

Appendix A: Sustainability Update

ISSB meetings

November meeting

A1. The ISSB met in Beijing, China, on 15-16 November 2023 to discuss:

- a) ISSB Consultation on Agenda Priorities
 - i. 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.
 - ii. Stakeholders were generally supportive of the planned activities and emphasised the need for implementation support with IFRS S1 and IFRS S2. Stakeholder feedback regarding the integration in reporting research project was not discussed as it will be considered jointly with the International Accounting Standards Board (IASB) at a future meeting.
 - iii. No decisions were required of the ISSB.
- b) The ISSB will continue to discuss feedback on the Request for Information at future meetings.

A2. IFRS Sustainability Disclosure Taxonomy.

- a) The ISSB were provided with a summary of the feedback¹ 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 discussions². No decisions were required of the ISSB.
- b) 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.

A3. The next ISSB meeting is scheduled to be held on 13-14 December 2023, in Frankfurt, Germany. The ISSB December 2023 agenda includes:

¹ [Summary of feedback on the Proposed IFRS Sustainability Disclosure Taxonomy \(Agenda Paper 7A\)](#)
² [Summary of content in the Proposed IFRS Sustainability Disclosure Taxonomy \(Agenda Paper 7B\)](#)

- a) ISSB Consultation on Agenda Priorities³
 - b) IFRS Sustainability Disclosure Taxonomy⁴
 - c) International Applicability of SASB Standards⁵
- A4. The Agenda Priorities paper provides the ISSB with a high-level summary of the feedback received specifically from users. The paper notes that most users agreed with the proposed assessment criteria for new ISSB projects with many commenting on the importance of areas such as connectivity with the International Accounting Standards Board (IASB) standards.
- A5. The paper notes that a global users representative group headquartered in the UK recommended the assessment criteria include a guiding principle of 'how connected a sustainability matter is to financial reporting'⁶.

IFRS Foundation updates

- A6. In anticipation of a joint IASB and ISSB meeting in January 2024 to discuss feedback on the potential project on integration in reporting the IASB will discuss an update on the Management Commentary Project at the December meeting⁷. The aim of the joint meeting is intended to inform the ISSB decision on the priorities for its next two-year workplan, including whether and how to pursue a project on integration in reporting and the IASB decision on the direction of the Management Commentary project.
- A7. Erkki Liikanen, Chair of the IFRS Foundation Trustees, delivered a keynote speech at COP28 to reflect on progress since the announcement of the ISSB and at COP26 and three new commitments which included (a) the implementation of a capacity building programme (b) advancement of jurisdictional adoption of the ISSB's Standards and (c) to advance new standard-setting initiatives to build out the global baseline⁸.
- A8. In addition, Mr Liikanen announced that the IFRS Foundation Trustees had re-appointed ISSB Chair Emmanuel Faber⁹ for a second term which will conclude on 31 December 2027.

³ [Feedback summary—Users of general purpose financial reporting](#)

⁴ [Changes to the Proposed IFRS Sustainability Disclosure Taxonomy](#)

⁵ [Ratification of amendments to the SASB Standards](#) and [DRAFT: Basis for Conclusions on Enhancing the International Applicability of the SASB Standards](#)

⁶ Question 2—Criteria for assessing sustainability reporting matters that could be added to the ISSB's work plan Section page 15 para 41 (c)

⁷ [Management Commentary Project Update](#)

⁸ ISSB at COP28: [Erkki Liikanen on progress and priorities to advance global sustainability disclosures](#) (4 December 2023)

⁹ ISSB at COP28: [Emmanuel Faber to continue serving as ISSB Chair until end of 2027](#). (4 December 2023)

- A9. As part of the COP28 announcements the Foundation also noted that nearly 400 organisations had publicly committed to ‘advancing the adoption or use’ of the ISSB’s climate-related reporting at a global level¹⁰.
- A10. The IFRS Foundation and the International Organization for Standardization (ISO) confirmed a shared commitment to cooperate to support capacity building and efficient global economies¹¹.
- A11. The IFRS Foundation launched the IFRS Sustainability ‘knowledge hub’ to support use of the ISSB Standards from next year¹². The online resource includes an introduction to the ISSB Standards, a guide for transitioning from TCFD recommendations to ISSB Standards and a set of Frequently Asked Questions.

