

June 2024

# Feedback Statement

IFRS<sup>®</sup> Sustainability Disclosure Standards

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**Consultation on Agenda Priorities**



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# Feedback Statement

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# Foreword from the Chair of the International Sustainability Standards Board



Emmanuel Faber  
Chair of the ISSB

Since the International Sustainability Standards Board (ISSB) was founded in November 2021 at COP26, our mission has been to develop—in the public interest—standards that will result in a high-quality, comprehensive global baseline of sustainability disclosures focused on the needs of investors and global capital markets. In 2023 we issued our initial Sustainability Disclosure Standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, as the first steps to create a global baseline and to address the urgent need in the markets for climate-related disclosures.

Following the issue of IFRS S1 and IFRS S2, we carried out our first consultation on agenda priorities to ask stakeholders to help us strengthen and build on the foundation established by our first Standards.

In May 2023 we published a [Request for Information Consultation on Agenda Priorities](#) (Request for Information) to solicit stakeholders' views on our priorities for a two-year period, including their views on the sustainability-related matters we should focus on next in our research and standard-setting.

In this Feedback Statement we explain how the feedback on the Request for Information has shaped our work plan for the period 2024–2026. As we embark on our work plan, several key areas will anchor our work ahead.

## IFRS S1

IFRS S1 will continue to serve as the bedrock on which we build. IFRS S1 sets out the core content for a complete set of financial disclosures on sustainability-related risks and opportunities that are reasonably expected to affect an entity's prospects as defined in the Standard. IFRS S1 builds on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and establishes the scope of information to be provided for all sustainability-related matters. Information about sustainability-related risks and opportunities is useful to investors because a company's ability to generate cash flows over the short, medium or long term is inextricably linked to the interactions between the

company and its stakeholders, society, the economy and the natural environment throughout the company's value chain. Any new sustainability-related areas we consider will be viewed through the lens of IFRS S1.

## IFRS S2

Our stakeholders have spoken loud and clear—supporting the implementation of IFRS S1 and IFRS S2 should be our top priority. As companies and jurisdictions around the world adopt, implement and apply IFRS S2, we are committed to ensuring that our stakeholders have a good understanding of these Standards through our education and capacity-building initiatives. We are strengthening formal coordination between the ISSB and the Greenhouse Gas (GHG) Protocol to help minimise the cost and effort for preparers and to ensure the information needs of investors continue to be met. Meanwhile, CDP, as the ISSB's key global climate disclosure partner, has made the ISSB's climate standard the foundational baseline for CDP's climate disclosure in its questionnaire. And we are looking at other ways in which we can build on existing frameworks to provide preparers with the guidance they need to apply IFRS S2 rigorously in communicating their climate-related strategies. For example, this includes supporting work to streamline and consolidate existing frameworks and standards for disclosures about transition plans.

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## Industry-based disclosures

Industry-based disclosure will play a key role in all the work we pursue. Accordingly, industry-based disclosures will be an important consideration for research projects, as we acknowledge that sustainability-related risks and opportunities often differ by industry. This consideration is also reflected in our decision to enhance the Sustainability Accounting Standards Board (SASB) Standards. The SASB Standards will serve as a helpful starting point for considering both industry-based and thematic approaches to building on the requirements in IFRS S1 as we branch into new areas.

## Interoperability

Interoperability remains a priority. We will continue to work with other jurisdictional and voluntary sustainability standard-setters to enhance interoperability between standards and to reduce fragmentation and duplication in reporting. For example, building on our [March 2022 Memorandum of Understanding](#), we have agreed to deepen our [collaboration with the Global Reporting Initiative \(GRI\)](#) to deliver a seamless, comprehensive, global sustainability reporting system for companies looking to meet the information needs of both investors and a broader range of stakeholders. As we start to

work in new areas, we will consider how to meet the needs of investors effectively by building on other sustainability standards and frameworks—including, for example, the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD).

## Connectivity

Connectivity is integral to everything we do. We will continue to focus on ensuring that our requirements and those of our sister board, the International Accounting Standards Board (IASB), work well together and provide a comprehensive package of information for investors.

## Proportionality

Our mission is to develop a truly global baseline. As shown by IFRS S1 and IFRS S2, we are committed to ensuring our Standards are proportionate and scalable and can therefore be applied by companies with a range of capabilities and preparedness while ensuring investors' information needs are met.

## Investor focus

The IFRS Foundation's guiding principle is that better information leads to better decisions. Investors' information needs are at the heart of our work. Our Standards support efficient capital allocation by helping investors to identify risks and opportunities around the world. We will continue to engage with investors and other stakeholders to ensure we respond to the experiences of the market as sustainability reporting evolves.

Thank you to everyone who took part in this process to help us determine our priorities for the next two years. I look forward to your continued support as we shape the future of sustainability-related financial disclosures together.

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# Background

The IFRS Foundation's *Due Process Handbook* requires the ISSB to hold a public consultation on its activities and its work plan every five years (agenda consultation).<sup>1</sup> To support the agenda consultation, the ISSB published a Request for Information in May 2023 to gather stakeholder views on:

- the strategic direction and balance of the ISSB's activities;
- the suitability of criteria for assessing sustainability-related reporting matters to prioritise and add to the ISSB's work plan; and
- new research projects that could be added to the ISSB's work plan.

This Feedback Statement provides an overview of the Request for Information and summarises the feedback from respondents. This document also sets out the ISSB's responses to that feedback and the ISSB's 2024–2026 work plan.

The work plan sets the ISSB's priorities for the next two years instead of the five years specified in the *Due Process Handbook* because:

- the ISSB's ability to accommodate new research projects will be constrained initially by those activities to which it is already committed;
- 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
- the ISSB might need to adjust its future work to reflect developments in sustainability-related financial disclosure and implementation of the ISSB's Standards.

It is not possible at this early stage to specify the ISSB's activities beyond 2026 (partly because stakeholder feedback will inform the ISSB's later standard-setting), nor is it possible to comment specifically on the structure of activities as the ISSB embarks on new research projects.

## Public consultation

- The ISSB's Request for Information was published in May 2023 with a 120-day comment period, which ended on 1 September 2023.
- In total, the ISSB received 433 responses from a broad range of stakeholders throughout all regions.
- Investors (users of general purpose financial reports) and investor groups submitted 70 responses.
- ISSB members and staff participated in 71 outreach events with stakeholders (including nine outreach events with investors) from approximately 44 jurisdictions.
- From November 2023 to April 2024 the ISSB considered the feedback and set its priorities for its 2024–2026 work plan.

