



IFRS[®]
Sustainability

May 2023

Request for Information

IFRS[®] Sustainability Disclosure Standards

Consultation on Agenda Priorities

Comments to be received by 1 September 2023

Request for Information

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Request for Information 2023 *Consultation on Agenda Priorities* is published by the International Sustainability Standards Board (ISSB) for comment only. Comments need to be received by **1 September 2023** and should be submitted by email to commentletters@ifrs.org or online at <https://www.ifrs.org/projects/open-for-comment/>.

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Foreword by Emmanuel Faber, Chair of the ISSB

Help us shape the future of sustainability-related financial disclosure

As the International Sustainability Standards Board (ISSB) prepares to issue our initial Standards—IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*—we look forward to enhancing the global baseline of investor-focused sustainability disclosures with our next phase of research and standard-setting. To do so, we have published this Request for Information to solicit your views on our priorities for a two-year period commencing in 2024.

We reflect on our mission to issue ISSB Standards that meet investors' needs for globally comparable sustainability-related financial information. As we determine our next areas of research and standard-setting, our primary focus will continue to be issuing Standards that require entities to provide high-quality, relevant information necessary to inform investment decisions and to enable companies to communicate with investors.

We also reflect on our mission to issue ISSB Standards that address 'climate first, but not climate only.' Through this consultation, we aim to research topics and, if appropriate, issue Standards that will ensure entities meet the information needs of investors on sustainability topics beyond climate. We are eager to receive your feedback on four proposed projects:

- three research projects on sustainability-related risks and opportunities associated with:
 - biodiversity, ecosystems and ecosystem services;
 - human capital; and
 - human rights; and
- one research project on integration in reporting to explore how to integrate information in financial reporting beyond the requirements related to connected information in IFRS S1 and IFRS S2.

Given the fundamental changes in reporting that IFRS S1 and IFRS S2 will introduce, we will need to do a significant amount of work to ensure the success and effective implementation of the ISSB Standards over the coming years. This work is essential to the creation of the global baseline of sustainability-related financial disclosures to meet the needs of capital markets. This body of work, described as *foundational work* in this Request for Information, is under way or will begin before the consultation is completed. The foundational work will require a significant amount of the ISSB's resources for the remainder of 2023 and well into 2024.

With our remaining and renewed capacity, we hope to advance new research and standard-setting projects in a timely manner and welcome your feedback to help guide us in determining the projects we should pursue and the approach we should take to most effectively advance our work.

Your comments will contribute to shaping sustainability-related financial disclosure for the future and help us further enhance the global baseline.

We look forward to receiving your comments.



Emmanuel Faber
ISSB Chair

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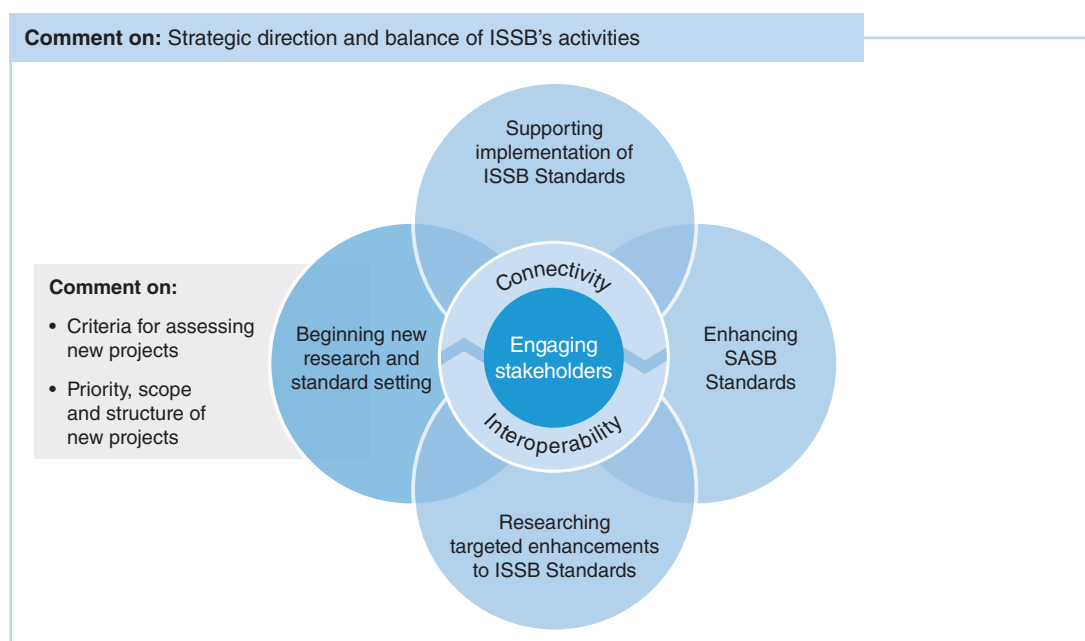
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Introduction

Objective of this Request for Information

- 1 The International Sustainability Standards Board (ISSB) will develop and pursue its next two-year work plan subject to public consultation on agenda priorities (agenda consultation). The objective of this 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.

Diagram 1—Overview of feedback sought in this agenda consultation (diagram not drawn to scale)



How will responses to this Request for Information help the ISSB?

- 2 Responses to this 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. This agenda consultation focuses on activities that form part of the ISSB's mission to deliver a comprehensive global baseline¹ 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.²

Structure of this Request for Information

- 3 This Request for Information provides an overview of:
- the background to the agenda consultation;
 - the strategic direction and balance of the ISSB's activities;

¹ By 'global baseline' the International Sustainability Standards Board (ISSB) means that the proposed disclosures that IFRS Sustainability Disclosure Standards (ISSB Standards) would require an entity to make are designed to meet the information needs of investors, creditors and other lenders; that the information to be provided in such disclosures is based on a materiality assessment consistent with that used in the application of IFRS Accounting Standards; and that the information may be presented with information disclosed to meet other requirements, such as specific jurisdictional regulatory requirements, but may not be obscured by that additional information. See Table 2 in the February 2023 Agenda Paper 3C & 4B on Due process and permission to ballot (<https://www.ifrs.org/content/dam/ifrs/meetings/2023/february/issb/ap3c-4b-due-process-and-permission-to-ballot.pdf>).

² Throughout this document, the term 'investors' is used to refer to the primary users of general purpose financial reports.

- (c) the proposed criteria for assessing which new research and standard-setting projects should be considered a priority and added to the ISSB's work plan; and
- (d) the proposed new research and standard-setting projects that could be added to the ISSB's work plan.

4 Further information to help you respond to this Request for Information is provided in:

- (a) Appendix A—Descriptions of new research and standard-setting project proposals; and
- (b) Appendix B—Broadly defined sustainability topics considered for inclusion in the Request for Information.

Questions for respondents

5 The ISSB has undertaken preliminary research and discussed the matters in this Request for Information, but the ISSB would like to consider feedback from a wide range of stakeholders before it makes decisions about its future work plan.³

Your feedback is critical to shaping future sustainability-related financial reporting to inform investment decisions.

6 The ISSB invites comments on all matters presented in this Request for Information. You need not comment on all the questions.

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.

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?

³ To access agenda papers and summaries from the ISSB's discussions and to stay up to date with the latest developments on this agenda consultation, please visit <https://www.ifrs.org/projects/work-plan/issb-consultation-on-agenda-priorities/>. Additionally, see paragraphs 27–38 for a discussion of the ISSB's research to identify prioritised sustainability-related reporting matters for which we are seeking feedback.

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.

- (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?
- (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).

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.

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.

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.

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?

Question 8—Other comments

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

How to comment

7 The ISSB encourages you to submit your comments electronically using the online survey:

Survey <https://www.ifrs.org/projects/open-for-comment/>

8 Alternatively, the ISSB will accept comment letters submitted electronically:

Online <https://www.ifrs.org/projects/open-for-comment/>

Email commentletters@ifrs.org

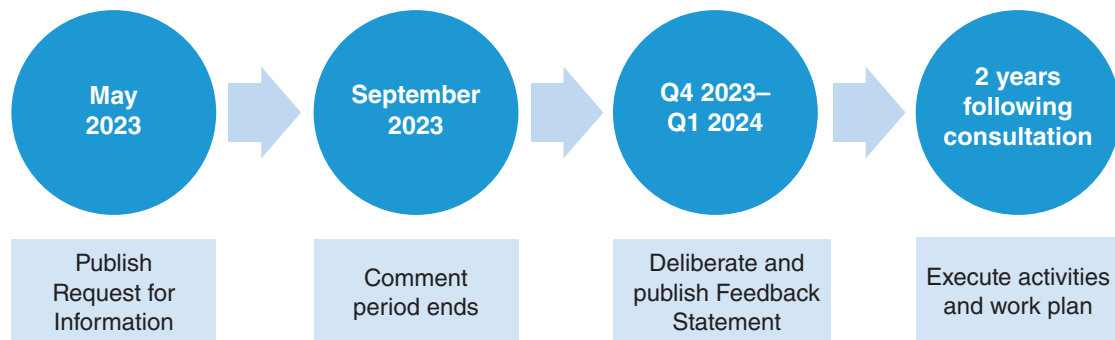
9 Your comments will be on public record and posted on our website unless you request confidentiality and we grant your request. We do not normally grant such requests unless they are supported by a good reason, for example, commercial confidence. Please see our website for details on this policy and on how we use your personal data.

