

August 31, 2023

IFRS Foundation
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Canary Wharf
London E14 4HD, United Kingdom

RE: Rfi, Consultation on Agenda Priorities

Dear Colleagues,

The Saudi Organization for Chartered and Professional Accountants (SOCPA) appreciates the efforts of the ISSB and welcomes the opportunity to comment on its Rfi, *Consultation on Agenda Priorities*.

Our detailed comments on the questions raised in the Rfi are attached in the appendix to this letter.

Please feel free to contact Dr. Abdulrahman Alrazeen at (razeena@socpa.org.sa) for any clarification or further information.

Sincerely,

Dr. Ahmad Almeghames

SOCPA Chief Executive Officer



Appendix: Comments on Rfi, Consultation on Agenda Priorities

Question 1 — Strategic direction and balance of the ISSB’s activities

Paragraphs 18–22 and Table 1 of the Request for Information provide an overview of activities within the scope of the ISSB’s work.

- (a) From highest to lowest priority, how would you rank the following activities? Please drag and drop to rank, where 1 is the highest priority and 4 is the lowest priority.

- _____ beginning new research and standard-setting projects
 _____ supporting the implementation of ISSB Standards (IFRS S1 and IFRS S2)
 _____ researching targeted enhancements to the ISSB Standards
 _____ 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.

- Yes
- No

Optional: please explain _____

SOCPA Comments:

- (a) Highest to the lowest priority
1. supporting the implementation of ISSB Standards (IFRS S1 and IFRS S2)
 2. researching targeted enhancements to the ISSB Standards
 3. beginning new research and standard-setting projects
 4. enhancing the Sustainability Accounting Standards Board (SASB) Standards
- (b) While IFRS S1 and S2 would be easier for entities to implement in jurisdictions in which sustainability reporting had already commenced prior to issue of IFRS S1 and S2, many jurisdictions are still contemplating on how best to move forward. Each of these standards imposes many requirements and implementation of these standards can be challenging to not only preparers but also regulators. Each of the local regulators would also have the onus of providing implementation support, which could be quite challenging. Therefore, SOCPA believes the ISSB initially should focus on providing implementation support relating to IFRS S1 and S2.

Subsequent to this the ISSB could focus on researching targeted enhancements to the ISSB Standards. SOCPA appreciates that as a part of this the ISSB would focus on application of IFRS

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S2, by providing guidance for the disclosure of climate-adjacent risks and opportunities related to nature and the 'just transition' to a lower-carbon economy. However, we believe the targeted enhancements should overall focus on primarily simplifying the current requirements and discontinuing requirements that would be identified, based on experience, to be of little or of no value to users of financial statements.

Some of the areas identified by the ISSB as new research and standard-setting projects are covered by the SASB standards currently. SOCPA believes that item 3 and 4 in the above order of priority given in answer to question 1 (a) should be considered together. Please note our concerns relating to the IASB project on "enhancing the international applicability of SASB standards". Our comments stated that by constraining revisions to the limited objectives identified in the "enhancing the international applicability of SASB standards" project, the methodology chosen focuses on procedural revisions and avoids any substantive revisions of the SASB Standards original content. Therefore, as stated in those comments, SOCPA believes the SASB Standards should be replaced by industry-based disclosure requirements within the IFRS Sustainability Disclosure Standards. This would enhance the value and acceptance of IFRS Sustainability Disclosure Standards.

- (c) No. The inclusion of too many activities would overwhelm not only preparers of financial statements but also users of financial statements in many jurisdictions. SOCPA believes sustainability reporting needs to mature before additional activities can be added to ISSB's scope of work.

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

Paragraphs 23–26 of the Request for Information discuss the criteria the ISSB proposes to use when prioritising sustainability-related reporting issues that could be added to its work plan.

- (a) Do you think the ISSB has identified the appropriate criteria? Please explain your response.

