

Consultation on ISSB Request for Information: Consultation on Agenda Priorities

Question	HKAB Comments
<p>1. <u>Strategic direction and balance of the ISSB’s activities</u></p> <p>Paragraphs 18–22 and Table 1 provide an overview of activities within the scope of the ISSB’s work.</p> <p>(a) From highest to lowest priority, how would you rank the following activities?</p> <ul style="list-style-type: none"> (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 <p>(b) Please explain the reasons for your ranking order and specify the types of work the ISSB should prioritise within each activity.</p> <p>(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.</p>	<p>We would rank the priority for the activities mentioned as follows:</p> <ul style="list-style-type: none"> (i) supporting the implementation of ISSB Standards IFRS S1 and IFRS S2 (ii) researching targeted enhancements to the ISSB Standards (iii) enhancing the Sustainability Accounting Standards Board (SASB) Standards (iv) beginning new research and standard-setting projects <p>The reasons behind are that:</p> <ol style="list-style-type: none"> 1) As ISSB standards are globally recognised standards, the implementation of which will likely require tremendous work in clarification, standardisation of practise and support from ISSB. Deepening of the ISSB standards and the existing SASB standards for industry-specific requirement will be beneficial for companies to adapt to the new ISSB standards; and 2) While many institutions are adapting to the new standards for reporting, starting of new research and new subjects for reporting may result in reverse impact. <p>We believe ISSB S1 and S2 standards would entail technical support, and special support for less developed markets where the ESG data gap will be larger than in developed markets. It would also include continuing coordination efforts between relevant agencies to ensure the mutual recognition between sustainability disclosures frameworks such as ISSB-based, EU (including CSRD) or the US GAAP/SEC. The emerging of a single set of guidelines which can be used to satisfy universal requirements.</p> <p>In addition, we also expect ISSB to support efforts to ensure that the necessary capacity building is taking place and sufficient before setting standards in new areas of sustainability which may be very nascent (e.g., biodiversity). Setting standards without the proper data and methodologies in place could have significant unintended consequences, such as increasing reputational and litigation risk for disclosures preparers without providing much benefit to the market due to the unreliability of the information.</p>

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<p>2. <u>Criteria for assessing sustainability reporting matters that could be added to the ISSB’s work plan</u></p> <p>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.</p> <p>(a) Do you think the ISSB has identified the appropriate criteria?</p> <p>(b) Should the ISSB consider any other criteria? If so what criteria and why?</p>	<p>We have no comments.</p>
<p>3. <u>New research and standard-setting projects that could be added to the ISSB’s work plan</u></p> <p>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.</p> <p>(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?</p> <p>(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.</p> <p>(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).</p>	<p>Prioritising a single project is preferred as the result could yield more in-depth, pragmatic guidance and standards for companies/institutions to follow. On the choice of topic, we suggest to avoid duplication of work, i.e. research on biodiversity may be largely overlapped with TNFD. Research on human capital, especially DEI, on the other hand, may be of a growing concern from investors and may require further study from international organisations for global standard setting.</p> <p>In addition, we suggest the ISSB including the topic of transition planning and related disclosures as a priority over the next two years. Transition planning, transition plan and transition finance are rapidly becoming a key focus area and seen as critical to achieve net zero commitment. We are concerned that in the absence of a set of ISSB standards on the transition plan, there will be a myriad of locally developed standards, creating a fragmented disclosure landscape. The UK TPT has put forward a proposal on transition plan which the ISSB could use as a baseline for further consideration.</p>

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<p>4. <u>New research and standard-setting projects that could be added to the ISSB’s work plan: Biodiversity, ecosystems and ecosystem services</u></p> <p>The research project on biodiversity, ecosystems and ecosystem services is described in paragraphs A3–A14 of Appendix A. Please respond to these questions:</p> <p>(a) Of the subtopics identified in paragraph A11, to which would you give the highest priority? Please select as many as applicable.</p> <p>Please explain your choices and the relative level of priority with particular reference to the information needs of investors.</p> <p>You may also suggest subtopics that have not been specified. To help the ISSB analyse the feedback, where possible, please provide:</p> <ul style="list-style-type: none"> (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. <p>(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?</p> <p>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.</p> <p>(c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standard setters and framework</p>	<p>The ISSB’s focus should be on supporting and / or partnering on new research and more broadly support the capacity building effort around nature and biodiversity. That will ensure that any standard proposal is routed in practical considerations and reduce the risks of unintended consequences that could arise from the lack of relevant data and robust methodologies. While we are supportive of nature and biodiversity related disclosures in the medium / long term, we recommend not to proceed before solid foundations are in place to support disclosures.</p>

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<p>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.</p> <p>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>	
<p>5. <u>New research and standard-setting projects that could be added to the ISSB’s work plan: Human capital</u></p> <p>The research project on human capital is described in paragraphs A15–A26 of Appendix A. Please respond to the following questions:</p> <p>(a) Of the subtopics identified in paragraph A22, to which would you give the highest priority? Please select as many as applicable.</p> <p>Please explain your choices and the relative level of priority with particular reference to the information needs of investors.</p> <p>You may also suggest subtopics that have not been specified. To help the ISSB analyse the feedback, where possible, please provide:</p> <ul style="list-style-type: none"> (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. <p>(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</p>	<p>We recommend the ISSB leverage on existing frameworks and best practices. In addition, we believe DEI and workers’ wellbeing are two subtopics that can be prioritised as these two topics impose more substantiated risk and opportunities for the companies and are widely concerned by stakeholders.</p>

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<p>risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?</p> <p>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.</p> <p>(c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standardsetters 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.</p> <p>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>	
<p>6. <u>New research and standard-setting projects that could be added to the ISSB's work plan: Human rights</u></p> <p>The research project on human rights is described in paragraphs A27–A37 of Appendix A. Please respond to these questions:</p> <p>(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:</p> <ul style="list-style-type: none"> (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. <p>(b) Do you believe that sustainability-related risks and opportunities related to this topic are substantially different across different business</p>	<p>We do not suggest pursuing such broad topics given that they are of a wide spectrum and there are complicated cultural differences in this subject matter. We suggest focusing on more tangible topics, such as hunger, poverty, living environment enhancement, access to education, which can be more easily measured and reported under a global standard. We recommend that the ISSB leverage on existing frameworks and best practices.</p>

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<p>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?</p> <p>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.</p> <p>(c) In executing this project, the ISSB could leverage and build upon the materials of the ISSB and other standardsetters 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.</p> <p>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>	
<p>7. <u>New research and standard-setting projects that could be added to the ISSB’s work plan: Integration in reporting</u></p> <p>The research project on integration in reporting is described in paragraphs A38–A51 of Appendix A. Please respond to the following questions:</p> <p>(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?</p>	<p>We have no comments.</p>

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<p>(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)?</p> <p>(i) If you prefer a formal joint project, please explain how you think this should be conducted and why.</p> <p>(ii) If you prefer an ISSB project, please explain how you think this should be conducted and why.</p> <p>(c) In pursuing the project on integration in reporting, do you think the ISSB should build on and incorporate concepts from:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(d) Do you have any other suggestions for the ISSB if it pursues the project?</p>	
<p>8. <u>Other Comments</u></p> <p>Do you have any other comments on the ISSB's activities and work plan?</p>	<p>We have no other comments.</p>