

# Appendix A: Sustainability Update

## ISSB meetings

### December 2023 meeting

- A1. The ISSB met on 13–14 December 2023, in Frankfurt, Germany to discuss:
- a) ISSB Consultation on Agenda Priorities<sup>1</sup>
  - b) IFRS Sustainability Disclosure Taxonomy<sup>2</sup>
  - c) International Applicability of SASB Standards<sup>3</sup>

### ISSB consultation on Agenda Priorities

- A2. The ISSB discussed a summary of the feedback relating to the strategic direction and balance of the ISSB's activities; the suitability of criteria for assessing which sustainability-related matters (including topics, industries, and activities) to prioritise and add to the ISSB's work plan; and a proposed list of new research and standard-setting projects that could be added to the ISSB's work plan.
- A3. It was noted that stakeholders were generally supportive of the planned activities and that users had emphasised that the ISSB's immediate priority was to ensure that IFRS S1 & S2 were globally adopted. Stakeholder feedback regarding the potential integration in reporting research project was not discussed as it will be considered jointly with the International Accounting Standards Board (IASB) at a joint meeting on 25 January 2024.
- A4. No decisions were required of the ISSB. The ISSB will continue to discuss feedback on the Request for Information at future meetings.

### IFRS Sustainability Disclosure Taxonomy

- A5. The ISSB were provided with a summary of the feedback<sup>4</sup> obtained on the proposed ISSB Taxonomy, which was published in July 2023 for public consultation. A summary of the content was also provided to aid discussions<sup>5</sup>. The agenda paper noted (page 30) that 'few' respondents considered it important

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<sup>1</sup> [Feedback summary—Users of general purpose financial reporting](#)  
<sup>2</sup> [Changes to the Proposed IFRS Sustainability Disclosure Taxonomy](#)  
<sup>3</sup> [Ratification of amendments to the SASB Standards](#) and [DRAFT: Basis for Conclusions on Enhancing the International Applicability of the SASB Standards](#)  
<sup>4</sup> [Summary of feedback on the Proposed IFRS Sustainability Disclosure Taxonomy \(Agenda Paper 7A\)](#)  
<sup>5</sup> [Summary of content in the Proposed IFRS Sustainability Disclosure Taxonomy \(Agenda Paper 7B\)](#)

to capture the connection between sustainability-related financial disclosures and financial statements. No decisions were required of the ISSB.

- A6. The ISSB staff plan to make final recommendations to the Taxonomy at the ISSB December meeting and to publish the final taxonomy in H1 2024.

### International Applicability of SASB Standards

- A7. The ISSB ratified the amendments to the SASB Standards and Taxonomy, agreed that re-exposure was not necessary and confirmed they were satisfied due process requirements had been met. The amended standards were published in December on the SASB website<sup>6</sup>.
- A8. The SASB Standards are a source of guidance for applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*. They assist entities identify and disclose material information about sustainability-related risks and opportunities in the absence of specific IFRS Sustainability Disclosure Standards.

### IFRS Foundation updates

- A9. The IFRS Foundation and Global Reporting Initiative (GRI) have jointly published an analysis and mapping resource: Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards.<sup>7</sup> The document illustrates the areas of interoperability between GRI 305: Emissions 2016 (GRI 305) and IFRS S2 *Climate-related Disclosures* (IFRS S2) when entities measure and disclose greenhouse gas (GHG) emissions.
- A10. To support the January 2024 effective date for IFRS S1 and S2 the ISSB has published additional resources including enhances SASB Standards, educational material for both standards and a digital taxonomy<sup>8</sup>. The educational material includes guidance on nature and social aspects of climate-related risks and opportunities<sup>9</sup>.
- A11. The IFRS Advisory Council meeting summary from the 7 November 2023 meeting summary<sup>10</sup> has been published. The meeting was attended by the ISSB Chair who discussed the ISSB adoption strategy. One of the themes that arose included the need for prompt engagement with national standard-setters. An investor member questioned whether the IASB Exposure Draft *Subsidiaries Without Public Accountability: Disclosures* scope would align with the ISSB disclosure standards

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<sup>6</sup> SASB Standards - [website](#)

<sup>7</sup> [Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards](#) (January 2024)

<sup>8</sup> [New and updated resources to help companies apply IFRS S1 and IFRS S2 from 2024](#) (December 2023)

<sup>9</sup> Educational material - [Nature and social aspects of climate-related risks and opportunities](#) (December 2023)

<sup>10</sup> IFRS Advisory Council - [Meeting Summary](#)

for this type of subsidiary. The IASB representatives took the question offline and advised that they would revert at a future date.

