
IFRS Foundation Trustees meeting – Due Process Oversight Committee

Date **June 2024**
Topic **Update on ISSB technical activities**
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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*.

Purpose

1. This report provides the Due Process Oversight Committee (DPOC) with an update on the activities of the International Sustainability Standards Board (ISSB) since the last update to the DPOC in February 2024. The report covers the period from February to May 2024 and addresses the following matters:
 - (a) ISSB Consultation on Agenda Priorities;
 - (b) supporting implementation of IFRS S1 and IFRS S2;
 - (c) industry-based materials;
 - (d) the IFRS Sustainability Disclosure Taxonomy; and
 - (e) ISSB Standards-European Sustainability Reporting Standards (ESRS) Interoperability.
2. The report aims to assist the DPOC in fulfilling its role of overseeing the due process activities of the ISSB, as set out in paragraphs 2.1–2.15 of the *Due Process Handbook* (Handbook). *No decisions are required of the DPOC—accordingly, all information in this report is for noting only.*

Due process matters in the period for noting

ISSB Consultation on Agenda Priorities

3. The DPOC received a detailed overview¹ of the ISSB's work to establish its two-year work plan at its 29 May meeting. The ISSB intends to publish the feedback statement and two-year work plan in June 2024.

Supporting implementation of IFRS S1 and IFRS S2

Transition Implementation Group on IFRS S1 and IFRS S2 (TIG)

4. The TIG held its first technical discussion on 15 March 2024. TIG members discussed two topics in staff papers about aspects of cross-industry disclosures about physical and transition climate-related risks in IFRS S2, using ISSB Standards and related materials and the revision of preceding period estimated amounts. The ISSB received a summary of the March TIG meeting at the May ISSB meeting.
5. The next TIG meeting will take place on 13 June 2024.

¹ [AP1 - Update on Agenda Consultation](#)

Educational material

6. In the period, the IFRS Foundation published the following pieces of educational material that illustrate the application of the ISSB Standards in specific circumstances:
- (a) Material that describes how an entity can use the SASB Standards to meet the requirements in IFRS S1²;
 - (b) a webcast that introduces the ISSB Taxonomy³, its key features and the benefits for investors, companies and regulators;
 - (c) a two-part webcast that explains the disclosure requirements related to the current and anticipated effects of sustainability-related risks and opportunities on a company's financial performance, financial position and cash flows⁴; and
 - (d) the ESRS-ISSB Standards Interoperability Guidance (see paragraphs 13-16).

The listed educational material followed the due process review requirements set out in paragraph 8.10 of the Handbook.

7. At the February 2024 ISSB meeting, the ISSB considered the plan to develop educational material to explain the application of the concept of materiality in the context of the requirements in the ISSB Standards. The educational material on materiality is still being developed with a view to publishing in the coming months.
8. The staff are continuing to engage with stakeholders to further understand where there is need for additional material to be developed to support the application of IFRS S1 and IFRS S2.

Industry-based Materials

9. The ISSB decided in March 2024 that enhancing the SASB Standards would be a priority for the two-year period of the ISSB's next work plan. In May 2024 the ISSB discussed the Sustainable Industry Classification System[®] (SICS[®]) in the context of industry-based standard-setting and the ISSB's future approach to industry groupings for its industry-based materials, including the SASB Standards and the IFRS S2 *Industry-based Guidance on implementing Climate-related Disclosures*. The ISSB decided to maintain the use of SICS[®] and, alongside its work to enhance the SASB Standards over the next two years, to consider how to further enhance the industry groupings for its industry-based materials.
10. The ISSB recognised the continued use of the SICS classification system for industry groupings aligns with the ISSB's standard-setting objective of facilitating investors' ability to analyse and compare entities based on similar sustainability-related risks and opportunities. The ISSB also acknowledged that enhancing the industry groupings alongside the enhancements to the SASB Standards can help to reflect any changes as sustainability-related risks and opportunities and the economy continue to evolve.
11. At the June 2024 meeting the ISSB will consider the priorities for further enhancing the SASB Standards in the coming months.

² [Using the SASB Standards to meet the requirements in IFRS S1](#)

³ [Webcast: Introducing the ISSB Taxonomy](#)

⁴ [Webcasts: Current and anticipated financial effects](#)

Development of the IFRS Sustainability Disclosure Taxonomy

12. The ISSB issued the IFRS Sustainability Disclosure Taxonomy on 30 April 2024.
13. The Taxonomy reflects IFRS S1 and IFRS S2 and their accompanying guidance. The Taxonomy has been developed to help support dialogue between companies and investors and it neither introduces new requirements nor affects a company's compliance with the ISSB Standards. It was developed in accordance with the requirements in the Handbook. Informed by market feedback, the Taxonomy enables companies to consistently tag information prepared using ISSB Standards. As noted, the IFRS Foundation published a webcast that explains the role of the ISSB Taxonomy and its benefits.

