
ISSB Meeting

Date	November 2023
Project	ISSB Consultation on Agenda Priorities
Topic	Feedback summary—Strategic direction and balance of the ISSB's activities
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Objective

1. This paper provides the International Sustainability Standards Board (ISSB) with a summary of the feedback on the strategic direction and balance of the ISSB's activities from responses to the ISSB's Request for Information [Consultation on Agenda Priorities](#) (Request for Information).
2. This paper provides a high-level summary of the feedback received on the Request for Information. The staff will continue to analyse the feedback in order to develop recommendations for the ISSB's next two-year work plan. While all feedback will be considered in the analysis, the staff's analysis and the resulting recommendations the staff will bring to the ISSB will be rooted in the ISSB's mission to further the global baseline of sustainability-related financial disclosures that provide decision-useful information about all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's cash flows, its access to finance or cost of capital over the short, medium or long term.

Structure of the paper

3. The paper is structured as follows:
 - (a) Background (paragraphs 4–6);
 - (b) Key messages (paragraphs 7–10);
 - (c) Feedback on Question 1 of the Request for Information (paragraphs 11–51);
 - (d) Question for the ISSB (paragraph 52); and
 - (e) Appendix A—Questions in the Request for Information.

Background

4. Paragraphs 18–22 and Table 1 of the Request for Information provided an overview of activities within the scope of the ISSB’s work as part of its next work plan, and stated that the ISSB’s activities will primarily consist of:
 - (a) beginning new research and standard-setting projects;
 - (b) supporting the implementation of IFRS Sustainability Disclosure Standards (ISSB Standards);
 - (c) researching targeted enhancements to the ISSB Standards;
 - (d) enhancing the Sustainability Accounting Standards Board (SASB) Standards;
 - (e) ensuring connectivity between the ISSB’s and International Accounting Standards Board’s (IASB) respective requirements;
 - (f) ensuring interoperability of the ISSB’s standards with other sustainability standards; and
 - (g) engaging with stakeholders.
5. Paragraph 20 of the Request for Information explained that while activity (a) relates to *new research and standard setting*, activities (b)–(d) are part of the ISSB’s *foundational work*. Foundational work is described in paragraph 16 of the Request for Information as ‘committed work and activities to build upon the foundation created by

IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.¹ Paragraph 20 of the Request for Information further explained that all of the ISSB’s activities are interrelated to some degree with the overall aim of delivering the comprehensive global baseline of sustainability-related financial disclosures and that activities (e)–(g) are at the core of all of the ISSB’s activities, including new research and standard setting and the foundational body of work. Table 1 of the Request for Information included a description of each of the ISSB’s activities.

6. The Request for Information asked the questions included in Appendix A to this paper about the strategic direction and balance of the ISSB’s activities.

Key messages

7. Most respondents were supportive of the scope of activities presented within the Request for Information. Among those activities, most respondents viewed ‘supporting the implementation of IFRS S1 and IFRS S2’ as the highest priority and highlighted the importance of this activity in supporting the ISSB’s mission to deliver the comprehensive global baseline of sustainability-related financial disclosures.
8. Respondents had mixed views in regard to the relative prioritization of the ISSB’s other activities (ie, other than supporting the implementation of ISSB Standards); however, many acknowledged the interrelated nature of the activities as and noted the importance of all activities in supporting the global baseline.
9. Many respondents commented on the importance of ensuring the interoperability of the ISSB Standards with other jurisdictional and voluntary sustainability standards and frameworks and encouraged the ISSB to work closely with other standard setters and framework providers as part of its interoperability efforts.
10. Some respondents called for the ISSB to more clearly articulate and define a longer-term strategic vision of the future of the ISSB Standards.

Feedback on question 1 of the Request for Information

11. This section follows the same structure as the Request for Information, addressing each question on the strategic direction and balance of the ISSB’s activities as follows:
- (a) Question 1(a)—Prioritisation of the ISSB’s activities (paragraphs 12–14);
 - (b) Question 1(b)—Reasons for ranking order and types of work the ISSB should prioritise within each activity (paragraphs 15–45); and
 - (c) Question 1(c)—Other activities to be included within the scope of the ISSB’s work (paragraphs 46–51).