- A12. During the IASB 'Strategy Refresh – Generation 3.0' discussion the Advisory Council meeting it a breakout group noted the importance of integrating ISSB Standards (IFRS S1 and IFRS S2) with financial statements.
- A13. The meeting summary also noted that IFRS Advisory Council members;
- a) noted the importance of connectivity between the IASB and the ISSB, the shared use of the IFRS brand signifying the success of the IASB and the IFRS Foundation in establishing accounting standards.
  - b) that enhanced synergy, integration, and consistency between the two boards would contribute to the credibility of IFRS and IFRS sustainability disclosure standards in the eyes of a broader audience.

## Other international updates

- A14. EFRAG announced the signing of a cooperation agreement with the Taskforce on Nature-related Financial Disclosures (TNFD) in December 2023<sup>11</sup>. The agreement demonstrates "a shared commitment to enhance corporate transparency related to biodiversity and ecosystems". It builds on the earlier collaboration which is reflected in the alignment between TNFD and European Sustainability Reporting Standards (ESRS).

## UK updates

- A15. The FCA has welcomed the launch of a voluntary code of conduct for Environmental, Social and Governance (ESG) ratings and data products providers<sup>12</sup>. The code is owned and maintained by the International Capital Market Association (ICMA) and has been developed in association with the International Regulatory Strategy Group (IRSG).
- A16. The FCA and HM Treasury were UK observers to the agreement of the code, which will provide a benchmark for any providers that fall outside the scope of any regulations introduced in the future.
- A17. The Code of Conduct clarifies how providers can interact with wider market participants and aims to:
- a) improve the availability and quality of information provided to investors at product and entity levels;

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<sup>11</sup> [EFRAG and TNFD sign a cooperation agreement to further advance nature-related reporting](#) (21 December 2023)

<sup>12</sup> [FCA welcomes the launch of industry code of conduct for ESG ratings and data products providers](#) (14 December 2023)

- b) enhance market integrity through increased transparency, good governance and sound systems and controls; and,
- c) improve competition through better comparability of products and providers.

# Appendix B: Due Process Compliance Statement: *Annual Improvements to IFRS Accounting Standards – Volume II*

The International Accounting Standards Board (IASB) published *Annual Improvements to IFRS Accounting Standards – Volume 11*<sup>1</sup> Exposure Draft (ED) on 12 September 2023. The IASB comment period ends on 11 December 2023.

## Influencing process

### Project preparation

Step	Mandatory / optional <sup>2</sup>	Metrics or evidence	UKEB Secretariat comments
Added to UKEB technical work plan [Due Process Handbook (Handbook) 4.28 to 4.30]	Mandatory	Project included in the UKEB published technical work plan	<b>Complete:</b> The <i>Annual Improvements to IFRS Accounting Standards – Volume 11</i> (Annual Improvements) were included in the <a href="#">UKEB technical work plan</a> published in September 2023.

<sup>1</sup> The IASB Exposure Draft *Annual Improvements to IFRS Accounting Standards – Volume 11* can be accessed [here](#).

<sup>2</sup> In accordance with the [Due Process Handbook](#).

Step	Mandatory / optional <sup>1</sup>	Metrics or evidence	UKEB Secretariat comments
<b>Project Initiation Plan (PIP)</b> <b>[Handbook 5.4 to 5.8]</b>	Mandatory	PIP draft with project outline (background, scope, project objective) and approach for influencing (key milestones and timing)	<p><b>Complete:</b> The Secretariat included mandatory milestones for the project and considered, as appropriate, other milestones and activities.</p> <p>The <a href="#">PIP</a> was approved at the 19 October 2023 Board meeting.</p>
	Mandatory	Outreach plan for stakeholders and communication approach outlined	<p><b>Complete:</b> The PIP (referred to above) included the outreach plan and approach.</p>
	Mandatory	Resources allocated	<p><b>Complete:</b> One Project Manager supported by one Assistant Project Manager, with oversight from a Project Director.</p>

