

Appendix A: Sustainability Update

ISSB update

September meeting

- A1. The ISSB met in Montreal, Canada on 14 September 2023 to discuss stakeholder feedback on the Exposure Draft (ED) *Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates*¹. The ISSB was not asked to make any decisions.
- A2. In October 2022, the Due Process Oversight Committee² approved the ISSB approach of issuing an ED on the proposed process and methodology for updating US-based references in the SASB standards for more internationally applicable references, rather than an ED containing a full mark-up of the proposed amendments.
- A3. ISSB staff noted that the balance of stakeholder feedback was supportive of the methodology and associated timeline. However, it was also noted that there were additional considerations raised by stakeholders which were outside the scope of the ED. The ISSB will consider this feedback in conjunction with stakeholder feedback on its Agenda Priorities consultation. Further details are expected at the October 2023 meeting.
- A4. The ISSB did not make any formal decisions but indicated their support for the proposed timeline:
- a) October 2023: Board Advisors to publish blacklines for editorial review; ISSB meets to review SASB Board Advisor discussions;
 - b) November 2023: Board Advisors and staff finalise the removal of jurisdiction specific references in SASB Standards;
 - c) December 2023: ISSB ratifies finalised SASB Standards.

The next ISSB meeting is scheduled to be held on 23-27 October 2023, in Frankfurt, Germany.

¹ [Exposure Draft](#) and comment letters: Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates

² IFRS Foundation Due Process Oversight Committee – [meeting summary](#) (October 2022, page 4)

Other IFRS Foundation updates

- A5. Members of Transition Implementation Group for IFRS S1 and IFRS S2 were announced by the ISSB³. The 'TIG' will provide a public forum for stakeholders to share implementation questions with the ISSB. The seventeen-member group will contain 13 preparers, four assurance providers and official observers.

Other international updates

- A6. EFRAG issued a Briefing Summary on the IASB's project *Climate-related Risks in the Financial Statements*⁴. Key findings noted '...an improving trend in the reporting of climate risk in financial statements, there are still several areas of concern including the disconnect between the information inside and outside the financial statements.'
- A7. EFRAG also published a summary of its symposium on the Connectivity between financial reporting and sustainability reporting information⁵. Panellists included the IASB Vice Chair Linda Mezon-Hutter and Jeremy Stuber, EFRAG Intangibles Advisory Panel member, IFRS CMAC member, CRUF (UK) Chair.
- A8. Jean-Paul Servais (FSMA and IOSCO Board Chair) keynote speech⁶ noted IOSCO's endorsement of ISSB Standards and intention to provide an extensive capacity-building programme for their implementation by 2024.
- A9. The International Federation of Accountants (IFAC) published an update report commenting on sustainability disclosure and assurance beyond the G20⁷. The report notes that sustainability information is being increasingly integrated with financial disclosures in annual reports.
- A10. The Taskforce on Nature-related Financial Disclosures (TNFD) finalised the framework for report nature-related risks⁸. The framework contains 14 recommendations which are consistent with ISSB Sustainability Disclosure Standards and the double materiality approach of Global Reporting Initiative (GRI). TNFD intend to track voluntary adoption from 2024 in a similar approach adopted by TCFD.

³ [Transition Implementation Group](#) announced.

⁴ [CLIMATE-RELATED RISKS IN THE FINANCIAL STATEMENTS](#) (EFRAG September 2023)

⁵ MULTI-STAKEHOLDER PERSPECTIVES ON CONNECTIVITY [SUMMARY REPORT](#) (26 May 2023, EAA 45th Annual Conference)

⁶ [Sustainable, Digital and Non-Bank Finance: IOSCO's achievements and perspectives](#) EUROFI 2023 FINANCIAL FORUM 13 September 2023

⁷ [The State of Play: Beyond the G20](#) (IFAC 20 September 2023)

⁸ [Recommendations of the TNFD](#)

UK updates

- A11. On 5 October 2023, the Green Technical Advisory Group (GTAG) published its final advice⁹ to the UK Government on the design and implementation of a UK Green Taxonomy. The paper sets out options for achieving enduring governance arrangements for the UK Green Taxonomy. The GTAG recommends that HMG establish an Advisory Body to support implementation/ development of the taxonomy through executive action. This option was proposed as it can support both voluntary and mandatory approaches to disclosure. The paper also recommends that HMG commences the process of legislating for long-term statutory decision-making powers.
- A12. The Transition Plan Taskforce (TPT) has announced¹⁰ that it will launch the TPT best practice Disclosure Framework for climate transition on 9 October 2023. The Disclosure Framework builds on the recommendations provided by both TCFD and ISSB and aims to establish a standard for UK companies.

