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## IFRS Foundation Trustees meeting – Due Process Oversight Committee

Date **March 2023**  
Topic **Request for approval of shortened comment periods**  
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This document is prepared for discussion at a 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*.

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### Objective

1. The purpose of this paper is to seek the Due Process Oversight Committee's (DPOC) approval for 90-day comment periods for two consultation documents to be published by the ISSB:
  - (a) the Request for Information (RFI) for the ISSB's consultation on agenda priorities (expected to be published in May 2023)—see paragraphs 4–10; and
  - (b) the Exposure Draft for the Methodology to Enhance the International Applicability of SASB Standards (the Methodology ED) (expected to be published in May 2023)—see paragraphs 11–19.
2. The rationale for the shortened comment period for each document is explained below.
3. The ISSB will set the comment periods for each document at later ISSB meetings. As explained below, the staff plan to recommend the ISSB set comment periods of 90 days for both of these consultations. This is shorter than the 'normal' 120-days specified in the *Due Process Handbook* for these types of consultations. The staff are therefore asking the DPOC for approval ahead of the ISSB's discussions so that the Board can set a shorter comment periods if it so decides.

### Background to consultation on agenda priorities

4. At its October 2022 meeting, the DPOC was briefed on the ISSB's planned approach to its consultation on agenda priorities, which aims to gather stakeholder feedback which will inform the ISSB's initial two-year work plan (See [Agenda Paper 1F](#) for that meeting). An update on the advancement of work on the ISSB's consultation on agenda priorities is provided in Agenda Paper 1C for this meeting.
5. The consultation will address the ISSB's work for the first two years following the consultation. Two years is a shorter time frame than the five years that is considered in IASB agenda consultations. The ISSB's approach reflects three key considerations:
  - (a) first, as the ISSB commences its ongoing research and standard-setting programme, its ability to accommodate new research and standard-setting work will be constrained in the near term by those activities to which it is already committed (ie the foundational work (see paragraph 7 in Agenda Paper 1C));

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- (b) second, sustainability-related risks and opportunities, by their nature, tend to emerge and evolve—sometimes rapidly—requiring the ISSB to allow itself enough capacity in its work plan and flexibility in its activities to respond to a dynamic market in a reasonable time frame; and
  - (c) third, sustainability-related financial disclosure and adoption of the IFRS Sustainability Disclosure Standards is still developing, and thus, the future work of the ISSB may need to be adjusted to reflect these developments.
6. The ISSB is in the process of drafting the RFI, which will gather stakeholder feedback on:
- (a) the strategic direction and balance of the ISSB's activities (ie resources allocated to foundational work vs. new research and standard-setting);
  - (b) the suitability of criteria the ISSB uses in assessing the priority of new research and standard-setting projects that could be added to the ISSB's work plan; and
  - (c) the proposed list of new research and standard-setting projects that could be added to the ISSB's work plan.
7. It is intended to include a short list of new research and standard-setting projects in the RFI that the ISSB believes are the highest priority based on its research and outreach. The ISSB is therefore hoping to receive more targeted, specific, useable feedback that can be quickly analysed and allow the ISSB to finalise its work plan and begin executing new projects on a timely basis. Additionally, to facilitate a more-timely analysis of feedback on the RFI, the ISSB plans to primarily seek feedback via electronic survey, rather than traditional open comment letters. Using this approach stakeholders will still be able to submit comments in an open text style as desired.

## **Recommended comment period for RFI on Agenda Priorities**

8. At the April 2023 ISSB meeting, the staff plan to recommend a comment period of 90 days for the RFI, which is shorter than the 'normal' comment period of 120 days specified in paragraph 4.3 of the *Handbook* for a 'five-yearly consultation on the Board's work plan'. The staff is therefore asking the DPOC to approve the shortened comment period prior to the ISSB's deciding the comment period at a public meeting.
9. While a 90-day comment period is shorter than that specified by the *Handbook*, the ISSB's agenda consultation is expected to be fundamentally different from the IASB's typical consultations in the following key ways:
- (a) the RFI seeks to gather input to inform the ISSB's initial two-year work plan, rather than a longer, five-year work plan as contemplated by the *Handbook*;
  - (b) the RFI primarily seeks feedback on a prioritised list of four projects, rather than a longer list of potential projects (the IASB's RFI for its Third Agenda Consultation described 22 potential new projects);
  - (c) given the shorter time frame and limited capacity, there are fewer projects which could potentially be added to the ISSB's work plan;
  - (d) the ISSB plans to primarily seek feedback via survey responses, rather than traditional open comment letters, which should lessen the burden on respondents;

