CDP's response to IFRS Consultation on the Exposure Draft for the IFRS Sustainability Disclosure Standard: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

- CDP welcomes the invitation to review and provide feedback on the Exposure Draft for the IFRS Sustainability Disclosure Standard: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. CDP's feedback and input to the draft is set out in the Appendix below.

- CDP remains available to the ISSB, both in terms of providing evidence of the type of disclosures that should be included, current market practice and methods to ensure standardised disclosures result in valuable data sets for market participants. CDP looks forward to continuing to engage with the ISSB.

- CDP welcomes ISSB's mission to create a global baseline for sustainability-related financial disclosures. We believe that the environmental crisis will not be solved without access to high quality, timely, and comparable data, and have been working to ensure this for over 20 years.

- We invite the Board to consider, in due time, the expansion of its standards beyond the sheer analysis of risks and opportunities and embrace the need to account for the impacts of economic activities on people and planet.

- Coordination with disclosure standards currently in development in other jurisdictions will be key to ensure that a harmonious system is created, that provides the necessary information to policymakers and financial markets, without placing an undue burden on issuers.

- CDP supports the ISSB Standards on Sustainability-related Financial Disclosure as a global baseline for sustainability reporting, while recognizing the need for complementing disclosure to include impact on people and planet and allow capital allocation towards the ambitious environmental agenda as per the Paris Agreement, the 2030 Sustainable Development Agenda and the upcoming Global Biodiversity Framework.

- CDP's views on relevant questions are included in the annex.

Contact: Pietro Bertazzi, *Global Director, Policy Engagement and External Affairs*
Pietro.Bertazzi@cdp.net

ANNEX: CDP FEEDBACK TO IFRS SUSTAINABILITY DISCLOSURE STANDARD: IFRS S1 GENERAL REQUIREMENTS FOR DISCLOSURE OF SUSTAINABILITY-RELATED FINANCIAL INFORMATION

Question 1—Overall approach

The Exposure Draft sets out overall requirements with the objective of disclosing sustainability-related financial information that is useful to the primary users of the entity's general purpose financial reporting when they assess the entity's enterprise value and decide whether to provide resources to it. Proposals in the Exposure Draft would require an entity to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. The assessment of materiality shall be made in the context of the information necessary for users of general-purpose financial reporting to assess enterprise value.

<u>(a) Does the Exposure Draft state clearly that an entity would be required to identify and disclose material information about all of the sustainability-related risks and opportunities to which the entity is exposed, even if such risks and opportunities are not addressed by a specific IFRS Sustainability Disclosure Standard? Why or why not? If not, how could such a requirement be made clearer?</u>

The requirement for entities to identify and disclose material information about **all** the sustainability-related risks and opportunities to which the entity is exposed is clear.

<u>(b) Do you agree that the proposed requirements set out in the Exposure Draft meet its proposed objective (paragraph 1)? Why or why not?</u>

CDP agrees on this point.

<u>(c) Is it clear how the proposed requirements in the Exposure Draft would be applied together with other IFRS Sustainability Disclosure Standards, including the [draft] IFRS S2 Climate-related Disclosures? Why or why not? If not, what aspects of the proposals are unclear?</u>

Yes

Question 2—Objective (paragraphs 1–7)

The Exposure Draft sets out proposed requirements for entities to disclose sustainability-related financial information that provides a sufficient basis for the primary users of the information to assess the implications of sustainability-related risks and opportunities on an entity's enterprise value. Enterprise value reflects expectations of the amount, timing and uncertainty of future cash flows over the short, medium and long term and the value of those cash flows in the light of the entity's risk profile, and its access to finance and cost of capital. Information that is essential for assessing the enterprise value of an entity includes information in an entity's financial statements and sustainability-related financial information. Sustainability-related financial information is broader than information reported in the financial statements that influences the assessment of enterprise value by the primary users. An entity is required to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. Sustainability related financial information should, therefore, include information about the entity's governance of and strategy for addressing sustainability-related risks and opportunities and about decisions made by the entity that could result in future inflows and outflows that have not yet met the criteria for recognition in the related financial statements. Sustainability-related financial information also depicts the reputation, performance and prospects of the entity as a consequence of actions it has undertaken, such as its relationships with, and impacts and dependencies on, people, the planet and the economy, or about the entity's development of knowledge-based assets. The Exposure Draft focuses on information about significant sustainability-related risks and opportunities that can reasonably be expected to have an effect on an entity's enterprise value.

