IFRS Sustainability

Staff paper

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Topic	**Items to be considered in development of Request for Information**
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Objective and background

1. This paper lays out a preliminary list of broadly defined items to consider as the International Sustainability Standards Board (ISSB) prepares a Request for Information to obtain stakeholder feedback on its forward-looking agenda priorities. A description of the staff's approach to identify, refine and prioritise the preliminary items is included in paragraphs 24–30 of Agenda Paper 1—*Project introduction and overview*.

2. For each item to be considered, staff has provided an overview, summarising key background information, the market need, primary challenges to addressing the need and potential paths forward. Staff has also highlighted where existing materials of the IFRS Foundation's recently or soon-to-be consolidated entities, the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF), respectively, could provide the ISSB with a starting point to address the market need related to each item.

3. The preliminary list of items includes topics that are broadly defined, which will require further refinement and scoping to define specific project proposals. The list also includes the existing standards and portfolio of standard-setting and research projects of the soon-to-be consolidated VRF's Sustainability Accounting Standards Board (SASB). The descriptions of the SASB's projects are more narrowly scoped, because these projects were originally designed to enhance an existing body of work—the industry-based SASB Standards—and have progressed to varying degrees through the SASB's due process.

4. The preliminary list also includes descriptions of potential projects to be undertaken in coordination with the International Accounting Standards Board (IASB), which highlight opportunities for the ISSB and IASB to collaborate, with the aim to enable connectivity between sustainability-related financial disclosures and the financial statements.

5. The preliminary list of items presented in this paper is not organised in any manner to indicate the priority of a topic. Instead, the items have been organised alphabetically within the following three categories:

(a) broadly defined topics;

(b) industry-based requirements and SASB project portfolio;

(c) potential projects to be undertaken in coordination with the IASB.

6. It is noted in all cases that the intended focus of the projects is on information that is necessary to inform assessments of enterprise value by users of general purpose financial reporting.

7. The purpose of this paper is to:

(a) present a preliminary list of market-identified items to consider in preparation for the Request for Information on the ISSB's agenda priorities; and

(b) solicit board members' views to help shape the general direction and specific proposals included in the Request for Information.

8. The feedback received will inform a subsequent discussion with the ISSB at a later decision-making meeting.

Structure of the paper

9. This paper is structured as follows:

(a) Broadly defined topics (paragraphs 10–44);

(i) Biodiversity, ecosystems and nature loss (paragraphs 10–12);

(ii) Circular economy, materials sourcing and value chains (paragraphs 13–17);

(iii) Climate change (paragraphs 18–20);

(iv) Cybersecurity, data security and customer privacy (paragraphs 21–24);

(v) Economic inequality (paragraphs 25–28);

(vi) Human capital (paragraphs 29–33);

(vii) Human rights (paragraphs 34–38);

(viii) Water and marine resources (paragraphs 39–44);

(b) Industry-based requirements and SASB project portfolio (paragraphs 45–85);

(i) Industry-based requirements (paragraphs 47–49)

(ii) Standard-setting projects (paragraphs 50–80);

(iii) Research project (paragraphs 81–83);

(iv) Early-stage opportunities (paragraphs 84–85);

(c) Potential projects to be undertaken in coordination with the IASB (paragraphs 86–95);

(i) Conceptual framework (paragraphs 88–89);

(ii) Management commentary (paragraphs 90–91);

(iii) Other projects to be undertaken in coordination with the IASB (paragraphs 92–95);

(d) Questions for the ISSB (paragraph 96)

Broadly defined topics

Biodiversity, ecosystems and nature loss

10. The global stock of natural resources—such as water, minerals and the organisms that make up the world's ecosystems—make up the world's ecosystems. Earth's natural resources provide 'ecosystem services,' which are benefits provided to humans by healthy, functional natural systems, such as air purification, carbon sequestration, medicinal resources, pollination, detoxification, production of raw materials, flood control and many others which support the creation of economic value. 'Biodiversity,' a metric used to describe the diversity of organisms or biotic communities in a given place, is a foundational component of the world's ecosystems. Ecosystems with high biodiversity are more functional, productive and resilient, and thus more capable of providing the ecosystem services upon which the global economy relies. Research by the World Economic Forum shows that US$44 trillion of economic generation—more than half the world's GDP—is directly dependent on nature and the ecosystem services it provides. Many ecosystem services are not replaceable and studies, such as those by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), find that the majority of ecosystem and biodiversity indicators are already in decline, thus highlighting the reality of the financial risk.

11. Issues related to biodiversity, ecosystems and nature loss have drawn increasing attention from investors and other capital market participants, as evidenced by the work of, among others, the SASB, CDSB, Taskforce on Nature-related Financial Disclosures (TNFD), Partnership for Biodiversity Accounting Financials (PBAF), the Capitals Coalition, the Science Based Targets Network, the European Financial Reporting Advisory Group (EFRAG), as well as the European Commission's Align project. A well-established and widely embraced set of disclosure practices, tools and metrics has yet to emerge to facilitate understanding of how nature affects an entity's financial position, performance and prospects over the short, medium or long term. Challenges that exist in addressing the market need include:

(a) the difficulty in defining, organising, and categorising what is meant by 'nature,' 'natural resources' and 'biodiversity;'

(b) the overlap with other sustainability-related risks and opportunities— for example, greenhouse gas (GHG) emissions (also related to climate) or water management (also related to resource constraints);

(c) the demand by the market for timely solutions;

(d) the fact that biodiversity risks and opportunities differ across different geographic locations and business models; and

(e) the lack of clear consensus on which nature- or biodiversity-related subtopics (e.g., changes in land and sea use, direct exploitation of natural resources, effect of climate change on ecosystems, pollution, and invasion of alien species) should be prioritised for standard-setting.

12. The ISSB could potentially build upon existing materials, including SASB Standards and CDSB Framework application guidance, which complement [draft] IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* ("IFRS S1"). For example, the 77 industry-based SASB Standards contain more than 400 associated accounting metrics related to ecological impacts, materials sourcing, product design and more. Additionally, the CDSB has published comprehensive application guidance for investor-focused, biodiversity-related disclosures. Further, as mentioned above, there are also frameworks and guidance on the topic issued by other third parties, upon which the ISSB could draw to develop or enhance standards to address market needs.

