

**AY-2. Are you responding as an individual, or on behalf of an organisation?**

- Organisation

**AY-3. Please provide the name of the organisation you are responding on behalf of:**

Philip Morris International

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

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

**01-A. (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.**

|   |   |
|---|---|
| <i>supporting the implementation of ISSB Standards (IFRS S1 and IFRS S2)</i>    | 1 |
| <i>researching targeted enhancements to the ISSB Standards</i>                  | 2 |
| <i>enhancing the Sustainability Accounting Standards Board (SASB) Standards</i> | 3 |
| <i>beginning new research and standard-setting projects</i>                     | 4 |

**01-B. (b) Please explain the reasons for your ranking order and specify the types of work the ISSB should prioritise within each activity.**

- 1 – Prioritizing this task will help undertakings begin reporting against ISSB Standards while further technical work is being carried out by ISSB. The main driver of this work should be interoperability with other standards (i.e., ESRS, U.S. SEC) and guidance on key concepts such as risk and opportunities assessments.
- 2 – Prioritizing this next will support an iterative process of finetuning the general standards before moving on to sector-specific standards.
- 3 – Prioritizing this next will allow ISSB to build out topic and sector standards over time once the baseline for general and climate disclosures are well established.
- 4 – This is the least priority because it should come after the initial baseline is set.

**01-C. (c) Should any other activities be included within the scope of the ISSB’s work? If so, please describe these activities and explain why they are necessary.**

- Yes:  
Developing joint implementation guidance with EFRAG and GRI for key aspects (i.e., double materiality and its relevance to interoperability) would strongly support the implementation of ISSB Standards for companies that may be exposed to these various standards. Particular attention should be focused on guidance to develop a more standardized sustainability materiality assessment process that satisfies both sets of standards. Another focus should be on alignment on topic-specific and sector-specific expectations that delineates between inward and outward impact disclosure expectations to support undertakings responding to both sets of standards.

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

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

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

- Yes

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

- Yes:  
We are encouraged by recent agreements between EFRAG and ISSB with regards to interoperability and double materiality. We encourage these organizations to work with GRI to focus on double materiality and its relevance to the concepts of interoperability and comparability to reduce reporting burden.

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

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

**03-A. (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?**

- More than one project

**03-Aii. (ii) If more than one project, which projects should be prioritised and what is the relative level of priority from highest to lowest priority? You may select from the four proposed projects in Appendix A or suggest another project (or projects). Please explain your response.**

- Biodiversity, ecosystems and ecosystem services:  
Biodiversity, ecosystems and ecosystem services (3): This is of particular significance to PMI’s sector and has been the subject of extensive global focus the past few years. It would make sense for ISSB to be ahead of the curve in developing standards and incorporate, as appropriate, the work of the TNFD.
- Human capital:  
Human capital (2): This is the most broadly applicable across sectors and has been the subject of extensive global focus the past few years. It would make sense for ISSB to be ahead of the curve in developing standards.
- Human rights:  
Human rights (4): This is of particular significance to PMI’s sector. The subject has been guided by the UN Guiding Principles (UNGPs) but is still worth consideration by ISSB given the saliency of the issue, particularly in supply chains.
- Integration in reporting:  
Integration in reporting (5): Conceptually this is an important consideration, but it is already partially addressed in S1 and may be heavily impacted by local jurisdictional norms.
- Other—please explain:  
Other (1): The single most meaningful project will be ensuring full interoperability with ESRS as noted in the July 21, 2023, EFRAG press release. The extent to which this is a stand-alone project or integrated into each stream should be considered by ISSB. Providing clarity regarding ISSB’s MOU with GRI and how this may impact ISSB’s future standards-setting plans would also be helpful.

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

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

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

**Please explain your choice and the relative level of priority with particular reference to the information needs of investors. You may also suggest subtopics that have not been specified. To help the ISSB analyse the feedback, where possible, please provide:**

- **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.**
- **Freshwater and marine resources and ecosystems use:**  
High priority: Freshwater and marine resources and ecosystems use: Water is deeply interconnected with climate change and is rapidly rising to be a point of geopolitical contention within and across countries. Wastewater is deeply interconnected with agricultural runoff. It is also broadly applicable across regions and sectors.
  - **Land-use and land-use change:**  
High priority: Land-use and land-use change: This topic is broadly applicable across regions and heavily interconnected with a wide range of environmental topics. For the food, beverage, and tobacco sector specifically, land use change is a key point of emphasis.
  - **Pollution (including emissions into air, water and soil):**  
Not high priority: Pollution (including emissions into air, water and soil): Although important, this area tends to be heavily regulated at local levels.
  - **Resource exploitation (for example, material sourcing and circular economy):**  
High priority: Resource exploitation (for example, material sourcing and circular economy): This is a topic with broad applicability and geopolitical concerns across and between industries and regions. PMI has limited, but growing, exposure to these concerns as we build out our smoke-free product line and expand into the electronics supply chain.
  - **Invasive non-native species:**  
Not high priority: Invasive non-native species: This would likely not be relevant for a broad range of industries.

