

1 September 2023

Emmanuel Faber
Chair
International Sustainability Standards Board
IFRS Foundation
Opernplatz 14
60313 Frankfurt am Main
Germany

Dear Mr Faber

Request for Information - Consultation on Agenda Priorities

Deloitte Touche Tohmatsu Limited is pleased to respond to the International Sustainability Standards Board (ISSB)'s Request for Information *Consultation on Agenda Priorities* ('Consultation').

We congratulate the ISSB for making swift progress in developing the ISSB Standards S1 and S2 and welcome this Consultation as a clear indication of the ISSB's intent to move without delay to develop standards on sustainability topics other than climate.

We think it is vital that the ISSB develops a suite of Standards that address sustainability topics comprehensively and makes timely progress towards their issuance. In our view, this is essential to achieve the global baseline.

We recommend that the ISSB prioritises supporting the implementation of ISSB Standards IFRS S1 and IFRS S2 and the development of standards on human capital and certain topics relating to biodiversity.

We also suggest that a project on a 'just transition' to a lower-carbon economy is taken forward as a cross-cutting project. Addressing climate change successfully requires considering a just transition, including human capital and aspects of biodiversity and human rights, as well as having regard to the needs of developing economies and their transition pathways. As such, we think the topic deserves a more focused standard-setting effort than implied in the Consultation, with the potential of being completed reasonably quickly.

Industry content

As we noted in our response to the Exposure Draft *Methodology for Enhancing the International Applicability of the SASB® Standards and SASB Standards Taxonomy Updates* ('the SASB Standards ED'), we think it is essential that the ISSB sets out a vision for the eventual architecture of its standards, which should include industry-specific requirements alongside general requirements and topical standards, together with a strategy to bring industry-specific requirements formally into the ISSB Standards. More generally, we consider industry-specific considerations to be an integral part of reporting on sustainability-related risks and opportunities. Investors, in particular, have emphasised the importance of understanding sustainability-related risks and opportunities in the context of industry activities, which they view as enhancing both the relevance and the comparability of disclosures. Industry-specific disclosure requirements help meet those information needs.

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However, we suggest that for the period covered by this Consultation, the ISSB focuses on those enhancements that can be achieved relatively quickly, such as those already being addressed through the SASB Standards ED. Furthermore, consideration could be given to industry-specific guidance in support of topics that have been prioritised by the ISSB, derived from SASB Standards.

Integration in reporting

We do not view a project on 'integration in reporting' as a priority at this point in time, mostly because we believe that the International Integrated Reporting Framework remains 'fit for purpose' and is used by many entities in a wide range of jurisdictions. We suggest that the Framework provides an effective interim solution, consistent with the commitment to support integrated reporting made by the IASB and the ISSB Chairs on 25 May 2022, freeing up time and resources for the ISSB to concentrate efforts on other priorities.

Further, we think it is essential that the ISSB and the IASB work jointly to address integration in reporting and to develop 'over-arching' reporting principles (for example, building on the International Integrated Reporting Framework and Management Commentary Practice Statement) and to enhance connectivity between sustainability and financial information.

Timeliness and interoperability

We think it important that further standards on sustainability topics are issued on a timely basis to reduce the risk of fragmentation which could occur if jurisdictions were to develop their own requirements ahead of the ISSB in response to urgent demands from stakeholders locally for this information.

We note that the two-year horizon of the Consultation should help to focus efforts on projects that could be progressed to final standards relatively quickly. It should also help the ISSB to remain agile and responsive to the information needs of users on emerging sustainability-related issues. To accelerate progress, we recommend that the ISSB pursues the same approach of building on the work of others as adopted for ISSB Standards IFRS S1 and S2. In this regard, we encourage the ISSB to take projects that can be progressed directly to an exposure draft when possible.

Building on existing content should also support interoperability between the ISSB's standards and other sustainability standards at both global and jurisdictional levels. We encourage the ISSB to have full regard to interoperability when developing its Standards.

