
IFRS Foundation Trustees

Due Process Oversight Committee (DPOC)

Date	May 2024
Project	ISSB Consultation on Agenda Priorities
Topic	Update on Agenda Consultation
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This paper has been prepared for discussion at a public meeting of the Due Process Oversight Committee (DPOC). This paper does not represent the views of the International Sustainability Standards Board (ISSB) or any individual ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the ISSB *Update*.

Purpose of this session

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- Keep the DPOC informed of the agenda consultation process, including how the ISSB expects to respond to the input it has received.
- Provide DPOC members an opportunity to ask questions and provide comments before publication of the Feedback Statement towards the end of June 2024.

Question for DPOC members

- Do you have any comments or questions on the ISSB's agenda consultation or on the feedback received?

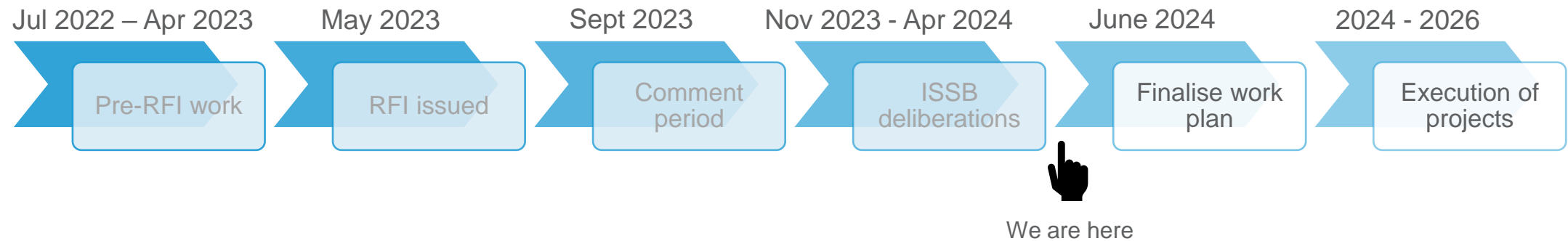
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Overview of Agenda Consultation



Overview of Agenda Consultation



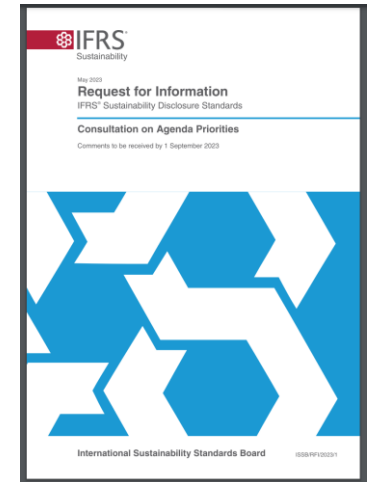
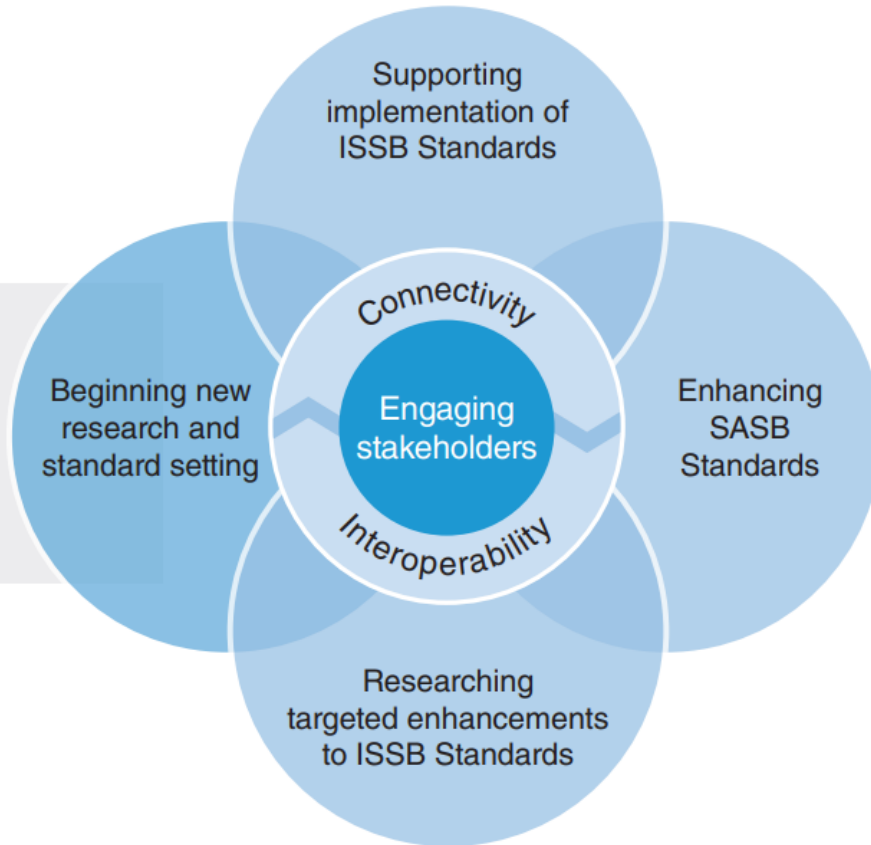
- As part of its initial consultation on agenda priorities, the ISSB issued a Request For Information: *Consultation on Agenda Priorities* (RFI) on 4 May 2023 to inform its work plan for the two years following consultation. The comment period closed on 1 September 2023 after a 120-day comment period.
- The ISSB considered all feedback to inform its decisions on the work plan and will finalise the work plan by the end of June 2024.

