

ISSB

Pre-meeting Summary

October 2023

This is a compilation of the summary available on IAS Plus at:

<https://www.iasplus.com/en/meeting-notes/issb/2023/october/october>

The meeting agenda and all of the staff papers are available on the ISSB website:

<https://www.ifrs.org/news-and-events/calendar/2023/october/international-sustainability-standards-board/>

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Preview

The ISSB will meet on 24-25 October 2023 via video call. The following topics are on the agenda:

GSSB Work Program 2023-2025: Carol Adams, Global Sustainability Standards Board (GSSB) Chair, and Bastian Buck, GSSB Chief of Standards will present an overview of the GSSB work programme over the next two years.

International Applicability of the SASB Standards: In this session, the staff will present the feedback the ISSB received with regard to the Exposure Draft *Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates* (Methodology ED). The staff will also inform the ISSB about recommendations it made to the SASB Standards Board Advisor Group (SASB Standards Board Advisors) in response to the Methodology Exposure Draft feedback and the decisions taken by the SASB Standards Board Advisors.

Supporting implementation of IFRS S1 and IFRS S2: At this meeting, the staff will provide an update on the development of educational material on IFRS S1 and IFRS S2. The ISSB will not be asked to make any decisions. The staff intends to develop educational material that is anchored in and informed by stakeholder feedback. At the same time, the staff thinks it is necessary to find a balance between being proactive and responsive, while also developing a systematic approach to monitor, evaluate and respond to questions being raised by stakeholders.

GSSB Work Program 2023-2025 [Global Reporting Initiative (GRI) Presentation]

Carol Adams, Global Sustainability Standards Board (GSSB) Chair, and Bastian Buck, GSSB Chief of Standards will present an overview of the GSSB work programme over the next two years.

International Applicability of the SASB Standards

In this session, the staff will present the feedback the ISSB received with regard to the Exposure Draft *Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates* (Methodology ED).

Results of the public comment period for the Methodology Exposure Draft (Agenda Paper 8)

This paper's objective is to summarise the feedback the ISSB received with regard to the Exposure Draft *Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates* (Methodology ED). The Methodology ED proposed an approach to remove and replace jurisdiction-specific terms of references without significantly altering structure, sectors, industries, topics or metrics and therefore enhance internationally applicability to help preparers implement IFRS S1 (for details see our [iGAAP in Focus newsletter](#)).

This paper also sets out the recommendations the staff made to the SASB Standards Board Advisor Group (SASB Standards Board Advisors) in response to the Methodology Exposure Draft feedback and the decisions taken by the SASB Standards Board Advisors.

The SASB Standards Board Advisors request no decisions from the ISSB during this session.

Decisions of the SASB Standards Board Advisor Group

After careful review and discussion of the feedback received to the Methodology Exposure Draft, on 5 October 2023, the SASB Standards Board Advisors voted to:

- Make no further revisions to the methodology to enhance the international applicability of the SASB Standards
- Approve the revisions to the SASB Standards made in accordance with the methodology and informed by stakeholder feedback on the Methodology ED
- Make the updated SASB Standards effective for annual reporting periods beginning on or after 1 January 2025, with early application permitted
- Make available blackline documents detailing the approved revisions for a period of 30 days

The SASB Standards Board Advisors considered the need to re-expose the proposals applying the re-exposure criteria in paragraphs 6.25-6.27 of the Due Process Handbook. As noted above, the SASB Standards Board Advisors determined not to revise the methodology to enhance the international applicability of the SASB Standards proposed in the ED and have concluded that the revisions to the SASB Standards have been made in accordance with that methodology informed by stakeholder feedback. Accordingly, the SASB Standards Board Advisors are satisfied that re-exposure is unlikely to reveal any new information or concerns not already considered and that the SASB Standards should be finalised.

Blackline documents detailing the specific revisions to the SASB Standards were released on 11 October 2023 and are available via the [project page](#) on the IFRS Foundation website until 10 November 2023. Comments are

not requested on the blackline documents; however, stakeholders can notify the ISSB of any “fatal flaws” identified.