Deadline

10 The deadline for responses to this agenda consultation is 1 September 2023. The ISSB will consider all comments received by this date.

Next steps

Diagram 2—Project timeline



11 The ISSB expects to discuss feedback on this Request for Information at public meetings in the second half of 2023. Following deliberations, the ISSB will publish a Feedback Statement summarising that feedback, its activities, and its agreed two-year work plan.

Background to the consultation

12 This agenda consultation is intended to inform the ISSB's new work plan following completion of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Financial Disclosures*. The feedback will help shape the ISSB's thinking and inform the allocation of the ISSB's time and resources.

13 The consultation relates to the ISSB's work plan for the next two years following the consultation. Two years is a shorter time frame than is typically considered in an agenda consultation for financial accounting standard setting—for example, the International Accounting Standards Board (IASB) sets out a five-year work plan. This shortened time frame was preferred by the ISSB because:

- the ISSB's ability to accommodate new research and standard-setting work will be constrained initially by those activities to which it is already committed (see discussion of the ISSB's activities and those that are considered 'foundational' in paragraphs 18–22 and Table 1);
- the ISSB must maintain enough flexibility and capacity in its work plan to respond to emerging sustainability-related risks and opportunities as they arise; and

(c) the ISSB might need to adjust its future work to reflect developments in sustainability-related financial disclosure and implementation of the ISSB's Standards.

14 The ISSB expects to issue IFRS S1 and IFRS S2 in Q2 2023.

15 The ISSB's Standards will bring about fundamental changes in reporting that will affect a broad range of stakeholders. Therefore, it is important to swiftly support and build on the foundation created by IFRS S1 and IFRS S2 once these Standards are issued. Some foundational work to deliver the ISSB's global baseline of sustainability disclosures is under way, whereas other aspects of this work will begin once IFRS S1 and IFRS S2 have been issued.

16 The ISSB's activities can be organised into two primary bodies of work:

(a) *foundational work*—committed work and activities to build upon the foundation created by IFRS S1 and IFRS S2, once issued (see paragraphs 18–22 and Table 1); and

(b) *new research and standard-setting work*—additional projects the ISSB could prioritise (see paragraphs 27–38 and Appendix A).

17 This Request for Information seeks your feedback on the scope, content and structure of the new research and standard-setting work. The foundational work is under way or will start before the consultation is completed. Thus, the scope, the content, and structure of the foundational work are not the focus of this agenda consultation.

Strategic direction and balance of the ISSB's activities

18 This Request for Information seeks your feedback on the strategic direction and balance of the ISSB's activities that will form its next work plan.

19 As part of its next work plan, the ISSB's activities will primarily consist of:

(a) beginning new research and standard-setting projects;

(b) supporting the implementation of IFRS Sustainability Disclosure Standards (ISSB Standards);

(c) researching targeted enhancements to the ISSB Standards;

(d) enhancing the SASB Standards;

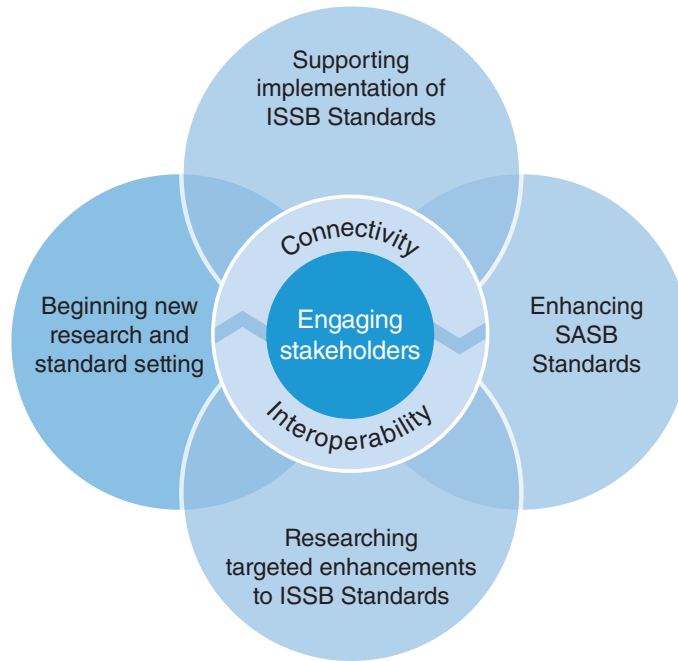
(e) ensuring connectivity between the ISSB's and IASB's respective requirements;

(f) ensuring interoperability of the ISSB Standards with other sustainability standards; and

(g) engaging with stakeholders.

20 While (a) relates to *new research and standard-setting*, (b)–(d) are part of the *foundational work* (see paragraphs 15–16). All the ISSB's activities are interrelated to some degree with the overall aim of delivering the comprehensive global baseline of sustainability-related disclosures. In particular, (e)–(g) are at the core of all the ISSB's activities, including new research and standard-setting and the foundational body of work. The interrelated nature of the ISSB's activities is illustrated in Diagram 3—please note that this diagram is not drawn to scale.

Diagram 3—Overview of the ISSB’s activities



- 21 This Request for Information seeks your feedback on how the ISSB ought to prioritise its activities. To help you provide feedback, Table 1 includes a summary of each activity.
- 22 Since forming in 2021, the ISSB has primarily focused its activities on finalising IFRS S1 and IFRS S2. As such, the ISSB does not have the benefit of prior years of comparable activities on which to estimate the level of priority for each of its activities. Instead, the ISSB will use your feedback on the relative level of priority of each of the ISSB’s activities to inform its future resource allocations.

Table 1—The ISSB’s activities

Activity	Objective	Description of the activity
Beginning new research and standard-setting projects	Research sustainability-related topics and, if appropriate, develop new sustainability-related disclosure requirements	In this Request for Information, the ISSB is asking for stakeholder feedback on a proposed list of new research and standard-setting projects to be considered for inclusion in the ISSB work plan. The feedback provided will inform the ultimate scope and priority of projects added to the ISSB’s new work plan. See the remainder of this Request for Information for a description of the ISSB’s process (see paragraphs 27–38), and criteria used (see paragraphs 23–26), to identify and prioritise the proposed list of new research and standard-setting projects. Also see Appendix A for a description of the proposed projects.

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Activity	Objective	Description of the activity
Supporting the implementation of ISSB Standards	Help stakeholders obtain a common understanding of ISSB Standards and enable the delivery of the comprehensive global baseline of sustainability-related disclosures.	<p>To support the foundation created by IFRS S1 and IFRS S2, and to enable the delivery of the comprehensive global baseline of sustainability-related disclosures, the ISSB will undertake activities to directly support the implementation of ISSB Standards.</p> <p>In particular, the ISSB will:</p> <ul style="list-style-type: none"> (a) develop or strengthen guidance and materials to explain the core concepts that underpin the ISSB Standards and to assist in addressing any challenges identified for preparers, auditors, investors and regulators. These materials will complement and supplement any materials that are included in or published with IFRS S1 and IFRS S2; (b) establish processes to support the application of the Standards, including the establishment of a transition implementation group; (c) engage with partners among jurisdictions worldwide, including emerging economies, to deliver education and build awareness to support the provision of high-quality disclosures under the ISSB Standards; and (d) publish an exposure draft of the [Proposed Taxonomy] <i>IFRS Sustainability Disclosure Taxonomy</i> and supporting guidance to facilitate the effective and efficient digital consumption and exchange of reports prepared in accordance with the ISSB Standards.

