
ISSB meeting

Date	April 2023
Project	ISSB Consultation on Agenda Priorities
Topic	Due process steps and permission to publish the Request for Information
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This paper has been prepared for discussion at a public meeting of the International Sustainability Standards Board (ISSB). This paper does not represent the views of the ISSB or any individual ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the ISSB Update.

Objective

1. The objective of this meeting is to discuss the International Sustainability Standards Board's (ISSB) upcoming consultation on agenda priorities (agenda consultation) and the associated Request for Information (RFI), which will solicit stakeholder feedback to inform the ISSB's two-year work plan.
2. The purpose of this paper is to:
 - (a) summarise the due process steps undertaken in developing the RFI;
 - (b) recommend a comment period of 120 days for the RFI; and
 - (c) ask the ISSB for permission to publish the RFI.

Structure of the paper

3. This paper is structured as follows:
 - (a) Overview of the agenda consultation (paragraphs 4–6);
 - (b) Summary of due process steps undertaken in developing the RFI (paragraphs 7–11);
 - (c) Comment period (paragraphs 12–17);
 - (d) Staff recommendation (paragraphs 18–19);
 - (e) Publication and next steps (paragraph 20);
 - (f) Questions for the ISSB (paragraph 21); and
 - (g) Appendices:

- (i) Appendix A—Due process requirements for an agenda consultation from the *Due Process Handbook*; and
- (ii) Appendix B—Excerpt from March 2023 IFRS Foundation Trustees meeting summary.

Overview of the agenda consultation

4. The ISSB will undertake an agenda consultation by way of an RFI to inform its work plan for the two-year period following the consultation. The IFRS Foundation *Due Process Handbook* specifies that the objectives of the agenda consultation are to seek formal public input on:
 - (a) the strategic direction and balance of the [ISSB]'s activities;
 - (b) the criteria for assessing projects that may be added to the work plan; and
 - (c) the [sustainability] reporting matters that should be given priority by the [ISSB] (potential projects).
5. The agenda consultation focuses on activities intended to deliver a comprehensive global baseline of sustainability-related financial disclosures that meet the information needs of an entity's existing and potential investors, lenders and other creditors. The final outcome of the agenda consultation will be the establishment of the ISSB's work plan and associated activities for a two-year period. This period will commence during 2024 following approval of the work plan by the ISSB.
6. The ISSB has discussed, in public meetings, its approach to seeking feedback in the RFI.¹ Specifically, the ISSB:
 - (a) discussed that the agenda consultation should inform its work plan for the two-year period following the consultation;
 - (b) discussed that the RFI should outline committed work to build upon the foundation established by IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*;
 - (c) discussed that the RFI should seek feedback on a short list of proposals for new research or standard-setting projects that are incremental to the committed work to build upon the foundation established by IFRS S1 and IFRS S2;
 - (d) discussed the criteria for assessing the projects to be added to its work plan, including the specific criteria on which to seek feedback in the RFI;
 - (e) discussed the approach to research and outreach to identify the broadly defined sustainability-related topics that could be considered for inclusion in the RFI, along

¹ All ISSB technical staff papers have been posted, public meetings recorded, and the decisions documented in the relevant section of the ISSB Consultation on Agenda Priorities project webpage (<https://www.ifrs.org/projects/work-plan/issb-consultation-on-agenda-priorities/>).

with the approach to prioritise and scope the short list of potential research and standard-setting projects to be included in the RFI;

- (f) received a summary of the research and outreach undertaken to identify the short list of potential research and standard-setting projects to be described in the RFI. The ISSB's objective in describing potential projects in the RFI is to provide stakeholders and the ISSB with a common understanding of the matters that could be addressed in a potential project to elicit more focused feedback on the agenda consultation; and
- (g) discussed the approach to the ISSB's activities and the broadly defined sustainability-related topics that are not included in the short list of potential research and standard-setting projects, and decided to:
 - (i) not seek stakeholder feedback on the content and structure of the committed work to build upon the foundation established by IFRS S1 and IFRS S2 (paragraph 6(b)); and
 - (ii) include brief descriptions of the broadly defined sustainability-related topics within the RFI, but not seek stakeholder feedback on topics not included in the short list.

