but believe that complexities such as extra coordination efforts, extra time requirements and scope complexities, will be outweighed by the benefits of such cooperation (balanced representation and consideration of both parties' views, better leverage on competencies and institutional knowledge, spread of pressure on resources). It will also have indirect benefits of growing mutual knowledge, constructive challenge on both sides and experience in cooperation for future implementation.

Question 8 – Other comments

Do you have any other comments on the ISSB's activities and work plan?

DASB response:

One of the topics we would point out as missing is governance. Each of the topics can be expected to mirror the TCFD format, where there are ample requirements to provide insight in governance characteristics of particular themes. But this leaves a blank spot on the map on the overall governance characteristics of the reporting entity. For example, the Integrated Reporting Framework is more detailed on the topic of governance.