

ISSB/RFI/2023/1 Consultation on Agenda Priorities

A request for information issued for public consultation by the International Sustainability Standards Board in May 2023

Comments from ACCA submitted via online survey

1 September 2023

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OVERALL COMMENTS

ACCA welcomes the opportunity to provide views in response to the ISSB's Request for Information *Consultation on Agenda Priorities*. We hope that our comments, which include feedback from our ACCA Global Forum for Corporate Reporting and Global Forum for Sustainability, are a helpful contribution to this process.

ACCA has consistently advocated for a global approach to the development of sustainability disclosure standards. We fully support the role of ISSB in setting a consistent and comparable global baseline to sustainability reporting around the world. We welcome and commend the issuance of IFRS S1 and IFRS S2 as its first step in this direction.

However, while we appreciate the need for urgency and speed in evolving the sustainability reporting space, balancing these with [coherence and connectivity](#)¹ is paramount to reduce the risk of disconnect and further regulatory fragmentation. As such, our focus centres around getting the foundation right during this critical implementation stage of the ISSB Standards which will, in turn, form the base for future reporting, standard-setting, policy development and, ultimately, progress in combatting climate change.

ISSB is best placed to lead development of supplementary educational materials centrally to ensure greater interoperability and consistent application across jurisdictions. We recognise that this will be resource-intensive, and so it is important that the ISSB leverage the IFRS Foundation Partnership Framework (Partnership Framework) as much as possible. ACCA is a partner of this Partnership Framework, and stands ready to support the IFRS Foundation. Thus far, we have produced a [series of explainer videos](#)² with the ISSB, available on our [Sustainability Hub](#)³, to help understanding and application of the ISSB Standards. We are also currently developing a series of guides – the first of which will be published later this year – to help entities get ready for preparing sustainability disclosures using the ISSB Standards.

We strongly believe that the proposed 'Integration in Reporting' project will complement efforts to support implementation of the ISSB Standards, and as such, should be placed first in priority of the new research and standard-setting projects identified in the Request for Information as well as alongside activities to support implementation of the ISSB Standards. In particular, we envisage that this project can effectively demonstrate connectivity as an overriding priority, while bringing clarity to the application of IFRS S1.

¹ ACCA (2021), *Principles for Connected Corporate Reporting Standard Setting*. Downloadable from <https://www.accaglobal.com/us/en/technical-activities/technical-resources-search/2021/november/acca-principles-connected-corporate-reporting-policy.html>, accessed 1 September 2023.

² ACCA, 'Sustainability disclosure standards – video explainers' [online resource] <https://www.accaglobal.com/gb/en/member/sectors/sustainable-business/sustainability-standards-videos.html>, accessed 1 September 2023.

³ ACCA, 'Sustainability hub' [online resource] <https://www.accaglobal.com/gb/en/member/sectors/sustainable-business.html>, accessed 1 September 2023.

This will help lay the foundations for an integrated, coherent and comprehensive system of corporate reporting which can provide a holistic and transparent view of how an entity creates value over time.

In the meantime, as sustainability-related standard-setting progresses, it is important to ensure that the reporting catalyses the necessary systemic change: that operational changes take place in the entities making these disclosures; better quality of information becomes available to investors, who will then use these disclosures to allocate capital more efficiently and responsibly. For this to happen, widespread application of [integrated thinking](#)⁴ by entities as well as [integrative thinking](#)⁵ by finance professionals are necessary.

Our responses to the specific questions asked are set out below.

⁴ ACCA (2021), *Invisible threads: communicating integrated thinking*. Downloadable from <<https://www.accaglobal.com/gb/en/professional-insights/global-profession/Invisible-threads-communicating-integrated-think.html>>, accessed 1 September 2023.

⁵ ACCA (2023), *Integrative thinking: the guide to becoming a value-adding CFO*. Downloadable from <<https://www.accaglobal.com/gb/en/professional-insights/global-profession/integrative-thinking.html>>, accessed 1 September 2023.

RESPONSES TO SPECIFIC QUESTIONS RAISED

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

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

- (a) From highest to lowest priority, how would you rank the following activities?
 - (i) beginning new research and standard-setting projects
 - (ii) supporting the implementation of ISSB Standards IFRS S1 and IFRS S2
 - (iii) researching targeted enhancements to the ISSB Standards
 - (iv) enhancing the Sustainability Accounting Standards Board (SASB) Standards
- (b) Please explain the reasons for your ranking order and specify the types of work the ISSB should prioritise within each activity.
- (c) Should any other activities be included within the scope of the ISSB’s work? If so, please describe these activities and explain why they are necessary.

