



31 August 2023

International Sustainability Standards Board
Columbus Building
7 Westferry Circus, Canary Wharf
London, E14 4HD

By email: commentletters@ifrs.org

Dear Board Members

ISSB Consultation on Agenda Priorities

The Australian Banking Association (**ABA**) welcomes the opportunity to provide this submission to the International Sustainability Standards Board (**ISSB**) *Consultation on Agenda Priorities*. We have separately provided responses to the consultation through the online feedback form. The ABA's submission makes three key points:

- ABA members view that the next priority for the ISSB should be “supporting the implementation of International Financial Reporting Standards (**IFRS**) S1 and S2”, which will be key for the ISSB's lasting success.
- Notwithstanding our views on the ISSB's next priority, of the proposed projects that could be added to the ISSB's workplan, the ABA would support a priority focus on “integration in reporting”. Developing a framework for integration in reporting at an early stage of the ISSB's work program would mean that subsequent topic areas could be incorporated within the integrated framework. This would likely simplify the additions of further topic areas.
- We support the longstanding strategic decision to focus on “Climate first, not climate only”.¹ While ABA supports a priority focus on supporting the implementation of ISSB Standards (IFRS S1 and S2), we suggest the ISSB beyond this maintain an appropriate pace to ensure traction for the next round of topics.

Our full response is contained in the Appendix to this letter. We thank the ISSB for your extensive consultation on the next round of agenda priorities and we would be pleased to respond to any follow-up questions.

Regards

Merric Foley

Policy Director

About the ABA

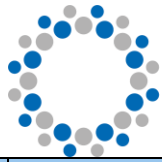
The Australian Banking Association advocates for a strong, competitive and innovative banking industry that delivers excellent and equitable outcomes for customers. We promote and encourage policies that improve banking services for all Australians, through advocacy, research, policy expertise and thought leadership.

¹ <https://www.ifrs.org/content/dam/ifrs/project/sustainability-reporting/trustee-webinar-7-july-2021.pdf>

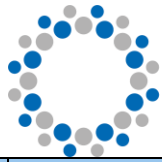


Appendix: Response to Consultation Questions

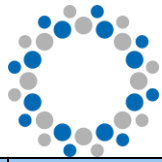
#	Question	ABA Response
1	<p>Paragraphs 18–22 and Table 1 of the Request for Information provide an overview of activities within the scope of the ISSB’s work.</p> <p>(a) From highest to lowest priority, how would you rank the following activities? Please drag and drop to rank, where 1 is the highest priority and 4 is the lowest priority.</p> <ul style="list-style-type: none"> • beginning new research and standard-setting projects • supporting the implementation of ISSB Standards (IFRS S1 and IFRS S2) • researching targeted enhancements to the ISSB Standards • enhancing the Sustainability Accounting Standards Board (SASB) Standards <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>(a) ABA members view that the appropriate order is:</p> <ul style="list-style-type: none"> • supporting the implementation of ISSB Standards (IFRS S1 and IFRS S2) • beginning new research and standard-setting projects • researching targeted enhancements to the ISSB Standards • enhancing the Sustainability Accounting Standards Board (SASB) Standards <p>(b) ABA members view that successful implementation of IFRS S1 and S2 will be key for the ISSB’s lasting success. Further, many countries are still in early stages of implementing S1 and S2. For example, the proposed timeframe put forward by the Australian Government would see a phased rollout of S2 for large organisations being finalised by 2027-28 (including reasonable assurance), with the phased rollout for all organisations being finalised by 2030-31 (including reasonable assurance).</p> <p>(c) No response.</p>
2	<p>Paragraphs 23–26 of the Request for Information discuss the criteria the ISSB proposes to use when prioritising sustainability-related reporting issues that could be added to its work plan.</p> <p>(a) Do you think the ISSB has identified the appropriate criteria? Please explain your response.</p> <p>(b) Should the ISSB consider any other criteria? If so what criteria and why?</p>	<p>(a) We wish to highlight the importance of (5), namely:</p> <ul style="list-style-type: none"> • <i>How the potential project interconnects with other projects in the work plan</i> <p>This reflects the interconnected nature of the project proposals (see below). It would also be consistent with our desire for a focus on integration in reporting.</p> <p>(b) No response.</p>