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Activity	Objective	Description of the activity
Researching targeted enhancements to the ISSB Standards	Support the enhancement of disclosures under ISSB Standards.	<p>In addition to the activities to support the implementation of the ISSB Standards, the ISSB will continue research and consultation to assess the ISSB Standards for areas of targeted enhancement.^a In particular, this work could enhance the application of IFRS S2 by providing guidance for the disclosure of climate-adjacent risks and opportunities related to nature and the ‘just transition’ to a lower-carbon economy.^b This work is fundamental to the application of IFRS S2 because it enables a holistic approach to climate-related disclosures and responds to the fast-changing climate-related risk and opportunity landscape and emerging investors’ needs. Research and consultation activities included in this work will aim to:</p> <ul style="list-style-type: none"> (a) identify risks and opportunities at the nexus of climate and nature (for example, those related to water and deforestation), as well as those closely associated with socioeconomic aspects, such as the just transition to a lower-carbon economy; and (b) explore location-, value chain- and industry-based aspects of climate-adjacent risks and opportunities and associated metrics, and of climate-related strategies and transition plans.

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^a After issuing a new ISSB Standard, the ISSB stands ready to act if evidence indicates a need for improvement to sustainability-related financial reporting. This evidence may arise from, among other mechanisms, a post-implementation review (PIR). The objective of a PIR is to assess whether the effects of applying the new requirements on users of sustainability-related financial reporting, preparers, auditors and regulators are as intended when the ISSB developed those new requirements. The earliest a PIR would start is after the new requirements have been implemented for at least 24 months. Given this timeframe, a PIR for IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* or IFRS S2 *Climate-related Disclosures* is not in the scope of the ISSB’s activities for its next two-year work plan.

^b While there is no universally accepted definition of just transition, the International Labour Organization (see https://www.ilo.org/global/topics/green-jobs/WCMS_824102/lang-en/index.htm) defines the just transition as ‘greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind’. Recently, the concept of just transition has been increasingly referred to when speaking of climate change and to ensure the whole of society – all communities, all workers, all social groups – are brought along in the pivot to a net-zero future. The concept is, therefore, widely used to advocate for social justice and equity in climate action (UNDP, 2022, see <https://www.undp.org/publications/how-just-transition-can-help-deliver-paris-agreement>).

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Activity	Objective	Description of the activity
Enhancing the SASB Standards	Support the enhancement and maintenance of SASB Standards.	<p>In August 2022, the consolidation of the IFRS Foundation and the Value Reporting Foundation (VRF) was completed. The IFRS Foundation now governs the VRF's resources, which include the SASB Standards.^c The industry-specific SASB Standards play an important role in both IFRS S1, as materials an entity shall refer to when identifying sustainability-related risks and opportunities and associated disclosures,^d and IFRS S2, as the foundation for the industry-based guidance included in IFRS S2.^e</p> <p>ISSB activities related to the enhancement and maintenance of the SASB Standards will support disclosures on a range of sustainability-related subject matters relevant to investors—beyond climate-related matters—on the application of IFRS S1. These activities will also support the implementation of the ISSB Standards by providing a source of industry-specific disclosures that are designed to be proportionate for entities that provide decision-useful information for investors across a range of sustainability-related risks and opportunities. The ISSB will embed the industry-based approach used by the SASB into its standard-setting process.</p> <p>The ISSB activities related to the SASB Standards include:</p> <ul style="list-style-type: none"> (a) enhancing the international applicability of the SASB Standards, including the publication of updated, internationally applicable SASB Standards; (b) advancing the industry-based research and standard-setting work inherited from the SASB, with an initial focus on projects in which recommended changes to the SASB Standards had been published prior to the IFRS Foundation gaining responsibility for the SASB Standards;^f and (c) maintaining the SASB Standards through research, consultation, outreach and revisions to the SASB Standards. <p>Any proposed updates or amendments to the SASB Standards resulting from this work will be subject to consultation in accordance with the IFRS Foundation's due process.</p>

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^c See Press Release: IFRS Foundation completes consolidation with Value Reporting Foundation (VRF) (<https://www.ifrs.org/news-and-events/news/2022/08/ifrs-foundation-completes-consolidation-with-value-reporting-foundation/>).

^d At its February 2023 meeting, the ISSB decided that IFRS S1 requires consideration of SASB Standards to identify sustainability-related risks and opportunities and to prepare related disclosures. See paragraph 16 and Table 2 in the February 2023 Agenda Paper 3C & 4B on Due process and permission to ballot (<https://www.ifrs.org/content/dam/ifrs/meetings/2023/february/issb/ap3c-4b-due-process-and-permission-to-ballot.pdf>).

^e At its February 2023 meeting, the ISSB decided that (i) IFRS S2 require entities to provide industry-specific disclosures; and (ii) the content that was exposed as Appendix B in the [draft] IFRS S2 be classified as examples that shall be referred to and considered by entities in providing their industry-specific disclosures, while stating its intention to make those materials mandatory in the future, subject to further consultation. See paragraph 16 and Table 2 in the February 2023 Agenda Paper 3C & 4B on Due process and permission to ballot (<https://www.ifrs.org/content/dam/ifrs/meetings/2023/february/issb/ap3c-4b-due-process-and-permission-to-ballot.pdf>).

^f See the SASB projects webpage for detail of research and standard-setting projects that were active at the time of the IFRS Foundation's consolidation of the VRF (see <https://www.ifrs.org/projects/sasb-standards-projects/>).

...continued

Activity	Objective	Description of the activity
<p>As discussed in paragraph 20 and demonstrated in Diagram 3, connectivity between the ISSB and IASB requirements, interoperability with the materials of other sustainability standard-setters and stakeholder engagement are at the core of all the ISSB's activities and fundamental to the ISSB's mission to deliver a comprehensive global baseline of sustainability-related disclosures to meet the needs of investors.</p>		
<p>Ensuring connectivity between the ISSB's and IASB's respective requirements</p>	<p>Facilitate the delivery of a coherent and comprehensive system of general purpose financial reporting that includes sustainability-related financial information and financial statements.</p>	<p>The ISSB and the IASB, together with their technical staff, coordinate their work and establish processes to enable connected reporting, ensuring that the IASB's and ISSB's respective requirements are compatible and avoid potential inconsistencies and conflicts. Connectivity with the IASB is essential to all of the ISSB's current and future work.</p> <p>The collaboration between the IASB and the ISSB could take various forms. In many cases this would involve the sharing of knowledge and materials. For example, IFRS S1 includes general requirements that have been derived in many cases from requirements in IFRS Accounting Standards, and the ISSB uses the same definition of materiality as the IASB. In some cases this could involve joint work to ensure their respective requirements are compatible and complementary (for example, ensuring IFRS S2 requirements are compatible and complementary with the output of the IASB's project on climate-related risks in the financial statements).^g</p> <p>In the same vein, the ISSB also could work with the IASB on other projects or activities that have sustainability-related considerations to ensure the cohesiveness of the ISSB and IASB's respective work (for example, sustainability-related considerations of the IASB's pipeline projects on intangible assets and pollutant pricing mechanisms).^h</p>

continued...

^g See the ISSB's climate-related risks in the financial statements project page (<https://www.ifrs.org/projects/work-plan/climate-related-risks-in-the-financial-statements/>).

^h See the IASB's summary of pipeline projects (<https://www.ifrs.org/projects/pipeline-projects/>).

...continued

Activity	Objective	Description of the activity
Ensuring interoperability of the ISSB Standards with other sustainability standards	Facilitate the delivery of the global baseline of sustainability-related disclosures that support interoperability with other jurisdictional and voluntary initiatives on sustainability-related disclosures	<p>The mission of the ISSB is to deliver a comprehensive global baseline of sustainability-related disclosures to meet the needs of investors. ISSB Standards are designed to facilitate a building-blocks approach. The building-blocks approach would allow jurisdictions to meet their corporate reporting needs by adopting the ISSB Standards and adding disclosure requirements if necessary. Thus, interoperability is a consideration for all of the ISSB's current and future work, including future research and standard-setting projects.</p> <p>The ISSB works with other sustainability standard-setters and framework providers (both jurisdictional and voluntary) to ensure 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 minimise reporting burdens, costs and complexity. The ISSB will continue this work through engagement with stakeholders, sustainability standard-setters and framework providers (including the Global Reporting Initiative (GRI)),ⁱ including via its Jurisdictional Working Group and the Sustainability Standards Advisory Forum.</p> <p>Upon the publication of IFRS S1 and IFRS S2, the ISSB intends to undertake activities to support those using IFRS S1 and IFRS S2 and to provide guidance on how the two Standards can be effectively implemented and applied by entities in a way that is connected to and interoperable with other financial and sustainability reporting standards.</p>
Engaging with stakeholders	Promote the global use of the Standards and obtain input for the development of high-quality sustainability-related reporting requirements.	The ISSB engages with stakeholders from various backgrounds and regions, including the ISSB's advisory bodies and consultative groups, external events and conferences, project outreach and the ISSB Symposium. The ISSB also develops materials for meetings with stakeholders, and stakeholder content on the IFRS website.