Summary of due process steps undertaken in developing the Request for Information

- 7. The due process requirements for an agenda consultation are set out in paragraphs 4.3–4.7 of the *Due Process Handbook*, which are included as Appendix A to this paper.
- 8. The Draft RFI has been developed as follows:
 - (a) July 2022: the ISSB discussed the staff's proposed approach to the agenda consultation, including the two-year timeframe for the agenda consultation and a preliminary list of items to consider for inclusion in the RFI, and expressed its support to conduct research and outreach before publishing the RFI;
 - (b) July 2022–November 2022: research and outreach undertaken to prioritise potential research and standard-setting projects to include in the RFI. The outreach included meetings with advisory bodies and consultative groups, including:
 - (i) the IFRS Advisory Council at its October 2022 meeting;
 - (ii) the Sustainability Consultative Committee at its October 2022 meeting;
 - (iii) the ISSB Investor Advisory Group; and
 - (iv) the ISSB Technical Reference Group;
 - (c) October 2022: the ISSB discussed the timing of the RFI and its approach to seeking feedback in the RFI, and decided that the RFI should:

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- (i) outline the work to which the ISSB has committed to build on the foundation established by IFRS S1 and IFRS S2; and
 - (ii) request stakeholder feedback on a short list of potential research and standard-setting projects;
- (d) December 2022: the ISSB discussed the staff's research and outreach to identify and prioritise the potential projects to be included in the RFI, and decided to seek stakeholder feedback on four potential research and standard-setting projects within the RFI;
- (e) March 2022: the ISSB discussed a change to the scope and description of one of the potential research and standard-setting projects to be included in the RFI (project titled *Integration in reporting*); and
- (f) February 2022–April 2022: ISSB members reviewed and commented on drafts of the RFI. In accordance with paragraph 4.16 of the *Due Process Handbook*, requests for information are not balloted. Instead, requests for information require the support of a simple majority of the ISSB with approval given in a public meeting.
9. Paragraph 4.4 of the *Due Process Handbook* requires the ISSB to consult the IFRS Advisory Council as part of the agenda consultation. The Advisory Council discussed the staff's proposed approach to the agenda consultation at its October 2022 meeting and was updated on the agenda consultation at its April 2023 meeting.
10. Paragraph 4.5 of the *Due Process Handbook* requires the ISSB to keep the Trustees of the IFRS Foundation (Trustees) informed of the agenda consultation process through the Due Process Oversight Committee (DPOC). The DPOC has been updated on the progress of the agenda consultation at its October 2022 and March 2023 meetings.
11. In the staff's view, all necessary due process steps to develop the RFI have been completed.

Comment period

12. Paragraph 4.3 of the *Due Process Handbook* states that the ISSB normally allows a minimum of 120 days for comment on an RFI on an agenda consultation.
13. The staff met with the DPOC at its March 2023 meeting and discussed the possibility of shortening the length of the comment period of the agenda consultation to 90 days, subject to the ISSB's decision. The staff explained its rationale for considering a shorter comment period, and the DPOC highlighted various points that it asked the ISSB to reflect on in deciding the duration of the comment period. An excerpt of the DPOC meeting summary is included in Appendix B to this paper.
14. The DPOC agreed that it would support the ISSB setting a period of 90 days for comment on the RFI, so long as the ISSB appropriately considered the points raised by the DPOC in making the decision.
15. Paragraphs 16–17 set out considerations for a 90-day or 120-day comment period, assuming the RFI is published in May 2023.