Circular economy, materials sourcing and value chains

13. In their assessments of enterprise value, investors increasingly consider the risks and opportunities arising from an entity's use of resources across their full lifecycle and throughout its value chain. This includes an entity's plans and capacity to adapt its business model and operations in line with 'circular economy' principles, including efforts to decouple growth from the extraction of natural resources. The circular economy is a regenerative system that uses systems-based design and a circular flow of resources to maintain or enhance products. By minimising waste and pollution and reducing the need for raw resource extraction, the circular economy provides an opportunity to reduce costs, enhance efficiency and regenerate natural ecosystems. For many entities, such an approach can have significant financial benefits over a more traditional, linear take-make-use-waste model of value creation. Such strategies may also benefit or even derive competitive advantage from innovative coordination or collaboration upstream and downstream through an entity's value chain.

14. In recent years, rising commodity prices, a heightened focus on supply chain resiliency and an interest in setting and pursuing emissions reduction targets—among other factors—have brought circular concepts to the fore. This has included both increasing regulatory scrutiny of linear models and exponential growth in financial products and services focused on the circular economy. At the same time, entities are facing increasing social and investor pressure to think beyond their own walls and consider the risks and opportunities that may arise in their value chains, from suppliers to distributors to customers and beyond. In the EU, a taxonomy of sustainable activities designed to facilitate achievement of the European Green Deal has established the transition to a circular economy as one of its core objectives. Accordingly, in developing the European Sustainability Reporting Standards, EFRAG has issued an exposure draft standard focused on 'resource use and circular economy.' It is estimated that adoption of circularity by relevant manufacturing sectors in the EU could yield cost savings of up to US$630 billion per year.

15. Despite the market's growing focus on resource use, value chains and closed-loop models, a well-established and widely embraced set of disclosure practices has yet to emerge to facilitate consistent, comparable and reliable disclosure on the implications for an entity's financial position, performance and prospects over the short, medium or long term.

16. Challenges that exist in addressing the market need include:

(a) the lack of a commonly accepted framework for classifying circular strategies for both renewable and non-renewable resources;

(b) technical challenges inherent in measuring risks and impacts throughout a company's value chain;

(c) the diversity of risks and opportunities, depending on an entity's business model, economic activities and resource use; and

(d) the potential for significant overlap with other sustainability issues, particularly in the context of regenerative models that capture more carbon than they emit (climate change) and restore ecosystems (biodiversity).

17. The ISSB may wish to consider developing cross-cutting and/or industry-based disclosure requirements related to how entities manage risks and opportunities related to circular economy, materials sourcing, and value chains. In doing so, the ISSB could potentially build upon existing materials. For example, SASB Standards include industry-based disclosure requirements to capture relevant drivers of risk and opportunity including product design and end-of-life impacts and take-back, process water treatment and recycling for production, recovery of critical minerals and metals, recycling waste for use in animal feed, and energy production from compost. Additionally, as discussed in paragraphs 63–68, there is an existing SASB standard-setting project on the topic of single-use plastics in the chemicals industry that the ISSB could continue as part of addressing the market need.

Climate change

18. Despite the ISSB's work to date on [draft] IFRS S2 *Climate-related Disclosures* ("IFRS S2"), assessing and disclosing climate-related risks and opportunities is a fast-evolving field with a number of ongoing industry, consortia, regulatory and academic initiatives. This dynamic environment implies a need to actively monitor, understand and respond to key emerging issues by potentially updating existing IFRS Sustainability Disclosure Standards, developing new standards or providing further guidance.

19. Through staff's own research and consultation—as well as that of the IFRS Foundation's recently consolidated, or soon-to-be consolidated organisations, the CDSB and the VRF, respectively—key aspects of climate-related risk and opportunity have been identified that may warrant continued research and possible standard-setting. These aspects, many of which are covered in [draft] IFRS S2 but may need to be refined or supplemented in the future (effectively building upon what is proposed in the current exposure drafts) reflecting the pace of change in sustainability reporting, include:

(a) an entity's exposure to and management of physical climate risk, disclosure of which has generally been less informative to investors than reporting on transition risk;

(b) scope 3 GHG emissions, for which measurement methodologies and practices continue to evolve, including at the level of sectors, industries, activities and asset classes;

(c) carbon offsets, credits and removals and emissions avoidance, for which new markets and methodologies continue to emerge and evolve;

(d) forward-looking measures of the degree to which financial institutions' portfolios are aligned with relevant goals, targets or scenarios;

(e) transition plans and pathways, which are an increasing focus of policy makers and regulators, and about which investors increasingly seek (often industry-based) information about the specific activities an entity is undertaking to achieve its targets and the progress achieved;

(f) carbon pricing and its integration into strategy and financial planning, which is rapidly evolving as climate policy evolves within and across jurisdictions and carbon pricing schemes around the world continue to grow;

(g) financial implications related to the social impacts of climate change, including those on workforces, local communities and value chains; and

(h) risks and opportunities associated with the 'just transition' to a lower-carbon economy, including those relating to an entity's reputation.

20. The ISSB will also monitor the implementation and ongoing application of IFRS S2 once finalised, as well as investor use of resulting disclosure, as additional sources of information about the needs of users of general purpose financial reporting and preparers related to the effects of climate change. Along with continued monitoring, the ISSB may wish to initiate a formal research programme and/or consider specific projects to add to its body of climate-related Standards and guidance.

Cybersecurity, data security and customer privacy

21. Business entities are increasingly dependent on digital systems, heightening their risk of cybersecurity threats, including malware, phishing attacks, denial of service attacks, ransomware, insider threats and more. In 2020, according to the World Economic Forum, malware and ransomware attacks increased by 358% and 435% respectively. The average cost of a data breach in 2021 was US$4.24 million, with significantly higher costs in some industries—for example, the cost was US$9.23 million in the health care sector, which suffered devastating attacks even while trying to cope with the effects of the COVID-19 pandemic. Across the economy, the costs of cybercrime may include those associated with damaged or destroyed data, theft of intellectual property, theft of personal and financial data, stolen money, embezzlement, fraud, lost productivity, regulatory fines and reputational harm resulting in lost revenue. Experts estimate that in total cybercrime costs extend into the trillions of dollars, comprise at least 1% of the entire global economy, and are expected to grow rapidly in coming years. In addition, analysts have identified relatively new threat landscapes that could significantly magnify cybersecurity issues, including the rise of highly sophisticated nation-state hacking, attacks on critical infrastructure like power grids or hospitals, the use of artificial intelligence to probe networks for weaknesses, and attacks that aim to manipulate sensitive data rather than simply steal or disrupt it.