ACCA response – Question 1

- (a) We are of the view that the activities should be ranked, from highest to lowest priority, as follows:
 - (i) supporting the implementation of ISSB Standards IFRS S1 and IFRS S2
 - (ii) enhancing the Sustainability Accounting Standards Board (SASB) Standards
 - (iii) beginning new research and standard-setting projects
 - (iv) researching targeted enhancements to the ISSB Standards
- (b) We appreciate the need for urgency and speed in evolving the sustainability reporting space. However, we believe that balancing these with [coherence and connectivity](#)⁶ is paramount to reduce the risk of disconnect and further regulatory fragmentation. With this in mind, we emphasise the importance of getting the foundation right during this implementation stage of the ISSB Standards, as this forms the base for future reporting, standard-setting and policy development. Accordingly, our views on the ISSB’s next priorities are as follows:

⁶ ACCA (2021), *Principles for Connected Corporate Reporting Standard Setting*. Downloadable from <<https://www.accaglobal.com/us/en/technical-activities/technical-resources-search/2021/november/acca-principles-connected-corporate-reporting-policy.html>>, accessed 1 September 2023.

(i) supporting the implementation of ISSB Standards IFRS S1 and IFRS S2

We believe that supporting implementation of the ISSB Standards is absolutely critical towards ensuring the standards are widely adopted and therefore established as the global baseline. We anticipate this will be resource intensive.

While many entities might have applied the Task Force on Climate-related Financial Disclosures (TCFD) recommendations which ease their journeys towards applying the ISSB Standards⁷, there is still a large proportion of entities globally who have yet to implement them. In fact, even those entities which have applied TCFD recommendations would need to carry out incremental work when implementing additional requirements introduced by the ISSB Standards.

These entities will need time to build familiarity through awareness, education and experience in application. We welcome the recent news that the IFRS Foundation will take over the monitoring of the progress on entities' climate-related disclosures from the TCFD, as well as the confirmation that the ISSB Standards fully incorporate the TCFD recommendations, as this will help streamline and consolidate existing requirements, thereby helping to address concerns around the complexity of the current reporting landscape.

We believe that the ISSB is best placed to lead development of supplementary educational materials centrally to ensure greater interoperability and consistent application across jurisdictions. In this regard, it is important that the ISSB leverage the IFRS Foundation Partnership Framework (Partnership Framework) as much as possible and work closely with its partners to this end. ACCA is one of the partners of this Partnership Framework, and stands ready to support the IFRS Foundation. Thus far, we have produced a [series of explainer videos](#)⁸ with the ISSB, available on our [Sustainability Hub](#)⁹, to help understanding and application of the ISSB Standards. We are also currently developing a series of guides – the first of which will be published later this year – to help entities get ready for preparing sustainability disclosures using the ISSB Standards, including considerations for value chain reporting.

⁷ ACCA (2022), *Companies' readiness to adopt IFRS S2 Climate-Related Disclosures*. Downloadable from <<https://www.accaglobal.com/gb/en/professional-insights/global-profession/readiness-for-IFRS-S2.html>>, accessed 1 September 2023.

⁸ ACCA, 'Sustainability disclosure standards – video explainers' [online resource] <<https://www.accaglobal.com/gb/en/member/sectors/sustainable-business/sustainability-standards-videos.html>>, accessed 1 September 2023.

⁹ ACCA, 'Sustainability hub' [online resource] <<https://www.accaglobal.com/gb/en/member/sectors/sustainable-business.html>>, accessed 1 September 2023.

We further note that supporting the implementation of ISSB Standards aligns well with the European Commission's (EC) call¹⁰ to EFRAG to prioritise implementation support for the European Sustainability Reporting Standards (ESRS) Set 1, and we strongly encourage the ISSB to continue working closely with EFRAG to ensure continued interoperability and to further close gaps wherever possible. The ISSB should also take similar initiatives with other regional and/or national jurisdictions.

(ii) enhancing the Sustainability Accounting Standards Board (SASB) Standards

As highlighted in our response¹¹ to the ISSB's Exposure Draft ISSB/ED/2023/1 *Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates*, we reiterate our overall support for the ISSB's phased approach with this Exposure Draft. The first phase of narrow-scope work focuses specifically on amending the SASB Standards metrics in accordance with the proposed methodology to enhance their international applicability when they contain jurisdiction-specific references. Thereafter, further enhancements should be considered in subsequent phases to improve decision-usefulness, balance cost-effectiveness for preparers and ensure international relevance.

