

Request for Information *Consultation on Agenda Priorities—Survey*

Document purpose:

The International Sustainability Standards Board (ISSB) welcomes views from stakeholders, who can submit responses to the Request for Information via a survey or comment letter.

The purpose of this document is to provide stakeholders with an overview of the survey only; please do not submit this document in response to the Request for Information.

This document is provided for information only. To submit a survey in response to the Request for Information, please [access the survey directly here](#).

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Introduction

Invitation to comment

The ISSB published the Request for Information *Consultation on Agenda Priorities* on 4 May 2023. Comments must be received by 1 September 2023.

The ISSB will develop and pursue its next two-year work plan subject to public consultation on agenda priorities (agenda consultation). The objective of the agenda consultation is to ask all those interested in sustainability-related financial reporting for their views on:

- 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.

Responses to the Request for Information will help the ISSB prioritise its activities for a two-year period. This period will commence in 2024 following determination of the work plan. The agenda consultation focuses on activities that form part of the ISSB's mission to deliver a comprehensive global baseline of sustainability-related financial disclosures that meet the information needs of an entity's existing and potential investors, creditors and other lenders—the primary users of general purpose financial reports.

This survey has been developed to help stakeholders respond to the questions in the Request for Information. The questions in this survey are identical to the questions in the Request for Information.

The ISSB encourages survey responses to increase its efficiency in gathering, analysing and drawing conclusions from the feedback. The ISSB will nevertheless accept comment letters in lieu of survey responses, which can be submitted by email to commentletters@ifrs.org or online [from the project comment letter page](#).

Your comments on this Request for Information are vital to the ISSB's standard-setting process.

Introduction

Working with the online survey

- To work with the online survey, you must enable cookies in your browser and on the survey site to prevent data loss if completing the survey over a long period.
- We recommend you complete the survey in one session. However, if you wish to come back to the survey to pick up where you left off, you must use the same browser and you must not clear your cookies.
- We also recommend you keep a copy of your survey answers if you are working with it over a long period. The survey questions are identical to the questions in the Request for Information.
- Please complete the survey in question order. If you need to return to a previous answer, you can navigate through the survey using the forward and back buttons, or by using the table of contents, which can be accessed from every page of the survey via the three lines in the upper left corner of the page.
- The survey will be saved automatically when you navigate to the next page. Please note that if you leave the survey before moving to the next page, the answers on the current page will not be saved.
- Each text box has a character limit of 20,000 (between 2860 and 5000 words with spaces included).
- To submit your response, please select the 'Submit' button at the end of the survey.
- Your survey response will be made publicly available on the IFRS Foundation website in line with the IFRS Foundation's transparent due process.
- We recommend you refer to the ISSB's Request for Information *Consultation on Agenda Priorities* while completing the survey to better inform your response.

About the survey

- The survey consists of this introduction, an 'About You' section and eight sections containing questions aligned with those in the Request for Information.
 - The 'About You' section must be completed in order to submit your response, but you do not need to respond to all the questions to submit your response.
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Question 1—Strategic direction and balance of the ISSB’s activities.

Paragraphs 18–22 and Table 1 of the Request for Information 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?
Please drag and drop to rank, where 1 is the highest priority and 4 is the lowest priority.

- 3 a. beginning new research and standard-setting projects
- 1 b. supporting the implementation of ISSB Standards (IFRS S1 and IFRS S2)
- 4 c. researching targeted enhancements to the ISSB Standards
- 2 d. 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.

Supporting the implementation of ISSB standards should be an **absolute priority**. In particular, this should include the production of methodologies to enable financial and non-financial companies to produce the information required by IFRS S1 and IFRS S2. To facilitate this process, the ISSB should consider providing supplementary guidance, educational materials, and promoting capacity-building efforts to help companies comprehend and effectively apply the new standards. For example, banks need methodologies to help them assess the exposure of their counterparties to physical risks. Further elaboration and standardization of transition plans should also be considered a priority.

Related to the first priority, we believe that the ISSB should work closely with other sustainability standard-setters, in particular EFRAG, to ensure not only consistent application but also that the ISSB Standards can be effectively implemented and applied by entities in a way that is interoperable with other sustainability reporting standards, in order to minimize reporting burdens, costs and complexity and enhance comparability. This should ideally be an integral and overarching concept of the standard-setting process. However, given the relatively new and evolving environment, we believe that in coming years this should be articulated as a standalone priority and could be addressed via **targeted enhancement to the ISSB standards**.

