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## IFRS Advisory Council

Date	<b>8 June 2023</b>
Project	<b>ISSB Consultation on Agenda Priorities</b>
Topic	<b>Overview of the Request for Information</b>
Contacts	<b>Greg Bartholomew</b> ( <a href="mailto:greg.bartholomew@ifrs.org">greg.bartholomew@ifrs.org</a> )

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## Purpose of this session

### Purpose of this session

To provide the IFRS Advisory Council with an overview of the International Sustainability Standards Board's (ISSB) Consultation on Agenda Priorities and the associated Request for Information (RFI), and to seek the Advisory Council's feedback on the three key aspects of the RFI.

In October 2022, the Advisory Council provided feedback that helped shape the content of the RFI

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# Background and overview



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# Objective of RFI

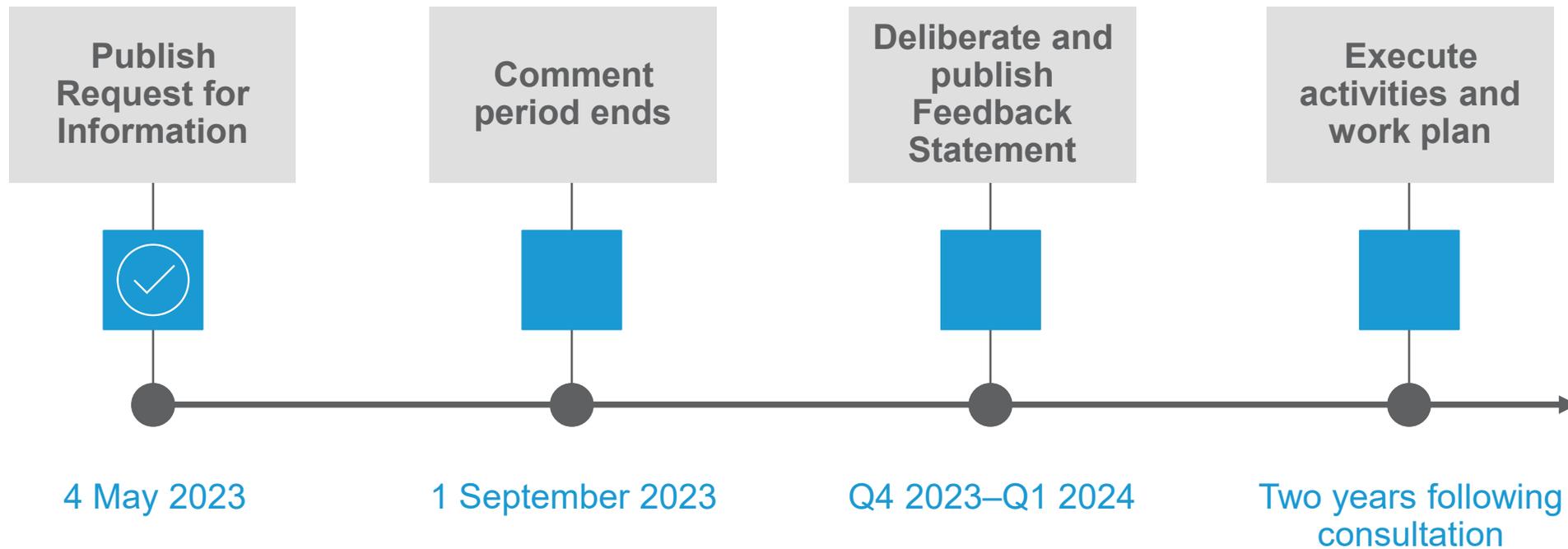
## To seek feedback on:

- 1 Strategic direction and balance of the ISSB's activities
- 2 Criteria for assessing the priority of new projects
- 3 Priority, scope and structure of potential new research and standard-setting projects



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# Timeline of the consultation



# Overview of the Request for Information

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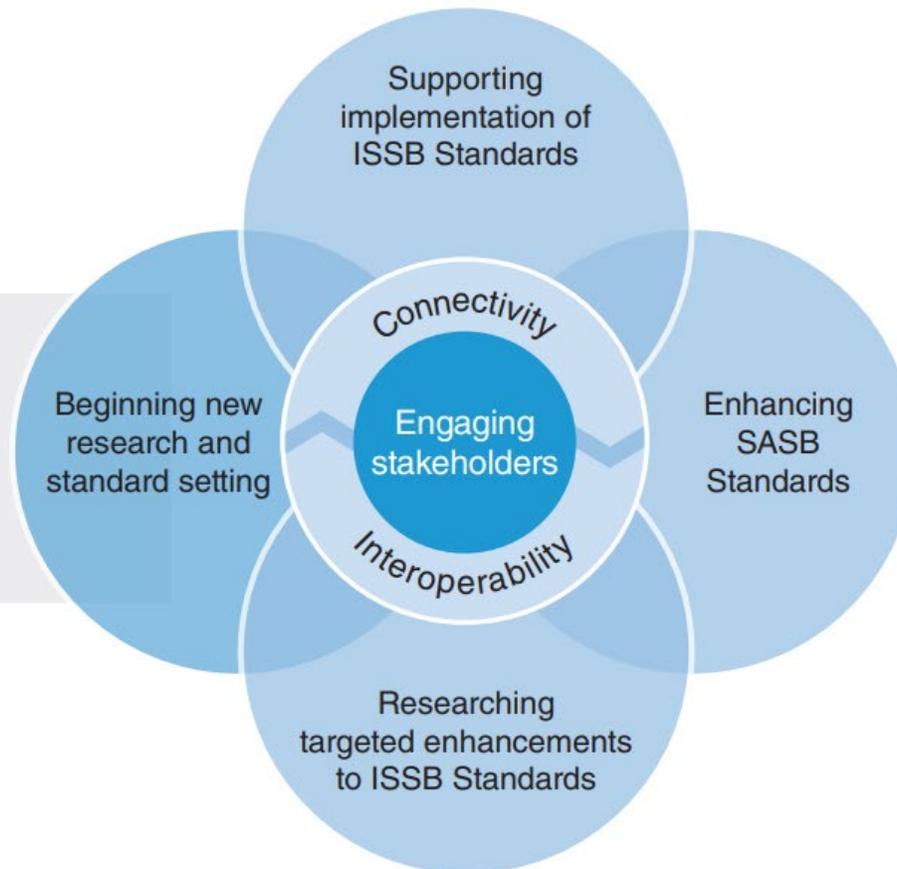
**Comment on:** Strategic direction and balance of ISSB's activities

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**Comment on:**

- Criteria for assessing new projects
- Priority, scope and structure of new projects

3



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## Questions for the Advisory Council

### Strategic direction and balance of the ISSB's activities (Slides 9–17)

Do you have any comments or questions on the activities within the scope of the ISSB's work, including the relative priority of the activities and whether any other activities should be included?

### Criteria for assessing new projects (Slides 18–20)

Do you have any comments or questions on the criteria the ISSB proposes to use when prioritizing sustainability-related reporting issues that could be added to its work plan, including whether the identified criteria are appropriate and whether any other criteria should be considered?

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# Questions for the Advisory Council

## New research and standard-setting projects (Slides 21–31)

- Do you have any comments or questions on the relative priority of the four potential projects included in the RFI and whether the ISSB should prioritise a single project or multiple projects?
- Do you have any comments or questions on any of the four potential projects on:
  - biodiversity, ecosystems and ecosystem services;
  - human capital;
  - human rights; and
  - integration in reporting?

## Other comments

Do you have any comments on the Board's activities and work plan?