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<sup>1</sup> The *Due Process Handbook* sets out the due process principles that apply to the International Accounting Standards Board (IASB). The IFRS Trustees decided that the ISSB will also abide by the *Due Process Handbook*.

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# Summary of the ISSB's response to feedback

## Strategic direction and balance of the ISSB's activities

Feedback indicated that most stakeholders viewed supporting the implementation of IFRS S1 and IFRS S2 as the highest priority for the ISSB in the next two years (see page 9). The ISSB recognises the importance of consistent and high-quality implementation of IFRS S1 and IFRS S2 around the world in supporting its mission to deliver a comprehensive global baseline of sustainability-related financial disclosures.

Consistent with stakeholder feedback, the ISSB decided:

- to place a high level of focus on supporting the implementation of IFRS S1 and IFRS S2; and
- to place a slightly lower level of focus on enhancing the SASB Standards and beginning new research projects and to give these activities equal attention.

The ISSB decided against specifying how much focus it would place on the core activities of connectivity with the IASB, interoperability with other sustainability-related standards and frameworks, and stakeholder engagement, acknowledging that these activities are integral to all the ISSB's work. The ISSB also decided to reserve some capacity to accommodate any emerging issues.

All the ISSB's activities are interrelated, which introduces the potential for important synergies. For example, enhancing the SASB Standards will support high-quality implementation of IFRS S1 and provide a basis of understanding—centred on industry-specific risks and opportunities—to inform thematic research projects. The diagram in Appendix A sets out the balance of activities in the ISSB's 2024–2026 work plan.

## Criteria for assessing the priority of new research projects

In deciding how to prioritise new research projects, the ISSB decided to make no substantive changes to six of the seven criteria proposed in the Request for Information (see page 16). The ISSB decided to modify the criterion on how a proposed project would relate to other projects in the work plan to clarify that the ISSB will also consider the work of other relevant standard-setters to ensure interoperability between standards.

## New research projects

Having considered the stakeholder feedback and its own capacity, the ISSB decided to add to its work plan research projects on the risks and opportunities associated with:

- biodiversity, ecosystems and ecosystem services; and
- human capital.

## Connectivity

Connectivity with the IASB's work and requirements is essential to all the ISSB's current and future work. The ISSB and the IASB coordinate their work and have set up processes:

- to share knowledge, materials and resources;
- to enable connected reporting;
- to ensure that the IASB's and the ISSB's requirements are compatible, complementary and consistent; and
- to ensure projects or activities with sustainability-related considerations are cohesive.

## Stakeholder engagement

The ISSB engages with stakeholders in capital markets from various backgrounds and regions (including the ISSB's advisory bodies and consultative groups) through conferences, project outreach efforts and events such as the IFRS Sustainability Symposium. The ISSB also develops content for meetings with stakeholders, and materials are made available to stakeholders on the IFRS Foundation's website.

The ISSB proactively engages with capital markets to ensure widespread stakeholder feedback on its consultations. The ISSB considers how to broaden and deepen its engagement with stakeholder groups that tend to be under-represented in the standard-setting process, such as stakeholders from emerging markets and developing economies (EMDEs). The ISSB is committed to ensuring that ISSB Standards are proportionate for EMDEs.

## Interoperability

ISSB Standards are designed to deliver a global baseline of sustainability-related financial information that jurisdictions can adopt and build upon as necessary to fulfil additional information needs. Where other sustainability reporting standards and frameworks (including jurisdictional and voluntary) are applied, the ISSB works with the standard-setters and framework providers to ensure ISSB Standards can be effectively implemented by companies. Interoperability enables efficient, cost-effective disclosures and minimises reporting burdens and complexity.

The ISSB will continue this work by engaging with stakeholders, sustainability standard-setters and framework providers (such as EFRAG and GRI) in various ways—for example, via the Jurisdictional Working Group (JWG) and the Sustainability Standards Advisory Forum (SSAF), and by publishing interoperability guidance to support companies in applying IFRS S1 and IFRS S2.

## Proportionality

Although proportionality was not identified as a core activity in the Request for Information, stakeholders emphasised the importance of embedding proportionality and scalability into the ISSB's work to allow for the range of capabilities and preparedness of companies around the world. The ISSB is committed to ensuring that ISSB Standards are proportionate for companies. The ISSB seeks to understand the challenges of preparers in various circumstances and to overcome those challenges by including relevant considerations in its Standards. In current and future work, the ISSB will carefully consider the feasibility of requirements for companies with a range of skills, capabilities and resources around the world and will propose mechanisms to overcome proportionality challenges, to ease the burden of disclosure, to facilitate jurisdictional adoption and to assist companies in applying ISSB Standards.

# 1

## Strategic direction and balance of activities for the ISSB's 2024–2026 work plan

### 🔍 Background

One of the objectives of the agenda consultation was to gather stakeholders' views on the strategic direction and balance of the ISSB's activities. To focus stakeholder feedback, the Request for Information provided an overview of the ISSB's activities, which primarily consist of:

- (a) supporting the implementation of IFRS S1 and IFRS S2;
- (b) researching targeted enhancements to IFRS S1 and IFRS S2;
- (c) enhancing the SASB Standards;
- (d) beginning new research and standard-setting projects;
- (e) ensuring connectivity between the ISSB's and the IASB's requirements;
- (f) ensuring the interoperability of IFRS S1 and IFRS S2 with other sustainability disclosure standards; and
- (g) engaging with stakeholders.

The Request for Information included a description of each activity and explained that activities (a)–(c) are part of the ISSB's *foundational work*, activity (d) relates to *new research and standard-setting* and activities (e)–(g) are the *core activities* essential to all the ISSB's work.

### ❓ Questions for respondents

The ISSB asked stakeholders to provide feedback on the relative priority of each of the three activities included in the foundational work (a)–(c) and the new research and standard-setting projects (d).

The ISSB also asked:

- whether particular types of work should be prioritised within each activity; and
- whether any other activities should be included within the scope of its work.

The Request for Information did not ask for feedback on the relative priority of the core activities (e)–(g).



The ISSB discussed the feedback at its November 2023 meeting (see the [agenda paper](#) for that meeting).



