



REQUEST FOR INFORMATION CONSULTATION ON AGENDA PRIORITIES

Issued 18 August 2023

ICAEW welcomes the opportunity to comment on the Request for Information Consultation on Agenda Priorities published by the ISSB on 4 May 2023, a copy of which is available from this [link](#).

For questions on this response please contact the Corporate Reporting Faculty at frf@icaew.com quoting REP 78/23.

As expressed throughout this letter, we are of the view that all of the activities and projects set out in the Request for Information are worthwhile and important. Prioritising them is difficult but must occur in order to allow significant progress to be made at pace.

We strongly encourage the ISSB to prioritise the activity of supporting the implementation and uptake of IFRS S1 and S2 above all other activities and would like the ISSB to set out a clear statement of intent following this agenda consultation regarding the development of S3 and beyond.

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KEY POINTS

SUPPORT FOR THE ISSB

1. We would like to take this opportunity to congratulate the ISSB for finalising and publishing IFRS S1 and IFRS S2, and continue to support the work of the ISSB. We believe this agenda consultation represents an important step in the board's ongoing progression and provides stakeholders with an excellent opportunity to influence the next stage of the ISSB's work.
2. In responding to this request for information, it is clear to us that there is a case to be made for the ISSB to pursue all of the proposed projects and activities. But this is a question of priorities over the short term - resources are not infinite, neither within the ISSB nor throughout the corporate reporting network. We believe that IFRS S1 provides a comprehensive basis for entities to report on all their sustainability-related risks and opportunities and accordingly, all potential research and standard-setting projects should be considered in light of those existing requirements.

SUPPORTING IMPLEMENTATION

3. We strongly encourage the ISSB to prioritise the activity of supporting the adoption, endorsement and implementation of IFRS S1 and S2 above all other activities. As explained further in our answer to question 1 below, we believe that if the ISSB achieves widespread global adoption of the initial standards, this could form an excellent foundation for growth and expansion into new topic areas. But without securing the foundation of widespread adoption of S1 and S2, developing and producing new standards may not achieve the desired impact.
4. Working to embed the requirements of IFRS S1 and S2 into reporting frameworks worldwide will work in the ISSB's favour when moving on to produce a full suite of sustainability disclosure standards. There is a risk that if the ISSB does not take action swiftly in developing 'S3', the gap will be filled by standards from other bodies, which may amplify confusion in the market. With that in mind, we would like the ISSB to set out a clear statement of intent following this agenda consultation regarding the development of S3 and beyond.

PROJECT PRIORITIES

5. We believe that a research and standard-setting project addressing human capital and human rights issues for 'the workforce (including non-employee workers)' should be prioritised by the ISSB over the next two years, above the other projects set out in this agenda consultation. Given the agenda consultation covers a two-year period, there is a natural need to select a project where progress can be made reasonably quickly. A research and standard-setting project on 'the workforce' would meet this criterion and is also a project that would meet almost all of the assessment criteria set out in table two of the consultation document.
6. Although a workforce topic is not included in the agenda consultation, such a project would address the most urgent aspects of both the proposed human capital and human rights projects. Both of these topics cover issues related to people and they cannot, and should not, be separated in this way.
7. The broad topic of biodiversity, ecosystems and ecosystem services (BEES) is a critically important topic to address as part of the sustainability reporting framework. The potential subtopics under the BEES heading are wide-ranging and individually substantial, and as such we are not convinced that two years is enough time to make sufficient progress on this project. We recommend that the ISSB monitor and allow for the work of other organisations

to continue and develop, and then leverage them in due course as a means of making timely and efficient progress in those areas.