Feedback outside the scope of the Methodology Exposure Draft

Respondents also raised issues about the SASB standards that were outside the scope of the methodology issues including:

- **Interoperability:** Some respondents want the ISSB to continue its efforts to improve the interoperability of the SASB Standards' disclosure requirements with comparable Global Reporting Initiative (GRI) and European Sustainability Reporting Standards (ESRS) disclosure requirements to minimise preparer duplication of effort while applying anticipated GRI and ESRS sector-specific standards.
- **Proposed transition reliefs:** Some respondents suggested the SASB Standards be divided into ‘core’ metrics that are critically important across most jurisdictions and ‘expanded’ metrics that are likely to be useful only in a smaller set of specific jurisdictions. Some North American respondents requested that the ISSB develop transition reliefs for current SASB Standards reporters as they adopt the proposed revised metrics.
- **Use of third-party references in the SASB Standards:** Many respondents requested that the ISSB monitor, review and update third-party references in the SASB Standards. Some respondents noted that ‘paywall’ access (requiring a paid license for use) to specific third-party frameworks references in the SASB Standards might pose an undue cost burden for preparers and might bar adoption in specific jurisdictions in which such licensed references are unacceptable for use in regulatory applications.
- **Sustainable Industry Classification System® (SICS):** Some respondents, including many in Asia-Oceania, expressed their view that the SICS is US-centric and expressed concerns about how the SASB Standards align with national or regional industry classification systems such as the Australian and New Zealand Standard Industrial Classification (ANZSIC) system, the European Union’s Nomenclature of Economic Activities (NACE) classification system, or the Global Industry Classification Standard (GICS).
- **Future use of the SASB Standards:** Many respondents indicated that the ISSB should provide stakeholders with greater clarity on whether, and how, the SASB Standards will be used by the ISSB over the long-term, and what the structure of an eventual set of IFRS Sustainability Disclosure Standards will be. A few respondents suggested the ISSB should not enhance the international applicability of the SASB Standards and instead focus on developing a set of industry-specific IFRS Sustainability-related Disclosure Standards.

Supporting implementation of IFRS S1 and IFRS S2

In this session, the staff will provide an update on the development of educational material on IFRS S1 and IFRS S2.
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Educational material (Agenda Paper 9)

At this meeting, an update on the development of educational material on IFRS S1 and IFRS S2 will be provided to the ISSB and the ISSB will not be asked to make any decisions.

The staff intends to develop educational material that is anchored in and informed by stakeholder feedback. At the same time, the staff thinks it is necessary to find a balance between being proactive and responsive, while also developing a systematic approach to monitor, evaluate and respond to questions being raised by

stakeholders. The education material can help further build a common understanding of IFRS S1 and IFRS S2 by summarising, explaining or illustrating disclosure requirements and how they might be applied, but not adding or changing requirements in the standards. Some factors that may influence the staff's prioritisation or timing of a matter for the development of educational material are listed below:

- The relevance of the requests from stakeholders to the work of the ISSB and the IFRS Foundation
- Focusing efforts on developing educational material for those matters that will be most helpful to the greatest number of stakeholders at a given time
- The interactions and the synergies that may exist between matters relating to IFRS S1 and IFRS S2
- Appropriate balance between those matters for which educational material can be developed quickly and efficiently and those matters for which the staff will need more time to develop educational material
- Gradual maturity on market understanding of IFRS S1 and IFRS S2 that may require educational material being developed in multiple phases

The staff is currently developing educational material to explain and illustrate how preparers might apply some requirements in IFRS S2 to disclose information about some nature and social aspects of climate-related risks and opportunities. Educational material is also under development to support the interoperability of IFRS S1 and IFRS S2 with other relevant standards, including European Sustainability Reporting Standards (ESRS) and greenhouse gas (GHG) emissions disclosures in the Global Reporting Initiative (GRI) Standards.

The staff intends to develop educational material on the requirements on current and anticipated financial effects, including proportionality mechanisms. In addition, the staff has identified a short list of matters for which work to develop educational material is likely to be prioritised, as stakeholders have expressed a need for more support. These matters include:

- The requirements in IFRS S1 on identifying sustainability-related risks and opportunities, including using sources of guidance, and on disclosing material information about those risks and opportunities
- The requirements in IFRS S2 on the measurement and disclosure of GHG emissions, such as additional examples on the interaction between measurement approaches (equity share or control approach) and the requirement to disaggregate Scope 1 and Scope 2 GHG emissions between the consolidated accounting group and other investees

The staff aims to begin publishing educational material before the end of the year with additional materials being published throughout 2024 and beyond as needed.