

# Invitation to Comment

## UK Endorsement Board (Draft) Regulatory Strategy 2024/25

**Deadline for completion of this Invitation to Comment:  
Close of business Friday 26 January 2024**

**Please submit to:**

**[UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk)**

### UK Endorsement Board

The UK Endorsement Board (UKEB) is responsible for endorsement and adoption of IFRS for use in the UK and therefore is 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 accounting standards, amendments and interpretations.

### Introduction

The UKEB is seeking comments from stakeholders on its expected workplan, which is set out in the 2024/25 (Draft) Regulatory Strategy. The (Draft) Regulatory Strategy and workplan are based on the UKEB's current remit and scope of activities in financial reporting and assuming that the current level of resources will remain substantially unchanged over this period.

### Who should respond to this Invitation to Comment?

Stakeholders with an interest in the quality of accounts prepared in accordance with international accounting standards for use in the UK.

### How to respond to this Invitation to Comment

Please download this document, answer any questions on which you would like to provide views, and return it together with the 'Your Details' form to [UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk) by close of business on Friday 26 January 2024.

**Brief responses providing views on individual questions are welcome, as well as comprehensive responses to all questions.**

## **Privacy and other policies**

The data collected through submitting this document will be stored and processed by the UKEB. By submitting this document, you consent to the UKEB processing your data for the purposes of influencing the development of and adopting IFRS for use in the UK. For further information, please see our Privacy Statements and Notices and other Policies (e.g. Consultation Responses Policy and Data Protection Policy)<sup>1</sup>.

The UKEB's policy is to publish on its website all responses to formal consultations issued by the UKEB unless the respondent explicitly requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure. If you do not wish your signature to be published, please provide UKEB with an unsigned version of your submission. The UKEB prefers to publish responses that do not include a personal signature. Other than the name of the organisation/individual responding, information contained in the "Your Details" document will not be published. The UKEB does not edit personal information (such as telephone numbers, postal or e-mail addresses) from any other document submitted; therefore, only information that you wish to be published should be submitted in such responses.

## Questions

1. Do you have any comments on the UKEB's proposed workplan, as set out in the 2024/25 (Draft) Regulatory Strategy? Please provide your rationale and any supporting comments, as necessary.

**Response:**

We welcome the UKEB's focus on addressing climate change within its 2024/25 draft regulatory strategy (such as within No 15 of the workplan). Recognizing the importance of environmental sustainability, and the inclusion of climate-related considerations in financial reporting standards and research activities is a significant step that's being taken across the market. Hence, it is encouraging to see the UKEB taking proactive measures to integrate climate change into its influencing activities, ensuring that the UK remains at the forefront of sustainable financial practices.

In 2023, the development of the ISSB S1 and S2 standards were a key milestone in the climate governance landscape. We would encourage UKEB to remain engaged on the future agenda priorities that ISSB's workplan set out. This included linking climate related considerations in financial disclosures to biodiversity, ecosystem, ecosystem services, human capital and human rights. We responded to the ISSB Agenda Priorities consultation in 2023, highlighting the need to take a systemic approach to climate change and net zero. This requires looking at wider social and economic impacts of a transition to net zero, alongside emissions reductions. Existing frameworks in the international standards space can support financial accounting where needed, such as those listed below. These well-established standards and guidelines can be used in conjunction with financial accounting to ensure all aspects of the net zero transition are considered.

Examples of established sustainability standards that might be of interest to UKEB include:

- PAS 808: Purpose-Driven Organisations: Worldviews, Principles and Behaviours
- BS 25700: Organizational responses to modern slavery
- BS 42020 Biodiversity. Code of practice for planning and development
- BS 8683 Process for designing and implementing Biodiversity Net Gain
- BS 30416, Menstruation, menstrual health and menopause in the workplace
- PAS 7340:2020 Framework for embedding the principles of sustainable finance in financial services organizations.
- PAS 7341:2020 Responsible and sustainable investment management – Specification
- PAS 7342:202X Product fund – Assessment, monitoring and labelling of responsible and sustainable investment funds – Specification (in development)
- BS ISO 32210:2022 Sustainable finance. Guidance on the application of sustainability principles for organizations in the financial sector
- ISO 37000 Governance of organizations
- BS EN ISO 14001 Environmental management systems: Requirements with guidance for use

- BS EN ISO 50001 Energy management systems. Requirements with guidance for use
- BS EN ISO 50005 Energy management systems. Guidance on phased implementation
- BS ISO 22336. Organizational resilience. Guidelines for resilience policy and strategy
- BS ISO 14068-1:2023 Climate change management. Transition to net zero - Carbon neutrality

Further to the frameworks flagged above, we also highlight the [ISO Net Zero Guidelines](#) as a free accessible resource on current best practice on net zero governance. The Guidelines harmonise the current international best practice on credible net zero action and governance, and provides guidance on all stages of net zero action – from planning, implementation, through to tracking of progress to net zero and impact. The Guidelines were designed to be accessible, and can be used by any organisation, in any jurisdiction, to develop consistent systems-based strategies and policies, aligned to current best practice, to enable an effective and interoperable net zero transition across the economy. We highlight this as a resource for UKEB to align thinking on net zero governance within financial accounting to current globally-relevant, consensus based best practice. We attach, alongside this response, a toolkit for policymakers we have developed which sets out the key aspects of net zero governance which the Guidelines cover.