## Supporting the implementation of IFRS S1 and IFRS S2

Objective: Help stakeholders develop an understanding of IFRS S1 and IFRS S2 and enable the delivery of a comprehensive global baseline of sustainability-related financial disclosures.

Feedback	The ISSB's response
<p>Most respondents considered supporting the implementation of IFRS S1 and IFRS S2 to be the highest priority for the ISSB. Of those respondents:</p> <ul style="list-style-type: none"><li>• many said that supporting the implementation of IFRS S1 and IFRS S2 was essential to the successful creation of a global baseline of sustainability-related financial disclosures;</li><li>• many indicated that the effective implementation of IFRS S1 and IFRS S2 was essential to strengthening the credibility of ISSB Standards; and</li><li>• a few indicated that supporting the implementation of IFRS S1 and IFRS S2 should be the ISSB's sole focus for the next two years and stated that a post-implementation review of IFRS S1 and IFRS S2 should inform the ISSB's future research and standard-setting projects.</li></ul> <p>Of the respondents who commented on the types of work the ISSB should prioritise as part of supporting the implementation of IFRS S1 and IFRS S2, some respondents said that the ISSB should develop further educational materials to support companies in providing consistent, comparable and decision-useful information. A few respondents stated that the ISSB should produce materials, including additional illustrative examples, on areas such as materiality assessments, climate-related scenario analysis and financial effects of sustainability-related risks and opportunities.</p>	<p>The ISSB agreed that supporting consistent and high-quality implementation of IFRS S1 and IFRS S2 by companies in jurisdictions around the world should be its highest priority. A primary focus on this activity is essential to creating a global baseline of sustainability-related financial disclosures. The ISSB decided to assign a high level of focus to this activity.</p> <p>In particular, the ISSB will:</p> <ul style="list-style-type: none"><li>• develop and enhance educational materials that explain the core concepts underpinning IFRS S1 and IFRS S2;</li><li>• convene the Transition Implementation Group (TIG) to discuss companies' questions related to implementing IFRS S1 and IFRS S2;</li><li>• monitor the progress of relevant standard-setters and framework providers to assess potential implications for IFRS S1 and IFRS S2;</li><li>• support the IFRS Foundation's comprehensive capacity-building programme; and</li><li>• support companies in using the IFRS Sustainability Disclosure Taxonomy to enhance efficient digital consumption and comparison of reports.</li></ul>

## Enhancing the SASB Standards

Objective: Support disclosures on a range of sustainability-related subject matters relevant to investors—beyond climate-related matters—in accordance with IFRS S1.

Feedback	The ISSB's response
<p>Of the respondents who ranked enhancing the SASB Standards as a higher priority activity, many said that providing industry-based disclosures is critical for meeting investors' information needs and that the quality of industry-based disclosures provided in accordance with IFRS S1 and IFRS S2 relies on the quality of the SASB Standards.</p> <p>Of the respondents who ranked this activity as a lower priority, some stated that continued work on the SASB Standards or the industry-based approach was important, even if not the highest priority for the ISSB. Conversely, a few respondents stated that the ISSB should not dedicate resources to enhancing the SASB Standards or that it should wait and monitor their use in the market before making any changes.</p> <p>Of the respondents who commented on the types of work the ISSB should prioritise as part of enhancing the SASB Standards, many stated that enhancing the SASB Standards or developing industry-based disclosure requirements would support the ISSB's other priorities, such as supporting the implementation of IFRS S1 and IFRS S2, as well as the proposed projects on sustainability-related risks and opportunities beyond climate.</p> <p>Some respondents identified specific themes, industries, disclosure topics and metrics to be improved in the SASB Standards, such as matters related to human capital, human rights, climate (including disclosure topics and metrics within the <i>Industry-based Guidance on implementing Climate-related Disclosures</i> accompanying IFRS S2), nature and/or biodiversity, as well as other matters specific to the finance sector.</p> <p>A few respondents suggested that, with the completion of the ISSB's project on the International Applicability of the SASB Standards, the ISSB should review and evaluate the entire body of SASB Standards.</p>	<p>The industry-specific SASB Standards play an important role in both IFRS S1 and IFRS S2. A company applying IFRS S1 is required to refer to the SASB Standards in identifying sustainability-related risks and opportunities and associated disclosures, and the SASB Standards are the foundation for the industry-based guidance included in IFRS S2. The ISSB recognises that maintaining and enhancing the SASB Standards is essential to support the implementation of IFRS S1 and IFRS S2 and to ensure that the SASB Standards continue to be relevant and fit for use by a global audience. The ISSB decided to assign a high but slightly lower level of focus to enhancing the SASB Standards as compared to supporting the implementation of IFRS S1 and IFRS S2.</p> <p>By enhancing and maintaining the SASB Standards, the ISSB will support companies applying IFRS S1 in disclosing information on a range of sustainability-related matters relevant to investors—beyond climate-related matters. The SASB Standards are designed to be proportionate for companies and enable them to make industry-specific disclosures that provide decision-useful information for investors across a range of sustainability-related risks and opportunities.</p>

## Beginning new research projects

Objective: Research the risks and opportunities associated with sustainability-related matters and, if appropriate, develop new disclosure requirements.

### Feedback

Many respondents said the ISSB should rank beginning new research projects as a high priority because it is important to develop ISSB Standards on a range of matters beyond climate change to achieve a global baseline of sustainability-related financial disclosures.

Other respondents said the ISSB should rank this activity as a low priority because:

- the ISSB should focus initially on supporting the successful global adoption and implementation of IFRS S1 and IFRS S2; and
- the ISSB should allow enough time for companies and jurisdictions to adopt and implement IFRS S1 and IFRS S2 before it develops and issues further sustainability-related disclosure requirements.

Of the respondents who commented on the types of work the ISSB should prioritise as part of beginning new research and standard-setting, many suggested the ISSB should leverage and build on the work of other jurisdictional and voluntary sustainability standard-setters and framework providers, including EFRAG, GRI and the TNFD. A few noted that, in pursuing new research and standard-setting projects, the ISSB could take the opportunity to further integrate the IFRS Foundation's existing resources, such as the Integrated Reporting (<IR>) Framework, the SASB Standards and the Climate Disclosure Standards Board (CDSB) Framework application guidance.

