

**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:**  
BASF SE

## 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>beginning new research and standard-setting projects</i>	3
<i>enhancing the Sustainability Accounting Standards Board (SASB) Standards</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.**

BASF understands that it is fundamental for preparers to have proper guidance from the standard setters, to support on the compliance with the new requirements. The consideration of implementation processes promotes the essential quality and practicability of the ISSB Standards, as well as encourages the acceptance and use of these standards. As outcome from this activity, we suggest the publication of educational materials and guidelines, related, for example, to the interoperability with ESRS requirements, regarding the materiality assessment and related to the assessment and quantification of potential financial effects.

The requirements of IFRS S1 and S2 should be first reflected in good reporting practices. Therefore, we placed the activities “Researching targeted enhancements to the ISSB Standards” and “Beginning new research standard-setting projects” respectively at second and third in our priority list. It is worth mentioning that, when designing new standards, we strongly recommend ISSB to consider the current and upcoming European Sustainability Reporting Requirements. The activity “Enhancing the Sustainability Accounting Standards Board (SASB) Standards” was ranked in the fourth place in our priority order but this does not mean we did not consider it important. We understand that the SASB standards play a role in helping investors to develop their understanding of how sustainability matters affect industrial sectors and supporting preparers to disclose relevant information. Thus, the SASB standards should be enhanced on an ongoing basis and could be used for the development of future sector-specific requirements.

**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.**

- No:  
BASF has not identified other activities to be included within the scope of ISSB’s work in the next two years.

## 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:  
BASF agrees and considers the conformity of the criteria with the IASB’s Agenda Consultation criteria to be appropriate.

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

- Yes:

ISSB explicitly mentioned in its Request for Information that “interoperability with the materials of other sustainability standard-setters and stakeholder engagement are at the core of all the ISSB’s activities and fundamental to the ISSB’s mission to deliver a comprehensive global baseline of sustainability-related disclosures to meet the needs of investors”. However, we noted that the interoperability is not part of the criteria list.

BASF considers the interoperability with other existing requirements of utmost importance and as a mandatory constraint to be fulfilled in any ISSB project. Therefore, we recommend considering it in the list of criteria for developing the ISSB’s work plan.

In addition, ISSB projects always need to consider the connectivity to financial information and financial reporting to ensure consistent and integrated reporting. This is essential for information usefulness and hence for the addressees of corporate reporting. Therefore, BASF recommends to additionally consider the interaction with the IASB standard setting projects and IASB standards.

**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:

Rank 3

- Human capital:

Rank 1

- Human rights:

Rank 2

- Integration in reporting:

Rank 4

- Other—please explain:

1- Human capital

2- Human rights

3- Biodiversity

4- Integration in reporting

BASF understands that the development of global standards requires time to engage with stakeholders and jurisdictions in the standard setting process. Therefore, BASF recommends that no more than two new research projects should be put on the active standard-setting agenda.

We consider a focus on topics with investor relevance and with an already advanced reporting praxis to be useful. We recommend considering the degree of maturity of a particular topic and prioritizing topics with a high degree of maturity first such as around social issues.

The suggested prioritization criterion relates to a prioritization regarding the development of a globally applicable sustainability disclosure standards. This does not mean that topics with less mature research and thus not yet existing reporting practices are less important. BASF acknowledges that Biodiversity, ecosystems and ecosystem services to be a pressing matter and is recognized as such by an increasing number of stakeholders. Consequently, work on this topic should start as soon as possible.

**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.**
- **Other—please specify:**  
BASF acknowledges the relevance and increasing investors interest for the topic “Biodiversity, ecosystems and ecosystem services”. Nevertheless, we also notice a high complexity and a lower level of maturity of existing implementation approaches. We suggest aligning the disclosure standard setting on biodiversity with the current ESRS requirements and developments of the TNFD.  
For the time being, we recommend not to prioritize biodiversity on ISSB's active agenda setting, but to support research developments. As stated, in our answer to question 3, we suggest starting disclosure standard-setting activities on topics with a more mature state of research and advanced reporting praxis. The sub-topics identified above have different relevance in different sectors. We do not offer a ranking of the individual topics, however, we understand that land-use change is considered as a key impact driver by many stakeholders.  
In general, the ISSB should follow the international scientific debate and working statuses. It should aim for an unifying terminology.

**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.**

Regarding the significance of sector and geographical diversity in relation to this topic, environmental issues other than climate change tend to be location-specific. This important feature will need to be considered when it comes to the materiality assessment at the entity level, as well on identification of impacts, risks and opportunities.

Compared to financial reporting, sustainability reporting requires a more in-depth consideration of sector-specific issues and, thus, of sector-specific regulations. The extent of sector-specific regulations require depends in particular on the degree to which sub-topics are defined and relate to specific KPIs.

**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 Taskforce on Nature-related Financial Disclosures (TNFD):**  
BASF understands that all potential sources should be considered and included when thinking about a global baseline. A comprehensive consideration of existing sources is necessary, also with a view to the important aspect of interoperability.  
We emphasize, though, using the ESRS framework as well as the TNFD as primary references.
- **The European Financial Reporting Advisory Group (EFRAG):**  
BASF understands that all potential sources should be considered and included when thinking about a global baseline. A comprehensive consideration of existing sources is necessary, also with a view to the important aspect of interoperability.  
We emphasize, though, using the ESRS framework as well as the TNFD as primary references.

