

ISSB Request for Information: Project Initiation Plan

Executive Summary

Project Type	Influencing
Project Scope	Moderate
Purpose of the paper	
This paper provides the UKEB with a Project Initiation Plan (PIP) for the project to respond to the International Sustainability Standards Board (ISSB) Request for Information (Rfi).	
Summary of the issue	
<p>The ISSB is seeking feedback on its priorities for its next two-year work plan. The Request for Information Consultation on Agenda Priorities is open for comments until 1 September 2023. The ISSB has identified four potential projects that could be added to its agenda of work over the next two years:</p> <ol style="list-style-type: none">1. biodiversity, ecosystems and ecosystem services;2. human capital;3. human rights; and4. researching integration in reporting <p>The ISSB is asking for stakeholder feedback on:</p> <ul style="list-style-type: none">• the strategic direction and balance of the ISSB’s activities;• the criteria for assessing which sustainability-related matters to prioritise—including topics, industries and activities; and• the scope and structure of potential new research and standard-setting projects. <p>The ISSB is also seeking views on the relative priority of activities to determine potential trade-offs.</p> <p>The consultation period closes on 1 September 2023. This will constrain UKEB project timelines as the final deadline does not fit easily with UKEB meeting schedule, as well as overlapping with interim reporting periods and summer holidays for a significant number of UK stakeholders.</p> <p>As a result, this paper includes a number of options for the Board is asked to consider for the approval of the Final Comment Letter (FCL).</p>	

Due to the anticipated tight deadlines, preparatory Stakeholder outreach has already commenced on this project. The options discussed in the PIP take a proportionate approach to the project, reflecting both the context of the project and feedback received to date from stakeholders.

In parallel to the ISSB's RfI, the IASB has also activated a project on Climate-related risks in Financial Statements. The purpose of the IASB project is to 'explore whether and how financial statements can better communicate information about climate-related risks'¹.

1. As the UKEB remit covers connectivity between the two international Boards, the project approach will also seek to identify relevant considerations for the IASB project and engage with that team, as appropriate.

Decisions for the Board

1. Does the UKEB agree with the staff recommendation that the FCL should be presented at the additional ad-hoc meeting on 2 August 2023?
2. Does the Board agree that the project team should seek to identify connectivity considerations relevant for the IASB Climate-related risks in Financial Statements project during the outreach on this project and engage with the IASB project team if relevant?
3. Does the Board approve the PIP for this project?

Recommendation

The Secretariat recommends that the FCL is presented at the 2 August Board meeting and that the Board approves the PIP.

Appendices

Appendix A [Draft] ISSB Request for Information Project Initial Pan (PIP)

¹ [Climate-related Risks in the Financial Statements](#) (IASB)

Due Process – options to consider for approval of Final Comment Letter

1. The ISSB Rfl consultation period ends on 1 September 2023 which is in between the scheduled UKEB July 2023 and September 2023 meetings, and the additional ad-hoc meeting on 2 August 2023. Options and a recommendation are provided below for UKEB consideration and decision.

Options for consideration

2. The Board has the following options in relation to approval of the final comment letter for the Rfl:
 - a) Request an extension from the ISSB to allow the UKEB 21 September 2023 Board meeting to consider and approve the Final Comment Letter (FCL).
 - b) Reduce the Draft Comment Letter (DCL) consultation period² to one week so that the FCL can be considered and approved at the 13 July 2023 UKEB Board meeting and rely on the stakeholder feedback gathered when doing the preparatory work (as listed above).
 - c) Add to the agenda for the proposed additional ad-hoc meeting on 2 August 2023 UKEB meeting to consider and approve the FCL. This will mean additional time will need to be added to the meeting to discuss the FCL.

	Option	Pros	Cons
a	FCL presented at 21 September UKEB meeting. Request deadline extension from ISSB	Maximum UK stakeholder outreach, engagement, and feedback.	ISSB meets between 11–15 September and may consider initial survey feedback. UKEB position would not be available for this meeting.
b	FCL presented at 13 July UKEB meeting	ISSB deadline achieved, FCL would be likely to be one of the initial comment letters published by the ISSB.	An exception to the UKEB due process would be required as stakeholders would only have one week to respond to the UKEB Invitation to Comment.