It would be helpful for ISSB to assist companies in understanding how the ISSB standards map to the disclosure requirements under major reporting standards. Comparison tables between major reporting standards would facilitate reconciliation efforts, for instance where divergences are unavoidable. Mapping documents that identify common disclosure requirements for companies to meet both sets of requirements (including information about choices that need to be made to enable a company to provide disclosures that would meet both sets of requirements) and disclosure requirements that are unique to the respective standards would be useful. Further publication of an interoperability navigation tool to assist companies in navigating the climate-related requirements and to enable them to understand how to meet both sets of requirements would be also highly appreciated.

The European Union Delegated Act defining European Sustainability Reporting Standards (ESRS) is set to be published later this year. These standards are more demanding than IFRS, and cover all

topics mentioned in IFRS S1 and IFRS S2. It is therefore important that if a company discloses ESG information following ESRS, it does not also have to publish ESG information according to standards proposed by the ISSB and should be able to claim adherence to ISSB standards while being subject to the ESRS. Publishing two reports would not give extra information to stakeholders and would only result in a supplementary reporting burden for companies – as well as possible confusion should differences be difficult to explain or understand. It is therefore of utmost importance for ISSB and EFRAG/European Commission to continue close cooperation to ensure not only interoperability and comparability and a level playing field, but also the recognition of ESRS as equivalent to the ISSB baseline – enabling EU entities to report only once (under ESRS) and avoid costly reconciliation.

As a next priority, **we believe the ISSB should be enhancing the Sustainability Accounting Standards Board (SASB)** standards' applicability at an international/global level. This enhancement should also focus on ensuring the interoperability of the Sustainability Accounting Standards Board (SASB) Standards with other sustainability standards.

Further, the 7 standards on financial industries do not fully reflect the business model of European universal banks - which is usually broader and consists of different business lines - and thus do not allow for assessment of all ESG risks and opportunities that a company in the financial industry faces. The methodology of materiality of SASB (specific according to the type of primary business of the entity) does not faithfully reflect all the topics that would be applicable when considering the complete portfolio of these banks. We would recommend that ISSB consider applying a hybrid model in the case of entities or financial groups with multiple (more universal) lines of business. For example, assigning multiple categories (something that SASB already allows but leaves to the discretion of the organization) so that banks with multiple business lines would not only consider "Commercial banks" but also other SASB standards such as "Consumer Finance", "Investment Banking" or "Mortgage Finance", covering a broader scope of bank's activities.

Lastly, while "**Beginning new research and standard setting projects**" is considered of lower priority (3) compared to the activities above, we support the ISSB's further work, particularly on development of disclosure guidance on non-climate sustainability issues. The disclosure of other sustainability topics (e.g. biodiversity, ecosystems, and ecosystems services – please see our comments below) is important in helping stakeholders better understand companies' impact on the environment and the interaction with climate disclosures. Further, for European banks subject to the ESRS with value chains outside the EU, improving access to non-climate sustainability disclosures is critical. Clients' and value chain disclosure against the ISSB standards will be fundamental to maximizing the data availability to those firms.

(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.

- Yes
- No

Optional: please explain

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

Paragraphs 23–26 of the Request for Information 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? Please explain your response.

- Yes
- No

Optional: please explain

While feasibility of the project is an important element to consider, priority should be given to the criteria that determine the inherent importance of a topic (1,2,3,4) over the ones that relate to practicality.

While we understand that the ISSB standards are currently focusing on investors’ needs, we believe over time it will be appropriate for the ISSB to consider criteria to target a wider set of stakeholders and move in the direction of double materiality. Once this is the case, information needs of a broader range of stakeholders will need to be considered for the assessment of impact as a criterion. It would be appreciated if ISSB could communicate its intentions on covering sustainability impact in the future developments of the ISSB standards.

(b) Should the ISSB consider any other criteria? If so what criteria and why?

- Yes
- No

Optional: please explain

- Whether or not the sustainability matter is or will be monitored by supervisory authorities.
- Interoperability with main international sustainability disclosure standards

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

Paragraphs 27–38 of the Request for Information 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

(a) 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?

- Single project
- More than one project

(i) If a single project, which one should be prioritized? You may select from the four proposed projects in Appendix A or suggest another project. Please explain your response.

