
IFRS Foundation Trustees meeting – Due Process Oversight Committee

Date **February 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 provided to the DPOC in October 2023. The report is for the period from October 2023 to 16 February 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](#); and
 - (d) [ISSB Consultation on the IFRS Sustainability Disclosure Taxonomy](#).
2. [Appendix A](#) provides an overview of projects on the ISSB's work plan.
3. 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

4. The ISSB published the Request for Information for its Consultation on Agenda Priorities to seek feedback on its work plan for an initial two years in May 2023. Informed by significant stakeholder consultation, the ISSB sought feedback on four potential projects:
 - (a) three research projects on sustainability-related risks and opportunities associated with:
 - (i) biodiversity, ecosystems and ecosystem services;
 - (ii) human capital;
 - (iii) human rights; and
 - (b) one research project on integration in reporting to explore how to integrate information in financial reporting beyond the requirements related to connected information in IFRS S1 and IFRS S2.
5. Stakeholders were able to submit their feedback via a comment letter or by a survey response. The four-month consultation period closed on 1 September 2023 and over 400 responses were received. During the period the ISSB has considered analysis of the feedback. In November 2023 it considered

four summaries of various aspects of the feedback and in December 2023 considered a specific analysis of the feedback from investors.

6. Most respondents are supportive of the scope of activities presented within the Request for Information. Among those activities, most respondents (including investors) view 'supporting the implementation of IFRS S1 and IFRS S2' as the highest priority and highlight the importance of this activity in supporting the ISSB's mission to deliver the comprehensive global baseline of sustainability-related financial disclosures to meet the needs of capital markets. Many respondents commented on the importance of ensuring the interoperability of the ISSB Standards with other jurisdictional and voluntary sustainability standards and frameworks and encouraged the ISSB to work closely with other standard setters and framework providers as part of its interoperability efforts.
7. In relation to the potential research project on integration in reporting that was covered in the Request for Information, the IASB and the ISSB considered the feedback in a joint meeting held in London in January 2024. At the joint meeting, the staff also summarised feedback on connectivity and how the IASB and the ISSB can continue to inform each other's work. The discussions at the joint meeting will assist the ISSB as it establishes its two-year work plan and the IASB in its ongoing discussions relating to its Management Commentary project.
8. The ISSB will discuss the criteria for determining its standard-setting priorities in the next two years at its February 2024 meeting, with a view to establishing its two-year work plan in the second quarter of 2024 and plan to provide the DPOC with a further specific overview in line with this timeline.

Supporting implementation of IFRS S1 and IFRS S2

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

9. One of the key mechanisms to support the implementation of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate Related Disclosures* is the Transition Implementation Group on IFRS S1 and IFRS S2 (TIG) which was established in September 2023. The TIG will discuss implementation questions submitted by stakeholders related to the requirements in IFRS S1 and IFRS S2. The purpose of the TIG is to:
 - (a) provide a public forum for the discussion of implementation questions.
 - (b) inform the ISSB so that the ISSB is able to determine what, if any, action is needed to address those questions. Possible actions include providing supporting materials such as webinars, case studies and/or referral to the ISSB for further action.
10. The TIG held an introductory meeting in November 2023 to discuss the functioning of the group. In the period implementation questions have been received from stakeholders and the TIG will hold its first technical discussion on 15 March 2024.

Educational material

11. In the period, the IFRS Foundation published two pieces of 'educational material' that illustrate the application of the ISSB Standards in specific circumstances. Educational Material on nature and social aspects of climate-related risks and opportunities¹ was published in December 2023. This material comprises three examples, and explains and illustrates how entities might apply requirements in IFRS S2 and IFRS S1 to provide information about nature and social aspects of

¹ [Educational Material – Nature and social aspects of climate-related risks and opportunities](#)

climate-related risks and opportunities to provide material information to users of general purpose financial reports.