- Yes
- No

Optional: please explain _____

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

- Yes
- No

Optional: please explain _____

SOCPA Comments:

- (a) Yes. SOCPA agrees the ISSB has identified the appropriate criteria. However, SOCPA believes that any potential project that is to be added to the work plan should commence with a simplified version of the requirements which can then be scaled up. This will ensure the standards are accepted worldwide in all jurisdictions and also would be cost effective for entities to apply. SOCPA would like to reiterate as we have done in all our comments relating to sustainability reporting standards – not all entities and jurisdictions will have the required expertise to apply the standards as some of the requirements are extremely complex. Therefore, if the ISSB standards are to be accepted worldwide preparers and users should not be overwhelmed with too many requirements.
- (b) Other than our comments in response to question 2 (a) above, SOCPA does not have any other comments.

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

Paragraphs 27–38 of the Request for Information provide an overview of the ISSB’s approach to identifying sustainability-related research and standard-setting projects. Appendix A describes each of the proposed projects that could be added to the ISSB’s work plan.

- (a) Taking into account the ISSB’s limited capacity for new projects in its new two-year work plan, should the ISSB prioritise a single project in a concentrated effort to make significant progress on that, or should the ISSB work on more than one project and make more incremental progress on each of them?

- Single project
- More than one project

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

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

Optional: please explain _____

- (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). Please explain your response.

- Biodiversity, ecosystems and ecosystem services
- Human capital
- Human rights
- Integration in reporting

- Other—please explain

Optional: please explain _____

SOCPA Comments:

- (i) SOCPA believes not only as a result of ISSB’s limited capacity but as highlighted elsewhere in our responses in order not to overwhelm preparers as well as users, only a single project should be added to the ISSB’s two-year work plan. This should be integration in reporting.
- Considering the existing requirements that link sustainability reporting to financial reporting, directing efforts towards integration in reporting is likely to yield substantial benefits and promote wider and more successful adoption of the IFRS sustainability disclosure standards. Enhancing the structured presentation of information to gain deeper insights into relationships, particularly in connection with financial statements, is of utmost importance and should be thoroughly assessed for each standard. Currently, users of financial statements express concerns about the lack of information connectivity between sustainability reporting and financial statements. This would be the case when entities start applying IFRS sustainability disclosure standards as well. Therefore, we strongly advise the ISSB to pursue this project in collaboration with the IASB to effectively make it a part of the IFRS Foundation's initiatives.
- (ii) SOCPA does not advocate adding more than one project until some amount of maturity is reached with the use of IFRS sustainability disclosure standards in a majority of jurisdictions as this will only further complicate the current sustainability reporting requirements. SOCPA believes it is best to leave additional projects to be addressed subsequent to the ISSB’s scheduled two-year work plan. In a subsequent two-year plan, the ISSB could address the listed projects in the following order.
1. Biodiversity, ecosystems and ecosystem services
 2. Human rights
 3. Human capital

Question 4 — New research and standard-setting projects that could be added to the ISSB’s work plan: Biodiversity, ecosystems and ecosystem services

The research project on biodiversity, ecosystems and ecosystem services is described in paragraphs A3–A14 of Appendix A to the Request for Information. Please respond to these questions.

- (a) Of the subtopics identified in paragraph A11, to which would you give the highest priority? Please select as many as applicable.

Please explain your choice and the relative level of priority with particular reference to the information needs of investors.

You may also suggest subtopics that have not been specified. To help the ISSB analyse the feedback, where possible, please provide:

- (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.

- Freshwater and marine resources and ecosystems use
- Land-use and land-use change
- Pollution (including emissions into air, water and soil)
- Resource exploitation (for example, material sourcing and circular economy)
- Invasive non-native species
- Other—please specify

Optional: please explain _____

- (b) Do you believe that sustainability-related risks and opportunities related to biodiversity, ecosystems and ecosystem services are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?

- Yes
- No

Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.

- (c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard-setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A13 should be utilised and prioritised by the ISSB in pursuing the project? Please select as many as applicable.

Please explain your choices and the relative level of priority with particular reference to the information needs of investors. If you would like to suggest materials that are not specified, please select 'Other' and give your suggestion(s) in the comment box. You can suggest as many materials as you deem necessary.