However, we are still mindful¹² that the SASB Standards were developed in the US, with the disclosure topics and metrics for each given industry also identified in relation to US-based entities. Given that entities will be required to refer to the SASB Standards not only in making disclosures, but also in identifying sustainability-related risks and opportunities (SRRO), this could be challenging for entities outside of the US, especially in the Global South, to apply.

In relation to this, we are further of the view that the SASB Standards should evolve to eventually be subsumed and fully integrated into the ISSB Standards following the appropriate IFRS Foundation standard-setting due process. This will help address concerns around international applicability as well as encourage adoption in the longer term. Meanwhile, the SASB Standards should continue to support

¹⁰ EFRAG (2023), *European Commission calls on EFRAG to prioritise implementation support for the first set of ESRS* [website article] <<https://www.efrag.org/News/Public-416/European-Commission-calls-on-EFRAG-to-prioritise-implementation-support>>, accessed 1 September 2023.

¹¹ ACCA (2023), *ACCA's response to ISSB Exposure Draft on Enhancing the International Applicability of the SASB Standards*. Downloadable from <<https://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2023/August/ed-methodology-for-enhancing-the-international-applicability-of-.html>>, accessed 1 September 2023.

¹² ACCA (2022), *ACCA responses to ISSB Exposure Drafts on IFRS S1 and S2*. Downloadable from <<https://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2022/July/ACCA-responses-ISSB-EDs.html>>, accessed 1 September 2023.

implementation in the form of non-mandatory guidance, with updates introduced as the respective markets and sustainability-related topics mature and relevant metrics become available.

(iii) beginning new research and standard-setting projects

We reiterate that it is crucial to get the foundation right during this implementation stage of the ISSB Standards as this will, in turn, form the base for future reporting, standard-setting and policy development. As such, while we think that beginning new research and standard-setting projects should be relatively of lower priority at this juncture, the ISSB should prioritise delivery of the proposed 'Integration in Reporting' project.

We consider that the proposed 'Integration in Reporting' project will very much complement efforts to support implementation of the ISSB Standards which we have already identified as critical and a top priority activity. With this in mind, this particular project particularly should be placed first in priority of the new projects identified in the Request for Information, but also alongside activities to support implementation of the ISSB Standards. Overall, we agree that this project's overarching objective towards creating an integrated, coherent and comprehensive system of corporate reporting will provide a holistic and transparent view of how an entity creates value over time. This approach is consistent with the views set out in our [Principles for Connected Corporate Reporting](#)¹³. Please refer to our responses to Questions 3 and 7 for further details.

Ultimately, regardless of the direction taken, we think the ISSB should focus on leveraging resources within the IFRS Foundation's existing toolkits and content. For example, the 'Integration in Reporting' project should build on and incorporate concepts from both the Integrated Reporting <IR> Framework and the IASB's Exposure Draft *Management Commentary*.

We also recommend that the ISSB clarifies the full suite of sustainability topics that it intends to address and include within the ISSB Sustainability Disclosure Standards, as this will help guide the overall direction of sustainability reporting, as well as facilitate ongoing interoperability efforts.

(iv) researching targeted enhancements to the ISSB Standards

We think that this activity should be last in priority as it is important that the ISSB allows for a period of stability immediately after the issuance of

¹³ ACCA (2021), *Principles for Connected Corporate Reporting Standard Setting*. Downloadable from <<https://www.accaglobal.com/us/en/technical-activities/technical-resources-search/2021/november/acca-principles-connected-corporate-reporting-policy.html>>, accessed 1 September 2023.

the new standards to allow the industry and profession to learn, implement and develop from their experiences. Allowing stakeholders (including, but not limited to, investors) time to interact with the information disclosed in accordance with the ISSB Standards will also provide more insightful and meaningful feedback which, in turn, can guide enhancements as well as better standard-setting and policy development moving forwards. Post-implementation reviews of the ISSB Standards should, at the earliest, start after the new requirements have been implemented for at least 24 months, to assess the effectiveness of the standards in providing decision useful information to users of general purpose financial reports and consider whether targeted enhancements are required. Nonetheless, this should not prevent the ISSB from acting swiftly should an urgent need arise in the early implementation stage.

- (c) No. We think that the ISSB should focus on the activities which have already been identified and outlined in this Request for Information. However, the ISSB should also maintain a certain level of flexibility to address urgent matters in the face of unforeseen circumstances, and re-prioritise its focus as and when necessary.

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

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

- (a) Do you think the ISSB has identified the appropriate criteria?
(b) Should the ISSB consider any other criteria? If so what criteria and why?