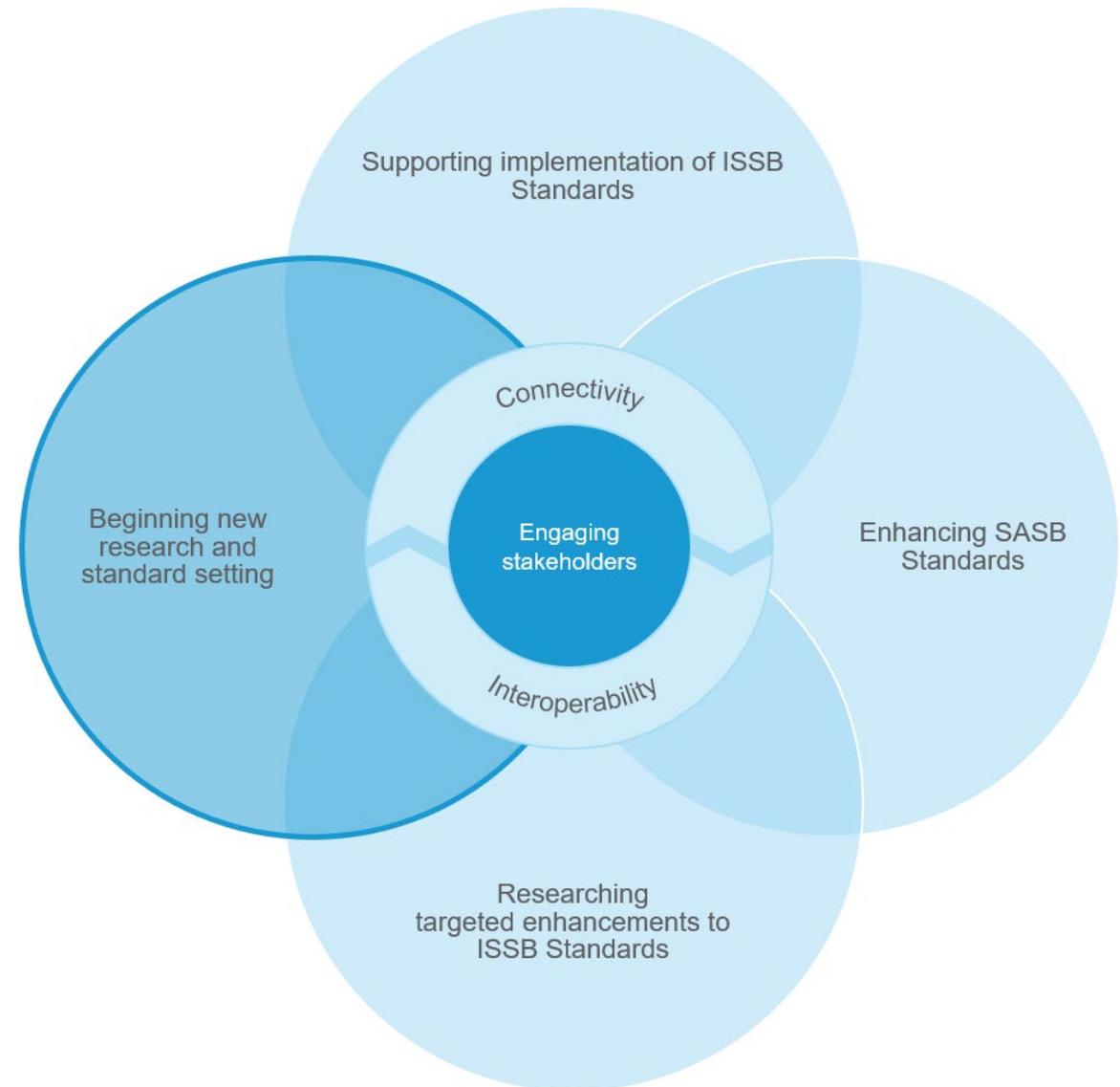
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## Strategic direction and balance of the ISSB's activities



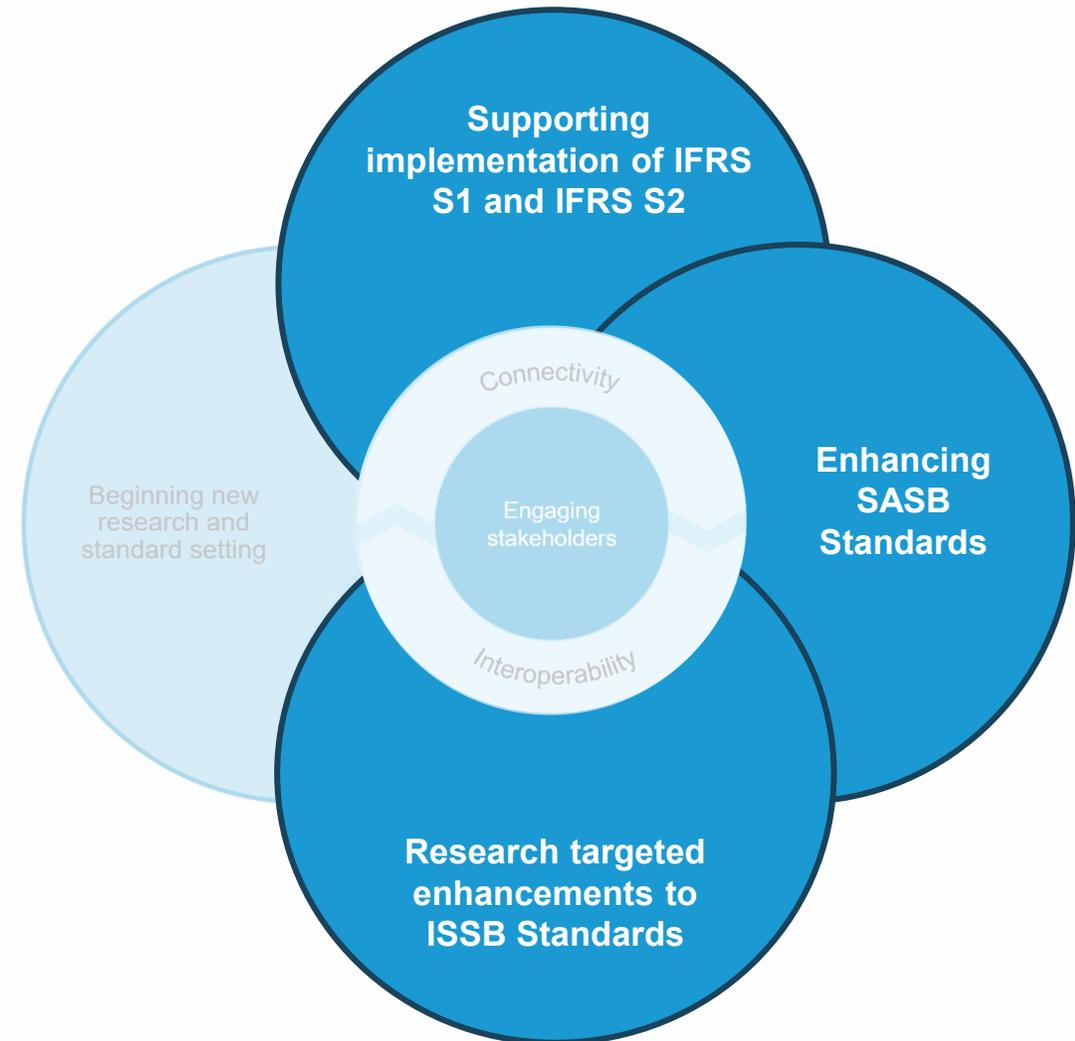
# 1 Strategic direction and balance of activities

- Strategic direction and balance of the ISSB's activities to deliver a comprehensive global baseline of sustainability-related disclosures
- How to prioritise activities
- Trade-offs to determine the balance of primary activities
- New two-year work plan