22. Cybersecurity-related risks have the attention of the global investment community, who have pointed out that cyber incidents can disrupt business operations, create legal and regulatory risks and reduce portfolio company valuations and earnings. For example, in 2017 to 2019, the Principles for

Responsible Investment initiated a collaborative engagement between 55 institutional investors representing more than US$12 trillion in assets under management, and 53 companies in a range of sectors (health care, financial, consumer goods, technology and communications) to push for improved disclosure on cybersecurity policy, board oversight and reporting, access to expertise, training and assessment. Regulators have also taken action. For example, in 2018 the US Securities and Exchange Commission (SEC) responded to increasingly frequent and severe cybersecurity incidents by issuing disclosure guidance for preparers, and in March 2022, the SEC issued a proposed rule on cybersecurity risk management disclosure. However, a well-established and widely embraced set of disclosure practices has yet to emerge — even though market participants overwhelmingly agree that increased disclosures would benefit all companies and significantly reduce social risks and harms.

23. Challenges that exist in addressing the market need include:

(a) forward-looking analyses of an entity's cybersecurity risk can be difficult to quantify and compare;

(b) regulatory risk exposure may be challenging to compare across jurisdictions due to a diversity of laws and frameworks; and

(c) companies may be hesitant to disclose sensitive information about their cybersecurity practices or past incidents.

24. The ISSB may wish to consider developing cross-cutting and/or industry-based disclosure requirements related to how entities manage risks and opportunities related to cybersecurity. In doing so, the ISSB could potentially build upon existing materials. For example, SASB Standards include disclosure topics and associated metrics in 16 industries to capture risks and opportunities related to data security and data privacy (which covers a related set of issues surrounding the intentional use, transfer, or disclosure of sensitive customer data).

Economic inequality

25. Economic inequality has for several decades been an area of growing concern for governments around the world, and related disparities have been exacerbated by the COVID-19 pandemic. According to the latest World Inequality Report, the top 10% of the population earns 52% of global income and holds 76% of global wealth—meanwhile, the bottom 50% of people capture just 8.5% and 2%, respectively. However, the implications of inequality for business and investment have been less well explored until very recently.

26. Investors, particularly 'universal owners' whose portfolios represent a slice of the entire economy, have typically viewed inequality through the lens of systemic risk—i.e., a threat to the stability and resilience of social and economic systems as a whole, and therefore a risk from which they are unable to diversify. However, recent initiatives, such as the Business Commission to Tackle Inequality, launched by the World Business Council on Sustainable Development (WBCSD), have begun to explore the 'business case' for tackling inequality in way that unlocks company-level benefits, including attracting and retaining talent, growing the customer base, enhancing access to capital, building resilient supply chains, and staying ahead of policy and regulatory change designed to 'internalise' social costs. Meanwhile, reputational risks—and related opportunities—abound. For example, an abrupt shift away from carbon-intense industries may displace millions of workers,

resulting in economic volatility, deepen unemployment and increase societal and geopolitical tensions, which in turn may create incentives for entities with clear strategies to pursue a more orderly and inclusive 'just transition.' Given the early-stage nature of much of the work in this area, a well-established and widely embraced set of disclosure practices, tools and metrics has yet to emerge to facilitate consistent, comparable, reliable disclosure on the implications of inequality for an entity's financial position, performance and prospects over the short, medium or long term.

27. Challenges that exist in addressing the market need include:

    (a) relatively nascent market understanding of the links between inequality and enterprise value;

    (b) inherent challenges in measuring and comparing certain social information; and

    (c) significant overlap with other thematic areas, including human rights and human capital.

28. The ISSB may wish to consider developing cross-cutting and/or industry-based disclosure requirements related to how entities manage risks and opportunities related to inequality. In doing so, the ISSB could potentially build upon existing materials. For example, SASB Standards include industry-based disclosure requirements to capture the particular drivers of risks and opportunities associated with inequality (including the 'just transition'), such as those related to fair wages and working conditions, inclusive workforces, access and affordability, anticompetitive practices, and lobbying efforts. The ISSB could also consider a particular emphasis on providing transparency around an entity's opportunities to drive innovation, increase productivity and create more and better jobs through future-oriented reinvestment that is inclusive and enables customers to meet their needs at prices they can afford.

Human capital

29. Companies and investors are increasingly attentive to the financial implications of how businesses manage people—or, 'human capital,' a concept meant to promote the idea of people as assets rather than as costs. Human capital management may include such issues as workforce composition, workforce stability, diversity and inclusion, training and development, health, safety and wellbeing, compensation and more, with respect to an entity's employees and contractors.

30. Different aspects of human capital management are likely to drive enterprise value in different ways. For example, diversity and inclusion is associated with increasing an entity's talent pool, improving its decision making and ability to innovate and enhancing its responsiveness to the preferences of an increasingly diverse customer base. Employee health, safety and wellbeing is associated with increased productivity, reduced workforce turnover and cost savings. Significant reliance on an 'alternative' workforce—temporary, provisional or contingent workers, including those employed in the 'gig economy'—is associated with legal and regulatory risks.

31. Institutional investors around the world increasingly seek information on human capital management in making investment decisions. This includes efforts by the Human Capital Management Coalition, a group of 32 institutional investors representing over $6 trillion in assets under management, in the US, and the Workforce Disclosure Initiative (WDI), representing 62 investor signatories with $8.6 trillion in assets under management, in the UK. As a result, many companies across jurisdictions are seeking clearer guidance on how to prepare and disclose more effective information on human capital management.

32. Challenges that exist in addressing the market need include:

(a) the multifaceted nature of human capital management and differences in how risks and opportunities manifest across different business models, economic activities and jurisdictions;

(b) legal prohibitions on collecting workforce data in some jurisdictions;

(c) competitive sensitivities related to the disclosure of some information (for example, use of alternative workforces);

(d) key aspects of human capital management, such as workplace culture, are inherently difficult to measure and manage;

(e) other aspects, such as the use of alternative workforces and automation, are rapidly evolving and less well established; and

(f) some aspects of human capital management—or mismanagement—may be drawing increased scrutiny because of their potentially profound social impacts, but it's significantly less clear what role an individual entity plays in managing such impacts.

