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Via e-mail to: commentletters@ifrs.org

Berne, 29th of July 2021

IFRS Foundation Exposure Draft: Proposed Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards

Dear Trustee,

SwissHoldings is pleased to provide comments on the Exposure Draft (ED). As stated in its comment letter to the IFRS Foundation Trustees Consultation Paper Sustainability Reporting, SwissHoldings welcomes the initiative to extend the activities of the IFRS towards sustainability reporting. The current situation with a wide variety of demands of sustainability related information and a large number of optional metrics, standards, indexes and reporting frameworks has become an increasing challenge for reporting entities with growing administrative costs as a result.

A global set of internationally recognized sustainability reporting standards would help with the consolidation and convergence of sustainability reporting standards and ensure a more level-playing field for companies operating globally. It would thus lead to more cost-efficient reporting and help to remove duplicating or contradictory reporting requirements. Furthermore, a harmonised standard would increase comparability and transparency of reports, where this is necessary and feasible.

In our opinion, the IFRS Foundation is well positioned to play a lead role in the standard-setting efforts, acknowledging the importance of materiality and building on the main sustainability frameworks and standards that already exist.

Based on this, we provide our comments in relation to the specific questions raised in the ED following the position of BUSINESSEUROPE in the annex.

If you require any further information upon these matters, please do not hesitate to contact us.

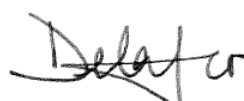
Yours sincerely,

SwissHoldings

Federation of Swiss-based multinational enterprises



Dr. Gabriel Rumo
Director



Denise Laufen
Member of the Executive Committee



ANNEX

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*

We agree with the proposed amendments. We have an observation regarding the description of the objectives of the IASB and the new ISSB.

The role of the IASB is described in following way in section 2a (not amended) of the Constitution.

through the IASB, to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles. These standards should require high quality, transparent and comparable information in financial statements and other financial reporting to help investors, other participants in the world's capital markets and other users of financial information make economic decisions.

In the proposed section 2b of the Constitution the objective of the IFRS Foundation related to new Board (ISSB) is described as:

through the ISSB, to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted sustainability standards based upon clearly articulated principles. These standards should require high quality, transparent and comparable information in corporate reports to help investors and other participants in the world's capital markets in their decision-making and connect with multi-stakeholder sustainability reporting.

We find this description appropriate and in line with section 2a.

- 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?*

We agree with the proposed amendments.

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?

We do not support the proposal to call standards from the ISSB "IFRS sustainability standards". Instead, we propose to call them "International Sustainability Reporting Standards (ISRS)".

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?

We agree.



Question 4

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

In the ED, areas are discussed where substantive amendments to the Constitution are not proposed. This includes e.g. the composition and the expertise of the Trustees. The argument for not amending the Constitution on the point is explained in the following way (§10 (b) ED):

The Trustees do not propose that the requirements in relation to the size or specific expertise of the Trustee body should be amended. No substantive amendment is needed because the *Constitution* already states that the Trustees 'shall comprise individuals that, as a group, provide a balance of professional backgrounds, and have an interest in promoting and maintaining transparency in corporate reporting globally', but the Trustees wanted to note that their professional backgrounds will 'ensure a broad set of skills, experience and perspectives' (see sections 6 and 7 of the *Constitution*, as set out in Appendix A). Therefore, the Trustees expect that its membership and its expertise can be sufficiently adjusted where necessary in the coming years as the regular rotation of its membership takes place.

While this might seem just to be a matter of wording in the Constitution, we believe that the IFRS Foundation should think further about this issue. A change in the role of the Foundation to also cover sustainability reporting should have an impact also on the number, expertise and composition of the Trustees. One reason for this is the selection of members for the new Board (ISSB), according to the criteria as set out in the proposed amendment of section 44 of the Constitution, as well as in the annex to the Constitution listing criteria for ISSB members. Therefore, we urge the IFRS Foundation to take an active approach in ensuring that new Trustees are appointed in the short term that have a high degree of understanding of the challenges related to sustainability reporting and standard-setting in this area. To conclude, we believe that the composition and expertise of the Trustees should be added to Appendix B to the ED; *Parallel work streams on the key requirements for success*.

