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## IFRS Foundation Trustees meeting – Due Process Oversight Committee

Date **October 2023**  
Topic **ISSB Consultative Groups – Annual Review**  
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This document is prepared for discussion at a public meeting of the IFRS Foundation Trustees' Due Process Oversight Committee (DPOC). The Trustees are responsible for governance of the IFRS Foundation, oversight of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB), and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation *Constitution*.

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### Introduction

1. This paper provides the DPOC with the technical staff's annual review of the IFRS Foundation's consultative groups supporting the ISSB for the period October 2022 to September 2023.
2. No formal action is required to be taken by the DPOC.

### Background

3. Paragraphs 3.59–3.66 of the Due Process Handbook (*Handbook*) set out the provisions relating to consultative groups. The *Handbook* notes that the IFRS Foundation usually establishes a consultative group, such as a specialist or expert advisory group, for each of the ISSB's major projects to provide the ISSB access to additional practical experience and advice.
4. The *Handbook* goes on to state:
  - 3.66 All consultative groups are reviewed by the IFRS Foundation staff each year to assess whether each group is continuing to serve the function for which it was established and whether the membership should remain the same. The outcome of the review is presented to the [ISSB] and the DPOC.
5. Paragraph 2.8(c) sets out the DPOC's responsibilities with respect to consultative groups:
  - 2.8 The DPOC is responsible for:
    - (c) reviewing the composition of consultative groups to ensure an appropriate balance of perspectives and overseeing the monitoring by the [ISSB] and the technical staff of the effectiveness of those groups
6. The staff discusses the composition of consultative groups with the DPOC or Trustees on a real-time basis (eg when establishing a specific group as was the case with the IFRS S1 and IFRS S2 Transition Implementation Group (TIG)). This paper, therefore, covers the effectiveness of the consultative groups. [Appendix A](#) summarises the purpose and composition of each group.

### Review

7. The ISSB and staff were able to utilise all the consultative groups discussed in this paper during the period to enable further expert advice to be inform the work of the ISSB. Based on the information received from consultative group members, from relevant ISSB members and the staff leading the work of each group, the staff considers all the ISSB consultative groups to be serving the function for which they were established. The ISSB has received useful input from all the consultative groups that have met in the period under review in line with the respective remit of each group.
8. Work will be undertaken to further enhance the review processes for each group (such as through the use of surveys of group members and participating Board and staff members) to assess how the work of the

ISSB consultative groups is continuing to evolve alongside the early work of the ISSB. The staff has begun to utilise surveys to further understand the effectiveness of initial Integrated Reporting and Connectivity Council (IRCC) and Sustainability Standards Advisory Forum (SSAF) meetings. The membership have provided positive feedback about the effectiveness of the discussions so far.

## Key areas of work in the period

### *Integrated Reporting and Connectivity Council (IRCC)*

9. The IRCC was put in place for an initial two-year period after being inherited from the Value Reporting Foundation following its consolidation into the IFRS Foundation in August 2022. That two-year period will end in August 2024. At that point a review will be conducted to consider if the group is satisfying its objectives to provide the ISSB and the IASB advice on how principles and concepts from the Integrated Reporting Framework should be considered in relevant projects by the IASB and the ISSB. Meetings are attended by relevant Board members and staff.
10. During the period the IRCC has met twice to discuss connectivity in financial reporting, Management Commentary and Integrated Reporting. At a future meeting the IRCC will be asked to provide advice to both Boards on the feedback on the proposed project about integration in reporting included in the ISSB Agenda Consultation.

### *International Investor Advisory Group (IIAG)*

11. The IIAG was inherited from the Value Reporting Foundation (VRF) following its consolidation into the IFRS Foundation in August 2022. The IIAG is tasked with providing the ISSB with strategic advice from investors. The IIAG has met quarterly during the period. A member of the ISSB leadership has been present at each meeting along with other relevant ISSB members based on the agenda. ISSB members and staff think the meetings have been productive and have helped to provide strategic advice and support for the work of the ISSB.
12. During the period of review the IIAG has discussed:
  - (a) updates on the ISSB's work;
  - (b) responses to the ISSB consultations;
  - (c) responses to jurisdictional consultations regarding the adoption of the ISSB Standards; and
  - (d) how proxy voting guidelines and investment policies may be updated to reference IFRS S1 and IFRS S2.

### *International Taxonomy Consultative Group (ITCG)*

13. As noted in AP1D for this meeting, the terms of reference and composition of this group were amended from 1 August 2023 so that the ITCG now advises both the IASB and the ISSB. Accordingly, the group is now co-chaired by an IASB and an ISSB member. The ITCG met in December 2022, February and July 2023 and discussed the development of the ISSB's Exposure Draft of the IFRS Sustainability Disclosure Taxonomy. The next meeting of the ITCG will be in October 2023. The ITCG has been able to provide detailed feedback to the staff and the ISSB to inform the development of the IFRS Sustainability Disclosure Taxonomy and its effectiveness will continue to be monitored accordingly.

