

# IFRS® Foundation Trustees

## Due Process Oversight Committee

### Summary of meeting held on 21 March 2022

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*This document reports on a meeting of the Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). The Trustees are responsible for governance of the IFRS Foundation and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation Constitution.*

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## Introduction

1. The IFRS Foundation Due Process Oversight Committee (DPOC) met on 21 March 2022 by video conference. The meeting was webcast live and a recording of the meeting is available on the IFRS Foundation website.
2. The purpose of the meeting was for the DPOC to fulfil its role in overseeing the decision of the ISSB Chair and the Vice-Chair to publish exposure drafts on General Requirements for Disclosure of Sustainability-related Financial Information (General Requirements) and Climate-Related Disclosures before the ISSB is quorate. The Chair and Vice-Chair were exercising their right to do this under a special provision that the Trustees had provided following careful consideration as part of their changes to the IFRS Foundation *Constitution* in October 2021.
3. To support the discussion, the DPOC were provided with:
  - (a) a [paper](#) providing the context and background for its oversight role; and
  - (b) a [paper](#) setting out the ISSB Chair and Vice-Chair's rationale for their decisions to publish the two exposure drafts and set a comment period of 120 days for both in line with the minimum default period specified for an exposure draft in the *Due Process Handbook*. The DPOC had been briefed about the genesis and development of the exposure drafts at its [1 March meeting](#) in Frankfurt.

## Publishing the exposure drafts

4. At the meeting the ISSB Chair and Vice-Chair highlighted the key considerations behind their decision to publish the exposure drafts before the ISSB is quorate. They emphasised that although they had been given the ability to do so under the *Constitution*, it was not a decision they had taken lightly, given the significance of the exposure drafts. In particular, they highlighted that the General Requirements exposure draft proposes to require entities to report material information on all significant sustainability risks and opportunities, thereby setting out the foundations for the ISSB's proposed global baseline of sustainability-related disclosures. However, they explained the significant benefits of publishing the exposure drafts now, including allowing

stakeholders to begin to see how the ISSB proposals would work with jurisdictional requirements. It was noted that some jurisdictions are expected to publish their related proposals in the near term. Hence publishing the ISSB exposure drafts now allows stakeholders to provide comments on the interaction between the ISSB proposals and those of jurisdictions, facilitating the establishment of a global baseline and interoperability with jurisdictional requirements.

5. The Chair and Vice-Chair noted that the exposure drafts are substantially aligned with the preparatory prototype standards published by the Technical Readiness Working Group (TRWG) in November 2021. These prototypes themselves build on a solid base of materials that are used quite extensively around the world (notably the TCFD recommendations and the SASB Standards), thereby reducing the risk that a quorate ISSB would propose a very different set of requirements. The Chair and Vice-Chair noted that the exposure drafts will include full explanation about the main areas of change to these prototypes as part of very rich accompanying bases for conclusions. The exposure drafts will also include extensive and open questions to assist in gathering a broad base of feedback to minimise the risk of having to re-expose the proposals. In addition to the formal exposure drafts, there will be an extensive array of other materials to help stakeholders engage with the proposals, including a snapshot and webcasts, together with documents providing a high-level comparison with TCFD recommendations, an explanation of the main areas of changes to the TRWG prototypes standards and mark-ups of existing SASB Standards included in the exposure drafts.

## **Comment period**

6. The ISSB Chair and the Vice-Chair explained that they had decided on a 120-day comment period, the default period specified in the *Due Process Handbook*. They noted that in effect some of the time saved by publishing the exposure drafts in advance of there being a quorate board has allowed for a full comment period. This should facilitate gathering feedback from stakeholders globally.
7. Overall the Chair and Vice-Chair noted that publishing the exposure drafts as expected by the end of March would maintain the ISSB's momentum. It balances the high-quality preparatory work done to date by the TRWG against the possibly relatively marginal improvements to the exposure drafts that might arise from a quorate ISSB deliberating them. It thereby facilitates more immediate dialogue with, and feedback from, stakeholders.

## **DPOC discussion**

8. DPOC members commended the ISSB leadership and staff of the ISSB and the Value Reporting Foundation for the high-quality work done to date to maintain momentum

since the ISSB was announced at last November's COP26. They expressed support for the position of the ISSB Chair and Vice-Chair. They noted the importance of the emphasis on ensuring quality and robust due process in the development of ISSB Standards given the emphasis placed on urgency by some stakeholders.

9. DPOC members noted that following publication of the exposure drafts, the usual due process in the *Due Process Handbook* would apply. They noted the importance of the ISSB members, once appointed, having the opportunity to express their own independent views, so that the final Standards would be supported by the ISSB. The ISSB Chair emphasised that in building the ISSB, the Nominating Committee and ISSB leadership were looking for members with diverse backgrounds and expertise.
10. The ISSB Chair and Vice-Chair also noted the expected launch of a small working group of jurisdictions as a precursor to establishing the Sustainability Standards Advisory Forum to provide a platform for engaging with jurisdictions on the exposure drafts. In response to a question it was noted that membership of this group is expected to include jurisdictions from a number of regions that are actively involved in standard-setting around the topics in which the ISSB will work.
11. The meeting closed with the DPOC formally confirming that it did not object to the Chair and Vice-Chair publishing the two exposure drafts. Publications is expected towards the end of March.