#### **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):**  
BASF welcomes the fact that the ISSB is considering developing research on social topics. As Human Capital is more advanced in its maturity than the other topics, we gave it the highest priority. However, this does not apply equally to the individual sub-topics mentioned above. We recommend focusing on the already established reporting topics and practices and subjecting them to global standardization first. We also see the intrinsic link between the topic Human Capital and Human Rights and a possible redefinition of their scopes be considered, labour rights being part of human rights, as well as of foundational importance in human capital. BASF also recommends ISSB to use an architecture for social topics such as that designed by EFRAG for the ESRS, since such an approach is beneficial to readability and understanding of the framework for both preparers and users of the sustainability reporting. In addition, aligning with (part of) this structure would greatly enhance future interoperability.
- **Employee engagement**
- **Labour conditions in the value chain:**  
BASF welcomes the fact that the ISSB is considering developing research on social topics. As Human Capital is more advanced in its maturity than the other topics, we gave it the highest priority. However, this does not apply equally to the individual sub-topics mentioned above. We recommend focusing on the already established reporting topics and practices and subjecting them to global standardization first. We also see the intrinsic link between the topic Human Capital and Human Rights and a possible redefinition of their scopes be considered, labour rights being part of human rights, as well as of foundational importance in human capital. BASF also recommends ISSB to use an architecture for social topics such as that designed by EFRAG for the ESRS, since such an approach is beneficial to readability and understanding of the framework for both preparers and users of the sustainability reporting. In addition, aligning with (part of) this structure would greatly enhance future interoperability.

**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.**

Compared to financial reporting, sustainability reporting requires a more in-depth consideration of sector-specific issues and, thus, of sector-specific regulations. The extent of sector-specific regulations require depends in particular on the degree to which sub-topics are defined and relate to specific KPIs.

**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 Integrated Reporting Framework:  
BASF understands that all potential sources should be considered and included when thinking about a global baseline. A comprehensive consideration of existing sources is necessary, also with a view to the important aspect of interoperability. Regarding existing reporting requirements in Europe, we refer primarily to the ESRS. Furthermore, we strongly encourage the ISSB to include the Integrated Reporting Framework in any further standard development.
- The European Financial Reporting Advisory Group (EFRAG):  
BASF understands that all potential sources should be considered and included when thinking about a global baseline. A comprehensive consideration of existing sources is necessary, also with a view to the important aspect of interoperability. Regarding existing reporting requirements in Europe, we refer primarily to the ESRS. Furthermore, we strongly encourage the ISSB to include the Integrated Reporting Framework in any further standard development.

**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.

Regarding the human rights aspect of sustainability, BASF suggests that a comparison should be made between the different levels of reporting in different jurisdictions. From a German perspective, the German LkSG and the future European CSDD are referred to as already existing benchmark regulations. With a view to international consensus, very general requirements are to be expected – as in case of the ILO core labour standards.

**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.**

Compared to financial reporting, sustainability reporting requires a more in-depth consideration of sector-specific issues and, thus, of sector-specific regulations. The extent of sector-specific regulations require depends in particular on the degree to which sub-topics are defined and relate to specific KPIs.

**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 Integrated Reporting Framework:  
We strongly recommend to consider the Integrated reporting framework in every future standard-setting process to stress the importance of interconnectivity.
- The UN Guiding Principles on Business and Human Rights and the associated UN Guiding Principles Reporting Framework:  
The UN Guiding principles on Business and Human Rights are a well recognized and established framework for companies when it comes to establishing Human Rights Due Diligence. Thus, we recommend to build on this acknowledged guidance.

**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 **higher priority**:  
BASF welcomes the idea of integrated reporting which would aim at developing a fully integrated, comprehensive and consistent framework for corporate reporting. However, in our view, the topic "Integration in reporting" is also covered by the ISSB's activity (3) "Baseline work for all ISSB activities" (ensuring connectivity between ISSB's and IASB's respective requirements; ensuring interoperability of the ISSB Standards with other sustainability standards, and engaging with stakeholders). Therefore, we believe that incorporating activities on the issue "Integration in reporting" to activity (3) "Baseline work for all ISSB activities" best reflects the fundamental nature of the issue.  
It is also worth mentioning that IFRS S1 and S2 and its requirements on connectivity between the new sustainability information and existing financial information represent already the first step in the process towards integration. This first step is in line with the European legislation and CSRD requirements, which stipulate a separate sustainability report and thus demands connectivity but limit a full integration. We would like to emphasize once again the high importance of interoperability between ISSB and ESRS requirements.  
Regarding the development from connectivity towards integration within reporting, we suggest establishing a higher-level or joint body that brings ISSB and IASB together.

**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:  
We believe connectivity is a foundational and strategic activity for both ISSB and IASB, therefore, we encourage both boards to closely cooperate and align to enable this.

**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:  
BASF notes that the IASB Management Commentary Practice Statement is not endorsed in the EU, and that the EU does not mandate the use of the Integrated Reporting framework. Nonetheless, this framework is used by a number of the European companies which prepare integrated reports. The frameworks have similarities and BASF recommends building on both of them as convergence would be highly beneficial.

**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.**

- Yes:  
BASF notes that the IASB Management Commentary Practice Statement is not endorsed in the EU, and that the EU does not mandate the use of the Integrated Reporting framework. Nonetheless, this framework is used by a number of the European companies which prepare integrated reports. The frameworks have similarities and BASF recommends building on both of them as convergence would be highly beneficial.

**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:  
No other suggestions for the ISSB.

**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?**

No other comments on the ISSB's activities and work.