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International Sustainability Standards Board
The IFRS Foundation
Columbus Building, 7 Westferry Circus
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Via : website submission

Betreft: Tweuus ISSB commentletter

Bussum, 28 July 2022

Dear members of the board,

1. Tweuus is a Dutch consultancy firm with a focus on lease business and lease accounting. In view of the important role leasing transactions play in the transition to a greener world, Tweuus provides the below comments and observations to the Exposure Drafts ISSB 1 and ISSB 2.

2. Overseeing global initiatives on Sustainability Reporting, three major actors stick out: the United States' Securities and Exchange Commission, SEC, the international ISSB and EFRAG drafting ESRS standards on the basis of Europe's CSRD legislation. Earlier initiatives like the Global Reporting Initiative, GRI, have been or are being incorporated in one of the three actors mentioned.

3. It appears that the mentioned three major actors intend to closely work in good cooperation on best in class sustainability reporting standards.

4. With the SEC covering a major part of global investment values and Europe developing a broader set of guidelines than SEC and ISSB, it looks like the attempts by ISSB fall short of gaining sufficient ground for an own set of standards. Jurisdictions outside USA and Europe may as well choose voluntary alignment with SEC and ESRS.

5. ISSB's cooperation with or even inclusion of GRI and others like VRF may harm global regulatory developments if these proven early adopters would only be allowed cooperation within ISSB. The use of the skills developed by these early initiators of comprehensive value reporting need to be safeguarded and available to all actors. At the same time, costly and unnecessary overlay of management (ISSB Board) and staff actions should be prevented and/or better aligned.

6. Based on above observations, Tweuus suggest to

a. abort ISSB-own developments and have the IFRs Foundation stimulate the existing resources to work as closely as possible together with both SEC and EFRAG (for the E-element);

b. focus on preparing alignment of sustainability elements with the financial accounting reporting.

7. The rationale for item 6a is among others, that unnecessary costs are involved in attempting to keep up with an own set of guidelines while at the same time, when pursued to the end, a set of guidelines is produced that functions as a safe haven for jurisdictions that do not want to link to either USA or Europe and/or apparently are looking for the least stringent set of sustainability reporting guidelines. It is unworthy for the IFRS Foundation to be linked to such type of regimes.

8. The rationale for item 6b is that the massive number of reportable items on sustainability, apart from who might or should provide assurance to the figures presented, requires a fundamental review of the way Notes to the (financial) statements are presented. See 9 and 10.

9. Currently, Notes to the financial statements are presented in a separate sections of the financial accounts. Sustainability information is supposed to be presented in the Management Report, allowing a lesser degree of assurance (initially free, then 'elementary' and ending over time as 'reasonable' assurance).

10. It would make sense to limit the number of (financial and sustainability) issues addressed in the Management Report to those that matter most to the management and thus to investors, and report all other items in a separate Notes section on financial statements and sustainability.

11. The number of relevant issues in the Management Report should be limited to between 3 and, say, 7 and provide insight into the relationship of the financial (future) impact on the company and sustainable developments affecting the company. In this way, a better focus on what management is considering is brought forward than in case of listing all possible elements that might or will have an effect on the company's future and its financial performance.

12. There is genuine concern about the application in practise of the concept of materiality. Reference to and alignment with the Conceptual Framework could suggest a comparable line of acting on materiality issues whereas the kind and nature of the concept of materiality is quite different.

13. Another topic of concern about materiality is the notion that first all information needs to be available to be able to assess whether items are material. This is a uncompromising level of detail which may become available over time but certainly shouldn't be required from the very start. And even then, judgement, discussions with assurers and the public (investors) will continue as a company has to prove the relevance of (not) disclosed material information.

14. The boundaries to value chains are challenging areas of assessment. The current ISSB work-out of this item may be another reason to abstain from standard setting in this respect.

Should you wish to discuss the comments further, please, do not hesitate to contant.

Yours faithfully,

Henk Uunk, owner