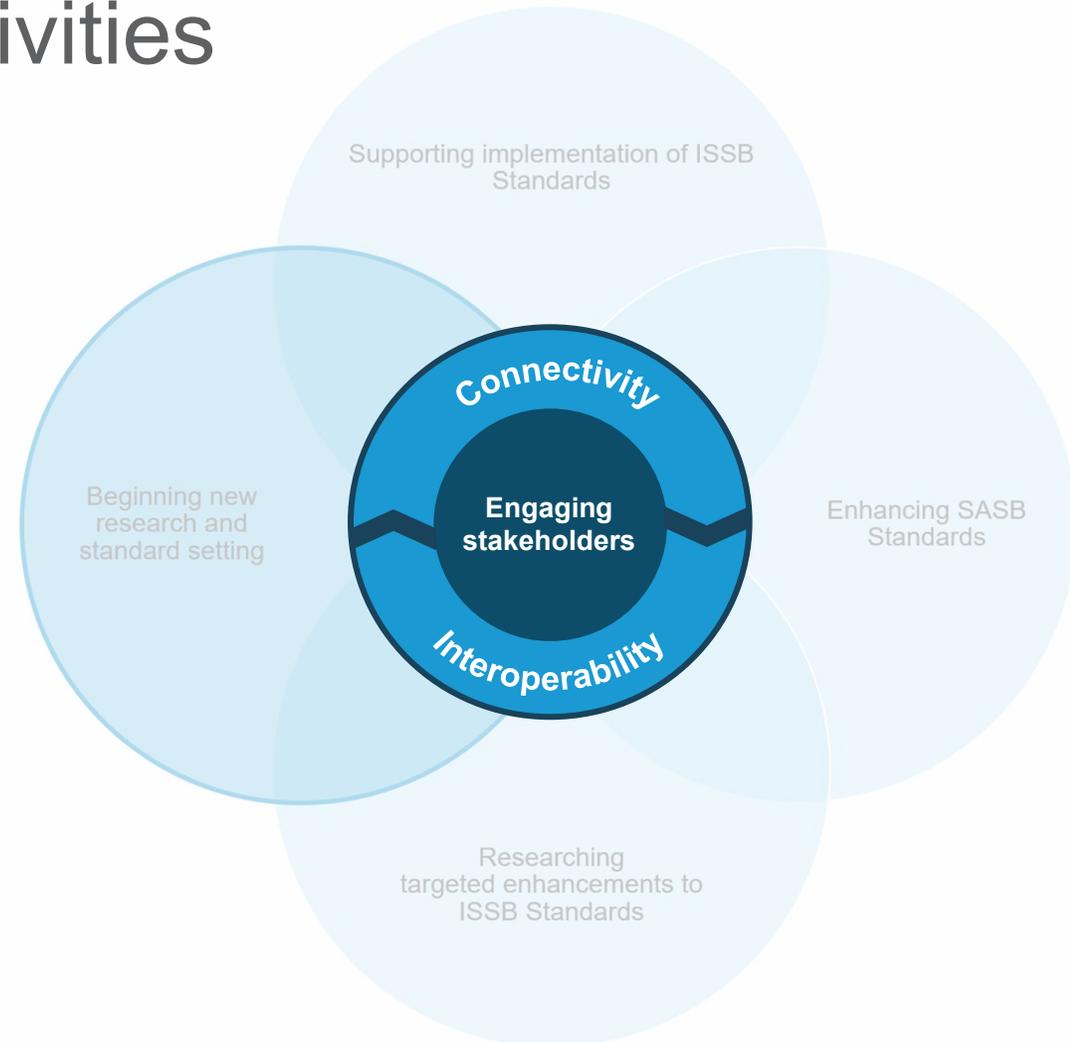
## Committed activities

- To help stakeholders obtain a **common understanding of ISSB Standards** and enable the delivery of the comprehensive global baseline of sustainability-related disclosures.
- Support the enhancement and maintenance of **SASB Standards**, by enhancing their international applicability and advancing SASB standard-setting projects.
- Support the **enhancement** of disclosures under **ISSB Standards** by continuing research and outreach to assess targeted enhancements to IFRS S2 for disclosures about climate-adjacent risks and opportunities.



## Committed activities – core activities

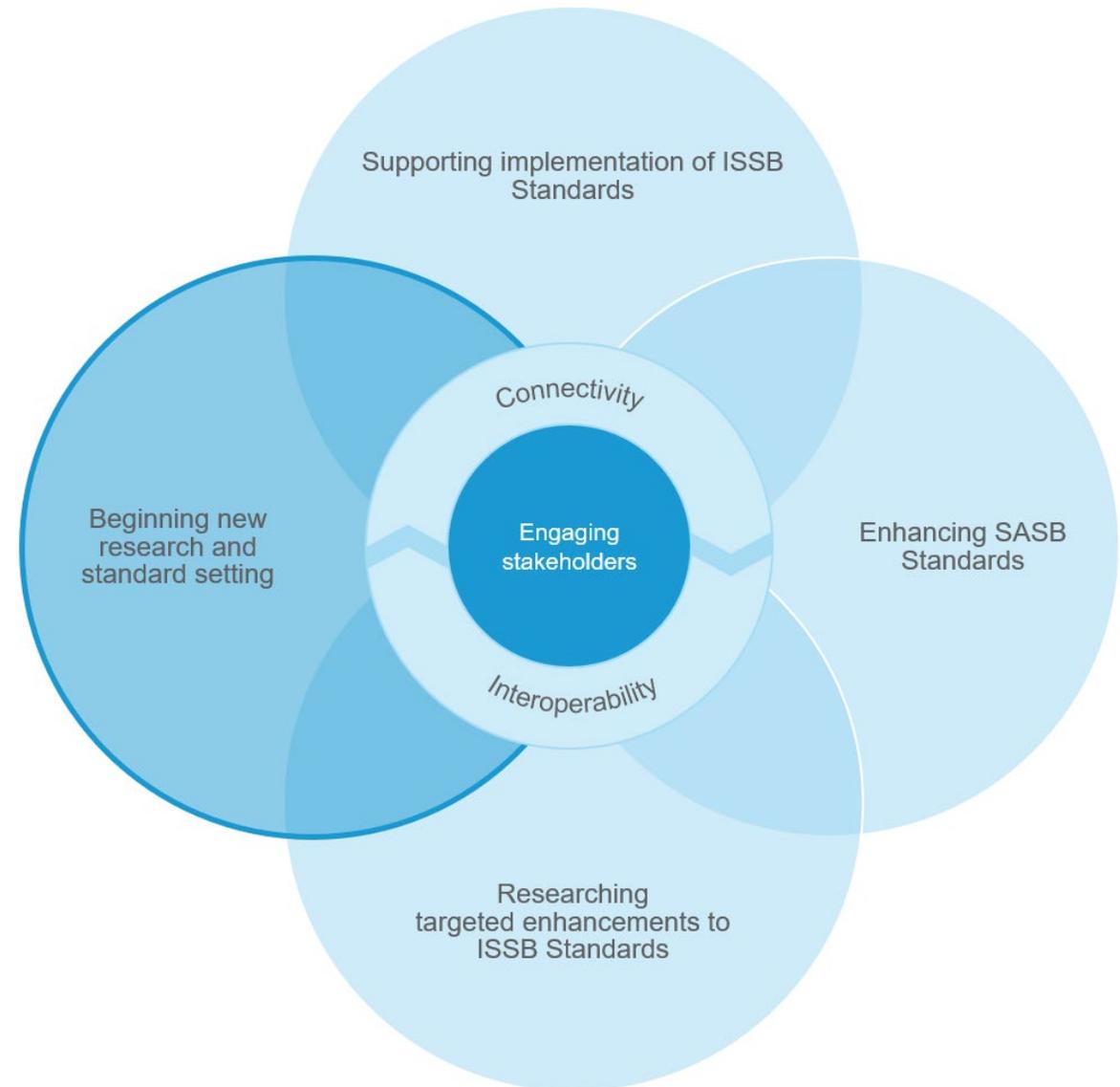
- **Connectivity:** Collaborating with the IASB to facilitate the delivery of a coherent and comprehensive system of general purpose financial reporting that includes sustainability-related financial information disclosures and financial statements.
- **Interoperability:** Working with other jurisdictional and voluntary sustainability standard-setters and framework providers to facilitate the delivery of the global baseline of sustainability-related disclosures that support interoperability.
- Consulting and **engaging with stakeholders** to promote the global use of the ISSB Standards and obtain input for the development of high-quality sustainability-related reporting requirements.



# 1 Strategic direction and balance of activities

The RFI seeks feedback on:

- the relative priority of the ISSB's activities to inform how the ISSB allocates its resources; and
- whether other activities should be included.



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## Criteria for assessing new projects



## 2 Criteria for assessing new projects

importance to **investors**

whether there are **deficiencies** in the way companies disclose on the matter

**type** of companies the matter is likely to affect, including whether it is more prevalent in some industries and jurisdictions than others

how **pervasive** or acute the matter is likely to be for companies

**interaction** with other projects on the ISSB's work plan (or the IASB's)

complexity and **feasibility** of the potential project and its solutions

**capacity** of the ISSB and its stakeholders to make timely progress

*Workstreams of other jurisdictional and voluntary sustainability standard setters and framework providers are also considered.*

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## 2 Criteria for assessing new projects

The RFI seeks feedback on:

- the appropriateness of the criteria identified by the ISSB; and
- whether other criteria should be considered.

