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20 July 2022

Emmanuel Faber
Chair
International Sustainability Standards Board
Columbus Building
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E14 4HD

Dear Mr Faber

ED/2022/S1 *General Requirements for Disclosure of Sustainability-related Financial Information*

Deloitte Touche Tohmatsu Limited is pleased to respond to the International Sustainability Standards Board's ('the ISSB') Exposure Draft (ED) *General Requirements for Disclosure of Sustainability-related Financial Information ('General Requirements')*.

We strongly welcome the ISSB's proposals for global standards for sustainability reporting. This should facilitate consistent, comparable and timely sustainability information for the capital markets. Given the urgency of addressing climate change and other sustainability matters, we encourage the ISSB to finalise and issue its first standards at the earliest opportunity.

We support the creation of a comprehensive global system for corporate reporting with the ISSB standards establishing a global baseline of requirements for reporting on sustainability matters relevant to enterprise value and allowing for interoperability with jurisdictional sustainability disclosure requirements. We welcome the establishment of the Jurisdictional Working Group and encourage the ISSB to intensify its collaboration with jurisdictions, most notably the European Commission, the European Financial Reporting Advisory Group (EFRAG) and the U.S. Securities and Exchange Commission (SEC). As the ISSB, EFRAG and SEC proposals have yet to be finalised, we consider that there is a window of opportunity to achieve a global baseline of sustainability reporting standards. Ongoing collaboration with the jurisdictions will also support the objective of maintaining high quality standards by acting as an additional mechanism for the provision of timely feedback to the ISSB on any challenges in practical application of the standards and contributing to timely post-implementation reviews.

We welcome the ISSB's overall approach to standard-setting, which, in line with the direction set by the IFRS Foundation Trustees and consistent with the recommendations of the Technical Readiness Working Group (TRWG), builds on existing standards and frameworks and should allow for progress to be made at pace. Furthermore, this approach recognises that many companies have adopted or based their current disclosures on the existing frameworks and standards, including the TCFD recommendations which are already mandatory, or about to become mandatory, in some jurisdictions. In that regard, the explicit provision in the proposals that preparers may use other recognised standards as the basis for disclosures when there is not currently an IFRS Sustainability Disclosure Standard (SDS) is helpful and will facilitate adoption. We also believe that building on frameworks and standards which are already familiar to users will enable them more readily to understand the ISSB disclosures and incorporate them into their existing systems for analysis.

We support the ISSB's inclusion of industry-specific requirements, based on the Sustainability Accounting Standards Board (SASB) Standards, into the proposals alongside the cross-sector standards. The SASB Standards have been found to be of particular value to investors. We therefore consider that they provide a good starting point for industry-based content within the architecture of the ISSB standards. However, we recognise that not all jurisdictions or entities are familiar with the SASB Standards and believe that there is a need for further education on the use and application of the requirements. We also recommend that further work is undertaken to ensure that the SASB metrics are appropriately internationalised through further testing outside of the U.S. environment.

We also highlight that the industry-specific metrics set out in the SASB Standards may not be complete in their coverage as the relevance of those metrics to a particular industry will change over time. We therefore encourage the ISSB to build on the established SASB Standards practice of including sufficient industry expertise in the standard-setting process.

We support the use of the four pillars set out in the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as the basis for the core content of IFRS SDS. The pillars, governance, strategy, risk management, and metrics and targets, were selected by the TCFD for climate-related disclosures on the basis that they reflect how a business is run. We consider that this approach facilitates integration of consideration of sustainability matters into core business practices and will foster market acceptance.

Our further overarching comments are provided below with detailed responses to the consultation questions set out in the Appendix to this letter.

Approach to General Requirements Standard

We support the overall aim of the ED, setting out principles for disclosure of all relevant sustainability-related financial information. In our view, drawing on the relevant principles of the IASB's *Conceptual Framework,* IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* provides an appropriate foundation for identifying and reporting on sustainability matters. Further, it supports connectivity with financial information, which is a priority for investors.