² [UKEB Due Process Handbook](#), contains the following relevant paragraphs 3.9 “The UKEB may decide not to undertake a ‘mandatory’ milestone for a particular project. The UKEB should discuss the reasons for this decision at a public Board meeting. The PIP of the applicable project should clearly outline these reasons.” and paragraphs 5.16 and 5.17 ‘Draft comment letter with a shorter consultation period’.

	Option	Pros	Cons
c	FCL presented at 2 August proposed additional ad-hoc UKEB meeting	ISSB deadline achieved, no exception required from due process as stakeholders would have the required 30 days to respond to the Invitation to Comment.	The proposed additional ad-hoc UKEB meeting is limited to one hour and currently has two agenda items.

Recommendation

3. The Secretariat recommend incorporating the review and approval of the FCL at the proposed additional ad-hoc meeting on 2 August 2023 as this both meets the ISSB deadlines and does not require an exception to the UKEB due process.
4. The PIP is prepared based on the above recommendation but if the Board prefers a different approach the PIP will be updated with the Board's preferred option and uploaded to the UKEB website.

Question for the Board	
1.	Does the UKEB agree with the staff recommendation that the FCL should be presented at the additional ad-hoc meeting on 2 August 2023?

Appendix A: Draft Project Initiation Plan ISSB Request for Information

Project Type	Influencing
Project Scope	Medium

Purpose

- A1. This paper sets out the approach and plan to influence the International Sustainability Standards Board (ISSB) Request for Information [Consultation on Agenda Priorities \(Rfl\)](#).

Background

ISSB Request for Information

- A2. The ISSB published its Rfl on 4 May 2023 and requested comments by 1 September 2023. The ISSB has requested that its preferred method of feedback will be from an online survey but that comment letters will also be accepted.
- A3. The project will provide both a formal comment letter and also replicate the relevant content from the UKEB comment letter in the online survey and submit both to the ISSB.
- A4. The Rfl has the following questions (emphasis added on the specific projects the ISSB is considering):
- Question 1—Strategic direction and balance of the ISSB’s activities.
 - Question 2—Criteria for assessing sustainability reporting matters that could be added to the ISSB’s work plan.
 - Question 3—New research and standard-setting projects that could be added to the ISSB’s work plan.
 - Question 4—New research and standard-setting projects that could be added to the ISSB’s work plan: **Biodiversity, ecosystems and ecosystem services**.

- e) Question 5—New research and standard-setting projects that could be added to the ISSB’s work plan: **Human capital**.
 - f) Question 6—New research and standard-setting projects that could be added to the ISSB’s work plan: **Human rights**.
 - g) Question 7—New research and standard-setting projects that could be added to the ISSB’s work plan: **Integration in reporting**.
 - h) Question 8—Other comments.
- A5. The UK does not yet have an endorsement framework in place for the adoption of ISSB Sustainability Disclosure Standards. Until that framework is in place, the UK Government, has asked the UKEB, the Financial Conduct Authority (FCA) and the Financial Reporting Council (FRC) to engage with the International Sustainability Standards Board (ISSB) and to respond to their consultations, according to their respective regulatory objectives and functions. This request was publicly announced in Lord Callanan’s letter¹ to the ISSB regarding their exposure drafts of IFRS S1 and IFRS S2.
- A6. The UKEB is carrying out work to consider the overlap or impact of the proposed ISSB IFRS Sustainability Disclosure Standards with IFRS Accounting Standards. In other words “connectivity” between the two sets of standards and the information that is produced as a result of their use. This means that the UKEB project will in the main focus on the following areas:
- a) researching integration in reporting; and
 - b) the relative priority of activities/projects to determine potential trade-offs.
- A7. However, if, during the technical work and outreach with stakeholders, we identify issues that relate to the other matters and which are within the UKEB’s remit, appropriate comments on those matters will also be developed for consideration and approval by the Board.

Integration in reporting project

- A8. In the RfI, the ISSB’s proposed research project on integration in reporting considers integrated disclosures beyond the requirements on connected information in the financial statements and sustainability-related financial disclosures, that are included in S1 and S2.
- A9. The project may include creating a corporate reporting framework that integrates disclosure across multiple documents. In addition, as it would be a larger project

¹ Lord Callanan’s letter to the ISSB [here](#).

than the initially considered 'connectivity' project it would require more of the ISSB's resources.