### The ISSB's response

The ISSB recognises the importance of beginning new research projects to enhancing the global baseline of sustainability-related financial disclosures. The ISSB also acknowledges the feedback, especially from investors, that the successful implementation of IFRS S1 and IFRS S2 is critical to creating the global baseline and could take precedence over beginning new research projects. However, IFRS S1 requires companies to report on matters beyond climate with reference to materials such as the SASB Standards. Therefore, new research on sustainability-related matters might support the implementation of IFRS S1. Research on industry-specific considerations might also inform enhancements to the SASB Standards.

Accordingly, the ISSB decided to assign a high but slightly lower level of focus to beginning new research projects as compared to supporting the implementation of IFRS S1 and IFRS S2. Pages 21–23 describe the new research projects the ISSB decided to add to its 2024–2026 work plan.

## Ensuring connectivity between the ISSB's and the IASB's requirements

Objective: Facilitate the delivery of coherent and comprehensive general purpose financial reports that include sustainability-related financial information and financial statements.

Feedback	The ISSB's response
<p>Although the Request for Information did not seek feedback on the ISSB's core activities, some respondents provided feedback on connectivity, including connectivity in processes, connectivity between the ISSB's and the IASB's requirements and connectivity between sustainability-related financial disclosures and financial statements. These respondents emphasised the importance of connectivity in providing decision-useful information to investors and encouraged the ISSB and the IASB to collaborate.</p> <p>Some respondents also expressed a range of views on the relationship between connectivity and integration in reporting. Respondents' views on that relationship influenced their opinion on whether and how a project on integration in reporting should be pursued relative to advancing and supporting connectivity in reporting. Nonetheless, all these respondents were in favour of connectivity.</p>	<p>The ISSB decided against specifying how much focus it would place on this activity, acknowledging that it is 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 financial disclosures to meet the needs of investors.</p> <p>Connectivity between the ISSB and IASB is embedded in the IFRS Foundation's <i>Constitution</i> and underpins the work of the boards. The IFRS Foundation aims to facilitate the provision of high-quality, transparent and comparable information in financial statements and in sustainability disclosures that is useful to investors and other participants in the world's capital markets. For information to be comparable it must be connected across general purpose financial reports. It is essential that IFRS Accounting Standards and IFRS Sustainability Disclosure Standards work well together to ensure that preparers using both sets of Standards are able to do so effectively and also to ensure that the package of information that includes financial statements and sustainability-related financial disclosures is cohesive and meets investors' information needs.</p> <p>In January 2024 the ISSB and the IASB met for their inaugural joint IASB–ISSB meeting to discuss feedback on the Request for Information. The boards discussed stakeholder feedback on connectivity and on a project on integration in reporting.</p>

## Ensuring interoperability of IFRS S1 and IFRS S2 with other sustainability disclosure standards

Objective: Facilitate the delivery of a global baseline of sustainability-related financial disclosures that are interoperable with sustainability-related disclosures required by other jurisdictional and voluntary initiatives.

Feedback	The ISSB's response
<p>Although the Request for Information did not seek feedback on the ISSB's core activities, many respondents requested that the ISSB ensure its Standards are interoperable with other sustainability disclosure standards. These respondents emphasised the importance of the ISSB working collaboratively with and considering the materials of other jurisdictional and voluntary sustainability standard-setters and framework providers.</p> <p>Of the respondents who commented on interoperability, many referenced the work of EFRAG, some referenced the work of GRI, and a few referenced the work of the TNFD, the US Securities and Exchange Commission and other organisations.</p> <p>Some respondents commented on the importance of working with other jurisdictional and voluntary sustainability standard-setters and framework providers in supporting the implementation of IFRS S1 and IFRS S2, advancing research and standard-setting on new matters, and integrating and building on the work of other organisations to ensure that ISSB Standards are interoperable with other standards and frameworks.</p>	<p>The ISSB decided against specifying how much focus it would place on this activity, acknowledging that it is 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 financial disclosures to meet the needs of investors.</p> <p>Interoperability is vital to ensuring the efficiency of sustainability reporting in accordance with ISSB Standards and other sustainability standards and frameworks. It is important that the ISSB seeks opportunities to coordinate with other jurisdictional and voluntary sustainability standard-setters and framework providers in their industry- and sector-based work, including EFRAG and GRI, to the extent that it meets the needs of the capital markets. For example, the ISSB is collaborating with GRI in accordance with a memorandum of understanding signed in 2022, in which the two organisations agreed to coordinate work programmes and standard-setting activities. In January 2024 the ISSB and GRI published an interoperability resource: <a href="#">Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards</a>.</p> <p>In May 2024 the ISSB and EFRAG published an interoperability resource describing how their disclosure requirements are aligned and providing the information a company needs to ensure it complies with the climate-related requirements in both sets of standards: <a href="#">ESRS-ISSB Standards—Interoperability Guidance</a>.</p>

## Engaging with stakeholders

Objective: Promote the global use of IFRS S1 and IFRS S2 and gather perspectives to be considered in developing high-quality sustainability-related reporting requirements.

Feedback	The ISSB's response
<p>Although the Request for Information did not seek feedback on the ISSB's core activities, a few respondents emphasised the importance of stakeholder engagement. These respondents encouraged the ISSB to engage with a diverse range of stakeholders and jurisdictions, including emerging economies, as it progresses its activities and projects.</p>	<p>The ISSB decided against specifying how much focus it would place on this activity, acknowledging that it is 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 financial disclosures to meet the needs of investors.</p> <p>The ISSB regularly engages with diverse stakeholders to promote the global use of the ISSB Standards and to gather perspectives to be considered in developing high-quality sustainability-related reporting requirements. The ISSB will engage stakeholders via:</p> <ul style="list-style-type: none"><li>• coordination with:<ul style="list-style-type: none"><li>○ the Integrated Reporting and Connectivity Council (IRCC) to discuss integration in reporting between the IASB and the ISSB;</li><li>○ the IFRS Advisory Council to discuss strategic considerations related to ISSB activities; and</li></ul></li><li>• consultative bodies, such as:<ul style="list-style-type: none"><li>○ the Transition Implementation Group (TIG) to discuss companies' questions related to implementing IFRS S1 and IFRS S2;</li><li>○ the ISSB Investor Advisory Group (IIAG) to ensure that the investor perspective is articulated clearly and is considered in the standard-setting process;</li><li>○ the Jurisdictional Working Group (JWG) and Sustainability Standards Advisory Forum (SSAF) to discuss jurisdictional initiatives on sustainability disclosures;</li><li>○ the IFRS Taxonomy Consultative Group (ITCG) to ensure the IFRS Sustainability Disclosure Taxonomy meets expected market standards and best practices;</li><li>○ the Sustainability Consultative Committee (SCC) to discuss priority sustainability matters and related methodologies, as well as significant interdependencies between sustainability matters;</li><li>○ the Sustainability Reference Group (SRG) to provide technical input on projects; and</li></ul></li><li>• engagement efforts, such as:<ul style="list-style-type: none"><li>○ events such as conferences, roundtables and the IFRS Sustainability Symposium; and</li><li>○ resources such as the ISSB <i>Updates</i>, the IFRS Foundation podcast and the knowledge hub.</li></ul></li></ul>

## Researching targeted enhancements to IFRS S1 and IFRS S2

Objective: Help to improve disclosures made in accordance with IFRS S1 and IFRS S2.