Hierarchy

We support the proposed 'hierarchy' in paragraph 51 of the ED, which guides preparers to use other frameworks and standards in the absence of a specific IFRS SDS and whilst the ISSB develops other standards. However, we consider that this should be positioned as directional guidance rather than being a mandatory consideration, as currently proposed.

Materiality

We support the ISSB's focus on enterprise value and the objective of the proposals to provide information relevant to the needs of the capital markets and welcome the alignment with the definition in the IASB's Conceptual Framework for General Purpose Financial Reporting and IAS 1, which should help to facilitate connectivity between sustainability and financial information.

We note the use of the terms ‘significant’ and ‘material’ and understand this as being a two-step process whereby the entity identifies significant sustainability-related risks and opportunities (for example, those matters that the entity’s board has assessed as significant) and then considers the information relating to those matters that is material to enterprise value. However, we consider that further explanation of the distinction between ‘significant sustainability-related risks and opportunities’ and ‘disclosure of material information’ is necessary to facilitate consistent understanding and application of these terms in practice. More generally, additional guidance on the application of materiality in the context of sustainability information would be helpful.

We also consider that it would be helpful to clarify within the standard how preparers can comply with the standard when they do not have all elements of their governance, strategy, risk management, or metrics or targets in place for a particular matter and recommend that the wording in BC85 in the Basis for Conclusions is included. For example, the proposals could emphasise that an entity could make a statement that a policy or measure on a matter assessed as significant by the entity is not yet developed, along with a timeframe in which the entity will prepare and report on it.

We recommend that the proposals further clarify the interaction between an entity’s impacts on people, the planet and the economy and enterprise value. We consider this was more explicit in the prototype developed by the TRWG and recommend that the Illustrative Guidance is expanded to be clearer on how an entity might go about identifying material information about significant sustainability-related matters, starting with considering the relevant sustainability matters and related impacts on people, planet and the economy, and then identifying a subset of matters that are relevant to enterprise value. The TRWG prototype included content on ‘nested and dynamic’ materiality, following the work of the ‘Group of 5’, and this could be re-instated and elaborated in these proposals.

Boundaries of information to be reported

We believe that the ISSB should provide more clarity on the boundaries of information to be reported when applying these standards. This manifests itself in a number of areas of the ED as set out below:

- Definition of sustainability-related financial information – we believe it would be helpful for the ISSB to explain the types of information that may be covered;
- Materiality – we consider that there is a need for clarification on the use of the word ‘all’ in reference to ‘significant’ sustainability risks and opportunities. Our understanding is that this is constrained by the word ‘significant’ and therefore does not require entities to make an assessment of the entire universe of potential sustainability risks and opportunities that may affect the entity; and
- Value chain – we note that the proposals require entities to report on relevant matters across their value chains. The value chain is a very broad concept, going beyond the reporting entity, and therefore we believe that there should be more guidance to help entities to understand how far up and down the value chain they need to look to identify relevant information, for example, how many tiers of suppliers an entity should consider in order to meet the requirement. This should include consideration of the level and availability of information needed from suppliers, customers and others which could be challenging to obtain, especially within the proposed reporting timeline.

Disclosure of financial effects

We support the principle of quantifying the financial effects of sustainability matters but recommend that the ISSB should clarify what this means in practice and further set out its reporting expectations. We highlight that quantification can be difficult to achieve as there are currently no commonly used methodologies for measurement in this area, and, in our experience, it can be a matter of significant judgement to determine what proportion of a risk or opportunity could be attributed to any one sustainability-related matter (for example, what proportion of a flooding risk could be attributed to climate change). We therefore welcome that the ED allows for entities to provide estimates and ranges in their disclosures, and for the provision of qualitative information when entities are unable to provide quantitative information. We believe further evolution of measurement methodologies will be needed before further standard-setting activity could be undertaken in this regard.