ISSB-ESRS Interoperability

14. In May 2024, the IFRS Foundation and EFRAG published the [ESRS-ISSB Standards Interoperability Guidance](#).
15. The joint interoperability guidance describes the alignment of disclosure requirements focused on climate and the information that an entity starting with each set of standards needs to know to enable compliance with both sets of standards, ensuring interoperability between them. Regardless of whether it starts with ESRS or ISSB Standards, an entity can comply with the climate requirements of both sets of standards by following the content of this interoperability guidance.
16. The DPOC were updated specifically in September 2024 on the development of the ESRS-ISSB Standards Interoperability Guidance. The DPOC noted that in determining the reviewers and number of reviewers, it asked the ISSB leadership to take account of the importance and likely global widespread interest in the material. The DPOC also emphasised it was important that the material is clear about its nature and purpose and explains that that it does not replace the need for entities to read and apply the Standards.
17. The material was reviewed by six ISSB Board members including the Chair, the Vice-Chairs and three additional ISSB Board members that provided further geographical coverage. The material also includes an explicit statement that the guidance does not replace the need for entities to read and apply the Standards.

Consultative Groups

18. In the period between February and May, the ISSB's Consultative Groups have continued to meet and [Appendix B](#) summarises the purpose of each group and a description of their meetings in the period.
19. One specific matter to note is that the call for members for the IFRS Sustainability Reference Group (SRG) closed on 20 April. The SRG will be a diverse group of up to 150 members, including preparers, users and subject matter experts with experience in sustainability and financial reporting, designed to provide technical input to ISSB members and staff for research and standard-setting projects. The SRG is expected to be established in the coming months and the DPOC is expected to be engaged soon on its composition.

Appendix A—Overview of projects on the Work Plan

Project	Objective	Next due process step	Date	Current activity	Last due process document
Consultation on Agenda Priorities	To obtain feedback to inform the ISSB’s work plan and activities for the next two years following the consultation	Feedback Statement	June 2024	The ISSB intends to publish the feedback statement and its two-year work plan in June 2024.	Request for Information published May 2023
IFRS Sustainability Disclosure Taxonomy	To develop the IFRS Sustainability Disclosure Taxonomy to reflect the requirements in IFRS S1 and IFRS S2	N/A	N/A	N/A IFRS Sustainability Disclosure Taxonomy published in April 2024	IFRS Sustainability Disclosure Taxonomy

Appendix B—Consultative Group activities

Name	Purpose	Composition	Oversight	Meetings in period
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.	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.	ISSB Chair and Vice Chair(s)	The JWG met in March 2024 to discuss the development of the Jurisdictional Adoption Guide.
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.	12-16 jurisdictional and/or regional bodies.	Members of the SSAF will be selected by the Trustees of the IFRS Foundation, following a call for candidates.	The SSAF met in March 2024 and discussed: <ul style="list-style-type: none"> • Connectivity between the IASB and the ISSB • Agenda Priorities; • Digital Taxonomy; • Enhancements to SASB Standards; and • Educational Material.
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 by the ISSB Vice-Chair, 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 presents the recommendations to the IFRS Foundation Trustees, who then have final approval of the composition.	The SCC met in April 2024 and discussed the Consultation on Agenda Priorities and the development of the Jurisdictional Adoption Guide.

Name	Purpose	Composition	Oversight	Meetings in period
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.	Members of the Council are the: 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 two years. At the expiry of two years the need for the separate Council will be reviewed by the Trustees of the IFRS Foundation.	The Integrated Reporting and Connectivity Council met in January to discuss 'integration in reporting' one of the four proposed projects from the ISSB's Agenda Consultation Request for Information (RFI).
Sustainability Reference Group	IFRS Sustainability Reference Group (SRG) call for members closed on 20 April. The SRG will be a diverse group of up to 150 members, including preparers, users and subject matter experts with experience in sustainability and financial reporting, designed to provide technical input to ISSB members and staff for research and standard-setting projects.	Up to 150 members, including preparers, users and subject matter experts with experience in sustainability and financial reporting	Oversight of composition and effectiveness will be provided by the DPOC.	The SRG is expected to be established in the coming months and the DPOC is expected to be engaged soon on its composition.
ISSB Investor Advisory Group (IIAG)	To provide strategic guidance on the development of IFRS Sustainability Disclosure 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.	A group of 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 will be provided by the DPOC.	The IIAG met in March 2024 and received an update on the ISSB's work and the development of the Jurisdictional Adoption Guide.