
Agenda paper 6

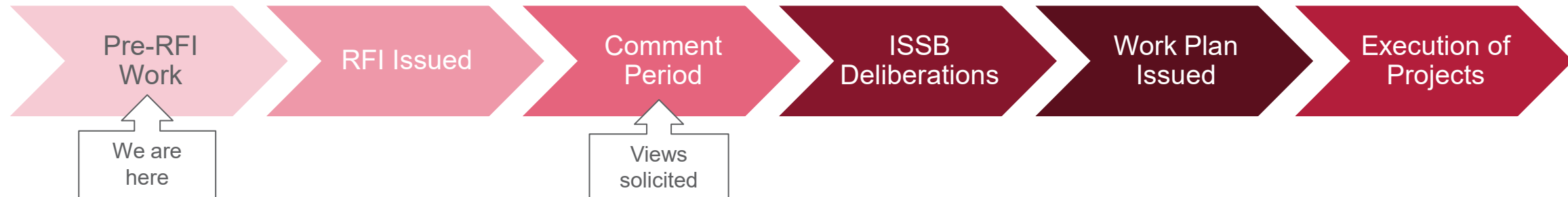
ISSB Consultation on Agenda Priorities – Planned Approach

IFRS Advisory Council
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Overview of proposed approach




- As part of its initial consultation on agenda priorities, the ISSB will issue a request for information (RFI) detailing its work plan for the first two years following consultation.
- In developing the RFI, the ISSB seeks to include appropriate background information and questions to help stakeholders comment on the RFI and ensure the ISSB obtains sufficient feedback to make sound decisions.
- The following slides outline the planned approach to develop the RFI and use the resulting feedback to inform a technical work plan.

Objective of today's meeting

- The objective of today's meeting is to:
 - Inform the Advisory Council of the planned approach to develop the RFI to solicit public input in the ISSB's initial agenda priorities; and
 - Seek the Advisory Council's guidance on consulting with the market on the ISSB's initial agenda priorities.
- The approach outlined herein reflects the staff's preliminary recommendation.
 - The ISSB discussed the approach at its inaugural July 2022 meeting and will further discuss the approach at its meeting the week of 17 October 2022.
- At this time, we are not seeking the Advisory Council's feedback on the potential projects to be included in the ISSB's work plan. The RFI will provide all stakeholders with an opportunity to comment on this.

Background to the Consultation on Agenda Priorities



Context for consultation on agenda priorities

- The ISSB initially wishes to set out its work plan for the first two years following consultation.
- Two years is a shorter time frame than what is typically considered in an agenda consultation for financial accounting standard-setting, such as that undertaken by the IASB, which seeks to set out a five-year work plan.
- The proposed near-term approach reflects three key considerations:
 - Capacity constraints due to projects to which the ISSB is already committed, including:
 - Finalising [draft] IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1)
 - Finalising [draft] IFRS S2 *Climate-related Disclosures* (IFRS S2)
 - Developing the IFRS Sustainability Disclosure Taxonomy
 - Enhancing the international applicability of the SASB Standards
 - Supporting implementation and application
 - Sustainability-related risks emerge and evolve quickly
 - Sustainability-related reporting and adoption of IFRS Sustainability Disclosure Standards is still developing

Objectives of consultation on agenda priorities

The primary objectives are to seek formal public input on:

Strategic direction and balance of the work plan

- The time the ISSB will devote to advancing and enhancing *existing* materials (for example, IFRS S1, IFRS S2, SASB Standards and the CDSB Framework and associated application guidance)?
- The time the ISSB will devote to developing *new* materials?
- The time the ISSB will devote to activities that could affect all aspects of the ISSB's work (for example, stakeholder engagement, Standards implementation and application support, digital reporting, connectivity and collaboration with the IASB, and interoperability with other sustainability-related standards)?


Criteria for assessing projects to be added

- The ISSB will consider various criteria to assess projects to be added to its work plan (see slide 12)
- Are these the right criteria or should the ISSB consider others? If so, what are they and why?

Prioritisation of sustainability-related financial disclosure needs

- Do you agree with the ISSB's view that these projects should be prioritised? Why or why not?
- Which projects not described should the ISSB also consider? Why?