ISSB activities in support of adoption to achieve the global baseline

We recommend that the ISSB prioritises encouraging the adoption of ISSB Standards through engagement with policy makers, market regulators, and standards-setters. This is critical to establish the ISSB Standards as the global baseline, ensuring that consistent and comparable sustainability information is available to the capital markets on a timely basis.

Our detailed responses are included in the Appendix.

As suggested, we have also responded to this Consultation via the survey.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 20 7007 0884.

Yours sincerely

A handwritten signature in black ink, appearing to read 'V. Poole', with a stylized flourish at the end.

Veronica Poole
Global IFRS and Corporate Reporting Leader

Appendix: Detailed response to the Request for Information

Question 1— Strategic direction and balance of the ISSB’s activities

Paragraphs 18–22 and Table 1 provide an overview of activities within the scope of the ISSB’s work.

- (a) From highest to lowest priority, how would you rank the following activities?
 - (i) beginning new research and standard-setting projects
 - (ii) supporting the implementation of ISSB Standards IFRS S1 and IFRS S2
 - (iii) researching targeted enhancements to the ISSB Standards
 - (iv) enhancing the Sustainability Accounting Standards Board (SASB) Standards
- (b) Please explain the reasons for your ranking order and specify the types of work the ISSB should prioritise within each activity.
- (c) Should any other activities be included within the scope of the ISSB’s work? If so, please describe these activities and explain why they are necessary.

(a)&(b) Prioritisation and supporting reasons

We suggest the following prioritisation.

1 - Supporting the implementation of ISSB Standards IFRS S1 and IFRS S2

We agree that encouraging the adoption and implementation of ISSB Standards globally is a priority and note that the activities identified in Table 1 (a)-(d) are activities that we would support the ISSB to be doing as part of this effort.

In identifying who to engage with, we encourage the ISSB to give priority to working with policy makers, market regulators, and jurisdictional standards-setters to encourage adoption and support implementation of the ISSB standards. In our view, gaining insight into jurisdictional priorities and needs will facilitate greater interoperability, support capacity building efforts and help build the global baseline, especially in light of IOSCO’s endorsement of ISSB Standards and its call on regulators to adopt, apply or otherwise be informed by those standards.

We agree also that resources will be required to enable implementation and application of ISSB Standards. We welcome the establishment of the Transition Implementation Group in this regard. We note that, as with IFRS Accounting Standards, an interpretative function within the IFRS Foundation will likely be needed in the future.

2 - Beginning new research and standard-setting projects

We think it is vital that the ISSB develops a suite of ISSB Standards addressing sustainability topics comprehensively and makes timely progress towards issuing them. In particular, we note the growing demand for consistent and comparable reporting on social matters and therefore we strongly support the ISSB in progressing standards-level projects on human capital. We list areas of other standard-setting priorities in the answer to Question 3. Critically, the ISSB should build on the work of others in order to maintain momentum and retain the support of stakeholders who expect that, having addressed ‘climate first’, the ISSB will promptly address other important sustainability topics.

3 - Enhancing the Sustainability Accounting Standards Board (SASB) Standards

As we noted in our response to the SASB Standards ED, we think it is essential that the ISSB sets out a vision for the eventual architecture of its Standards, which should include industry-specific

requirements alongside general requirements and topical Standards, together with a strategy to bring industry-specific requirements formally into ISSB Standards. More generally, we consider industry-specific considerations to be an integral part of reporting on sustainability-related risks and opportunities. Investors, in particular, have emphasised the importance of understanding sustainability-related risks and opportunities in the context of industry activities, which they view as enhancing both the relevance and the comparability of disclosures. Industry-specific disclosure requirements help meet those information needs.

Enhancing the international applicability of SASB Standards, in our view, is likely to require a much broader scope than either this Consultation or the SASB Standards ED anticipates. We suggest that, for the period covered by this Consultation, the ISSB focuses on those enhancements that can be achieved relatively quickly, such as those already being addressed in the project presented in the SASB Standards ED. Furthermore, consideration could be given to industry-specific guidance in support of topics that have been prioritised by the ISSB, derived from SASB Standards.

