
IFRS Foundation Trustees meeting – Due Process Oversight Committee

Date **October 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 June 2024. The report covers the period from June to October 2024 and addresses the following matters:
 - (a) the establishment of the ISSB's two-year work plan;
 - (b) supporting implementation of IFRS S1 *General requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*;
 - (c) research projects on biodiversity, ecosystems and ecosystems services and human capital;
 - (d) enhancements to the SASB Standards;
 - (e) the IFRS Sustainability Disclosure Taxonomy.
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—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 comprehensive briefing¹ about the ISSB's work to establish its two-year work plan at its 29 May meeting. The ISSB published 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 was established to inform the ISSB about implementation questions that could arise when entities implement IFRS S1 and IFRS S2. TIG discussions inform what, if any, action the ISSB should take to address questions arising from TIG discussions. The TIG have met twice during the period, on 13 June 2024 and on 19 and 20 September. In June the TIG discussed two topics regarding the revision of preceding period estimated amounts and the application of the requirements on comparative information. The ISSB received a summary of the TIG's discussions at its July 2024 meeting. The ISSB was not asked to make any decisions resulting from the June TIG discussions.

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

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5. At the September meeting the TIG discussed four topics regarding:
 - (a) consideration of risk mitigation activities when identifying sustainability-related risks;
 - (b) application of jurisdictional relief from the use of the GHG Protocol to measure greenhouse gas emissions;
 - (c) scope 3 Category 15 GHG emissions related to particular financial activities and asset classes; and
 - (d) the use of Global Warming Potential values specified by a jurisdictional authority.
 6. The staff will provide a summary of the discussion for the ISSB at its November 2024 meeting. The next TIG meeting will take place in December 2024.

Other implementation activities

7. The Educational material published in the period and its associated due process review is covered in Agenda Paper DP10 of this meeting. The ISSB is also developing its plans for educational material on Transition Plans building on the disclosure materials of the Transition Plan Taskforce for which the ISSB is now responsible. The specific timing for this work will be communicated in due course.
8. The IFRS Foundation and GHG Protocol have signed a Memorandum of Understanding to put in place governance arrangements so that the ISSB is actively engaged in updates and decisions made in relation to the GHG Protocol standards and guidance. The ISSB is actively engaged in updates and decisions made in relation to the GHG Protocol standards and guidance. This is important given the references to the GHG Protocol in the ISSB Standards. A representative of the ISSB is an observer on the GHG Protocol Independent Standards Board.

Research projects on biodiversity, ecosystems and ecosystems services and human capital

9. The ISSB have added two research projects to its two-year work plan:
 - (a) biodiversity, ecosystems and ecosystems services; and
 - (b) human capital.
10. During the initial research stage staff is undertaking research on the current disclosures on the topic areas and are engaging with key stakeholders to further inform the research. This has included conducting a jurisdictional survey via the Sustainability Standards Advisory Forum. This will inform the ISSB's understanding of any existing requirements in jurisdictions that could inform the ISSB's future work.
11. At the July ISSB meeting the ISSB discussed the design and approach of its initial work. The ISSB decided that the research projects also include efforts to build on existing materials (including the SASB Standards, CDSB Framework application guidance and the recommendations of the Taskforce on Nature-related Financial Disclosures) and to enhance interoperability between its own Standards and other widely used standards and frameworks, including GRI Standards and European Sustainability Reporting Standards (ESRS).
12. The staff plans to provide the ISSB with an overview of findings from the jurisdictional survey and discuss next steps in October 2024.