- Biodiversity, ecosystems and ecosystem services
- Human capital
- Human rights
- Integration in reporting
- Other—please explain

Optional: please explain

If a single project were to be prioritized, it would be a standard on Biodiversity, Ecosystems, and Ecosystems services (BEES) for the following reasons:

- The loss of natural capital will have important negative consequences on companies (that rely on ecosystem services) and therefore on financial institutions. As nature and biodiversity grow increasingly important to investors, there’s heightened demand for improved reporting across these factors. To this end, the Taskforce on Nature-related Financial Disclosures (TNFD) was established in 2021 in response to the growing need to factor nature into financial and business decisions. Furthermore, the Kunming-Montreal Global Biodiversity Framework (GBF) has set goals and targets related to nature and biodiversity preservation. As part of the GBF framework, corporations are expected to disclose their nature-related impacts and risks. Enhanced expectations and growing materiality associated with nature-related information combined with the lack of an investor-focused nature and biodiversity framework present the ISSB with an opportunity to add value and promote standardized reporting practices in an area of escalating significance.
- Central banks and supervisors are growing increasingly interested in the intersection between nature and biodiversity and risk management. Supervisors, for example the European Central Bank, have already started to monitor how the risk linked to the loss of biodiversity is calculated and integrated by banks in their global risk framework. As their expectation will be get higher every year, it is important that banks are able to collect information on biodiversity from their counterparties.

- This matter has a large, estimated impact on the world economy (USD 44tn)¹ and therefore easily gains attention from investors.
- A more complete coverage of environmental sustainability topics can serve as a further basis for exploring the interrelatedness between these topics and climate and their synergies with financial accounting standards (e.g., IASB work).

When drafting its future standard on biodiversity, ecosystems, and ecosystems services, it is necessary that the ISSB consider the double materiality perspective and include metrics that will enable stakeholders to understand companies' impacts and dependences. Companies' impact and dependences on biodiversity must be clearly disclosed so that all stakeholders are able to assess the information and use it to inform their investment decisions. This information is important as human activity is responsible for most biodiversity loss and many financial institutions have made commitments to limit their financing to activities and companies responsible for the destruction of biodiversity.

However, it should also be noted that although BEES topics are gaining increasing attention from investors, which in turn are driving a push for enhanced disclosure on nature-related subjects, companies are just now starting to set up the necessary infrastructure to report nature-related information and identify what might be material information to report to their investors within their operations and value chains. The ISSB has an opportunity, using its sector-specific approach towards standard-setting, to provide a much-needed guide to help companies pinpoint nature-related information that would be significant for their stakeholders to disclose.

Further, it is also important to note that, for the sake of interoperability, it would be appropriate to improve coherence with the ESRS. Indeed, as expressed in this consultation, the scope of these projects (1. biodiversity, ecosystems and ecosystem services, 2. human rights, and 3. human capital) does not correspond to that of the existing draft standards in the EU.

(ii) If more than one project, which projects should be prioritized 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). Please explain your response.

- 1. Biodiversity, ecosystems and ecosystem services -
- 4. Human capital
- 2. Human rights
- Integration in reporting
- Other—please explain: 1. Circular Economy and 1. Social Project, use of 3. AI for data collection

Optional: please explain

In the case that more than one project is prioritized, we consider the topics of biodiversity, ecosystems, and ecosystems services together with circular economy and social impacts.

¹ [World Economic Forum](#), 2020.

The reason for this is the consideration that there cannot be a green transition without considering the above topics including social matters. Transition towards a climate-neutral economy must happen in a just and fair way globally. To cover social matters, it would be beneficial if ISSB launches a project to understand the specifics for reporting in this respect. We would, however, recommend that the ISSB coordinates the timing and the scope of new projects with the European Commission, for greatest possible synergies and interoperability of both sets of standards which is a key point for EU banks.

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 to the Request for Information. 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 choice 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:

- a short description of the subtopic (and the associated sustainability-related risks and opportunities); and
- 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.

- **Freshwater and marine resources and ecosystems use**

- **Land-use and land-use change**

Land use change, specifically deforestation, is the biggest driver of biodiversity loss, so addressing the topic is crucial to start limiting impacts on biodiversity. Further, for financial institutions, items linked to nature dependency represent a potential indicator for (long term) credit risk and potential stranded assets due to unsustainable business models. Thus, this can be a factor of importance to banks’ investors.