4 - Researching targeted enhancements to the ISSB Standards

We recommend that the ISSB allows for a period of stability during the initial application and implementation of the first ISSB Standards before changes to these Standards are considered. Unless essential enhancements to an existing Standard are needed, targeted enhancements should be informed by post-implementation reviews undertaken in accordance with the IFRS Foundation's normal due process.

The reasons for our view include:

- It will likely be difficult to identify areas where enhancements to ISSB Standards are needed until there is sufficient practical experience of applying the Standards and identification of interpretative issues; and
- The two-year period that the Consultation covers is also the implementation period for many entities. Consequently, the first two or three years of application are unlikely to highlight areas where enhancements are truly needed.

(c) *Should other activities be included within the scope of the ISSB's work?*

No, but we support the inclusion of the activities listed in paragraph 19 (e-g), and Table 1 for reasons below.

Ensuring connectivity between the ISSB's and IASB's respective requirements (paragraph 19(e))

It is essential that there is joint activity between the ISSB and the IASB, not only in relation to connectivity between sustainability reporting and information in the financial statements, but also in relation to overarching principles for corporate reporting.

Ensuring interoperability of the ISSB Standards with other sustainability standards (paragraph 19(f))

Interoperability is critical to entities that are, or will be, required to apply more than one set of standards or comply with different regulatory requirements, such as the ISSB Standards and European Sustainability Reporting Standards ('ESRS'). We also reiterate the importance of the joint efforts of the ISSB and the Global Reporting Initiative ('GRI') to increase interoperability between their respective standards. Alignment, where possible, of terminology, structure, disclosures, and metrics helps to reduce the reporting burden for entities and enhance the consistency and comparability of reported information.

We welcome the work of the Jurisdictional Working Group which includes participation by the European Commission, EFRAG and the U.S. SEC, and its intent to support enhanced compatibility between jurisdictional initiatives and the global baseline.

Engaging with stakeholders (paragraph 19(g))

We note that this is an important activity for the ISSB, especially to support capacity building.

Question 2—Criteria for assessing sustainability reporting matters that could be added to the ISSB’s work plan

Paragraphs 23–26 discuss the criteria the ISSB proposes to use when prioritising sustainability-related reporting issues that could be added to its work plan.

- (a) Do you think the ISSB has identified the appropriate criteria?
- (b) Should the ISSB consider any other criteria? If so what criteria and why?

- (a) Yes, we think the ISSB has identified the appropriate criteria and note that they are consistent with those the IASB put forward in its Third Agenda Consultation.

We think that Criterion 4, pervasiveness, is important and would benefit from additional guidance on how it should be assessed. For example, it would be useful to explain how public policy priorities and matters affecting stakeholders and society more broadly should be factored in this assessment.

When applying Criterion 7, we think it is essential that the ISSB considers the extent to which there is the ability to build on existing frameworks and standards developed by others.

- (b) We suggest the following additional criteria:

- The matter is likely to continue to be relevant over time, recognising the dynamic nature of sustainability matters and their relevance to entities’ prospects; and
- Developing a Standard is the most appropriate way to address an identified issue. For example, the ISSB could decide that in some instances it would be more effective to continue to rely on the existing requirements in ISSB Standard IFRS S1 on sources of guidance.

Question 3—New research and standard-setting projects that could be added to the ISSB’s work plan

Paragraphs 27–38 provide an overview of the ISSB’s approach to identifying sustainability-related research and standard-setting projects. Appendix A describes each of the proposed projects that could be added to the ISSB’s work plan.

Taking into account the ISSB’s limited capacity for new projects in its new two-year work plan, should the ISSB prioritise a single project in a concentrated effort to make significant progress on that, or should the ISSB work on more than one project and make more incremental progress on each of them?