⁹ [GTAG Creating an institutional home for the UK Green Taxonomy: exploring options \(September 2023\)](#)

¹⁰ [Launching the Gold Standard for Transition Plans](#)

Appendix B: Draft Endorsement Criteria Assessment *Supplier Finance Arrangements* – Update on feedback received

Executive Summary

Project Type	Endorsement
Project Scope	Narrow-scope
Purpose of the paper	
The purpose of this paper is to provide an update on feedback received to-date in relation to the UKEB's Draft Endorsement Criteria Assessment (DECA) <i>Supplier Finance Arrangements</i> .	
Summary of the Issue	
The UKEB's DECA <i>Supplier Finance Arrangements</i> is open for public consultation. The comment period ends 18 th October 2023.	
Decisions for the Board	
No decisions required	
Recommendation	
Not applicable.	
Appendices	
None	

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) Draft Endorsement Criteria Assessment – Update on feedback received

Background

- B1. In May 2023 the IASB issued its final amendments *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7) (the Amendments). In accordance with its statutory functions, the UKEB commenced endorsement work to assess whether the Amendments should be adopted for use in the UK. As part of this endorsement project, the Board approved:
- a) A Project Initiation Plan¹ at its June 2023 meeting.
 - b) A Draft Endorsement Criteria Assessment² (DECA) for public consultation at the July 2023 meeting, with a 90-day comment period. The comment period ends 18th October 2023.
- B2. The approved PIP included as a milestone a “*Verbal update to the Board on feedback received on the DECA up to that date*” to be presented at this (October 2023) Board meeting. However, this is now presented as a written update instead. A brief summary of feedback received is presented in the following paragraphs.

Feedback received to date

- B3. As noted in the July 2023 agenda paper³, the Secretariat performed stakeholder outreach activities ahead of the public consultation period and the results of that outreach were reflected in the DECA. A summary of the stakeholder outreach activities was presented in that agenda paper.

¹ See [Project Initiation Plan - Supplier Finance Arrangements](#).

² See [DECA - Supplier Finance Arrangements](#).

³ See link [UKEB July 2023 Agenda Paper 5 Supplier Finance Arrangements](#). Refer to paragraphs 5-10.

- B4. Feedback received during the public consultation period, up to the point of writing this paper, is summarised below:
- a) Three formal written responses⁴. All three responses are from accounting firms and in all cases there is full support for endorsement of the Amendments in the UK.
 - b) Informal feedback from one preparer. During a one-to-one discussion they confirmed they are supportive of endorsement the Amendments. Although application challenges exist, they were not significant enough to prevent them from implementing the Amendments by the IASB's effective date. The preparer noted that any delays in the endorsement would present challenges for their financial reporting, given their reporting requirements mean they need to report under both UK-adopted IFRS and IFRS as issued by the IASB.
 - c) Informal feedback from three users⁵ of accounts.
 - i. Two users of accounts expressed full support for the analysis presented in the UKEB's DECA and for endorsement of the Amendments in the UK.
 - ii. One user of accounts expressed concerns that the Amendments did not go far enough. This stakeholder was sceptical on the benefits that would result from the Amendments as issued by the IASB. The main reservation noted was that the Amendments require disclosures at specific points in time (e.g. at the beginning and end of the reporting period) and that might not fully reflect the overall magnitude of the arrangements during the period, in particular, for entities with seasonal businesses. It was noted that the stakeholder's organisation plans to submit a formal response to the UKEB's consultation.

UKEB Secretariat's observation: This concern has been previously considered by the Board and it is reflected in the DECA⁶ section 'Relevance and Reliability', page 13.

⁴ Refer to [UKEB webpage](#) for Invitation to Comment and Responses received.

⁵ Two members of the UKEB IAG and one representative organisation.

⁶ See [DECA - Supplier Finance Arrangements](#).

Appendix C: Due Process Compliance Statement: Post-implementation Review of IFRS 9 Impairment

General UKEB requirements: The UKEB adopts international accounting standards for use within the UK, in accordance with SI 2019/685 and applies its own processes before it decides to endorse and adopt a new or amended international accounting standard.

The Request for Information (Rfi) for the Post-implementation Review IFRS 9 *Financial Instruments* Impairment was published on 30 May 2023. The IASB comment period ends 27 September 2023.

Influencing process			
Step	Mandatory / optional ¹	Metrics or evidence	UKEB Secretariat comments
Project Preparation			
Technical project added to UKEB technical work plan [Due Process Handbook (DPH) [4.29]	Mandatory	Project is included in the UKEB published technical work plan.	Complete: the Rfi was included in the UKEB technical work plans as a monitoring project from September 2022 , and as an active influencing project from April 2023 .

¹ In accordance with the [Due Process Handbook](#).