Feedback	The ISSB's response
<p>Of the respondents that ranked researching targeted enhancements to IFRS S1 and IFRS S2 as a higher priority, many stated that guidance on disclosure of nature and social aspects of climate-related risks and opportunities, such as exploring location-, value chain- and industry-based aspects of those risks and opportunities, alongside associated metrics, would help companies to implement IFRS S1 and IFRS S2.</p> <p>Of the respondents that ranked this activity as a lower priority, most interpreted this activity as research that could result in amendments to IFRS S1 and IFRS S2 and stated it would be premature to amend the recently issued Standards. Many respondents suggested that, before considering enhancements to IFRS S1 and IFRS S2, the ISSB first allow time for jurisdictions and companies to adopt, implement and apply the Standards.</p> <p>Of the respondents who commented on the types of work the ISSB should prioritise as part of this activity, some were in favour of developing educational materials on nature and social aspects of climate-related risks and opportunities—specifically materials related to disclosure about the just transition to a lower-carbon economy.</p>	<p>At its July 2023 meeting the ISSB clarified that this activity is focused on developing educational materials that explain how to consider nature and social aspects of climate-related risks and opportunities in applying IFRS S2. Researching potential amendments or updates to IFRS S1 and IFRS S2 is not within the scope of the activity.</p> <p>Having published <a href="#">Educational materials—Nature and social aspects of climate-related risks and opportunities</a> in December 2023, the ISSB decided the work within this activity's scope had largely been completed and it was unnecessary to include the activity in its work plan.</p>

# 2

## Criteria for assessing the priority of proposed projects

### 🔍 Background

The ISSB evaluates projects primarily by assessing the likelihood that a particular project would enable ISSB Standards to better meet investors' information needs, while also taking into account whether the likely benefits would outweigh the likely costs involved for preparers in preparing information related to the matter(s).

The Request for Information proposed seven criteria to assist the ISSB in deciding whether to add a project to its work plan:

- (a) the importance of the matter to investors;
- (b) whether there are any deficiencies in the way companies disclose information on the matter;
- (c) 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;
- (d) how pervasive or acute the matter is likely to be for companies;
- (e) how the proposed project interconnects with other projects in the work plan;
- (f) the complexity and feasibility of the proposed project and its solutions; and
- (g) the capacity of the ISSB and its stakeholders to progress the project in a timely way.

### ❓ Questions for respondents

The ISSB asked stakeholders whether it:

- has identified the appropriate criteria; and
- should consider any other criteria.



The ISSB discussed the criteria at its February 2024 meeting (see the [agenda paper](#) for that meeting).



## Criteria for assessing the priority of proposed projects

Feedback	The ISSB's response
<p>Most respondents who commented on this matter agreed that the criteria identified by the ISSB were appropriate. Respondents said the criteria are comprehensive and well balanced because they cover various perspectives—considerations regarding a sustainability-related matter, its importance to investors and its relevance to companies, as well as feasibility and potential synergies of the project for the ISSB.</p> <p>A few respondents asked the ISSB to clarify how it applies the criteria or proposed amendments or additions to the criteria. These respondents said criteria should include considerations related to interoperability, differing concepts of materiality, global applicability and connectivity to the IASB's work plan.</p>	<p>At its February 2024 meeting the ISSB decided:</p> <ul style="list-style-type: none"><li>• to make no substantive changes to six of the seven criteria proposed in the Request for Information.</li><li>• to change the criterion on how the proposed project relates to other projects to make it explicit that the ISSB will consider the work of other relevant standard-setters. This change was made to ensure the ISSB considers opportunities to pursue or enhance interoperability in assessing projects.</li></ul> <p>The ISSB noted that all the criteria would be considered in determining the priority of projects and no criteria would be prioritised in assessing the projects. See pages 21–25 for the ISSB's application of the criteria in assessing proposed projects.</p>

# 3

## New research projects to be added to the ISSB’s 2024–2026 work plan

### 🔍 Background

One of the objectives of the Request for Information was to gather stakeholders’ views on which new research projects the ISSB should add to its 2024–2026 work plan.

To help stakeholders provide feedback, Appendix A to the Request for Information set out a prioritised list of sustainability-related reporting matters that the ISSB could research as part of its new work plan. These matters were identified as potential areas to focus on through research and outreach.

### 💡 Proposed projects described in the Request for Information

- Projects on risks and opportunities associated with:
  - [biodiversity, ecosystems and ecosystem services](#);
  - [human capital](#); and
  - [human rights](#).
- A project on [integration in reporting](#).

### ❓ Questions for respondents

The ISSB asked stakeholders:

- whether it should prioritise a single project in a concentrated effort to make significant progress on that project or whether it should work on more than one project to make incremental progress in several areas;
- what priority level—high, medium or low—to assign to each of the proposed projects described; and
- whether it should add other projects to its work plan.



The ISSB discussed the projects at its April 2024 meeting (see the [agenda paper](#) for that meeting).



### This section discusses:

- capacity indicators (page 19);
- feedback from respondents on prioritisation of the projects (page 19);
- the ISSB’s approach to its prioritisation of projects (page 20); and
- the ISSB’s response to feedback (pages 21–25).

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## Capacity indicators

All the proposed new sustainability-related research projects described in Appendix A to the Request for Information are expected to be large projects. It is unlikely the ISSB will have capacity to deliver ISSB Standards or even significantly advance all of the proposed projects as part of the two-year work plan. Each project is expected to require extensive research and analysis to reach a view on the necessity and feasibility of standard-setting.