To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

- The Climate Disclosure Standards Board (CDSB) Framework application guidance for biodiversity and water-related disclosures
- The SASB Standards
- The Integrated Reporting Framework
- The Global Reporting Initiative (GRI) standards (for example, GRI 304 – Biodiversity)
- The Taskforce on Nature-related Financial Disclosures (TNFD)
- The Partnership for Biodiversity Accounting Financials (PBAF)
- The Capitals Coalition

- The Science Based Targets Network
- The European Financial Reporting Advisory Group (EFRAG)
- The European Commission’s Align project
- The EU Business and Biodiversity Platform
- The World Benchmarking Alliance
- The United Nations Declaration on the Rights of Indigenous Peoples
- Other—please specify

Optional: please explain _____

SOCPA Comments:

(a) Of the subtopics identified in paragraph A11, SOCPA believes, the following subtopics should be given the highest priority.

1. Pollution (including emissions into air, water and soil)
2. Water (including freshwater and marine resources and ecosystems use)
3. Resource exploitation

1. Pollution

Information needs of investors relating to “pollution” can be summarized as follows:

- Biodiversity Loss: Pollution, particularly air and water pollution, can lead to the loss of biodiversity, affecting ecosystems and industries reliant on natural resources. Investors should consider the risks posed by biodiversity loss and potential regulatory changes to protect natural diversity.
- Ecosystem Disruptions: Pollution can disrupt ecological systems, reducing their ability to adapt to changing conditions like climate change. Investors in industries dependent on ecosystem services, such as agriculture, forestry, or fisheries, need to assess long-term risks and opportunities.
- Impact on Ecosystem Services: Pollution can degrade ecosystem services like clean air and water, pollination, and carbon sequestration, impacting the profitability and sustainability of various industries.
- Reputation and Social Responsibility: Environmental, social, and governance (ESG) factors are increasingly significant in investment decisions. Companies contributing to pollution may face reputational and regulatory risks, while sustainable practices can attract investors seeking responsible investments.
- Regulatory and Policy Risks: Environmental regulations and policies are evolving globally, affecting investment portfolios. Investors must monitor changing regulations as stricter standards can impact the financial performance of companies in various sectors.
- Physical and Transition Risks: Pollution contributes to climate change, which poses direct physical risks like extreme weather events and rising sea levels. Transition risks arise from the shift towards a low-carbon economy, impacting the value of investments, especially in high-emission industries.

2. Water

Information needs of investors relating to “water” can be summarized as follows:

- **Biodiversity Support:** Investors need to understand how changes in water availability and quality can directly impact aquatic ecosystems and the diversity of life they support, which in turn may affect industries reliant on biodiversity like agriculture, fisheries, and tourism.
- **Ecosystem Functioning:** Water is crucial for the functioning of ecosystems, and disruptions to water flow patterns, temperature, and chemistry can affect the stability and health of ecosystems. Investors should be aware of how this can impact industries dependent on natural resources and ecosystem services.
- **Ecosystem Services:** Water-related ecosystem services, such as water provisioning, purification, flood control, and climate regulation, are essential for economic activities. Investors should assess how changes in water availability and quality can impact the reliability and sustainability of these services, which can have significant implications for businesses and industries.
- **Water Scarcity and Security:** With water scarcity becoming a concern in many regions, investors need to assess how it can affect businesses in water-intensive sectors like agriculture, energy production, and manufacturing. Water security is also a critical risk consideration, as companies may face challenges related to water availability and potential conflicts over resources.
- **Regulatory and Legal Risks:** Water pollution and mismanagement can lead to regulatory and legal risks for companies. Investors should be aware of potential liabilities and penalties associated with water-related issues. Companies with strong water management practices and compliance with regulations may be better positioned for long-term success.
- **Climate Change Impacts:** Climate change is altering water availability through changing precipitation patterns, leading to more frequent and severe droughts, floods, and storms. Investors need to consider how these impacts can affect the financial performance and resilience of companies in their portfolios.