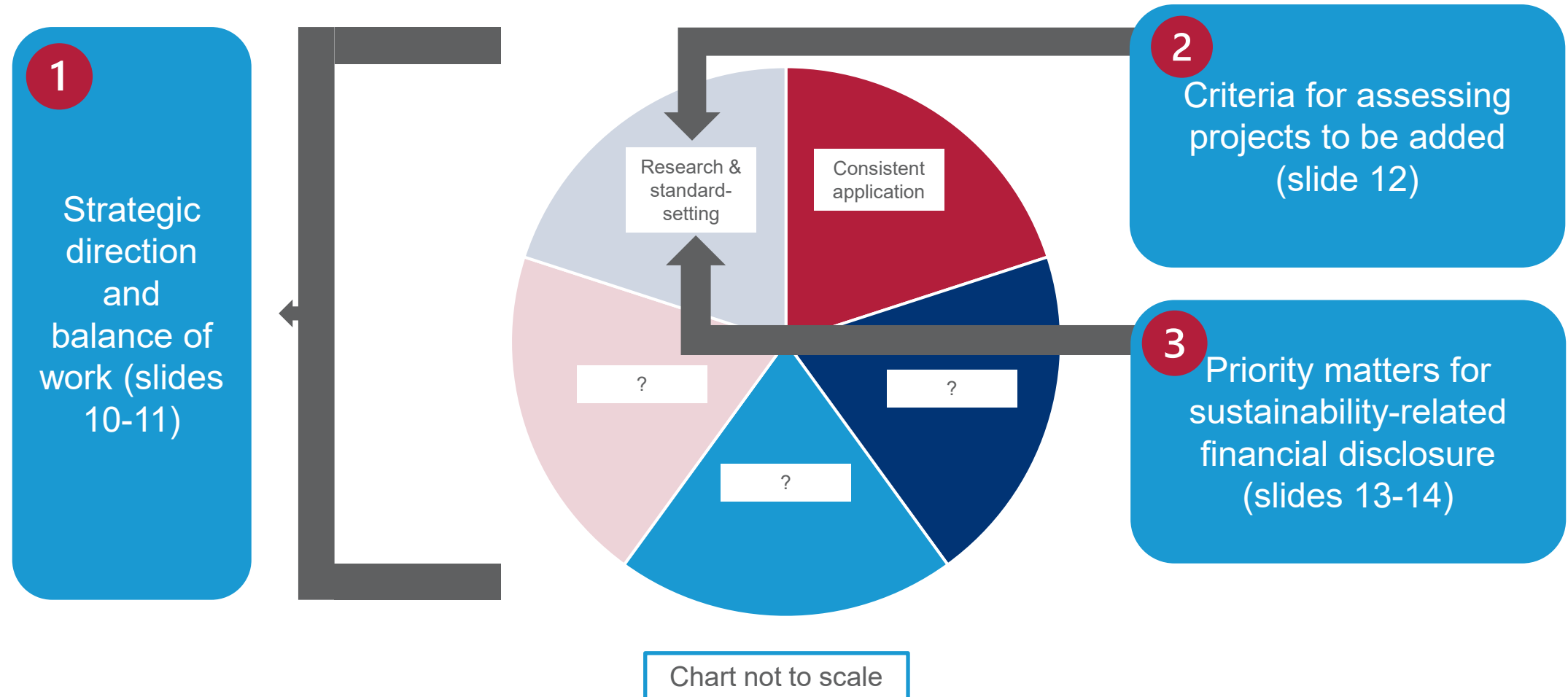
Approach to the Consultation on Agenda Priorities