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## New research and standard-setting projects

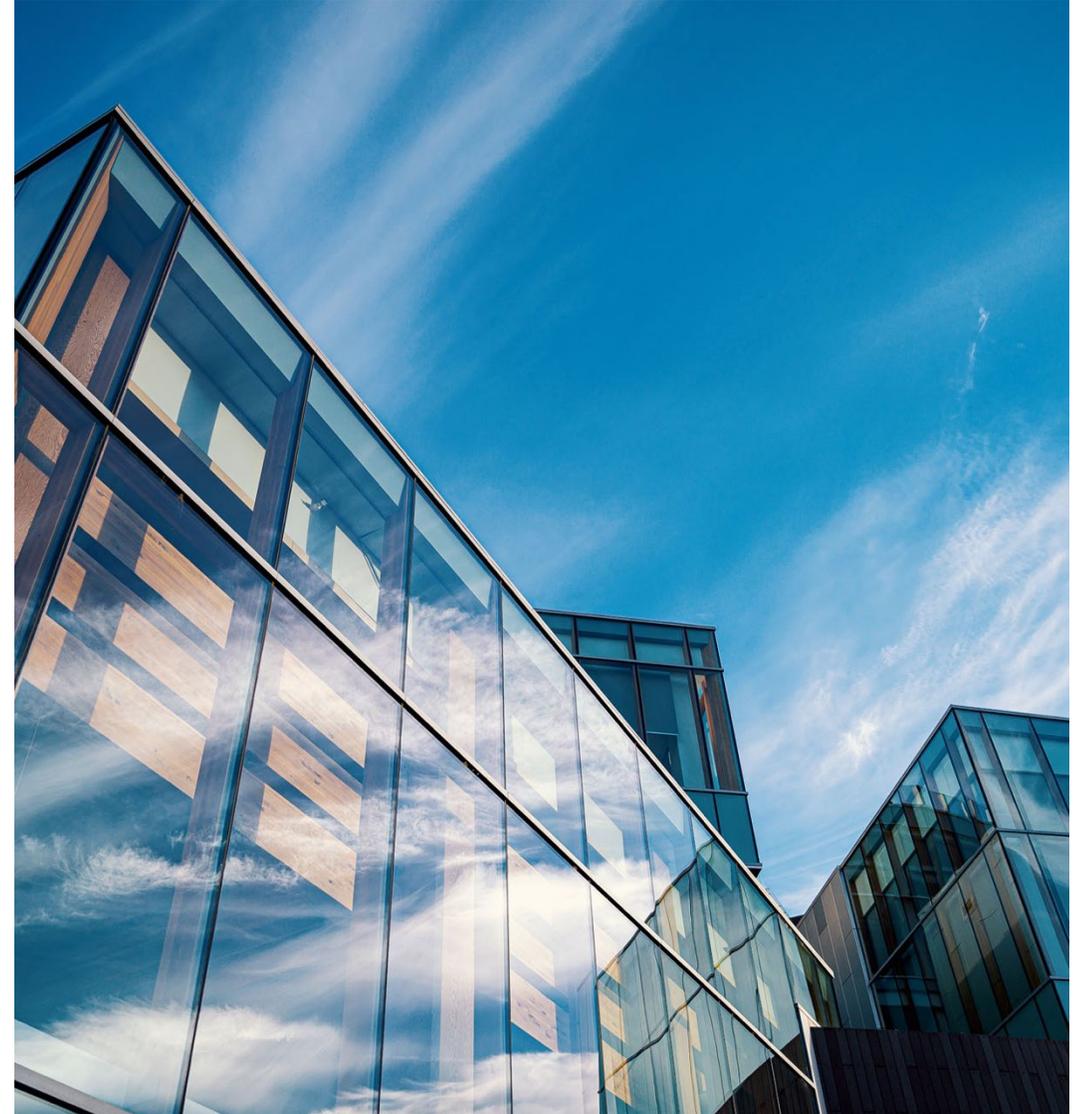


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## 3 New research and standard setting projects

The Request for Information includes descriptions of and seeks feedback on four potential projects:

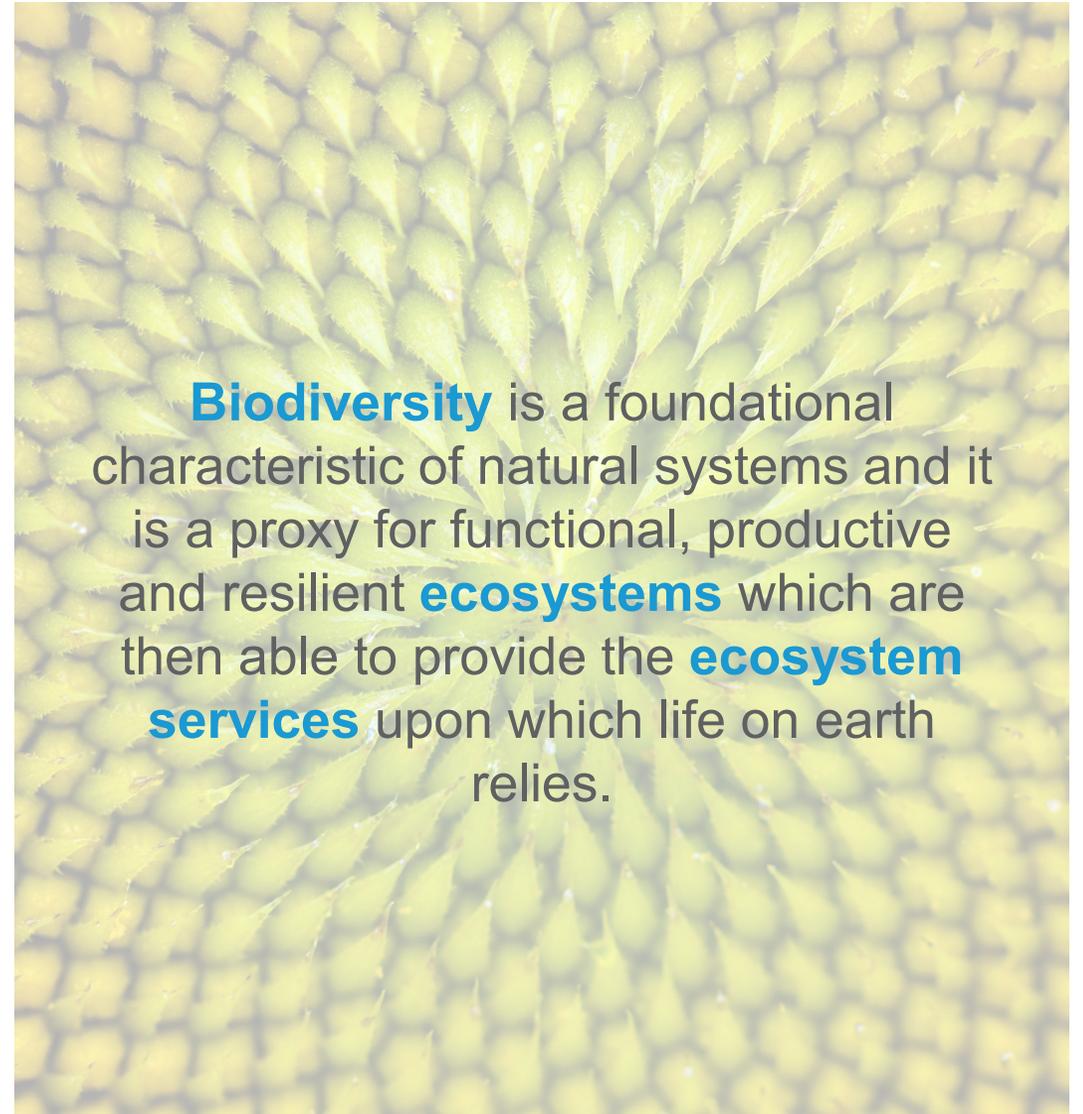
- three research projects on the sustainability-related risks and opportunities associated with:
  - biodiversity, ecosystems and ecosystem services;
  - human capital; and
  - human rights; and
- one research project on integration in reporting



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## Biodiversity, ecosystems and ecosystem services (BEES)

- Biodiversity loss is a threat to financial stability
- Human activities directly and indirectly contributed to changes in BEES
- Companies can contribute to and benefit from preservation, conservation and restoration
- Effective disclosure could increase business resilience due to stability of raw material supply and pricing
- Potential **subtopics** include: water, land-use and land-use change, pollution, resource exploitation, invasive non-native species



**Biodiversity** is a foundational characteristic of natural systems and it is a proxy for functional, productive and resilient **ecosystems** which are then able to provide the **ecosystem services** upon which life on earth relies.