INTEGRATION IN REPORTING

8. In addition to the workforce project above, we encourage the ISSB to work closely with the IASB to complete the well-advanced *Management Commentary* project. This project was paused in light of the establishment by the IFRS Foundation of the ISSB, because of the clear crossover and potential interaction with the ISSB's work. In our view, it would be a missed opportunity if the ISSB does not collaborate closely with the IASB to complete this important project.
9. We believe that this project could be pursued without hindering progress on a larger standard-setting project because *Management Commentary* is already fairly well-advanced and has been through the research and exposure draft stage with the IASB, and so could be significantly less resource intensive for the ISSB to support. Additionally, we believe that there are opportunities for restructuring the *Management Commentary* proposals to make aspects of the Integrated Reporting (IR) Framework more visible.
10. Importantly, we would strongly discourage the ISSB from pursuing any integration project independently of the IASB. Any project that seeks to integrate financial and non-financial reporting must involve sufficient input from both boards in order to reach a successful outcome. We discuss this further in our answer to question 7 below.

SETTING OUT A VISION FOR SASB STANDARDS AND OTHERS

11. The activity described in the agenda consultation related to enhancing the SASB Standards appears to be limited to enhancing and maintaining these standards in their current form. We believe that the ISSB needs to go further than this and set out its strategy for comprehensively incorporating industry-specific requirements into the ISSB reporting architecture. A clearly articulated vision for the future role of the SASB Standards may be of particular importance for jurisdictions as they approach the question of IFRS S1 adoption given the 'shall consider' reference to SASB Standards in IFRS 1 paragraph 55.
12. Materials from other bodies have been consolidated into the ISSB's literature, such as the work of the Climate Disclosure Standards Board (CDSB). However, other than referencing these materials within IFRS S1, they are not yet fully integrated to form one set of requirements. In our view, it is very important that the ISSB articulate a transition plan about what the future holds for the SASB Standards and these other materials, and how the ISSB plans to achieve this. We discuss this further in paragraphs 22-24 below.

ANSWERS TO SPECIFIC 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

13. We think that, of the four activities listed above, the highest priority activity should be (ii), supporting the implementation of ISSB Standards IFRS S1 and IFRS S2, followed swiftly by activity (i) beginning new research and standard-setting projects. Our reasoning is explained below.

Supporting the implementation of IFRS S1 and IFRS S2

14. In order to cement the prime position in global sustainability reporting that the ISSB has set out to achieve, the first priority has to be supporting the adoption, endorsement and implementation of IFRS S1 and S2. Demonstrating the value of the global baseline that the ISSB is seeking to establish is vital for its ongoing success as a standard-setter. If widespread adoption and implementation is achieved for the initial standards, this could form an excellent basis for growth and expansion into new topic areas.
15. We support the IFRS Foundation's plan to publish an adoption guide to support jurisdictions in securing the adoption of IFRS S1 and S2 in their regulatory frameworks. Providing such a guide has the potential to provide valuable support to governments and regulators in their consideration of the standards, and therefore help drive global adoption.
16. As part of supporting the implementation of IFRS S1 and IFRS S2, we think it would be particularly useful if the ISSB is able to demonstrate (by way of examples) what 'good' looks like when it comes to producing sustainability disclosures that meet ISSB requirements. We think this is a pragmatic way of supporting implementation, particularly if this guidance is able to distinguish some of the ISSB requirements from those set out in other frameworks. The ISSB needs to be careful that implementation activities (such as delivering education or building awareness) do not confuse the requirements of IFRS S1 and IFRS S2 with additional requirements, such as those within GRI that have a multi-stakeholder focus.
17. IFRS S1 contains some core concepts and provides a good structure to help reporters start the process of reporting on all sustainability topics. Supporting and monitoring the uptake and implementation of IFRS S1 might in turn help with identifying other priority areas over time. For example, a sustainability topic that is not well reported may provide a good indicator that a topic-specific standard would be valuable. Another example could be that a disclosure requirement that is generally not well reported might indicate that a targeted enhancement is needed.

Beginning new research and standard-setting projects

18. As a priority that we would rank second, after supporting the implementation of IFRS S1 and IFRS S2, we encourage the ISSB to set out a clear planned timeline for its next topic-specific standard. We think that it is critical that stakeholders are able to clearly understand what is coming next from the ISSB and when – particularly in the context of standard-setters elsewhere that have certain topic-specific standards already at an advanced stage. There is a risk that if the ISSB does not take action swiftly in developing 'S3', the gap will be filled by standards from other bodies, which may amplify confusion in the market.
19. We urge the ISSB to initially select a topic with which it can make swift and effective progress, which could involve leveraging from existing work from within or outside of the IFRS Foundation. We explain our thoughts about which standard-setting project should be selected and why in our response to questions 3-7 below.

