ISSB Meeting

Date  
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Project  
ISSB Consultation on Agenda Priorities

Topic  
Feedback summary—Criteria for assessing sustainability matters that could be added to the ISSB’s work plan

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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. This paper provides the International Sustainability Standards Board (ISSB) with a summary of the feedback on the criteria for assessing sustainability reporting matters that could be added to the ISSB’s work plan from 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 7–8);
(c) Feedback on Question 2 of the Request for Information (paragraphs 9–17);
(d) Question for the board (paragraph 18); and
(e) Appendix A—Questions in the Request for Information

Background

4. Paragraph 24 of the Request for Information explained that the ISSB evaluates a potential new research or standard-setting project for its work plan primarily to determine whether the project will meet the information needs of investors\(^1\) in making decisions about providing resources to an entity, in accordance with the objective of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. Table 2 of the Request for Information set out the following proposed criteria that the ISSB could consider when assessing the priority of sustainability-related matters that could be added to its work plan:

(a) Criterion 1: The importance of the matter to investors;
(b) Criterion 2: Whether there are any deficiencies in the way companies disclose information on the matter;
(c) Criterion 3: The types of companies that the matter is likely to affect, including whether the matter is more prevalent in some industries and jurisdictions than others;
(d) Criterion 4: How pervasive or acute the matter is likely to be for companies;
(e) Criterion 5: How the potential project interconnects with other projects in the work plan;

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\(^{1}\) The term ‘investors’ has been used in this document to refer to the primary users of general purpose financial reports, which the IFRS Conceptual Framework notes includes potential investors, lenders and other creditors.
(f) Criterion 6: The complexity and feasibility of the potential project and its solutions; and

(g) Criterion 7: The capacity of the ISSB and its stakeholders to progress the project in a timely way.

5. Paragraph 26 of the Request for Information stated that these criteria are the primary considerations for determining the priority of projects to be added to the ISSB’s work plan but given the importance of interoperability the ISSB also considers the work streams of other jurisdictional and voluntary sustainability standard-setters and framework providers.

6. The feedback summarised in this paper was provided by stakeholders in response to Question 2 of the Request for Information, which is reproduced in Appendix A to this paper.

Key messages

7. Most respondents provided feedback on Question 2 of the Request for Information, which asked about the criteria the ISSB proposed to use when prioritising matters that could be added to its work plan. Almost all of them agreed with the appropriateness of the identified criteria. A few respondents did not agree with the suggested criteria.

8. Despite general agreement with the proposed criteria, many respondents suggested amendments or additions to the criteria to consider topics including, among others, interoperability of ISSB Standards with other sustainability-related standards and frameworks, ‘double’ or ‘impact’ materiality, global applicability of ISSB Standards, and connectivity with the International Accounting Standards Board (IASB).

Feedback on Question 2 of the Request for Information

9. This section follows the same structure as the Request for Information, addressing each question on the criteria for assessing matters that could be added to the ISSB’s work plan:
(a) Question 2(a)—Appropriateness of the proposed criteria (paragraphs 11–13); and

(b) Question 2(b)—Other criteria to be considered (paragraphs 14–17).

10. Most of the respondents to Request for Information provided feedback on Question 2.

**Question 2 (a)—Appropriateness of the proposed criteria**

11. Almost all respondents to Question 2 provided feedback on Question 2(a). Of those respondents, almost all agreed with the appropriateness of the criteria that the ISSB has identified; however, some of those respondent also proposed amendments or additions to the criteria. A few respondents did not agree with the proposed criteria.

12. Of the respondents who agreed with the appropriateness of the proposed criteria:

   (a) a few stated that the proposed criteria are fundamentally sound, comprehensive, relevant, transparent, and effective for assessing sustainability-related matters to be added to the work plan;

   (b) a few noted the importance of criterion 1, which addresses the importance of the matter to investors, as it aligns with the scope and mission of the ISSB to establish the global baseline of sustainability-related financial disclosures for capital markets; and

   (c) a few stated it is appropriate that the ISSB’s proposed criteria are consistent with those used by the IASB; and

   (d) some suggested amendments or additions to the proposed criteria (see paragraphs 14–17 for additional details).

13. Of the respondents who did not agree with the proposed criteria, some stated that the criteria should address ‘double’ or ‘impact’ materiality, and a few emphasised the importance of considering interoperability of the ISSB Standards with other sustainability standards (see paragraphs 14–17 for additional details).
Question 2 (b)—Other criteria to be considered

14. Almost all respondents to Question 2 provided feedback on Question 2(b) of the Request for Information. Of those respondents, many suggested amendments or additions to the proposed criteria. Many others did not suggest that the ISSB consider other criteria.

15. Many of the respondents to Question 2(b) suggested amendments or additions to the proposed criteria to cover the interoperability of ISSB Standards with other sustainability-related standards and frameworks, ‘double’ or ‘impact’ materiality and the global applicability of ISSB standards. Of these respondents:

(a) many suggested adding a criterion focused on interoperability with other sustainability-related standards and frameworks such as the Global Reporting Initiative (GRI) Standards and the European Sustainability Reporting Standards (ESRS). As noted in paragraph 5, the Request for Information explained that in addition to the proposed criteria, the ISSB also considers the work streams of other jurisdictional and voluntary sustainability standard-setters and framework providers. These respondents suggested such consideration be formalised as an additional criterion. These respondents said that such a criterion would help harmonise the reporting landscape, reduce the reporting burden for entities, and foster comparability of sustainability-related information for investors;

(b) some encouraged the ISSB to consider, in the proposed criteria or in a new additional criterion, other stakeholders beyond investors, in accordance with the ‘double’ or ‘impact’ materiality concept; and

(c) a few said the ISSB’s criteria should address the global applicability of ISSB Standards by ensuring that the activities added to the ISSB workplan address reporting matters that are relevant to geographically diverse stakeholders.

16. Other topics the respondents to Question 2(b) suggested to consider in the criteria for assessing the priority of projects that could be added to the ISSB’s work plan are, among others, connectivity with the IASB and reporting burden for preparers.
17. A few respondents to Question 2(b) suggested specific amendments to the wording or the scope of the proposed criteria. Of these respondents:

(a) a few suggested the ISSB emphasise the focus on investors’ interest in criterion 1 by explicitly reference to impacts of a sustainability matter on the entity’s prospects. A few suggested to broaden the scope of criterion 1 to consider other stakeholders who are focused on ‘double’ or ‘impact’ materiality; and

(b) a few respondents suggested to include a consideration of connectivity with projects on the IASB’s work plan, for example in criteria 5 and 7. These respondents expressed the view that such consideration would foster coordination of the two boards, improve efficiency in progressing projects on the respective work plans, improve the quality and transparency of the Standards developed by the IASB and ISSB, and help ensure the resulting information for investors is connected and consistent.

**Question for the ISSB**

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

<table>
<thead>
<tr>
<th>Questions for the ISSB</th>
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<tbody>
<tr>
<td>1. Does the ISSB have any comments or questions on the feedback discussed in this paper?</td>
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Appendix A—Questions in the Request for Information

<table>
<thead>
<tr>
<th>Question 2—Criteria for assessing sustainability reporting matters that could be added to the ISSB’s work plan</th>
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<tbody>
<tr>
<td>Paragraphs 23–26 discuss the criteria the ISSB proposes to use when prioritising sustainability-related reporting issues that could be added to its work plan.</td>
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<tr>
<td>(a) Do you think the ISSB has identified the appropriate criteria?</td>
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<tr>
<td>(b) Should the ISSB consider any other criteria? If so what criteria and why?</td>
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