- (i) If a single project, which one should be prioritised? You may select from the four proposed projects in Appendix A or suggest another project.
- (ii) If more than one project, which projects should be prioritised and what is the relative level of priority from highest to lowest priority? You may select from the four proposed projects in Appendix A or suggest another project (or projects).

It is important that the ISSB develops a suite of Standards covering a breadth of sustainability topics to establish the global baseline and meet urgent demands from investors and other stakeholders for consistent, comparable information. Focusing on a single project over the next two years is unlikely to meet stakeholders' expectations and could compromise the ability of the ISSB to enable the global baseline. We therefore believe that the ISSB should begin work on more than one project.

To facilitate the capacity to address several projects and to accelerate the pace of development, we encourage the ISSB to continue to build on the work of others to develop global Standards, as it did with ISSB Standards IFRS S1 and S2. We recommend the ISSB commences projects on the following areas, in order of priority:

- Human capital, which we think should be defined more broadly, to include labour practices and conditions, pay equity/living wage, health and safety, dignity and equality, training and skills for the future, in addition to matters such as diversity and inclusion (consistent with the thinking of the WEF's White Paper *Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation*). We also consider that, given they are entwined, relevant aspects of human rights should be considered alongside the identified human capital topics;
- Biodiversity, ecosystems, and ecosystem services ('BEES'), focusing initially on climate-adjacent topics and seeking to build on existing guidance in order to issue Standards more quickly;
- Research on other aspects of BEES that are less mature in corporate reporting practices and would require a discussion paper;
- Just transition – see our response to Question 5;
- Human rights, which would require a discussion paper. We would expect this project to explore human rights throughout the entity's own operations and value chain, along with its impacts on indigenous peoples.

We do not view a project on 'integration in reporting' as a priority at this point in time, mostly because we believe that the International Integrated Reporting Framework remains 'fit for purpose' and is used by many entities in a wide range of jurisdictions. We suggest that the Framework provides an effective interim solution, consistent with the commitment to support integrated reporting made by the IASB and the ISSB Chairs on 25 May 2022, freeing up time and resources for the ISSB to concentrate efforts on other priorities.

Question 4—New research and standard-setting projects that could be added to the ISSB’s work plan: Biodiversity, ecosystems, and ecosystem services

The research project on biodiversity, ecosystems and ecosystem services is described in paragraphs A3–A14 of Appendix A. Please respond to these questions:

- (a) Of the subtopics identified in paragraph A11, to which would you give the highest priority? Please select as many as applicable.
- Please explain your choices and the relative level of priority with particular reference to the information needs of investors.
- You may also suggest subtopics that have not been specified. To help the ISSB analyse the feedback, where possible, please provide:
- (i) a short description of the subtopic (and the associated sustainability-related risks and opportunities); and
 - (ii) your view on the importance of the subtopic with regard to an entity’s sustainability-related risks and opportunities and the usefulness of the related information to investors.
- (b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?
- Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.
- (c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard-setters and framework providers to expedite the project, while taking into consideration the ISSB’s focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A13 should be utilised and prioritised by the ISSB in pursuing the project? Please select as many as applicable.
- Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

General comments

Nature-related matters are increasing in importance for businesses, particularly in light of the agreement of the Kunming-Montreal Global Biodiversity Framework (GBF) at the United Nations Biodiversity Conference (COP 15). There are significant challenges inherent in reporting in this area, such as complexity of measurement, which, in turn, affects the availability of high-quality data sources and the difficulty in assessing location-specific natural ecosystems. In addition, there is a lack of well-established approaches in areas such as how to develop science-based targets for nature.

Whilst there is existing content upon which the ISSB could draw, much of it is in the early stages of implementation: the existing GRI Standard 304 *Biodiversity* is currently being revised and the planned recommendations of the Taskforce on Nature-related Financial Disclosures are being finalised at the time of writing. We therefore support the ISSB researching issues within these important topics, which could be documented in a discussion paper. As indicated in our response to Question 3, we encourage the ISSB to

identify topics for which standard-setting could be completed in the short term and incorporated by entities into their reporting in the short to medium term.

