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# ISSB Consultation on Agenda Priorities

## April 2023

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# Purpose of this session

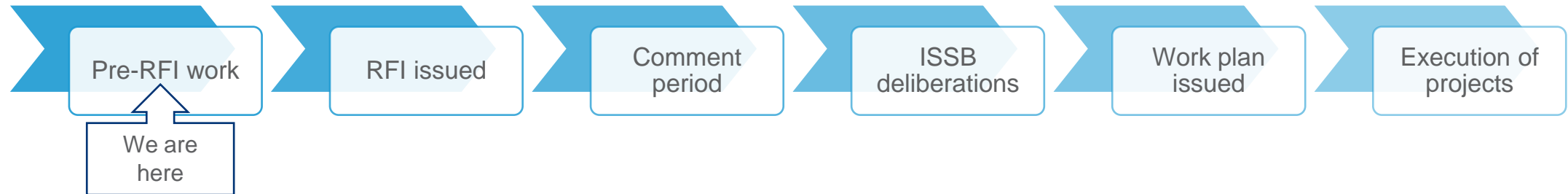
## Purpose of this session

To provide an overview of the International Sustainability Standards Board's (ISSB) Consultation on Agenda Priorities and the associated Request for Information (RFI) which will seek public feedback to inform the ISSB's next work plan

## Question

Do you have any comments or questions on the ISSB's Consultation on Agenda Priorities and the contents of the RFI?

## Overview of planned approach



- As part of its initial consultation on agenda priorities, the ISSB will issue an RFI to inform its work plan for the **two years** following consultation.
- In developing the Request For Information, the ISSB seeks to include appropriate background information and questions to help stakeholders comment on the RFI and ensure the ISSB obtains sufficient feedback to make sound decisions.