ACCA response – Question 2

- (a) Yes. We think that it is sensible and appropriate for the ISSB and IASB to use similar (aligned) criteria in determining which issues to prioritise. However, we recommend that more clarity be provided on how a matter might be determined to be of importance to investors. In particular, it is crucial to consider how and to what extent investors’ priorities have shifted from a purely financial reporting perspective to include a perspective that also considers sustainability and sustainability reporting, while continuing to apply the existing meaning and definition of materiality. The ISSB may also wish to consider the extent to which other reports such as the Intergovernmental Panel on Climate Change (IPCC) Assessment Reports might interact with and/or influence the ISSB’s direction moving forwards.
- (b) Yes. As interoperability is crucial, and to minimise the risk of contributing to the ‘alphabet soup’ of sustainability reporting initiatives and requirements, we strongly recommend that ‘considers the work streams of other jurisdictional and voluntary sustainability standard-setters and framework providers’

(paragraph 26 of the Request for Information) should be included as a criterion for primary consideration rather than as an additional secondary consideration. As far as possible, ISSB should work collaboratively with these bodies to reduce risk of (further) fragmentation. Special care is also needed to ensure that global, regional, and national standard-setters use the same language (as opposed to aligning or using similar language), so that there is consistent understanding across the world of the meaning of key terms.

We also suggest that the ISSB aligns its resource allocation to the planned level of focus for each activity and/or project, emulating the IASB Third Agenda Consultation, whereby a higher proportion of available resources is allocated to committed activities with a higher level of focus.

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

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

- (a) Taking into account the ISSB’s limited capacity for new projects in its new two-year work plan, should the ISSB prioritise a single project in a concentrated effort to make significant progress on that, or should the ISSB work on more than one project and make more incremental progress on each of them?
 - (i) If a single project, which one should be prioritised? You may select from the four proposed projects in Appendix A or suggest another project.
 - (ii) If more than one project, which projects should be prioritised and what is the relative level of priority from highest to lowest priority? You may select from the four proposed projects in Appendix A or suggest another project (or projects).

ACCA response – Question 3

We think that ISSB should work on more than one project concurrently, in this order of priority:

- (i) Integration in reporting
- (ii) Human capital
- (iii) Human rights
- (iv) Biodiversity, ecosystems and ecosystem services (BEES)

Integration in reporting

We reiterate that getting the foundation right during this implementation stage of the ISSB Standards is of utmost importance, as this forms the base for future reporting, standard-setting and policy development. Focusing on ‘Integration in Reporting’ as a top priority project is in line with this view, given its overarching objective towards

creating an integrated, coherent and comprehensive system of corporate reporting that provides a holistic and transparent view of how an entity creates value over time. A more cohesive and efficient approach to corporate reporting will further strengthen the foundation upon which future reporting, standard-setting and policy development will be based, leading to better quality of information available to investors, and enabling a more efficient and productive allocation of resources [paragraphs A38 and A42 of the Request for Information].

We envisage that the 'Integration in Reporting' project will demonstrate how connectivity is an overriding priority, which is consistent with the views set out in our [Principles for Connected Corporate Reporting](#)¹⁴, while bringing clarity to the application of IFRS S1 which requires entities to provide connected information so that users of general purpose financial reports can understand connections both between the items to which the information relates and between disclosures provided by the entity in its general purpose financial reports.

Other projects: Human rights and human capital, Biodiversity, ecosystems and ecosystem services (BEES)

We are mindful of the limited available resources, and the merits of having a period of stability immediately after the issuance of the new ISSB Standards to allow the industry and profession to learn, implement and develop from their experiences. Allowing stakeholders (including, but not limited to, investors) time to interact with the information disclosed in accordance with the ISSB Standards will provide more insightful and meaningful feedback which, in turn, can guide better standard-setting and policy development moving forwards.

As such, we think that rather than prioritising these other projects, the ISSB should strive to continue collaboration with other standard-setters and policy makers as much as possible to further overall efforts towards interoperability and global baseline standards for sustainability-related disclosures. We also caution that the ISSB needs to consider stakeholders' capacity in responding to consultations during this critical implementation period, as it is likely to be the same stakeholders involved in the implementation of the new ISSB Standards. However, in the event that the ISSB decides to proceed with these other projects, we strongly recommend that the human rights and human capital topics are addressed together as a single project as they are closely linked. Further details on this recommendation are set out in our responses to Questions 4 and 5.

Where possible, the ISSB should also focus on leveraging and building on resources within the IFRS Foundation's existing toolkits. Please refer to our responses to Questions 4, 5, 6 and 7 for further details.