Criteria for assessing the priority of new research and standard-setting projects that could be added to the ISSB's work plan

- 23 This Request for Information seeks your feedback on the criteria the ISSB considers in assessing potential projects to be added to its work plan.
- 24 The ISSB evaluates a potential new research or standard-setting project for its work plan primarily to determine whether the project will meet the information needs of investors in making decisions about providing resources to an entity, in accordance with the objective of IFRS S1.⁴ Table 2 sets out the criteria the ISSB considers when assessing the priority of sustainability-related matters that could be added to its work plan.

ⁱ The ISSB and the Global Reporting Initiative (GRI) signed a memorandum of understanding in March 2022 agreeing to coordinate and align, where possible, their respective work plans (<https://www.ifrs.org/news-and-events/news/2022/03/ifrs-foundation-signs-agreement-with-gri/>).

⁴ See paragraph 16 and Table 2 in the February 2023 Agenda Paper 3C & 4B on Due process and permission to ballot (<https://www.ifrs.org/content/dam/ifrs/meetings/2023/february/issb/ap3c-4b-due-process-and-permission-to-ballot.pdf>).

Table 2—The ISSB’s proposed criteria

The ISSB considers seven criteria in deciding whether a potential project will meet investors’ needs	
1	the importance of the matter to investors
2	whether there are any deficiencies in the way companies disclose information on the matter
3	the types of companies that the matter is likely to affect, including whether the matter is more prevalent in some industries and jurisdictions than others
4	how pervasive or acute the matter is likely to be for companies
5	how the potential project interconnects with other projects in the work plan
6	the complexity and feasibility of the potential project and its solutions
7	the capacity of the ISSB and its stakeholders to progress the project in a timely way

25 The priority of potential projects that could be added to the work plan is a matter of judgement. Consequently, the relative importance of each criterion is likely to vary depending on the circumstances surrounding the potential project.

26 The criteria in Table 2 are similar to those used by the IASB in its Third Agenda Consultation.⁵ These criteria are the primary consideration for determining the priority of projects to be added to the ISSB’s work plan, but given the importance of interoperability the ISSB also considers the work streams of other jurisdictional and voluntary sustainability standard-setters and framework providers.

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

27 This Request for Information seeks your feedback on the sustainability-related reporting matters the ISSB could add to its work plan.

28 Appendix A proposes a prioritised list of sustainability-related reporting matters that the ISSB could research as part of its new work plan. The ISSB could pursue new standard-setting for some or all of these matters, if appropriate. The ISSB has decided to seek feedback on a prioritised list of matters, instead of making an open call to stakeholders to suggest focus areas or proposing a longer list of potential focus areas, not all of which the ISSB would have the capacity to make progress on in its new work plan. The ISSB is seeking feedback on the prioritised list of sustainability-related reporting matters, primarily to increase the efficiency with which the ISSB can gather, analyse and draw conclusions from the feedback. If there are other projects that you believe ought to be prioritised, you may provide such feedback in response to the questions in this Request for Information. However, focusing the feedback on the prioritised list in Appendix A will enable the ISSB to finalise its new work plan and begin new projects in a more timely way.

The ISSB’s process to identify prioritised sustainability-related reporting matters

29 To compile the prioritised list of sustainability-related reporting matters that the ISSB could add to its work plan, the ISSB considered a range of sources and inputs. Particular emphasis was given to the many years of technical activities and market outreach of its consolidated organisations, the Climate Disclosure Standards Board (CDSB) and the VRF—formed by the SASB and the International Integrated Reporting Council—and the input of its advisory bodies and standing consultative groups. Consideration was also given to the recommendations of the IFRS Foundation’s Technical Readiness Working Group (TRWG), whose deliverables to the ISSB included recommendations on potential agenda items.⁶

⁵ See IASB Third Agenda Consultation (<https://www.ifrs.org/projects/completed-projects/2022/2020-agenda-consultation/#final-stage>).

⁶ The TRWG was formed by the IFRS Foundation Trustees to provide a running start for the ISSB. The organisations participating in the TRWG were the IASB, CDSB, VRF, the Financial Stability Board’s Task Force on Climate-related Financial Disclosures and the World Economic Forum and its Measuring Stakeholder Capital Initiative. Recommendations of the TRWG were published in November 2021 within *the Summary of the Technical Readiness Working Group’s Programme of Work* (see <https://www.ifrs.org/content/dam/ifrs/groups/trwg/summary-of-the-trwg-work-programme.pdf>).

- 30 To identify the wide range of sustainability-related reporting matters to consider in its work plan, the ISSB reviewed a wide range of internal and external sources. Internal materials included:
- (a) public feedback on the *Consultation Paper on Sustainability Reporting* issued in September 2020 by the Trustees of the IFRS Foundation;
 - (b) public feedback on [draft] IFRS S1 and [draft] IFRS S2;
 - (c) agenda priorities of the CDSB and VRF; and
 - (d) input from consultative and advisory bodies, including the TRWG.
- 31 External materials were also reviewed, including:
- (a) standards, guidance, recommendations and work plans published by other sustainability standard-setters and framework providers;
 - (b) the work of market-led initiatives focused on the measurement and disclosure of sustainability-related information;
 - (c) regulatory and policy developments in jurisdictions worldwide;
 - (d) the priorities of investor groups; and
 - (e) disclosures made by entities in a range of industries and geographical contexts.
- 32 Using this research, the ISSB compiled a preliminary list of broadly defined sustainability topics that could be considered for inclusion in its new work plan. The broadly defined sustainability topics are summarised in Appendix B.
- 33 In addition to the broadly defined sustainability topics summarised in Appendix B, the ISSB considered projects for its work plan that would improve the connections between information provided in the sustainability-related financial disclosures and the financial statements. This included consideration of projects that potentially could be pursued jointly with the IASB. In particular, the ISSB considered projects in the IASB's work plan and the materials of the IFRS Foundation, including the Integrated Reporting Framework, that could have significant sustainability-related implications and, therefore, implications for the ISSB's work. Projects in the IASB's work plan that might have minor sustainability-related implications and require a limited amount of the ISSB's capacity were not considered.⁷
- 34 In the context of the ISSB's anticipated available capacity to undertake new research and standard-setting projects as part of the new work plan, the ISSB conducted various research and outreach to explore and prioritise the list of projects to be considered for inclusion in its new work plan.
- 35 Outreach was primarily conducted by ISSB technical staff and ISSB members, who met with advisory bodies and consultative groups, including the IFRS Advisory Council, the Sustainability Consultative Committee, the ISSB Investor Advisory Group and the Technical Reference Group. The ISSB considered the views of these advisory bodies and consultative groups but did not seek a consensus view on the potential projects from any group. Instead, their input was considered in the context of the ISSB's overall research and outreach.
- 36 The ISSB also analysed various sources of information to assess potential projects using the criteria outlined in paragraphs 23–26. This work included analyses of:
- (a) a database of sustainability-related funds with more than US\$300 billion in assets under management (during the period August 2021–September 2022) that were associated with a specific sustainability-related subject matter;
 - (b) a database of more than 200,000 international earnings calls from 2008 to 2020;
 - (c) a summary of shareholder proposals filed during the 2022 US proxy voting season;
 - (d) stakeholder responses received on [draft] IFRS S1 and [draft] IFRS S2;
 - (e) publications of international market-led initiatives and organisations focused on the measurement and disclosure of sustainability-related risks and opportunities; and
 - (f) standards and proposals of jurisdictional and voluntary standard-setters.

⁷ The International Accounting Standards Board (IASB) and ISSB may work together on such projects to facilitate connectivity; however this document has focussed on larger projects given the work plan implications.

- 37 The ISSB also engaged with IASB members and technical staff to understand the scope and timing of IASB projects with significant sustainability-related implications.
- 38 Informed by this research and outreach, and taking into account the ISSB's estimated capacity for new research and standard-setting projects, the ISSB has prioritised four sustainability-related reporting matters (see Appendix A) on which it seeks feedback:
- (a) biodiversity, ecosystems and ecosystem services (paragraphs A3–A14);
 - (b) human capital (paragraphs A15–A26);
 - (c) human rights (paragraphs A27–A37); and
 - (d) integration in reporting (paragraphs A38–A51).