Content of RFI

Content of RFI - overview

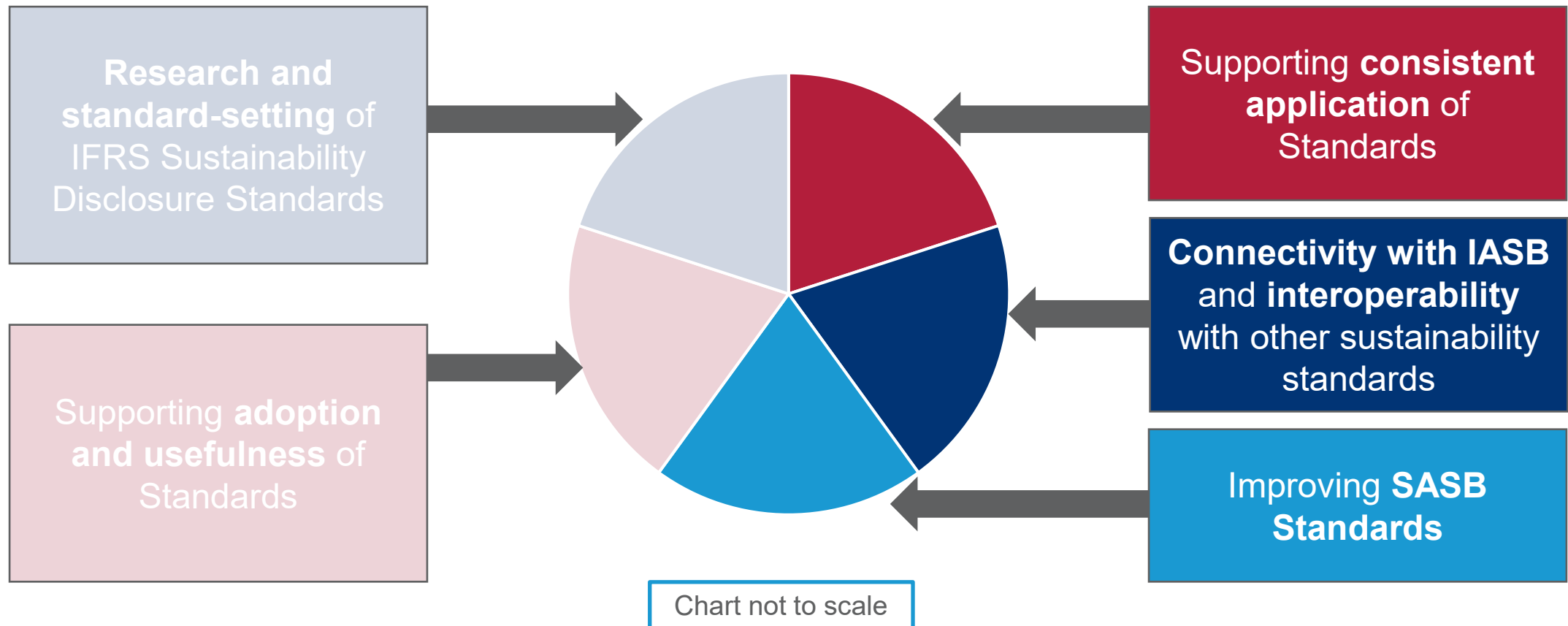


1 Strategic direction and balance of work plan

- The RFI will seek general feedback on the strategic direction of balance of the ISSB's work plan, within the ISSB's remit to develop a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed decisions.
- The ISSB will consider feedback received in determining its priority activities, that is, the slices of pie shown on slide 9. The activities reflected in the pie require a trade-off with each other in determining the balance of the ISSB's primary activities.
- Given the initial work plan will cover only the first two years following consultation, along with the early-stage nature of the ISSB, its priority activities will look different from those of the more established IASB. There exists a need to continue the momentum of the ISSB and quickly support and build upon the foundation established by IFRS S1 and IFRS S2.
- Determining the balance of activities can never be a science; rather, feedback will provide directional information on how to prioritise the ISSB's primary activities.

1 ISSB's primary activities?

Standard-setting is more than developing standards



2 Criteria for assessing projects to be added

In its July 2022 meeting, the ISSB discussed the criteria that the ISSB uses to assess proposals for inclusion in its work plan, as presented in [Agenda Paper 1—Project introduction and overview](#). Within the paper, the staff proposed the criteria should be based on those used by the IASB in its Third Agenda Consultation, which are:

- a. the importance of the matter to investors;
- b. whether there is any deficiency in the way companies disclose information on the matter;
- c. the type of companies that the matter is likely to affect, including whether the matter is more prevalent in some industries or jurisdictions than others;
- d. how pervasive or acute the matter is likely to be for companies;
- e. the potential project's interaction with other projects on the ISSB's work plan (or on the IASB's work plan);
- f. the complexity and feasibility of the potential project and its solutions; and
- g. the capacity of the ISSB and its stakeholders to make timely progress on the potential project.

In that meeting, ISSB also discussed:

- The potential addition of a criterion focused on the relevance of the matter to the reporting requirements in force in international jurisdictions; and
- The potential revision of criterion (a) to focus on the importance for investors in assessing enterprise value.

Decisions on final criteria for assessing projects to be added to the workplan will be made a future meeting.

3 Priority matters for sustainability-related financial disclosure

- Finally, the RFI will seek public input on a short, preliminary list of priority matters for inclusion in the ISSB's initial work plan.
- Staff presented a preliminary list of such subject matters in the July paper, [Agenda Paper 1A—*Items to be considered in development of Request for Information*](#). In response to feedback from ISSB members, staff has also prepared an item focused on corporate governance to be added to the preliminary list, which will be discussed with the ISSB at its October 2022 meeting.
- The staff have identified three possible approaches for the RFI to gather information (see slide 14).