- A10. The ISSB is also seeking stakeholder views on:
- a) The relative priority and timeliness of advancing this project in the context of ISSB's mission to build out a suite of 'sustainability' standards;
 - b) Whether and how the ISSB should work with the IASB;
 - c) Whether the project should utilise IASB's Exposure Draft Management Commentary, the Integrated Reporting Framework, both or other materials in pursuing this work.

Overlap with IASB Climate-related Risks in the Financial Statements project

- A11. In March 2023, the IASB activated a narrow-scope maintenance project 'Climate-related Risks in the Financial Statements'. This project is to 'explore whether and how financial statements can better communicate information about climate-related risks²'.
- A12. The IASB notes that it will consider the work of the ISSB in the project scope, to the extent that it applies to the financial statements.
- A13. As the UKEB remit covers connectivity between the two international Boards it is appropriate that some of the work undertaken as part of this project will also be used by the UKEB to consider its influencing work on the IASB's Climate-related Risks in the Financial Statements project.

Project outreach completed

- A14. In preparation for the ISSB Rfl project on integration in reporting the following activities have already been undertaken during 2023:
- a) Board discussions of preparatory papers on connectivity themes;
 - b) UKEB Advisory and Working Group discussions on preparatory papers;
 - c) Engagement with IFRS Foundation staff on their project direction;
 - d) Engagement with UK Stakeholders on the connectivity themes identified so far; and

² [Climate-related Risks in the Financial Statements](#) (IASB).

- e) Engagement with other National Standard Setters and other international stakeholders.

Project milestones

A15. A proportionate approach is proposed, incorporating the mandatory milestones listed in paragraph 5.3 of the UKEB’s Due Process Handbook (Handbook)³. The table below provides a brief description of the work we intend to do as part of this project.

Milestone/activity	Brief description	Status
Influencing		
Technical project added to UKEB technical work plan (mandatory) [Handbook 4.30(b)]	Added to UKEB technical work plan.	Complete
Project initiation plan (mandatory). [Handbook 5.3(a)]	This paper.	Considered at May 2023 UKEB Board meeting
Desk-based research (optional) [Handbook 5.3(b)]	<p>The Secretariat have reviewed:</p> <ul style="list-style-type: none"> • The ISSB meeting agenda papers considering possible projects to request information on from stakeholders. • The ISSB Rfl documentation. • The IASB’s Third Consultation Feedback Statement concerning climate-related matters • IASB staff papers regarding activation of the Climate-related risks project. • IASB and ISSB joint article ‘Connectivity—what is it and what does it deliver⁴?’ <p>In parallel the UKEB Secretariat is developing its research on the following two topics as</p>	In progress

³ [UKEB Due Process Handbook](#) (December 2020).

⁴ [Connectivity—what is it and what does it deliver?](#) IASB Chair Andreas Barckow and ISSB Chair Emmanuel Faber (23 March 2023)

Milestone/activity	Brief description	Status
	<p>part of its Climate-related Matters research project:</p> <ul style="list-style-type: none"> • [draft] report Climate-Related Matters: Summary of Connectivity Research. • [draft] report Analysis of 2022 Annual Reports. <p>The Secretariat have developed staff papers on the following connectivity topics (Staff papers)⁵:</p> <ul style="list-style-type: none"> • Asset recognition, measurement, and impairment. • Liabilities and Provisions. • Fair Value Measurement. <p>The Secretariat will further develop connectivity themed papers on⁶:</p> <ul style="list-style-type: none"> • Other considerations (expected timing July) • Conceptual Framework (expected timing September) 	
<p>Outreach activities (mandatory) [Handbook 5.3(c)]</p>	<p>The Secretariat has completed the following areas of outreach:</p> <p>Established the UKEB Sustainability Working Group (SWG) and a National Standard Setters Sustainability Forum (NSSSF) which discuss and provide feedback on connectivity topics and papers.</p> <p>In addition, UKEB Advisory Groups have also been engaged on these topics.</p> <p>Presentations and discussions have been held with IFASS and CRUF concerning connectivity themes.</p> <p>Depending on the date selected for review and approval of the FCL, the Secretariat</p>	<p>In progress</p>

⁵ Staff papers on connectivity and research conducted can be found [here](#)
⁶ Note – these papers are also intended to support the IASB Climate-related risks in Financial Statements project. These areas will be covered in the DCL but separate papers will be prepared and discussed at the UKEB and with the IASB project team after the FCL has been submitted to the ISSB.

