

SR TEG meeting

24 April 2023

Agenda paper 02-01: Update on forthcoming ISSB consultations



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ISSB consultations in 2023

EFRAG Comment Letters on 2 ISSB consultations documents Workplan implications: May/August 2023

- 1) Request for Information on its agenda priorities
- 2) International Applicability of the SASB standards – ED
 - To be issued in May 2023 with a 120-day/90-day response period
 - EFRAG comment period 70/45 days max.
 - As item 1) will entail forming European views on connectivity and integrated reporting, EFRAG Financial Reporting TEG and FRB to provide input to SR TEG/SRB
 - **ISSB Board member Jenny Bofinger-Schuster to present the Agenda project at EFRAG Joint FRB/SRB meeting on 3 May.**

1. Consultation on agenda priorities

ISSB's initial two-year work plan

- (i) biodiversity, ecosystems and ecosystem services;
- (ii) human capital;
- (iii) human rights; and
- (iv) a joint project with the International Accounting Standards Board (IASB) on connectivity in reporting, building on the IASB's Management Commentary project and the Integrated Reporting Framework (the 'connectivity project'). **SEE NEXT SLIDE**

ISSB to consult on the 'integration in reporting'

- (a) the relative priority of 'integration' project and the three sustainability-related topics (ie, proposed projects on biodiversity, ecosystems and ecosystem services; human capital; and human rights),
- (b) whether it should be advanced as a formal joint project with the IASB or pursued as an ISSB project
- (c) whether it should build upon and incorporate concepts from the IASB's Management Commentary project, the Integrated Reporting Framework, both documents or from other sources.

1. Focus on connectivity, renamed ‘integration in reporting’

- (a) the scope of the connectivity project be expanded to be more broadly focused on ‘integration in reporting’ such that this project would support the pursuit of integrated disclosures beyond the requirements on connected information contained in S1 and S2;
- (b) the requirements of S1 and S2 related to connected information be articulated in order to provide necessary context when considering the project on ‘integration in reporting’;
- (c) the project be rearticulated as an ISSB project that could be pursued jointly with the IASB, rather than presenting it only as a formal ‘joint project’; and
- (d) the questions asked are framed in a manner that elicits input about how this project should be pursued (for example, whether the project should be pursued jointly with the IASB and the extent to which the basis should be the Integrated Reporting Framework or Management Commentary).

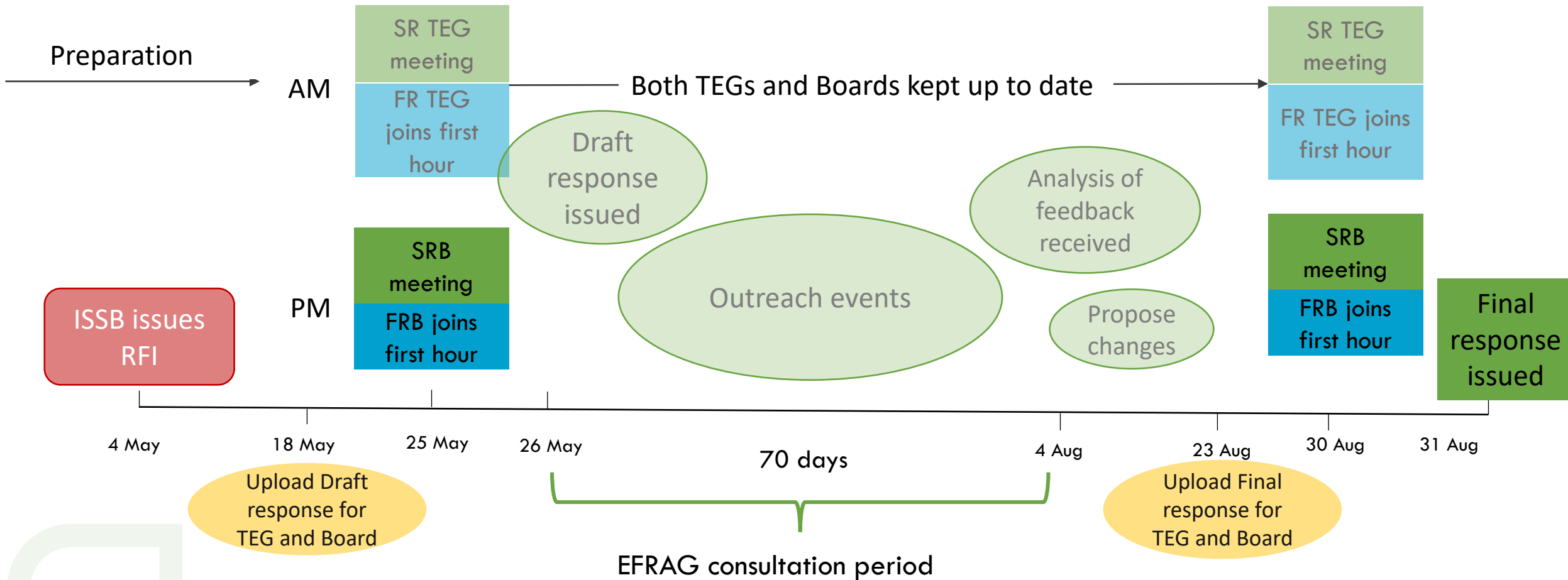
2. International Applicability of the SASB Standards project

