
ISSB meeting

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Projects	Biodiversity, Ecosystems and Ecosystem Services and Human Capital
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Purpose

1. This paper provides background information on the two databases of disclosures that the staff evaluated to inform the ISSB's research project on risks and opportunities related to Biodiversity, Ecosystems and Ecosystem Services (BEES) and human capital: the 'available reporters' database and the 'SASB reporters' database. It describes the key characteristics of each database, the methodology adopted to develop the disclosure database and potential limitations of the analysis and findings associated with the 'current state of disclosure' research area.
2. This paper is an informational supplement to AP3C *Current state of disclosure of BEES-related information*, AP3D *Current state of disclosure of BEES-related information—sector findings*, AP4D *Current state of disclosure of human capital-related information* and AP4E *Current state of disclosure of human capital-related information—sector findings*. Those papers present detailed findings from the staff's evaluation. The staff will not ask the ISSB to make any decisions in the sessions.

Available reporters database—objective

3. The available reporters database is comprised of corporate disclosures from documents published in fiscal year 2023 by a sample of publicly-traded global entities headquartered in both developed and emerging markets covering wide range of regions, sectors and market cap sizes. This database includes both SASB and non-SASB reporters.
4. The staff analysed this database to assess overall entity disclosure practices with no focus on a specific standard or framework, but considering disclosure related to the core content areas of IFRS S1. This database can provide insights on:
 - (a) current practice of disclosing BEES- and human capital-related information in relation to the core content areas of IFRS S1; and
 - (b) differences in disclosure practices correlated with an entity’s jurisdiction, sector or market cap size.
5. Additional information about the available reporters database is included in paragraphs 9–18.

SASB reporters database—objective

6. The SASB reporters database consists of disclosures prepared in accordance with SASB Standards and published by entities in publicly available reports. The staff’s analysis covered publicly available SASB disclosures published by entities for the fiscal year 2023. The disclosures were made by 2,814 entities, representing all 77 SICs industries, all five global regions and a range of market cap sizes (see paragraph 22).
7. Analysis of disclosures made under the SASB Standards contributes to the research project objectives below:
 - (a) *Sector-based findings within the current state of disclosure*—The staff’s analysis assessed the prevalence of cross-cutting and sector-based information,

including the latter's degree of alignment with the content in the SASB Standards. This assessment complements and can help further refine the assessment of the current state of disclosure in the available reporters database, whether there are cross-cutting or sector-based patterns in disclosure, and highlight consistency and gaps in topical coverage.

- (b) *Enhancements to the SASB Standards*—As the ISSB pursues its work to further enhance the SASB Standards, synergies exist between the research project findings connected to the SASB Standards and enhancement of BEES- and human capital-related content in the SASB Standards. Research project findings will include considerations of when sector- or industry-based disclosure is necessary to meet investors' needs, which can inform enhancements to the SASB Standards. Similarly, feedback from engagements and public consultations on SASB enhancements will provide another avenue of feedback and engagement on BEES- and human capital-related topics to inform the direction of the research projects.

8. Additional information about the SASB reporters database is included in paragraphs 20–22.

Available reporters database—background

9. The staff leveraged artificial intelligence (AI) technologies to extract disclosures related to the core content areas of IFRS S1 associated with BEES and human capital from reports published by public entities in the 2023 reporting cycle.
10. This section provides a description of the sample of public entities (paragraphs 11–14) and reports considered (paragraphs 15–16) in the disclosure database, and the approach to develop the disclosure database (paragraphs 17–18), including its limitations.

Sample of public entities

11. The available reporters database includes 2,298 entities with publicly traded debt or equity.
12. To build a representative sample of the global market, the staff replicated the composition of global indexes and selected entities:
 - (a) with headquarters located in different geographic regions (see Table 1), including emerging markets and developing economies (EMDEs)¹;
 - (b) from each of the 11 SICCS sectors (see Table 2); and
 - (c) from a range of market capitalisations (see Table 3).
13. Among the entities in the available reporters database, 22% are from EMDEs and about 40% are also part of the SASB reporters database.
14. In the available reporters database, 91% of the entities made at least one BEES-related disclosure and 95% of the entities made at least one human capital-related disclosure. These sub-samples have the same representation as the overall database.

Table 1—Available reporters database by region

Regions	Percentage of entities
Africa	1%
Asia-Oceania	44%
Europe	22%
North America	29%
South and Latin America	4%

¹ The jurisdictions classified as EMDEs are the jurisdictions eligible to borrow from the International Bank for Reconstruction and Development (IBRD). There are 14 jurisdictions classified as EMDE in the available reporters database: Brazil, Chile, China, Colombia, Egypt, India, Indonesia, Malaysia, Mexico, Peru, Philippines, South Africa, Thailand and Uruguay. For the EMDE classification, jurisdictions eligible to borrow from the International Development Association (IDA) were considered, but these were not present the available reporters database.