Milestone/activity	Brief description	Status
	<p>intends to conduct further outreach on the DCL with:</p> <ul style="list-style-type: none"> • UKEB SWG and NSSF. • UKEB Advisory and Working Groups. • UK User and Preparer representative bodies. • Seek to promote the DCL with UK accounting publications and websites. • Maintain engagement with the IASB Climate-related risks in Financial Statements project team. • No field work is proposed to be undertaken as part of this project. 	
<p>DCL published for comment (generally mandatory) [Handbook paragraphs 5.3(d)]</p>	<p>The Secretariat intend to present a DCL for comment and approval at the June 2023 UKEB meeting. The DCL is expected to be published week commencing Monday 26 June and the consultation period is expected to end on Tuesday 25 July.</p> <p>[Subject to the decision at the May 2023 Board. The FCL would then be prepared and published on Wednesday 26 July with the 2 August 2023 board papers.]</p>	<p>To be considered for approval and publication following the June 2023 UKEB Board meeting</p>
<p>Board meeting to agree FCL</p>	<p>[An additional ad-hoc UKEB meeting has been scheduled. It is intended to review and approve FCL for publication at that meeting.]</p>	<p>[Scheduled for 2 August 2023]</p>
<p>UKEB submission of FCL before ISSB comment period ends (mandatory). [Handbook paragraph 5.3(e) and 5.18]</p>	<p>ISSB comment period ends 1 September 2023. Following UKEB discussion and approval of the FCL will be finalised and submitted to the ISSB in time for the 1 September deadline.</p> <p>In addition to the formal comment letter the Secretariat will also populate the ISSB survey with content from the FCL.</p>	<p>To be completed – mid August.</p>
<p>Project Closure Feedback statement and due process</p>	<p>[If the FCL is being presented at an additional ad-hoc UKEB August meeting, and the timing of the meeting is limited the Secretariat would prepare a Feedback</p>	<p>To be completed – presented at</p>

Milestone/activity	Brief description	Status
compliance statement for influencing stage of project (mandatory) [Handbook paragraphs 5.19 and 5.26]	Statement and Due Process Compliance Statement at the September meeting ⁷ .] Following Board approval these will be published on the project webpage on the UKEB website.	the September UKEB meeting.

Resources allocated

A16. On the basis of this project plan, we consider that a project team consisting of one Project Director, 0.5 of technical support with oversight from a Senior Project Director, and communications support should ensure the project timelines are achieved.

Ad-hoc advisory group

A17. As the UKEB has established a specific SWG and intends to continue consulting with the current Advisory and Working Groups, setting up an additional ad-hoc group is not considered necessary for this project.

Project timelines

A18. The project timelines shown below are based on the recommended approach i.e., presentation of the FCL at the additional ad-hoc UKEB meeting on 2 August.

Date	Milestone
18 May	UKEB meeting – ISSB RFI PIP approval
22 May	National Standard Setters Sustainability Forum meeting
12 June	Outreach – UKEB Preparers Advisory Group
13 June	Outreach – UKEB Investors Advisory Group

⁷ UKEB Due Process Hand Book notes in relation to the mandatory Feedback Statement paragraph 5.22 ‘A feedback statement is published on the UKEB website, usually at the same time as the final comment letter is submitted to the IASB and in relation to the mandatory Due process compliance statement in paragraph 5.24 that ‘The (draft) due process compliance statement is initially presented to the Board along with the final comment letter and feedback statement for approval.’

Date	Milestone
15 June	Outreach – UKEB Accounting Firms and Institutions Advisory Group
22 June	UKEB meeting – DCL approval
[26 June – 25 July]	[External outreach on DCL (30 Days)]
[29 June]	[UKEB Sustainability Working Group]
[26 July]	[UKEB additional ad-hoc UKEB meeting paper published – draft FCL]
[2 August]	[UKEB additional ad-hoc UKEB meeting – FCL approved]
[Expected week commencing 14 August]	[UKEB FCL and online survey submitted to ISSB]

Timeline

ISSB RFI Project plan based on the recommended approach