- Develop a methodology to enhance international applicability of SASB Standards not related to climate disclosures, based on methodology used in climate ED and relative feedback
- The aim is to make the SASB Standards more internationally applicable and GAAP-agnostic, without altering the intent or underlying concepts of any specific disclosure topic or metric. Methodology **focuses on procedural revisions** and avoids substantive revisions of the SASB Standards' original content
- The ISSB intends to issue updated SASB Standards prior to S1 coming into effect.
- Proposed updates to SASB Standards overseen by the SASB Standards Board Advisor Group. EDs and updates recommended by the SASB Standards Board Advisor Group to be ratified by ISSB.

The members of the SASB Standards Board Advisor Group are:

- Jeff Hales (Chair), Jenny Bofinger-Schuster, Verity Chegar, Bing Leng and Sue Lloyd

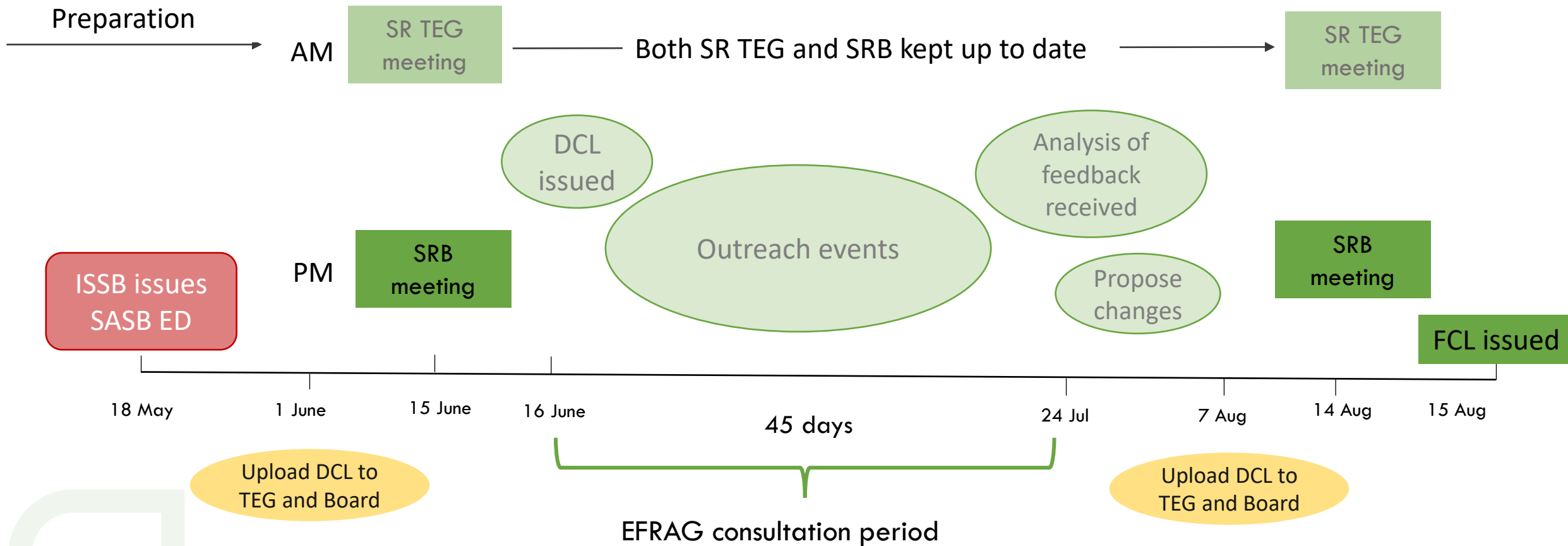
Proposed timeline: assume ISSB issues RFI on 4 May 2023



*Timings to be adjusted for actual issuance date of ISSB
For RFI draft/final responses to survey to be approved rather than DCL/FCL*

The connectivity team of EFRAG FR technical staff will provide support for the Agenda consultation

Proposed timeline: assume ISSB issues SASB ED on 18 May 2023



Timings to be adjusted for actual issuance date of ISSB

No involvement by FR pillar

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