Project preparation (continued)			
Project Initiation Plan (PIP) [DPH 5.4 to 5.8]	Mandatory	PIP draft with project outline (background, scope, project objective) and approach for influencing (key milestones and timing) proportionate to the project	Complete: A PIP including purpose (project objective), background, scope, and influencing approach was prepared, taking a proportionate approach to the project.. The PIP was approved at the 27 April 2023 Board meeting.
	Mandatory	Outreach plan for stakeholders and communication approach outlined	Complete: this plan was outlined in the PIP. In addition the Secretariat published a project page on the UKEB website.
	Mandatory	Resources allocated	Complete: two Project Directors and two Project Managers worked across this project and the <i>Amendments to the Classification and Measurement of Financial Instruments</i> project, as described in the PIP.

Influencing Process			
Step	Mandatory / optional ¹	Metrics or evidence	UKEB Secretariat comments
Project preparation (continued)			
Project Initiation Plan (PIP) [DPH 5.4 to 5.8]	Mandatory	Assessment of whether to set up an ad-hoc advisory group	Complete: Assessed. An ad-hoc advisory group was not considered necessary as the Financial Instruments Working Group had the relevant knowledge and experience to take this role.
PIP is approved at public meeting [DPH 5.4]	Required	UKEB Board public meeting held to approve PIP	Complete: the PIP was approved at the 27 April 2023 Board meeting.
Education sessions [DPH 4.10]	Optional	Board provided with education sessions on the proposals.	Complete: Education sessions on IFRS 9 – Impairment were provided at the July 2022 and September 2022 Private Board meetings.
Desk-based research [DPH 5.9]	Optional	Review of relevant documentation	Complete: Desk based research was undertaken and key findings reported in the PIP.

Influencing Process			
Step	Mandatory/ optional ¹	Metrics or evidence	UKEB Secretariat comments
Communications			
Public board meetings [DPH 5.4, 5.14]	Mandatory	UKEB public meetings held to discuss technical project	<p>Complete: The Board discussed the Project Initiation Plan (PIP), at the April 2023 meeting and approved the draft comment letter (DCL) for issue at the August 2023 board meeting.</p> <p>The Board discussed and approved the following documents at its 21 September 2023 meeting:</p> <ul style="list-style-type: none"> • Final Comment Letter. • Feedback Statement. • Draft Due Process Compliance Statement.
Secretariat papers	Mandatory	Board meeting papers posted and publicly available on a timely basis.	<p>Complete: The UKEB’s April, August and September meeting papers were published on the UKEB website one week before the public meetings. Meeting minutes and recordings were made publicly available via the UKEB website. Subscribers were notified via the UKEB News Alerts.</p>

Influencing Process			
Step	Mandatory / optional ¹	Metrics or evidence	UKEB Secretariat comments
Communications (continued)			
Project webpage	Optional	Project webpage contains a project description with up-to-date information on the project.	Complete: The project webpage was created and updated regularly with the project status and additional materials.
News Alerts [DPH A4d]	Optional	Evidence that subscriber alerts have occurred	Complete: Subscribers were alerted via email 5 days before each Board meeting, with links to the agenda, papers and the option to dial in to observe the discussion. A News Alert was also issued, alerting subscribers to the Draft Comment Letter publication.
Outreach			
Outreach activities [DPH 5.11]	Mandatory	Gather input from investors, preparers and accounting firms and institutes as outlined in the PIP.	Complete: More than 50 stakeholders, representing users of financial statements, preparers of financial statements, accounting firms and regulators were consulted during the project. Further detail can be found in the Feedback Statement.

Step	Mandatory / optional ¹	Metrics or evidence	UKEB Secretariat comments
Preparation of Documents for public comment			
DCL published for comment [DPH 5.13 to 5.17]	Generally mandatory	DCL published on website.	Complete: The Secretariat published the approved DCL on the UKEB website for a 30-day comment period commencing 8 August 2023.
Project finalisation and project closure			
FCL submitted before comment period ends. [DPH 5.18]	Mandatory	FCL submitted before comment period closed and published on UKEB website.	Complete: The FCL was approved for issue at the Board meeting on 21 September 2023. FCL submitted to the IASB on 26 September 2023.
Feedback statement and due process compliance statement for influencing stage of project [DPH 5.19, 5.23-5.26]	Mandatory	This document and Feedback Statement published on website.	Complete: The Feedback Statement was approved at the Board meeting on 21 September 2023 and it was published on the UKEB website on 26 September 2023. Complete: A draft Due Process Compliance Statement (DPCS) was presented for Board approval at its September 2023 meeting. The final DPCS was presented for noting at the Board's October 2023 meeting and subsequently published on the UKEB website.

Conclusion

This document sets out the main due process activities performed as part of the UKEB's due process to issue its comment letter in response to the IASB's Request for Information.

This project complies with the applicable due process steps, as set out in the UKEB Due Process Handbook at the time of writing.