Enhancements to the SASB Standards

13. The ISSB is working on enhancements to a set of SASB Standards that the ISSB has prioritised as a part of its 2024-2026 work plan. At the June 2024 meeting the ISSB discussed the priorities for further enhancing the SASB Standards. Following this the ISSB considered its overall approach to enhancing the SASB Standards and how this work can support the implementation of IFRS S1 and IFRS S2 as well as informing the ISSB's research projects. In enhancing the SASB Standards the ISSB explained it would:
- (a) pursue enhancements that improve the quality, international applicability and proportionality of the ISSB's industry-based materials as a key component of its global baseline;
 - (b) conduct research and engage with the ISSB's stakeholders to support and inform any enhancements; and
 - (c) ultimately seek to enhance content across the full body of the SASB Standards.
14. To support this enhancement work the ISSB discussed the specific priorities for its two-year work plan. In determining the specific priorities, the ISSB received an update on related work to develop industry standards by the GRI and by EFRAG. The priorities were selected based on where work had already been advanced by the SASB prior to consolidation into the IFRS Foundation and to support interoperability between the work of the ISSB with EFRAG and the GRI. As a result, the ISSB decided at its July meeting to start developing exposure drafts of enhancements to:
- (a) all eight SASB Standards in the Extractives & Minerals Processing sector;
 - (b) the Electric Utilities & Power Generators SASB Standard in the Infrastructure sector; and
 - (c) three SASB Standards in the Food & Beverage sector—subject to assessing whether the ISSB and its stakeholders have the capacity to do so (the ISSB noted that it would be 'highly desirable' that these three industries be included in the initial phase of work);
 - (d) consider making targeted amendments to other SASB Standards to ensure that measurement of common topics remains consistent among industries, where appropriate; and
 - (e) research:
 - (i) priorities for the second phase of the project to enhance the SASB Standards; and
 - (ii) how to enhance the Sustainable Industry Classification System® (SICS).
15. At its September 2024 meeting the ISSB received an overview of a select set of disclosure topics and associated metrics from the Iron & Steel Producers and Metals & Mining SASB Standards as part of an educational session.
16. The due process established for the SASB Standards is being used for these enhancements. This work will result in the publication of exposure drafts by the ISSB. For the priority industries that have been identified (ie those listed in paragraphs [14(a) and (b)] above) the intention is to publish exposure drafts in Q1 2025.

SASB Standards Taxonomy

17. The ISSB is currently approving an update to the SASB Standards Taxonomy. The update will reflect disclosure requirements arising from recent amendments to the SASB Standards. In particular:

- (a) the consequential amendments that were made in connection with the issuance of IFRS S2 in June 2023; and
 - (b) the amendments that were made as part of the ISSB's International Applicability of the SASB Standards project in December 2023.
18. For background on the due process applied, the DPOC approved an approach in February 2023 to updating the SASB Standards Taxonomy that aligned with the process used to amend the SASB Standards in connection with the project on international applicability. Specifically, that exposure draft included a discussion of the proposed taxonomy modelling approach and invited comments on that modelling approach. At its December 2023 meeting, the ISSB discussed the feedback on the exposure draft and voted to issue amendments to the SASB Standards and make related updates to the SASB Standards Taxonomy. The amendments will be approved for publication by the ISSB.

Development of the IFRS Sustainability Disclosure Taxonomy

19. The ISSB issued the IFRS Sustainability Disclosure Taxonomy on 30 April 2024. The Taxonomy reflects IFRS S1 and IFRS S2 and their accompanying guidance. The Taxonomy facilitates digital reporting 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.
20. The staff and the ISSB are engaging with stakeholders, including regulatory authorities in support of the implementation of the IFRS Sustainability Disclosure Taxonomy.

Consultative Groups

21. The work of the ISSB Consultative Groups is covered in Agenda Paper DP8.

Appendix A—Overview of projects on the Work Plan and ISSB technical priorities

Project	Objective	Next due process step	Date	Current activity	Last due process document
Supporting Implementation of IFRS S1 and IFRS S2	Providing support in the implementation of IFRS S1 and IFRS S2 through the development of educational material and engagement of the TIG.	NA	Q4 2024	TIG meeting December 2024	IFRS S1 and IFRS S2 published June 2023
Biodiversity, ecosystems and ecosystems services	To explore the feasibility and necessity of developing ISSB requirements related to Biodiversity, ecosystems and ecosystems services, taking into account investors' information needs and the likely costs for entities of preparing such information.	Review research	H1 2025	The ISSB staff is currently engaging in research on the current state of disclosure in relation to Biodiversity, ecosystems and ecosystems services and plan to engage the ISSB on its initial findings in the coming months.	NA
Human capital	To explore the feasibility and necessity of developing ISSB requirements related to Human Capital, taking into account investors' information needs and the likely costs for entities of preparing such information.	Review research	H1 2025	The ISSB staff is currently engaging in research on the current state of disclosure in relation to Biodiversity, ecosystems and ecosystems services and plan to engage the ISSB on its initial findings in the coming months.	NA
Enhancements to the SASB Standards	As part of its 2024–2026 work plan, the ISSB will enhance the SASB Standards with the objective of supporting the implementation of IFRS S1 and IFRS S2.	Exposure Drafts for identified priority industries	Q1 2025		NA