

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:

Glasgow Financial Alliance for Net Zero (GFANZ) Secretariat

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.

researching targeted enhancements to the ISSB Standards	1
supporting the implementation of ISSB Standards (IFRS S1 and IFRS S2)	2
beginning new research and standard-setting projects	3
enhancing the Sustainability Accounting Standards Board (SASB) Standards	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 Priority: Researching targeted enhancements to the ISSB standards

- In a context where more than 8,000 companies and 650 financial institutions globally have individually committed to transitioning to net zero (in line with science-based pathways limiting warming to 1.5 degrees), it is highly welcome that the finalized IFRS S2 climate disclosure standards recognize the importance of disclosing climate-related transition plans, mandating disclosure of transition plans for firms that have them, as well as details about how they plan to achieve climate-related targets. S2 recognizes that transition plans provide users of financial reports with valuable information on the strategic efforts firms are undertaking to deliver on their commitments and address climate-related opportunities and risks. Building on the TCFD’s recommendations around disclosing plans to achieve climate targets, the standard identifies transition planning as a key “aspect of an entity’s strategy and decision-making... that lays out the entity’s targets, actions or resources for its transition towards a low carbon economy.” However, S2 does not go into specific detail on the recommended elements of a transition plan in order to be credible, comprehensive and comparable with other such plans.

- In our view, based on experience to date as financial institutions begin to develop transition plans (which, in turn, relies on the transition plans of corporates in other sectors), there is an urgent need to ensure that transition plans are prepared and disclosed in a manner that is credible, comprehensive and comparable. To be useful, transition plans should include a core set of elements that are important for the users to assess and compare strategies for net-zero transition. To help address the lack of comparability and credibility across transition plans, GFANZ practitioner-led workstreams looked across all existing resources in this area, to set out a framework for use by financial institutions and the expectations of financial institutions for real-economy corporates. This framework is increasingly being used by corporates and the financial sector to develop transition plans on a voluntary basis. The GFANZ framework sets out the core elements of transition plans in detail here: [Transition planning | Glasgow Financial Alliance for Net Zero \(gfanzero.com\)](#).

- At the same time, policymakers and regulators will also require clear, consistent, and decision useful data to be able to effectively evaluate transition planning efforts against their public policy objectives. Global consistency is critical to ensuring transition plans can serve important regulatory purposes such as providing microprudential and macroprudential supervisors with insight into how financial institutions’ transitions may impact individual firms and sector-wide financial stability, and providing securities regulators and other stakeholders with information on the actions being taken across the financial and real-economy firms to deliver on climate commitments.

- It is welcome that a growing number of jurisdictions are moving to develop or implement transition planning standards, including Australia, the EU, Japan, Singapore, Switzerland, and the UK, and that several sectoral standard setters are now actively considering how transition planning may support their respective policy needs. Without greater global collaboration, however, there is a risk these developments result in costly fragmentation, which in turn impairs effective disclosure, and slows decarbonisation progress. From the perspective of GFANZ, there are strong foundations that could be built on. Given we are relatively early in many firms’ transition planning efforts, it is still possible to achieve greater consistency in transition planning disclosures from the outset, rather than allowing fragmentation to emerge and addressing it ex-post.

- The ISSB could play a critical role in forging needed comparability in transition plan disclosure across sectors, countries, and policy/regulatory needs, by building out the current high-level references to transition planning in its baseline standards. Importantly, in considering enhancements to transition planning references, the ISSB could draw on and reference existing market-based approaches that have already gained traction within the private sector, and would not need to reinvent the wheel. Building on industry-led approaches is key to ensuring not just maximum uptake, consistency, and efficiency, but also that the frameworks the private sector is already using at scale are adopted in a way that is credible and delivers the information needed by regulators and policymakers. Many of the world’s largest

financial institutions, for example, are already voluntarily utilizing the GFANZ Net-Zero Transition Plan (NZTP) Framework – the only comprehensive global guidance for credible, comparable and comprehensive transition planning framework – to develop transition plans and, in most instances, disclose them as part of their annual sustainability reports.

#2 Priority: Supporting implementation of ISSB standards

● For GFANZ, enhancing current references to transition planning is a clear priority, given the vital role transition planning will play in securing an orderly global transition to net zero. From our own experience, we also recognise the importance of ensuring widespread effective implementation of the recently issued standards. ISSB will need to identify the specific pain points that preparers, auditors, investors and regulators across different jurisdictions are likely to face once ISSB requirements enter into force, as well as the areas where there may be need for additional clarity and guidance (we fully expect one such to be around transition planning, given the baseline standards do not provide guidance on what is needed).