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

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

- Yes

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

There are substantial differences based on the types of materials or services being procured, and where they are being procured from. For example, agricultural-based supply chains may focus on pesticide use and stresses imposed on local watersheds that depend on sourcing region whereas electronics-based supply chains may focus more on proper disposal of tailings at mining sites and water pollution concerns.

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

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

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

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

- The Climate Disclosure Standards Board (CDSB) Framework application guidance for biodiversity and water-related disclosures:  
High priority: CDSB informed the structure of TCFD and is widely relevant.
- The SASB Standards:  
High priority: Alignment with current voluntary standards will reduce reporting burden. SASB is well established, investor-focused standards.
- The Integrated Reporting Framework:  
Not high priority: Does not include metrics related to this topic and is already incorporated into S1.
- The Global Reporting Initiative (GRI) standards (for example, GRI 304 – Biodiversity):  
High priority: Alignment with current voluntary standards will reduce reporting burden. GRI is the most widely used.
- The Taskforce on Nature-related Financial Disclosures (TNFD):  
High priority: Broad stakeholder support that broadly copies the structure of TCFD by expanding to nature-related risks and opportunities.
- The Partnership for Biodiversity Accounting Financials (PBAF):  
Not high priority: This is focused exclusively on enabling financial institutions to assess and disclose impact and dependencies on biodiversity of loans and investments. It may have too narrow of a focus for broad applicability.
- The Capitals Coalition:  
Not high priority: An approach to understanding but not reporting or disclosure.
- The Science Based Targets Network:  
High priority: They can provide guidance on Science Based Targets for Nature as TNFD work finalizes in complement of Science Bases Targets initiative focused no climate.
- The European Financial Reporting Advisory Group (EFRAG):  
High priority: Interoperability is key and will reduce confusion and reporting burden from a regulatory perspective.
- The European Commission's Align project:  
Not high priority: This may be too broad of a scope, focusing more on outward impact than the investor focus of ISSB.
- The EU Business and Biodiversity Platform:  
Not high priority: This is more of a forum for dialogue and policy than standards that can be leveraged.
- The World Benchmarking Alliance:  
Not high priority: More of a rating and data sense process than a reporting metric focused standard.
- The United Nations Declaration on the Rights of Indigenous Peoples:  
Not high priority: Broad principles without investor-specific or corporate focus.

**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 to the Request for Information. Please respond to these questions:

## 05-A.

(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:

- 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.
- Worker wellbeing (including mental health and benefits):  
Not priority: It is unclear how to define "mental health" and accordingly which metrics could be used to determine mental health and well-being that would not also appear under DEI, engagement, or labor conditions. There also may be data privacy issues with regards to reporting on the mental health or well-being of employees as well as diversity indicators in certain jurisdictions.
  - Diversity, equity and inclusion:  
Priority. Note there may be data privacy issues with regards to reporting on diversity indicators in certain jurisdictions.
  - Employee engagement:  
Priority
  - Workforce investment:  
Priority
  - The alternative workforce:  
Priority
  - Labour conditions in the value chain:  
Priority
  - Workforce composition and costs:  
Priority
  - Other—please specify:  
Priority: Turnover (both voluntary and involuntary)  
Priority: Future of work: To assess the impact of artificial intelligence, digitalization, changing demographics, impacts of migration, interconnectivity between environmental (climate-related) issues and social issues, etc.

**Question 5—New research and standard-setting projects that could be added to the ISSB's work plan:  
Human capital**

**05-B. (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?**

- Yes

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

There are substantial differences based on the type of work being performed and geographic footprint. For example, agricultural-based work may focus on access to water and sanitation or farmworker wages, factory-based work may focus more on collective bargaining and traditional OHS metrics, and desktop-based work on stress management or talent retention.