- **Pollution (including emissions into air, water and soil)**

Financial institutions prioritize the issue of pollution to maximize synergies and broaden the effects of Net Zero commitments and to promote the circular economy with the goal of zero waste. These commitments aim at limiting negative and generating positive impacts to preserve natural capital to benefit both financial institutions and the communities in which they operate, leveraging on different actions, such as the Net Zero journey, lending policies to products and advisory, and circular economy. Further, they identify a nexus between climate and biodiversity that can be addressed in this context.

- **Resource exploitation (for example, material sourcing and circular economy)**

Financial institutions identify items linked to nature dependency as a potential indicator for (long term) credit risk and potential stranded assets due to unsustainable business models. Thus, this can be a factor of importance to investors. Furthermore, given the commitment of some banks on circular economy the prioritization of this item aims at maximizing synergies and broadening the effects of such commitment.

- Invasive non-native species
- Other—please specify

Optional: please explain

We believe biodiversity should have a more restricted focus, in line with the EU ESRS. As an alternative, if the ISSB were to maintain their proposed approach, the project could be renamed 'Nature' to include the elements listed above and should be aligned with TNFD. In such a scenario, we would consider the topics highlighted above as priorities. In either case, interoperability is of the essence.

Furthermore, the subtopics suggested are somewhat generalized and would benefit from a more refined definition. To illustrate, the subtopic of water may include issues related to deep-sea mining, coral reefs, and access to drinking water (among other topics) which are likely to bear different relevance to investors. By narrowing the research project to focus on more granular aspects within each listed topic, the ISSB would be able to explore the issues in greater detail. This detailed approach would likely prove more beneficial in informing future ISSB standard setting efforts. Additionally, we recommend that the ISSB should select a sample of more specific drivers within each category of drivers to provide high quality research that spans a broad variety of sectors and geographies.

(b) Do you believe that sustainability-related risks and opportunities related to **biodiversity, ecosystems and ecosystem services** are substantially different across different businessmodels, economic activities and other common features that 11 characterize 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?

- Yes
- No

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.

They are substantially different. Capturing relative performance in nature is therefore incredibly dependent on the quality of the data or the similarity or lack thereof between the businesses reporting nature-related information. That is why nature-related disclosure standards and frameworks need to cater to the various specific industries, geographic locations, and sectors to which they are intended to apply.

For instance, an agricultural company must focus on pollutants (agrochemicals), on land use and potentially freshwater withdrawal, whereas a chemicals company needs to prioritize pollution to air and water. From a geographical perspective, the amount of water available in a region, or the pressure of deforestation can differ vastly, as do the challenges for different specific ecosystems. This is why data for biodiversity have different metrics depending on several KPIs to match together (multi-matrix data), mostly based on the sector and geographic locations, as these provide necessary context for their biodiversity related sustainability matters.

Nevertheless, biodiversity footprint metrics can be useful. Biodiversity footprint metrics for financial institutions would provide some useful information at the portfolio and/or sector level, particularly as there are no current alternatives to quantify impacts at a portfolio level. For example, the MSA.km² can be used as an additional impact reporting metric for the financial sector. However, the current availability of the data is the main gap to assess impact and dependencies of the sectors and industries.

(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. If you would like to suggest materials that are not specified, please select ‘Other’ and give your suggestion(s) in the comment box. 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.

- The Climate Disclosure Standards Board (CDSB) Framework application guidance for biodiversity and water-related disclosures
- The SASB Standards
- The Integrated Reporting Framework
- The Global Reporting Initiative (GRI) standards (for example, GRI 304 – Biodiversity)
- The Taskforce on Nature-related Financial Disclosures (TNFD)
- The Partnership for Biodiversity Accounting Financials (PBAF)
- The Capitals Coalition
- The Science Based Targets Network
- The European Financial Reporting Advisory Group (EFRAG)
- The European Commission’s Align project
- The EU Business and Biodiversity Platform
- The World Benchmarking Alliance
- The United Nations Declaration on the Rights of Indigenous Peoples
- Other—please specify
 - UNEP Finance Initiative – PRB (Biodiversity working group).
It will translate the Global Biodiversity Framework (GBF) into concrete and practical guidance to set targets in line with the objectives of the PRB framework; Already actively involved in the working group
 - Finance for Biodiversity Pledge
Pledge to protect and restore biodiversity through finance activities and investments and we are already working on the framework to reporting publicly before 2025