3 Priority matters for sustainability-related financial disclosure

Approach	Blank sheet of paper	List of potential projects	List of proposals with preliminary view
Description	Open call for suggested focus areas	List of potential focus areas with description, rationale, affected parties, potential solutions and indicative size	List of proposed focus areas with ISSB's preliminary view of which items to add to work plan
Pros	<ul style="list-style-type: none"> • Most open format to obtain feedback 	<ul style="list-style-type: none"> • Gather more focused feedback to help ISSB prioritise projects based on key criteria 	<ul style="list-style-type: none"> • Stakeholders would have clear plan to comment on
Cons	<ul style="list-style-type: none"> • Less structure • Harder to synthesise feedback • May not get sufficient information to make good decisions 	<ul style="list-style-type: none"> • Stakeholders may find the list incomplete but would have the option to propose projects not included 	<ul style="list-style-type: none"> • ISSB would be making preliminary prioritisation decisions without formal consultation • Stakeholders may find approach restrictive—but could add own suggestions

Staff recommend the RFI include the ISSB's preliminary view on prioritisation based on assessment against criteria as well as many years of market consultation by the VRF, CDSB and TCFD.

Pre-RFI outreach and research

Pre-RFI outreach approach

- Staff presented a preliminary list of subject matters to be considered for inclusion in the RFI, as well as staff's approach to identifying such matters, in the July paper, [Agenda Paper 1A—Items to be considered in development of Request for Information](#). In response to feedback from ISSB members, staff has also prepared an item focused on corporate governance to be added to the preliminary list, which will be discussed with the ISSB at its October 2022 meeting.
- As part of our pre-RFI outreach, we plan to engage with the ISSB's advisory groups, including the International Investor Advisory Group, Sustainability Consultative Committee and Technical Reference Group to solicit input that will help shape the RFI.
- As part of our consultation with these advisory groups, we hope to understand views on:
 - Relative priority of sustainability-related matters;
 - Why the issue is important (e.g., urgency, pervasiveness, effect);
 - Which stakeholders are affected (e.g., type, jurisdiction, industry, size);
 - Approach to solving the issue (e.g., top-down vs. bottom-up); and
 - Potential size of the project (large, medium, small).

Pre-RFI research

- Staff also is performing research to assess potential projects against the criteria, relying significantly on practical analysis recommended by ISSB members, including, but not limited to:
 - Assessment of number of funds and assets under management associated with subject matters;
 - Analysis of the frequency with which each subject matter is raised in international earnings calls;
 - Assessment of the prevalence of each subject matter in shareholder proposals; and
 - Analysis of the frequency with which each subject matter is raised in public responses to [draft] IFRS S1 and S2.
- The information obtained through the pre-RFI outreach and research will inform the preliminary list of priority matters included in the RFI for which we will solicit public input.

Questions for the Advisory Council

1. Do you have any comments or questions on the planned content of the RFI including:
 - the ISSB's primary activities (slides 10-11)
 - the criteria for assessing projects to be added (slide 12); or
 - the proposed approach to seek public feedback on the priority of sustainability disclosure issues (slides 13-14)?
2. Do you have any comments on engaging with our advisory groups and other stakeholders as part of the development of the RFI?
3. Do you have any other comments on the proposed approach to developing the RFI?
4. If the RFI includes the ISSB's preliminary view of which potential projects should be added to its work plan (see slide 14), how can the ISSB most effectively engage with the public to solicit feedback on those projects as well as additional projects not being added to the work plan?



Next steps



Next steps



The ISSB will discuss the planned approach and project timeline at its meeting the week of 17 October 2022

We will update the Advisory Council on preliminary findings after the close of the RFI comment period.



Please provide any additional feedback that will help shape the RFI and related outreach efforts to Greg Bartholomew (Greg.Bartholomew@ifrs.org) by **15 November**, including:

- Thoughts on effectively engaging with the market prior to and upon issuing the RFI; and
- Views on potential items to be included in the RFI.



The input provided in this meeting and through the above are intended to help develop the RFI.

The RFI itself is the formal vehicle through which to express your views. Feedback on the RFI will provide the ISSB with input to facilitate its decision-making on its initial work plan.



Thank you