Question 1(a)—Prioritisation of the ISSB’s activities

12. Almost all respondents provided rankings for the prioritisation of the following activities by the ISSB:
- (a) beginning new research and standard-setting projects;
 - (b) supporting the implementation of ISSB Standards (IFRS S1 and IFRS S2);
 - (c) researching targeted enhancements to the ISSB Standards; and
 - (d) enhancing the SASB Standards.
13. The highest and lowest priority, as ranked by those respondents, is summarised in the following table:

Activity	Highest priority	Lowest priority
Beginning new research and standard-setting projects	Some	Some
Supporting the implementation of IFRS S1 and IFRS S2	Most	A few
Researching targeted enhancements to the ISSB Standards	A few	Some
Enhancing the SASB Standards	A few	Some

14. The Request for Information did not ask for feedback on the relative priority of the ‘core activities’ described in paragraphs 5(e)–(g). Table 1 of the Request for Information explained that the core activities of ‘connectivity between the ISSB and IASB requirements, interoperability with the materials of other sustainability standard-setters and stakeholder engagement are at the core of all the ISSB’s activities and fundamental to the ISSB’s mission to deliver a comprehensive global baseline of sustainability-related financial disclosures to meet the needs of investors.’ Thus, the Request for Information did not ask respondents to comment on the priority of the core activities or the types of work the ISSB should prioritise within each core activity. Some respondents commented on at least one of the core activities. Feedback on those activities is discussed in paragraphs 41–45.

Question 1(b)—Reasons for ranking order and types of work the ISSB should prioritise within each activity

Supporting implementation of IFRS S1 and IFRS S2

15. Most respondents commented on this activity to explain their ranking or to address the type of work the ISSB should prioritise in undertaking the activity.
16. Most respondents ranked this activity as the highest priority. Of those respondents:
- (a) many said that supporting the implementation of IFRS S1 and IFRS S2 was essential to the successful establishment of the global baseline of sustainability-related financial disclosures;
 - (b) many indicated that the effective implementation of IFRS S1 and IFRS S2 was essential to strengthening the credibility of the Standards and entities should be supported to provide consistent, comparable, decision-useful information; and

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- (c) a few indicated that supporting implementation of IFRS S1 and IFRS S2 should be the sole focus of the ISSB for its next two-year plan and stated that a post-implementation review of IFRS S1 and IFRS S2 should inform the future research and standard-setting projects that could be added to the ISSB's work plan.
17. Of the respondents who commented on the types of work the ISSB should prioritise as part of supporting the implementation of IFRS S1 and IFRS S2, some respondents commented that the ISSB should support reporting of consistent and comparable information by developing further educational materials. A few respondents stated the ISSB should produce materials, including additional illustrative examples, on particular matters, such as materiality assessments, climate-related scenario analysis and financial effects of sustainability-related risks and opportunities.
18. Most respondents emphasised the importance of capacity building and a few recommended that the ISSB provide implementation support for small and medium sized enterprises in the value chain as well as in emerging markets.
19. Some respondents noted the importance of the establishment of the Transition Implementation Group on IFRS S1 and IFRS S2 to support implementation and application of the Standards, and a few recommended that the ISSB should establish an interpretations committee, similar to the IFRS Interpretations Committee, to further support the common understanding and consistent application of the Standards.
20. Some respondents emphasised the importance of the interoperability of IFRS S1 and IFRS S2 with other jurisdictional and voluntary sustainability standards and frameworks to maximise clarity and comparability of information for users of general purpose financial reports, to avoid unnecessary reporting burden and to ensure the effective establishment of the global baseline.
21. Some respondents stated that the ISSB should focus on ensuring consistency across jurisdictions and markets by working with policy makers, market regulators and jurisdictional standard setters, with a few noting this to be especially important in

light of the International Organization of Securities Commissions (IOSCO) endorsement of the ISSB Standards.

Enhancing the SASB Standards

22. Many respondents commented on this activity to explain their ranking or to address the type of work the ISSB should prioritise in undertaking the activity.
23. Respondents who specified the priority of this activity were split, with a small majority ranking the activity as a lower priority (third or fourth priority) and the rest ranking the activity as a higher priority (first or second priority).
24. Of the respondents who ranked the activity as a higher priority many said that providing industry-based disclosures is critical for meeting investors' information needs and that the quality of industry-based disclosures under IFRS S1 and IFRS S2 relies on the quality of the SASB Standards. Some stated that advancing the industry-based research and standard-setting work inherited from the SASB could be a good starting point to support implementation of IFRS S1 and IFRS S2 and improve resulting disclosures.
25. Of the respondents who ranked the activity as a lower priority, some stated that continued work or development of the SASB Standards or the industry-based approach was important, even if not the top priority, while a few stated that the ISSB should not dedicate resources to enhancing the SASB Standards or should wait and monitor their use in the market before undertaking any changes.
26. Of the respondents who commented on the types of work the ISSB should prioritise as part of enhancing the SASB Standards, many stated that enhancing the SASB Standards or developing industry-based disclosures would support the ISSB's other priorities, including its activity on supporting the implementation of IFRS S1 and S2, as well as the potential projects on sustainability-related risks and opportunities related to the topics of biodiversity, ecosystems and ecosystem services; human capital; and human rights. Some respondents noted that these topics are included in

the SASB Standards, and that expanding or improving on those disclosure topics and associated metrics could be a starting point for developing industry-based requirements or guidance on a range of sustainability topics.

