

IFRS Sustainability Developments

ISSB publishes Request for Information on its agenda priorities

What you need to know

- ▶ On 4 May 2023, the ISSB published its Request for Information on its agenda priorities.
- ▶ A comment period of 120 days ends on 1 September 2023.
- ▶ Feedback provided by stakeholders on the Request for Information will inform the ISSB's two-year work plan.

Introduction

On 4 May 2023, the International Sustainability Standards Board (the ISSB or the Board) published its first Request for Information about its agenda priorities. The four projects that have been identified by the ISSB as potential projects to be prioritised are: biodiversity, ecosystems and ecosystem services; human capital; human rights; and integration in reporting. The final outcome of the agenda consultation will be an ISSB work plan for a period of two years commencing in 2024, following determination of that plan. The Request for Information has a comment period of 120 days, ending on 1 September 2023.

Background

According to the guidance in the IFRS Foundation's Due Process Handbook, the ISSB should undertake a public consultation on its work plan on a regular basis. Given the emerging and evolving nature of sustainability-related risks and opportunities, the ISSB decided to launch its first agenda consultation sooner, i.e., before the projects included in its initial work plan are completed, and to focus on a two-year time horizon. This time horizon is shorter than the timeframe typically considered for financial accounting standard setting (e.g., a five-year work plan usually set out by the International Accounting Standards Board (IASB)). The ISSB has included in the Request for Information a shortlist of four potential projects. Details of the four projects are set out below.

The ISSB's objectives in the agenda consultation are to: receive formal input from the public about the strategic direction and balance of the ISSB's activities; set the criteria for assessing potential projects to be included in the work plan; and to establish which of the sustainability reporting matters should be given priority.

Four potential projects are included in the Request for Information: biodiversity, ecosystems and ecosystem services; human capital; human rights; and integration in reporting.

Content of the Request for Information

The ISSB's activities that will form its next work plan, as outlined in the Request for Information, are primarily categorised into two types: a) the work to which the ISSB is committed in order to support and build on the foundation created by IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and IFRS S2 Climate-related Disclosures (IFRS S2), both of which are expected to be finalised in June; and (b) new research and standard-setting work that relates to additional projects the ISSB could prioritise. Both types of activities are interrelated with the aim of establishing a global baseline of sustainability-related disclosures. Although the objective of the Request of Information is to request for feedback on the strategic direction and balance of the ISSB's activities, its primary focus is to receive feedback from stakeholders on the scope, content and structure of the new research and standard-setting projects. The Request of Information also sets out specific criteria to be considered when assessing which sustainability reporting matters could be added to the ISSB's work plan and requests feedback about the suitability of them.

One of the ISSB's primary considerations in prioritising the potential projects was its ability to make meaningful progress on sustainability-related topics in a timely manner, within the two-year work plan. This period will commence in 2024 after the work plan has been determined.

The ISSB staff have conducted research and outreach activities including meetings with advisory bodies and consultative groups, as well as consulting and analysing various sources of information (e.g., stakeholder responses received on the draft IFRS S1 and the draft IFRS S2, existing standards and proposals from jurisdictional and voluntary standard-setters). This research and outreach indicated a need from investors and the market for information about various broadly defined sustainability-related topics. However, a significant level of demand was focused on three main topics:

- ▶ Biodiversity, ecosystems and ecosystem services (including other nature-related issues)
- ▶ Human capital (with a particular focus on diversity, equity and inclusion)
- ▶ Human rights (particularly in the context of the value chain, with a focus on worker or labour rights and community rights)

A description has been provided in an Appendix of the Request for Information for each of these main topics to ensure that the ISSB does not inadvertently describe different projects or areas of emphasis. Also, subtopics are suggested for each of the identified main topics. The list of suggested topics and subtopics is not exhaustive. Feedback providers are encouraged to suggest other topics or subtopics that have not been addressed by the ISSB in the Request for Information, and explain why these are important.

The fourth potential project included in the Request for Information is 'integration in reporting'. The aim of this project would be to provide clarity on how the components of general purpose financial reports fit together. This could lead to developing guidance to bring together sustainability-related financial information and other financial information in a new set of integrated information, through which the users of integrated reporting will have a comprehensive, coherent and concise view of how an entity creates, preserves or erodes value. In addition to asking stakeholders whether such a project should be prioritised, the Request for Information also requests feedback as to whether this project should be pursued primarily as an ISSB project (drawing input from the IASB as needed), or as a formal joint project between the ISSB and the IASB.

Duration of the comment period to the Request for Information

The ISSB set a 120-day comment period for the Request for Information ending on 1 September 2023.

Feedback on the Request for Information is encouraged to be provided primarily via an electronic survey, rather than via traditional open comment letters. This will enable the ISSB to analyse the feedback on the matters covered in a more timely manner. The ISSB intends to discuss the feedback received in the fourth quarter of 2023.

How we see it

Demand from the market for information on a broad range of sustainability-related topics is strong. Therefore, the ISSB's agenda for the foreseeable future is expected to be busy. We encourage stakeholders to respond to the Request for Information as the ISSB's agenda priorities will ultimately inform its work plan for the next two years that will contribute to shaping future sustainability-related reporting to inform investment decisions.

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EYG No. 004354-23GbI

ED None

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