(a) Is the proposed objective of disclosing sustainability-related financial information clear? Why or why not?

CDP agrees that the proposed objective is clear.

(b) Is the definition of 'sustainability-related financial information' clear (see Appendix A)? Why or why not? If not, do you have any suggestions for improving the definition to make it clearer?

The definition of 'sustainability-related financial information' is clear.

Question 4—Core content (paragraphs 11–35)

The Exposure Draft includes proposals that entities disclose information that enables primary users to assess enterprise value. The information required would represent core aspects of the way in which an entity operates. This approach reflects stakeholder feedback on key requirements for success in the Trustees' 2020 consultation on sustainability reporting and builds upon the well-established work of the TCFD.

Governance The Exposure Draft proposes that the objective of sustainability-related financial disclosures on governance would be: to enable the primary users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage significant sustainability-related risks and opportunities.

Strategy The Exposure Draft proposes that the objective of sustainability-related financial disclosures on strategy would be: to enable users of general purpose financial reporting to understand an entity's strategy for addressing significant sustainability-related risks and opportunities.

Risk management The Exposure Draft proposes that the objective of sustainability-related financial disclosures on risk management would be: to enable the users of general purpose financial reporting to understand the process, or processes, by which sustainability-related risks and opportunities are identified, assessed and managed. These disclosures shall also enable users to assess whether those processes are integrated into the entity's overall risk management processes and to evaluate the entity's overall risk profile and risk management processes.

Metrics and targets The Exposure Draft proposes that the objective of sustainability-related financial disclosures on metrics and targets would be: to enable users of general purpose financial reporting to understand how an entity measures, monitors and manages its significant sustainability-related risks and opportunities. These disclosures shall enable users to understand how the entity assesses its performance, including progress towards the targets it has set.

(a) Are the disclosure objectives for governance, strategy, risk management and metrics and targets clear and appropriately defined? Why or why not?

(b) Are the disclosure requirements for governance, strategy, risk management and metrics and targets appropriate to their stated disclosure objective? Why or why not?

The disclosure objectives are clearly defined; however, the disclosure requirements are not clearly stipulated. Minor but crucial details are missing that could otherwise complement the objectives.

Governance:
Sustainability-related issues have a wider scope such as economy, environment, and people, and overseeing them requires consideration in terms of how the governance body and its committees are nominated. **13a** should include additional disclosure requirements other than the identity. This could be around the composition and selection of the governance body and committees that would be overseeing sustainability-related issues and making decisions. Global Reporting Initiative (GRI) disclosure requirements around governance cover this in great detail and the IFRS Foundation should assess which of that information could be financially material to incorporate.

Strategy:

Sustainability risks and opportunities: Paragraphs within this section are appropriate to their stated objective. It clearly defines in detail how an entity shall disclose information. It also focuses on the effects and concentration of significant risks and opportunities in the value chain, although the recommendations to disclose value chain-related data appears to be restricted only to 15b – a description of the effects of the risks and opportunities. There may be circumstances in which responses to 15a do not include risks and opportunities posed to the value chain. This situation is repeated throughout the framework and may cause confusion for users as well as data gaps. To avoid this, one suggestion is to explicitly identify "value chain" alongside any and all reference to "business model". An additional suggestion would be to add the entity's disclosure requirement about the likelihood and magnitude of the identified significant risks and opportunities in the respective time horizon. The process to assess this is covered in Risk Management 26b and adding the information for each identified risk and opportunity would enable users to understand how the significance is assumed for respective issues.

Financial position, financial performance, and cash flows: This section is comprehensive and covers the effects of sustainability-related risks and opportunities on financial positions, financial performance, and cash flows for the reporting period. Quantitative information is the key aspect here for the users to understand the financial impact of sustainability risks and opportunities. Where qualitative information is disclosed, one suggestion is to provide recommendations of what this qualitative information should contain. Where quantitative data is reported, we see value in requiring responding entities to provide quantitative information about the significant risks and opportunities *before* taking into consideration any controls i.e. inherent risks and supplementing this with an additional disclosure of the cost of response. This data helps users understand whether the controls in place are reasonable by indicating whether they are higher or lower than the actual financial impact of sustainability risks and opportunities. Finally, 22d appears to be a repeat of 22c.

