

International Sustainability
Standards
Board (ISSB)

Att: Emmanuel Faber, ISSB
Chair

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Consultation on Agenda Priorities

FAR, the Institute for the Accountancy Profession in Sweden, and the Confederation of Swedish Enterprise, takes the opportunity to provide feed-back on the ISSB's agenda priorities consultation. We appreciate the ISSB's commitment to transparency and due process in its standard-setting activities. Stakeholder input plays a crucial role in ensuring a balanced and comprehensive approach to sustainability-related standard-setting.

We would like to commend the ISSB on the successful development and delivery of the initial set of sustainability reporting standards, addressing climate and general disclosures. We fully support the ISSB's ambition to establish a global baseline for sustainability reporting, with a set of standards that cover a comprehensive range of sustainability topics. Considering the urgency and the need for comparable sustainability information of high quality, we believe it is now time for the ISSB to expand its efforts beyond climate and, as suggested in the consultation, direct full focus towards biodiversity, ecosystems, ecosystem services, human capital, and human rights.

In the pursuit of harmonization and interoperability, we recommend that the ISSB enhances the cooperation with other standard-setting bodies, in particular with EFRAG and the development of the European Sustainability Reporting Standards (ESRS) and the Global Reporting Initiative (GRI). The degree of harmonization and comparability with the ESRS is likely to become a success indicator for the ISSB, as reporting entities will aim to avoid double reporting. Increasing differences in structure between the reporting frameworks will also obstruct the digital filing of sustainability data, which will be a requirement for European entities under the new sustainability reporting directive.

Harmonization shouldn't only focus on aligning topics and structure but also on coordinating the timeline with the European standard setting process. The ISSB is positioned as the international authority responsible for sustainability standards and is therefore expected to take the lead and maintain its status as the global standard-setter. To acknowledge the urgent need for a comprehensive set of global standards and to ensure a smooth adoption by reporting companies, we suggest that the ISSB initiates concurrent projects with foundational/sector-agnostic standards that cover all subject areas, allowing for subsequent additions and supplements. Stakeholders would also appreciate increased transparency regarding the timeline for the standard setting process going forward, even if considered indicative, to be able to better prepare for the upcoming reporting framework.

We acknowledge that the standard-setting process of the ISSB follows a similar approach to that of the International Financial Reporting Standards (IFRS). However, it is crucial to recognize the relative immaturity of sustainability reporting compared to financial reporting. The need for harmonized sustainability standards is substantial, and therefore, the standard-setting process should be expedited. Collaborating with other standard-setters and leveraging existing research can facilitate this acceleration.

Regarding the future of the Sustainability Accounting Standards Board (SASB), we recommend that the ISSB assess whether to continue building on the existing SASB framework or adopt a fresh approach to shape sector-specific standards. If sector-agnostic standards are prioritized, an exclusive focus on SASB may not be appropriate. Furthermore, it is important to address the fact that SASB no longer exists and consider renaming the standards while integrating them into the suite of ISSB standards.

The integrated reporting project raises concerns about the potential impact on IFRS financial reporting standards. It is crucial to ensure that IFRS standards continue to be applicable solely for financial reporting purposes, excluding requirements from the ISSB standards. Integrating the ISSB standards into the IFRS standards would be unfortunate, as the ISSB standards are meant to be GAAP-agnostic. It is important for the ISSB and IFRS to assess the risks associated with dual reporting for companies that report under both European standards (ESRS) and global standards (ISSB).

In conclusion, we appreciate the opportunity to provide our insights on the ISSB agenda priorities. We believe that our recommendations will contribute to the overall effectiveness and success of the ISSB's standard-setting activities.

Yours sincerely

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