Capacity indicators

- 39 Information about the ISSB's capacity to add new sustainability-related research and standard-setting projects to its new work plan may assist you in responding to this Request for Information. Final decisions on the work plan will consider the feedback from this Request for Information in the context of the ISSB's available capacity for new research and standard-setting projects. The ISSB could decide to add one or two research projects in a concentrated effort to make significant progress on the selected topic(s), or to add more projects and aim to make incremental progress on all of them. An important consideration is also the extent to which priority ought to be given to sustainability-related topics to support the application of IFRS S1 (projects listed in 38 (a)–(c)) and a project to further advance the integration of reporting (project listed in 38 (d)). We therefore would like to understand your views on whether the projects should be pursued sequentially, and in what order, or concurrently, with the understanding that the pace of development will be affected.
- 40 Potential new sustainability-related research and standard-setting projects described in Appendix A are all research projects that are considered to be *large* projects. These projects are all expected to require extensive research and analysis of both external resources and the ISSB's resources to reach consensus on the issue(s) being examined by the projects and advance to standard setting, if appropriate.
- 41 As all projects are considered to be *large* projects, it is unlikely the ISSB will have capacity to deliver ISSB Standards or even significantly advance *all* of the projects included in Appendix A as a part of the two-year work plan. Thus, the ISSB is seeking feedback on the relative level of priority of the new research and standard-setting projects to inform the ISSB's resource allocation and determine which projects ought to be added to the ISSB's next two-year work plan.
- 42 All the projects are intended to support the delivery of the comprehensive global baseline of sustainability-related disclosures. The projects may lead to future ISSB Standards depending on their findings and outcomes.
- 43 Although the ISSB is primarily seeking feedback on the proposed projects described in Appendix A, you may suggest other sustainability-related reporting matters for the ISSB to consider, regardless of the size or scope of the potential project, including those set out in Appendix B. It will be particularly important for the ISSB to understand the importance placed on those sustainability-related reporting matters relative to the prioritised projects described in Appendix A and the implications for the overall resource allocation for the ISSB.

Appendix A—Descriptions of new research and standard-setting project proposals

- A1 As discussed in paragraphs 27–38, this appendix describes proposed research and standard-setting projects that were identified as priority sustainability-related reporting matters by the ISSB through its research and outreach.
- A2 This appendix does not represent an exhaustive list of potential projects or a draft work plan for the ISSB. The ISSB work plan will be informed by the feedback on this agenda consultation. The ISSB could add a set of new topics to its work plan and further refine the scope of each project (for example, the ISSB could initiate a specific project on a subtopic) during the research phase of a project, subject to the due process of the IFRS Foundation.

Biodiversity, ecosystems and ecosystem services

Description of the topic

- A3 Biodiversity, ecosystems and ecosystem services (BEES) are intrinsically linked. **Biodiversity**¹ is a foundational characteristic of natural systems and it is a proxy for functional, productive and resilient **ecosystems**² which are then able to provide the **ecosystem services**³ upon which life on earth relies. Examples of ecosystem services are, among others, climate regulation (for example, through carbon sequestration), provision of raw materials and water, pollination, and pest and flood control. Humans are essential components of this global system, being beneficiaries of ecosystem services and one of the main contributors to the changes and maintenance of BEES. For example, indigenous people play a critical role in the maintenance and stewardship of BEES because they manage or hold tenure over 25% of the world's land surface, intersecting about 40% of all terrestrial protected areas and ecologically intact landscapes⁴ and supporting about 80% of global biodiversity.⁵ Therefore, BEES is intrinsically connected to other environmental topics, such as climate change, as well as to socioeconomic topics.
- A4 Changes in BEES are likely to contribute to entities' sustainability-related risks and opportunities: all human activities—including economic activities—rely on BEES and, in turn, the effective preservation, conservation and restoration of BEES depends on people. When a species or a natural resource is reduced or lost, ecosystem health is altered; its functioning is degraded, and so are the related ecosystem services; and risks for entities may arise.⁶ For example, physical risks for business may arise from the decline of pollinators, which can affect the supply of critical raw materials such as crops. This can disrupt operations and lead to loss of revenue. The regulatory landscape relating to BEES is evolving, often intersecting the climate agenda, and this brings potential transition risks for businesses: for example, the Kunming-Montreal Global Biodiversity Framework establishes global goals and targets aimed at increasing the extent of global protected areas that might require significant shifts in both terrestrial and marine supply chains.⁷

Why this topic is a priority

- A5 Issues related to BEES have drawn increasing attention from investors. Human activities, including business, have directly and indirectly contributed to changes in BEES: consumption, production, trade and technological innovations cause changes in land and sea use, direct exploitation of organisms, climate change, pollution and invasive non-native species, which are all direct drivers of BEES loss. Nevertheless, entities can contribute to and benefit from the preservation, conservation and restoration of biodiversity, which can lead to increased business resilience due to the enhanced stability of raw material supply and pricing, as well as reduced costs for inputs to production (for example, due to water purification).

1 Biodiversity is the variability among living organisms from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part. This includes diversity within species and of ecosystems (United Nations 'Convention on Biological Diversity, Article 2', 1992, <https://www.cbd.int/doc/legal/cbd-en.pdf>).

2 Ecosystems are a dynamic complex of plant, animal and microorganism communities and the non-living environment, interacting as a functional unit (United Nations 'Convention on Biological Diversity, Article 2', 1992, <https://www.cbd.int/doc/legal/cbd-en.pdf>). Examples of ecosystems include: deciduous temperate forests, coastal river deltas, tropical flooded forests and peat forests, and intertidal forests and shrublands (such as mangroves) (IUCN 'IUCN Global Ecosystem Typology 2.0', 2020, <https://portals.iucn.org/library/sites/library/files/documents/2020-037-En.pdf>).

3 Ecosystem services are the contributions of ecosystems to the benefits that are used in economic and other human activity (United Nations 'UN System of Environmental-Economic Accounting – Ecosystem Accounting', 2021, <https://seea.un.org/content/system-environmental-economic-accounting-ecosystem-accounting-white-cover-version>).

4 S.T. Garnett et al., 'A spatial overview of the global importance of Indigenous lands for conservation', *Nature Sustainability*, vol. 1, no. 7, 2018, pp. 369–374.

5 C. Sobrevilla, 'The role of indigenous peoples in biodiversity conservation: the natural but often forgotten partners', World Bank Group, Washington, DC, 2008, <http://documents.worldbank.org/curated/en/995271468177530126/The-role-of-indigenous-peoples-in-biodiversity-conservation-the-natural-but-often-forgotten-partners>.

6 Ecosystem health is used to describe the condition of an ecosystem. There is no universally accepted benchmark for a healthy ecosystem. Rather, the apparent health status of an ecosystem can vary, depending upon which metrics are employed to assess it and which societal aspirations are driving the assessment (see IPBES, 'Glossary – ecosystem health', 2019, <https://ipbes.net/glossary/ecosystem-health>).

7 Conference of the Parties to the Convention on Biological Diversity, 'Kunming-Montreal Global Biodiversity Framework', Montreal, 2022, <https://www.cbd.int/doc/c/e6d3/cd1d/daf663719a03902a9b116c34/cop-15-1-25-en.pdf>.

- A6 Biodiversity loss poses a significant threat to financial stability.⁸ Research by the World Economic Forum indicates that US\$44 trillion of economic value generation—more than half of the world's GDP—is directly dependent on nature and the ecosystem services it provides.⁹ Many ecosystem services are not replaceable and studies, such as those by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), have found that most ecosystem and biodiversity indicators are already in decline, highlighting the immediacy of the financial risk.
- A7 The interest in BEES among investors was confirmed by the ISSB's research and outreach activities. BEES emerged as a priority topic because (1) it underpins all human activities, including business, and (2) research and work on BEES and the related risks and opportunities for investors are evolving at a significant pace.
- A8 Despite the significant progress of BEES-related research and work, a well-established and internationally accepted set of disclosure practices, tools and metrics has yet to emerge to facilitate understanding of how BEES affects an entity's financial position, performance and prospects over the short, medium or long term.
- A9 Challenges in meeting investors' needs include:
- (a) defining, organising and categorising BEES-related topics and subtopics in the context of business and sustainability-related disclosures, and the lack of consensus on what ought to be prioritised for standard-setting;
 - (b) the overlap with other sustainability-related risks and opportunities—for example, those related to greenhouse gas emissions (also related to climate-related risks and opportunities) or socioeconomic aspects (for example, access to water and land); and
 - (c) the fact that BEES-related risks and opportunities vary significantly among various geographical locations and business models, economic activities and other common features that characterise participation in an industry (for example, material information about sustainability-related risks and opportunities related to the use of natural resources, such as water, is influenced by the availability of the natural resource in the geographical location where it is used and by how the natural resource is used).