¹⁴ ACCA (2021), *Principles for Connected Corporate Reporting Standard Setting*. Downloadable from <<https://www.accaglobal.com/us/en/technical-activities/technical-resources-search/2021/november/acca-principles-connected-corporate-reporting-policy.html>>, accessed 1 September 2023.

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

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

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

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

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

- (i) a short description of the subtopic (and the associated sustainability-related risks and opportunities); and
- (ii) your view on the importance of the subtopic with regard to an entity’s sustainability-related risks and opportunities and the usefulness of the related information to investors.

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

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

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

Please explain your choices and the relative level of priority with particular reference to the information needs of investors. You can suggest materials that are not specified. You can suggest as many materials as you deem necessary. To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.

<p>ACCA response – Question 4</p> <ul style="list-style-type: none">(a) We note and have no objection to the sub-topics that the ISSB has identified in paragraph A11 of the Request of Information, which we understand to be

based on feedback received through past consultations. In this regard, we would like to seek clarity as to whether the ISSB intends to pursue BEES as a single sustainability disclosure standard and whether its structure will mirror those of the recently issued IFRS S1 and S2.

Given the dynamic and constantly evolving nature of sustainability topics as a whole, we caution that unless the considerations are very different for each subtopic, there may be merit in developing a single sustainability disclosure standard to drive the use of a consistent set of principles and methodology in assessing and addressing sustainability-related risks and opportunities arising from BEES-related subtopics. This can then be supplemented with guidance on how these principles can be applied to the respective subtopics, which can be updated as the respective markets and BEES-related subtopics mature and other relevant metrics become available. As explained in our [Principles for Connected Corporate Reporting](#)¹⁵, global standards should, as much as possible, be principles-based and applicable to a broad range of entities using them.

- (b) Yes. We note that identifying sustainability-related risks and opportunities relating to each of the BEES subtopics is likely to have vastly different results across different industries, sectors, geographic locations or a combination of these. Local regulations and policies are particularly important variables to consider. Also, to a certain extent, we believe that it is important to consider how the stage and pace of development of respective jurisdictions might influence the identification of these sustainability-related risks and opportunities, particularly for entities in the Global South.

For example, identifying sustainability-related risks and opportunities from waste and hazardous waste being shipped from certain jurisdictions to other jurisdictions is likely to have vastly different results depending on whether it is viewed from the perspective of the 'sending jurisdiction' or the 'receiving jurisdiction'. Such considerations are important in ensuring that there is a balanced and complete coverage of sustainability-related risks and opportunities.

Having considered the above, we further suggest that the ISSB engages with industry or trade associations across different geographic locations to identify potential challenges or difficulties in applying specific requirements in the ISSB Standards. Such engagement might be able to aid the ISSB's assessment of whether the sustainability-related risks and opportunities are substantially the same or different across industries, sectors, or geographic locations.

- (c) We think it is important that the ISSB considers the following materials:

¹⁵ ACCA (2021), *Principles for Connected Corporate Reporting Standard Setting*. Downloadable from <<https://www.accaglobal.com/us/en/technical-activities/technical-resources-search/2021/november/acca-principles-connected-corporate-reporting-policy.html>>, accessed 1 September 2023.

- 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 Sustainability Reporting Standards (ESRS), including supplementary implementation guidance when these are made available by EFRAG

We believe that it is crucial that the ISSB leverages and builds on existing work in this space, especially where there are resources under the IFRS Foundation’s care, such as the Integrated Reporting Framework and the SASB Standards. We also welcome recent news¹⁶ that the ISSB will consider the work of the TNFD and other existing nature-related standards and disclosures where they relate to the information needs of investors.

In addition, we are of the view that the principles from these resources should evolve to eventually be subsumed and fully integrated into the resulting ISSB Standard, following the appropriate IFRS Foundation standard-setting due process. This will help address concerns around international applicability as well as interoperability, thereby encouraging the adoption of ISSB Standards in the longer term.

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:

¹⁶ IFRS Foundation (2022), *ISSB describes the concept of sustainability and its articulation with financial value creation, and announces plans to advance work on natural ecosystems and just transition* [website article] <<https://www.ifrs.org/news-and-events/news/2022/12/issb-describes-the-concept-of-sustainability/>>, accessed 1 September 2023.

- (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.

ACCA response – Question 5

- (a) We note and have no objection to the subtopics that the ISSB has identified in paragraph A22 of the Request for information, which we understand to be based on feedback received through past consultations. In fact, findings from a talent-trends survey in accountancy and finance conducted in conjunction with our report on [Global Talent Trends 2023](#)¹⁷ confirms worker wellbeing (including mental health and benefits), diversity, equity and inclusion, and employee engagements as current key concerns around work.