Request for Information

1 **Comment on:** Strategic direction and balance of ISSB's activities

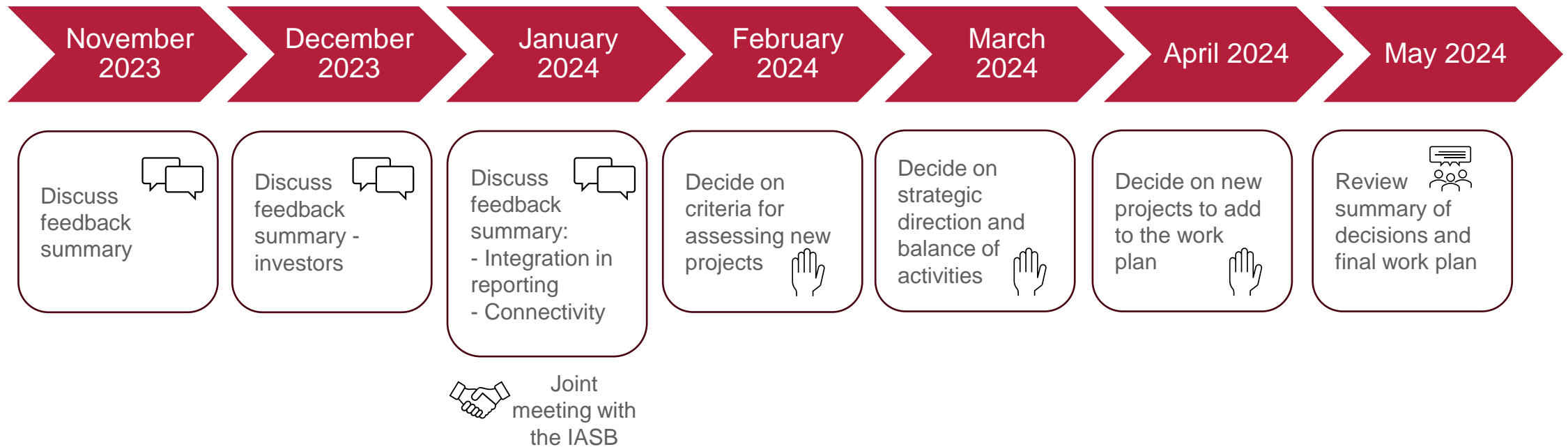
Comment on:

- Criteria for assessing new projects
- Priority, scope and structure of new projects



[Request for Information: Consultation on Agenda Priorities](#)

ISSB public discussions and decisions



The agenda papers for these meetings can be accessed on the [project history page](#) of the IFRS Foundation website.

DPOC discussion of Agenda Consultation

October 2022*

- Discussion of proposed approach to the agenda consultation.

March 2023

- Preapproval of shortened comment period for the RFI.

The Agenda Consultation has featured as part of the update to the DPOC on ISSB activities at each of its meetings.