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# Overview of the RFI



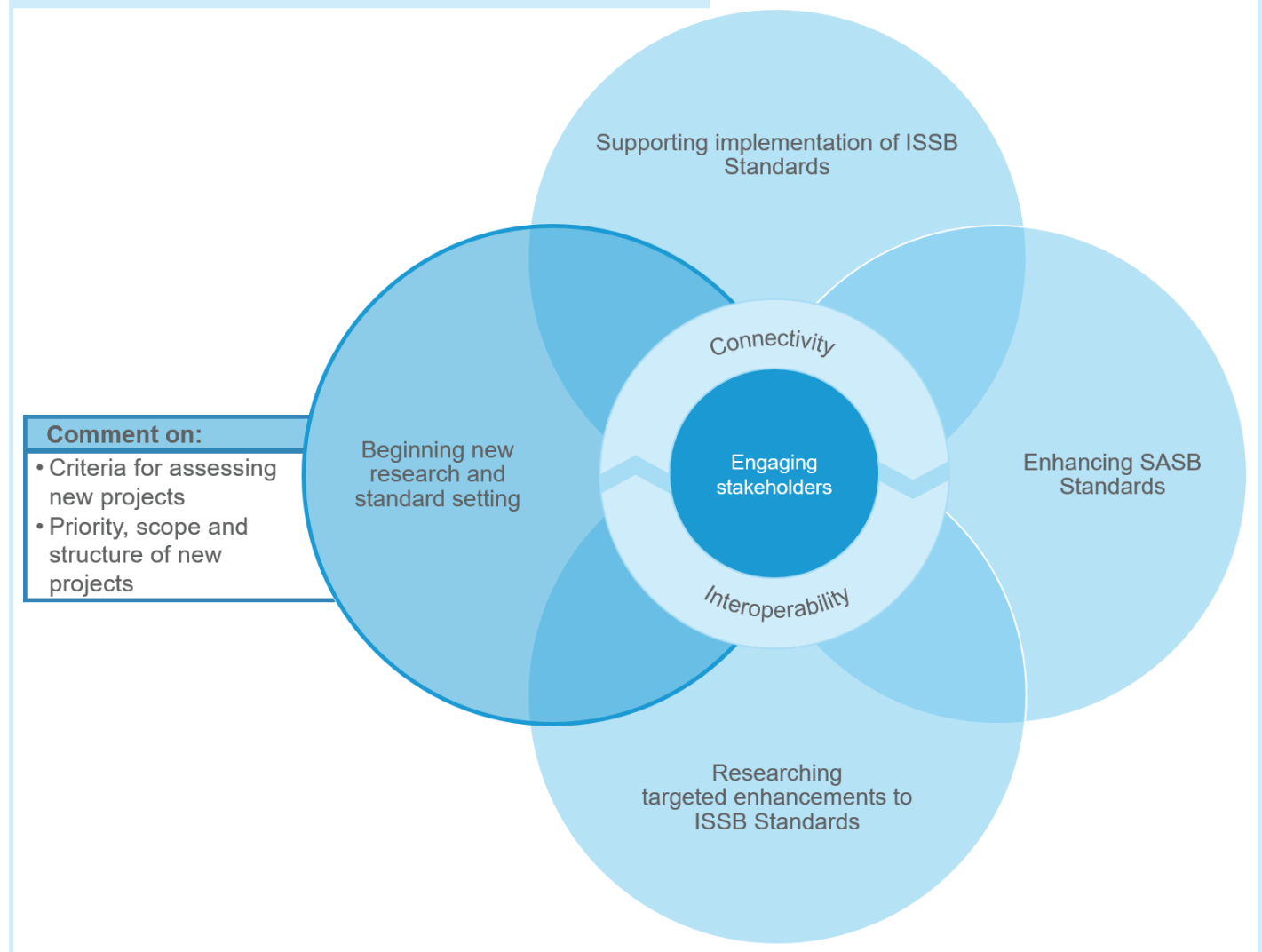
# Content of RFI

The ISSB will seek feedback on:

- **strategic direction and balance of the ISSB's activities** including description of the *foundational work* (that is, committed work and activities to build upon the foundation created by S1 and S2, once finalised);
- **criteria for assessing the priority of new projects**; and
- **priority, scope and structure of new research and standard-setting projects** that could be added to the ISSB's work plan.