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# Human capital

- Human capital considerations can affect value by enhancing a company's ability to:
  - attract and retain talent
  - design, market and deliver products and services
  - strengthen community relations
  - innovate
  - identify risks
  - increase productivity
  - make cost savings
- Potential **subtopics** include worker wellbeing; diversity, equity and inclusion; employee engagement; workforce investment; the alternative workforce; labour conditions in the value chain; workforce composition and costs.



**Human capital** refers to the people who make up a company's own workforce, and the workforce's respective competencies, capabilities and experience, and motivations to innovate.

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# Human rights

- Human rights matters can affect:
  - risks and opportunities
  - value and reputation
  - license to operate
- Research would focus on how human rights lead to companies' sustainability-related risks and opportunities, including how they vary by jurisdiction or business model.
- Research aims also to understand existing practices, tools and metrics.



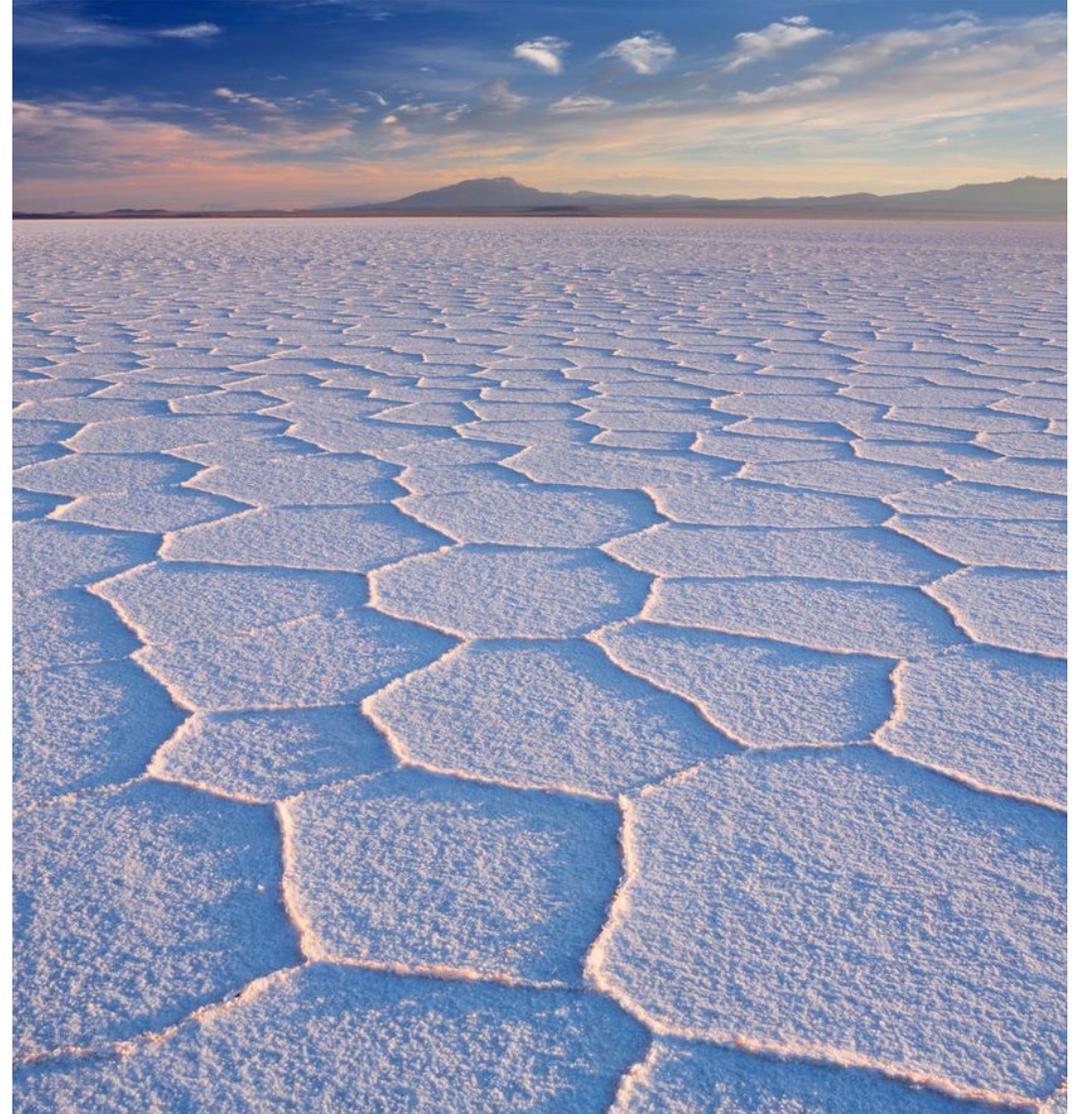
**Human rights** are the basic rights and freedoms that belong to every person by virtue of being a human being.

These universal rights range from the most fundamental, e.g. the right to life, to those that make life worth living, such as the rights to food, education, work, health, and liberty.

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**Integration in reporting** not only encompasses where, what and how information on value creation can be connected through conceptual and operational linkages, but also the interdependencies, synergies and trade-offs between:

- different resources and relationships
- the ways in which the value that a company creates for itself and for its investors is inextricably linked to the value it creates for other stakeholders, society and the natural environment



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## Considerations to inform responses

In developing their response to the RFI, it is important that stakeholders consider that:

- all four new projects are considered to be **larger, resource intensive projects**
- all four new projects are ‘**research projects**’
- one of the goals of the new research projects will be to **better understand the overlap** between topics and subtopics (for example, human rights and human capital)
- ISSB will leverage and build upon materials of the ISSB and other standard setters and framework providers to expedite the work, as appropriate
- based on RFI feedback, ISSB may decide to **add only one or two projects** to its work plan
- projects that are not included in the current RFI or that are not added to the ISSB’s work plan should not be seen as ‘off the table’ for future work plans
- **primarily seeking feedback on the four new projects**; however, commenters may suggest other projects
- feedback that explains the importance of the projects in the context of **meeting investors’ information needs** is particularly useful

A **survey** has been developed for ease of responding – stakeholders are encouraged to respond using this format

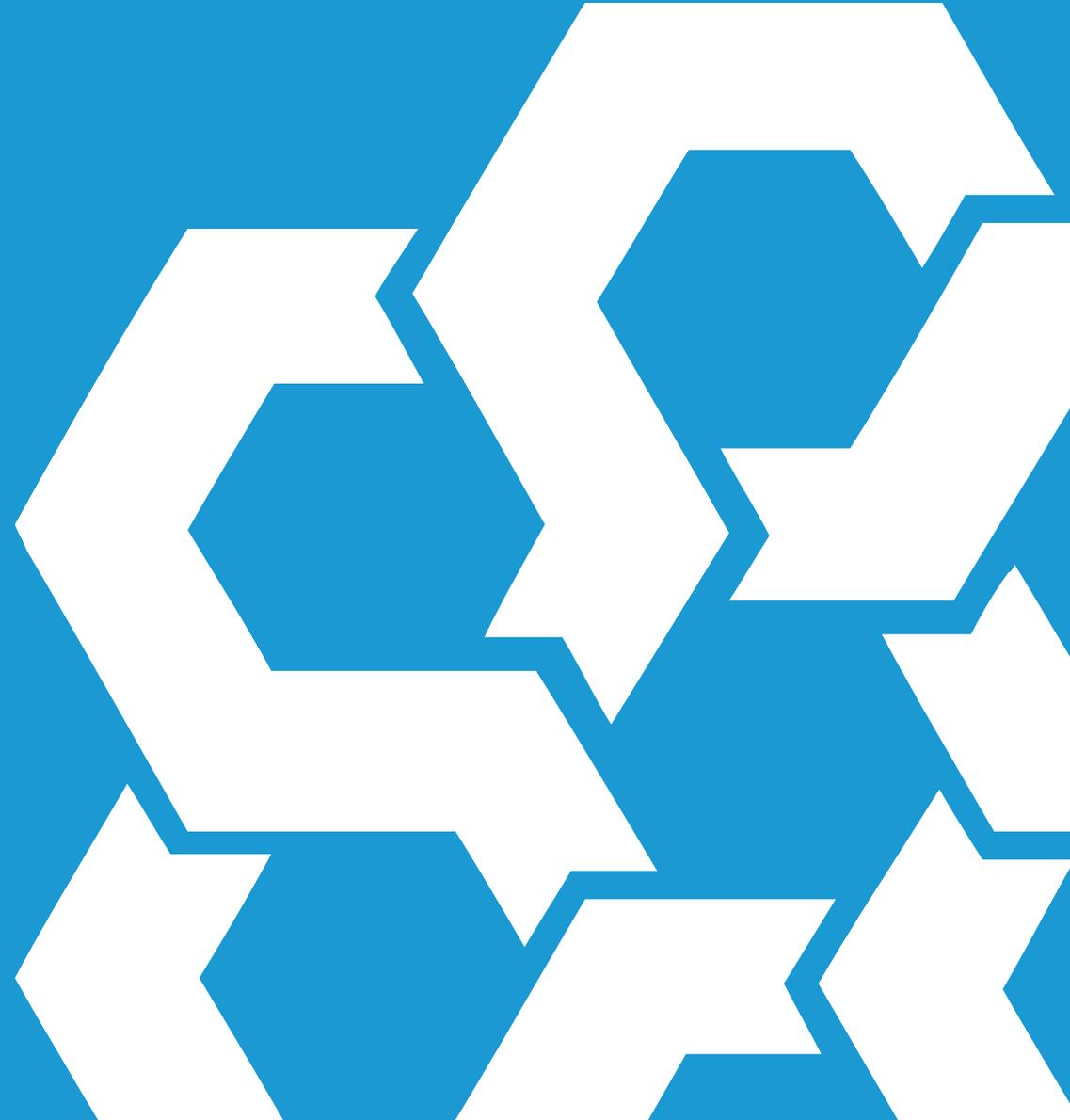
## 3 New research and standard setting projects