Project description and indicative size

- A10 To address these challenges, an ISSB research project could focus on sustainability-related risks and opportunities associated with the topic of BEES to lay the groundwork for potential future standard-setting. The research project could include:
- (a) research to develop a framework of definitions and categories of BEES and other nature-related subtopics, in the context of business and sustainability-related disclosures, that aligns with academic and other third-party sources working in the field;
 - (b) research to understand the sustainability-related risks and opportunities related to each identified subtopic and the related information that is material to investors, including those risks and opportunities associated with specific business models, economic activities and other common features that characterise participation in an industry; and
 - (c) research to understand existing subtopic-specific practices, tools and metrics used to measure and disclose material information about sustainability-related risks and opportunities for each subtopic that can be incorporated in the ISSB's work to respond to the needs of investors.
- A11 Potential BEES-related subtopics which might be included in the scope of this project are:¹⁰
- (a) water (including freshwater and marine resources and ecosystems use);
 - (b) land-use and land-use change (including deforestation);
 - (c) pollution (including emissions into air, water and soil);
 - (d) resource exploitation (including material sourcing and circular economy); and

8 NGFS-INSPIRE Study Group on Biodiversity and Financial Stability, 'Central banking and supervision in the biosphere: An agenda for action on biodiversity loss, financial risk and system stability', 2022, https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2022/03/Central-banking-and-supervision-in-the-biosphere_NGFS-INSPIRE-Final-Report.pdf.

9 WEF, 'Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy', 2002, https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf.

10 This list covers the main drivers of nature change identified by the IPBES (see https://ipbes.net/sites/default/files/inline/files/ipbes_global_assessment_report_summary_for_policymakers.pdf). This list does not include climate change because it is covered in IFRS S2.

(e) invasive non-native species.

A12 This project will also present potential synergies with the ISSB’s research on targeted enhancements to IFRS S2 *Climate-related Disclosures* for climate-adjacent risks and opportunities, such as those related to both climate and BEES (see discussion in Table 1).

A13 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. ISSB materials include: the CDSB Framework application guidance for biodiversity- and water-related disclosures; more than 400 metrics on BEES-relevant disclosure topics (for example, ecological impacts, materials sourcing or product design) contained in the 77 industry-based SASB Standards; and the Integrated Reporting Framework. The ISSB could engage with the GRI, with whom the ISSB has established a Memorandum of Understanding, and use their related standards (including the recently proposed updates to *GRI 304 – Biodiversity*) as resources for this project. Additional resources that could be used include frameworks and guidance published by third parties working in the BEES and nature-related fields. These resources include the work of 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 and the United Nations Declaration on the Rights of Indigenous Peoples.

A14 The indicative size of this project is *large*.

Human capital

Description of the topic

A15 Human capital refers to the people who make up an entity’s own workforce, and, consistent with the Integrated Reporting Framework, the workforce’s respective competencies, capabilities and experience, and motivations to innovate. How an entity manages and invests in its workforce can directly affect its ability to deliver value in the long term. Human capital management includes such issues as workforce composition; workforce stability; diversity, equity and inclusion (DEI); training and development; health, safety and wellbeing; and compensation, with regard to an entity’s employees and contractors.

A16 Various aspects of human capital management are likely to drive value in different ways. For example, academics, consulting firms and subject matter-expert organisations have found that an entity’s strategy to promote DEI can affect value by enhancing the entity’s ability to attract and retain talent, effectively design, market and deliver products and services, strengthen community relations, innovate, and identify risks. Furthermore, the health, safety and wellbeing of an entity’s employees are associated with increased productivity, reduced workforce turnover and cost savings. Moreover, a significant reliance on an ‘alternative’ workforce – temporary, provisional or contingent workers, including those employed in the ‘gig economy’ – is associated with legal and regulatory risks.

Why this topic is a priority

A17 Institutional investors around the world increasingly seek information on human capital management in making investment decisions. Efforts in the US and the UK include, respectively, the Human Capital Management Coalition, a group of 37 institutional investors representing more than US\$8 trillion in assets under management,¹¹ and the Workforce Disclosure Initiative (WDI), an investor coalition of 68 institutions with US\$10 trillion in assets under management.¹² Consequently, many entities are seeking clearer guidance on how to prepare more effective disclosures about the management of their human capital.

A18 The interest in these issues was confirmed by the ISSB’s research and outreach activities, which identified human capital as a priority topic. Although reporting on human capital is increasing, investors said they do not have information that is sufficiently decision-useful and comparable to evaluate.

A19 Challenges in meeting investors’ needs include:

- (a) the multifaceted nature of human capital management and differences in how risks and opportunities manifest in various business models, economic activities and jurisdictions;
- (b) legal prohibitions on collecting workforce data in some jurisdictions;

11 See <https://www.hcmcoalition.org/about>.

12 See <https://shareaction.org/investor-initiatives/workforce-disclosure-initiative>.

- (c) competitive sensitivities related to the disclosure of some information (for example, the use of alternative workforces);
- (d) aspects of human capital, such as workplace culture, that can be inherently difficult to measure;
- (e) other aspects, such as the use of alternative workforces, automation and artificial intelligence, which are rapidly evolving and less well established; and
- (f) understanding the role of individual entities in managing related social impacts, values and culture. Some aspects of human capital management—or mismanagement—may be drawing increased scrutiny because of their potentially profound social impacts, but it is significantly less clear what role an individual entity plays in managing such impacts.

Project description and indicative size

- A20 To address these challenges, an ISSB research project could focus on sustainability-related risks and opportunities associated with the topic of human capital to lay the groundwork for potential future standard-setting. The research project could include:
- (a) research to develop a framework of definitions and categories of human capital that could incorporate and build upon research by the ISSB’s legacy organisations, including the Integrated Reporting Framework and the SASB’s evidence-based framework on human capital, which was developed through extensive market consultation, to create definitions and categories of human capital subtopics;¹³
 - (b) research to understand the sustainability-related risks and opportunities related to each human capital-related subtopic and the related information that is material to investors, including those risks and opportunities associated with specific business models, economic activities and other common features that characterise participation in an industry; and
 - (c) research to understand existing practices, tools and metrics used to measure and disclose material information about sustainability-related risks and opportunities for each subtopic that can be incorporated into the ISSB’s work to respond to the needs of investors.
- A21 The ISSB acknowledges the overlap with and connections between the topics of human capital and human rights (see paragraphs A27–A37) when considering, for example, the rights of workers both within an entity’s direct control and its value chain. Nevertheless, the ISSB’s research and outreach have found clear evidence of investor interest in information on both topics: the topics are seen as distinct but characterised by issues that may have various channels through which an entity creates, preserves or erodes value. The proposed human rights and human capital projects would seek to determine more clearly the boundaries and connections between the two topics.
- A22 Within the scope of this project, a list of subtopics that might be prioritised includes:¹⁴
- (a) worker wellbeing (including mental health and benefits);
 - (b) DEI;
 - (c) employee engagement;¹⁵
 - (d) workforce investment;
 - (e) the alternative workforce;
 - (f) labour conditions in the value chain;¹⁶ and
 - (g) workforce composition and costs.

13 The SASB’s Preliminary Framework on Human Capital and the SASB Standards (December 2020) outlines a series of preliminary conclusions regarding the manner in which SASB Standards account for human capital and highlights key thematic areas of research associated with human capital management. See https://www.sasb.org/wp-content/uploads/2020/12/Human-Capital_Preliminary-Framework_2020-December_FINAL.pdf.

14 This list was derived using the SASB’s Preliminary Framework on Human Capital and the SASB Standards (December 2020) (the SASB Human Capital Framework). See https://www.sasb.org/wp-content/uploads/2020/12/Human-Capital_Preliminary-Framework_2020-December_FINAL.pdf.

15 The SASB Human Capital Framework includes the topic ‘workplace culture’, which includes two subtopics: diversity and inclusion, and employee engagement. The subtopics have been separately listed in paragraph A22.

16 Research on labour conditions in the supply chain may overlap or be conducted in conjunction with the potential research on Human Rights that is outlined in paragraphs A26–A36.