Other international updates

- A12. EFRAG announced¹³ that it welcomes the work by the ISSB and that their recently adopted European Sustainability Reporting Standards (ESRS) incorporate the ISSB disclosures under a thorough interoperability approach. EFRAG and the ISSB are in the process of developing an interoperability map between the standards.
- A13. EFRAG and the Global Reporting Initiative (GRI) have signed a new Memorandum of Understanding¹⁴, which substantiates the benefits of the alignment between ESRS and GRI Standards. The MoU also commits the organisations to continuing to provide companies with technical support.
- A14. The Australian Government published its Sustainable Finance Strategy¹⁵ in November 2023. Key commitments include:
- a) Implementing mandatory climate-related financial disclosure requirements for large companies and financial institutions, commencing for reporting periods starting on 1 July 2024 for the largest listed and unlisted, with others phased in over time;
 - b) Monitoring the development of other international sustainability-related financial disclosure frameworks and standards, with a view to introducing other requirements (including nature) over time; and,
 - c) Developing a Sustainable Finance Taxonomy. The Australian Sustainable Finance Institute (ASFI) will lead the initial phase, a key output of which will

¹⁰ ISSB at COP28: [close to 400 organisations from 64 jurisdictions to commit to advance the ISSB climate global baseline](#) (4 December 2023)

¹¹ [IFRS Foundation and ISO commit to future cooperation towards effective communication](#)

¹² [IFRS Foundation launches knowledge hub in support of global drive to build capacity for the ISSB Standards](#)

¹³ [EFRAG WELCOMES THE WORK OF THE ISSB IN RELATION TO HIGH QUALITY CLIMATE-RELATED DISCLOSURES AT GLOBAL LEVEL](#)(4 December 2023)

¹⁴ [Press Release – EFRAG and GRI enhance collaboration with deeper ties](#), November 2023

¹⁵ Australian [Sustainable Finance Strategy](#), November 2023

be preliminary criteria for assessing how activities are aligned with climate mitigation objectives for key Australian economic sectors.

UK updates

- A15. The FCA has confirmed its implementation of new Sustainability Disclosure Requirements and an investment labelling regime¹⁶. The package of proposals supports the delivery of the ambition set out in the Roadmap to Sustainable Investing, published in October 2021¹⁷.
- A16. The FCA's substantial package of measures will further enhance the credibility of the UK's sustainable investment market by improving trust and transparency through:
- an **anti-greenwashing rule** for all authorised firms to ensure sustainability-related claims are fair, clear and not misleading (effective from 31 May 2024);
 - **product labels** to help investors understand what their money is being used for, based on clear sustainability goals and criteria (from 31 July 2024); and,
 - **naming and marketing requirements** so that products can only describe as having a positive impact on sustainability when they do (effective from 2 December 2024).

¹⁶ [Press Release - Sustainability disclosure and labelling regime confirmed by the FCA](#), November 2023

¹⁷ [Greening Finance: A Roadmap to Sustainable Investing](#), October 2021

Appendix B: Due Process Compliance Statement: *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7)

| Title of the Amendment | Issue dates |
|---|--|
| <i>Supplier Finance Arrangements</i> (Amendments to IAS 7 and IFRS 7) | <ul style="list-style-type: none"> Exposure Draft ED/2021/10 issued: 26 November 2021. Final amendments issued: 25 May 2023. Effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. |

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 whether to adopt a new or amended international accounting standard.

| Endorsement process | | | |
|--|----------------------------------|---|---|
| Step | Mandatory/ optional ¹ | Metrics or evidence | UKEB Secretariat comments |
| Work plan [Handbook 4.30(d)] | | | |
| Technical project added to UKEB technical work plan | Mandatory | Project is included in the UKEB published technical work plan | Complete: the Amendments were included in the UKEB technical work plan published in May 2023 . |
| Project preparation [Handbook 6.12-6.16] | | | |
| | Mandatory | PIP with draft project outline | Complete: Taking a proportionate approach, the PIP included mandatory |

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

| Endorsement process | | | |
|-------------------------------|----------------------------------|--|---|
| Step | Mandatory/ optional ¹ | Metrics or evidence | UKEB Secretariat comments |
| Project Initiation Plan (PIP) | | (background, scope, project objective) and approach for endorsement and adoption (key milestones and timing) proportionate to the project. | milestones for the project and considered, as appropriate, other milestones and activities. The PIP was approved at the 18 May 2023 Board meeting. |
| | Mandatory | Outreach plan for stakeholders and communication approach outlined | Complete: Due to the narrow-scope of the Amendments, consultation activities were focused on obtaining responses to the Draft Endorsement Criteria Assessment (DECA) as well as consulting with UKEB advisory groups and limited targeted outreach with relevant UK stakeholders, including some who had previously provided feedback to the IASB and/or UKEB. The PIP (referred to above) included the outreach plan and approach. |
| | Mandatory | Resources allocated | Complete: One Project Director supported by a Project Manager, with oversight provided by one Senior Project Director and with communications and economics team support. |
| | Mandatory | Assessment of whether to set up an ad-hoc advisory group | Complete: Assessed. The narrow-scope of the Amendments meant that setting up an ad-hoc advisory group was not considered to be proportionate approach. |