3. *Resource exploitation*

Information needs of investors relating to “resource exploitation” can be summarized as follows:

- **Biodiversity Conservation:** Investors need to understand the impact of resource exploitation on habitats and biodiversity, as it can affect the long-term sustainability and resilience of the companies they invest in.
- **Ecosystem Disruptions:** Large-scale resource exploitation like mining, deforestation, or pollution can disrupt ecosystems and lead to negative consequences such as soil erosion, water pollution, and climate change, which can have severe economic implications for investors.
- **Ecosystem Services:** Resource exploitation can compromise essential ecosystem services like clean water, air purification, climate regulation, pollination, and natural resources, potentially increasing costs for businesses reliant on these services.
- **Regulatory and Social Risks:** Companies involved in unsustainable or irresponsible resource exploitation may face legal and reputational risks, impacting their market performance. Investors need to be aware of these risks and ensure their investments align with environmental regulations and social responsibilities.
- **Long-Term Sustainability:** Investors recognize the importance of sustainability and environmental considerations. Companies that prioritize responsible resource

management and demonstrate commitment to biodiversity conservation and ecosystem protection are likely to be more resilient and positioned for long-term success.

- Reputation and Stakeholder Perception: Public awareness of environmental issues is high, and investors must consider the reputation and perception of the companies they invest in. Companies with positive environmental track records are more likely to attract customers, partners, and long-term investors.

(b) Sustainability-related risks and opportunities related to biodiversity, ecosystems, and ecosystem services vary significantly across different business models, economic activities, and other common features that characterize participation in an industry or geographic locations due to the following reasons:

- **Industry-specific impacts:** Different industries have varying levels of reliance on natural resources and ecosystems, leading to diverse impacts. For instance, mining companies may significantly impact biodiversity through land disturbance and pollution, while software development companies may have lower direct impacts.
- **Value chain variations:** Companies within the same industry may occupy different positions in the value chain, resulting in different impacts on biodiversity and ecosystems. For example, a clothing retailer's impact may stem from raw material sourcing (e.g., cotton farming), while a logistics company's impact may be associated with emissions from transportation.
- **Geographic factors:** Biodiversity and ecosystem service availability and vulnerability differ across regions. Companies operating in biodiversity-rich areas face distinct risks compared to those in less ecologically sensitive regions.
- **Regulatory context:** Environmental regulations and policies vary among jurisdictions, influencing compliance costs and reputational risks for companies addressing biodiversity and ecosystem-related issues.

Examples:

- **Agriculture Industry:** A palm oil producer in Southeast Asia faces risks related to deforestation, habitat destruction, and impacts on endangered species. In contrast, a wheat farming company in Europe may have fewer direct biodiversity impacts but could face risks related to soil degradation and water usage.
- **Tourism Industry:** A diving resort in the Caribbean depends on healthy marine ecosystems, facing risks from coral bleaching and overfishing. Meanwhile, a ski resort in the Alps may have concerns about climate change's impacts on snow cover and water availability.
- **Technology Industry:** A smartphone manufacturer faces risks linked to habitat destruction and biodiversity loss through the extraction of rare minerals. A software company's risks may be more focused on the environmental footprint of data centers and energy sources.
- **Financial Sector:** A bank with significant investments in agricultural commodities may encounter biodiversity-related risks due to deforestation and unsustainable land-use practices. A bank providing digital services might have fewer direct biodiversity impacts but could be exposed to climate change-related risks and reputational concerns from their business clients' sustainability practices.

In conclusion, SOCPA believes tailored measures and approaches are essential to capture performance on sustainability-related risks and opportunities in diverse industries, sectors, and geographic locations. Recognizing and addressing these variations will enable businesses

to implement targeted strategies that align with the specific ecological challenges they face and contribute to overall global sustainability goals.