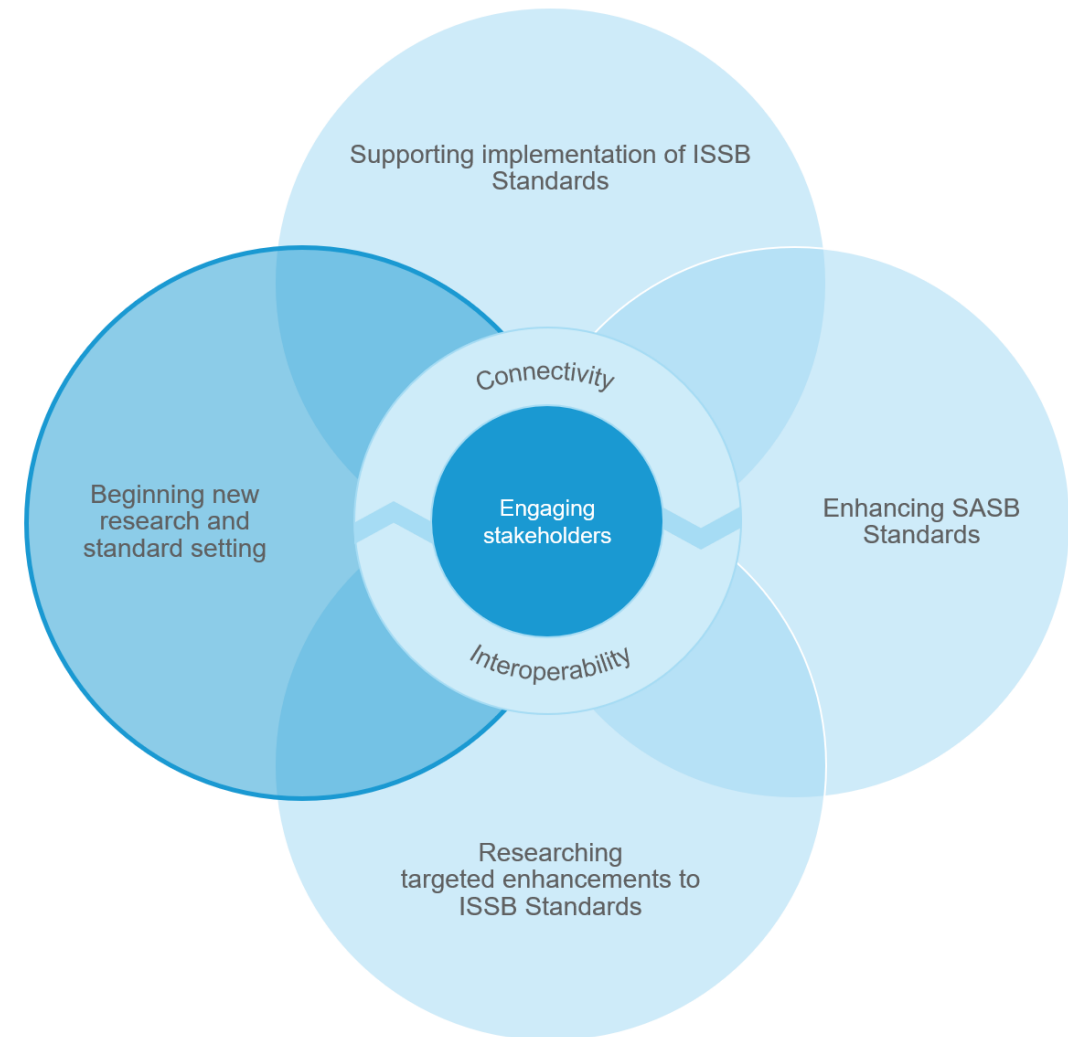
Chart not to scale

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



# Strategic direction and balance of work plan

- ISSB will seek general feedback on the **strategic direction** of balance of the ISSB's work plan, within the ISSB's remit to develop a comprehensive global baseline of sustainability-related disclosure standards.
- The ISSB will consider feedback to **provide directional information on how to prioritise** its priority activities.
- The activities reflected in the diagram require a trade-off with each other in determining the balance of the ISSB's primary activities.
- Given the initial work plan will cover only the **first two years following consultation**, along with the early-stage nature of the ISSB, its priority activities will look different from those of the more established IASB.



# Committed activities

<p><b>Supporting implementation of ISSB Standards</b></p>	<p>Help stakeholders obtain a common understanding of ISSB Standards and enable the delivery of the comprehensive global baseline of sustainability-related disclosures by:</p> <ul style="list-style-type: none"> <li>• Developing or strengthening guidance and materials to support application of IFRS S1 and IFRS S2</li> <li>• Engaging with and educating partners among jurisdictions worldwide, including emerging economies</li> <li>• Publishing exposure draft of IFRS Sustainability Disclosure Taxonomy and supporting guidance to facilitate the digital consumption of reports prepared in accordance with ISSB Standards</li> </ul>
<p><b>Enhancing SASB Standards</b></p>	<p>Support the enhancement and maintenance of SASB Standards, given the SASB Standards important role in both IFRS S1 and IFRS S2 by:</p> <ul style="list-style-type: none"> <li>• Enhancing the international applicability of SASB Standards</li> <li>• Advancing SASB standard-setting projects, with initial focus on projects with published recommended changes</li> </ul>
<p><b>Researching targeted enhancements of ISSB Standards</b></p>	<p>Support the enhancement of disclosures under ISSB Standards by:</p> <ul style="list-style-type: none"> <li>• Continuing research and outreach to assess IFRS S2 for targeted enhancements for the disclosure of climate-adjacent risks and opportunities related to nature and the ‘just transition’ to a lower-carbon economy.</li> </ul>

## Core activities

These activities are at the ‘core’ of all the ISSB’s activities, including committed and new work, and are fundamental to the delivery a comprehensive global-baseline of sustainability related disclosures to meet the needs of investors.