12. Material illustrating interoperability considerations for disclosures about GHG emissions between IFRS S2 and relevant requirements in GRI Standards was published in January 2024² jointly by the IFRS Foundation and the GRI. The material specifically illustrates the areas of interoperability between GRI 305: Emissions 2016 (GRI 305) and IFRS S2 that a company should consider when measuring and disclosing Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions in accordance with both Standards.
13. 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.
14. The above materials and other materials developed since the issuance of IFRS S1 and IFRS S2 to support their application and their associated due process are summarised and considered further in Agenda Paper 1E.

Industry-based materials

15. The ISSB published an Exposure Draft in May 2023 to seek feedback on the proposed methodology to make targeted amendments to the SASB Standards to enhance their international applicability. Stakeholders were able to submit feedback on the Exposure Draft via a comment letter or an online survey. The consultation period ended in August 2023 and over 140 responses were received.
16. The amendments to the SASB Standards were made in accordance with the due process approved by the DPOC. Steps taken in finalising the amendments including the following. The SASB Board Advisors:
 - (a) reviewed and discuss the feedback received;
 - (b) provided the ISSB with a status update at the October board meeting;
 - (c) published a marked-up version of the changes made to the SASB Standards on the IFRS Foundation website for a period of 30 days for fatal flaw review in October; and
 - (d) presented their recommendations to the ISSB and received ISSB ratification of the updated SASB Standards in December 2023.
17. Following ratification by the ISSB In December 2023, the ISSB published amendments to the SASB Standards to enhance their international applicability prior to year end. The amendments are intended to help preparers apply the SASB Standards regardless of the jurisdiction in which they operate or the type of generally accepted accounting principles (GAAP) they use, without substantially altering the SASB Standards' structure or intent. The SASB Standards facilitate the application of IFRS S1 for preparers by providing guidance that is required to be referred to and considered in identifying sustainability-related risks and opportunities and relevant disclosures for topics beyond climate.
18. The ISSB will consider the priorities for further enhancing the SASB Standards in the coming months as it considers its broader standard-setting priorities and establishes its work plan.t

² [Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards](#)

Development of the IFRS Sustainability Disclosure Taxonomy

19. The ISSB is creating an IFRS Sustainability Disclosure Taxonomy to reflect disclosure requirements arising from IFRS S1 and IFRS S2. The due process being applied is aligned with the equivalent requirements used by the IASB for its Taxonomy, consistent with the DPOC's decision in March 2022 that the ISSB apply the relevant requirements of the Handbook. The ISSB published the Proposed IFRS Sustainability Disclosure Taxonomy on 27 July 2023 with a comment of 60 days.
20. The *Proposed IFRS Sustainability Disclosure Taxonomy* is designed to facilitate digital consumption of sustainability-related financial information by users of general purpose financial reports, to support regulatory requirements for digital reporting of sustainability-related financial information, and to enable preparers to implement digital reporting of sustainability-related financial information, enabling tagging without undue cost.
21. The ISSB received 48 responses, including 27 survey responses and 21 comment letters on the Exposure Draft. The ISSB received a summary of the feedback received at the November 2023 meeting. Almost all respondents agree the Proposed Taxonomy appropriately reflects the requirements in IFRS S1 and IFRS S2 and will appropriately support preparers, investors and regulators in enabling the digital reporting of sustainability-related financial disclosures. Stakeholders generally supported the aim for a simple Taxonomy, designed to tag all information whilst minimising the need for multiple tagging, because it will help support the global implementation and consistent application of the Taxonomy.
22. While not required by the Due Process Handbook, in December 2023 the ISSB discussed the proposed changes to be made to the Proposed Taxonomy as a result of the feedback. Following that meeting the staff has engaged with the IFRS Taxonomy Consultative Group (ITCG) on those changes. The ISSB intends to issue the IFRS Sustainability Disclosure Taxonomy in April 2024.

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	Q2 2024	The ISSB is continuing to consider feedback received with a view to establish its two-year work plan in the second quarter of 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	IFRS Sustainability Disclosure Taxonomy	April 2024	Finalising the IFRS Sustainability Disclosure Taxonomy.	Exposure Draft published July 2023