27. Some respondents identified specific themes, industries, topics and metrics to be improved in the SASB Standards, including matters related to the topics of human capital, human rights, climate (including disclosure topics and metrics within the *Industry-based Guidance on implementing Climate-related Disclosures* accompanying IFRS S2), nature and/or biodiversity, as well as particular matters within the finance sector.
28. Some respondents urged the ISSB to prioritise integrating the SASB Standards with ISSB Standards, although respondents suggested different approaches to that integration.
29. A few respondents suggested that after the ISSB completes its project on the [International Applicability of the SASB Standards](#), the ISSB should undertake a broader review and evaluation of the entire body of SASB Standards.

Targeted enhancements to ISSB Standards

30. Some respondents commented on this activity to explain their ranking or to address the type of work the ISSB should prioritise in undertaking the activity.
31. Of the respondents who specified the priority of this activity, some ranked it as a higher priority (first or second priority), while most ranked it as a lower priority (third or fourth priority).
32. Of the respondents that ranked this activity as a higher priority, many stated that providing guidance for disclosure of nature and social aspects of climate-related risks and opportunities, such as exploring location-, value chain-, and industry-based aspects of those risks and opportunities, alongside associated metrics, would help practitioners during implementation.

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33. Of the respondents that ranked this activity as a lower priority, most viewed this activity as research that could result in amendments to IFRS S1 and IFRS S2 and stated it would be premature to amend the recently published ISSB Standards.¹ Many respondents suggested that, before considering enhancement to existing ISSB Standards, the ISSB first allow time for jurisdictions and entities to adopt, implement and apply the Standards.
34. Of the respondents who commented on the types of work the ISSB should prioritise as part of researching targeted enhancements of ISSB Standards, some noted their support for development of educational material for nature and social aspects of climate-related risks and opportunities, specifically materials related to disclosure about the ‘just transition’ to a lower-carbon economy.

Beginning new research and standard setting

35. Many respondents commented on this activity to explain their ranking or to address the type of work the ISSB should prioritise in undertaking the activity.
36. Respondents who ranked this activity were nearly evenly split with many respondents ranking the activity as a higher priority (first or second priority) and many respondents ranking the activity as a lower priority (third or fourth priority).
37. Of the respondents who ranked the activity as a higher priority, many stated that it is important for the ISSB to develop future standards on a range of topics beyond climate change to achieve the global baseline of sustainability-related financial disclosures, with some respondents referencing the European Financial Reporting Advisory Group’s (EFRAG) European Sustainability Reporting Standards (ESRS) as covering many sustainability-related topics.

¹ At its meeting in July 2023, subsequent to the publication of the Request for Information, the ISSB discussed [Agenda Paper 9—Researching targeted enhancements to ISSB Standards—Path Forward](#), and directed the staff to develop educational material to explain and illustrate how an entity might apply some requirements in IFRS S2 Climate-related Disclosures to disclose information about some nature and social aspects of climate-related risks and opportunities.

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38. Of the respondents who ranked the activity as a lower priority, many stated that although the activity is important, the initial focus of the ISSB should be on the successful global adoption and implementation of IFRS S1 and IFRS S2. Some respondents acknowledged the need to allow sufficient time for entities and jurisdictions to adopt and implement the existing Standards before the ISSB releases additional sustainability-related disclosure requirements.
39. Of the respondents who commented on the types of work the ISSB should prioritise as part of beginning new research and standard setting, many suggested the ISSB should work with and build upon the work of other jurisdictional and voluntary sustainability standard-setters and framework providers, including EFRAG, the Global Reporting Initiative (GRI) and the Task Force on Nature-related Financial Disclosures (TNFD). A few noted the opportunity to further incorporate the IFRS Foundation's resources of the Integrated Reporting Framework, the SASB Standards and the CDSB Framework application guidance when pursuing new research and standard setting.
40. Comments on the importance, relative priority and scope of the proposed projects detailed in Appendix A to the Request for Information, as well as other proposed projects, are included in the summary of feedback on Questions 3 of the Request for Information and Questions 4–6 of the Request for Information presented in Agenda Papers 2C and 2D, respectively.

Core Activities

41. As stated in paragraph 14, the Request for Information did not ask respondents to comment on the priority of the ISSB's core activities or the types of work the ISSB should prioritise within each core activity. However, many respondents commented on at least one of the core activities, as summarised in paragraphs 42–45.