#	Question	ABA Response
3	<p>Paragraphs 27–38 of the Request for Information provide an overview of the ISSB’s approach to identifying sustainability-related research and standard-setting projects. Appendix A describes each of the proposed projects that could be added to the ISSB’s work plan.</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> <ul style="list-style-type: none"> • Single project • More than one project <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. Please explain your response.</p> <ul style="list-style-type: none"> • Biodiversity, ecosystems and ecosystem services • Human capital • Human rights • Integration in reporting • Other—please explain <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). Please explain your response.</p> <ul style="list-style-type: none"> • Biodiversity, ecosystems and ecosystem services • Human capital • Human rights • Integration in reporting • Other—please explain 	<p>(a) No response.</p> <p>(b) Australian banks strongly view that integration in reporting should be prioritised for the following reasons:</p> <ul style="list-style-type: none"> • As outlined in the Request for Information, we understand the integration in reporting proposal to primarily refer to integration of sustainability reporting with other qualitative and quantitative financial information. The aim of this would be to give investors a comprehensive, coherent and concise view of how an entity creates, preserves or erodes value. • This topic would be most consistent with the overarching purpose of the ISSB, which is to bring together a range of reporting standards in a consolidated format. • Solving this earlier would simplify the overall development of sustainability reporting. Developing a framework for integration in reporting at an early stage of the ISSB’s work program would mean that subsequent topic areas could be incorporated within the integrated framework. This would likely simplify the additions of further topic areas. Conversely, it may be more difficult to solve integration in reporting at a later stage after several additional topic areas have already been separately added. • The existed S1 integrated reporting framework already discusses reporting on other topics including human capital and natural resources. Therefore, integration in reporting would advance work on these topic areas. <p>Australian banks make the following comments on other areas:</p> <ul style="list-style-type: none"> • Biodiversity is a rapidly emerging new area of reporting and a growing focus for both investors and government. There is also interconnectivity with climate reporting and existing frameworks (such as the TNFD and GRI) that could be drawn upon. • However, biodiversity reporting remains at a nascent state, and much more experimentation and development is needed before it becomes suitable for formal incorporation into reporting standards. It is likely that



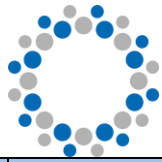
#	Question	ABA Response
		<p>biodiversity standards will rapidly evolve once TNFD v1 is released and reporting begins under that framework.</p> <ul style="list-style-type: none"> • Much more work is needed on the supporting infrastructure for biodiversity reporting. This includes more detailed metrics, methodologies and measurement tools downscaled to appropriate national contexts. This supporting infrastructure will be required for preparer organisations to make meaningful disclosures that are useful for investors. • Human rights and human capital are increasingly important topics for investors. Many ABA member banks have noted that they see investor focus as increasingly moving to these topics. However, we do not view that they rank as highly as the integration in reporting priority. • In particular, investor requests for detailed and consistent reporting on human capital long predates similar requests for information on biodiversity and human rights.
4	<p>The research project on biodiversity, ecosystems and ecosystem services is described in paragraphs A3–A14 of Appendix A to the Request for Information. Please respond to these questions:</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 choice and the relative level of priority with particular reference to the information needs of investors. You may also suggest subtopics that have not been specified. To help the ISSB analyse the feedback, where possible, please provide:</p> <ul style="list-style-type: none"> • a short description of the subtopic (and the associated sustainability-related risks and opportunities); and • 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. <ul style="list-style-type: none"> ○ Freshwater and marine resources and ecosystems use ○ Land-use and land-use change 	<p>While ABA supports a priority focus on supporting the implementation of ISSB Standards (IFRS S1 and S2), we provide the following general comments for the IFRS’s information and consideration:</p> <p>(a) Sustainability-related risks and opportunities will be highly idiosyncratic and will vary significantly across countries. For Australia, it will be matters such as:</p> <ul style="list-style-type: none"> • Soil erosions and pollution. • Water availability and water use. • Land-use and land-use change. • The circular economy, including plastics. • Links with carbon emissions, including both increases and reductions (via restoration and/or sequestration). <p>(b) Issues will vary depending on industry, sector, and location. Biodiversity impacts are heavily idiosyncratic, and there is no single approach for solving</p>