33. The ISSB could continue building on cross-cutting and/or industry-based human capital disclosure by carrying forward existing materials. For example, human capital is one of the most prevalent areas of disclosure across the SASB Standards, appearing in all 11 sectors and the majority of the 77 industry standards. Given the rapidly evolving nature of these issues, their regulation, and associated investor expectations, the VRF also developed an evidence-based framework through extensive market consultation to help standard-setting more effectively address key human capital-related topics on an industry-by-industry basis.[1] Using this framework, the VRF identified high-priority areas of focus and developed standard-setting proposals to enhance SASB Standards, including one related to diversity, inclusion and equity which is discussed in paragraphs 69–73. Additionally, CDSB's technical guidance on social matters includes substantial guidance related to human capital management disclosure, and the International Integrated Reporting Framework helps entities more fully consider the relationship between human capital and the creation, preservation or erosion of value over the short, medium and long term. The ISSB may also wish to consider the significant work done by other organisations, including the Capitals Coalition, the International Labour Organization (ILO), EFRAG, the World Economic Forum (WEF) International Business Council's core metrics and disclosures on sustainable value creation, and more.

Human rights

34. Although it is standard practice in most jurisdictions for entities to respect human rights and undertake appropriate due diligence to manage related risks, they are increasingly challenged to do so as international economies become more interconnected and supply chains become more complex. These conditions have led to an increased focus by regulators and investors on workers' rights, discrimination and equality, indigenous peoples' and community rights, child labour, forced or bonded labour, and human trafficking in an entity's direct operations or in its value chain. Members of the Investor Alliance for Human Rights—now representing more than 225 organisations with more

[1] See SASB's *Preliminary Framework on Human Capital and the SASB Standards* (December 2020)

than US$10 trillion in assets under management—have called on companies to publicly disclose information in five key areas, including how they prevent, mitigate and remediate adverse human rights impacts across their value chains.

35. Investors and regulators increasingly seek to pursue and incentivise sustainable economic development and growth that promotes people's fundamental dignity and rights. Entities perceived as contributing to human rights violations are subject to protests, consumer or group boycotts, suspension of permits, and they may face substantial costs related to compensation, settlement payments or fines, and write-downs in the value of their assets in sensitive areas. In the absence of country laws to address such cases, several international instruments have emerged to provide guidelines for companies, while in other countries, specific laws are being implemented to protect human rights, creating increasing regulatory risk for companies. In such a context, a growing number of investors views human rights information as relevant to their assessments of enterprise value.

36. There are relatively well-established, international expectations for how entities manage and report on human rights. The United Nations (UN) Guiding Principles on Business and Human Rights and the associated UN Guiding Principles Reporting Framework are particularly notable, with the former incorporated into the OECD Guidelines for Multinational Enterprises. The UN Guiding Principles Reporting Framework is backed by a coalition of 88 investors representing US$5.3 trillion assets under management.

37. Challenges that exist in addressing the market need include:

(a) human rights due diligence, like many social issues, can be difficult to measure and compare, leading to qualitative disclosures that may be less consistent, inadequate or incomplete, or susceptible to 'social washing';

(b) the overlap with other sustainability matters—for example, the 'just transition' to a low-carbon economy (climate change);

(c) the broad range of industry-specific manifestations of human rights-related risks—such as those associated with privacy violations (technology), community relations (extractives) or child labour (apparel)—can introduce complexity in standard-setting; and

(d) there are technical challenges inherent in taking account of risks and impacts throughout a company's value chain.

38. The ISSB may wish to consider developing disclosure requirements to capture the cross-cutting and/or industry-specific risks associated with human rights. Among the ISSB's existing materials, CDSB's technical guidance on the disclosure of social information centres on the human rights of key groups within an organisation's value chain. Meanwhile, key aspects of the issue are further incorporated in the industry-based SASB Standards, including community relations and rights of indigenous peoples. The ISSB may also wish to consider the significant work done by other organisations, including the World Benchmarking Alliance's Corporate Human Rights Benchmark and the cross-industry metrics associated with the WEF International Business Council's "Dignity and equality" theme.

Water and marine resources

39. In addition to serving as essential life-support systems, water and marine resources are critical to the long-term viability of a range of economic activities, including agriculture, apparel manufacturing, mining and technology. Business risks and opportunities can arise from the regulatory environment, competition for local resources, watershed pollution, water-related weather events, and more. CDP has estimated that the aggregate financial impact of water-related risks will outweigh their mitigation costs by five times.

40. Freshwater consumption worldwide has risen exponentially in recent decades. Declining water quality is also an acute problem around the world due to agricultural runoff, industrial wastewater, improper disposal of human waste, and many other issues. Meanwhile, climate change is affecting the hydrologic cycle, leading to more frequent extreme weather events, such as droughts and floods. In water-stressed regions, increasing competition for resources between businesses and their local communities can exacerbate risk exposures.

41. In addition to risks related to the quality and availability of water resources, many entities also face growing risks associated with marine resources. For example, eutrophication from excessive nutrient loading and metal contamination and plastic pollution from waste can damage marine ecosystems, aquatic species and the socio-economic conditions of participants in the "blue economy," with significant social, regulatory and market implications for businesses.

42. Issues related to water and marine resources have drawn increasing attention from investors and other capital market participants, as evidenced by the work of, among others, the SASB, CDSB, the UN Global Compact's CEO Water Mandate, the TNFD, Ceres, the Principles for Responsible Investment and EFRAG. In 2021, investors with more than US$110 trillion of assets under management asked companies to report on water security through the CDP platform. However, despite a significant body of guidance for preparers, investors remain dissatisfied with the current state of company disclosure on water and marine resources. For example, according to CDP, 44% of companies across all sectors reported exposure to substantive water-related risks in 2020, either in their direct operations or along their value chain, and this number is likely to continue to increase as a growing number of regions experience significant water stress during all or part of the year. However, a major data provider has reported that only 10 percent of companies currently disclose information on their water usage.

43. Challenges that exist in addressing the market need include:

    (a) the site-specificity of water-related risks and opportunities;

    (b) the importance of a company's broader value chain in assessing impacts and dependencies related to water and marine resources;

    (c) the multifaceted and interconnected nature of water- and marine-related issues, including with other sustainability matters (for example, biodiversity and climate change);

    (d) the different relationships with water and marine resources inherent in various business models and activities, from consumptive (for example, irrigation) to non-consumptive use (for example, hydropower), as well as pollution.