The ISSB has limited capacity to take on new projects because some of its capacity is reserved for:

- supporting the implementation of IFRS S1 and IFRS S2 (see page 9); and
- enhancing the SASB Standards (see page 10).

The ISSB considered other capacity issues including:

- the ISSB's lack of prior comparable experience on which to base estimates of the capacity requirements for its activities;
- the effect of a project's scope on speed of progress; and
- the need to reserve capacity to accommodate emerging issues.

Consultation with stakeholders is also fundamental to the ISSB's work and, therefore, stakeholders' capacity to engage in projects is also an important consideration.

## Feedback from respondents on prioritisation of the proposed projects

Given that all the proposed projects are expected to be large projects, the Request for Information sought feedback about how the ISSB should allocate its resources. In particular, it asked whether the ISSB should prioritise a single project in a concentrated effort to make significant progress on that project, or whether it should work on more than one project and make incremental progress on each.

Almost all respondents provided feedback, with a small majority recommending the ISSB work on more than one project and the rest recommending the ISSB work on a single project. Some respondents emphasised the need to quickly advance several projects to further the establishment of the global baseline of sustainability-related financial disclosures on a range of sustainability matters. Others suggested the ISSB progress its work more slowly or intentionally, citing the ISSB's limited capacity and the need to allow enough time for companies to implement IFRS S1 and IFRS S2.

Respondents had mixed views on the project or set of projects the ISSB should prioritise. Most respondents supported the ISSB prioritising at least one of the proposed projects identified in Appendix A to the Request for Information, but views on the relative priority of each project were mixed. A few respondents suggested revisions to the scope of some of the proposed projects. A few respondents recommended the ISSB pursue projects that were not listed as proposed projects in the Request for Information (see Appendix B).

Pages 21–25 summarise the feedback on the proposed projects described in Appendix A to the Request for Information.

Appendix B lists all the broadly defined sustainability-related matters that the ISSB considered for inclusion in the Request for Information and projects suggested by respondents to the Request for Information.

The ISSB discussed the feedback on proposed projects at its November 2023 meeting (see the [agenda paper](#) for that meeting) and its December 2023 meeting (see the [agenda paper](#) for that meeting).

How the ISSB prioritised proposed projects	The ISSB's response
<p>The ISSB assessed the priority of proposed projects based on the seven criteria it agreed on at its February 2024 meeting and on feedback from respondents on these projects (see pages 16–17).</p>	<p>The ISSB decided to add to its work plan research projects on risks and opportunities associated with:</p> <ul style="list-style-type: none"><li>• biodiversity, ecosystems and ecosystem services (pages 21–22); and</li><li>• human capital (pages 22–23).</li></ul> <p>The ISSB decided not to add to its work plan:</p> <ul style="list-style-type: none"><li>• a research project on risks and opportunities associated with human rights (page 24);</li><li>• a research project on integration in reporting (page 25); or</li><li>• other research projects suggested by respondents to the Request for Information (Appendix B).</li></ul>

## Research projects added to the ISSB's work plan

The proposed research projects cover a variety of matters. A company applying IFRS S1 is already required to disclose its sustainability-related risks and opportunities associated with those matters. ISSB Standards do not include specific disclosure requirements for those matters—instead, IFRS S1 refers companies to materials with guidance or requirements that can be used as a basis for appropriate disclosures. These materials include the SASB Standards, industry practice and, subject to the resultant disclosures meeting the objectives of IFRS S1, the ESRS and GRI Standards. The aim of a research project is to explore the feasibility and necessity of developing ISSB requirements related to particular sustainability-related matters, taking into account investors' information needs and the likely costs for companies of preparing such information.



### Biodiversity, ecosystems and ecosystem services

The ISSB added to its work plan a research project to explore information about sustainability-related risks and opportunities associated with biodiversity, ecosystems and ecosystem services (BEES).

Biodiversity, ecosystems and ecosystem services are intrinsically linked. Biodiversity is a foundational characteristic of natural systems, and it is a proxy for functional, productive and resilient ecosystems that are able to provide the ecosystem services upon which life on earth relies. Many economic activities depend on or otherwise affect BEES. Therefore, efforts to preserve, conserve and restore BEES can help manage risks or give rise to opportunities for companies. These risks and opportunities can reasonably be expected to affect a company's prospects as described in IFRS S1 and might result in material information for investors.

#### How the ISSB has applied the criteria

Feedback from respondents indicates that investors have significant and growing interest in improved disclosure from companies about their risks and opportunities related to BEES. Investors are increasingly integrating BEES-related considerations into their investment processes and decisions, and have said they need more consistent, comparable and verifiable information about companies' exposure and

responses to BEES-related risks and opportunities. Investors also acknowledge that BEES is a relatively nascent area of focus for measurement, management and disclosure.

Respondents indicated that companies' disclosures of information on their BEES-related risks and opportunities have significant deficiencies. These deficiencies primarily relate to the quality and availability of information—for example, the information companies provide is sometimes inconsistent or difficult to compare or their measurement and disclosure practices are underdeveloped. Risks and opportunities associated with BEES are likely to affect companies globally, but the effects will vary across business models, industries and jurisdictions given the regulatory context and the type and state of natural resources on which a company depends. Feedback from respondents suggested that BEES-related risks and opportunities are considered pervasive and acute for many companies and are expected to grow more so over time. A company's exposure to and management of BEES-related risks and opportunities is increasingly likely to influence its cash flows, access to finance or cost of capital.

## Research projects added to the ISSB's work plan *continued ...*

The project on BEES-related risks and opportunities could potentially intersect with:

- (a) supporting the implementation of IFRS S1 and IFRS S2—building on the requirements for a company applying IFRS S1 to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect its prospects, and the requirements for a company applying IFRS S2 to disclose information about climate-related risks and opportunities, including those with nature-related aspects.
- (b) enhancing the SASB Standards—many of the SASB Standards include BEES-related disclosure topics and associated metrics covering, for example, water and wastewater management, ecological impacts, materials sourcing, product design and life cycle management. Disclosures in accordance with these SASB topics and metrics could be relevant to and inform this research project, and research on sustainability-related risks and opportunities related to BEES could inform enhancements to the SASB Standards.

The project could also intersect with the work of other standard-setters and framework providers. The ISSB could use legacy materials such as the SASB Standards and the CDSB Framework application guidance for water and biodiversity disclosures and consider the relevant work of other standard-setters and framework providers—in particular, the TNFD, GRI and EFRAG—to identify relevant disclosures to include within the scope of its work, to foster interoperability and to avoid duplicative work for those preparing sustainability disclosures.



