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## IFRS Foundation Trustees meeting – Due Process Oversight Committee

Date **October 2023**  
Topic **Update on ISSB 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*.

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### 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 June 2023. The report is for the period from June 2023 to September 2023 and addresses the following matters:
  - (a) [Issuance of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate Related Disclosures and supporting implementation](#);
  - (b) [Development of Educational Material](#);
  - (c) [ISSB Consultation on Agenda Priorities](#);
  - (d) [Industry-based materials](#); and
  - (e) [ISSB Consultation on 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—accordingly, all information in this report is for noting only.

### Due process matters in the period for noting

#### ***Issuance of IFRS S1 and IFRS S2 and supporting implementation***

3. The ISSB issued IFRS S1 and IFRS S2 on 26 June 2023. Alongside the issuance of IFRS S1 and IFRS S2 the ISSB publicly acknowledged that it will focus significant resource to support the implementation of the ISSB Standards.
4. Following the issuance of IFRS S1 and IFRS S2 webcasts that provide an overview of both Standards were published on the IFRS Foundation website<sup>1</sup>. There were further webinars that provide a more detailed overview of both IFRS S1 and IFRS S2 published in July 2023<sup>2</sup> Also in July 2023, a webcast was published on the connections between accounting and sustainability disclosures<sup>3</sup>. All of these webcasts and webinars were subject to the review processes as per paragraphs 8.9 and 8.10 of the *Handbook*.
5. In the period, the ISSB has established one of the key Consultative Bodies to inform the implementation of IFRS S1 and IFRS S2—the Transition Implementation Group on IFRS S1 and

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<sup>1</sup> [Webcast on IFRS S1](#) and [webcast on IFRS S2](#)

<sup>2</sup> [Webinar on IFRS S1](#) and [webinar on IFRS S2](#)

<sup>3</sup> [Webcast on Connections](#)

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IFRS S2 (TIG). 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 to determine what, if any, action will be needed to address those questions. Possible actions include providing supporting materials such as webinars, case studies and/or referral to the ISSB.

6. The deadline for applications for membership of the TIG closed 30 June 2023. The ISSB concluded on the composition of the TIG and its terms of reference overseen by the DPOC in line with paragraph 3.62 of the *Handbook* to ensure it contains an appropriate balance of perspectives. The membership of the TIG was announced on 14 September 2023 and it will hold its initial meeting on 21 November<sup>4</sup>.

### ***Development of Educational Material***

7. During the period, the ISSB has discussed how to advance its committed work to build upon the foundation created by IFRS S1 and IFRS S1. Part of this foundational work is the development of educational material to explain and illustrate how particular requirements in IFRS S1 and IFRS S2 might be applied in specific circumstances or to specific fact patterns.
8. In July 2023, the ISSB discussed comments received on the IFRS S2 Exposure Draft and those that have been received on the Request for Information on the ISSB's Agenda Priorities related to the application of IFRS S1 and IFRS S2. Specifically, about how nature-related topics (such as water, biodiversity and deforestation) and social-related topics (such as those associated with the just transition to a lower-carbon economy) should be considered in a company's climate-related disclosures. The ISSB directed the staff to develop educational material to explain and illustrate how an entity might apply some requirements in IFRS S2 to disclose information about some nature and social aspects of climate-related risks and opportunities. The staff plan to further engage the ISSB at their October 2023 meeting to further inform the development of this specific educational material.
9. The ISSB are continuing to monitor, including through the work of the TIG, areas that may require educational material to be developed to support the implementation of IFRS S1 and IFRS S2. Such material is subject to the quality assurances processes and level of review as per paragraphs 8.9 and 8.10 of the *Handbook*.