Optional: please explain

The EBF highlights the below considerations:

- TNFD:

The TNFD standard is currently in the consultation phase. When finalized, the TNFD will provide a framework to assess the challenge that nature loss poses to businesses and financial institutions. TNFD is a global, market-led initiative managed by a taskforce made up of 34 senior executives drawn from corporates, financial institutions, and market intermediaries around the world. The new initiative is based on the experience of the Task Force on Climate-related Financial Disclosures, which has become strategic in integrating the issue of climate-related financial risks. The taskforce committed to offering a global standard for nature risk reporting by 2023 to promote greater investment in activities that support conservation and development of natural habitats.

This, in combination with the potential measurement tools of PBAF, can align well with the ISSB's goal of informing investors. Continued alignment with the CSRD is essential for interoperability for European users of ISSB.

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 to the Request for Information. Please respond to these questions:

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:

- a short description of the subtopic (and the associated sustainability-related risks and opportunities); and
 - 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.
-
- Worker wellbeing (including mental health and benefits)
 - Diversity, equity and inclusion
 - Employee engagement
 - Workforce investment
 - The alternative workforce
 - Labour conditions in the value chain
 - Workforce composition and costs
 - Other—please specify

Optional: please explain

[We believe that the subtopics should use the same overall architecture as the ESRS, e.g., own workforce \(+ sub-elements\), workers in the value chain \(+ sub-elements\), and so forth.](#)

[The following subtopics should have a higher priority:](#)

- [Worker wellbeing \(including mental health and benefits\)](#)
- [Diversity, equity and inclusion](#)
- [Employee engagement](#)
- [Workforce investment](#)

- Labour conditions in the value chain - disclosures on a companies' own workforce are already quite prevalent including in ESRS that limits human capital to own workforce, whereas a bigger gap exists when it comes to disclosure on workers in the value chain, as this relates to the more complex process of due diligence on human capital within the value chain.

Regarding risk and opportunities related to Human Capital:

Risks:

- A low level of attraction and retention of talents impacts on succession plans and pioneering in new business areas
- Disruptive technologies and tough competition may force a significant reskilling of employees
- Decrease in people engagement due to lack of incentives in terms of development, inclusion and work-life balance

Opportunities:

- Transform employees into an innovative and tech-oriented workforce, anticipating future trends
- Investing in training employees in modern skills can maintain our leadership in evolving market conditions
- Be an employer of choice with a widespread diversity and inclusion culture and concrete work-life balance solutions which encompass new flexible approach.

(b) Do you believe that sustainability-related risks and opportunities related to **human capital** are substantially different across different business models, economic activities and other common features that characterize 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?

- Yes
- No

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.

Although some features might be common, other aspects of the treatment of human capital can vary strongly based on the institutional geographic context of a company and across different sectors - for instance, relating to the required level of education for human capital. Differences in privacy law can also lead to data and reporting challenges.

With regard to working conditions, there are certainly very large differences between industries and regions that should be taken into account. In this context, it is important to ensure compatibility with the approach taken, for example, within the framework of the CSDDD. Labor laws in different

jurisdictions differ significantly, and there are also major differences in terms of risks, e.g., in labor protection in industrial production compared with service sectors.

(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. If you would like to suggest materials that are not specified, please select 'Other' and give your suggestion(s) in the comment box. 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.

- The SASB Standards and related research and standard-setting projects
- The CDSB Framework for reporting environmental and social information
- The Integrated Reporting Framework
- The Capitals Coalition
- The International Labour Organization (ILO)
- The European Financial Reporting Advisory Group (EFRAG) – Priority
- The Global Reporting Initiative (GRI)
- The US Securities and Exchange Commission
- The World Economic Forum (WEF) International Business Council's core metrics and disclosures on sustainable value creation
- Other—please specify:
 - ISO Standards on Human Capital

Optional: please explain_'

As a broader consideration, financial institutions deem extremely important to ensure coherence among the different sustainability standards. Specifically, continued alignment with the ESRS is essential for interoperability for European users of ISSB. Furthermore, the social standards of EFRAG already carry a fair number of human capital related indicators that could be leveraged upon.

