

ISSB

Meeting Summary

July 2023

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

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

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

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

Overview

The ISSB met virtually on 27 July 2023. The following topic was discussed:

Foundational work: The ISSB has committed to researching targeted enhancements to the IFRS Sustainability Disclosure Standards—specifically, the ISSB said that this work could enhance the application of IFRS S2 by providing guidance for the disclosure of climate-adjacent risks and opportunities related to nature and the ‘just transition’ to a lower-carbon economy. The ISSB decided to develop targeted educational material to explain and illustrate how an entity might apply some of the existing requirements in IFRS S2 to disclose information about particular nature and social aspects of climate-related risks and opportunities.

Foundational work

Researching targeted enhancements to ISSB Standards—Path forward (Agenda Paper 9)

In May 2023, the ISSB published the Request for Information *Consultation on Agenda Priorities* (RFI). The comment period for the RFI ends on 1 September 2023. Feedback provided by stakeholders will inform the ISSB’s two-year work plan.

The RFI discusses two primary bodies of work—foundational work and new research and standard-setting work. The RFI describes ‘foundational work’ as committed work and activities to build upon the foundation created by IFRS S1 and IFRS S2.

One activity included in that foundational work is researching targeted enhancements to the IFRS Sustainability Disclosure Standards—specifically, the RFI says this work could enhance the application of IFRS S2 by providing guidance for the disclosure of climate-adjacent risks and opportunities related to nature

and the 'just transition' to a lower-carbon economy. Some have colloquially referred to this activity as the 'IFRS S2 enhancements'.

This paper discussed the staff analysis and recommendation for the path forward in this activity.

Staff recommendation

The staff recommended developing targeted educational material to explain and illustrate how an entity might apply some of the existing requirements in IFRS S2 to disclose information about particular nature and social aspects of climate-related risks and opportunities.

Educational material, and the required quality assurance process for it, are described in the IFRS Foundation Due Process Handbook. The Due Process Handbook states that educational material cannot add or change requirements in the Standards. Accordingly, consistent with this, the staff's recommendation would not amend the requirements in IFRS S2. Instead, the educational material would explain and illustrate how particular existing requirements in IFRS S2 might be applied in specific circumstances or to specific fact patterns. As discussed in this paper, the staff has not identified any stakeholder feedback that suggests amendments to IFRS S2 are currently needed for nature and social aspects of climate-related risks and opportunities. Furthermore, the staff emphasised that changing or adding to the requirements in IFRS S2 at this time (that is, immediately after the issuance of the Standard and shortly before its mandatory effective date) could interrupt preparers' implementation of the Standard or create uncertainty about the scope of that Standard.

ISSB discussion

ISSB members considered the paper the staff had prepared very helpful and were very supportive of the staff's recommendation on the path forward. During the discussion, several ISSB members emphasised the importance to follow the due process and therefore the condition that educational material cannot add or change requirements in the Standards. The educational material as highlighted in the staff's recommendation would explain and illustrate how particular existing requirements in IFRS S2 might be applied in specific circumstances or to specific fact patterns. In addition, ISSB members emphasised that regarding connected information the educational material should cover IFRS S1 and IFRS S2 and illustrate how certain requirements in IFRS S2 can be complied with by applying the principles of IFRS S1. As an example, the application guidance of aggregation and disaggregation in Appendix B of IFRS S1 when disclosing certain disclosure requirements of IFRS S2 was mentioned. Furthermore, some ISSB members emphasised the need for guidance about transition planning covered in IFRS S2.

ISSB decision

All ISSB members agreed with the staff's recommendation to develop targeted educational material to explain and illustrate how an entity might apply some of the existing requirements in IFRS S2 to disclose information about particular nature and social aspects of climate-related risks and opportunities.