Ensuring <b>connectivity</b> between the ISSB’s and IASB’s respective requirements	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.
Ensuring <b>interoperability</b> of the ISSB Standards with other sustainability standards	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.
Engaging with stakeholders	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.



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# Criteria for assessing new projects to be added

The ISSB will also seek feedback on criteria used to assess proposals for inclusion in its work plan. These criteria are based on those used by the IASB:

- a. the importance of the matter to investors;
- b. whether there are any deficiencies in the way companies disclose information on the matter;
- c. the type of companies that the matter is likely to affect, including whether the matter is more prevalent in some jurisdictions than others;
- d. how pervasive or acute the matter is likely to be for companies;
- e. the potential project's interaction with other projects on the ISSB's work plan (or on the IASB's work plan);
- f. the complexity and feasibility of the potential project and its solutions; and
- g. the capacity of the ISSB and its stakeholders to make timely progress on the potential project.

While not a separate criteria, the ISSB also considers the work streams of other jurisdictional and voluntary sustainability standard setters and framework providers.

# New research and standard setting projects

The RFI will include description of and seek feedback on:

- research projects on the sustainability-related risks and opportunities associated with:
  - biodiversity, ecosystems and ecosystem services;
  - human capital;
  - human rights; and
- a research project on integration in reporting to support integrated disclosures beyond the requirements on connected information in the financial statements and sustainability-related financial disclosures, that are included in S1 and S2.





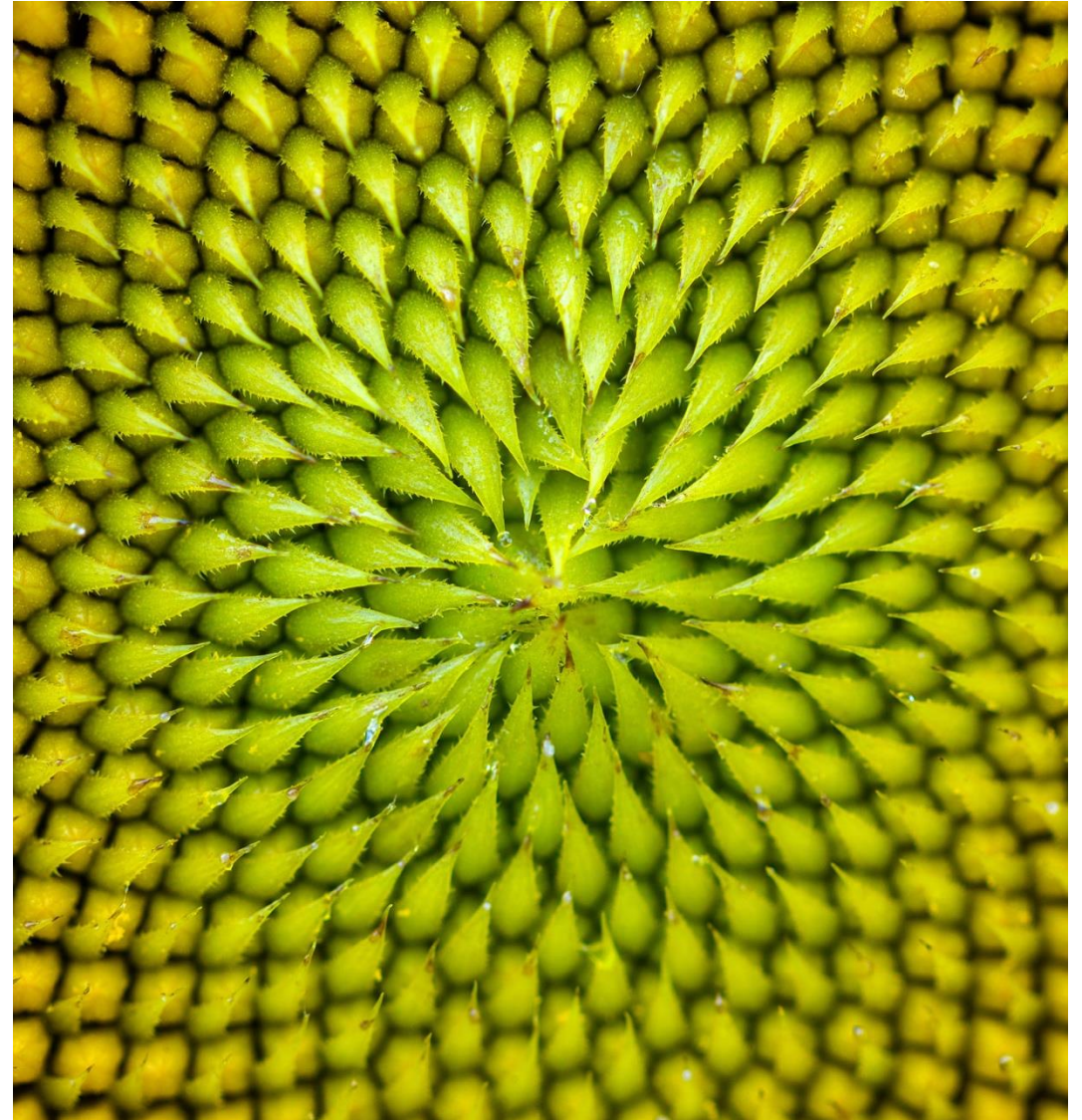
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**Biodiversity** is a foundational characteristic of natural systems and it is a proxy for functional, productive and resilient **ecosystems** which are then able to provide the **ecosystem services** upon which life on earth relies.