| Endorsement process | | | |
|---|----------------------------------|---|---|
| Step | Mandatory/ optional ¹ | Metrics or evidence | UKEB Secretariat comments |
| | Mandatory | UKEB Board public meeting held to approve PIP | Complete: The PIP was approved at the 18 May 2023 Board meeting. |
| | Optional | UKEB education or initial assessment | Complete: The Board received an education session on the Exposure Draft of the Amendments in December 2021. The Board was provided with updates on the IASB redeliberations at its December 2022 , February 2023 and March 2023 Board meetings. |
| Communications | | | |
| Public board meetings [Handbook 4.10] | Mandatory | UKEB Board public meetings held to discuss technical project. | Complete: The Board approved the Project Initiation Plan (PIP) at its 18 May 2023 meeting. It approved the draft ECA for consultation at its 13 July 2023. An update on stakeholder feedback received on the DECA was provided to the Board at its 19 October 2023 meeting. The Board approved the Adoption Package, consisting of the final Endorsement Criteria Assessment (ECA), the Feedback Statement, the [draft] Due Process Compliance Statement (DPCS) and the [draft] Adoption Statement for the Amendments, at its meeting on 16 November 2023. The final DPCS was presented for noting at the Board's 14 December |

| Endorsement process | | | |
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| Step | Mandatory/ optional ¹ | Metrics or evidence | UKEB Secretariat comments |
| | | | 2023 meeting. |
| Secretariat papers [Handbook 4.20] | Mandatory | Board meeting papers posted and publicly available on a timely basis. | Complete: The UKEB’s 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 notified via UKEB News Alerts |
| Project webpage [Handbook 4.25(b)] | Mandatory | Project webpage contains a project description with up-to-date information on the project. | Complete: A webpage was created containing key project information. |
| | Mandatory | Update UKEB webpage | Complete: The project webpage has been updated regularly on a timely basis. |
| Subscriber alerts [Handbook 4.24] | Mandatory | Evidence that subscriber alerts have occurred | Complete: Subscribers were alerted via email 5 working days before each Board meeting, with links to the agenda, papers and the option to dial in to observe the discussion. News Alerts were also issued, alerting subscribers to the publication of the DECA and adoption of the Amendments. |
| | Mandatory | Project email address | A general UKEB email address was used for outreach and correspondence purposes throughout the duration of |

| Endorsement process | | | |
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| Step | Mandatory/ optional ¹ | Metrics or evidence | UKEB Secretariat comments |
| | | | the project. |
| Desk-based research [Handbook 6.17] | | | |
| Desk-based research [Handbook 6.17] | Optional | Identify relevant research sources and documents | <p>Complete: the Secretariat has reviewed:</p> <ul style="list-style-type: none"> • The IASB's work on the Amendments, mainly the IASB's Exposure Draft (ED) including its Basis for Conclusions, the IASB staff papers and a related IFRIC Agenda Decision; • Comment letters on the ED received by the IASB from UK stakeholders including the UKEB; • Previous work done by the UKEB (including early desk-based research and comment letters on the UKEB Draft Comment Letter); • Relevant material produced by other parties (including accounting firms and the FRC, such as a CRR Thematic Review and a report from The Lab); • Other standard-setters' views; and • The IASB's final Amendments. |
| Outreach activities [Handbook 6.18-6.22] | | | |
| Consult with a representative range of stakeholders before adoption | Mandatory | Evidence of consultation | Due to the narrow-scope nature of the Amendments, consultation activities were focused on obtaining responses to the Draft Endorsement Criteria Assessment (DECA), consultation with UKEB advisory groups and limited targeted outreach with relevant UK stakeholders, including some who had |

| Endorsement process | | | |
|---|-------------------------------------|---|---|
| Step | Mandatory/ optional ¹ | Metrics or evidence | UKEB Secretariat comments |
| | | | <p>previously provided feedback to the IASB and/or UKEB. A summary of outreach activities is presented in the Feedback Statement.</p> <p>The UKEB received eight formal comment letters in response to its Invitation to Comment.</p> <p>All comment letters received were published on the UKEB website.</p> |
| Draft Endorsement Criteria Assessment (DECA) [Handbook 6.23-6.29] | | | |
| DECA [Handbook 6.23 to 6.29] | Mandatory | UKEB sets comment period for response on DECA (generally not less than 90 days) | <p>Complete: At its May 2023 meeting the Board decided that the DECA would be issued for comment for 90 days and approved the overall project plan.</p> <p>The DECA was published for consultation for 90 days on 20 July 2023 (comment period deadline: 18 October 2023).</p> |
| | Mandatory | Review and approval at UKEB public meeting | <p>Complete: The DECA was reviewed and approved at the Board meeting on 13 July 2023.</p> |
| | Mandatory | DECA posted on website for public consultation | <p>Complete: The Secretariat published the approved DECA and Invitation to Comment on the UKEB website for a 90-day consultation period from 20 July 2023 to 18 October 2023.</p> |
| | Mandatory | News Alert to announce publication | <p>Complete: A News Alert was published on 20 July 2023 calling for comments. Additional communications were shared by the FRC on behalf of the UKEB. A link to the DECA was sent out to UKEB advisory groups (Accounting</p> |