Resilience: For the users, understanding the entity's capacity to respond to sustainability-related issues and adjust against uncertainties that may arise is important. It is mentioned in this section that other IFRS sustainability disclosure standards will specify the type of information that is required. It would be useful to reference those standards to avoid confusion and provide clear guidance. For example, IFRS S2 covers this in detail for climate resilience and specifies which information should be reported by the entity such as the analysis procedure, results, and whether a scenario analysis is employed. To ensure users have confidence that an entity has conducted a comprehensive scenario analysis, one suggestion is to require entities to disclose a list or description of the scenarios explored, as a requirement in paragraph 23.

Risk Management:

Assuming that 26b(iii) disclosure related to the scope of operations would also require an entity to also report about the value chain stages that are covered in the risks assessment processes, the requirements stated in this section are appropriate for the stated objectives. One suggestion to ensure that the scope is clear would be to amend the language in 26b(iii) slightly to "the scope of operations, *suppliers or products* covered." A minor suggestion is to retitle this section as opportunities are equally important to be identified, assessed, and managed for accurate company valuations.

Metrics and Targets:

In paragraph 28, identifying and listing metrics that are defined in other IFRS sustainability disclosure standards and can be applied across industries is essential for better comparability and consistency.

Question 5—Reporting entity (paragraphs 37–41)

The Exposure Draft proposes that sustainability-related financial information would be required to be provided for the same reporting entity as the related general purpose financial statements. The Exposure Draft proposals would require an entity to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. Such risks and opportunities relate to activities, interactions and relationships and use of resources along its value chain such as: • its employment practices and those of its suppliers, wastage related to the packaging of the products it sells, or events that could disrupt its supply chain; • the assets it controls (such as a production facility that relies on scarce water resources); • investments it controls, including investments in associates and joint ventures (such as financing a greenhouse gas-emitting activity through a joint venture); and • sources of finance. The Exposure Draft also proposes that an entity disclose the financial statements to which sustainability-related financial disclosures relate.

<u>(a) Do you agree that the sustainability-related financial information should be required to be provided for the same reporting entity as the related financial statements? If not, why?</u>

CDP agrees with this proposal to require sustainability-related financial information for companies and LLPs at the group level, including the subsidiary exemption, provided that a company's results and sustainability-related disclosures are clearly and distinctly reported in a consolidated report of the parent company.

<u>(b) Is the requirement to disclose information about sustainability-related risks and opportunities related to activities, interactions and relationships, and to the use of resources along its value chain, clear and capable of consistent application? Why or why not? If not, what further requirements or guidance would be necessary and why?</u>

Yes, it is clear. Our experience of the maturity of sustainability-related reporting is that entities are currently predominately focused on risks and opportunities in their direct operations and supply chains. While important, substantive risks and opportunities also reside downstream, related to product use. The guidance provided in paragraph 40 could go some way to address this by providing an additional example such as "• the products it sells". Paragraph 40 also states "These risks and opportunities relate to activities, interactions and relationships and to the use of resources along its value chain" this description is different from that used elsewhere in the document and misses "dependencies and impacts upon people, the planet and the economy. We suggest consistent use of this term throughout.

Question 6—Connected information (paragraphs 42–44)

The Exposure Draft proposes that an entity be required to provide users of general purpose financial reporting with information that enables them to assess the connections between (a) various sustainability-related risks and opportunities; (b) the governance, strategy and risk management related to those risks and opportunities, along with metrics and targets; and (c) sustainability-related risks and opportunities and other information in general purpose financial reporting, including the financial statements.

(a) Is the requirement clear on the need for connectivity between various sustainability-related risks and opportunities? Why or why not?

(b) Do you agree with the proposed requirements to identify and explain the connections between sustainability-related risks and opportunities and information in general purpose financial reporting, including the financial statements? Why or why not? If not, what do you propose and why?

Yes, we agree that connecting sustainability-related risks and opportunities data to financial reporting and financial statements is hugely valuable as it will expose this important data to a broader range of non-traditional users.

Paragraph 43 could be enhanced by highlighting not only that sustainability plans might affect financial plans but also how financial statements, plans and targets might affect sustainability plans and targets. For example, how targets to increase sales of water intensive products in water stressed locations might result in lower revenues due to low demand. We appreciate that this is a subtle addition but believe that it is important to reflect that the connection between sustainability plans and financial performance is a two-way street.

