

ISSB Consultation on Agenda Priorities

DHC Comments



As Douglas Hileman Consulting LLC (DHC), I provided comments to ISSB in response to their Consultation on Agenda Priorities – one of over 700 entities to do so. My key points included those listed below.

Don't try to be everything to everyone. ISSB S1 and S2 are for primary users of general purpose financial reports. This is a clear mission, and a necessary distinction from other standards and frameworks.

Maintain industry-specific focus. Some topics (climate change) apply across the board, although they pose different risks to prospects in different industries. SASB's approach established a balance between universal and sector-specific disclosure topics. This allows users to compare disclosures for companies within an industry.

Follow the mainstream investors. Disclosures in financial filings are for investors. Other stakeholders (analysts, customers, employees) have ample avenues to obtain information for their decisions. Don't crowd-source the next disclosure topics. Look to investors (including relative AUM) to drive this. TCFD provides good precedent; if TFND catches on, then disclosure standards on natural resources would be a logical next step.

Research where others can't – or haven't. I strongly encouraged research on tangible feedback from investors to preparers. Disclosures are rooted in "materiality" – a fact or circumstance that an investor might want to know as they consider their decisions. It is not necessarily the tipping point for the investment decision. I have not seen results of how investors actually use ESG/ Sustainability disclosures in general purpose financial reports. Standard setters and preparers alike are trapped in a cycle of guessing games. This places undue burden on preparers with no tangible feedback on the utility of their disclosures. As an independent oversight entity with a global remit, ISSB is in an ideal position to perform this research.

Douglas Hileman Consulting LLC comment found here: https://ifrs-springapps-comment-letter-api-1.azuremicroservices.io/v2/download-file?path=610_65469_douglas-hileman-consulting-llc--dhc--2022-07-29-issb-s1-general-sustainability-disclosures---hileman-comments.pdf