It is imperative that in considerations of UKEB's climate change related workplan, including implementation of ISSB standards, the international standards community (ISO and its member bodies such as BSI) are leveraged to help deliver common objectives on financial and sustainability reporting and ensure minimal burdens to economic operators. By International Standards we mean, standards developed within international standardising bodies such as the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), among others. These standards are developed either by representatives of governments, or by national standards bodies who are tasked by their government to ensure that national interests from across the world are represented in the development of international standards. The main characteristics of international standards are that they reflect the latest global consensus for any aspect of a product or service and that stakeholders in every country, including developing countries who have an opportunity to contribute to the development of that standard through their national standards body. International Standards meet the Six Principles of the World Trade Organisation Technical Barriers to Trade Committee which are transparency, openness, impartiality and consensus, effectiveness and relevance, coherence and the development dimension. International standards, developed in this way, support free and open trade. Hence, harmonisation and interoperability of requirements on financial accounting with ISO standards wherever possible would avoid duplication and decrease reporting burden globally, accelerating the delivery of a credible net zero transition. For example, as ISSB standards will be mandated by the US (among other countries), it is important to ensure alignment across frameworks globally, such as in terminologies within the standards industry, to ensuring standards are supporting reporting requirements and avoiding duplication of requirements. This is where the international standards landscape can support the financial accounting landscape. [Such collaboration is already underway](#), and we would encourage UKEB to support such international collaborations with the international and national standard bodies to leverage the expertise in the international standards landscape and connect this to financial accounting landscape.

2. Do you have any suggestions in respect of item 17 of the workplan i.e. additional research topics to be considered? Please provide your rationale and any supporting comments, as necessary.

**Response:**

We have already flagged the need to ensure interoperability across sectors and jurisdictions and avoiding duplicative reporting. We would encourage UKEB to consider this in future research projects, and particularly to consider areas that can be delivered collectively with the international standards landscape.

BSI also has ongoing pieces of research on the regulation of standards, policy and regulation and our research has shown that [standards have a role in driving innovation](#) as they can be developed to establish and guide new processes, and not just existing products. UKEB may want to consider how financial accounting landscape may best support innovation as an area of research, and we would be happy to engage further in knowledge sharing with UKEB.

Additional research or consideration areas we suggest are around a just transition, including the alignment to UN's SDG goals, biodiversity, climate resilience and adaptation. These are areas we have also flagged to the ISSB within the future agenda priorities consultation, as a key consideration which impacts multiple issues across the climate space, including biodiversity, nature and social sustainability. The International standards emerging in this space should be considered for reference and interoperability with financial accounting standards, such as ISO standards on [Biodiversity Net gain](#) and [Natural Capital Accounting](#) which are currently in development, and the list of existing frameworks provided under Question 1. BSI is also currently collaborating with DEFRA and industry to develop a [Nature Investment Standards programme](#), which can complement requirements under financial accounting standards. BSI is also developing a fast track project: the Net Zero Transitions Planning Flex 3030, aimed at providing support for SMEs in their climate challenges. To support inclusion of a just transition within research, we also highlight the ISO Net Zero Guidelines as a knowledge resource. On just transition considerations, the Guidelines highlights equity and justice (Section 5.9, Section 12)<sup>1</sup> as a key guiding principle for delivering net zero, including taking a human-centred approach and safeguarding the rights of the most vulnerable people and communities as well as preserving ecosystems and biodiversity, aligning to the UN's Sustainable Development Goals. The international standards community (ISO) and its member bodies, of which BSI is the UK member have committed to a programme of review for all its existing and developing standards to ensure they reflect requirements for climate adaptation and recognition of net zero goals. The standards community is keen to collaborate widely with all relevant stakeholders to ensure the needs of all are effectively recognized in a clear and consistent way, that will enable faster transition across organizations, nations and society as a whole.

We would, therefore, welcome UKEB's engagement on how the standards landscape can support financial accounting standards to deliver common objectives around climate and nature.

<sup>1</sup> ISO Net Zero Guidelines: <https://www.iso.org/netzero>

3. Do you have any other comments on the UKEB's 2024/25 (Draft) Regulatory Strategy?

**Response:**

As flagged in the prior two question responses, it would be beneficial to see a stronger emphasis on the integration of climate considerations and net zero into financial reporting standards through leveraging the existing resources available across the international standards landscape. This will encourage interoperability and reduce duplicative reporting by ensuring the current best practice on climate and net zero governance is able to best support financial accounting standards.

**Thank you for completing this Invitation to Comment**

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