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# Biodiversity, ecosystems and ecosystem services (BEES)

- Biodiversity loses 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





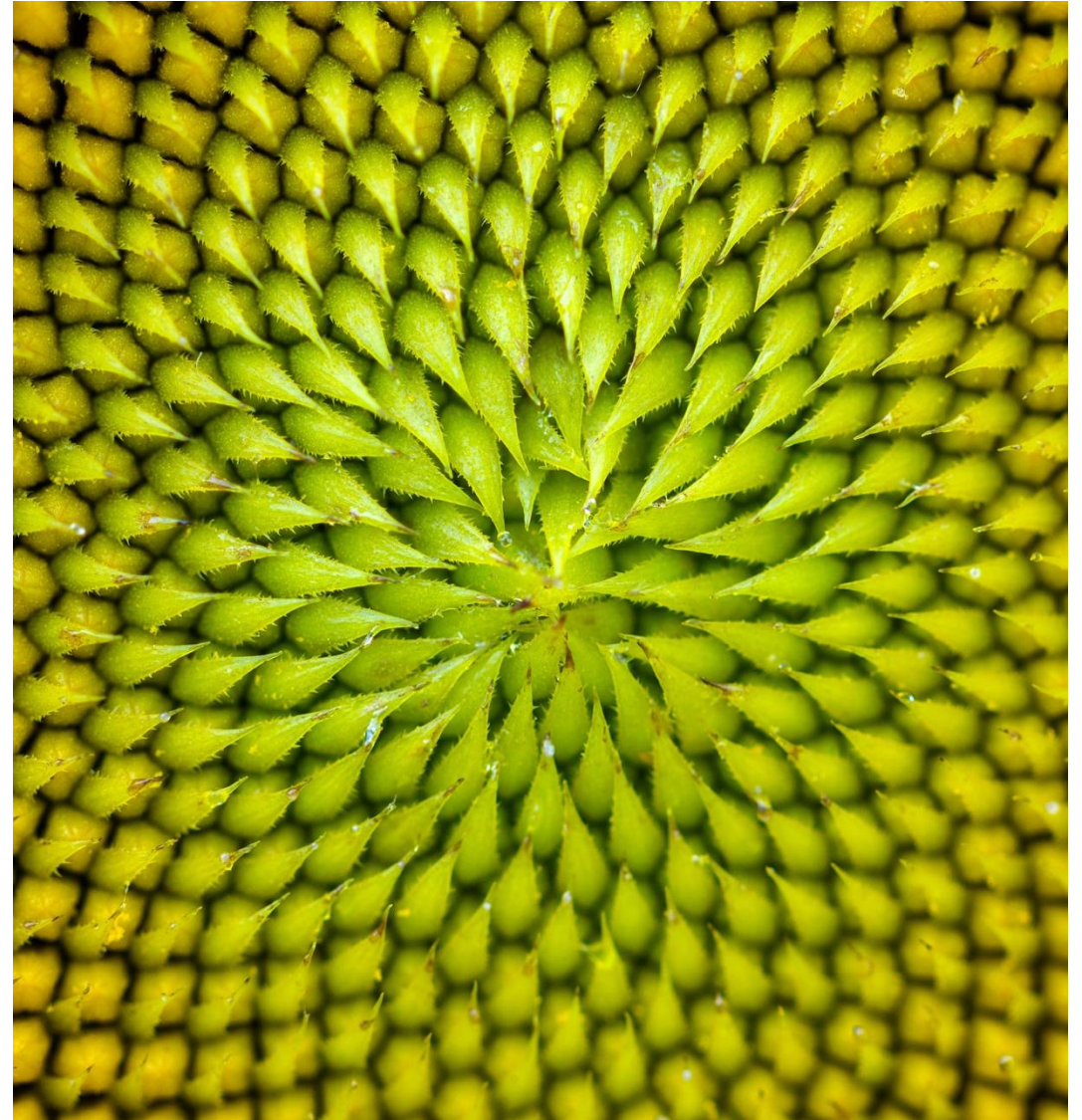
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**Human capital** refers to the people who make up a company's own workforce, and the workforce's respective competencies, capabilities and experience, and motivations to innovate.