Step	Mandatory / optional <sup>1</sup>	Metrics or evidence	UKEB Secretariat comments
<b>Project Initiation Plan (PIP)</b> <b>[Handbook 5.4 to 5.8]</b> <b>(continued)</b>	Optional	Assessment of whether to set up of an ad-hoc advisory group	<b>Complete:</b> Taking a proportionate approach, an ad-hoc advisory group was not considered necessary due to the narrow-scope nature of the Amendments.
	Mandatory	Assessment of whether PIP required updating	<b>Complete:</b> We monitored this throughout the project, whose nature and scope remained as proposed in the original PIP.
	Mandatory	UKEB Board public meeting held to approve PIP	<b>Complete:</b> The PIP was approved at the 19 October 2023 Board meeting.
<b>Education sessions</b> <b>[Handbook 4.10]</b>	Optional	Board provided with education sessions	<b>Complete:</b> No education session was provided but the updates on the project were included in the agenda papers for UKEB <a href="#">March 2023</a> and <a href="#">June 2023</a> meetings. In addition, education material was shared with the Board in the 19 October 2023 meeting pack.

## Desk-based research

Step	Mandatory / optional <sup>1</sup>	Metrics or evidence	UKEB Secretariat comments
<b>Desk-based research</b> <b>[Handbook 5.9]</b>	Optional	Review of relevant documentation.	<b>Complete:</b> The Secretariat has reviewed: <ul style="list-style-type: none"> <li>• the IASB’s work on the ED (mainly staff papers);</li> <li>• the Basis for Conclusions to the ED;</li> <li>• relevant material produced by other parties, including accounting firms;</li> <li>• IFRS Interpretations Committee Agenda Decisions; and</li> <li>• other standard-setters’ views.</li> </ul>

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## Outreach

Step	Mandatory / optional <sup>1</sup>	Metrics or evidence	UKEB Secretariat comments
<p><b>Outreach activities [Handbook 5.10 to 5.12]</b></p>	<p>Mandatory</p>	<p>Evidence of consultation</p>	<p><b>Complete:</b> Due to the narrow-scope nature of the proposed amendments, consultation activities were focused on obtaining responses to the Draft Comment Letter and consultation with the UKEB advisory groups: <a href="#">Accounting Firms &amp; Institutes Advisory Group (AFIAG)</a> and <a href="#">Preparer Advisory Group (PAG)</a>.</p> <p>Given most of the proposed amendments in the ED are to IFRS 7 and IFRS 9, we drew the <a href="#">Financial Instruments Working Group (FIWG)</a> members' attention to Annual Improvements and asked them to contact the project team if they had any feedback. No feedback was received from the FIWG members.</p> <p>The UKEB received <a href="#">one comment letter</a>.</p> <p>The comment letter received was published on the UKEB website.</p>

## Draft Comment Letter (DCL)

Step	Mandatory / optional <sup>1</sup>	Metrics or evidence	UKEB Secretariat comments
<b>DCL published for comment (generally mandatory)</b> <b>[Handbook paragraphs 5.13 to 5.17]</b>	Mandatory <sup>3</sup>	Consultation period set for responses to DCL	<b>Complete:</b> The <a href="#">DCL</a> was published for consultation for 32 days on 19 October 2023 (comment period deadline: 20 November 2023).
	Mandatory <sup>3</sup>	Review and approval at a UKEB public meeting	<b>Complete:</b> The DCL was reviewed and approved at the Board meeting on 19 October 2023.
	Mandatory <sup>3</sup>	DCL published on website for public consultation	<b>Complete:</b> The DCL was published for consultation for 32 days on 19 October 2023 (comment period deadline: 20 November 2023).
	Optional	News Alert to announce publication	<b>Complete:</b> Two news alerts were published on <a href="#">19 October 2023</a> and on <a href="#">15 November 2023</a> calling for comments. A link to the DCL was included in the meeting packs for the October 2023 PAG meeting and the November 2023 AFIAG meeting.

<sup>3</sup> In accordance with the UK Endorsement Board [Due Process Handbook](#) (paragraphs 5.13 to 5.17), a draft comment letter is issued in all circumstances unless impracticable.