The RFI seeks feedback on:

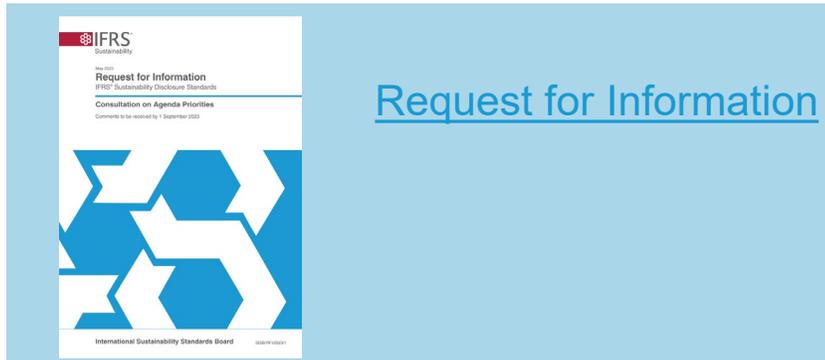
- the relative priority of the potential projects and whether a single project or multiple projects should be prioritised;
- for the **sustainability-related subject matters**:
  - relative priority of subtopics, industries or sectors;
  - priority of related materials and standards of other jurisdictional and voluntary standard-setters and framework providers;
- for the project on **integration in reporting**:
  - relative priority and timeliness of advancing this project;
  - whether project should be pursued as a formal joint project with the IASB; and
  - whether project should utilise IASB's Exposure Draft Management Commentary, the Integrated Reporting Framework, both, or other materials.

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## Published materials



# Published materials



## [Request for Information](#)



## [Press release](#)

### How to comment

Complete a survey, or submit a comment letter

- ✓ Online at: [ifrs.org/projects/open-for-comment](https://ifrs.org/projects/open-for-comment)
- ✓ By email to: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

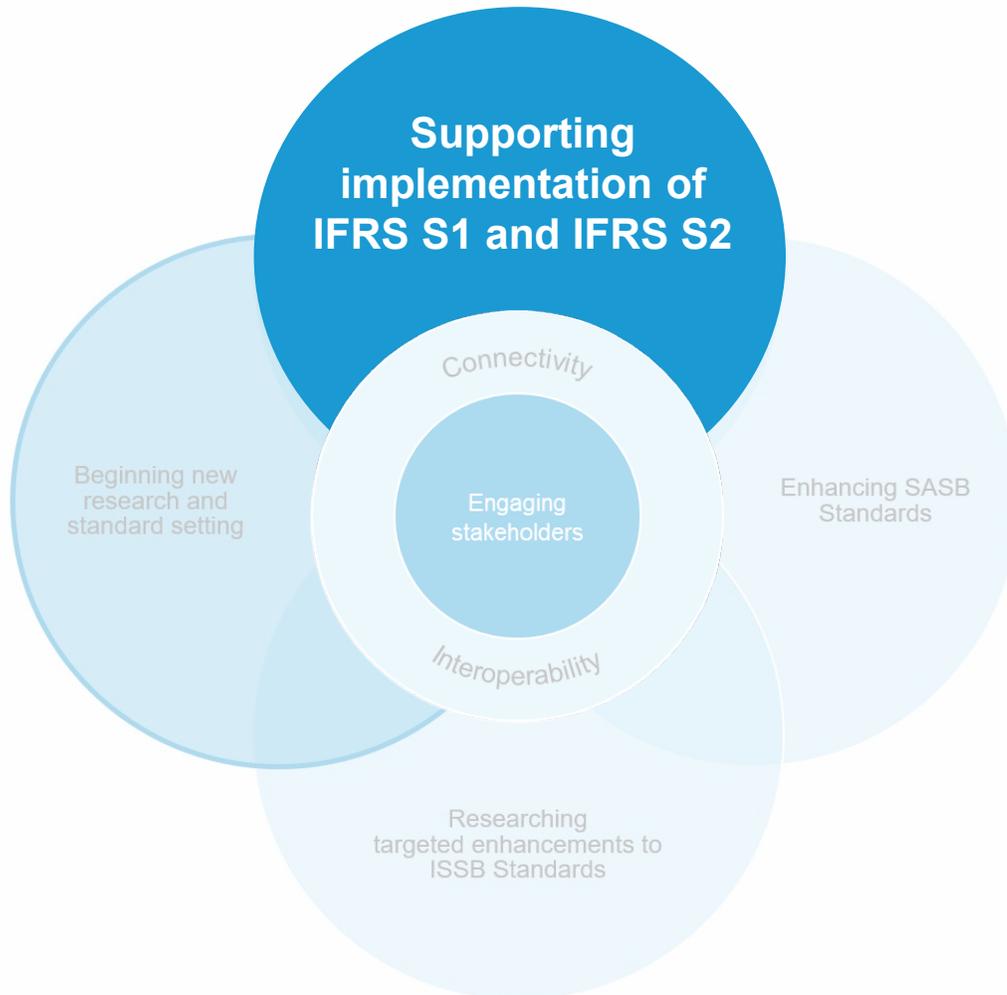
Open for comment until 1 September 2023

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## Appendix – Committed activities