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# Human 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.





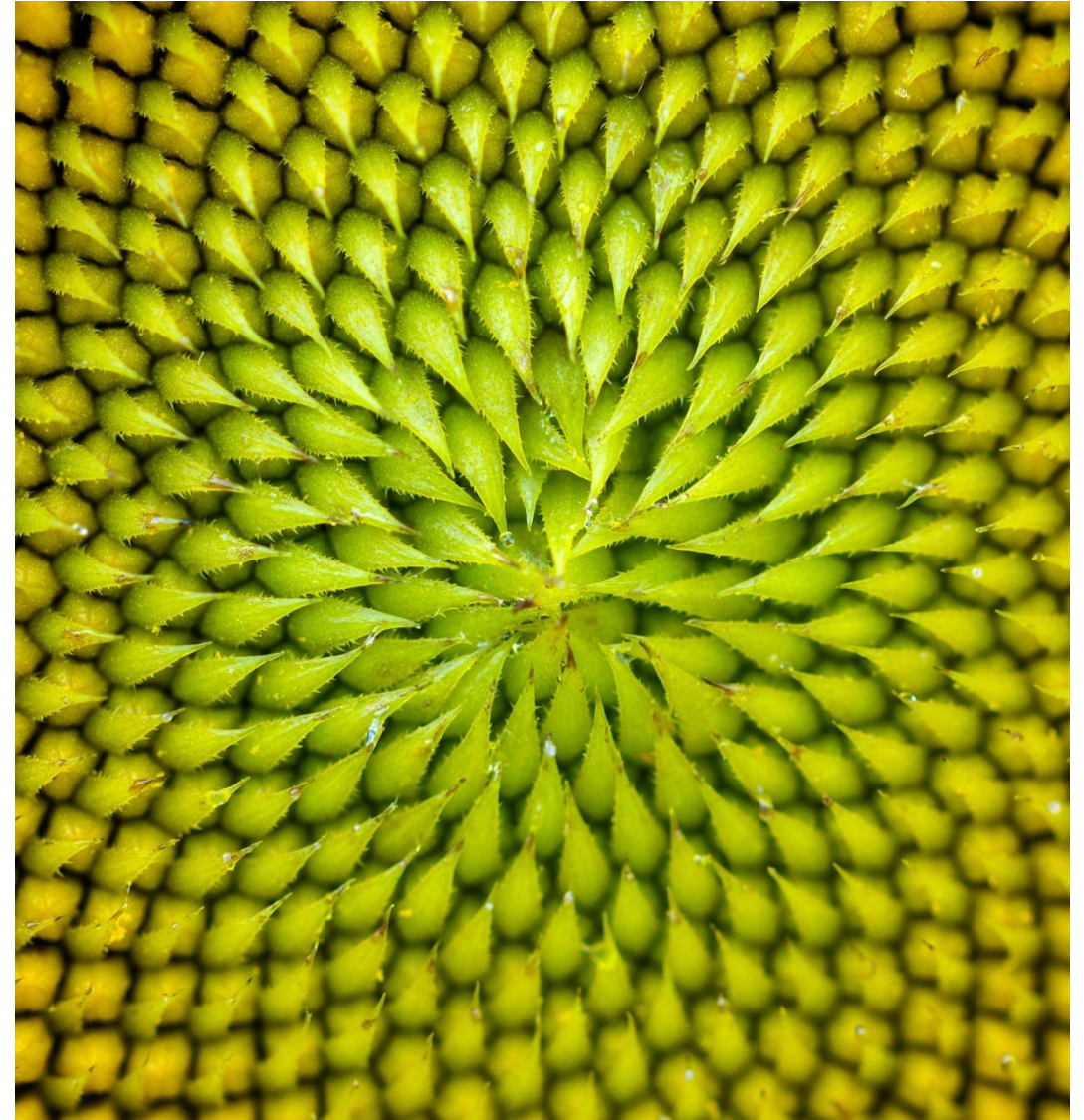
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**Human rights** are the basic rights and freedoms that belong to every person by virtue of being a human being. These universal rights range from the most fundamental, eg the right to life, to those that make life worth living, such as the rights to food, education, work, health, and liberty.