Question 7—Fair presentation (paragraphs 45–55)

The Exposure Draft proposes that a complete set of sustainability-related financial disclosures would be required to present fairly the sustainability-related risks and opportunities to which an entity is exposed. Fair presentation would require the faithful representation of sustainability-related risks and opportunities in accordance with the proposed principles set out in the Exposure Draft. Applying IFRS Sustainability Disclosure Standards, with additional disclosure when necessary, is presumed to result in sustainability-related financial disclosures that achieve a fair presentation. To identify significant sustainability-related risks and opportunities, an entity would apply IFRS Sustainability Disclosure Standards. In addition to IFRS Sustainability Disclosure Standards to identify sustainability-related risks and opportunities, the entity shall consider the disclosure topics in the industry-based SASB Standards, the ISSB's non-mandatory guidance (such as the CDSB Framework application guidance for water- and biodiversity-related disclosures), the most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the needs of users of general purpose financial reporting, and sustainability-related risks and opportunities identified by entities that operate in the same industries or geographies. To identify disclosures, including metrics, that are likely to be helpful in assessing how sustainability-related risks and opportunities to which it is exposed could affect its enterprise value, an entity would apply the relevant IFRS Sustainability Disclosure Standards. In the absence of an IFRS Sustainability Disclosure Standard that applies specifically to a sustainability-related risk and opportunity, an entity shall use its judgement in identifying disclosures that (a) are relevant to the decision-making needs of users of general purpose financial reporting; (b) faithfully represent the entity's risks and opportunities in relation to the specific sustainability-related risk or opportunity; and (c) are neutral. In making that judgement, entities would consider the same sources identified in the preceding paragraph, to the extent that they do not conflict with an IFRS Sustainability Disclosure Standard.

<u>(a) Is the proposal to present fairly the sustainability-related risks and opportunities to which the entity is exposed, including the aggregation of information, clear? Why or why not?</u>

Yes, it is clear. It could be further enhanced by requiring an entity not only to disclose those sustainability-related risks and opportunities it considers to be significant, but to also require an entity to disclose those sustainability-related risks and opportunities it considers to be insignificant and why.

<u>(b) Do you agree with the sources of guidance to identify sustainability-related risks and opportunities and related disclosures? If not, what sources should the entity be required to consider and why? Please explain how any alternative sources are consistent with the proposed objective of disclosing sustainability-related financial information in the Exposure Draft.</u>

CDP believes in the importance of sustainability-related financial information in order to ensure that the risks and opportunities connected with environmental issues are correctly priced. The creation of the ISSB standards as a global baseline for sustainability-related financial disclosures is a positive step in the right direction to limit the effects of climate change and environmental degradation. At the same time, we believe that, in order to tackle the environmental crisis, a focus on only value creation will not be sufficient. In order to fully meet the goals of the Paris Agreement, the 2030 Agenda for Sustainable Development, and the upcoming Global Biodiversity Framework, it is important that the impacts of economic activities on people and planet are accounted for. For this reason, we invite the ISSB to consider this second element in its standards, to be aware of how guiding companies to use SASB and

CDSB frameworks compound this issue and to recommend additional other tools, such as CDP's Water Watch, UNEP WCMC's Encore and the SBTn Materiality Tool which all consider the impact of business activities upon the planet.

Question 8—Materiality (paragraphs 56–62)

The Exposure Draft defines material information in alignment with the definition in IASB's Conceptual Framework for General Purpose Financial Reporting and IAS 1. Information 'is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of general purpose financial reporting make on the basis of that reporting, which provides information about a specific reporting entity'. However, the materiality judgements will vary because the nature of sustainability related financial information is different to information included in financial statements. Whether information is material also needs to be assessed in relation to enterprise value. Material sustainability-related financial information disclosed by an entity may change from one reporting period to another as circumstances and assumptions change, and as expectations from the primary users of reporting change. Therefore, an entity would be required to use judgement to identify what is material, and materiality judgements are reassessed at each reporting date. The Exposure Draft proposes that even if a specific IFRS Sustainability Disclosure Standard contained specific disclosure requirements, an entity would need not to provide that disclosure if the resulting information was not material. Equally, when the specific requirements would be insufficient to meet users' information needs, an entity would be required to consider whether to disclose additional information. This approach is consistent with the requirements of IAS 1. The Exposure Draft also proposes that an entity need not disclose information otherwise required by the Exposure Draft if local laws or regulations prohibit the entity from disclosing that information. In such a case, an entity shall identify the type of information not disclosed and explain the source of the restriction.

(a) Is the definition and application of materiality clear in the context of sustainability-related financial information? Why or why not?

