

# UKEB FEEDBACK STATEMENT

*ISSB Request For Information – Agenda Priorities*

**Final Comment Letter**

**August 2023**

The UK Endorsement Board (UKEB) is responsible for the endorsement and adoption of IFRS for use in the UK and is, therefore, the UK's National Standard Setter for IFRS. The UKEB also leads the UK's engagement with the IFRS Foundation on the development of new standards, amendments and interpretations.

The Department for Business and Trade (DBT) sets the reporting requirements, both financial and non-financial (ESG matters) for UK registered entities under Company Law.

DBT has requested the UKEB assist the UK Government by carrying out work to consider the overlap or impact of the sustainability disclosure standards issued by the International Sustainability Standards Board (ISSB) with the accounting standards issued by the International Accounting Standards Board (IASB).

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# Purpose of this feedback statement

This document presents the views of UK stakeholders received during the UKEB's public consultation on the Draft Comment letter on the ISSB's Request for Information (Rfi).

Where relevant, it explains how the UKEB has addressed those views in the Final Comment Letter (FCL).



# The ISSB's Request for Information

The International Sustainability Standards Board (ISSB) issued a Request for Information in May 2023 to determine stakeholder views on priorities for a two-year work plan commencing in 2024. In parallel, the ISSB finalised IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosure* in June 2023.

The ISSB is seeking stakeholder views on:

- The strategic direction and balance of the ISSB's activities
- The suitability of criteria for assessing which matters to prioritise and add to the ISSB's work plan.
- New research and standard-setting projects that could be added to the ISSB's work plan

# Consultation on the Draft Comment Letter

- The Draft Comment Letter (DCL) was published on 23 June 2023 and was open for a 30 day consultation period.
- The DCL was developed after consultation with three UKEB Advisory Groups<sup>1,2,3</sup> and the Sustainability Working Group<sup>4</sup>
- During the consultation period, the UKEB and its Secretariat promoted awareness of the DCL and encouraged stakeholders to respond through News Alerts, LinkedIn posts and the UKEB website.

Outreach activities included:

- Engagement with three external stakeholder representative groups<sup>5</sup>;
- A roundtable discussion with the UKEB Sustainability Working Group

Comment letters were received from CFA UK, Emerging Technologies Sustainability Taskforce, KPMG, PWC and an individual (academic).

Stakeholder letters were made public on the project website.

Stakeholder type	Stakeholders feedback	Organisations represented
Cross stakeholder roundtable discussion	SWG <sup>4</sup>	12
Representative bodies and industry groups	3 <sup>5</sup>	Multiple
Comment Letters received		
Academic	1	1
CFA UK	1	Multiple
Emerging Technologies Sustainability Taskforce	1	1
KPMG	1	1
PWC	1	1

1. UKEB Investor Advisory Group
2. UKEB Preparers Advisory Group
3. UKEB Accounting Firms and Institutions Advisory Group
4. UKEB Sustainability Working Group
5. The Investment Association, UK Finance and the Association of British Insurers.

# Comments from respondents

## Strategic direction and balance

Draft Comment Letter (DCL)	Stakeholder Views	UKEB final assessment
<p>The DCL made the following recommendations for the ISSB two-year work plan:</p> <p><b>High priority</b></p> <ul style="list-style-type: none"> <li>• focus on supporting the implementation of IFRS S1 and S2</li> <li>• close cooperation and connectivity with IASB Accounting Standards*</li> </ul> <p><b>Medium priority</b></p> <ul style="list-style-type: none"> <li>• develop a long-term road map*</li> </ul> <p><b>Low priority</b></p> <ul style="list-style-type: none"> <li>• new research</li> </ul> <p><b>No priority</b></p> <ul style="list-style-type: none"> <li>• targeted enhancements to ISSB Standards</li> <li>• Enhancing SASB Standards</li> </ul>	<p>The UKEB Advisory Groups and other stakeholders overwhelmingly supported implementation of S1 and S2 and closer cooperation with the IASB and connectivity with IFRS Accounting Standards as high priority. Most comment letters also supported this position.</p> <p>One comment letter and some members of Advisory Groups considered that the development of a long-term roadmap should have a high priority.</p> <p>We received mixed views from Advisory Groups and stakeholders on the priority of research. Some considered it should have a higher priority. Most comment letters recommended that research should have a higher priority.</p> <p>There was little support for enhancing SASB standards as described in the Rfl. Some stakeholders disagreed with 'no priority' noting that these standards needed to undergo full IFRS Foundation due process.</p> <p>One comment letter raised concerns with many of the recommendations in the DCL, noting that establishing a full suite of topical standards for global use in a timely manner should be the ISSB's main priority.</p>	<p>Given the ISSB resource limitation and the short time frame covered by the agenda consultation, we believe the priorities as set out in the DCL are largely appropriate. We have however made the following changes to reflect the additional stakeholder feedback:</p> <ol style="list-style-type: none"> <li>1. Increased the priority for the development of a roadmap</li> <li>2. Enhanced the discussion around research, and reflected the preference for a focus on nature and biodiversity.</li> <li>3. Enhanced the discussion on SASB Standards.</li> </ol> <p>We have not incorporated the view that the priority over the next two years should be the establishment of a full suite of topical standards. However, we have addressed this perspective in the FCL. We believe that the priorities outlined in fact support this goal in the long-term.</p>