### *Jurisdictional Working Group (JWG)*

14. The JWG was established following discussions by the Trustees and the IFRS Foundation Monitoring Board to enable jurisdictional representatives to provide strategic advice on the interoperability of the ISSB Standards. The JWG is Chaired by the ISSB leadership and all other ISSB members observe the meetings. During the period there has been discussion with the JWG about its ongoing role specifically its

distinct role to inform the work of the ISSB following the establishment of the SSAF. The ISSB leadership and JWG members agreed that the JWG will have a key ongoing role in providing the ISSB strategic advice on interoperability and on its adoption strategy as the ISSB Standards are adopted globally.

15. During the period the JWG has typically met monthly and discussions have focussed on the ISSB's redeliberations, strategic matters relating to interoperability (for example the development of a Net Zero Data Public Utility) and the further development of the ISSB's adoption strategy.

### *Sustainability Consultative Committee (SCC)*

16. The SCC was established to identify, inform and advise the ISSB on priority sustainability matters and related technical protocols. The SCC is Chaired an ISSB Vice-Chair and is comprised of four permanent multilateral member organisations (IMF, OECD, UN and World Bank) and up to nine additional expert members.
17. The SCC had three meetings during the period (October 2022, April and June 2023) with discussions focussed on the ISSB Consultation on Agenda Priorities. The SCC will meet again on 12 October 2023 to provide further input from the membership on their responses to the ISSB Agenda Consultation. The membership will also be engaged on how the group can provide further input and advice to the ISSB as it establishes its two-year work plan following analyses of the feedback received on the Agenda Consultation. The staff will continue to closely monitor the work of the group to determine its ongoing role and will update the DPOC accordingly.

### *Sustainability Standards Advisory Forum (SSAF)*

18. The SSAF was established to enable jurisdictional representatives to provide the ISSB with detailed technical input to inform the development of the ISSB Standards. The SSAF is Chaired by an ISSB Vice-Chair and is attended by other ISSB Board Members to participate in discussion on topics in which they are Board advisors. The SSAF started meeting following the conclusion of the ISSB redeliberations on IFRS S1 and IFRS S2. Therefore, the SSAF have predominantly focussed discussions on the ISSB's Agenda Consultation in both its April and July 2023 meetings. In its next meeting the SSAF will discuss the October ISSB discussions on the development of educational material and the ISSB's work on Digital Reporting. The SSAF will be able to provide further detailed technical input to inform the development of other standard-setting projects ss the ISSB establishes its work plan.

### *Technical Reference Group (TRG)*

19. The purpose of the TRG is to bring together a broad range of subject matter experts from former Climate Disclosure Standards Board and VRF technical groups to provide technical advice and support to ISSB members and technical staff.
20. The TRG met in March and June 2023. The meetings provided a quarterly update that included:
- (a) a general update from an ISSB member;
  - (b) technical project updates from ISSB Technical Staff; and
  - (c) a brief Q&A session.
21. ISSB TRG members also participated in ad hoc technical consultations with staff throughout 2023. For example, some ISSB TRG members engaged in industry-specific bilateral discussions with staff to support research for the project to enhance the international applicability of the SASB Standards.
22. It was determined that the TRG's composition and purpose would be reviewed when appropriate after its consolidation into the IFRS Foundation. Accordingly, after discussion with the ISSB, it is intended to sunset the TRG by the end of the year. In Q4 2023, the ISSB intends to release a call for nominations for the ISSB Sustainability Standards Reference Group (SRG). The ISSB SRG will have the same remit as

the ISSB TRG, but the name is changing to avoid confusion with the IASB's Transition Resource Groups. The ISSB intends to include a balanced mix of geographic and industry coverage across SRG membership. Members will serve for two years, starting in Q1 2024. The DPOC will provide oversight over this process.

23. Given the dynamic nature of sustainability-related issues and the early stages of ISSB technical agenda, staff expect (similarly to the TRG) that the SRG will comprise up to approximately 150 members to enable representation across jurisdictions, preparers, users, and industries. Existing ISSB TRG members will be invited to reapply to continue their participation in the ISSB SRG.

#### *Transition Implementation Group (TIG)*

24. The TIG was established during the period to inform the ISSB about implementation questions that could arise when entities implement IFRS S1 and IFRS S2. The membership for the TIG was announced in September and the first meeting will be held in November 2023.

