

CADWALADER
CLIMATE
Connecting Climate Change and the Law



ISSB Requests Consultations on Sustainability Research Priorities and Jurisdiction-Specific Disclosure Metrics

June 27, 2023



By Sukhvir Basran
Partner | Financial Services



By Timbre Shriver
Associate | Global Litigation

Following completion by the International Sustainability Standards Board (ISSB) of IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures), on May 4, the ISSB issued a [request for consultation](#) on its priorities for its next two-year work plan (the Agenda Consultation).

Over the next two years, the ISSB has identified four potential projects, focused on: 1) biodiversity, ecosystems and ecosystem services; 2) human capital; 3) human rights and 4) integration in reporting. The ISSB identifies a number of reasons for the selection of these projects, including their importance to investors; deficiencies in the way companies currently disclose sustainability information; and the prevalence and pervasiveness of these subjects.

The Agenda Consultation will be open for comments until September 1, 2023 with stakeholders asked to provide feedback on the:

- strategic direction and balance of the ISSB's activities;
- criteria for assessing those sustainability-related matters to prioritize, such as topics, industries and activities; and
- scope and structure of potential new research and standard-setting projects.

In addition to the Agenda Consultation, the ISSB also has requested feedback from stakeholders on its [proposed methodology for enhancing the international applicability](#) of the Sustainability Accounting Standards Board (SASB) Standards. Approximately 20% of the

metrics included in the SASB Standards incorporate references to specific jurisdictional laws and regulations. According to the ISSB, “revising these references will help improve international applicability and remove regional bias.”

The [“Exposure Draft Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates”](#) will be open for comments until August 9, 2023.

Taking the Temperature: We [previously reported](#) that ISSB IFRS S1 (General Requirements for Disclosure of Sustainability-Related Financial Information) and IFRS S2 (Climate-Related Disclosures) will take effect in January of 2024. We have [observed](#) that competing climate-related disclosure standards pose a significant challenge for companies operating around the world. As the countdown to IFRS S1 and IFRS S2 taking effect continues, stakeholders now have the opportunity to guide ISSB’s research agenda for the next two years. Consultations such as these are an essential step towards alignment of standards and efficiency and scalability of efforts to create harmonized ESG standards that meet the information needs of investors on sustainability topics. It is notable that the first proposed reporting project is focused on biodiversity and ecosystems. As we have [recently reported](#), nature and biodiversity are becoming an increasingly prominent feature of sustainability initiatives, including as evidenced by the recent UN-convened bank-led working group to promote nature and biodiversity-related target setting [aligned with the agreement](#) on a Global Biodiversity Framework reached at the conclusion of COP15.