Summary of respondents and key messages



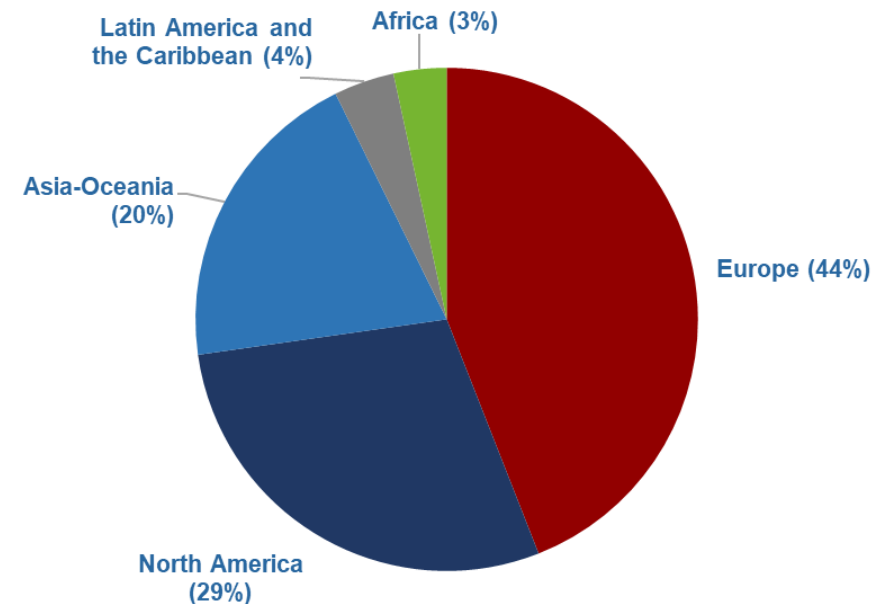
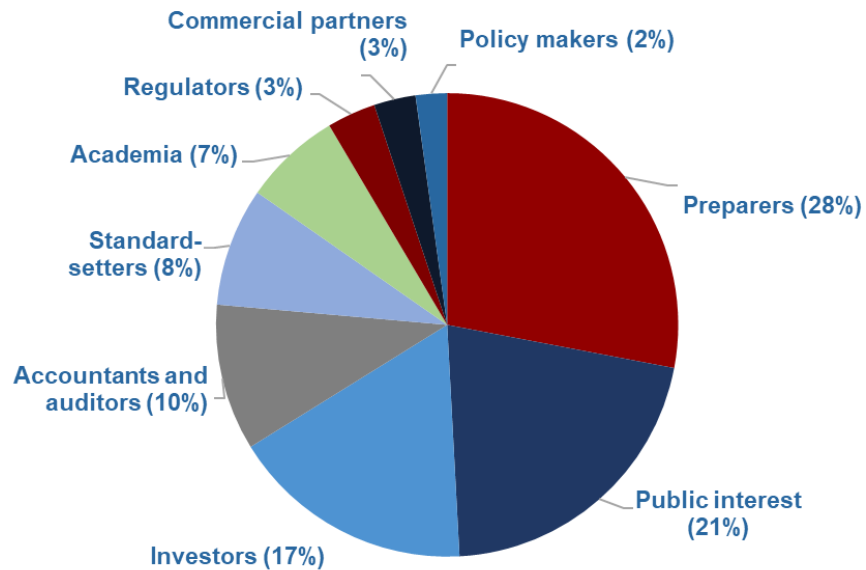
Summary of respondents



The ISSB received 433 responses to the RFI (comment letters and survey responses).



Breakdown of respondents by stakeholder type and geographic region:



Quantifying the feedback received

Term	Extent of response
Almost All	All except a very small minority
Most	A large majority, with more than a few exceptions
Many	A small majority or large minority
Some	A small minority, but more than a few
A few	A very small minority

Summary of key messages (1/3)

1 Strategic direction and balance of ISSB's activities:



- Support for all the ISSB's identified activities to further the global baseline.
- **Most viewed 'supporting implementation of IFRS S1 and IFRS S2' as the highest priority.**
- Many also highlighted the importance of 'interoperability' (between ISSB and other sustainability standards) in the ISSB's current and future work.
- Some called for the ISSB to more clearly articulate and define a longer-term strategic vision of the future of the ISSB Standards.

2 Criteria for assessing new projects:



- **Almost all agreed with the appropriateness of identified criteria.**
- Many suggested amendments or additions to the criteria, with respondents suggesting one or more of the following topics be incorporated in the criteria: interoperability, double materiality, global applicability and/or connectivity with IASB/financial reporting.