44. The ISSB may wish to consider developing cross-cutting and/or industry-based disclosure requirements related to how entities manage risks and opportunities related to water and marine resources. In doing so, the ISSB could potentially build upon existing materials, including SASB Standards and CDSB Framework application guidance, which complement [draft] IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*. For example, CDSB's Framework application guidance for water-related disclosures can facilitate disclosure of an entity's impacts and dependencies on water that lead to risks and opportunities relevant to its enterprise value, and how they are addressed in its business strategy. Meanwhile, water and wastewater management are among the more prevalent issues addressed in SASB Standards, with more than 70 metrics appearing in 25 of 77 industries, including those that capture the diverse impacts on operating risk, financial position and financial performance. Notably, activities in certain sectors—such as food, apparel, energy, chemicals, pharmaceuticals, and mining—are particularly water-intensive, accounting for 70% of the world's water use.

Industry-based requirements and SASB project portfolio

45. Upon the ISSB's planned consolidation of the VRF, which houses the SASB Standards, stewardship of the SASB Standards will pass from the SASB to the ISSB. This will include the 77 industry-based SASB Standards and the existing SASB project portfolio.

46. At present, in addition to the 77 industry-based SASB Standards, there are several active SASB research and standard-setting projects that have been publicly announced via the SASB project webpage. A list of early-stage opportunities is also maintained, which are topics that are being monitored for potential project proposals based on market research and consultation. The ISSB could consider the SASB Standards and the existing SASB projects in the development of its initial work plan. Many of the existing projects, particularly the standard-setting projects, may require less time and resources than wholly new proposals because the ISSB could leverage the considerable amount of work that has been completed to date in order to quickly advance the standards. The SASB Standards, which could form the basis for developing industry-based IFRS Sustainability Disclosure Standards, are discussed in paragraphs 47–49. The full portfolio of inherited SASB Standards projects is summarized in paragraphs 50–85.

Industry-based requirements

47. Many companies and investors have expressed strong support for an industry-based approach to standardising the disclosure of sustainability-related financial information. This support is evidenced by the fact that nearly 2,000 entities in nearly 60 countries across six continents—including nearly two-thirds of the S&P Global 1200—use the industry-based SASB Standards to disclose sustainability-related information to investors; and approximately 200 investors in more than 30 countries, representing more than US$50 trillion in assets under management, have licensed SASB's SICS[2]-based tools and resources. Investors responding to the IFRS Trustees' September 2020 consultation on sustainability reporting also expressed support for industry-specific requirements.

[2] Sustainable Industry Classification System (SICS) is SASB's industry classification system which organises entities into 77 different industries across 11 sectors in accordance with a fundamental view of their business model, their resource intensity and sustainability impacts and their sustainability innovation potential.

48. The ISSB may wish to design and execute a project—or series of projects—that would advance the SASB Standards through its own due process to establish industry-based IFRS Sustainability Disclosure Standards, as recommended by the Technical Readiness Working Group. Such a project focused on the SASB Standards, which were developed over a decade through a robust, market-led due process and guided by an investor-focused Conceptual Framework, could thus enable the ISSB to—perhaps simultaneously—address many of the items included in the list of broadly defined topics discussed in paragraphs 10–44 when they are relevant to particular industries. Such a project could include updates or improvements, through the development of a systematic approach to review, amend as needed and expose the contents of the Standards for public comment. In designing such a project, the ISSB could draw on the experiences of the IASB's improvements project related to the International Accounting Standards (IAS) during 2001-2003, in which targeted improvements were made across a suite of standards.

49. The ISSB could also consider issuing, alongside such proposed industry-based disclosure requirements, thematic discussion papers that survey key themes across the industry-based standards. This approach would (1) provide multiple entry points for market feedback most appropriate to the user of general purpose financial reporting or preparer, (2) identify opportunities to better coordinate how certain 'themes' are treated across the industry requirements, and (3) set the stage for thematic standard-setting projects focused on requirements that are more universally applicable.

Standard-setting projects (formerly SASB projects)

<u>Alternative products in the Food & Beverage industry</u>

50. In this standard-setting project the SASB sought to evaluate the addition of a new disclosure topic and associated metrics related to alternative product strategies to the SASB Standards for three industries: Meat, Poultry & Dairy, Processed Foods and Food Retailers & Distributors. This project stems from a research project exploring alternative meat and dairy products, which evidenced the reduced environmental impacts associated with alternative products, investor interest in the topic as a strategy for responding to climate-related transition risk and financial impacts for companies in these three industries. In its May 2021 meeting, the SASB initiated standard-setting work related to this topic.

51. In recent years there has been an increasing focus among investors, companies and regulators on the environmental impacts of food systems and agriculture, with a particular focus on meat production. Customers are changing their diets and consuming more alternative proteins and beverages because of concerns about the environmental impacts of animal products, animal welfare and personal health, leading to increased company and investor focus on protein diversification and other alternative product strategies.

52. Companies in the Meat, Poultry & Dairy, Processed Foods and Food Retailers & Distributors industries are those most affected by changes in consumer demand. These industries also produce conventional animal products that have significant environmental impacts, such as GHG emissions, water use and water pollution, as well as ecological impacts, each of which may increase an entity's exposure to risks, including market-based, regulatory and reputational risks. To reduce these impacts, mitigate the associated risks and capture the business opportunities associated with alternative products, companies are diversifying their protein sources and product portfolios through product innovation and diversification.

53. The current SASB Standards in the Food & Beverage sector address direct environmental impacts such as GHG emissions, water usage, and land-use impacts; however, they do not include disclosure requirements on protein diversification strategies specifically.

54. In June 2022, the SASB published recommended changes to the SASB Standards for the Meat, Poultry & Dairy, Processed Foods and Food Retailers & Distributors industries, which are detailed in the *Basis for Conclusions on Recommended Changes to the Meat, Poultry & Dairy, Processed Foods, and Food Retailers & Distributors Standards*. Key changes recommended by the SASB are:

    (a) the proposed addition of a new disclosure topic, Product Innovation, and three corresponding metrics in the Meat, Poultry & Dairy and the Processed Foods Standards intend to capture risks and opportunities associated with companies' management of alternative products; and

    (b) the proposed addition of a new disclosure topic, Product Portfolio Diversification, in the Food Retailers & Distributors Standard intends to capture risks and opportunities associated with companies' management of alternative products.

55. The ISSB could consider building on the work already undertaken by the SASB and continuing this standard-setting project by publishing an exposure draft of recommended changes proposing the addition of the new disclosure topics and associated metrics to the Meat, Poultry & Dairy, Processed Foods and Food Retailers & Distributors Standards.