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 to the Request for Information. 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:

- a short description of the subtopic (and the associated sustainability-related risks and opportunities); and
 - 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.
- Forced labour linked to increasing legislation. Please see also the FAST initiative in this regard <https://www.fastinitiative.org/>
 - Linkage between climate risks and opportunities and potential human rights risks (linked to physical climate risk and transition) - there is increasing overlap between the environmental and social impacts and their dependencies.

The scope of human rights/human capital should align with the scope of the EU ESRS – ie they should be considered together as a single topic.

Furthermore, when drafting its future standards on human rights, it is necessary that the ISSB considers the double materiality perspective and includes metrics that will enable stakeholders to understand companies’ impacts and dependences over their value chain. ISSB could also address how to deal with conflicting goals between individual SDGs, especially regarding human rights.

Moreover, the ISSB should develop globally applicable standards for the scope of the supply chain, especially for financial service providers and their products given the specificities of financial industry’s value chain. Coordination with EFRAG, which is expected to provide Guidance on value chains for financial institutions, would be highly appreciated.

- (b) Do you believe that sustainability-related risks and opportunities related to **human rights** 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?

- Yes

- No

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.

Yes, treatment of human rights can vary strongly based on the institutional geographical context of a company and local laws. It can also vary substantially by industry due to variety of potential impacted rightsholders and possible adverse human rights: i.e., supply chain workers and labour rights, community (including indigenous peoples) and land rights and cultural heritage.

With regard to human rights, there are definitely very large differences between industries and regions that should be taken into account. In this context, it is important to ensure compatibility with the relative approach taken.

(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—please select ‘Other’ and give your suggestion(s) in the comment box. 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.

- The CDSB Framework for reporting environmental and social information
- The SASB Standards
- The Integrated Reporting Framework
- The International Labour Organization
- The UN Guiding Principles on Business and Human Rights and the associated UN Guiding Principles Reporting Framework
- The World Benchmarking Alliance’s Corporate Human Rights Benchmark
- The United Nations Declaration on the Rights of Indigenous Peoples
- The cross-industry metrics associated with the WEF International Business Council’s dignity and equality theme
- Other:
 - OECD Guidelines for MNEs and associated Due Diligence for Responsible Corporate Lending and Securities Underwriting

- IMVO papers:
 - Enabling remediation
 - Increasing leverage

Optional: please explain _____

Not for

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 to the Request for Information. Please respond to these 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? Please explain your response.

- Integration in reporting project is a **higher priority**
- Integration in reporting project is a **lower priority**

Optional: please explain

Given the envisaged resource intensity, sustainability-related standards should be developed first, before integrating sustainability-related information with general purpose financial disclosure. However, facilitating integration between sustainability-related financial disclosures and the financial statement is still key to ensure the quality of the information reported.

For example, to ensure connectivity, methodologies and guidance regarding assessment of risk and opportunities should be developed to enable financial institutions to:

- evaluate the exposure of their counterparties to physical risks;
- assess their own risks based on the assessment made for each counterparty.

In particular, the ISSB should focus its work on producing guidance that will help financial and non-financial companies to enhance the connectivity between their financial reporting and their sustainability reporting. ISSB standards focus on financial materiality, it is therefore essential that all risks and opportunities identified by companies are effectively translated into potential financial loss to inform users of sustainability statements. As companies are facing difficulties to effectively translate these risks, in particular physical risks, into actual financial loss we advise the ISSB to start working on this topic soon.

(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)? Please explain how you think this should be conducted and why.

- **Formal joint project**
- ISSB project

Optional: please explain

Should the ISSB decide to start this project, a joint formal project with the IASB would help to insure a high degree of consistency with well-established financial reporting principles. Also, given that this project would require close and intense collaboration and discussion we deem more appropriate for this to be a joint project.

(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.

- Yes
- No

Optional: please explain _____

(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.

- Yes
- No

Optional: please explain

The perspective of value creation for a broader group of stakeholders, but also value creation in a broader sense (e.g., across the capitals used in IR) is key for the proposed integration and embedded in the principles of IR.

(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. If you disagree, please explain why.

- Yes
- No

Optional: please explain _____

(d) Do you have any other suggestions for the ISSB if it pursues the project?

Question 8—Other comments

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

Interoperability is of the essence. The ISSB should consider using similar architecture to the EU ESRS to facilitate interoperability.

A gap analysis with other jurisdictions should be carried out to help the market to better understand the gaps and discrepancies.

The ISSB should also map out its entire workplan to give stakeholders visibility.

Not for submission