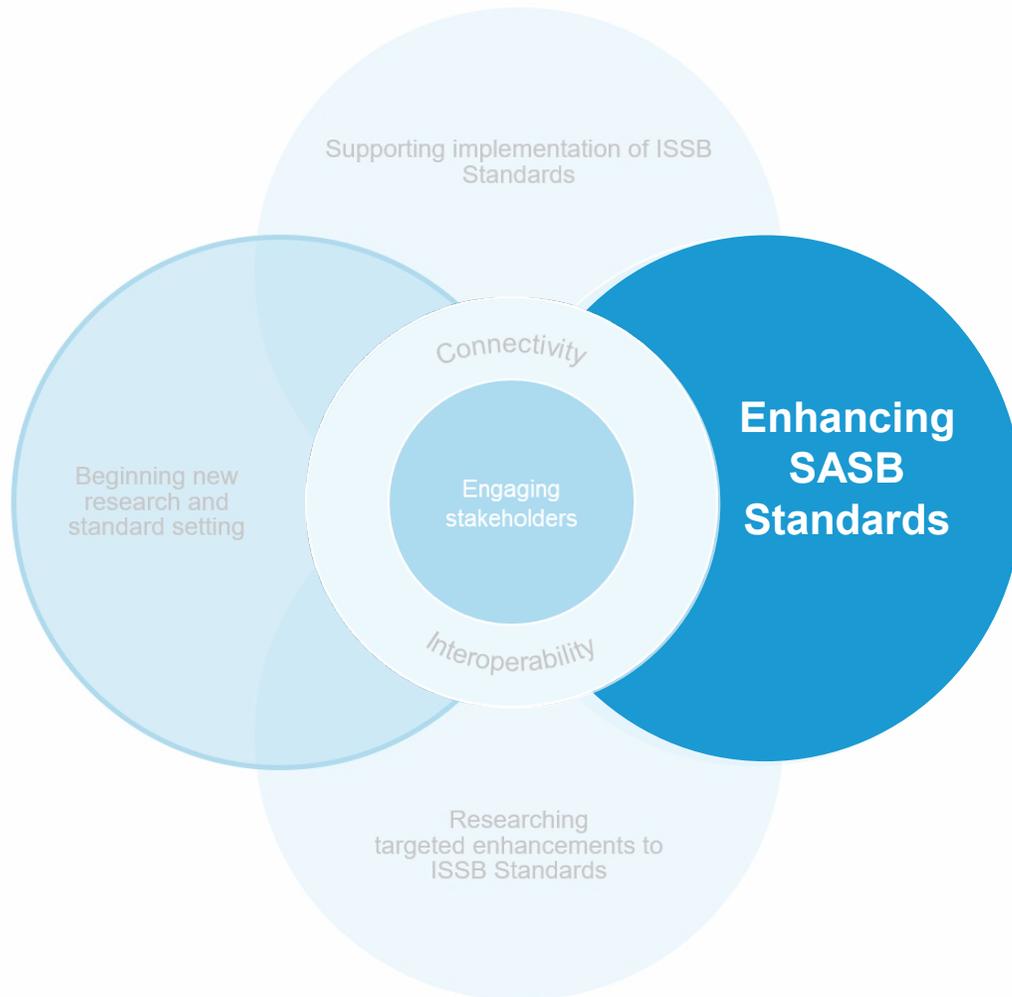
# Committed activities



To help stakeholders obtain a common understanding of ISSB Standards and enable the delivery of the comprehensive global baseline of sustainability-related disclosures:

- develop further guidance
- processes to support application (for example, establish a transition implementation group)
- education and awareness programmes
- IFRS Sustainability Disclosure Taxonomy

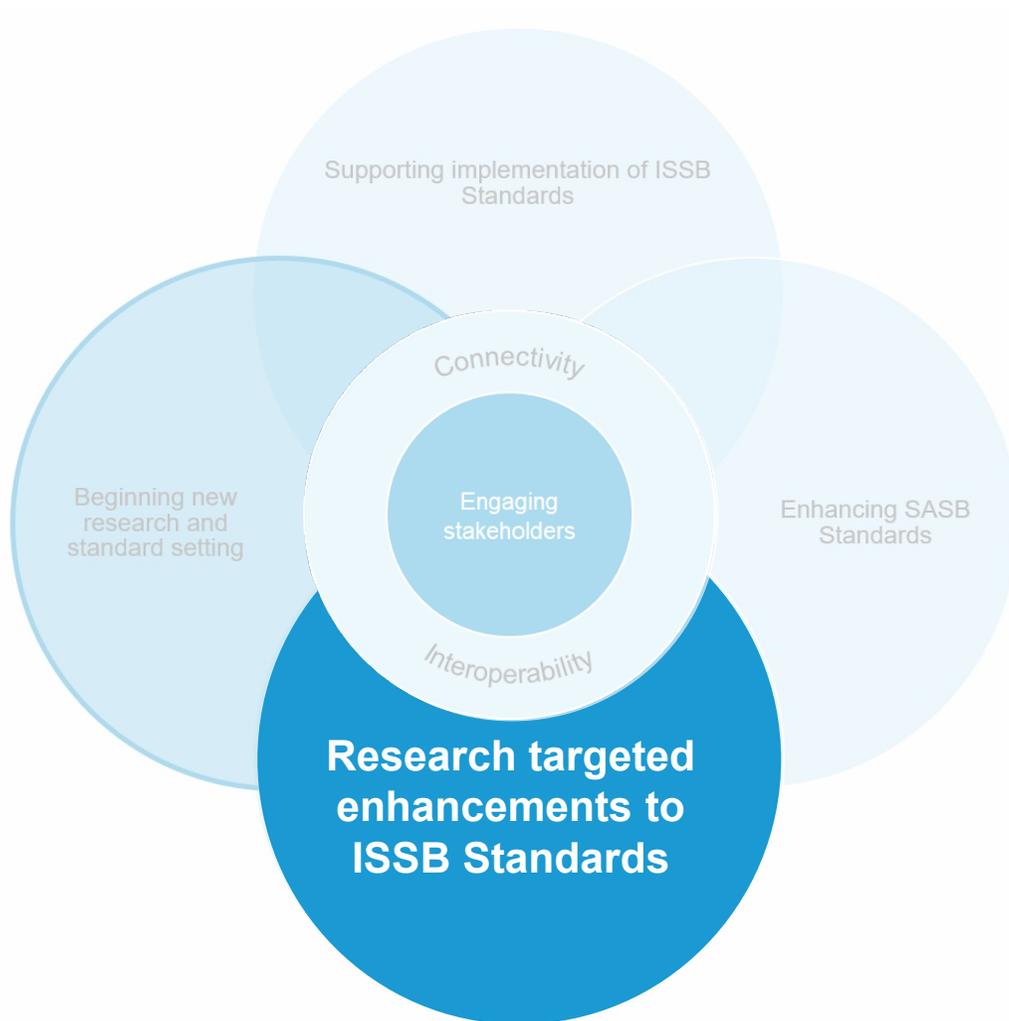
# Committed activities



To support the enhancement and maintenance of SASB Standards:

- targeted enhancements to international applicability of the SASB Standards
- advancing industry-based and standard-setting work inherited from the SASB Standards Board
- maintaining the SASB Standards through research, consultation, outreach and revisions

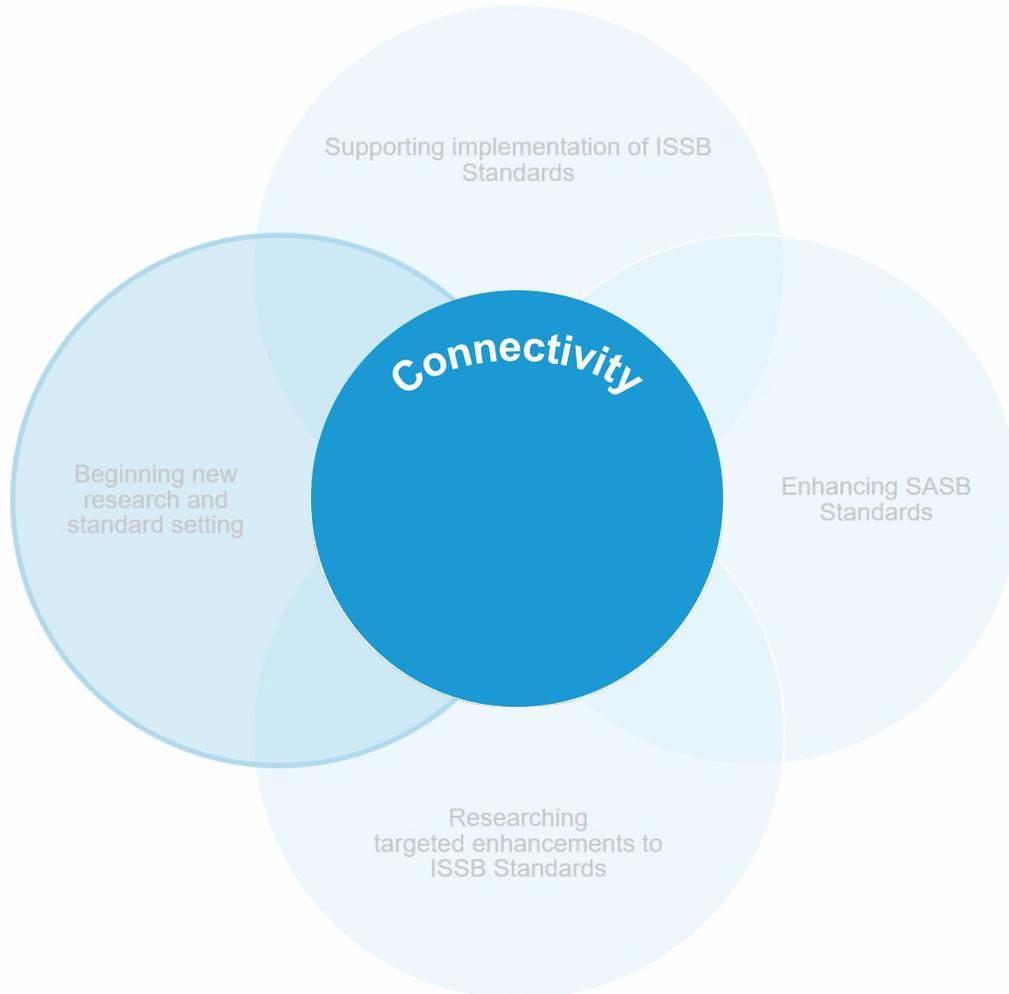
## Committed activities



To support the enhancement of disclosures under ISSB Standards:

- identify risks and opportunities at the intersection of climate and nature, as well as those closely associated with socio-economic aspects, such as the just transition to a lower-carbon economy
- explore location, value-chain and industry-based aspects of climate-adjacent risks and opportunities and associated metrics, and of climate-related strategies and transition plans

## Committed activities

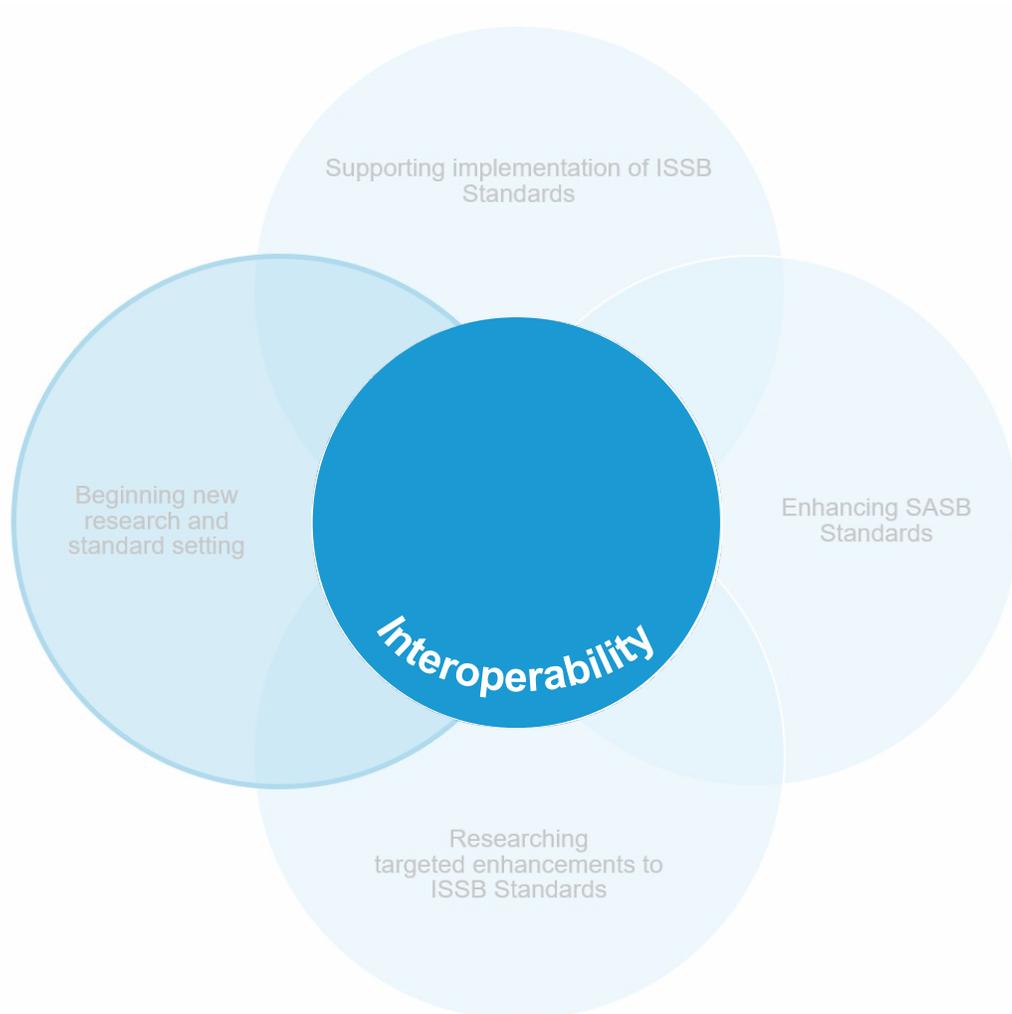


To facilitate the delivery of a coherent and comprehensive system of reporting that includes sustainability-related financial information and financial statements:

- ISSB's and IASB's respective requirements are compatible and complementary
- cohesiveness of IASB and ISSB work

*This activity is at the 'core' of all the ISSB's activities, including new projects*

## Committed activities

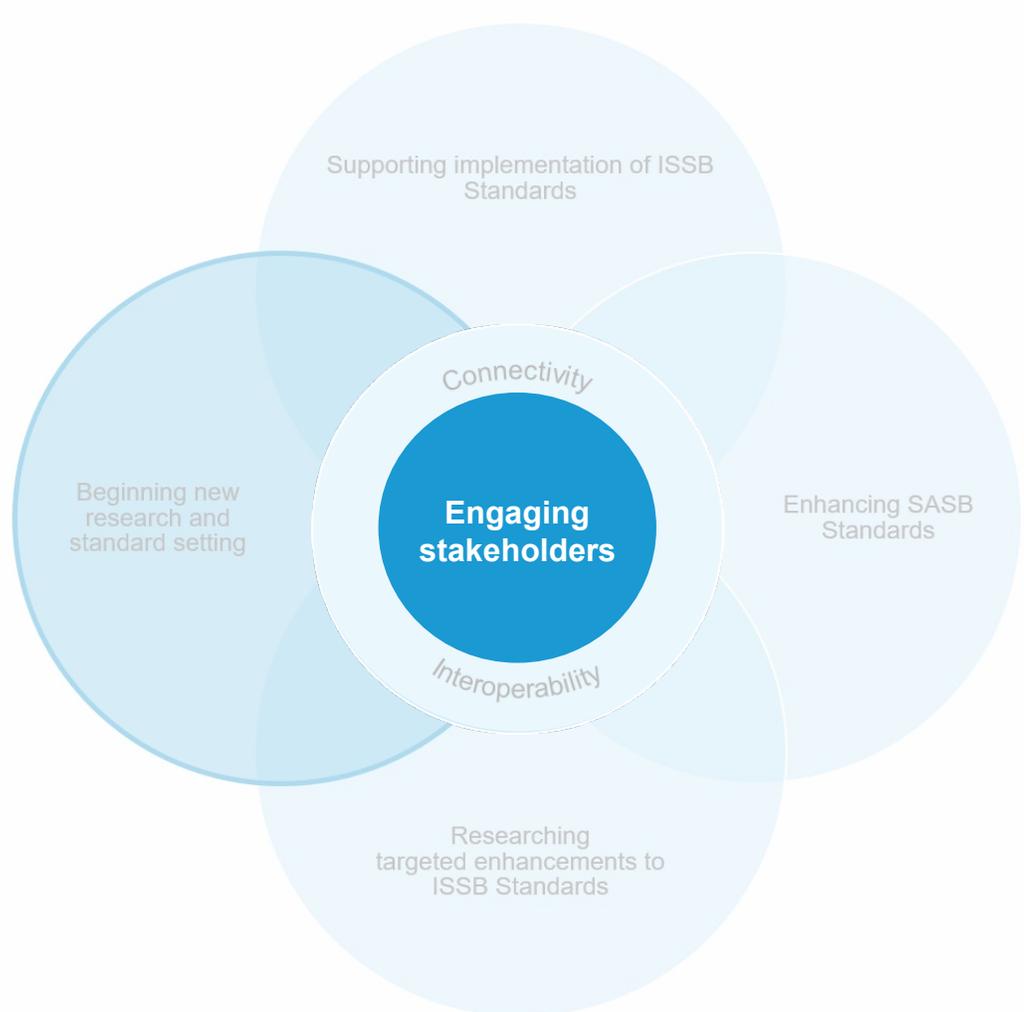


To facilitate the delivery of a global baseline of sustainability-related disclosures that supports interoperability with jurisdictional and voluntary initiatives

- Working with:
  - Jurisdictional Working Group
  - Global Reporting Initiative (GRI)
  - Sustainability Standards Advisory Forum
- Guidance on how to use the ISSB Standards in a way that is connected to and interoperable with other standards

*This activity is at the 'core' of all the ISSB's activities, including new projects*

# Committed activities



To promote the global use of the Standards and obtain input for the development of high-quality sustainability-related reporting requirements:

- advisory bodies
- consultative groups
- external events and conferences
- project outreach
- IFRS Sustainability Symposium

*This activity is at the 'core' of all the ISSB's activities, including new projects*

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