Responses to specific questions

(a) Prioritisation and supporting reasons

With respect to the priority of the topics within biodiversity, our view is that the ISSB should concentrate on topics that are closely aligned to climate. As such, we would assign the following priorities for the reasons given:

1. Water (including freshwater and marine resources and ecosystems use)

- Water is a critical resource for many industries. Climate change is increasing water stress in areas previously less affected.
- The ISSB could build on the application guidance developed by the Climate Disclosure Standards Board on water-related disclosures.

2. Land-use and land-use change (including deforestation)

- Land use, land-use change, and deforestation are widely relevant to many industries, especially in consideration of the value chain.
- Deforestation is linked directly with climate change, through the release of carbon previously stored in forests. In addition, deforestation leads to loss of habitat for insects, plants, and animals, and destabilises the soil, which can lead to soil erosion, flooding, and landslides and therefore can affect an entity's prospects.

3. Pollution (including emissions into air, water, and soil)

- Reporting on GHG emissions is already addressed in ISSB Standard IFRS S2, which goes some way to addressing this topic
- Emissions into water and soil systems are not only important to the health of rivers and oceans, the ecosystems they support and their ability to capture and store carbon, but also impact businesses that rely on healthy soil and clean rivers and oceans.

4. Resource exploitation (including material sourcing and circular economy)

- This is a key dependency for entities and has been proved to have critical climate impacts (e.g., as forests are cleared, or minerals are extracted from the earth). This is also an area in which social matters, for example fair wages, rigorous labour practices, etc., are often directly linked.

5. Invasive non-native species

- We see this as less urgent for the ISSB to address in its initial workplan.

(b) The need to tailor for specific industries, sectors, or geographies

Most sustainability-related risks and opportunities will be relevant to industry sectors in different ways and will depend on the entity's business model. This suggests that the ISSB will need to assess which biodiversity topics are most pervasive and will therefore be relevant to the broadest population of investors and other primary users across industries and geographies and focus its initial standard-setting activities on those topics. We recommend that, as a starting point, the ISSB focus on

cross-industry disclosures, whilst pointing to existing relevant SASB Standards metrics for industry-specific content.

(c) *Building on the work of others*

As noted above, we support the ISSB building on the work of other organisations who have developed voluntary standards and frameworks in these areas, including (as noted) the CDSB, GRI, ESRS and TNFD. More research would be needed to determine which of these frameworks could provide information relevant to investors. For example, the CDSB's *Framework for reporting environmental and social information* (January 2022) and related guidance materials may provide a useful foundation for some of these projects.

**Question 5—New research and standard-setting projects that could be added to the ISSB's work plan:
Human capital**

The research project on human capital is described in paragraphs A15–A26 of Appendix A. Please respond to the following questions:

- (a) Of the subtopics identified in paragraph A22, to which would you give the highest priority? Please select as many as applicable. Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You may also suggest subtopics that have not been specified. To help the ISSB analyse the feedback, where possible, please provide:
- (i) a short description of the subtopic (and the associated sustainability-related risks and opportunities); and
 - (ii) your view on the importance of the subtopic with regard to an entity's sustainability-related risks and opportunities and the usefulness of the related information to investors.
- (b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.

- (c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard-setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A25 should be prioritised by the ISSB in pursuing its research? Please select as many as applicable.
- Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

General comments

As noted in our response to Question 3, we think that the scope of the human capital project is too narrowly defined. In our view, the initial project should include labour practices (which could draw on the

work of the WEF's Stakeholder Capitalism Metrics project); the entity's own workforce, and the workforce employed in the value chain; fair wages; and child labour/modern slavery. We see these issues as priority within this topic, in addition to matters such as diversity and inclusion.