## Project finalisation and project closure

Step	Mandatory / optional <sup>1</sup>	Metrics or evidence	UKEB Secretariat comments
<b>Final Comment Letter (FCL)</b> [Handbook paragraph 5.18]	Mandatory	Public responses to DCL assessed and published on website	<b>Complete:</b> The UKEB received one comment letter which was published on the UKEB website.  All responses were assessed, reflected as appropriate in the FCL and summarised in the Feedback Statement.
	Mandatory	FCL approved by the UKEB in public meeting	<b>Complete:</b> A draft of the final comment letter was presented for approval to the Board at its 14 December 2023 public meeting. The Board approved the final comment letter, subject to suggested amendments.
	Mandatory	FCL submitted to the IASB and posted on UKEB website	<b>Complete:</b> The <a href="#">FCL</a> was submitted to the IASB on 14 December 2023 and posted on UKEB website on 14 December 2023.  The Board decided at its 19 October 2023 meeting <sup>4</sup> to have a 30-day consultation period for the DCL, acknowledging that the FCL would be submitted to the IASB 3 days after its submission deadline.
	Optional	News alert published to announce publication	<b>To be completed:</b> A <a href="#">news alert</a> announcing publication of the FCL was published on 14 December 2023.

<sup>4</sup> Paragraphs 4(c) and 4(d) in the [Minutes of UKEB Public Meeting 19 October 2023](#)

<b>Feedback Statement [Handbook 5.19 to 5.22]</b>	Mandatory	Feedback Statement approved by the UKEB in a public meeting	<b>Completed:</b> A draft of the Feedback Statement was presented for approval to the Board at its 14 December 2023 public meeting. The Board approved the Feedback Statement, subject to suggested amendments.
	Mandatory	Feedback Statement posted on the UKEB website	<b>Complete:</b> The <a href="#">Feedback Statement</a> was published on the UKEB website on 14 December 2023.
	Optional	News alert published to announce publication	<b>Complete:</b> A <a href="#">news alert</a> announcing publication of the Feedback Statement was published on 14 December 2023.
<b>Step</b>	<b>Mandatory / optional<sup>1</sup></b>	<b>Metrics or evidence</b>	<b>UKEB Secretariat comments</b>
<b>Due Process Compliance Statement (DPCS) [Handbook 5.23 to 5.26]</b>	Mandatory	DPCS approved by the UKEB in public meeting	<b>Complete:</b> A [draft] DPCS was presented for approval to the Board at its 14 December 2023 public meeting. A final DPCS was presented for noting at the Board's 30 January 2024 meeting.
	Mandatory	DPCS published on the UKEB website	<b>To be completed:</b> [The final DPCS was published on the UKEB website after the January 2024 Board meeting.]

## Ongoing communications

Step	Mandatory / optional <sup>1</sup>	Metrics or evidence	UKEB Secretariat comments
<b>Public Board meetings</b> <b>[Handbook 4.10]</b>	Mandatory	UKEB public meetings held to discuss technical project	<p><b>Complete:</b> The Board received an overview of the project in October 2023.</p> <p>The Board approved the <a href="#">PIP</a> and <a href="#">DCL</a> at its meeting on 19 October 2023 and <a href="#">FCL</a> at its meeting on 14 December 2023.</p>
<b>Secretariat papers</b> <b>[Handbook 4.20]</b>	Mandatory	Board meeting papers made available on the UKEB website usually no later than five working days before a Board meeting	<p><b>Complete:</b></p> <p>The UKEB’s meeting papers were published on the UKEB website 5 working days before the relevant public meetings. Meeting minutes and recordings were made publicly available via the UKEB website. Subscribers were notified via UKEB news alerts.</p>

Step	Mandatory / optional <sup>1</sup>	Metrics or evidence	UKEB Secretariat comments
<b>Project webpage [Handbook 4.25(b)]</b>	Mandatory	Project webpage contains a project description with up-to-date information on the project.	<b>Complete:</b> The <a href="#">project webpage</a> was created in September 2023 and has been updated regularly on a timely basis.
<b>Subscriber Alerts [Handbook 4.24 and A4(d)]</b>	Optional	Evidence that subscriber alerts have occurred	<b>Complete:</b> 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.  Two news alerts were issued, alerting subscribers to the publication of the DCL.

Conclusion
<p>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 ED.</p> <p>This project complies with the applicable due process steps, as set out in the UKEB Due Process Handbook at the time of writing.</p>