- A23 In the ISSB's research and outreach work, DEI emerged as an area of particular interest to investors within the overall topic of human capital. The ISSB could initially prioritise research on DEI, before further researching other human capital topics. Your feedback on this Request for Information will inform the ISSB's decisions regarding the scope of this project.
- A24 This project will also present potential synergies with the ISSB's research on targeted enhancements to IFRS S2 for climate-adjacent risks and opportunities, for example reskilling in relation to just transition (see discussion in Table 1).
- A25 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. For example, human capital is one of the most prevalent areas of disclosure in the SASB Standards, with relevant disclosure topics and associated metrics in all 11 sectors and most of the 77 industry-based SASB Standards. The ISSB could also use the research and materials of the SASB's research project on human capital and its standard-setting project on DEI.¹⁷ Other materials include the latest version of the CDSB Framework for reporting environmental and social information, which provides substantial guidance related to human capital management disclosure, and the Integrated Reporting Framework, which helps entities more fully consider the relationship between human capital and the creation, preservation or erosion of value in the short, medium and long term. The ISSB may also wish to consider the significant work by other organisations, including the Capitals Coalition, the International Labour Organization (ILO), EFRAG, GRI standards, and the US Securities and Exchange Commission, as well as the World Economic Forum (WEF) International Business Council's core metrics and disclosures on sustainable value creation.
- A26 The indicative size of this project is *large*.

Human rights

Description of the topic

- A27 According to the United Nations, human rights are the basic rights and freedoms that belong to every person by virtue of being a human being.¹⁸ These universal rights range from the most fundamental—for example, the right to life—to those that make life worth living, such as the rights to food, education, work, health and liberty.
- A28 A range of human rights issues are likely to contribute to entities' sustainability-related risks and opportunities and inform investment decisions.¹⁹ For example, if an entity or a company in its value chain violates workers' rights (for example, by failing to pay a living wage, employing children, using forced or bonded labour, or restricting workers' freedom of association) the entity's value and reputation can be damaged; it could be fined; and its license to operate could be undermined. These risks can also be prompted by indigenous peoples' rights and community rights—such as access to water, or land rights—as well as people impacted by end use (for example, data privacy and product health and safety). Some of these issues overlap with human- or nature-related topics and issues, such as human capital (for example, labour wages and equality), water (for example, access to safe drinking water), climate change (for example, just transition), or pollution (for example, hazardous substances or toxic waste).

Why this topic is a priority

- A29 Entities may have processes in place to manage human rights-related risks according to national laws or international instruments providing guidelines.²⁰ Nevertheless, entities are increasingly challenged to manage these risks as international economies become more interconnected and supply chains become more complex. This situation creates increasing risks for entities that do not have appropriate due diligence processes and practices in place. Entities that contribute to—or are perceived to contribute to—human rights violations, through action or inaction may be subject to protests, consumer or group boycotts, or suspension of permits or of access to goods. They may also face substantial costs related to compensation, settlement payments or fines and write-downs in the value of their assets in sensitive areas. The effects of human rights-related risks on financial position and performance are materialising in the form of, for example, significant reductions in share price in

17 See the SASB Standards project webpage on the Human Capital: Diversity, Equity & Inclusion project, <https://www.sasb.org/standards/process/projects/human-capital-diversity-equity-inclusion/>.

18 United Nations 'Universal Declaration of Human Rights', 1948.

19 See <https://www.ohchr.org/en/topics>.

20 For example, the UN Guiding Principles on Business and Human Rights and the associated UN Guiding Principles Reporting Framework (see https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf), with the former incorporated into the OECD Guidelines for Multinational Enterprises (<https://www.oecd.org/daff/inv/mne/48004323.pdf>), and standards from the International Labour Organization (<https://www.ilo.org/global/standards/lang-en/index.htm>).

response to investigations on harsh working conditions. Furthermore, human rights due diligence legislation (for example, the European Commission’s Directive on Corporate Sustainability Due Diligence, France’s Corporate Duty of Vigilance Law, the UK’s Modern Slavery Act, and the German Supply Chain Due Diligence Act) is becoming more stringent.

A30 In such a context, a growing number of investors view human rights information as relevant to their assessments and related decision making. For example, The UN Guiding Principles Reporting Framework is backed by a coalition of 88 investors representing US\$5.3 trillion in assets under management. The Investor Alliance for Human Rights—representing more than 200 organisations with more than US\$12 trillion in assets under management—has also called on entities to publicly disclose information in five areas, including how they prevent, mitigate and remediate adverse human rights impacts in their value chains.

A31 Challenges in meeting investors’ needs include:

- (a) difficulties in measuring and comparing human rights due diligence, which can lead to qualitative disclosures that may be less consistent, inadequate or incomplete, or susceptible to ‘social washing’;
- (b) the overlap with other sustainability matters—for example, the just transition to a lower carbon economy or human capital;
- (c) differing definitions and views of human rights-related topics across jurisdictions and cultures;
- (d) complexities in standard-setting arising from industry-specific manifestations of human rights-related risks—such as those associated with privacy violations (technology), community relations (extractives) or child labour (apparel); and
- (e) the practical and technical issues inherent in taking account of risks and effects in an entity’s value chain.

Project description and indicative size

A32 To address these challenges, an ISSB research project could focus on human rights to identify sustainability-related risks and opportunities and related information relevant to investors. The research project could include:

- (a) research to develop a framework of human rights-related subtopics and issues, in the context of business and sustainability-related disclosures, that align with academic and third-party sources working in the field;
- (b) research to understand how the protection or violation of each identified human rights subtopic can give rise to sustainability-related risks and opportunities and information that is material to investors, and how they may vary by jurisdiction or business models, economic activities and other common features that characterise participation in an industry; and
- (c) research to understand existing practices, tools and metrics used to measure and disclose material information about sustainability-related risks and opportunities for each subtopic that can be incorporated in the ISSB’s work to respond to the needs of investors.

A33 The ISSB acknowledges the overlap with and connections between the topics of human rights and human capital (see paragraphs A15–A26) when considering, for example, the rights of workers both within an entity’s direct control and in the context of its value chain. Nevertheless, the ISSB’s research and outreach have found clear evidence of investor interest in information on both topics; the topics are seen as separate but are characterised by issues that may have various channels through which an entity creates, preserves or erodes value. The proposed human rights and human capital projects would seek to determine more clearly the boundaries and connections between the two topics.

A34 Despite clear investor interest and recent work to address the topic, the market’s understanding of human rights and its link to investor-relevant sustainability-related risks and opportunities is still maturing. The ISSB’s research and outreach work identified a strong investor interest in human rights focused on workers’ rights in an entity’s value chain (for example, health and safety, fair wages, forced labour and child labour). Research also showed that investors are interested in understanding communities’ rights in an entity’s value chain (for example, rights of indigenous peoples, land and water impacts, and health impacts). The project would be intended to more clearly understand and define the link between these topics and investor-relevant sustainability-related risks and opportunities and associated information.

A35 This project will also present potential synergies with the ISSB’s research on targeted enhancements to IFRS S2 for climate-adjacent risks and opportunities, such as those related to just transition (see discussion in Table 1).

A36 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. ISSB materials include: the latest version of the CDSB Framework covering the disclosure of social information, which centres on the human rights of groups of people in an organisation's value chain; the industry-based SASB Standards, which include human rights-related topics such as community relations and rights of indigenous peoples; and the Integrated Reporting Framework. Other resources that may be used include frameworks and guidance issued by third parties, including the standards from the ILO, the UN Guiding Principles on Business and Human Rights and the associated UN Guiding Principles Reporting Framework, GRI standards, the World Benchmarking Alliance's Corporate Human Rights Benchmark, the United Nations Declaration on the Rights of Indigenous Peoples, and the cross-industry metrics associated with the WEF International Business Council's dignity and equality theme.

A37 The indicative size of this project is *large*.

Integration in reporting

Description of the topic

A38 The IFRS Foundation is working towards creating an integrated, coherent and comprehensive system of corporate reporting that provides a holistic and transparent view of how an entity creates value over time.

A39 The ISSB has made significant progress in facilitating connectivity between sustainability-related financial disclosures and the financial statements by including concepts from the Integrated Reporting Framework in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and requirements for 'connected information' in IFRS S1 and IFRS S2 (see paragraphs A43–A45).

A40 Integration in reporting takes the concept of connectivity a step further. Integration in reporting not only encompasses *where*, *what* and *how* information on value creation can be *connected* through conceptual and operational linkages (for example, in terms of compatibility of language and assumptions), but also includes the collective consideration of the interdependencies, synergies and trade-offs between:

- (a) the various resources and relationships reported on in general purpose financial reports; and
- (b) how the value that an entity creates for itself and for its investors is inextricably linked to the value the entity creates for other stakeholders, society and the natural environment.

A41 Integration in reporting can ensure that connections between financial and sustainability performance are explicitly, efficiently and effectively communicated in a manner that is more easily understood by an entity's investors.

Why this topic is a priority

A42 A more cohesive and efficient approach to corporate reporting improves the quality of information available to investors to enable a more efficient and productive allocation of resources.

A43 The momentum established by IFRS S1 and IFRS S2, which include requirements on 'connected information' and concepts from the Integrated Reporting Framework, has set the foundation for thinking of the corporate reporting system as an integrated whole.