Researching targeted enhancements

20. We believe it is possible that researching targeted enhancements may be very much entwined with an implementation activity. For example, as part of supporting the implementation of IFRS S1 and S2, an ‘interpretation’ of a requirement might be necessary, and that interpretation could be considered to be a targeted enhancement.
21. Aside from targeted enhancements that form part of supporting the implementation of the new standards, we generally feel that this is not an area that the ISSB should prioritise over the next two years. This is not to say that improvements won’t be needed, but it is important to allow time for the standards to bed in and review how well they are applied before making such decisions.

SASB Standards and other frameworks

22. The ISSB’s current project to enhance the international applicability of the SASB Standards is a worthwhile and important project but, in our view, should be seen as a limited and self-contained exercise. As explained in [our response](#) to the consultation on this project, we feel strongly that this enhancement project should only be viewed as a temporary measure while a wider vision and clear strategy for incorporating industry specific requirements into the ISSB architecture is articulated by the ISSB.
23. We believe the ISSB needs to plainly set out its intention here, so that it is clear about the future of the SASB Standards. We think that the SASB Standards form a natural basis for bringing industry-specific content into the IFRS Sustainability Disclosure Standards, but believe it is important the ISSB articulates clearly how industry-specific content is intended to fit into the overall architecture of its standards rather than maintaining the SASB Standards as a separate framework.
24. Other materials have been consolidated into the ISSB’s body of work, such as the work of the CDSB. However, other than referencing these materials within IFRS S1, they are not yet fully integrated to form one set of requirements. It is very important that the ISSB articulates a transition plan about what the future holds for these additional materials and how the ISSB plans to achieve this. In this context, we highlight paragraph BC23 in the Basis for Conclusions of IFRS S1 which explains how respondents welcomed the plan to consolidate several standards and frameworks to develop a single set of high-quality sustainability disclosure standards.

Other activities

25. We continue to support the ISSB’s work on interoperability with other sustainability standards. The interoperability challenge is one that continues to cause concern for preparers, and we believe it is important to minimise reporting efforts and complexity where possible. We expect that the ISSB will need to be flexible in seeking to achieve the goal of interoperability.
26. In addition to the activities set out in paragraph 19 of the agenda consultation, we think the ISSB needs to work to produce a mechanism to monitor and address interpretation issues in a similar manner to the IFRIC in relation to IFRS Accounting Standards. It is likely that interpretation issues are going to be frequent for Sustainability Disclosure Standards given the immaturity of existing practice, and therefore the ISSB should be prepared to deal with this.

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?

Criteria identified

27. We think the criteria listed in table 2 of the agenda consultation represent a broadly sensible list to use for the purpose of assessing matters to add to the work plan. We note that the list is closely aligned to the IASB’s criteria, listed in its recent third agenda consultation. Given the ISSB is a much younger standard-setter, at an earlier stage of development, providing reporting requirements related to a very different data set, we believe that the assessment criteria need not necessarily be the same.
28. For example, criterion 2 considers ‘whether there are any deficiencies in the way companies disclose information on the matter’. We feel that this criterion is not especially important for the ISSB over the next two years given that organisations have not yet had the opportunity to apply IFRS S1 and S2. It will of course become an important consideration as reporting matures and develops.

Other criteria

29. A criterion that is not currently included (but is alluded to in paragraph 26) is consideration of the work streams of other jurisdictional and voluntary standard-setters and framework providers. We believe this would be an important addition to the criteria list at this stage given the amount of other activity in the sustainability standard-setting space. It is a relevant and important consideration at this point in the ISSB’s lifecycle.
30. Two additional criteria that we believe the ISSB should consider are:
 - a. to what extent does IFRS S1 not already address the issue; and
 - b. to what extent is the matter likely to persist and continue to be relevant over the passage of time.
31. We agree with paragraph 25 that states ‘the relative importance of each criterion is likely to vary depending on the circumstances surrounding the potential project’. In this regard, it might be better to remove the numbers from the criteria list because they could give the impression that the criteria are ranked in order of importance. which we do not believe is the intention.