As human capital is a widely relevant topic, we believe that addressing this is important for overall sustainability as well as the social equity agenda ('S' in ESG). In particular, we are mindful that the ISSB Standards are developed with a focus on meeting investors' needs, and human capital has a direct impact on entities' abilities to continue operating and grow. Roundtable participants who

¹⁷ ACCA (2023), *Global Talent Trends 2023*. Downloadable from <https://www.accaglobal.com/gb/en/professional-insights/pro-accountants-the-future/global-talent-trends-2023.html>, accessed 1 September 2023.

contributed insights to our report on the [Chief Value Officer – the important evolution of the CFO](#)¹⁸ asserted that it is human capital, in interaction with the other capitals, that creates an entity’s commercial advantage.

However, as human capital and human rights are closely linked, as acknowledged in Footnote 16 of the Request for Information, we recommend that the ISSB consider addressing these two topics together as a single project. In addition, while human rights cover a broader scope, its elements influence human capital. Accordingly, the ISSB may, at the very least, wish to consider embedding elements of the human rights project into the human capital project.

We would also like to seek clarification on the meaning of ‘workforce’ and ‘costs’ in ‘workforce composition and costs’ [paragraph A22(g) of the Request for Information]. For instance, whether ‘costs’ include or refer to employee benefits within the scope of IAS 19 *Employee Benefits* and transactions with employees within the scope of IFRS 2 *Share-based Payments*, which is subject to the definition of ‘workforce’.

- (b) Yes. We believe that different business models, economic activities and other common features that characterise participation in an industry, or geographic locations can give rise to different sustainability-related risks and opportunities related to human capital and human rights. Jurisdictional nuances are likely to have a significant impact in identifying sustainability-related risks and opportunities, as well as on the resulting disclosures. For example, human capital and human rights considerations for an individual whose work status is region-focused (e.g., a European Union (EU) national) is likely to have different considerations from an individual whose work status is nation- or country-focused (e.g. a US national), as an EU national generally does not need a work permit to work anywhere in the EU¹⁹.

In our report on [Accounting for Society’s Values](#)²⁰, we note that the social agenda (the components of which overlap with the human capital subtopics identified in paragraph A22 of the Request for Information) is highly contextualised by the location of the entity and its culture. It considers how entities interact not only with their employees, but also those in their value chain, their customers and the communities. Components are often strongly interconnected both within and across categories. Economies being at different stages of progression also dictate different forms of action and investment needed to deliver progress.

¹⁸ ACCA and BDO (2023), *Chief Value Officer – the important evolution of the CFO*. Downloadable from <<https://www.accaglobal.com/gb/en/professional-insights/global-profession/value-officer.html>>, accessed 1 September 2023.

¹⁹ https://europa.eu/youreurope/citizens/work/work-abroad/work-permits/index_en.htm

²⁰ ACCA (2023), *Accounting for Society’s Values*. Downloadable from: <<https://www.accaglobal.com/gb/en/professional-insights/global-profession/society-values.html>>, accessed 1 September 2023.

With this in mind, we reiterate our suggestion that the ISSB engages with industry or trade associations across different geographic locations to identify potential challenges or difficulties in applying specific requirements in the ISSB Standards. Such engagement might be able to aid the ISSB's assessment of whether the sustainability-related risks and opportunities are substantially the same or different across industries, sectors, or geographic locations.

(c) We think it is important that the ISSB considers the following materials:

- The SASB Standards and related research and standard-setting projects
- The CDSB Framework for reporting environmental and social information
- The Integrated Reporting Framework
- The International Labour Organization (ILO)
- The European Sustainability Reporting Standards (ESRS), including supplementary implementation guidance when these are made available by EFRAG
- The Global Reporting Initiative (GRI)
- Other:
 - OECD Due Diligence Guidance for Responsible Business Conduct
 - ACCA [Accounting for Society's Values](#)²¹

The SASB Standards and related research and standard-setting projects

We observe that among the SASB projects transferred to the IFRS Foundation, there are two projects on 'Human capital' and 'Human capital: Diversity, Equity and Inclusion' which appear to be separate from the 'Human rights' project. In this regard, we are of the view that the ISSB should focus on leveraging and building on these resources within the IFRS Foundation's existing toolkits.