- (c) The ISSB should prioritize the following materials and organizations in pursuing the project on standard setting on “biodiversity, ecosystems and ecosystem services”:

The Taskforce on Nature-related Financial Disclosures (TNFD) framework: The TNFD framework is the most comprehensive and up-to-date guidance on nature-related financial disclosures. It provides a clear and concise framework for companies to report on their impacts on biodiversity and ecosystem services.

The Partnership for Biodiversity Accounting Financials (PBAF): The PBAF is a global initiative that is developing a common framework for biodiversity accounting and reporting. The PBAF framework is aligned with the TNFD framework and is designed to be used by companies of all sizes.

The Global Reporting Initiative (GRI) standards: The GRI standards are a widely used set of sustainability reporting standards. The GRI standards include a number of indicators that relate to biodiversity and ecosystem services.

The Science Based Targets Network: The Science Based Targets Network is a global network of organizations that are working to align corporate climate action with the Paris Agreement. The Science Based Targets Network has developed a methodology for companies to set science-based targets for their biodiversity impacts.

These materials and organizations provide a solid foundation for the ISSB to build on. They are all focused on meeting the needs of investors, and they provide clear and concise guidance on how to report on biodiversity and ecosystem services.

In addition to these materials and organizations, the ISSB should also consult with a diverse range of stakeholders, including companies, investors, academics, and non-governmental organizations. This will help the ISSB to ensure that the standards it develops are relevant and useful to the widest possible audience.

The ISSB has a unique opportunity to develop a set of global standards for biodiversity and ecosystem services. These standards will be essential for companies to manage their risks and opportunities related to nature, and they will also help investors to make informed decisions about where to allocate their capital. However, SOCPA believes the ISSB should take its time in formulating requirements relating to this project and even when it does, should commence with a simplified version of the requirements which can then be scaled up.

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.

SOCPA Comments:

- (a) Of the subtopics identified in paragraph A22, SOCPA believes, the following subtopics should be given the highest priority.

1. worker wellbeing (including mental health and benefits)
2. labour conditions in the value chain
3. diversity, equity and inclusion (DEI)

1. Worker wellbeing (including mental health and benefits)

Information needs of investors relating to “worker wellbeing” can be summarized as follows:

Worker wellbeing, as a social factor, is crucial in assessing a company's commitment to responsible practices. Prioritizing worker wellbeing and mental health leads to healthier, more engaged, and productive employees, positively impacting a company's performance and long-term competitiveness. This approach attracts and retains skilled talent, reducing recruitment costs and enhancing the company's reputation and brand value. Considering worker wellbeing helps investors evaluate a company's human capital management and potential for sustainable growth. Moreover, worker wellbeing is subject to regulatory scrutiny, making compliance essential to avoid legal and reputational risks. Companies that invest in their workforce's health demonstrate commitment to long-term success and resilience, aligning with investors seeking sustainable and responsible investments.

2. *Information needs of investors relating to “labour conditions in the value chain” can be summarized as follows:*

Labour-related risks in the value chain, such as forced labour and unsafe working conditions, can lead to reputational damage and supply chain disruptions, affecting financial performance. Investors seek insights into a company's compliance with labour laws to identify potential risks and legal consequences. Considering labour conditions is a key aspect of responsible investment strategies, as companies prioritizing fair practices are viewed positively. Positive labour conditions can enhance worker productivity and stability, leading to improved financial performance. Investors also recognize the importance of meeting stakeholder expectations for humane labour conditions, contributing to long-term success. Companies with responsible labour practices demonstrate business resilience and are better equipped to navigate challenges and uncertainties, making them attractive investment options for investors.

3. *DEI*

Information needs of investors relating to “DEI” can be summarized as follows:

DEI practices demonstrate a commitment to an inclusive workplace, diverse workforce, and equal opportunities, impacting social responsibility and long-term financial sustainability. DEI is linked to talent attraction, retention and performance, as companies prioritizing diversity attract a broader range of talents, fostering innovation and employee engagement, leading to improved productivity. Investors evaluate a company's DEI efforts to assess risk mitigation, as lack of diversity may result in reputational and legal risks. Regulatory compliance with DEI practices is crucial, as they face increasing scrutiny. DEI is an essential factor for a company's long-term sustainability and resilience, attracting investors interested in sustainable and responsible investments. DEI practices influence stakeholder perceptions, impacting a company's reputation and potential for future growth.