### Human capital

The ISSB added to its work plan a research project to explore information about sustainability-related risks and opportunities associated with human capital.

Human capital refers to the people who make up a company's own workforce and workers in the company's value chain. Consistent with the <IR> Framework, human capital also refers to the workforce and workers' competencies, capabilities and experience, and motivations to innovate. How a company manages and invests in its human capital can directly affect its ability to deliver value over the long term. Human capital management includes such issues as workforce composition; workforce stability; diversity and inclusion; training and development;

health, safety and wellbeing; and compensation. Because all companies have employees, many aspects of human capital management are relevant to all companies, but the ways human capital affects value might vary. For example, research indicates that, depending on a company's business model, a diverse workforce might enhance its ability to attract and retain talent; to effectively design, market and deliver products and services; to strengthen community relations; to innovate; or to identify risks.

### How the ISSB has applied the criteria

Feedback from respondents indicates strong support among investors for the proposed project on human capital-related risks and opportunities. Investors of all types and throughout many jurisdictions are increasingly focused on human capital as a major source of value for every company. As investors integrate human capital-related considerations into their investment processes and decision making, they seek more consistent, comparable and verifiable disclosure to help them carry out risk-and-return assessments in a rapidly changing labour market. Developments in telecommunications, automation, artificial intelligence, demographics, education and employee expectations have all led to structural changes in the labour market. Increasing regulatory and public scrutiny on workforce management also presents risks to investors, including risks that may arise in the value chain of a portfolio company.

## Research projects added to the ISSB's work plan *continued ...*

Respondents indicated that companies' disclosures of information on their human capital-related risks and opportunities have significant deficiencies. Companies often disclose human capital-related information using qualitative boilerplate statements or disclose quantitative information using non-standardised metrics or bespoke measurement methodologies, resulting in disclosures that are not comparable or decision-useful for investors. Respondents in various jurisdictions, including investors, stated that an internationally accepted standard or set of standards that meets the needs of investors for information about human capital is necessary. Some human capital-related risks and opportunities—and, accordingly, the channels through which a company's prospects might be exposed—are likely to vary considerably by business model and, in some cases, by jurisdiction due to varying reliance on human capital as a source of value and employee legal protections. Some risks and opportunities associated with human rights (see page 24)—specifically those that relate to a company's workforce and to workers in its value chain—are inherently linked to risks and opportunities associated with human capital, which the ISSB could effectively capture in the scope of this project.

The project on human capital-related risks and opportunities could potentially intersect with:

- (a) supporting the implementation of IFRS S1 and IFRS S2—building on the requirements for a company applying IFRS S1 to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect its prospects, and the requirements for a company applying IFRS S2 to disclose information about climate-related risks and opportunities, including those with social aspects.
- (b) enhancing the SASB Standards—many of the SASB Standards include human capital-related disclosure topics and associated metrics covering, for example, employee health and safety, employee engagement, diversity and inclusion, and labour practices. Disclosures in accordance with these SASB topics and metrics could be relevant to and inform this research project, and research on sustainability-related risks and opportunities related to human capital could inform enhancements to the SASB Standards.

The project could also intersect with the work of other standard-setters and framework providers. The ISSB could use legacy materials such as the SASB Standards, the <IR> Framework and CDSB Framework and consider the relevant work of other standard-setters and framework providers—in particular, GRI, EFRAG, the International Labour Organization and the US Securities and Exchange Commission—to identify relevant disclosures to include within the scope of its work, to foster interoperability and to avoid duplicative work for those preparing sustainability disclosures. The ISSB might consider opportunities for connectivity between any future work on human capital-related risks and opportunities and any future work related to the IASB's [Intangible Assets project](#).

## Research projects not added to the ISSB’s work plan

At its April 2024 meeting the ISSB decided not to add to its work plan research projects on:

- risks and opportunities associated with human rights; or
- integration in reporting.

Human rights-related risks and opportunities and integration in reporting are important matters. The ISSB’s decision not to add these proposed projects to its work plan is not intended to suggest otherwise, but it is necessary for the ISSB to prioritise its activities to facilitate effective delivery of its work. Some aspects of sustainability-related risks and opportunities that are relevant to human rights will be included in the scope of the ISSB’s project on human capital. The ISSB will also monitor these and other areas of work to consider whether to include these projects in a future agenda consultation.



### Human rights

Several human rights-related issues have the potential to contribute to sustainability-related risks and opportunities for companies and their investors. For example, if a company or a supplier in its value chain does not respect workers’ rights (such as by paying below a living wage, employing children, using forced or bonded labour, or restricting workers’ freedom of association), the company’s ability to generate cash flows and reputation could be damaged; it could be fined; and its licence to operate could be undermined. Indigenous peoples’ rights and community rights—such as water or land rights—as well as the rights of customers and people affected by end use (for example, through issues related to data privacy and product health and safety) can all present risks to companies. Some of these issues overlap with other social- or nature-related matters, such as human capital (for example, labour wages), climate change (for example, international agreements to pursue a just transition to a lower-carbon economy) or pollution (for example, the health effects of hazardous substances or toxic waste).

Feedback from respondents indicated that companies’ disclosures of information on their human rights-related risks and opportunities have significant deficiencies, such as lack of comparability or unclear links to a company’s prospects. Investors have also suggested that companies tend to focus primarily on their own operations in their disclosures and are deficient in disclosing information on human rights-related risks and opportunities that arise in their value chain or that are inherent to their business model.

Although the ISSB is not adding a standalone project on human rights-related risks and opportunities to its work plan, it will have the opportunity to consider this matter in its work on human capital-related risks and opportunities and on enhancing the SASB Standards. This approach will address investors’ needs for information on risks and opportunities relating to a company’s own workforce and to workers in the company’s value chain that could reasonably be expected to affect the company’s prospects. The ISSB observed that many human rights-related risks and opportunities associated with affected communities and consumers or end users tend to be industry-specific in nature and, therefore, might be addressed through the ISSB’s work to enhance the SASB Standards.