90-day or 120-day comment period

16. The RFI will be a focused, strategic document. It will seek input on a list of four potential projects primarily via online survey responses to inform the ISSB's two-year work plan. Therefore, a shorter, 90-day comment period could be a feasible option for this agenda consultation and would align with the ISSB's desire to initiate work on new projects to meet stakeholder expectations and maintain momentum. A 90-day comment period would facilitate an expected publication of the Feedback Statement and work plan before the end of 2023.
17. On the other hand, a longer, 120-day comment period may help ensure that a good understanding and full appreciation of stakeholder views underpin the decisions the ISSB makes about its work plan. This view is consistent with the points raised by the DPOC. Regardless of the number of potential projects being considered or the length of the work plan, stakeholders will need enough time to carefully and thoughtfully consider the content of RFI and to put in place processes, including translation, required to provide high-quality responses. Additionally, the comment period of the RFI, regardless of its duration, will overlap with the issuance of IFRS S1 and IFRS S2 (expected Q2 2023) and publication of other consultation documents, including the [Exposure Draft] of the proposed methodology for improving the international applicability of the SASB Standards (expected May 2023) and the [Exposure Draft] of the proposed IFRS Sustainability Disclosure Taxonomy (expected H2 2023). Thus, the ISSB's stakeholders will need sufficient time to review and respond to the RFI while also giving due attention to IFRS S1, IFRS S2, and other consultation documents. Further, the committed work to build on the foundation established by IFRS S1 and IFRS S2 is expected to demand significant resources through the end of 2023 and into the first half of 2024, such that the ISSB will likely not have sufficient capacity to begin new research and standard-setting projects until the first half of 2024. Accordingly, a 120-day comment period would balance the need to allow sufficient time for stakeholders to respond with the need to provide clarity about the ISSB's two-year plan as early as is possible with no significant impact on the ISSB's timely progress. A 120-day comment period would facilitate an expected publication of the Feedback Statement and work plan in the first half of 2024.

Staff recommendation

18. Having evaluated the alternatives, and taking into consideration the time stakeholders need to consider the RFI and to provide high-quality responses, the overlap with other IFRS materials, the staff thinks a 120-day comment period is appropriate for the RFI. This duration should provide enough time for stakeholders to undertake processes, including translation, required to provide high-quality responses and manage competing demands on their time while also allowing the ISSB to finalise its work plan and begin executing new projects on a timely basis.
19. Therefore, the staff recommends a 120-day comment period for the RFI.

Publication and next steps

20. Subject to the ISSB's approval, the RFI will be published in May 2023, and the comment period will therefore run until September 2023. The ISSB plans to seek feedback primarily via electronic survey, rather than traditional open comment letters, to obtain views from a broad range of stakeholders and to facilitate a more timely analysis of feedback on the matters covered in the RFI. This will allow the ISSB to finalise its work plan and begin executing new projects on a timely basis. Stakeholders will still be able to submit comments in an open text

style, as desired. The staff will plan to present an analysis of the feedback in the fourth quarter of 2023.

Questions for the ISSB

21. The staff presents the following questions for the ISSB.

Questions for the ISSB

1. Is the ISSB satisfied that all mandatory due process steps required to date have been undertaken?
2. Does the ISSB agree with the staff recommendation of a 120-day comment period for the Request for Information?
3. Does the ISSB approve the publication of the Request for Information?

Appendix A—Due process requirements for an agenda consultation from the *Due Process Handbook*

A1 This Appendix presents an excerpt of the IFRS *Due Process Handbook* detailing the due process requirements for an agenda consultation.²

[...]