(b) Sustainability-related risks and opportunities related to "human capital" vary significantly across different business models, economic activities, industries, and geographic locations due to several reasons:

- **Industry-specific Labour Practices:** Different industries have distinct labour practices and workforce requirements. For example, the technology industry might rely heavily on skilled professionals, while the agriculture sector might have a more labour-intensive workforce. In the technology industry, attracting and retaining top talent might be a key focus, requiring innovative employee benefits and work-life balance initiatives. In contrast, in the agriculture sector, ensuring fair wages and safe working conditions for agricultural workers might be a more significant concern.
- **Occupational Health and Safety:** Certain industries, like construction or manufacturing, may face more hazardous working conditions, leading to distinct human capital-related risks and opportunities. Example: Companies in the construction industry might need specific performance indicators to measure their efforts in enhancing worker safety and reducing accidents, while these indicators may not be as relevant for companies in the financial services sector.
- **Workforce Diversity:** Workforce demographics and diversity goals can vary significantly across industries and regions. Industries with traditionally underrepresented groups may have specific opportunities and challenges in promoting diversity and inclusion. Example: Companies in the technology sector might focus on diversity in gender and ethnicity in

their workforce, while companies in healthcare might emphasize diversity in professional backgrounds and specialties.

- Skills and Training Needs: Industries undergoing technological advancements or facing disruptive changes might require upskilling or reskilling their workforce to adapt to new demands. Human capital measures would need to account for the specific skill development needs of each industry. Example: Companies in the automotive industry transitioning to electric vehicles might require training programs to equip their workforce with the necessary expertise, whereas this may not be relevant for companies in industries with more stable technologies.

(c) The ISSB should prioritize the following materials and organizations in pursuing the project on standard setting on “human capital”:

1. The Sustainability Accounting Standards Board’s (SASB) research project on human capital and its standard-setting project on diversity, equity and inclusion (DEI). The SASB research and standard-setting projects on human capital are well-aligned with the ISSB’s focus on meeting the needs of investors. The SASB’s research project on human capital identifies a wide range of sustainability-related risks and opportunities related to human capital, and its standard-setting project on DEI is addressing an important issue that is increasingly important to investors.
2. The CDSB Framework for reporting environmental and social information. The CDSB Framework is a comprehensive framework for reporting on environmental and social information, and it includes a section on human capital. The CDSB Framework is well-respected by investors, and it could provide a useful starting point for the ISSB in developing its own standards on human capital.
3. The Capitals Coalition. The Capitals Coalition is an organization that is working to develop a common framework for reporting on natural, social, and financial capital. The Capitals Coalition’s framework includes a section on human capital, and it could provide the ISSB with insights into how to integrate human capital into its standards.
4. The International Labour Organization (ILO). The ILO has a wealth of information on human capital, and it could provide the ISSB with valuable insights into the needs of workers and the challenges facing businesses in managing their human capital.

These are just a few of the materials and organizations that the ISSB could leverage in pursuing the project on standard setting on “human capital”. The ISSB should carefully consider the information needs of investors and the relevance of the different materials and organizations when making its decisions. However, SOCPA believes the ISSB should take its time in formulating requirements relating to this project and even when it does, should commence with a simplified version of the requirements which can then be scaled up.

