
Sustainability Consultative Committee

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Project	ISSB Consultation on Agenda Priorities
Topic	Overview of Consultation on Agenda Priorities
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Objective

1. The purpose of this paper is to outline the approach taken by the International Sustainability Standards Board (ISSB) to carry out a public consultation on its agenda priorities and develop the content for the associated request for information, which will solicit stakeholder feedback to inform the ISSB's decisions on its initial two-year work plan.

Overview of consultation on agenda priorities

2. The ISSB's consultation on agenda priorities is intended to inform the ISSB's work plan following the completion of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information (S1)* and IFRS S2 *Climate-related Financial Disclosures (S2)*. The feedback will help shape the ISSB's thinking about matters to be examined and will inform the allocation of the ISSB's time and resources.
3. The consultation on agenda priorities will seek stakeholder input on:
 - (a) the strategic direction and balance of the ISSB's activities;
 - (b) the suitability of criteria for assessing which sustainability-related matters to prioritise and add to the ISSB's work plan; and
 - (c) a proposed list of new research and standard-setting projects that could be added to the ISSB's work plan.
4. The consultation relates to the ISSB's work plan for the next two years following the consultation. Two years is a shorter time frame than is typically considered in an agenda consultation for financial accounting standard-setting—for example, the International Accounting Standards Board (IASB) sets out a five-year work plan. This shortened time frame was preferred by the ISSB because:
 - (a) the ISSB's ability to accommodate new research and standard-setting work will be constrained initially by those activities to which it is already committed;
 - (b) the ISSB must maintain sufficient flexibility and capacity in its work plan to respond to emerging sustainability-related risks and opportunities as they arise; and

- (c) the ISSB might need to adjust its future work to reflect developments in sustainability-related financial disclosure and implementation of the ISSB's standards.
5. The ISSB is close to finalising S1 and S2. The ISSB expects to issue S1 and S2 in Q2 2023.
6. The ISSB's standards will bring about fundamental changes in sustainability reporting. Therefore, it is important to swiftly support and build on the foundation created by S1 and S2, once these standards are finalised. Certain foundational work to deliver the ISSB's global baseline of sustainability disclosures is under way, while other aspects of this work will begin immediately upon the finalisation of S1 and S2.
7. The ISSB's activities can be organised into two primary bodies of work:
- (a) *foundational work*—committed work and activities to build upon the foundation created by S1 and S2, once finalised; and
- (b) *new research and standard-setting work*—additional new projects the ISSB could prioritise.
8. The focus of the consultation on agenda priorities is on the content and structure of the new research and standard-setting work. The foundational work is under way or will start before the consultation is completed, and thus is not the focus of the agenda consultation.
9. The foundational work will primarily consist of:
- (a) promoting the implementation of IFRS Sustainability Disclosure Standards (ISSB Standards) by developing guidance and materials and engaging with partners across jurisdictions to support high-quality disclosures under the ISSB Standards;
- (b) developing the digital taxonomy for the ISSB Standards, including the publication of an exposure draft of the IFRS Sustainability Disclosure Taxonomy and supporting guidance to facilitate the effective and efficient digital consumption and exchange of reports prepared in accordance with the ISSB Standards;
- (c) researching existing ISSB Standards for potential enhancements with a particular focus on enhancing the application of S2 to climate-adjacent risks and opportunities, such as those related to nature and the 'just transition' to a lower-carbon economy;
- (d) enhancing the Sustainability Accounting Standards Board (SASB) Standards by improving the international applicability of the SASB Standards, advancing the legacy SASB Standards projects and maintaining the SASB Standards on an ongoing basis;
- (e) coordinating with the IASB to ensure connectivity in reporting required by the ISSB and IASB; and
- (f) engaging with jurisdictional and voluntary sustainability-reporting standard setters to address interoperability, including ongoing efforts to align where possible with the work of the Global Reporting Initiative (GRI), the European Financial Reporting Advisory Group (EFRAG) and other jurisdictional efforts;
10. To identify new research and standard-setting projects that could be added to the ISSB's work plan, the ISSB considered a range of sources and inputs. Particular emphasis was given to the many years

of technical activities and market outreach of its consolidated organisations, the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation—including SASB Standards and the Integrated Reporting Framework, and the input of its advisory bodies and standing consultative groups. Consideration was also given to the recommendations of the IFRS Foundation’s Technical Readiness Working Group (TRWG),³ whose deliverables to the ISSB included recommendations on potential agenda items.

11. To assess the relative priority of potential new research and standard-setting projects that could be added to the ISSB’s work plan, the ISSB conducted research against various sources of information and consulted with IFRS advisory bodies and consultative groups, including the IFRS Advisory Council, the Sustainability Consultative Committee (SCC), the ISSB Investor Advisory Group and the Technical Reference Group.
12. Based on research and outreach activities, the ISSB decided to seek feedback in the request for information on:
 - (a) research projects on the sustainability-related risks and opportunities associated with:
 - (i) biodiversity, ecosystems and ecosystem services;
 - (ii) human capital; and
 - (iii) human rights; and
 - (b) a research project on integration in reporting to support integrated disclosures beyond the requirements on connected information in the financial statements and sustainability-related financial disclosures, that are included in S1 and S2.
13. A primary consideration in the staff’s analysis to prioritise the projects was the ability of the ISSB, as part of its initial two-year work plan, to make timely, meaningful progress on sustainability-related subject matters where there is clear evidence of investor interest and market demand, but where a widely accepted standard for capital markets-focused disclosure on such matters does not currently exist.
14. The request for information will seek feedback on the relative priority of the different projects as well as feedback which will inform the scope and structure of the projects, including feedback on subtopics, industries or sectors that could be prioritised, as well as feedback on materials which could be utilised in the projects.
15. The timeline for the publication of the request for information has allowed for the conclusion of the significant ISSB re-deliberations on S1 and S2 that might impact the work plan. Thus, the request for information can more appropriately reflect what is—and what is not—included in S1 and S2, as well as any ISSB decisions on other key aspects relevant to the foundational work (for example, the role of

³ The Technical Readiness Working Group (TRWG) was formed by the IFRS Foundation Trustees to provide a running start for the ISSB. The organisations participating in the TRWG were the IASB, CDSB, VRF, the Financial Stability Board’s Task Force on Climate-related Financial Disclosures and the World Economic Forum and its Measuring Stakeholder Capital Initiative. Recommendations of the TRWG were published in November 2021 within the Summary of the Technical Readiness Working Group’s Programme of Work (see <https://www.ifrs.org/content/dam/ifrs/groups/trwg/summary-of-the-trwg-work-programme.pdf>).

industry-based materials). The staff expects that this will result in the publication of the request for information in May 2023.

16. At a future meeting, the ISSB will discuss the due process steps it has taken in developing the request for information, and will decide on the length of the comment period for the consultation and the publication date of the request for information.

Questions for the SCC

1. Does the SCC have any comments or questions on the ISSB's consultation on agenda priorities and the development of the request for information?
2. Does the SCC have any recommendations for the ISSB in seeking stakeholder feedback on the request for information to inform the ISSB's work plan?