## Research projects not added to the ISSB’s work plan *continued ...*

### Integration in reporting

The ISSB has made substantial progress in facilitating connectivity between sustainability-related financial disclosures and financial statements by including concepts from the <IR> Framework in IFRS S1 and requirements for ‘connected information’ in IFRS S1 and IFRS S2. IFRS S1 and IFRS S2 require a company to provide information about how its prospects are reasonably expected to be affected by sustainability-related risks and opportunities. The company is required to provide this information with its financial statements and within its general purpose financial report. Integration in reporting would take the concept of connectivity a step further to ensure that connections between financial and sustainability performance are explicitly, efficiently and effectively communicated in a manner that is easily understood by a company’s investors. A more cohesive and efficient approach to corporate reporting would improve the quality of information available to investors to enable them to allocate resources more efficiently. A project on integration in reporting could develop guidance on how companies might bring sustainability-related financial information together with other qualitative and quantitative financial information.

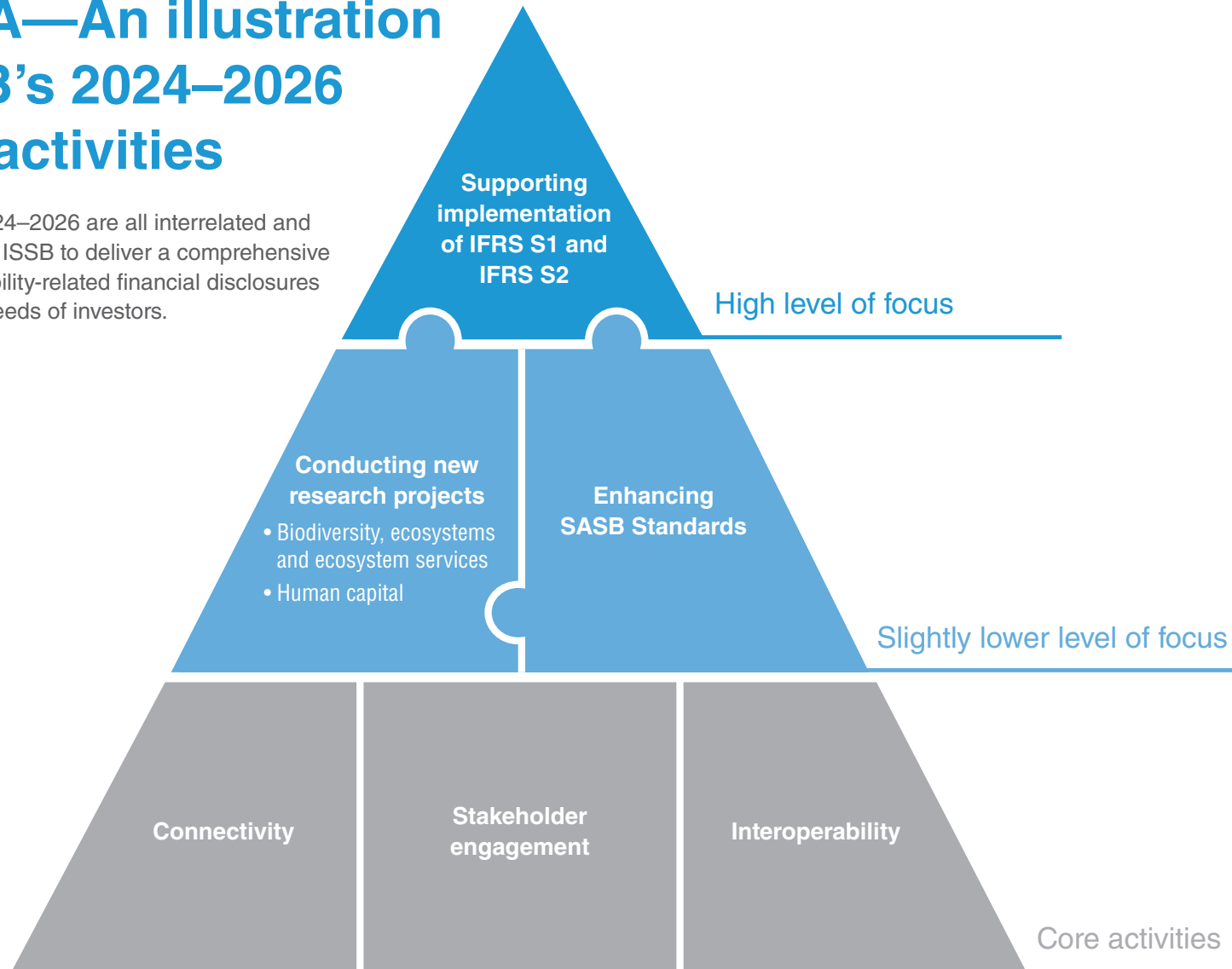
Feedback from respondents indicated that although integration in reporting is important to many stakeholders, it is not a matter of priority for most investors. Approximately half the respondents to the Request for Information, including approximately two-thirds of investors:

- (a) said a project on integration in reporting should be a lower priority for the ISSB’s next two-year work plan; or
- (b) made no comment on integration in reporting and asked the ISSB to focus on other activities—such as foundational activities or sustainability-related matters—in its two-year work plan.

Although the project on integration in reporting might not be a greater near-term priority than work on sustainability-related matters (particularly for investors), the ISSB noted that it could continue to build on the significant accomplishments of IFRS S1 and IFRS S2 in providing connections in information between sustainability-related financial disclosures and financial statements. Furthermore, the [<IR> Framework](#) is currently available for companies to use. Although it is not a substitute for a project on integration in reporting, companies can use this resource to drive high-quality corporate reporting. The ISSB has reiterated its support for the continued use and adoption of the <IR> Framework.

# Appendix A—An illustration of the ISSB’s 2024–2026 work plan activities

The ISSB’s activities for 2024–2026 are all interrelated and work together to enable the ISSB to deliver a comprehensive global baseline of sustainability-related financial disclosures that meet the information needs of investors.



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## Appendix B—Other suggestions for projects

This Appendix includes:

- all the broadly defined sustainability-related matters that the ISSB considered for inclusion in the Request for Information; and
- additional projects suggested by respondents to the Request for Information.

### Other projects considered by the ISSB (in alphabetical order)

- Circular economy, materials sourcing and value chains
- Corporate governance
- Cybersecurity, data security and customer privacy
- Economic inequality
- Emerging technologies (including artificial intelligence)
- Humane treatment of animals
- Indigenous rights
- Just transition
- Plastics
- Transition planning
- Water and marine resources

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## Important information

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