**Question 5—New research and standard-setting projects that could be added to the ISSB's work plan:  
Human capital**

**05-C. (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. If you would like to suggest materials that are not specified, please select 'Other' and give your suggestion(s) in the comment box. You can suggest as many materials as you deem necessary.**

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

- The SASB Standards and related research and standard-setting projects:  
Priority: Alignment with current voluntary standards will reduce reporting burden. SASB is well established, investor-focused standards.
- The CDSB Framework for reporting environmental and social information:  
Priority: CDSB informed the structure of TCFD and is widely relevant.
- The Integrated Reporting Framework:  
Not priority: Does not include metrics related to this topic and is already incorporated into S1.
- The Capitals Coalition:  
Not priority: An approach to understanding but not reporting or disclosure.
- The International Labour Organization (ILO):  
Priority: Widely regarded as thought leaders in this space.
- The European Financial Reporting Advisory Group (EFRAG):  
Priority: Interoperability is key and will reduce confusion and reporting burden from a regulatory perspective.
- The Global Reporting Initiative (GRI):  
Priority: Incorporating elements from the most widely adopted voluntary disclosure standard would reduce reporting burden.
- The US Securities and Exchange Commission:  
Priority: Investor focus and regulatorily required for US-listed undertakings if/when finalized. ISSB should consider interoperability and reporting burden for U.S.-listed undertakings when developing standards.
- The World Economic Forum (WEF) International Business Council's core metrics and disclosures on sustainable value creation:  
Not priority: A consolidation of data points from other standards and frameworks.
- Other—please specify:  
Priority: Business Commission to Tackle Inequality (BCTI) is an initiative spearheaded by the World Business Council on Sustainable Development (WBCSD) that in a multistakeholder effort already brings together private sector as well as with ILO and OECD to discuss the topic of inequality (and related measures and reporting).  
Priority: Task Force on Inequality-related Financial Disclosures (TFID), set to develop a global framework for financial disclosures with a scope that provisionally encompasses social- and inequality-related risks and opportunities affecting financial stability and long-term enterprise value creation. Recognizing market demand for harmonized disclosure guidance, the Taskforce will leverage third-party research and collaborate with existing initiatives to build convergence and identify critical gaps, seeking to mirror TCFD (climate) and TNFD (nature).

**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 to the Request for Information. Please respond to these questions:

**06-A. (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:**

- 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.

N/A

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

**06-B. (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?**

- Yes

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

Supply chain impacts have substantial differences based on the types of materials or services being procured, and where they are being procured from. This includes the types of human rights abuses that a company may be most exposed to in its supply chain.

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

**06-C. (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—please select ‘Other’ and give your suggestion(s) in the comment box. You can suggest as many materials as you deem necessary.**

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

- The CDSB Framework for reporting environmental and social information:  
Priority: CDSB informed the structure of TCFD and is widely relevant.
- The SASB Standards:  
Priority: Alignment with current voluntary standards will reduce reporting burden. SASB is well established, investor-focused standards.
- The Integrated Reporting Framework:  
Not priority: Does not include metrics related to this topic and is already incorporated into S1.
- The International Labour Organization:  
Priority: Widely regarded as thought leaders in this space.
- The UN Guiding Principles on Business and Human Rights and the associated UN Guiding Principles Reporting Framework:  
Priority: The de facto standard from which regulation and thinking originates for these topics.
- The World Benchmarking Alliance’s Corporate Human Rights Benchmark:  
Not priority: Established process with concrete metrics to draw from, but not a disclosure standard or framework.
- The United Nations Declaration on the Rights of Indigenous Peoples:  
Not priority: Broad principles without investor-specific or corporate focus.
- The cross-industry metrics associated with the WEF International Business Council’s dignity and equality theme:  
Not priority: A consolidation of data points from other standards and frameworks.

**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 to the Request for Information. Please respond to these questions:

**07-A. (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.**

- Integration in reporting project is a **lower priority**



**07-B. (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.**

- Formal joint project

**Question 7—New research and standard-setting projects that could be added to the ISSB’s work plan:  
Integration in reporting**

(c) In pursuing the project on ‘integration in reporting’, do you think the ISSB should build on and incorporate concepts from:

**07-Ci. (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.**

- Yes:  
Annual reporting requirements under the SEC’s Exchange Act of 1934 should be the starting point as it is mandated in mainstream financial filings.

**07-Cii. (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.**

- No:  
The basic framework makes conceptual sense and the integrated thinking that provides the foundation for integrated reporting is an important consideration for corporate decision-making. Disclosure on tradeoffs and thinking is helpful; disclosure using the seven capitals, however, is oftentimes too complex. Disclosing strictly against the capitals also doesn’t address the inevitability of trade-offs, e.g., in terms of environmental and social goals. The framework therefore shouldn’t be treated as a separate topic but integrated into all of the work of the ISSB.

**07-Ciii. (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. If you disagree, please explain why.**

- No

**07-D. (d) Do you have any other suggestions for the ISSB if it pursues the project?**

N/A

**08. Question 8—Other comments**

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

N/A