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).

32. We believe that making swift and effective progress on a single project would be more valuable than taking on multiple projects and making slower, more incremental advances. We feel strongly that the ISSB should set out a clear intention about which topic will be addressed next and when stakeholders can expect to see that standard.
33. As explained more fully in our answer to question 5, we would like the ISSB to prioritise a human capital/human rights project to produce a standard addressing issues affecting the workforce, including non-employee workers. We are of the strong view that any standards produced should not aim to split human capital and human rights matters, which are fundamentally connected.
34. In addition to the above, we encourage the ISSB to work closely with the IASB to complete the well-advanced *Management Commentary* project, as per our answer to question 7 below.

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.

35. The broad topic of biodiversity, ecosystems and ecosystem services (BEES) is a critically important topic to address as part of the sustainability reporting framework. We agree with interdependencies highlighted in the agenda consultation between entities' operations and BEES. Additionally, many of the issues are so fundamentally intertwined with climate-related matters that they are difficult to fully distinguish.

36. As identified in paragraph A11 of the consultation document, the potential subtopics under the BEES heading are wide-ranging and individually substantial. As such, we are not convinced that this project meets criteria six and seven of the criteria for assessing sustainability reporting matters to be added to the ISSB's work plan:
- a. Criterion six considers the complexity and feasibility of the potential project – we believe this project is too broad and complex to address at this time; and
 - b. Criterion seven considers the capacity of the ISSB and stakeholders to progress the project in a timely way – we believe that two years is not enough time to make sufficient progress on this project.
37. Reflecting on the fact that many other organisations are publishing/have published material on the BEES topic (such as those identified in paragraph A13), we believe that the ISSB should monitor and allow for this work to continue and develop, and then leverage them in due course. This would allow the ISSB to make timely and efficient progress. We believe guidance from the Taskforce on Nature-related Financial Disclosures (TNFD) and others will drive improvement in reporting practices that the ISSB will be able to build on.
38. IFRS S1 can be used to improve reporting as it already requires companies to disclose risks and opportunities related to BEES when material, and refers to other materials, such as the water and biodiversity guidance developed by the CDSB, which is an excellent basis for reporting on a significant part of this wider topic.
39. Finally, we would support the ISSB in pursuing activities in the short-term to advance progress on the critical area of climate-adjacent matters, as this would begin to address certain aspects of the BEES project and could be appropriately incorporated into the work to support the implementation of IFRS S2.

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.

Human capital and human rights

40. Whilst we support the ISSB prioritising work in both of these areas, we do not agree with the way in which the ISSB has proposed to split the topics of human capital and human rights. Both topics cover issues related to people and they cannot, and should not, be separated – they are two sides of the same coin. It is not clear why the ISSB has chosen to separate the topics in this way.
41. In paragraph A21, it is explained that the proposed projects on human capital and human rights would seek to determine more clearly the boundaries and connections between the two topics. This suggests that the ISSB already thinks that neither of the projects could be pursued individually, underlining the need to re-frame the project(s).
42. In our view, the ISSB should base its work on a clear architecture that is already understood and recognises the distinct categories of:
 - a. The workforce (explicitly including non-employee workers);
 - b. Workers in the value chain;
 - c. Affected communities; and
 - d. Consumers and end-users.
43. This approach would allow for both human rights and human capital issues to be addressed hand in hand, as we believe they ought to be. It would also allow the ISSB to make faster progress with a standard addressing one of the categories, rather than a human capital/rights standard that would need to address all four.
44. This approach, if adopted, would also support interoperability with ESRs, which would be to the benefit of reporters.

Support for a 'workforce' standard

45. We believe that a research and standard-setting project addressing human capital and human rights issues for 'the workforce (including non-employee workers)' should be prioritised by the ISSB over the next two years above the other projects set out in this agenda consultation.
46. Our reasons for supporting this project are as follows:
 - a. This project has the potential to be progressed and completed reasonably quickly because not only is it fairly self-contained, with clear boundaries in terms of its scope, but it is a likely to be a less contentious topic than the other human-related projects. Entities should also already have much of the data required to disclose against it.
 - b. We believe this project meets almost all of the assessment criteria set out in table two of the agenda consultation, plus it supports the consideration of potential interoperability with other jurisdictional standard-setters, as explained in paragraph 26 of the consultation.