(b) Do you consider that the proposed definition and application of materiality will capture the breadth of sustainability-related risks and opportunities relevant to the enterprise value of a specific entity, including over time? Why or why not?

CDP believes in the importance of sustainability-related financial information in order to ensure that the risks and opportunities connected with environmental issues are correctly priced. The creation of the ISSB standards as a global baseline for sustainability-related financial disclosures is a positive step in the right direction to limit the effects of climate change and environmental degradation. At the same time, we believe that, in order to tackle the environmental crisis, a focus on only value creation will not be sufficient. In order to fully meet the goals of the Paris Agreement, the 2030 Agenda for Sustainable Development, and the upcoming Global Biodiversity Framework, it is important that the impacts of economic activities on people and planet are accounted for. For this reason, we invite the ISSB to consider this second element in its standards. In this regard, we welcome the MoU with GRI that was recently announced, together with the establishment of a working group to enhance compatibility between global baseline and jurisdictional initiatives.

To ensure a comprehensive view, we suggest requiring an entity not only to disclose those sustainability-related risks and opportunities it considers to be material, but to also require an entity to disclose those sustainability-related risks and opportunities it considers not to be material, and why.

Question 9—Frequency of reporting (paragraphs 66–71)

The Exposure Draft proposes that an entity be required to report its sustainability related financial disclosures at the same time as its related financial statements, and the sustainability-related financial disclosures shall be for the same reporting period as the financial statements.

<u>Do you agree with the proposal that the sustainability-related financial disclosures would be required to be provided at the same time as the financial statements to which they relate? Why or why not?</u>

CDP agrees with this view. However, it would be useful to clarify that this information may not be provided exclusively in conjunction with the financial statements, thus allowing reporting entities to utilise established frameworks such as that provided by the CDP questionnaire. In 2021 over 13,000 companies representing over 60% of market capitalisation disclosed against the CDP questionnaires, and the numbers are expected to further increase in future years. Disclosure in this way, via CDP, allows for the efficient aggregation and distribution of data to a wide range of market participants for the greater good.

Question 10—Location of information (paragraphs 72–78)

The Exposure Draft proposes that an entity be required to disclose information required by the IFRS Sustainability Disclosure Standards as part of its general purpose financial reporting—ie as part of the same package of reporting that is targeted at investors and other providers of financial capital. However, the Exposure Draft deliberately avoids requiring the information to be provided in a particular location within the general purpose financial reporting so as not to limit an entity's ability to communicate information in an effective and coherent manner, and to prevent conflicts with specific jurisdictional regulatory requirements on general purpose financial reporting. The proposal permits an entity to disclose information required by an IFRS Sustainability Disclosure Standard in the same location as information disclosed to meet other requirements, such as information required by regulators. However, the entity would be required to ensure that the sustainability-related financial disclosures are clearly identifiable and not obscured by that additional information. Information required by an IFRS Sustainability Disclosure Standard could also be included by cross-reference, provided that the information is available to users of general purpose financial reporting on the same terms and at the same time as the information to which it is cross-referenced. For example, information required by an IFRS Sustainability Disclosure Standard could be disclosed in the related financial statements. The Exposure Draft also proposes that when IFRS Sustainability Disclosure Standards require a disclosure of common items of information, an entity shall avoid unnecessary duplication.

(a) Do you agree with the proposals about the location of sustainability-related financial disclosures? Why or why not?

While the guidance is clear and the need to disclose this information as part of the same package of reporting that is targeted at investors and other providers of financial capital is essential, the lack of specificity does present a risk to comparability and ease of use.

Our experience suggests that specificity, in terms of location and format of reporting, is an important aspect to deliver consistent and comparable data in an efficient manner to the market. CDP stands ready to explore how its disclosure platform, currently used by over 14,000 entities around the world, could enhance the structure of information disclosed in implementation of the ISSB Standards.

(b) Are you aware of any jurisdiction-specific requirements that would make it difficult for an entity to provide the information required by the Exposure Draft despite the proposals on location?

CDP is not aware of such requirements. We would, invite ISSB to develop its standards in a way that guarantees compatibility between with other jurisdictional standards, such as the ones currently in development in the European Union. CDP encourages organizations to prioritise reporting that embraces both value creation and impact on people and planet, and provides them with a tool to do so. The findings of their financial reporting can then be based upon this information.