We suggest that a project on a 'just transition' to a lower-carbon economy is taken forward as a cross-cutting project. Addressing climate change successfully requires considering a just transition, including human capital, and aspects of biodiversity and human rights, as well as having regard to the needs of developing economies and their transition pathways. As such, we think the topic deserves a more focused standard-setting effort than implied in the Consultation, with the potential of being completed reasonably quickly.

There are many studies on aspects of the issue available to inform the ISSB's work: from the UN Development Project¹, the UN Framework Convention on Climate Change², the International Labour Organisation³ and the OECD⁴ (among others). In addition, the WEF's Climate Governance Initiative explored the issue from the point of view of the board of directors⁵, and its Global Health Equity Network has observed the connection between more equal access to health and productivity (noting that climate change is a driver of increasing inequity).

Responses to specific questions

(a) Prioritisation and supporting reasons

1. Diversity, equity, and inclusion – disclosure in these areas is common in many jurisdictions.
2. Employee engagement – in order to highlight risks associated with employee turnover.
3. Workforce investment – connected with 2 above and could be combined with it.
4. Worker wellbeing (including occupational health and safety, mental health, and benefits) – connected with 2 and could be combined with it.
5. Workforce composition and costs – in particular, to ensure transparency on whether an entity pays its workforce a fair wage, including in developing economies. Other factual information in this topic may not be of similar high priority. We note that some of this information would be available in the financial statements and should be cross-referenced.
6. Alternative workforce – in particular, the extent to which there is significant reliance on temporary, provisional, or contingent workers, the regulatory and legal risks associated with this reliance, and how this reliance affects the entity's business model and social licence to operate.

(b)&(c)

Please refer also to our comments to these issues in our response to Question 4, above.

Many entities already provide disclosures on aspects of human capital, and many jurisdictions have introduced mandatory disclosure requirements. While practices and mandatory requirements vary around the world, we think there is sufficient commonality and maturity in current practice to develop an ISSB standard that will form a global baseline. The existing sources identified in the Consultation could be of considerable assistance. Again, where it is possible to develop Standards by building on the work of others, we would encourage the ISSB to proceed directly to an exposure

¹ [Issue Brief: Just Transition](#) (UNDP, 2022)

² [Just Transition of the Workforce, and the Creation of Decent Work and Quality Jobs: Technical paper](#) (UNFCCC, 2017)

³ [Just Transition Policy Briefs](#) (2022-)

⁴ [Just Transition](#) (OECD, 2017)

⁵ [The Chairperson's Guide to a Just Transition](#) (WEF, 2022)

draft. Other topics where disclosures do not exist or are immature should be the subject of a discussion paper.

**Question 6—New research and standard-setting projects that could be added to the ISSB’s work plan:
Human rights**

The research project on human rights is described in paragraphs A27–A37 of Appendix A. Please respond to these questions:

- (a) Within the topic of human rights, are there particular subtopics or issues that you feel should be prioritised in the ISSB’s research? You can suggest as many subtopics or issues as you deem necessary. To help the ISSB analyse the feedback, where possible, please provide:
 - (i) a short description of the subtopic (and the associated sustainability-related risks and opportunities); and
 - (ii) your view on the importance of the subtopic with regard to an entity’s sustainability-related risks and opportunities and the usefulness of the related information to investors.

- (b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.

- (c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard-setters and framework providers to expedite the project, while taking into consideration the ISSB’s focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A36 should be prioritised by the ISSB in pursuing its research? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

General comments

In our view, human rights is an extremely broad topic which is pervasive across an entity’s value chain as well as its direct operations. The challenges in addressing this topic should not be underestimated. This suggests that this matter is more suited to research and the development of a discussion paper. We think that the UN Guiding Principles on Business and Human Rights would provide a suitable framework that may be used by entities in the interim, noting that entities may also be required to make specific disclosures under jurisdictional legislation and regulations.

Were the ISSB to progress with such a project as a priority, we think that human rights matters relating to an entity’s own operations and supply chain, and reporting on due diligence processes adopted by entities, would be priorities which could be delivered relatively quickly and would benefit from practical insight from many entities and jurisdictions that already have advanced thinking in this area. The approach adopted would need to take into consideration that laws and regulations on human rights differ across jurisdictions.