Five-yearly consultation on the Board's work plan (technical agenda)

- 4.3. The Board undertakes a public consultation on the work plan every five years by way of a public request for information. The Board normally allows a minimum of 120 days for comment on a work plan (agenda) consultation request for information. The primary objective of the review is to seek formal public input on the strategic direction and balance of the Board's work plan, including the criteria for assessing projects that may be added to the Board's work plan. The review could also seek views on financial reporting matters that respondents think should be given priority by the Board, together with any proposals to withdraw from the Board's work plan any projects that have not proceeded as planned or for which the prospects for progress are limited. The Board's discussion of potential projects to be added to or withdrawn from the work plan takes place in public Board meetings.
- 4.4. As part of this public consultation, the Board consults the Advisory Council.
- 4.5. In line with paragraphs 36(d) and 15(d) of the Constitution, the Board consults with the Trustees regarding the work plan and, through the DPOC, keeps the Trustees informed of its process in respect of its five-yearly consultation, including how it expects to respond to the input it has received. The next consultation should commence at the latest five years after the current consultation has been completed.
- 4.6. While the five-yearly consultations are the principal means of determining the Board's work plan, the Board can add projects to the work plan or change its priorities between consultations in response to changing circumstances. However, before adding a major project to the work plan that was not contemplated in the previous consultation, the Board consults the Advisory Council and ASAF on the potential project. The Board's discussion of potential projects to be added to the work plan takes place in public Board meetings.
- 4.7. For minor or narrow-scope amendments to IFRS Standards, including annual improvements, the Board is not required to consult the Advisory Council or ASAF before adding a project to the work plan because such amendments are part of the maintenance and consistent application of the Standard.

² See IFRS Due Process Handbook (<https://www.ifrs.org/content/dam/ifrs/about-us/legal-and-governance/constitution-docs/due-process-handbook-2020.pdf>)

Appendix B—Excerpt from March 2023 IFRS Foundation Trustees meeting summary

B1 This Appendix presents an excerpt from the March 2023 IFRS Foundation Trustees meeting summary which summarises the DPOC’s discussion of the comment period for the RFI for the ISSB’s consultation on agenda priorities.³

[...]

Request for approval of shortened comment periods

At upcoming meetings, the ISSB will decide on the comment period for two consultation documents:

- the Request for Information (RFI) for the ISSB’s consultation on agenda priorities, and
- the Exposure Draft for the Methodology to Enhance the International Applicability of SASB Standards (the Methodology Exposure Draft).

The staff explained that it was planning to recommend that the ISSB set 90-day comment periods for these consultations, which is shorter than the ‘normal’ comment period of 120 days specified for these type of consultations in the Due Process Handbook. The staff therefore sought the DPOC’s approval for the ISSB to be able to set shorter comment periods if the ISSB were to decide to do so.

RFI

For the RFI, the staff explained that its rationale for a shorter comment period included the fact that the RFI will be a focused strategic document (rather than a set of detailed proposals), seeking input on a two-year work plan and feedback on a prioritised list of four projects (which themselves had been informed in part by feedback from the Trustees’ and ISSB’s consultations to date); the plan to seek feedback primarily via survey responses; and the desire for the ISSB to start new projects expeditiously after the consultation in order to meet stakeholder expectations and [maintain] momentum.

The DPOC highlighted various points that it asked the ISSB to reflect on in deciding the comment period including:

- The importance of ensuring that stakeholders have sufficient time to fully consider and respond to the RFI to ensure that the ISSB has a full appreciation of stakeholder views. This is important to ensure that a good understanding of stakeholder views underpins the decisions the ISSB makes about its work plan. Although the RFI is expected to be a short, focused document and the ISSB is making it easier for stakeholders to respond, the RFI requires careful and thoughtful consideration by stakeholders.

³ See March 2023 DPOC meeting summary (<https://www.ifrs.org/content/dam/ifrs/meetings/2023/march/dpoc/trustees-meeting-summary-march-2023.pdf>)

- The possibility of adverse stakeholder perceptions arising about quality as a result of making an exception to the 120-day comment period requirement in the Due Process Handbook, and the need to balance this against the benefits the ISSB might gain from a shortened comment period in terms of making decisions about its work plan and planning.
- The expected overlap of the consultation period of the RFI with the issuance of IFRS S1 and IFRS S2.
- The need to allow time for translation of the RFI.

The DPOC agreed that subject to the ISSB considering these points, it would be willing to support the ISSB setting a 90-day comment period for the RFI if the ISSB were to decide this was appropriate.