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# 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 sustainability-related risks and opportunities, including how they vary by jurisdiction or business model, and research to understand existing practices, tools and metrics.





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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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# New research and standard setting projects

The RFI will seek feedback on:

- relative priority of the potential projects to inform ISSB's **resource allocation**;
- for the **sustainability-related subject matters** (biodiversity, ecosystems and ecosystem services; human capital; and human rights):
  - 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 in the context of ISSB's mission to build out suite of 'sustainability' standards;
  - whether and how the ISSB should work with the IASB;
  - whether project should utilise IASB's Exposure Draft *Management Commentary*, the Integrated Reporting Framework, both or other materials in pursuing this work.

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## New research and standard setting projects

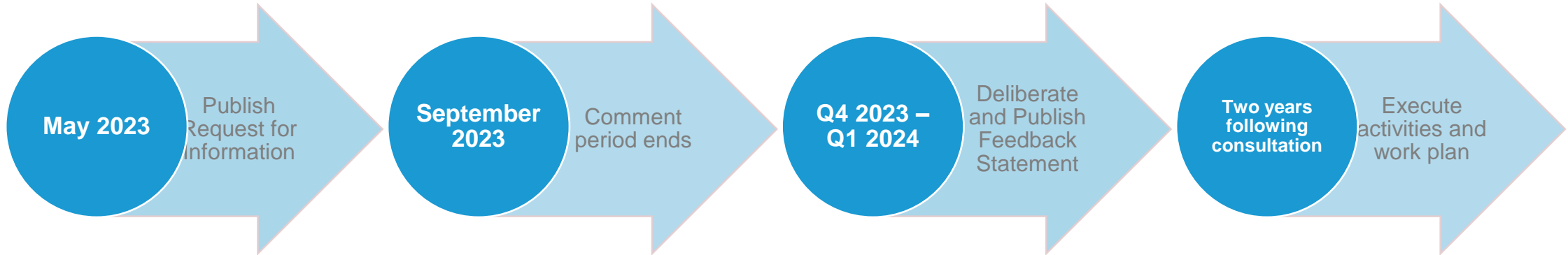
In developing their response to the RFI, it is important that stakeholders consider:

- 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 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

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# Timeline and next steps



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