- (e) given the ISSB's nascent stage as a standard-setting organisation (relative to the IASB), there is the need for the ISSB to begin execution of new projects expeditiously in order to maintain the momentum established by ISSB, but following a public consultation to ensure the ISSB benefits from stakeholder input and builds the confidence of its stakeholders in its work plan; and
- (f) the RFI document itself given its focussed nature will be relatively short and thus, even allowing the time required for translation, stakeholders should have sufficient time to comment.
10. Accordingly, the staff thinks that a 90-day comment period would provide stakeholders with sufficient time to engage fully in the ISSB's consultation and respond to the RFI. The shortened comment period should also allow the ISSB to finalise its work plan by the end of 2023.

#### Question for the DPOC

Does the DPOC approve a shortened comment period of 90 days for the RFI for the ISSB's consultation on agenda priorities?

## Background to enhancing the International Applicability of SASB Standards

11. At its October 2022 meeting, the DPOC met and approved the process by which the ISSB will maintain, evolve and enhance the SASB Standards that do not form a part of IFRS Sustainability Disclosure Standards. This included a process to improve the international applicability of the SASB Standards that were not incorporated in [draft] S2 (that is, the elements of the SASB Standards that were not climate-related). Specifically, the DPOC approved a process by which the ISSB will publish an exposure draft (the Methodology ED) seeking feedback on the *process and methodology* for improving the international applicability of the non-climate-related SASB Standards (rather than exposing the particular individual amendments for comment). After considering the feedback, a draft of the amendments will be made available on the IFRS Foundation website to allow stakeholders to review the amendments before the ISSB finalises them.
12. The staff outlined its rationale for this process in the October 2022 DPOC Paper [AP1G – Due process for maintaining and enhancing SASB Standards](#). In making its recommendations, staff cited the volume of proposed changes, the specified and procedural nature of the changes, and the importance of efficiency and timeliness in executing the changes given the important role the SASB Standards play in the General Requirements Standards IFRS S1.
13. Further, the staff noted that the proposed approach for the Methodology ED would more clearly communicate the focused purpose of the consultation to stakeholders, and be a more accessible and less burdensome document for stakeholders to engage with and comment on in comparison to a document containing 77 marked-up industry standards.

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## Recommended comment period for the Methodology ED

14. At a future ISSB meeting, the staff plan to recommend a comment period of 90 days for the Methodology ED.
15. Paragraph 6.7 of the *Handbook* specifies that the Board normally allows a minimum period of 120 days for comment on an exposure draft. If the matter is narrow in scope and urgent the IASB may set a comment period of less than 120 days (but no less than 30 days) after consulting and obtaining approval from the DPOC.
16. The staff is therefore seeking DPOC approval for this shortened comment period prior to the ISSB's decision on the comment period.
17. The staff think that the Methodology ED is both narrow in scope and urgent and that a 90-day comment period would provide sufficient time for respondents to consider the proposals and related questions in the Methodology ED and respond to the ISSB. The Methodology ED is not a draft of a standard that preparers will be implementing. Rather, it is a focused document that describes and provides examples of the *process* to make amendments to the SASB Standards that are largely procedural in nature (ie to amend US-specific references to be more globally applicable). Similarly to the RFI on the consultation on agenda priorities discussed above, the Methodology ED will also be relatively short. Therefore, even allowing the time required for translation, stakeholders should have sufficient time to comment given the focused nature of the document.
18. In addition, this comment period would facilitate completion of these targeted amendments to the SASB Standards on a timely basis. This is important because IFRS S1 will reference the SASB Standards as supporting materials that are required to be referenced to provide disclosures in the absence of a specific ISSB Standard (ie for matters beyond climate). The ISSB has agreed that IFRS S1 will be effective for annual reporting periods beginning on or after 1 January 2024. The 90-day comment period would assist the timely publication of the amended SASB Standards before the end of the year.
19. Overall, staff believes that a 90-day comment period strikes an appropriate balance between allowing sufficient time for respondents to carefully consider and respond to the Methodology ED with the need to integrate that feedback into the technical work in a timely and efficient manner.

### Question for the DPOC

Does the DPOC approve a shortened comment period of 90 days for the Methodology ED?