OECD Due Diligence Guidance for Responsible Business Conduct

The OECD Due Diligence Guidance for Responsible Business Conduct provides practical support to enterprises for the implementation of the OECD Guidelines for Multinational Enterprises by providing plain-language explanations of its due diligence recommendations and associated provisions. Implementing these recommendations can help enterprises avoid and address adverse impacts on workers, human rights, the environment, bribery, consumers and corporate governance that may be associated with their operations, supply chains and other business relationships. The Guidance includes additional explanations, tips and illustrative examples of due diligence.

²¹ ACCA (2023), *Accounting for Society's Values*. Downloadable from: <https://www.accaglobal.com/gb/en/professional-insights/global-profession/society-values.html>, accessed 1 September 2023.

ACCA Accounting for Society's Values

This report considers the social component of the sustainability agenda, which is broad and complex. It brings together views and perspectives of members and stakeholders in the ACCA community.

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.

ACCA response – Question 6

- (a) As human capital and human rights are closely linked, as acknowledged in Footnote 16 of the Request for Information, we reiterate our recommendation for the ISSB to consider addressing these two topics together as a single project. In addition, while human rights cover a broader scope, its elements influence human capital. Accordingly, we think that the ISSB may, at the very least, wish to consider embedding elements of the human rights project into the human capital project. However, in the event that the ISSB decides to proceed these two projects separately, we recommend that they be carried out concurrently due to the high degree of connectivity. This will also allow stakeholders to appraise the sustainability-related risks and opportunities relating to both topics and provide more comprehensive feedback.
- (b) Yes. We believe that different business models, economic activities and other common features that characterise participation in an industry, or geographic locations can give rise to different sustainability-related risks and opportunities related to human capital and human rights. Please refer to our response to Question 5.
- (c) We think it is important that the ISSB considers the following materials:
- The CDSB Framework for reporting environmental and social information
 - The SASB Standards
 - The Integrated Reporting Framework
 - The International Labour Organization
 - The UN Guiding Principles on Business and Human Rights and the associated UN Guiding Principles Reporting Framework
 - The World Benchmarking Alliance’s Corporate Human Rights Benchmark
 - The United Nations Declaration on the Rights of Indigenous Peoples
 - The cross-industry metrics associated with the WEF International Business Council’s dignity and equality theme
 - Other: ACCA [Accounting for Society’s Values](#)²²

Please refer to our response to Question 5.

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:

²² ACCA (2023), *Accounting for Society’s Values*. Downloadable from: <https://www.accaglobal.com/gb/en/professional-insights/global-profession/society-values.html>, accessed 1 September 2023.

- (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?

ACCA response – Question 7

- (a) We are of the view that the integration in reporting project is a **higher priority**.

We reiterate that getting the foundation right during this implementation stage of the ISSB Standards is of utmost importance, as this forms the base for future reporting, standard-setting and policy development. Focusing on 'Integration in Reporting' as a top priority project is in line with this view, given its overarching objective towards creating an integrated, coherent and comprehensive system of corporate reporting that provides a holistic and transparent view of how an entity creates value over time. A more cohesive and efficient approach to corporate reporting will further strengthen the foundation upon which future reporting, standard-setting and policy development will be based, leading to better quality of information available to investors, and enabling a more efficient and productive allocation of resources [paragraphs A38 and A42 of the Request for Information].

We envisage that the 'Integration in Reporting' project will demonstrate how connectivity is an overriding priority, which is consistent with the views set out in our [Principles for Connected Corporate Reporting](#)²³, while bringing clarity to the application of IFRS S1 which requires entities to provide connected information so that users of general purpose financial reports can understand connections both between the items to which the information relates and between disclosures provided by the entity in its general purpose financial reports.

- (b) We think that the integration in reporting project should be conducted as a formal joint project.

Given the limited available resources, the ISSB and IASB might wish to consider forming a separate subcommittee or working group comprising members from both Boards, supported by relevant ISSB Technical Reference Group (TRG) members and experts as and when needed. Thereafter, any output should be subject to deliberation at and approval by both Boards before being issued for public consultation following the appropriate IFRS Foundation standard-setting due process.

- (c) (i) and(ii): Yes. Regardless of the direction that the ISSB chooses to take, the IFRS Foundation and both Boards should look to leveraging and building on resources within their existing toolkits, e.g., the Integrated Reporting Framework, IASB's Exposure Draft *Management Commentary*, and the SASB Standards.

We are also of the view that the principles from these resources should evolve to eventually be subsumed and fully integrated into the ISSB Standards and the IFRS Accounting Standards, following the appropriate IFRS Foundation standard-setting due process, and cease to exist as separate and different resources. In particular, embedding integrated thinking within the IFRS Foundation can help more closely align all standard-setting work moving forwards.