Connected information

We believe the concept of connected information is highly important and welcome the emphasis in the ED on the need for entities to report in an integrated way. It is essential to avoid 'reporting silos', which could reduce understandability and lead to lengthy, duplicative disclosures. More fundamentally, integrating sustainability information into the overall content of corporate reporting encourages entities to explain how it relates to their strategy and business model. This has been the aim of the many entities who have adopted integrated reporting and who are using this approach to enhance integrated thinking.

We support the requirement to link sustainability disclosure to the information included in the financial statements, which we view as essential. However, we also recommend that the ISSB emphasise the linkage of information to management commentary or an equivalent framework which provides essential context, for example, greater connections between sustainability information and their impact on an entity's business model.

Reporting timing and location

We agree that aligning financial and sustainability reporting is an important ambition that responds to the expectations of investors to understand the connections between sustainability and financial information, and will further support the full integration of sustainability matters into the entity's governance, strategy and operations. Therefore, we agree that sustainability information should be provided at the same time and as part of the same reporting package as the financial statements. However, we note that this will be challenging for many entities that currently disclose sustainability information in a separate sustainability report, published at a later date, as they will need to ensure they have the necessary systems, processes and resources in place to achieve this objective and meet the proposed requirement. These practical challenges should be considered in the transition provisions and in setting the effective date for the standard.

We believe it is important that the ED specifies that sustainability information should be included within general purpose financial reporting, but provides flexibility in the location, as it helps to minimise duplication and accommodates different jurisdictional requirements.

Understandability of standards

We commend the ISSB for the concise drafting in the ED. However, we encourage the ISSB to use plain language when finalising the standard, recognising that the preparers of the front-end of annual reports are not necessarily those in the finance team. We also encourage the ISSB to provide educational material over time for those that may not be familiar with IFRS terms; and ensure that terms used in the glossary, where relevant, are and continue to be consistent with IFRS Accounting Standards.

Sustainability themes beyond climate

We note that the ISSB has committed to issuing an agenda consultation to inform its future priorities and we encourage the ISSB to move towards publication of this quickly. We therefore welcome the ISSB considering possible topics for its agenda consultation at its inaugural meeting. Whilst climate should be the priority, we consider that there are other sustainability matters that also need to be addressed, for example, social, water and biodiversity. A starting point for identifying some of those themes could be the sustainability disclosure topics within the SASB Standards, GRI, or the themes identified by the WEF International Business Council's Stakeholder Capitalism Metrics.

Proportionality

Over time, the ISSB may consider the need for a reduced disclosure standard similar to the IFRS for SMEs, as this would increase the capacity of smaller entities to meet the requirements and help jurisdictions with scoping discussions relating to the adoption of IFRS SDS.

Finally, we congratulate the ISSB for its ambition and swift progress in developing these standards. We encourage the ISSB to continue to maintain good pace and issue this and other standards without delay, given the urgency of responding to climate and other sustainability issues. Furthermore, early publication of the standards will provide clarity on the disclosure requirements that comprise the global baseline, and on which jurisdictions can add further requirements as needed, to promote the closest possible global alignment.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0)20 7007 0884.

Yours sincerely

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Deloitte Touche Tohmatsu Limited

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Appendix— ED/2022/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. (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? (b) Do you agree that the proposed requirements set out in the Exposure Draft meet its proposed objective (paragraph 1)? Why or why not? (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? (d) Do you agree that the requirements proposed in the Exposure Draft would provide a suitable basis for auditors and regulators to determine whether an entity has complied with the proposals? If not, what approach do you suggest and why?

(a) We believe that the ED clearly states that an entity would be required to identify and disclose material information about all the significant sustainability-related risks and opportunities to which the entity is exposed, even if such risks and opportunities are not addressed by a specific IFRS SDS. However, we recommend further clarity and guidance is provided in relation to 'significant' sustainability-related matters. The proposals do not give sufficient information to help preparers understand exactly what 'significant' means in this context, how they would go about identifying all significant matters, and what level of due diligence to apply in that process. Given that there is some confusion between the terms 'significant' and 'material', we recommend that the ISSB considers an alternative term such as 'principal' in relation to the identification of risks and opportunities.

