

# IFRS Foundation Trustees meeting

Due Process Oversight Committee

Frankfurt

March 2022

Agenda Ref 1C

Contacts

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## DPOC engagement on ISSB due process

### Cover Note

#### Purpose

1. The purpose of this paper is to provide the DPOC with context regarding the upcoming engagement with the DPOC on matters relating to the ISSB's due process.
2. At the 1 March 2022 DPOC meeting the staff will present two papers:
  - (a) Agenda Paper 1D—outlines the initial recommendations on the due process to be applied by the ISSB. This follows an initial discussion of the DPOC in June 2021 (followed by an update in October 2021) on the potential approach to updating the *Due Process Handbook* to reflect the establishment of the ISSB.
  - (b) Agenda Paper 1E—provides the DPOC with context regarding the work undertaken in the development of the General Requirements and Climate-Related Disclosures Exposure Drafts. This includes considering the work undertaken by the Technical Readiness Working Group (TRWG) to develop recommendations for the ISSB and the due process applied to the existing standards and frameworks that the TRWG built upon. The DPOC requested to be provided with this context at their October 2021 meeting.
3. Currently the Chair and the Vice-Chair of the ISSB are working on the basis that they will utilise the option provided in the IFRS Foundation *Constitution* to publish the General Requirements and Climate-Related Disclosures Exposure Drafts. Following the 1 March 2022 DPOC meeting, the Chair and the Vice-Chair will make a final determination about whether they will utilise this option. This decision is subject to the oversight of the DPOC. Accordingly, if this option is taken, a DPOC meeting will

be called for the DPOC to review the basis for the decision and to confirm that it does not object to the publication of the Exposure Drafts.

4. The Trustees provided the Chair and the Vice-Chair, in consultation with any appointed ISSB members, with the option to publish these two Exposure Drafts in the light of:
  - (a) the maturity and high-quality of the TRWG’s preparatory work on the prototype standards (which was also subject to review and comment by an IOSCO technical expert group), and
  - (b) the urgent calls from stakeholders for the ISSB’s standards building on established frameworks and requirements, particularly on climate.
  
5. This is a targeted and temporary provision however for these two specific Exposure Drafts (and a request for information—see paragraph 6) and relates only to publishing the Exposure Drafts to launch a full and comprehensive public consultation on the Exposure Drafts. This consultation and all subsequent procedures, including considering the feedback and whether re-exposure of the proposals is required, will be undertaken by the ISSB as a board applying the same due process as the IASB. The option therefore essentially gives the ISSB Chair and the Vice-Chair the ability to commence the consultation at an earlier point than when there will be a quorate ISSB (ie at least eight members).
  
6. In due course the ISSB Chair and the Vice-Chair will also consider if they will utilise the option to publish a request for information to obtain public input to assist the ISSB in developing its work plan, in consultation with any appointed ISSB members. This decision will also be subject to the same DPOC oversight as explained in paragraph 3 of this paper and as stipulated in paragraph 57 of the *Constitution*.