### ***ISSB Consultation on Agenda Priorities***

10. As reported in June, the ISSB published the Request for Information for its Consultation on Agenda Priorities to seek feedback on its work plan for the next two years in May 2023. In the period, the ISSB and staff undertook significant outreach on the Request for Information to provide stakeholders with an overview of the potential projects in the ISSB's two-year work plan. Based on research into the information needs of investors, 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

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<sup>4</sup> Information about the composition and initial meeting of the TIG is available [here](#)

- (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.
11. The ISSB and staff were also able to engage with IFRS Foundation Consultative Bodies about the Requests for Information during the consultation period including with the Sustainability Standards Advisory Forum, the Sustainability Consultative Committee and the IFRS Advisory Council.
  12. 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. Over 400 responses have been received and are currently being analysed by the staff. Staff plan to present an analysis of the feedback in the fourth quarter of 2023 with a goal of finalising the work plan in the first half of 2024.
  13. In relation to the potential research project on integration in reporting in the Request for Information, that would explore how to integrate information in financial reporting beyond the requirements related to connected information in IFRS S1 and IFRS S2, the staff plan to update both the IASB and the ISSB in a joint meeting in the first quarter of 2024 on the feedback received.

### ***Industry-based Materials***

14. The ISSB is undertaking a project to improve the international applicability of the SASB Standards beyond those that have been included in IFRS S2 (that is, the elements of the SASB Standards that were not climate-related). As reported in June, the ISSB published an Exposure Draft in May to seek feedback on the proposed methodology that the ISSB will use 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.
15. The consultation period ended in August 2023 and over 140 responses have been received. The ISSB discussed the feedback received in September 2023 which has been broadly supportive. This agenda paper was published 4 working days prior to the ISSB discussion. In accordance with paragraph 3.12 of the *Handbook* for papers posted less than five working days in advance of the meeting the technical staff is required to explain the main reasons for doing so. In this instance, more time was needed following the closing of the consultation period to fully analyse and summarise all the feedback received to inform the ISSB. The paper was for the ISSB's information and was not a decision-making paper.
16. In accordance with the SASB Standards due process approved by the DPOC in October 2022, the SASB Board Advisors plan to:
  - (a) continue to review and discuss the feedback received;
  - (b) provide the ISSB with a status update at the October board meeting;
  - (c) publish 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 before they are finalised; and
  - (d) present their recommendations to the ISSB and seek ISSB ratification of the updated SASB Standards in December.
17. The ISSB aims to publish the updated SASB Standards by the end of the year so that they are available to be used in accordance with IFRS S1 as a source of guidance an entity shall consider in reporting on its sustainability related risks and opportunities beyond climate.

***Development of the IFRS Sustainability Disclosure Taxonomy***

18. The ISSB is creating an IFRS Sustainability Disclosure Taxonomy to reflect disclosure requirements arising from IFRS S1 and IFRS S2. The ISSB published the *Proposed IFRS Sustainability Disclosure Taxonomy* for public comment on 27 July 2023.
19. The *Proposed IFRS Sustainability Disclosure Taxonomy* is designed to facilitate users of general purpose financial reports to consume sustainability-related financial information digitally, regulators to require the digital reporting of sustainability-related financial information, and preparers to implement digital reporting of sustainability-related financial information, enabling tagging without undue cost.
20. In developing the *Proposed IFRS Sustainability Disclosure Taxonomy*, the ISSB considered feedback staff received on fundamental matters discussed in a prior request for feedback, including comments from external groups of experts, including the IFRS Taxonomy Consultative Group (ITCG). The consultation closed on 26 September 2023. The ISSB will consider feedback and the need for further changes before publishing the IFRS Sustainability Disclosure Taxonomy.

## 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 first two years following the consultation	Request for Information feedback	December 2023	The staff is analysing feedback received to begin redeliberations with the ISSB before the end of the year.	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	Proposed Taxonomy Feedback	Q4 2023	The staff is analysing feedback received to engage the ISSB before the end of the year.	Exposure Draft published July 2023
International Applicability of the SASB Standards	To update references to jurisdiction-specific laws and regulations in the SASB Standards to improve their international applicability.	SASB Amendment	December 2023	The ISSB received an update about the feedback received at its September 2023 meeting and a further update about the work being undertaken by the staff and SASB Standards Board advisors will be provided in the ISSB meeting in October 2023.	Exposure Draft Published May 2023