Summary of key messages (2/3)

3 Priority, scope and structure of new projects:

- Prioritisation and allocation of resources:
 - Mixed views on prioritising a single vs. multiple projects.
 - No clear consensus on the particular project, or set of projects, that the ISSB should prioritise.
 - **Most supported the ISSB prioritising at least one of the four proposed projects** (biodiversity, ecosystems and ecosystem services, human capital, human rights, integration in reporting).
- Feedback on proposed projects on biodiversity, ecosystems and ecosystem services, human capital and human rights:
 - Most supported a ‘holistic’ approach to each of the topics, rather than prioritising a particular subtopic.
 - Most viewed the sustainability-related risks and opportunities as ‘substantially different’ across industries and geographic locations.
 - **Most suggested the ISSB should consider and leverage other materials or the work of other organisations.**
 - Some suggested changes to the scope of biodiversity, ecosystems and ecosystem services (focus on ‘nature’ more broadly) and human capital and human rights (combine to a single ‘social’ topic).

Summary of key messages (3/3)

3 Priority, scope and structure of new projects (continued):

- Feedback on proposed project on integration in reporting:
 - Diverse views and expectations about meaning of ‘integration in reporting’ and potential project outcome.
 - Approximately one half of all respondents viewed the project as a higher priority.
 - Approximately one half of all respondents ranked the project as a lower priority, or did not comment.
 - **Two-thirds of all investors ranked the project as a lower priority** or asked the ISSB to focus on other matters.
 - Some respondents, while acknowledging the importance of the topic, noted it should be prioritised as a medium-to-long term project (rather than as part of the next two-year work plan).
 - If pursued, most respondents agreed that the project should be conducted as a formal joint project between the IASB and ISSB.
 - Many respondents suggested the project build upon the IASB’s Management Commentary Exposure Draft and the Integrated Reporting Framework.

ISSB's response to feedback



Response to feedback (1/4)

1 Strategic direction and balance of ISSB's activities:

- High level of focus on supporting implementation of IFRS S1 and IFRS S2.
- Slightly lower but equal level of focus on:
 - Enhancing SASB standards
 - Beginning new research and standard-setting projects
- Activities integral to all work:
 - Interoperability with relevant standard-setters
 - Connectivity with the IASB
 - Stakeholder engagement
- Some capacity reserved for flexibility to address emerging issues.



Response to feedback (2/4)

2 Criteria for assessing new projects:

- No substantive changes to six of the seven criteria proposed.
- Change the criterion on how a potential project would relate to other projects in the work plan to make it explicit that the ISSB will consider the work of other relevant standard-setters (to facilitate interoperability).



Criteria used:

1. The importance of the matter to investors.
2. Whether there are any deficiencies in the way companies disclose information on the matter.
3. The types of companies that the matter is likely to affect, including whether the matter is more prevalent in some industries and jurisdictions than others.
4. How pervasive or acute the matter is likely to be for companies.
5. The potential project's interaction with other projects in the work plan or with the work of other relevant standard-setters.
6. The complexity and feasibility of the potential project and its solutions.
7. The capacity of the ISSB and its stakeholders to make timely progress on the potential project.

Response to feedback (3/4)

3 Priority, scope and structure of new projects:

- Add **two** of the four proposed projects to the next two-year work plan:

New research projects



Biodiversity, ecosystems and ecosystem services

- Growing interest among investors for improved disclosure.
- Build from pre-existing initiatives such as SASB Standards, CDSB guidance and TNFD.



Human capital

- Affects companies of all sizes and types.
- Opportunity to address a lack of consistent, comparable disclosures.
- Includes both own workforce and workers in the value chain.

Response to feedback (4/4)

3 Priority, scope and structure of new projects (continued):

- **Not** advance these two proposed projects as part of the next two-year work plan:



Human Rights

- Some aspects of human rights disclosure will be considered via human capital project and enhancement of SASB Standards.



Integration in reporting

- ISSB and IASB support the continued use of the Integrated Reporting Framework and Integrated Thinking Principles.
- Strong message – important *at the right time*

The ISSB will closely monitor developments and may consider including the projects in a future agenda consultation.