7 \*These two criteria were in addition to those listed in the Rfl.

# Comments from respondents

Criteria for assessing sustainability reporting matters that could be added to the ISSB's work plan		
Draft Comment Letter (DCL)	Stakeholder Views	UKEB final assessment
<p>The DCL agreed with the criteria proposed in the RfI. The letter suggested:</p> <ul style="list-style-type: none"> <li>the addition of a consideration of interaction with IASB standard setting projects, to ensure the resulting information for investors is connected and consistent; and</li> <li>there should be an emphasis on the capacity of stakeholders to pro-actively engage with the development and subsequent implementation of any new project.</li> </ul> <p>The letter also proposed some minor rewording to two of the proposed criteria.</p>	<p>The UKEB Advisory Groups and comment letters largely supported the suggestions in the DCL.</p> <p>Advisory Group members also suggested that currently there does not appear to be an explicit examination of cost versus benefit when considering a potential sustainability project.</p>	<p>A paragraph has been added suggesting that cost versus benefit should be considered during the development of sustainability disclosure standards.</p>



# Comments from respondents

Integration in Reporting		
Draft Comment Letter (DCL)	Stakeholder Views	UKEB final assessment
<p>The DCL noted that:</p> <ul style="list-style-type: none"> <li>stakeholders support further work on connectivity between financial statements and sustainability reporting but that this should happen as part of the strategic direction and balance of the ISSB's activities; and</li> <li>connectivity should not be premised on introducing a new framework (Integrated Reporting) and should be considered at a standard level, not on the basis of a draft Practice Statement of the IASB's that does not form part of the mandatory standards (and is not recognised by most jurisdictions that use IFRS Accounting Standards).</li> </ul>	<p>The view that connectivity is core to the ISSB's success was strongly reflected in discussions with Advisory Groups, other stakeholders and in the comment letters received.</p> <p>A few stakeholders felt there could be a role for Integrated Reporting or <i>Management Commentary</i>, but these views were not widely supported, with some noting concern that it may add an unnecessary layer in reporting.</p>	<p>A paragraph has been added in the FCL to reflect the broader stakeholder concerns about Integrated Reporting.</p> <p>Given that the IASB's Practice Statement 1 <i>Management Commentary</i> is not adopted in the UK (or many jurisdictions internationally), the point regarding it in the comment letter is largely unamended.</p>

# Comments from respondents

Other Matters		
Draft Comment Letter (DCL)	Stakeholder Views	UKEB final assessment
<p>The DCL emphasised the importance of governance and due process to support and enable mandatory international standards.</p> <p>The DCL reflected feedback from stakeholders who noted that they had either not had the opportunity to engage fully with the ISSB, or when they had that their concerns had not been addressed.</p> <p>The draft letter also emphasised the importance of the ISSB standards achieving a globally accepted baseline.</p>	<p>During outreach we heard from a few stakeholders who felt they had been able to engage with the ISSB and in one case they felt that their engagement had led to tangible enhancements in the final standards.</p> <p>Other stakeholders supported the views expressed in the DCL.</p>	<p>We have amended the FCL to acknowledge the mixed views from stakeholders regarding the ISSB due process.</p>

# Disclaimer

This feedback statement has been produced in order to set out the UKEB's response to stakeholder comments received on the Draft Comment Letter on the ISSB's Request for Information on its Agenda Priorities and should not be relied upon for any other purpose.

The views expressed in this feedback statement are those of the UK Endorsement Board at the point of publication.

Any sentiment or opinion expressed within this feedback statement will not necessarily bind the conclusions, decisions, endorsement or adoption of any new or amended IFRS Accounting Standards by the UKEB.

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