Content governance in the Internet Media & Services industry

56. In this standard-setting project the SASB sought to evaluate the financial impacts on companies, and the management activities used by companies, related to harmful online content and user freedom of expression in the SASB Standard for the Internet Media & Services industry. This project stemmed from a research project exploring online content moderation, which evidenced financial impacts on companies within the Internet Media & Services industry as well as investor interest related to content governance. In July 2020, the SASB voted in favor of initiating a standard-setting project with the objective of identifying topics, metrics, and disclosure guidance to address themes associated with harmful online content and freedom of expression to enhance the completeness of the Internet Media & Services Standard.

57. The same technologies that have enabled significant growth in productivity and connected people across the world have also enabled bad actors and facilitated the creation, hosting and sharing of harmful content. In recent years, there has been a steadily increasing focus from investors, regulators, the media, and society at large on the role that internet platforms play in disseminating harmful online content and/or facilitating harmful online behavior.

58. Businesses provide services that can facilitate the dissemination of harmful content or harmful behavior in a variety of ways. Increasingly, platforms must decide what types of content can be hosted on their sites, as well as how such content may be amplified. The nature of the responsibility that internet platforms have over user-generated content, and the ways in which these platforms both craft and enforce their content policies, is highly contested. However, the evidence gathered indicates that this issue poses significant risks and opportunities for many companies in this industry.

59. The management of content governance risks and opportunities has significant financial implications for companies in the Internet Media & Services industry. These include the expense of content moderation, revenue risks and opportunities related to the ability to attract and retain advertisers, and regulatory risk, such as the potential for new regulations that could make platforms liable for the user-generated content they host in many jurisdictions

60. The Internet Media & Services Standard addresses risks and opportunities associated with how companies interact with government requests for user information and government requests to remove, block or censor content. However, it does not include disclosure requirements on the voluntary actions that platforms take to set and enforce content policies.

61. In June 2022, the SASB published recommended changes to Internet Media & Services Standard, which are detailed in the *Basis for Conclusions on Recommended Changes to the Internet Media & Services Standard*. Key changes recommended by the SASB are:

    (a) the proposed addition of a new disclosure topic, Content Governance & Freedom of Expression, and five new corresponding metrics intended to capture risks and opportunities associated with companies' management of user-generated content; and

    (b) the proposed relocation of two existing metrics, from the current Data Privacy, Advertising Standards & Freedom of Expression disclosure topic into the new Content Governance & Freedom of Expression disclosure topic.

62. The ISSB could consider building on the SASB's work and continuing this standard-setting project by publishing an exposure draft of recommended changes proposing the addition of the new disclosure topic and associated metrics to the Internet Media & Services Standard.

Plastics risks and opportunities in the Chemicals industry

63. In this standard-setting project the SASB sought to consider modifying the SASB Standard for the Chemicals Industry to incorporate risks and opportunities associated with single-use plastics and bio-alternatives. This project was launched in response to how intensifying focus on the externalities of plastics use has contributed to an escalating regulatory environment and shifting customer demand for packaging which is expected to affect assessments of enterprise value. These risks and opportunities are not fully captured in the existing Chemicals Standard. In its June 2020 meeting, the SASB initiated standard-setting work on this topic.

64. The management of single-use plastics risks and opportunities has significant financial implications for companies in the Chemicals industry. These include revenue risks and opportunities associated with shifting demand in the market toward alternative products such as recyclable and renewable materials, increased investments in research and development and capital expenditures for developing alternative products and possible taxes, fees, and/or compliance costs associated with changing regulations.

65. The shifting regulatory and demand landscapes for traditional plastic resins, polymers and alternatives are increasingly likely to present revenue risks and opportunities for companies in the Chemicals industry. Polymers and resins, the key inputs to single-use plastics, represent a significant end market for certain chemicals companies. As governments and customers increasingly pursue circularity and establish plastic waste reduction targets, chemicals companies that fail to

adjust their product offerings are likely to face reduced revenues and market share. Conversely, companies that proactively respond to this trend by developing new products are more likely to maintain and grow revenue, market share and price premiums.

66. The SASB identified significant evidence of investor interest regarding single-use plastics management by chemicals companies as demonstrated through (1) growing interest and scrutiny among capital market participants and (2) investor feedback provided during consultations.

67. In June 2022, the SASB published recommended changes to Chemicals Standard, which are detailed in the *Basis for Conclusions on Recommended Changes to the Chemicals Standard*. Key changes recommended by the SASB are the addition of the disclosure topic Management of Single-use Plastics and five new associated metrics to capture risks and opportunities with single-use plastics for the Chemicals Standard.

68. The ISSB could consider building on the SASB's work and continuing this standard-setting project by publishing an exposure draft of recommended changes proposing the addition of the new disclosure topic and associated metrics to the Chemicals Standard.

Human capital: diversity, equity and inclusion

69. In this standard-setting project the SASB sought to address diversity, equity and inclusion (DEI) in 45 of 77 industry standards. This would include evaluating the addition or revision of disclosure topics and/or metrics to better account for how DEI can affect assessments of enterprise value within each of these industries. This project stems from a research project exploring human capital more broadly, which was initiated to (1) analyse and document emerging evidence supporting the relevance to enterprise value of human capital issues, (2) review how human capital issues are accounted for across the existing SASB Standards and (3) develop evidence-based recommendations for subsequent standard-setting activities. Since the research project was initiated, staff completed a comprehensive literature review as well as several rounds of consultation with companies, investors and subject matter experts, and presented the preliminary results of the project to the SASB, including the publication of the *Preliminary Framework on Human Capital and the SASB Standards* (December 2020) (the 'Preliminary Framework'). In its May 2021 meeting, the SASB initiated standard-setting work focused on DEI (a subset of the Workplace Culture theme in the Preliminary Framework).

70. Subsequently, VRF staff conducted further research and consultations to develop a list of industries where evidence suggested that DEI is likely to impact enterprise value. Academics, consulting firms and subject matter expert organizations strongly assert that the diversity of an entity's workforce can impact enterprise value through the channels of talent attraction and retention; product design, marketing and delivery; community relations; and innovation and risk recognition. Investor and corporate feedback support the broad financial relevance of diversity and inclusion through these channels. The VRF staff's research also indicated the relevance of each channel within specific industries.

71. Many companies are currently publicly disclosing DEI metrics, and the pace of disclosure is increasing. In addition to investor and stakeholder interest in DEI, there is also significant regulatory activity.