#	Question	ABA Response
	<ul style="list-style-type: none"> ○ Pollution (including emissions into air, water and soil) ○ Resource exploitation (for example, material sourcing and circular economy) ○ Invasive non-native species ○ Other—please specify <p>(b) Do you believe that sustainability-related risks and opportunities related to biodiversity, ecosystems and ecosystem services are substantially different across different business models, economic activities and other common features that characterise participation in an industry, or geographic locations such that measures to capture performance on such sustainability-related risks and opportunities would need to be tailored to be specific to the industry, sector or geographic location to which they relate?</p> <ul style="list-style-type: none"> • Yes • No <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 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?</p> <p>Please select as many as applicable. Please explain your choices and the relative level of priority with particular reference to the information needs of investors. If you would like to suggest materials that are not specified, please select ‘Other’ and give your suggestion(s) in the comment box. You can suggest as many materials as you deem necessary.</p>	<p>protection and restoration. Any approaches would need to take local knowledge, science and innovation into account.</p> <p>(c) No response.</p>



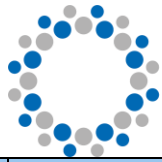
#	Question	ABA Response
	<p>To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.</p> <ul style="list-style-type: none"> • The Climate Disclosure Standards Board (CDSB) Framework application guidance for biodiversity and water-related disclosures • The SASB Standards • The Integrated Reporting Framework • The Global Reporting Initiative (GRI) standards (for example, GRI 304 – Biodiversity) • The Taskforce on Nature-related Financial Disclosures (TNFD) • The Partnership for Biodiversity Accounting Financials (PBAF) • The Capitals Coalition • The Science Based Targets Network • The European Financial Reporting Advisory Group (EFRAG) • The European Commission’s Align project • The EU Business and Biodiversity Platform • The World Benchmarking Alliance • The United Nations Declaration on the Rights of Indigenous Peoples • Other—please specify 	
5	<p>The research project on human capital is described in paragraphs A15–A26 of Appendix A to the Request for Information. Please respond to these 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. You may also suggest subtopics that have not been specified.</p> <p>To help the ISSB analyse the feedback, where possible, please provide:</p>	<p>While ABA supports a priority focus on supporting the implementation of ISSB Standards (IFRS S1 and S2), we provide the following general comments for the IFRS’s information and consideration:</p> <p>(a) There would be merit in exploring the following subtopics, given the difficulty in measuring different approaches across jurisdiction:</p> <ul style="list-style-type: none"> • Workforce investment • Workforce composition and costs



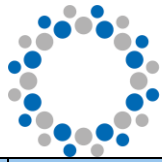
#	Question	ABA Response
	<ul style="list-style-type: none"> • a short description of the subtopic (and the associated sustainability-related risks and opportunities); and • your view on the importance of the subtopic with regard to an entity's sustainability-related risks and opportunities and the usefulness of the related information to investors. <ul style="list-style-type: none"> ○ Worker wellbeing (including mental health and benefits) ○ Diversity, equity and inclusion ○ Employee engagement ○ Workforce investment ○ The alternative workforce ○ Labour conditions in the value chain ○ Workforce composition and costs ○ Other—please specify <p>(b) Do you believe that sustainability-related risks and opportunities related to human capital 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> <ul style="list-style-type: none"> • Yes • No <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 providers to expedite</p>	<p>(b) No response.</p> <p>(c) No response.</p>



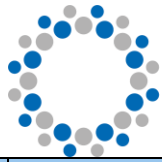
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	<p>the project, while taking into consideration the ISSB’s focus on meeting the needs of investors. Which of the materials or organisations referenced in paragraph A25 should be prioritised by the ISSB in pursuing its research? Please select as many as applicable.</p> <p>Please explain your choices and the relative level of priority with particular reference to the information needs of investors. If you would like to suggest materials that are not specified, please select ‘Other’ and give your suggestion(s) in the comment box. You can suggest as many materials as you deem necessary.</p> <p>To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.</p> <ul style="list-style-type: none"> • The SASB Standards and related research and standard-setting projects • The CDSB Framework for reporting environmental and social information • The Integrated Reporting Framework • The Capitals Coalition • The International Labour Organization (ILO) • The European Financial Reporting Advisory Group (EFRAG) • The Global Reporting Initiative (GRI) • The US Securities and Exchange Commission • The World Economic Forum (WEF) International Business Council's core metrics and disclosures on sustainable value creation • Other—please specify 	
6	<p>The research project on human rights is described in paragraphs A27–A37 of Appendix A to the Request for Information. Please respond to these questions:</p>	<p>While ABA supports a priority focus on supporting the implementation of ISSB Standards (IFRS S1 and S2), we provide the following general comments for the IFRS’s information and consideration:</p> <p>(a) There would be merit in exploring subtopics such as:</p>