(c) Do you agree with the proposal that information required by IFRS Sustainability Disclosure Standards can be included by cross-reference provided that the information is available to users of general purpose financial reporting on the same terms and at the same time as the information to which it is cross-referenced? Why or why not?

CDP agrees with this point.

(d) Is it clear that entities are not required to make separate disclosures on each aspect of governance, strategy and risk management for individual sustainability-related risks and opportunities, but are encouraged to make integrated disclosures, especially where the relevant sustainability issues are managed through the same approach and/or in an integrated way? Why or why not?

CDP does not have a position on this issue.

Question 11—Comparative information, sources of estimation and outcome uncertainty, and errors (paragraphs 63–65, 79–83 and 84–90)

The Exposure Draft sets out proposed requirements for comparative information, sources of estimation and outcome uncertainty, and errors. These proposals are based on corresponding concepts for financial statements contained in IAS 1 and IAS 8. However, rather than requiring a change in estimate to be reported as part of the current period disclosures, the Exposure Draft proposes that comparative information which reflects updated estimates be disclosed, except when this would be impracticable —i.e. the comparatives would be restated to reflect the better estimate. The Exposure Draft also includes a proposed requirement that financial data and assumptions within sustainability-related financial disclosures be consistent with corresponding financial data and assumptions used in the entity's financial statements, to the extent possible.

(a) Have these general features been adapted appropriately into the proposals? If not, what should be changed?

(b) Do you agree that if an entity has a better measure of a metric reported in the prior year that it should disclose the revised metric in its comparatives?

CDP agrees with this point.

(c) Do you agree with the proposal that financial data and assumptions within sustainability-related financial disclosures be consistent with corresponding financial data and assumptions used in the entity's financial statements to the extent possible? Are you aware of any circumstances for which this requirement will not be able to be applied?

CDP agrees with this point.

Question 14—Global baseline

IFRS Sustainability Disclosure Standards are intended to meet the needs of the users of general purpose financial reporting to enable them to make assessments of enterprise value, providing a comprehensive global baseline for the assessment of enterprise value. Other stakeholders are also interested in the effects of sustainability-related risks and opportunities. Those needs may be met by requirements set by others, including regulators and jurisdictions. The ISSB intends that such requirements by others could build on the comprehensive global baseline established by the IFRS Sustainability Disclosure Standards.

Are there any particular aspects of the proposals in the Exposure Draft that you believe would limit the ability of IFRS Sustainability Disclosure Standards to be used in this manner? If so, what aspects and why? What would you suggest instead and why?

CDP welcomes ISSB's mission to create a global baseline for sustainability-related financial disclosures. We believe that the environmental crisis will not be solved without access to high quality, timely, and comparable data, and have been working to ensure this for over 20 years.

We invite the Board to consider the expansion of its standards beyond the sheer analysis of risks and opportunities and embrace the need to account for the impacts of economic activities on people and planet.

Coordination with disclosure standards currently in development in other jurisdictions will be key to ensure that a harmonious system is created, that provides the necessary information to policymakers and financial markets, without placing an undue burden on issuers.

Moreover, we welcome the stated intention to move beyond a focus on climate to a wider range of environmental issues, which is in line with CDP's 2025 strategy. Climate cannot be dealt with in isolation, and it is of utmost importance to address the Nature crisis in conjunction, in order to achieve meaningful and lasting results.

Question 15—Digital reporting

The ISSB plans to prioritise enabling digital consumption of sustainability-related financial information prepared in accordance with IFRS Sustainability Disclosure Standards from the outset of its work. The primary benefit of digital consumption as compared to paper-based consumption is improved accessibility, enabling easier extraction and comparison of information. To facilitate digital consumption of information provided in accordance with IFRS Sustainability Disclosure Standards, an IFRS Sustainability Disclosures Taxonomy is being developed by the IFRS Foundation. The Exposure Draft and [draft] IFRS S2 Climate-related Disclosures Standards are the sources for the Taxonomy. It is intended that a staff draft of the Taxonomy will be published shortly after the release of the Exposure Draft, accompanied by a staff paper which will include an overview of the essential proposals for the Taxonomy. At a later date, an Exposure Draft of Taxonomy proposals is planned to be published by the ISSB for public consultation.

Do you have any comments or suggestions relating to the drafting of the Exposure Draft that would facilitate the development of a Taxonomy and digital reporting (for example, any particular disclosure requirements that could be difficult to tag digitally)?

Please see the comments made by CDP in its response to the Climate Standard.