● As the ISSB looks to establish processes and groups to support the implementation of IFRS S1 and S2 standards, the ISSB can draw on – and join up with – existing capacity building and technical assistance efforts focused on climate data / disclosures and transition planning, as several such initiatives are already underway and progressing, including through GFANZ / UNEP / PRI collaboration. In addition, GFANZ has proposed to help launch a global coalition of organizations providing capacity building support—including technical assistance, training, knowledge sharing, and research—to help financial institutions in EMDCs address challenges related to climate disclosures. GFANZ welcomes the opportunity to support the ISSB in providing specialized technical support on the development and disclosure of net zero transition plans, utilizing the extensive experience and lessons learned from the net-zero committed financial sector’s experience with developing and disclosing transition plans. We have already developed and are deploying training materials on our frameworks globally. See here: [Workshops in a Box | Glasgow Financial Alliance for Net Zero \(gfanzero.com\)](#)

#3 Priority: New research and standard-setting projects (nature and biodiversity)

● GFANZ recognizes that progress on the net-zero transition is interdependent with efforts around nature and biodiversity objectives. ISSB could explore enhancing its baseline disclosure standards to better address nature and biodiversity issues – doing so could bolster the impetus behind IFRS S1 and S2 implementation (given the growing interest and momentum around nature and biodiversity) and support harmonization across existing initiatives (as frameworks in the biodiversity space remain nascent and highly fragmented, and there is still no common, comprehensive strategic management approach).

● More specifically, the ISSB should consider enhancing its transition planning guidance in a way that supports the integration of nature and biodiversity issues within firms’ broader climate-related transition planning efforts, as biodiversity loss and climate change are deeply interlinked. By addressing n biodiversity issues as part of broader its transition planning guidance, the ISSB could help ensure that firms adopt more holistic strategic management approaches, while supporting coalescence around existing industry-led approaches, against fragmentation.

● Given the urgent timeframe needed for net zero, it is important that in undertaking projects on nature and biodiversity, the ISSB form links to and work off leading initiatives in market, as opposed to opting to create entirely new initiatives. To that end, GFANZ is currently in the process of forming a group of members to support harmonization across leading initiatives in the market and establish ambition around nature for 2024, and welcomes the opportunity to work collaboratively with the ISSB to bring greater clarity to the market on the role of nature in the context of the broader net-zero transition.

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

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:

● The factors identified seem broadly reasonable. In relation to #1, there is growing demand from investors for information on transition planning, as reviewed by PRI here: [Climate transition plan votes: Investor update | Engagement guide | PRI \(unpri.org\)](#). It is clear that transition planning is complex and nascent, and currently relies predominantly on corporates and financial institutions undertaking voluntary disclosures against emerging best practices in the market, so there are likely to be significant deficiencies at this time (#2). This issue affects all corporates and financial institutions globally, whether domestic or cross-border (#3). Addressing climate-related transition is likely to be the defining issue for most corporates and financial institutions over the next decade (#4). As noted, we would see nature and biodiversity as topics that can be addressed as part of wider transition planning (#5). There are strong foundations on which ISSB can build - including TCFD, references in IFRS S1/S2, the GFANZ NZTP framework, and early experience of implementation across financials and corporates meaning ISSB could deliver meaningful progress towards credible, comprehensive and comparable planning quickly (#5, #6).

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

- No

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:
 - To the extent it is feasible, the ISSB should work on more than one project over the next two years to ensure progress is made in a small number of key areas. As explained above, we believe that making targeted enhancements to transition planning references and supporting the implementation of baseline disclosure standards should take first precedence, given their more direct role in preventing costly fragmentation and supporting real world emissions reduction. Of the four proposed projects (biodiversity, human capital, human rights, and integration in reporting), it is our view that the ISSB should prioritize initiatives around biodiversity, ecosystems, and ecosystem services, as these tend to have deeper interdependencies with climate and a more direct impact on mitigation efforts than the others. Projects to support integration in reporting would also be valuable in helping to drive a more cohesive and efficient approach to corporate reporting, which could in turn improve the quality of information available to investors and enable a more efficient and productive allocation of resources. However, full integration would require a large degree of global standardization across auditing procedures, and may therefore require a timeframe that exceeds the ISSB’s two-year work plan.