Question 7—New research and standard-setting projects that could be added to the ISSB’s work plan: Integration in reporting

The research project on integration in reporting is described in paragraphs A38–A51 of Appendix A. Please respond to the following questions:

- (a) The integration in reporting project could be intensive on the ISSB’s resources. While this means it could hinder the pace at which the topical development standards are developed, it could also help realise the full value of the IFRS Foundation’s suite of materials. How would you prioritise advancing the integration in reporting project in relation to the three sustainability-related topics (proposed projects on biodiversity, ecosystems and ecosystem services; human capital; and human rights) as part of the ISSB’s new two-year work plan?
- (b) In light of the coordination efforts required, if you think the integration in reporting project should be considered a priority, do you think that it should be advanced as a formal joint project with the IASB, or pursued as an ISSB project (which could still draw on input from the IASB as needed without being a formal joint project)?
 - (i) If you prefer a formal joint project, please explain how you think this should be conducted and why.
 - (ii) If you prefer an ISSB project, please explain how you think this should be conducted and why.
- (c) In pursuing the project on integration in reporting, do you think the ISSB should build on and incorporate concepts from:
 - (i) the IASB’s Exposure Draft Management Commentary? If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why.
 - (ii) the Integrated Reporting Framework? If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why.
 - (iii) other sources? If you agree, please describe the source(s) and any particular concepts that you think the ISSB should incorporate in its work.
- (d) Do you have any other suggestions for the ISSB if it pursues the project?

As we noted in our response to Question 3, we think that the International Integrated Reporting Framework could provide an interim solution whilst the ISSB focuses on delivering much-needed ISSB Standards. Consequently, we do not support the ISSB initiating a project on ‘integration in reporting,’ as we do not think it an effective use of the ISSB’s limited resources at this point in time.

Furthermore, the suggestion appears inconsistent with the feedback from stakeholders outlined in paragraph A47 of the Consultation, which noted the “strong support, in particular from investors, for the proposals set out in the IASB’s Exposure Draft Management Commentary... Many respondents to the IASB’s Exposure Draft highlighted the interaction between management commentary and sustainability-related financial disclosures and urged the IASB and ISSB to work together [and] called for the IASB to collaborate with the ISSB on the Management Commentary project.”

We recommend that any project covering narrative reporting more broadly should be pursued as a joint project between the IASB and the ISSB, based on both the IASB’s Management Commentary Practice Statement and concepts and principles from the International Integrated Reporting Framework –

something to which the Chairs of the IASB and ISSB committed themselves to in May 2022. (See also our response to Question 8.)

Question 8—Other comments

Do you have any other comments on the ISSB's activities and work plan?

Integrated Reporting Capitals and sustainability-related intangibles

We welcome that ISSB Standard IFRS S1 uses some of the concepts of the Integrated Reporting Framework. However, ISSB Standard IFRS S1 does not incorporate in full the value creation process, encompassing all the various capitals identified in the Framework. Capitals such as financial, manufactured, and intellectual are directly relevant to financial reporting, but all capitals have considerations in both financial and sustainability reporting. One example of such connectivity would be intangible assets, as we noted in our response to the IASB's Third Agenda Consultation. We noted "in order to improve, within a reasonable timeframe, the information provided to users of financial statements on the drivers of an entity's value, we strongly believe that the Board should focus its efforts on a disclosure project. Further, we suggest that this may be a project that would benefit from collaboration between the Board and a future new board working on international sustainability reporting standards."

Appendix B

We think that this appendix provides a helpful overview of sustainability topics. However, we observe that the classifications differ from those already in use (e.g. in SASB Standards or GRI Standards). We recommend that greater coverage is given to matters such as business ethics and corporate conduct, corporate purpose, selling practices, and the social effects of technology and artificial intelligence.