72. Prior to ISSB's planned consolidation of the VRF, the VRF staff conducted further research and market consultation to:

(a) refine the industry list and the list of industry characteristics/indicators, where needed;

(b) examine channels of relevance to enterprise value and industries across international markets; and

(c) develop a preliminary view on the scope of disclosure topic(s) and how they map to SASB's organizing structure for each identified industry.

73. The ISSB could consider continuing this standard-setting project, leveraging the existing research, to develop standards that address the market need.

Greenhouse gas emissions in the Marine Transportation industry

74. In this standard-setting project the SASB sought to evaluate improvements to the metrics associated with the Greenhouse Gas Emissions and Air Quality disclosure topics in the SASB Standard for the Marine Transportation industry. The SASB initiated this project based on feedback from an industry working group and subject matter experts that certain metrics in the Greenhouse Gas Emissions and Air Quality disclosure topics lack completeness and comparability in measuring company performance regarding greenhouse gas emissions and other non-greenhouse gas pollutants. Thus, this project seeks to identify improvements that can be made to the metrics in this industry Standard. In its December 2021 meeting, the SASB initiated standard-setting work related to this topic.

75. The VRF staff's research indicates an increase in regulatory and customer pressure in the industry, including (1) potential government and regulatory body action including penalties and incentives to transition to zero-emission operations and (2) large shipping customers' pledges to only move cargo on ships using zero-carbon fuel. Consultation with industry participants and investors indicate that the existing SASB Standard does not provide a representative picture of an entity's emissions profile.

76. Prior to the ISSB's planned consolidation of the VRF, the VRF staff conducted further research and market consultation to develop an initial view on potential improvements to:

(a) a sub-metric on the percentage of renewable energy consumed; and

(b) a metric on the average energy efficient design index (EEDI).

77. The ISSB could consider continuing this standard-setting project, leveraging the VRF staff's existing research, to develop improvements to the Marine Transportation Standard.

Renewable energy in the Electric Utilities & Power Generators industry

78. In this standard-setting project the SASB sought to evaluate the approaches to measure company performance on electric utilities' transition to renewable energy as a decarbonizing pathway to provide complete and comparable information to users of general purpose financial reporting. The SASB initiated this project based on market feedback that there are opportunities to investigate other ways to measure company performance related to renewable energy that are not currently captured in the SASB Standard for the Electric Utilities & Power Generators industry. Within the industry

broadly, an expected increase in demand for electricity coupled with emissions reduction goals indicates an opportunity to investigate how to measure company performance in a way that provides more decision-useful information to users. In its July 2021 meeting, the SASB initiated standard-setting work on this topic.

79. Prior to the ISSB's planned consolidation of the VRF, the VRF staff conducted further research and market consideration to inform any revisions to the SASB Standard. In the SASB's June 2022 meeting, VRF staff presented results of initial research and consultation which indicated market interest in:

    (a) removal of an existing metric on renewable portfolio standards; and

    (b) addition of metrics on:

        (i) generation capacity;

        (ii) GHG emissions intensity; and

        (iii) capital expenditures.

80. The ISSB could consider continuing this standard-setting project, leveraging the VRF staff's existing research, to develop improvements to the Electric Utilities & Power Generators Standard.

Research project (former SASB project)

<u>Human capital</u>

81. As discussed in paragraphs 29–33, companies and investors are increasingly attentive to the financial implications of how businesses manage their human capital. The SASB launched a human capital research project in September 2019. The purpose of this project is to assess the scope and prevalence of various human capital management themes across 77 industries to develop an evidenced-based view on this cross-cutting theme. Major components of this project's objective are to design and implement a systematic analysis through the development of a human capital framework that enables an assessment of the relevance to enterprise value of the various aspects of the issue; to determine which issues are cross-cutting and which are industry-based; to identify key general issue categories in SASB's organizing structure; and to form recommendations related to advancing the project from the research phase to a standard-setting phase.

82. The research project resulted in the development of the *Preliminary Framework on Human Capital and the SASB Standards* (December 2020) (the 'Preliminary Framework'), which outlines a series of preliminary conclusions regarding the manner in which SASB Standards account for human capital and highlights key thematic areas of research associated with human capital management that may inform future standard-setting work. The SASB's consideration of the Preliminary Framework, and the supporting evidence therein, led to the launch of the diversity, equity and inclusion standard-setting project discussed in paragraphs 69–73, as the SASB identified this as top priority.

83. The ISSB could consider utilizing the Preliminary Framework to advance other thematic areas of research to a SASB standard-setting project.

Early-stage opportunities (formerly SASB)

84. The SASB's reserve list of early-stage opportunities includes topics that have surfaced from market research and consultation as warranting consideration for potential future project proposals. At current, the early-stage list includes the following topics:

(a) utility rate structures and revenue decoupling in Electric Utilities & Power Generators, Gas Utilities & Distributors and Water Utilities & Services industries;

(b) design and maintenance of "healthy buildings," or buildings focused on the health and wellbeing of occupants, in the Real Estate industry;

(c) ship end-of-life management in the Marine Transportation industry;

(d) health and nutrition in the Food & Beverage sector;

(e) antimicrobial resistance in the Health Care and Food & Beverage sectors;

(f) chemicals management in the Consumer Goods sector;

(g) supply chain impacts, outside of palm oil, in the Household & Personal Products industry;

(h) product Design & Lifecycle Management in the Apparel, Accessories & Footwear industry; and

(i) assessment to ensure industry classifications in SASB Standards are responsive to and reflective of current economic conditions and the sustainability landscape.

85. The ISSB could consider advancing certain early-stage topics to more formal research projects in order to assess whether standard-setting is warranted.

Potential projects to be undertaken in coordination with the IASB

86. As noted in paragraphs 11–14 of Agenda Paper 1—*Project introduction and overview*, the need for connectivity between sustainability-related financial disclosures and the financial statements—and the resulting need for the ISSB and the IASB to collaborate in their work—has been highlighted by respondents to the IFRS Foundation Trustees' consultation on targeted amendments to the IFRS Foundation *Constitution*, the IASB's Third Agenda Consultation and the IASB's recent consultation on its current Management Commentary project.

87. This collaboration between the boards, with the aim to enable connected reporting, could take various forms, including the potential for joint projects. This may include joint work to ensure the ISSB's and the IASB's are based on consistent concepts when relevant (paragraphs 88–89), build on innovations developed in the IASB's current Management Commentary project (paragraphs 90–91), as well as other projects recently prioritised by the IASB (paragraphs 92–95).