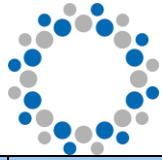
#	Question	ABA Response
	<p>(a) Within the topic of human rights, are there particular subtopics or issues that you feel should be prioritised in the ISSB’s research? You can suggest as many subtopics or issues as you deem necessary.</p> <p>To help the ISSB analyse the feedback, where possible, please provide:</p> <ul style="list-style-type: none"> • a short description of the subtopic (and the associated sustainability-related risks and opportunities); and • 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 human rights 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>(a) Yes</p> <p>(b) No</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 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</p>	<ul style="list-style-type: none"> • Protection of cultural heritage. This would vary based on jurisdiction. In an Australian context, it would include indigenous, western and multicultural. • Rights and participation of indigenous peoples. • Supply chain assessment. The extent and breadth of a company’s assessment of a supply chain, considering supply chain complexities. • Due diligence. Clarity around integrity of due diligence, baselining of international best practice, and approaches to undertaking due diligence when it is complicated or rendered illegal by local law. <p>(b) Issues will vary depending on industry, sector, and location. For example:</p> <ul style="list-style-type: none"> • Human rights issues in industrialised large-scale farming will differ from labour practices in subsistence farming. The former may be impacted by issues such as wage underpayment, whereas the latter may be more likely impacted by child labour, land rights, educational rights, and so on. • Countries that do not recognise workers right to freedom of movement and/or collective bargaining will face different issues to those where those rights are not recognised. <p>(c) The ILO, UN Guiding Principles on Business and Human Rights, and UN Guiding Principles Reporting Framework, which are the primary documents relied upon by companies when considering their response to human rights issues.</p>



#	Question	ABA Response
	<p>that are not specified—please select ‘Other’ and give your suggestion(s) in the comment box. You can suggest as many materials as you deem necessary.</p> <p>To help the ISSB analyse the feedback, where possible, please explain why you think the materials are important to consider.</p> <ul style="list-style-type: none"> • 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—please specify 	
7	<p>The research project on integration in reporting is described in paragraphs A38–A51 of Appendix A to the Request for Information. Please respond to these 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? Please explain your response.</p>	<p>(a) See response to Question (2). ABA members view that integration reporting should be a higher priority. We agree with the view that it would help realise the full value of the IFRS Foundation’s suite of materials. Further, we view that taking the time to correctly implement integrated reporting would likely simplify the addition of sustainability frameworks at later points in time.</p> <p>(b) A joint project between the ISSB and IASB would help to facilitate rapid finalisation of the project.</p> <p>(c) No response.</p> <p>(d) No response.</p>



#	Question	ABA Response
	<ul style="list-style-type: none">• Integration in reporting project is a higher priority• Integration in reporting project is a lower priority <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)? Please explain how you think this should be conducted and why.</p> <ul style="list-style-type: none">• Formal joint project• ISSB project <p>(c) In pursuing the project on integration in reporting, do you think the ISSB should build on and incorporate concepts from:</p> <ol style="list-style-type: none">i. the IASB's Exposure Draft <i>Management Commentary</i> 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 any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why. <p>(d) Do you have any other suggestions for the ISSB if it pursues the project?</p>	



#	Question	ABA Response
8	Do you have any other comments on the ISSB's activities and work plan?	<p>We support the longstanding strategic decision of the IFRS to focus on "Climate first, not climate only".²</p> <p>Therefore, while ABA supports a priority focus on supporting the implementation of ISS Standards (IFRS S1 and S2), we suggest the ISSB beyond this maintain an appropriate pace to ensure traction for the next round of topics.</p>

- ENDS -

² <https://www.ifrs.org/content/dam/ifrs/project/sustainability-reporting/trustee-webinar-7-july-2021.pdf>