Question 6 —New research and standard-setting projects that could be added to the ISSB’s work plan: Human rights

The research project on human rights is described in paragraphs A27–A37 of Appendix A. Please respond to these questions:

- (a) Within the topic of human rights, are there particular subtopics or issues that you feel should be prioritised in the ISSB's research? You can suggest as many subtopics or issues as you deem necessary. To help the ISSB analyse the feedback, where possible, please provide:
- (i) a short description of the subtopic (and the associated sustainability-related risks and opportunities); and
 - (ii) your view on the importance of the subtopic with regard to an entity's sustainability-related risks and opportunities and the usefulness of the related information to investors.
- (b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate? Please explain your reasoning and provide examples of how sustainability-related risks and opportunities related to this topic will either be (i) substantially different or (ii) substantially the same across different industries, sectors or geographic locations.
- (c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard-setters and framework providers to expedite the project, while taking into consideration the ISSB's focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A36 should be prioritised by the ISSB in pursuing its research? Please select as many as applicable. Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

SOCPA Comments:

- (a) There are many subtopics or issues that could be prioritized in the ISSB's research on human rights. Some of the most important include:
- Labour rights: This includes issues such as forced labour, child labour, and discrimination in the workplace. These issues can have a significant impact on an entity's sustainability-related risks and opportunities, as well as the value of its investments.
 - Human rights due diligence: This is the process of identifying, assessing, and mitigating human rights risks. It is essential for companies to have a robust human rights due diligence process in place to ensure that they are not contributing to human rights abuses.
 - Freedom of association and collective bargaining: This includes the right of workers to form unions and bargain collectively. This is an important right that can help to protect workers from exploitation and improve their working conditions.

The ISSB could prioritize these subtopics in its research because they are all important aspects of human rights that have a significant impact on companies and investors. The information that is disclosed about these subtopics can help investors to make informed decisions.

(b) SOCPA believes that sustainability-related risks and opportunities related to human rights can be substantially different across different business models, economic activities, and geographic locations. This is because the specific human rights risks and opportunities that a company faces will depend on a number of factors, including:

- The industry in which the company operates. For example, companies in the extractive industries may be more likely to face human rights risks related to forced labour and environmental degradation, while companies in the technology sector may be more likely to face human rights risks related to privacy and surveillance.
- The economic activities of the company. For example, companies that operate in conflict-affected areas may be more likely to face human rights risks related to violence and displacement, while companies that operate in remote areas may be more likely to face human rights risks related to discrimination and exclusion.
- The geographic location of the company's operations. For example, companies that operate in countries with weak rule of law may be more likely to face human rights risks related to corruption and impunity, while companies that operate in countries with strong human rights protections may be less likely to face these risks.

As a result of these differences, measures to capture performance on sustainability-related risks and opportunities related to human rights will need to be tailored to be specific to the industry, sector or geographic location to which they relate.

Some examples of how sustainability-related risks and opportunities related to human rights can be substantially different or substantially the same across different industries, sectors or geographic locations:

- Labor rights: Labor rights risks and opportunities can vary significantly across different industries. For example, companies in the apparel industry may be more likely to face labour rights risks related to child labour and forced labour, while companies in the technology industry may be more likely to face labour rights risks related to long hours and low wages.
- Human rights due diligence: The extent to which human rights due diligence is required or expected can vary significantly across different industries, sectors and geographic locations. For example, companies operating in conflict-affected areas may be required to conduct more extensive human rights due diligence than companies operating in countries with strong human rights protections.

(c) SOCPA believes the priority of the materials may vary based on the specific context and industries. However, the SASB Standards, UN Guiding Principles and Reporting Framework and GRI Standards are likely of higher priority for a project on human rights, due to their direct relevance to investors' information needs. SASB standards offer industry-specific information, the UN Guiding Principles provide a foundational framework and GRI standards offer comprehensive sustainability reporting guidance. The CDSB Framework and the World Benchmarking Alliance's Corporate Human Rights Benchmark are also important for providing transparent and comparable information. However, SOCPA believes the ISSB should take its time in formulating requirements relating to this project and even when it does, should commence with a simplified version of the requirements which can then be scaled up.

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?