Table 2—Available reporters database by sector

Sectors	Percentage of entities
Consumer Goods	7%
Extractives & Minerals Processing	10%
Financials	16%
Food & Beverage	7%
Health Care	8%
Infrastructure	12%
Renewable Resources & Alternative Energy	1%
Resource Transformation	12%
Services	5%
Technology & Communications	16%
Transportation	6%

Table 3—Available reporters database by market cap

Market cap ranges	Percentage of entities
< \$10 billion	35%
\$10 billion—\$19.99 billion	27%
> \$20 billion	39%

Corporate disclosure documents included in the database

15. The available reporters database included BEES- and human capital-related disclosures retrieved from 19 different types of published corporate disclosure documents for fiscal year 2023.
16. For analysis purposes, the staff grouped the various documents into three categories:
 - (a) *financial filings*—annual reporting packages in which entities are required to deliver their audited financial results under the corporate, compliance or

securities laws of the jurisdictions in which they operate and which generally contain financial statements and other information such as governance statements and management commentary. This category includes the following documents: 10-K, 10-K/A, annual report, integrated report, financial report, universal registration document, 20-F, 20-F/A, and interim report.

- (b) *sustainability reports*—documents that provide sustainability-related information. This category includes the following documents: sustainability report, ESG report, CSR report, climate report, GRI report, SASB report and TCFD report.
- (c) *other types of reports*—documents that were neither financial filings nor sustainability reports. This category includes the following documents: DEF:14-A, governance report and proxy statements.

Approach to develop the available reporters database

- 17. The staff used AI to develop the available reporters database by detecting and extracting BEES- and human capital-related information from corporate disclosure documents. This process involved, for example, creating prompt questions based on IFRS S1 core content areas and keywords regarding subject matter-related topical grouping (see Table 8 and Table 9). It also involved using AI to assess the disclosure excerpts retrieved from 2023 reports, and assessing them for quantitative or qualitative information, boilerplate² or entity-tailored narratives³, and forward-looking or historical information with timeframes.
- 18. However, the AI model faced limitations due to language and semantic variations among jurisdictions and sectors, broad prompt questions intended to retrieve as much

² A disclosure was labelled as boilerplate when it uses generic language that can be applicable to most, if not all, entities in the industry, and may include industry-level generic language, such as descriptions of regulations affecting the entity/ industry, and entity-level generic language, such as the use of words like 'we,' 'our company', etc.

³ A disclosure was labelled as entity-tailored narrative when it uses specific language that can only be understood in the context of the entity, and sufficiently tailored to reflect the company's specific and unique circumstances, including, but not limited to, its past performance, future targets, and individual risk/opportunity management strategies.

information as possible, and the complex reasoning required for classification and labeling. Despite adjustments to maximise performance, the AI's accuracy was not perfect.

Quantifying the disclosure rates

19. The Agenda Papers 3C, 3D, 4D and 4E for this meeting use the following terms to describe the disclosure rates by entities in the available reporters database (Table 4):

Table 4—Terminology used to quantify disclosure rates

Term	Extent of disclosure among entities
Almost all	All except a very small minority
Most	A large majority, with more than a few exceptions
Many	A small majority or large minority
Some	A small minority, but more than a few
A few	A very small minority

SASB reporters database—background

20. ISSB staff regularly collect reports that reference and include disclosure of at least one SASB metric or title to determine an entity to be a ‘SASB reporter’. Publicly available reports are collected from a financial data platform and assessed for SASB reporting. These reports include 10-Ks, 20-Fs, 40-Fs, Annual Consolidated and Annual Reports, Corporate Governance Reports, Corporate Responsibility Reports, ESG Releases, GRI Reports, Website Snapshots, Registration Documents, Supplements, and Annual Integrated Reports.
21. In collecting information on SASB reporters, ISSB staff records company information including region and SICs industry classification. In assessing SASB reporters, ISSB staff reviews the SASB metrics disclosed within an entity’s reporting to determine two factors relevant to this analysis: if an entity reports to multiple standards, and if an entity has omitted metrics in its disclosures.

- (a) Entities are classified into a single primary SICs industry in the SASB reporters database. It is important to note that an entity may determine that multiple industry standards are necessary to address the full array of sustainability topics likely to impact its prospects, and thus may choose report and/or omit metrics from industry standards outside of its primary SICs classification. Approximately 20% of reporters in this database were determined to report to multiple SASB Standards. Under this assessment, this means that disclosure rates include metrics that are reported or omitted by entities that report using multiple SASB Standards, but entities are only counted under their primary SICs classification.
- (b) ISSB staff identify the disclosure of SASB metrics using the associated SASB metric code or title. Under this assessment, this means that if an entity discloses information within its report relevant to a SASB metric but does not include the associated code or title, it is counted as missing. Similarly, if an entity does include metrics with associated codes or titles but discloses unspecified or no information under that metric, it is counted as disclosed.