| Endorsement process | | | |
|---|----------------------------------|---|--|
| Step | Mandatory/ optional ¹ | Metrics or evidence | UKEB Secretariat comments |
| | | | Firms and Institutes Advisory Group, Investor Advisory Group and Preparer Advisory Group) and to the UKEB Financial Instruments Working Group. |
| Project finalisation and project closure [Handbook 6.30-6.48] | | | |
| Final Endorsement Criteria Assessment (ECA) | Mandatory | Public responses on DECA assessed and posted on website | Complete: The UKEB received eight comment letters which were published on the UKEB website. All responses were assessed, reflected as appropriate in the final ECA and summarised in the Feedback Statement. |
| | Mandatory | Final ECA approved by UKEB in public meeting | Complete: A draft of the final ECA was presented for approval to the Board at its 16 November 2023 public meeting. The Board approved the final ECA, at that meeting. |
| | Mandatory | Publish final ECA on UKEB website | Complete: The final ECA was published on the UKEB website on 30 November 2023. |
| Feedback statement | Mandatory | Feedback statement approved by UKEB in public meeting | Complete: A draft of the Feedback Statement was presented for approval to the Board at its 16 November 2023 public meeting. The Board approved the final Feedback Statement, subject to editorial changes. |
| | Mandatory | Feedback statement posted on UKEB Website | Complete: The final Feedback Statement was published on the UKEB website on 30 November 2023. |

| Endorsement process | | | |
|--|----------------------------------|---|--|
| Step | Mandatory/ optional ¹ | Metrics or evidence | UKEB Secretariat comments |
| | Mandatory | News Alert published to announce publication | Complete: A News Alert announcing publication of the adoption of the Amendments was published on 30 November 2023. |
| Due Process Compliance Statement (DPCS) | Mandatory | Due Process Compliance Statement approved by UKEB in public meeting | Complete: A draft DPCS was presented for approval to the Board at its 16 November 2023 public meeting. The final DPCS was presented for noting at the Board's 14 December 2023 meeting. |
| | Mandatory | Due Process Compliance Statement posted on UKEB Website | Complete: The final DPCS was published on the UKEB website subsequent to the 14 December 2023 Board meeting. |
| Adoption Statement | Mandatory | Adoption statements approved by UKEB in public meeting | Complete: The Adoption Statement for the Amendments was approved by the Board at its 16 November 2023 public meeting. |
| | Mandatory | Adoption statements posted on UKEB Website | Complete: The final Adoption Statement for the Amendments was published on 30 November 2023. |
| | Mandatory | News Alert published to announce publication | Complete: The News Alert announcing adoption of the Amendments was published on 30 November 2023. |
| Voting on adoption of the | Mandatory | Tentative vote | Complete: Tentative vote took place at the 16 November 2023 Board meeting based on the discussion of the |

| Endorsement process | | | |
|---------------------|----------------------------------|---|---|
| Step | Mandatory/ optional ¹ | Metrics or evidence | UKEB Secretariat comments |
| Amendments | | | Adoption Package, which included the final draft ECA, the Feedback Statement, the DPCS, the draft Adoption Statement for the Amendments and the text of the UK-adopted international accounting standard (<i>Supplier Finance Arrangements</i> Amendments to IAS 7 and IFRS 7). The vote was indicative only. |
| | Mandatory | Evidence of written vote (in paper or electronic form). | Complete: The Adoption Statement and voting forms were sent to the Board for voting (accompanied by the text of the Amendments to be adopted) on 21 November 2023 (written forms due by noon 28 November 2023). The vote was formalised by Board members signing the formal voting forms for the Amendments. |
| | Mandatory | News Alert published to announce the outcome of the vote within 3 working days of the formal vote | Complete: The announcement of the adoption of the Amendments was published on the UKEB website on 30 November 2023. The News Alert announcing adoption of the Amendments was published on 30 November 2023. |

| Conclusion |
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| <p>This document sets out the main due process activities performed as part of the UKEB's project to endorse the Amendments.</p> <p>In the Board's opinion, overall, this project complies with the applicable due process steps, as set out in the Handbook at the time of writing.</p> |