A44 Connected information requirements within IFRS S1 include that sustainability-related financial disclosures shall:

- (a) be prepared for the same reporting entity and reporting period as the related financial statements;
- (b) be provided at the same time as the financial statements and as part of the general purpose financial report (which also includes the financial statements);
- (c) include financial data and assumptions that are consistent with the corresponding financial data and assumptions in the financial statements, to the extent possible, considering the requirements of IFRS Accounting Standards or other relevant generally accepted accounting principles (GAAP); and
- (d) discuss significant differences between financial data and assumptions the entity uses to prepare its sustainability-related financial disclosures and the financial data and assumptions the entity uses to prepare its financial statements.

A45 Furthermore, both IFRS S1 and IFRS S2 require information within the sustainability-related financial disclosures to be linked to information in the financial statements by requiring disclosure of the current and anticipated effects on the entity's financial statements due to sustainability-related (IFRS S1) and climate-related (IFRS S2) risks and opportunities.

- A46 Despite the accomplishments of IFRS S1 and IFRS S2, feedback in outreach indicates that stakeholders continue to be interested in the future of the Integrated Reporting Framework in the new reporting landscape created by the ISSB Standards.
- A47 Similarly, there is evidence of strong support, in particular from investors, for the proposals set out in the IASB's Exposure Draft *Management Commentary*, which was published in May 2021 before the establishment of the ISSB was announced and its work plan was known. The proposals in the IASB's Exposure Draft focused on information that investors and other capital market participants need in assessing an entity's ability to create value and generate cash flows over the short, medium and long term. 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.²¹ Respondents to the IASB's Third Agenda Consultation also called for the IASB to collaborate with the ISSB on the *Management Commentary* project. The Chairs of the IASB and ISSB have also stated their intention to consider opportunities to address similarities and differences between the proposals in the IASB's Exposure Draft and the Integrated Reporting Framework.²²

Project description and indicative size

- A48 The research project on integration in reporting could build on the progress already achieved in IFRS S1 and IFRS S2 with respect to connected information to develop guidance on how entities might bring sustainability-related financial information together with other qualitative and quantitative financial information. Integrating this information could give investors a comprehensive, coherent and concise view of how an entity creates, preserves or erodes value.
- A49 This project could also lead to establishing a corporate reporting framework that integrates disclosure across one or more documents.
- A50 In pursuing the project, the ISSB could consider the materials and projects of the IFRS Foundation, including the Integrated Reporting Framework and the IASB's Exposure Draft *Management Commentary* to explore similarities and differences between that Exposure Draft and the Integrated Reporting Framework. If considered appropriate, the ISSB could work with the IASB in pursuing this project as a formal joint project with joint decision making. Alternatively, the ISSB could pursue this project and coordinate with the IASB to exchange information and obtain input to inform the ISSB's decision making, as appropriate.
- A51 The indicative size of this project is *large*, so there is a potential trade-off between the ISSB's ability to advance the project and build on its suite of sustainability-related Standards as part of the next two-year work plan. Furthermore, there could be additional complexities in terms of coordination efforts if this project is conducted as a formal joint project with the IASB. It is also noted that the ISSB Standards are designed to be applied by entities applying IFRS Accounting Standards or other GAAP. It is also the case that not all entities applying IFRS Accounting Standards will apply the ISSB Standards. Thus, a joint project would need to be undertaken in a manner that enables this complexity to be addressed.

21 See March 2022 IASB Agenda Paper 15 'Management Commentary: Feedback summary – Overview', <https://www.ifrs.org/content/dam/ifrs/meetings/2022/march/iasb/ap15-overview-of-feedback.pdf>.

22 See May 2022 announcement 'Integrated Reporting—articulating a future path', <https://www.ifrs.org/news-and-events/news/2022/05/integrated-reporting-articulating-a-future-path/>.

Appendix B—Broadly defined sustainability topics considered for inclusion in the Request for Information

- B1 This appendix provides a short summary of all the broadly defined sustainability-related topics that the ISSB identified, as summarised in paragraphs 29–32, which were considered for inclusion in the Request for Information. The research and outreach work, summarised in paragraphs 35–38, enabled the ISSB to further explore and assess the priority of the topics to identify the new research and standard-setting projects included in Appendix A.
- B2 The ISSB emphasises that the broadly defined topics that were identified, but were not proposed as projects in Appendix A, could nevertheless be included in a future ISSB work plan. The ISSB will continue its market engagement and consultation to understand changing and emerging investors’ needs related to sustainability-related financial information. This work will help ensure that ISSB Standards continuously meet stakeholders’ needs and that the ISSB is appropriately prioritising its work. Elements of these broad topics could also be considered through the proposed projects in Appendix A.
- B3 Table B1 summarises the broadly defined topics the ISSB considered. For further details of the topics, please refer to Agenda Paper 1A for the ISSB’s July 2022 meeting and Appendix A of Agenda Paper 2 for the ISSB’s October 2022 meeting.

Table B1—Broadly defined sustainability-related topics

Topic	Description
Biodiversity, ecosystems and nature loss	See description in paragraphs A3–A14.
Circular economy, materials sourcing and value chains	The circular economy is the approach behind a regenerative system that uses systems-based design and circular flows of resources to maintain or enhance products. Investors’ interest in the circular economy and related approaches to material sourcing and value chain has increased because the circular economy can have significant financial benefits. These benefits are linked to reduced costs and enhanced efficiency through the minimisation of waste and pollution, and the reduction of the need for raw resource extraction. The benefits are also linked to the derived competitive advantage from the innovative coordination or collaboration upstream and downstream in an entity’s value chain.
Cybersecurity, data security and customer privacy	Business entities are increasingly dependent on digital systems, heightening their risk of cybersecurity threats, including malware, phishing attacks, denial-of-service attacks, ransomware and insider threats. Experts estimate that cybercrime costs (for example, those associated with damaged or destroyed data or theft of intellectual property) extend into the trillions of dollars and are expected to grow rapidly in the coming years. Cybersecurity-related risks have the attention of the global investment community, who have highlighted that cyber incidents can disrupt business operations, create legal and regulatory risks, and reduce portfolio entity valuations and earnings.
Economic inequality	Economic inequality has for several decades been an area of growing concern for governments around the world, and related disparities have been exacerbated by the covid-19 pandemic. Investors have typically viewed inequality in the context of systemic risk. However, recent initiatives have begun to explore the business case for tackling inequality in ways that unlocks entity-level benefits. Potential benefits include attracting and retaining talent, growing the customer base, enhancing access to capital, building resilient supply chains, and staying ahead of policy and regulatory change designed to internalise social costs. Other opportunities relate to the concept of just transition (for example, a shift away from carbon-intense industries may displace millions of workers, which in turn may create incentives for entities with clear strategies to pursue a more orderly and inclusive just transition).

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Topic	Description
Governance	<p>A governing body's role in managing and monitoring an entity's strategy and the risks it faces is a fundamental component of its ability to create and maintain value in the short, medium and long term. Qualified oversight by a governing body with the appropriate competence and composition, together with robust risk management, is essential to ensuring the success of an entity. Failures and weaknesses in corporate governance arrangements can adversely affect the financial performance of an entity and investor return. Investors also seek information related to the traditional aspects of corporate governance, which describe the board of directors' capacity and practice of oversight, including board of director composition and executive remuneration.</p> <p>However, due to the differing jurisdictional corporate governance codes, regulations and stock exchange listing requirements, global investors do not always have access to comparable corporate governance disclosure among their international portfolio of investments.</p>
Human capital	See description in paragraphs A15–A26.
Human rights	See descriptions in paragraphs A27–A37.
Water and marine resources	<p>Water and marine resources serve as essential life-support systems, but are also critical to the long-term viability of a range of economic activities, including agriculture, apparel manufacturing, mining and technology. Business risks and opportunities can arise from the regulatory environment, competition for local freshwater and marine resources, pollution of watersheds (for example, due to agricultural runoff or industrial wastewater) or marine ecosystems (for example, eutrophication from excessive nutrient loading, or metal contamination and plastic pollution), water-related weather events, and more, and are often interrelated with climate change.</p> <p>Issues related to water and marine resources have drawn increasing attention from investors because of the increasing water-related risks for entities' direct operations or value chain. However, despite a significant body of guidance for preparers, investors remain dissatisfied with the state of entity disclosure on water and marine resources.</p>

CONSULTATION ON AGENDA PRIORITIES
REQUEST FOR INFORMATION—MAY 2023



IFRS[®]

Foundation

Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD, UK

Tel **+44 (0) 20 7246 6410**

Email **customerservices@ifrs.org**

ifrs.org