22. As described in paragraph 6, the 2,814 SASB reporters for reports covering the fiscal year 2023 represent all regions (see Table 5), all 11 SICs sectors (see Table 6) including all 77 SICs industries and a range of market cap sizes (see Table 7).

Table 5—SASB database by region

Regions	Percentage of entities
Africa	1%
Asia-Oceania	27%
Europe	19%
North America	43%
South and Latin America	10%

Table 6—SASB database by sector

Sectors	Percentage of entities
Consumer Goods	7%
Extractives & Minerals Processing	13%
Financials	14%
Food & Beverage	7%
Health Care	7%
Infrastructure	14%
Renewable Resources & Alternative Energy	2%
Resource Transformation	11%
Services	5%
Technology & Communications	14%
Transportation	7%

Table 7—SASB database by market cap

Market cap ranges	Percentage of entities
< \$10 billion	51%
\$10 billion–\$19.99 billion	8%
> \$20 billion	17%
Data unavailable	24%

Appendix A: Topical groupings used in the research

- A1. To facilitate analysis of the current state of disclosure, BEES- and human capital-related topical groupings were established. These were used to log and group disclosures in a consistent and comparable way, as reporters used different terms and framings to refer to topics and issues.
- A2. It should be noted that these groupings do not represent proposed ISSB definitions or focus areas. They were established purely for analysis purposes for this research due to a need for a mechanism to categorise and compare findings. Any proposed definitions, groupings or categories to be used beyond phase one of this research are still to be determined, and there is no assumption that the groupings used here will continue to be used in any future research or potential standard setting activity.

Table 8—BEES-related topical groupings

BEES-related topical grouping	Scope of the grouping
Biodiversity, species and ecosystems	Includes information on the state of nature (ecosystem condition and extent, and species population size and extinction risk) in locations in which an entity depends on or impacts nature, including at ecologically sensitive areas (protected areas, key biodiversity areas, etc.)
Land use and land use change	Includes information on an entity’s total spatial footprint, area converted, restored, rehabilitated or conserved, and extent of sustainably managed ecosystems.
Pollution	Includes information on an entity’s pollution releases to air (non-greenhouse gases), soil and water, hazard and impact assessment and management of spills or releases.
Resource use and extraction	Includes information on use and management of natural resources such as raw materials, wild species and crops harvested and high-impact commodities.

BEES-related topical grouping	Scope of the grouping
Waste and circularity	Includes information on an entity’s efficiency and use of materials including sourcing, production, packaging and consumption, waste generation and disposal, recyclability and recovery.
Water and wastewater	Includes information on an entity’s water withdrawals, consumption and discharge in total and in areas of water stress and management of water as a resource.

Table 9—Human capital-related topical groupings

Human capital-related topical grouping	Scope of the grouping
Workforce Governance	Includes information on governance structure and management insofar as it relates to the workforce, board performance on workforce issues, and policies related to workforce management in general. Policies related to specific topics (for example, a diversity and inclusion policy), are included under that topic. General information about governance was not included in the analysis.
Workforce-related Human Rights Due Diligence and Risk Assessments	Includes information on human rights due diligence and identifying and responding to general workforce risks and opportunities. Information that exclusively focuses on identifying and responding to risks and opportunities relating to specific topics (for example, risks relating to forced labour) are recorded under that topic. The research only included mentions of risk assessments and human rights due diligence where they included the workforce. Focus on these topics in a way that would exclude the workforce, for example when raised in relation specifically to other groups such as local communities, were not included in the analysis.

Human capital-related topical grouping	Scope of the grouping
Workforce Composition	Includes information on the structure and location of the workforce (including both workers in the direct operations and the supply chain) and the contract types used.
Pay and Benefits	Includes information related to wage levels, pay ratios and pay gaps, as well as financial and non-financial benefits provided to the workforce.
Diversity and Inclusion	Includes information on monitoring diversity and inclusion (for example, representation of different demographic groups), action to improve diversity and inclusion, and any information relating to discrimination and harassment.
Recruitment and Retention	Includes information on turnover, recruitment practices and retention efforts excluding specific information relating to pay, benefits and employee wellbeing.
Training and Development	Includes information on levels of provision of training and development, examples of training, and strategies for workforce development.
Health, Safety and Wellbeing	Includes information on occupational health and safety, mental health and safeguarding, and general worker wellbeing including areas such as work-life balance and flexible working.
Workforce Transitions	Includes information on the transition to a lower-carbon economy, and the use of AI and automation where it relates to the workforce.
Worker Voice and Representation	Includes information on freedom of association and collective bargaining, employee engagement and worker feedback.
Grievance Mechanisms	Includes information on numbers of grievances, processes for raising and addressing grievances, and outcomes relating to grievances.

Human capital-related topical grouping	Scope of the grouping
Sourcing Practices	Includes information on the structure of supply chain, an entity's sourcing strategy, and its engagement with suppliers in relation to workforce issues.
Working Conditions and Exploitation	Includes information on modern slavery, child labour, prison labour, other labour-related human rights not covered by other categories.