- c. Starting with a project on the workforce would allow the ISSB to lay the groundwork for disclosure of human rights matters.
47. We note that the workforce is not explicitly mentioned under the potential human rights project within the request for information, however it is clear that a range of human rights issues affect any entity's workforce, such as the rights of employees to be paid fairly and the right to a safe and healthy working environment.

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 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.

48. As explained in our answer to question 5 above, we do not agree with the ISSB's proposal to split the topics of human capital and human rights into two separate research and standard-setting projects.
49. If the ISSB were to pursue this dichotomy, we do not believe that now is the right time for the ISSB to undertake a standard-setting project addressing exclusively human rights matters. It is likely that in producing such a standard, issues will need addressing for which there are no universally agreed values or beliefs, and this might prove to be particularly challenging for reaching a global baseline in a timely manner.
50. Ultimately the ISSB should aim to tackle aspects of these topics where considerable difference in global perspectives remain as part of its standard-setting once its status as an international standard-setter is well established.

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?

51. In reading this question and paragraphs A38-A51 of the agenda consultation, coupled with our understanding of developments to date, we believe there are two potential projects that could fall under the 'integration in reporting' title. One is a management discussion and analysis (MD&A) type of project. The other is a more overarching conceptual framework type of project. We feel strongly that the ISSB should pursue neither of these projects independently of the IASB.

MD&A style project

52. The IASB's *Management Commentary* project was paused in response to stakeholder feedback on the interaction between the *Management Commentary* project and the work of the ISSB and highlighted the need for collaboration between the boards in advancing the project. In [our response](#) to the IASB's *Management Commentary* exposure draft, we stated that the project must be considered in relation to the expected workplan of the ISSB to avoid any overlap and duplication. We echo this message again in response to this question.

53. In our view, if the ISSB were to work together with the IASB to complete the *Management Commentary* project, this would be far less resource intensive than the other three projects described in this agenda consultation. The project is already fairly well advanced, it has been through the research and exposure draft stage with the IASB, and would not be classed as a 'new research and standard-setting project' as suggested here.

54. It would not make sense for the ISSB to pursue this project independently of the IASB given the work performed already. We believe it would be a missed opportunity if the ISSB does not collaborate with the IASB to complete the *Management Commentary* project.
55. Additionally, we believe that there are opportunities for restructuring the *Management Commentary* project to take account of and incorporate the IR Framework – something that it seems the IASB is already considering. The IASB met recently for an education session on an analysis of the similarities and differences between proposals in *Management Commentary* exposure draft and the IR Framework. The key observations from the IASB's staff initial analysis were that the two initiatives have similar objectives and incorporate similar principles and notions of value creation.
56. We feel that the benefits of comprehensively integrating the IR Framework (particularly in terms of its connection to and alignment with integrated thinking) into the IFRS materials could be substantial and could contribute to the long-term success of the ISSB.
57. It is also useful to highlight that in the UK, the narrative reporting framework has been able to draw on both the IR Framework and the IASB's *Management Commentary Practice Statement* to form current UK requirements, some of which have been in place for a number of years. This demonstrates the benefit of bringing the two together as part of the completion of the current *Management Commentary* project.

Conceptual framework type project

58. If, as part of this question, the ISSB is considering a project to review and update the IFRS Conceptual Framework for Financial Reporting, we believe it would be strongly desirable for the IFRS Foundation to first establish a formal mechanism involving equal membership from both the IASB and the ISSB. We do not agree with the ISSB pursuing this type of project independently.
59. While a project like this is desirable, we do not believe it is urgent and it does not meet many of the assessment criteria set out in table 2 of the agenda consultation. Therefore, we would not support prioritising this project above the other potential projects over the next two years.

Question 8 - Other comments

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

60. We have no additional comments at this stage.