Due process steps
completed



Due process steps completed (1/4)

Due Process Handbook requirement	Action
<p>Paragraph 4.3: The Board undertakes a public consultation on the work plan every five years by way of a public request for information. [...]</p>	<p>Published RFI on 4 May 2023.</p>
<p>Paragraph 4.3: [...] The Board normally allows a minimum of 120 days for comment on a work plan (agenda) consultation request for information. [...]</p>	<p>The RFI was open to comment for 120 days.</p>
<p>Paragraph 4.3: [...] The Board's discussion of potential projects to be added to or withdrawn from the work plan takes place in public Board meetings.</p>	<p>On 23 April 2024, the ISSB discussed and made decisions on potential projects to be added to the work plan in a public meeting.</p>

Due process steps completed (2/4)

Due Process Handbook requirement	Action
<p>Paragraph 4.4: As part of this public consultation, the Board consults the Advisory Council.</p>	<ul style="list-style-type: none">• In October 2022, the Advisory Council was informed of the planned approach to develop the RFI and feedback was sought from the Advisory Council on consulting with the market on the ISSB’s initial agenda consultation. The feedback helped shape the content of the RFI.• In June 2023, the Advisory Council was provided with an overview of the agenda consultation and the RFI and feedback was sought on three key aspects of the RFI.• In April 2024, the Chair and Vice-Chair of the ISSB provided the Advisory Council with an update of the ISSB’s activities including the agenda consultation.

Due process steps completed (3/4)

Due Process Handbook requirement	Action
<p>Paragraph 4.5: In line with paragraphs 36(d) and 15(d) of the Constitution, 2 the Board consults with the Trustees regarding the work plan and, through the DPOC, keeps the Trustees informed of its process in respect of its five-yearly consultation, including how it expects to respond to the input it has received. [...]</p>	<ul style="list-style-type: none">• In October 2022, the DPOC was provided with an overview of the approach and proposed timing for the agenda consultation and the DPOC's feedback was sought on the proposed approach.• Between March 2023 and February 2024, the DPOC and Trustees were provided with an update of the ISSB's activities including the agenda consultation at its meetings.• In May 2024, the DPOC was informed on how the ISSB expects to respond to input received. (This meeting).

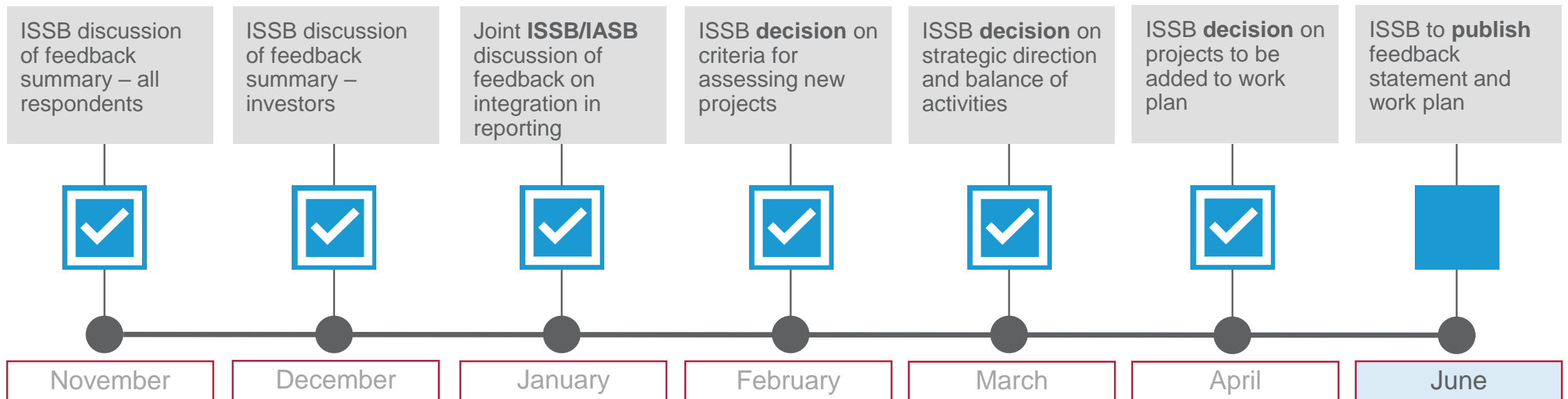
Due process steps completed (4/4)

Due Process Handbook requirement	Action
<p>Paragraph 4.16: [...] and requests for information require the support of a simple majority of the Board, with approval given in a public meeting.</p>	<p>On 19 April 2023, all 14 ISSB members approved the publication of the RFI in a public meeting. The ISSB decided to allow 120 days for comment on the RFI.</p>

Project timeline and next steps



Project timeline and next steps



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