Interoperability

42. Many respondents commented on the ISSB's activities to ensure the interoperability of ISSB Standards with other sustainability standards. These respondents emphasised

the importance of the ISSB working collaboratively with and considering the materials of other jurisdictional and voluntary sustainability standard-setters and framework providers. This feedback is separate from but related to feedback on considering the work of other organisations as part of the proposed projects in Appendix A to the Request for Information. Of the respondents who commented on interoperability, many referenced the work of EFRAG, some referenced the work of GRI, and a few referenced the work of the TNFD, the U.S. Securities and Exchange Commission and other organisations.

43. Some respondents commented on the importance of working with other jurisdictional and voluntary sustainability standard-setters and framework providers in both supporting the implementation of IFRS S1 and IFRS S2 as well as in advancing research and standard-setting on new topics, by incorporating and building upon the work of other organisations. A few respondents commented that interoperability should be considered a separate, stand-alone activity.

Connectivity

44. Some respondents commented on the ISSB's activity of ensuring connectivity between the ISSB's and IASB's respective requirements to emphasise the importance of the ISSB and the IASB communicating and working together on both Boards' current and future projects. A few respondents specified particular projects or activities for which connectivity between the ISSB and IASB would be important. As the feedback on how the ISSB and IASB might work together, including in the context of the proposed research project on integration in reporting, is of interest to both Boards, such detailed feedback will be discussed at a future joint meeting between the ISSB and IASB.

Stakeholder Engagement

45. A few respondents commented on the ISSB's activity of engaging with stakeholders to emphasise the importance of this activity. These respondents encouraged the ISSB

to engage with a diverse range of stakeholders and jurisdictions, including emerging economies, as it progresses all of its activities and potential projects.

Question 1(c)—Other activities to be included within the scope of the ISSB’s work

46. Most respondents commented on whether the ISSB should include any other activities within the scope of its work. The respondents were nearly evenly split, with a small majority indicating that the ISSB should include other activities within the scope of its work and the rest indicating that the ISSB should not include other activities within the scope of its work.
47. Of the respondents who commented that the ISSB should include other activities within the scope of its work, many commented on one or more of the ISSB’s core activities. Comments on those core activities are included in the summary of feedback presented in paragraphs 41–45. A few respondents suggested other potential research and standard-setting projects the ISSB could consider for inclusion in its work plan. This feedback is included in the summary of feedback on Question 3 of the Request for Information in Agenda Paper 2C for this meeting.
48. Some respondents suggested that the ISSB should devote resources to more clearly articulate and define its longer-term strategic vision for the future of the ISSB Standards, beyond the next two-year work plan, including clarifying:
 - (a) the sustainability-related topics a ‘full suite’ of ISSB Standards would encompass;
 - (b) the role of industry-based disclosures, including the SASB Standards, in the ISSB Standards;
 - (c) the timeline for future ISSB Standards; and
 - (d) the plans for the IFRS Foundation’s inherited resources, including the SASB Standards, the CDSB Framework application guidance, and the Integrated Reporting Framework.

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49. A few respondents stated that clarifying the ISSB’s longer-term strategic vision will help stakeholders understand the interaction of the ISSB’s Standards with other jurisdictional and voluntary sustainability standards and frameworks, especially the ESRS and GRI standards.
50. A few respondents suggested that the ISSB should develop a comprehensive conceptual framework to support sustainability-related financial disclosures, with some of those respondents suggesting collaboration between the IASB and ISSB to update or closely align with the IFRS Conceptual Framework for Financial Reporting.
51. A few respondents suggested that the ISSB should conduct research to assess the concept of ‘double materiality’ to highlight different investor perspectives on material information as it relates to an entity’s impact on the planet and society. A few respondents suggested that the ISSB Standards should incorporate the ‘double materiality’ concept or suggested the ISSB should clarify its approach to materiality and how it relates to the approach of other jurisdictional and voluntary sustainability standards and frameworks, specifically the ESRS and GRI standards.

Question for the ISSB

52. The staff presents the following question for the ISSB.

Questions for the ISSB

1. Does the ISSB have any comments or questions on the feedback discussed in this paper?

Appendix A – Questions in the Request for Information

Question 1— Strategic direction and balance of the ISSB's activities

Paragraphs 18–22 and Table 1 provide an overview of activities within the scope of the ISSB's work.

- (a) From highest to lowest priority, how would you rank the following activities?
 - (i) beginning new research and standard-setting projects
 - (ii) supporting the implementation of ISSB Standards IFRS S1 and IFRS S2
 - (iii) researching targeted enhancements to the ISSB Standards
 - (iv) enhancing the Sustainability Accounting Standards Board (SASB) Standards
- (b) Please explain the reasons for your ranking order and specify the types of work the ISSB should prioritise within each activity.
- (c) Should any other activities be included within the scope of the ISSB's work? If so, please describe these activities and explain why they are necessary.