Conceptual framework

88. Conceptual frameworks are essential to high-quality standards development, as well as facilitating market understanding of and confidence in those standards. Although the IASB and ISSB are united

by a common primary user and objective, the Technical Readiness Working Group (TRWG)[3] identified that certain adaptations and additions to the IASB's *Conceptual Framework* would be necessary to accommodate the unique characteristics of consistent, comparable, verifiable sustainability-related financial information, as well as to explain how key concepts are applied. A key determinant of the size of this project would be the approach taken—for example, whether the ISSB develops its own Framework or works with the IASB towards a common Framework, as recommended by the TRWG. In either case, the ISSB would have the benefit of incorporating or sharing the appropriate concepts from the IASB *Conceptual Framework* and of drawing on the SASB Standards Conceptual Framework to explore key areas of differentiation. The Chairs of the IASB and the ISSB have also noted an intention to seek opportunities to align and incorporate the concepts of the Integrated Reporting Framework with similar concepts in the IASB and SASB Conceptual Frameworks into a cohesive whole.[4] [5]

89. It is important to note that the IASB relatively recently completed a Conceptual Framework project with the revised Framework being issued in March 2018 so there is no current allocation of time from the IASB to work on such a project. It is also noted that prior to establishing a Conceptual Framework for the ISSB, the staff would propose that the ISSB use relevant sections of the IASB and SASB's Conceptual Frameworks to guide the standard-setting work so the ISSB would not be operating in a vacuum.

Management commentary

90. Since the IASB issued the *Management Commentary* Practice Statement in 2010, narrative reporting has evolved significantly, including the incorporation of sustainability considerations and the adoption of a longer-term outlook. In its current Management Commentary project, the IASB sought to build on innovations in narrative reporting—including the International Integrated Reporting Framework—to deliver a comprehensive framework that would enable companies to provide information that investors and other capital market participants need, including information needed to assess an entity's longer-term outlook, such as information about sustainability considerations. The ISSB's participation in advancing this work could help enable connected discussion and analysis of financial statements and sustainability-related financial disclosures in a way that is compatible with IFRS Sustainability Disclosure Standards[6], while also potentially further aligning the management commentary framework with key concepts and components of the International Integrated Reporting Framework.

91. Importantly, while the IASB received strong support for its recent management commentary proposals, many of the IASB's stakeholders encouraged the IASB to work jointly with the ISSB in advancing this project. It is also noted that the Chairs of the IASB and the ISSB have committed to consider opportunities to address differences between the Integrated Reporting Framework and

[3] The TRWG was formed by the IFRS Foundation Trustees to provide a running start for the ISSB. The organisations participating in the TRWG were the IASB, CDSB, VRF, the Financial Stability Board's Task Force on Climate-related Financial Disclosures and the WEF and its Measuring Stakeholder Capital Initiative. Recommendations of the TRWG were published in November 2021 within the Summary of the Technical Readiness Working Group's Programme of Work.
[4] See IFRS Foundation press release, Integrated Reporting—articulating a future path
[5] When the ISSB consults on its agenda priorities, its stakeholders will have the opportunity to comment on the relative priority of such work.
[6] For example [draft] IFRS S1emphasises the importance of highlighting linkages between the financial statements and sustainability-related financial disclosures.

Management Commentary.[7] The ISSB's consultation on agenda priorities provides an opportunity to receive information from stakeholders about prioritisation of this work relative to other alternatives.

Other projects to be undertaken in coordination with the IASB

92. When the ISSB discusses potential priorities at a future board meeting, building upon the feedback from this meeting, consideration could be given to whether the ISSB should allow a portion of its time to be kept available for working with the IASB on other topics that arise from time to time and/or whether time should be explicitly allocated to known potential projects. In considering the latter the following projects have been identified by the IASB following their recent agenda consultation where it was noted that it is likely to be appropriate for the two boards to coordinate their work.

Climate-related risks

93. The IASB recently decided to undertake a narrow-scope project researching the accounting for climate-related risks in the financial statements, which is a project in which coordination between the IASB and ISSB is likely to be beneficial or even necessary. Working together could ensure that the information required by the two boards is complementary, does not conflict and meets the needs of users of general purpose financial reporting when considered as a whole. For example, the two boards might consider whether, and if so, what additional requirements or guidance may be needed to enable sufficient transparency around the extent to which the climate-related assumptions and other related sources of estimation uncertainty that underpin forward-looking disclosures in an entity's financial statements are consistent with those used to prepare climate-related disclosures in accordance with IFRS Sustainability Disclosure Standards, or around the relevant time horizons an entity may use in considering climate-related risks in testing assets for impairment.

Intangible assets

94. In addition, the IASB has added a research project to its pipeline to undertake a comprehensive review of the IFRS Accounting Standard on intangible assets (IAS 38). Some disclosures that may be relevant to intangibles may be addressed by the ISSB (such as those related to human capital) so coordination between the boards is also likely to be beneficial or necessary for this project. Such cooperation could also help identify cases in which disclosure required by IFRS Sustainability Disclosure Standards may provide additional insight, understanding, and cross-entity comparability of unrecognised (e.g., internally generated) intangible assets. Working together the boards would have the opportunity to ensure that their requirements are compatible and, in combination, would meet the needs of users of general purpose financial reporting.

Pollutant pricing mechanisms

95. The IASB has identified a project on the accounting for pollutant pricing mechanisms, which the IASB would commence before its next agenda consultation (for 2027-2031) if additional capacity unexpectedly becomes available. The IASB expects that a substantial amount of its work on pollutant pricing mechanisms (if added to the work plan) would be focused on developing recognition and measurement requirements for such mechanisms. However, cooperation between the boards could help identify cases in which disclosure required by IFRS Sustainability Disclosure Standards may provide additional insight and understanding of pollutant pricing mechanisms. Working together,

[7] See IFRS Foundation press release, Integrated Reporting—articulating a future path

the boards would have the opportunity to ensure that their requirements are compatible and, in combination, would meet the needs of users of general purpose financial reporting.

Questions for the ISSB

96. Staff presents the following questions for the ISSB.

Questions for the ISSB:
1. What are your initial observations on the items identified, as well as any considerations that staff should consider in preparing for future decision making? 2. Should staff consider other items not described in this paper? If so, what is the nature of the item and why is it important?