SOCPA Comments:

- (a) As given in our response to Question 3 (a) above, SOCPA believes not only as a result of ISSB’s limited capacity but as highlighted elsewhere in our responses in order to not overwhelm preparers as well as users, only a Single project should be added to the ISSB’s two-year work plan. This should be integration in reporting.
- Considering the existing requirements that link sustainability reporting to financial reporting, directing efforts towards integration in reporting is likely to yield substantial benefits and promote wider and more successful adoption of the IFRS sustainability disclosure standards. Enhancing the structured presentation of information to gain deeper insights into relationships, particularly in connection with financial statements, is of utmost importance and should be thoroughly assessed for each standard. Currently, users of financial statements

express concerns about the lack of information connectivity between sustainability reporting and financial statements. This would be the case when entities start applying IFRS sustainability disclosure standards as well.

- (b) The ISSB should pursue a project on "integration in reporting" as a formal joint project with the IASB. There are several reasons for this.

First, the IASB and the ISSB are both working to develop global standards for financial and sustainability reporting, respectively. By working together on a project on integration in reporting, the two boards can ensure that their standards are consistent and complementary. This will make it easier for companies to comply with both sets of standards and will provide investors with a more comprehensive view of a company's financial and sustainability performance.

Second, the IASB and the ISSB have access to different expertise and resources that can be leveraged on a joint project. The IASB has expertise in financial reporting, while the ISSB has expertise in sustainability reporting. By working together, the two boards can pool their resources and expertise to develop a comprehensive and robust standard on integration in reporting.

There are also some potential disadvantages to pursuing a joint project on integration in reporting. One disadvantage is that it could take longer to develop a standard than if the ISSB were to pursue the project on its own. Another disadvantage is that it could be more difficult to reach consensus between the two boards on the content of the standard.

However, SOCPA believes that the potential benefits of a joint project outweigh the potential disadvantages. By working together, the IASB and the ISSB can develop a standard on integration in reporting that is more comprehensive, robust, and consistent with their respective missions. This will benefit investors and other stakeholders by providing them with a more comprehensive view of a company's financial and sustainability performance.

In addition to the reasons mentioned above, we also believe that it is important for the IASB and the ISSB to work together on a project on integration in reporting in order to send a strong signal to the market that they are committed to developing a consistent and comprehensive set of global standards for financial and sustainability reporting. This is particularly important in light of the growing importance of sustainability information to investors and other stakeholders. By working together, the IASB and the ISSB can help to ensure that companies are providing investors with the information they need to make informed investment decisions.

- (c) SOCPA believes the ISSB should build on and incorporate concepts from the IASB's Exposure Draft Management Commentary, the Integrated Reporting Framework and other sources in its project on integration in reporting.

The IASB's Exposure Draft Management Commentary provides useful guidance on how to integrate sustainability information into financial reporting. For example, the commentary discusses the importance of identifying and assessing material sustainability risks and opportunities, and of disclosing information about how a company is managing these risks and opportunities. The commentary also discusses the importance of providing a clear and concise narrative about a company's sustainability performance.

The Integrated Reporting Framework is another valuable source of guidance on integration in reporting. The framework provides a holistic view of a company's performance, and it identifies six capitals that are essential for long-term success: financial, manufactured, intellectual, human, social and relationship and natural capital. The framework also discusses the

importance of providing a clear and concise narrative about a company's strategy, governance, performance and outlook.

In addition to the IASB's Exposure Draft Management Commentary and the Integrated Reporting Framework, the ISSB should also consider incorporating concepts from other sources, such as the following:

- The Sustainability Accounting Standards Board's (SASB) standards
- The Global Reporting Initiative's (GRI) Sustainability Reporting Standards
- The Climate Disclosure Standards Board's (CDSB) standards
- The Task Force on Climate-related Financial Disclosures (TCFD) recommendations

These sources provide valuable insights into the different ways that sustainability information can be integrated into financial reporting. By considering the concepts from these sources, the ISSB can develop a standard on integration in reporting that is comprehensive, robust and consistent with the needs of investors and other stakeholders.

- (d) As given elsewhere in our comments regarding new research and standard-setting projects that could be added to the ISSB's work plan, SOCPA believes the ISSB should take its time in formulating requirements relating to this project and even when it does, should commence with a simplified version of the requirements which can then be scaled up.

Question 8 — Other comments

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

SOCPA Comments:

SOCPA has no other comments.