### Appendix A – Work of the ISSB Consultative Groups

Name	Purpose	Composition	Oversight
Integrated Reporting and Connectivity Council	To provide advice on how reporting required by the IASB and the ISSB should be integrated and on how principles and concepts from the Integrated Reporting Framework should be considered in relevant projects by the IASB and the ISSB.	The Chair of the IRCC is the former CEO of the International Integrated Reporting Council the Vice-Chair is a Trustee of the IFRS Foundation. Members of the Council are a) current members of the Integrated Reporting Council of the Value Reporting Foundation; b) members of the VRF and CDSB Boards who meet the criteria; and c) individuals whose expertise is deemed of high standing and who meet the criteria. <IR> Ambassadors who meet the criteria will also be invited to join the Council. Members will act in their personal capacity.	The Council will continue in this role for until end of August 2024. At that time the need for the separate Council will be reviewed by the Trustees of the IFRS Foundation.
ISSB Investor Advisory Group (IIAG)	To provide strategic guidance on the development of the ISSB Standards, helping to ensure that the investor perspective is articulated clearly and is considered in the ISSB standard-setting process. The IIAG also helps achieve widespread adoption and use of IFRS Sustainability Disclosure Standards by encouraging use of the Standards to communicate performance to investors on sustainability-related issues which impact enterprise value.	Chair: an IIAG member from CPP Investments Vice-Chair: an IIAG member from Norges Bank Investment Management. A group of over 60 members from leading asset owners and asset managers across markets who are committed to improving the quality and comparability of sustainability-related disclosure to investors.	Oversight of composition and effectiveness by the DPOC.
International Taxonomy Consultative Group (ITCG)	The ITCG is an expert consultative group that advises the IASB and ISSB on their respective digital taxonomies and related activities. The group is co-chaired by an IASB and an ISSB member.	Co-Chaired by an IASB member with an ISSB member. A group comprised of 20 experts in digital reporting, with 4 official observers.	Oversight of composition and effectiveness by the DPOC.
Jurisdictional Working Group	Consisting of jurisdictional representatives and representatives from the IFRS Foundation has established dialogue for enhanced compatibility between the ISSB’s exposure drafts and ongoing jurisdictional initiatives on sustainability disclosures.	Chaired by ISSB Leadership. Members: Chinese Ministry of Finance, the European Commission, the European Financial Reporting Advisory Group, the Japanese Financial Services Authority, the Sustainability Standards Board of Japan, the United Kingdom Financial Conduct Authority and the United Kingdom Financial Reporting Council, the US Securities and Exchange Commission. During the period both the Chilean Financial Market Commission (CMF) and the Singaporean Monetary Authority (MAS) were asked to participate in JWG meetings by the ISSB Leadership to provide additional perspectives.	Established by the IFRS Foundation Trustees.
Sustainability Consultative Committee (SCC)	To identify, inform and advise the ISSB on priority sustainability matters and related technical protocols, as well as significant interdependencies between sustainability matters.	The SCC is Chaired an ISSB Vice-Chair and is comprised of 4 permanent multilateral member organisations (IMF, OECD, UN and World Bank) and up to 9 additional expert members. Additional expert members may be drawn from organisations with relevant expertise or appointed as individual experts without organisational association.	The permanent multilaterals and SCC Chair presented the recommendations to the IFRS Foundation Trustees, who then had final approval of the composition.

Sustainability Standards Advisory Forum (SSAF)	To provide an advisory forum where members can constructively contribute towards the achievement of the ISSB's goal of developing standards that provide a comprehensive global baseline of sustainability-related reporting that is interoperable with jurisdictional standards on sustainability reporting ensuring two-way engagement between the ISSB and jurisdictions as sustainability-related reporting requirements are developing.	Chaired by an ISSB Vice Chair. Current members: Pan African Federation of Accountants (PAFA), Brazilian Committee of Sustainability Pronouncements (CBPS), Canadian Sustainability Standards Board (CSSB), Group of Latin American Accounting Standard Setters (GLASS), Mexican Financial Reporting Standards Board (CINIF), Accounting Regulatory Department, Ministry of Finance of People's Republic of China (ARD), Institute of Chartered Accountants India (ICAI), Korea Accounting Institute (KAI) and the Financial Services Commission (FSC), Saudi Organization for Chartered and Professional Accountants (SOCPA), Sustainability Standards Board of Japan (SSBJ), European Financial Reporting Advisory Group (EFRAG), Swiss State Secretariat for International Finance (SIF), UK Financial Reporting Council. Observers: United States Securities and Exchange Commission (US SEC), European Commission, IOSCO and GRI.	Members of the SSAF were selected by the Trustees of the IFRS Foundation, following a call for candidates.
Technical Reference Group (TRG)	To bring together a diverse, broad group of subject matter experts from existing Climate Disclosure Standards Board (CDSB) and Value Reporting Foundation (VRF) technical groups to provide technical advice and support to ISSB board members and technical staff. The group will serve as a technical reference group with the intention of evolving the design of the group in the future, when the operations and needs of the ISSB are further advanced.	Comprised of existing technical expertise from the CDSB and VRF technical groups, that include, but not limited to thematic, cross-industry and industry-specific expertise.	Oversight of composition and effectiveness provided by the DPOC.
Transition Implementation Group (TIG)	To inform the ISSB about implementation questions that could arise when entities implement IFRS S1 and IFRS S2	To be chaired by an ISSB Vice-Chair. The TIG comprises 17 members, of which 13 are preparers and four are assurance providers, and additionally includes official observers. The members have been appointed based on their deep technical expertise in sustainability and/or financial reporting.	Oversight of composition and effectiveness provided by the DPOC.