At the same time, we believe that there needs to be continued emphasis of the description of sustainability being beyond environmental and social matters, with a clear depiction of the multi-capital approach, a key aspect of which being innovation, which we note has been addressed to some extent in IFRS S1. These will collectively help address concerns around fragmentation, international applicability as well as interoperability, thereby encouraging the adoption of ISSB Standards in the longer term.

(iii): Yes. We think that some of our work and resources relating to integrated reporting, connectivity in corporate reporting and sustainability might be useful for the ISSB to consider and build on:

²³ ACCA (2021), *Principles for Connected Corporate Reporting Standard Setting*. Downloadable from <<https://www.accaglobal.com/us/en/technical-activities/technical-resources-search/2021/november/acca-principles-connected-corporate-reporting-policy.html>>, accessed 1 September 2023.

- *Principles for Connected Corporate Reporting Standard Setting*
<<https://www.accaglobal.com/us/en/technical-activities/technical-resources-search/2021/november/acca-principles-connected-corporate-reporting-policy.html>>
- *Invisible threads: communicating integrated thinking*
<<https://www.accaglobal.com/gb/en/professional-insights/global-profession/Invisible-threads-communicating-integrated-think.html>>
- *Integrated Thinking – the key to SMEs’ resilience?*
<<https://www.accaglobal.com/gb/en/professional-insights/global-profession/integrated-thinking-key-SMEs-resilience.html>>
- *Integrative thinking: the guide to becoming a value-adding CFO*
<<https://www.accaglobal.com/gb/en/professional-insights/global-profession/integrative-thinking.html>>
- ACCA Sustainability hub
<<https://www.accaglobal.com/pk/en/member/sectors/sustainable-business.html>>

(d) At present, we are concerned at the lack of information about this project, and wish to emphasise that the ISSB needs to first develop a clear scope, scale and direction, as well as identify its desired outcome, before embarking on this project. We would also like to seek clarification on whether this project covers connectivity in product, where ISSB Standards may impact relevant accounting standards and vice versa, such as relating to commercially sensitive information and intangibles.

For instance, we are interested to understand whether this project is intended to culminate in a new overarching joint conceptual framework, standard or guidance which can be applied across both financial and sustainability reporting, or whether the Boards intend to perform a standard-by-standard review exercise to harmonise and align the principles and requirements of the IFRS Accounting Standards and the ISSB Standards for connectivity, or perhaps a combination of both.

For clarity, we are of the view that development of an overarching joint conceptual framework that clearly guides both financial and sustainability reporting is crucial, even as the ISSB Standards remain GAAP agnostic. Having a joint conceptual framework can drive consistent direction and vision of the two Boards, and will be helpful for stakeholders in making judgements when a specific standard is not available. We are also less keen of the second approach (i.e., standard-by-standard review exercise) at this juncture, as the scale of such an endeavour would necessitate a much longer timeline and would not meet current urgent needs.

However, in the event that a joint project is not feasible, or that the ISSB chooses not to prioritise this project, we strongly recommend that clarification

be provided on how the ISSB Standards should interact with the IFRS Foundation's Conceptual Framework, as well as which set of requirements should take precedence in the event of any conflict with the requirements of the IFRS Accounting Standards.

Question 8 – Other comments

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

ACCA response – Question 8

We appreciate the need for urgency and speed in evolving the sustainability reporting space. However, we believe that balancing these with coherence and connectivity is paramount towards achieving the ISSB's objectives in a holistic way, and reducing the risk of disconnect and further regulatory fragmentation. Special care is also needed to ensure that global, regional, and national standard-setters use the same language (as opposed to aligning or using similar language), so that there is consistent understanding across the world of the meaning of key terms.

We are mindful that the two-year timeframe covered by this Request for Information is likely to focus on research, rather than on the issuance of a new final standard or framework for the projects identified. In this regard, we support there being a period of stability following the issuance of the new ISSB Standards to allow the industry and profession to learn, implement and develop from their experiences.

We reiterate that allowing stakeholders (including, but not limited to, investors) time to interact with the information disclosed in accordance with the ISSB Standards will provide more insightful and meaningful feedback which, in turn, can guide enhancements as well as better standard-setting and policy development moving forwards. Nonetheless, this should not prevent the ISSB from acting swiftly should an urgent need arise in the early implementation stage. Having said that, we caution that the ISSB needs to also consider stakeholders' capacity in responding to consultations during this critical implementation period, as it is likely to be the same stakeholders involved in the implementation of the new ISSB Standards.