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.**

- Land-use and land-use change:
 - Of the subtopics provided, GFANZ views land-use and land-use change as the highest priority, as almost one quarter of the world's emissions stem from land-use activity – including logging, deforestation, and farming – meaning that meeting the Paris Agreement goal of limiting warming to 1.5°C is ultimately contingent on reducing land-use emissions.
 - Importantly, forests also absorb vast amounts of carbon dioxide and forest loss both eliminates carbon sinks and contributes directly to GHG emissions, which is why all IPCC scenarios that limit warming to 1.5°C require increasing the GHG sequestration potential of nature (e.g. via forest restoration) and avoiding further damage to land.
 - Additionally, land-use and land-use change are areas where several low-cost, scalable nature based solutions (NbS) are already readily available and offer attractive opportunities for private finance. This includes, for example, regenerative agriculture and agroforestry technologies, which can support mitigation goals and ecosystem resilience at once, and projects that allow firms to avoid deforestation and address residual emissions through independently accredited, high-integrity monitoring schemes.
- Other—please specify:
 - Suggested additional sub-topic: interdependencies between biodiversity loss and climate change.
 - As the ISSB has previously noted, nature/biodiversity-linked risks are often impossible to separate from climate risks. Nature loss – such as damage to biodiversity, ecosystems, and ecosystem services – is a key driver of climate change, and climate change, in turn, has already caused between 11-16% of all biodiversity loss, a percentage that is fast increasing. Given these deep interdependencies – and the fact that net zero and real world emissions reductions are an imperative of climate physics – it is critical for the ISSB to address climate change and nature/biodiversity together.
 - Additionally, mitigating climate change and reversing biodiversity loss can provide joint solutions, and transition planning offers a critical opportunity to bring these solutions together. More specifically, as more financial institutions develop and publish transition plans demonstrating how they will decarbonise their financed emissions, there is a significant opportunity to support capital allocation for activities that are compatible with both a net-zero and nature positive economy, using existing transition planning frameworks as a blueprint to standardize and accelerate action on nature.
 - The GFANZ Net-Zero Transition Plan Framework is designed to allow institutions to integrate nature into their transition plans. Building on the GFANZ framework, the WWF has produced a report on Nature in Transition Plans, explaining how nature could be integrated into transition plans and referencing key sector-neutral transition planning tools, both for corporates and financial institutions. Integrating nature into broader transition plans could include, for example, investing in nature-based climate solutions, such as restoring natural carbon sinks like forests, and applying safeguards to assess and avoid harm to nature arising from activities under the climate transition plan.

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?

- No

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

● There is a strong need for pan-sector, globally applicable, high-level guidance on how firms across different industries can manage sustainability-related risks and opportunities – e.g., by incorporating nature and biodiversity considerations into their broader net zero transition planning efforts – which could eventually be supplemented with more granular biome-specific and sector-specific recommendations and metrics. The WWF Nature in Transition Plans report, for example, provides sector-agnostic recommendations based on the GFANZ NZTP Framework – designed to be applicable for both finance and real economy companies across different industries – but which can eventually be built out further to address any specific methodological approaches or considerations that need to be considered for different biomes, sectors, and institutions. Beginning with a common pan-sector global baseline enables better comparability across sectors and geographies off the bat.

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.

- Other—please specify:
 - As a growing number of financial and real economy firms are already developing transitions plans and disclosing them as part of their annual TCFD reports, the ISSB should make use of: (i) the GFANZ Net-Zero Transition Plan framework, which includes recommendations for incorporating nature-related topics in corporates’ transition plans, particularly around how institutions manage exposure to deforestation; and (ii) the WWF Nature in Transition Plans report, which provides more granular recommendations on integrating nature-related considerations into the GFANZ net zero transition plan framework.
 - Drawing on transition planning frameworks creates an important opportunity to standardize private sector action on nature, incorporate nature risk into broader financial regulation and transition planning standards, and support greater capital allocation towards business activities that are compatible with both a net-zero and nature positive economy.

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.

N/A

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?

N/A

**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.

N/A

**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?

N/A

**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.

N/A

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**:
 - Sustainability-related projects – specifically those related to nature, biodiversity, and ecosystems – should take precedence over projects aimed at advancing integration in reporting in the new two-year work plan. As explained above, it would be more practical and efficient for the ISSB to begin by enhancing its existing baseline disclosure standards and supporting their implementation, as opposed to attempting to drive reporting integration off the bat, a very tall order that requires a large degree of global standardization across different auditing procedures, and which is not evident will be feasible for the ISSB to accomplish in the span of two years.

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.

N/A

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.

N/A

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.

N/A

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.

N/A

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