In addition, we consider that there is a need for clarification of the use of the word 'all' in reference to 'significant' sustainability risks and opportunities. Our understanding is that this is constrained by the word 'significant' and therefore does not require entities to make an assessment of the entire universe of potential sustainability risks and opportunities that may affect the entity. We understand that the intent of the proposals is to encompass sustainability-related matters such as those that would be on the agenda of the board and its committees, including consideration of matters across the value chain and impacts that could affect enterprise value over time, including in the long term.

(b) We agree that the proposed requirements set out in the ED meet its proposed objective.

(c) In our view, while it is relatively clear how the proposed requirements in the ED would be applied together with the proposed IFRS S2, the interaction between this ED and other IFRS SDS could be made more explicit. For example, clarifying sentences could be added to paragraph 51, which currently directs preparers to reference other IFRS SDS. This could provide more guidance to preparers as to what consideration they should give to those other standards when determining relevant information, including clarifying the interaction between cross-industry and industry-specific requirements.

(d) We agree that the requirements proposed in the ED should provide a suitable basis for auditors and regulators to determine whether an entity has complied with the proposals but encourage the ISSB to collaborate further with the International Auditing and Assurance Standards Board (IAASB) noting its project on Sustainability Assurance. This will enable both organisations to identify processes, procedures and controls that should underlie the preparation and disclosure of sustainability information.

We consider that there are areas of the EDs which could be challenging for assurance. These include:

- Forward-looking information, including the proposal to report on anticipated effects on financial performance, position and cash flows which is akin to forecasts;
- Identifying criteria used by management to measure and prepare sustainability-related financial information; and
- Scope of value chain.

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?

(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?

(a) Overall, we believe that the objective as set out in paragraph 1 of the ED is clear and helpful as it is structured in the same way as the IASB's Conceptual Framework. The focus on the primary users of general purpose financial reporting along with the clarity on the objective to provide information that would enable users to assess enterprise value provide a clear boundary for the information to be reported.

We have some specific drafting comments:

- Paragraph 5 – the last sentence states "information that is essential for assessing the enterprise value of an entity includes information that is provided by the entity in its financial statements and sustainability-related financial information". We recommend that this also refers to information provided in management commentary or an equivalent framework.
- Paragraph 6(d) refers to "knowledge-based assets" We consider this would be better positioned as an example or expanded to include other types of intangible assets.

(b) In our view, there is benefit in providing additional guidance on "sustainability-related financial information". The reference to enterprise value is helpful for setting the boundary of sustainability information for the purpose of these standards. However, it would be helpful if the ISSB could provide examples of the types of information that could be material from an enterprise value perspective on a cross-industry basis. For example, impacts on people could be one such category. The SASB Standards sustainability disclosure topics provide some guidance, however, we consider that it would be helpful for the ISSB to set some parameters on what should be included within the definition.

Question 3—Scope (paragraphs 8–10)

Proposals in the Exposure Draft would apply to the preparation and disclosure of sustainability-related financial information in accordance with IFRS Sustainability Disclosure Standards. Sustainability-related risks and opportunities that cannot reasonably be expected to affect users' assessments of the entity's enterprise value are outside the scope of sustainability-related financial disclosures.

The Exposure Draft proposals were developed to be applied by entities preparing their general purpose financial statements with any jurisdiction's GAAP (so with IFRS Accounting Standards or other GAAP).

Do you agree that the proposals in the Exposure Draft could be used by entities that prepare their general purpose financial statements in accordance with any jurisdiction's GAAP (rather than only those prepared in accordance with IFRS Accounting Standards)? If not, why not?

We agree that IFRS SDS should be permitted for use alongside local GAAP financial statements provided this is compatible with local regulations. We consider that the proposal in the ED would be beneficial as jurisdictions may not have local sustainability reporting standards or may wish to make use of the ISSB standards for private entities that apply local GAAP.

While we consider that it is important for IFRS SDS to be available for use with local GAAP financial statements, we note that ISSB standards are designed for use with IFRS Accounting Standards and, as the ED highlights, connectivity between sustainability-related financial information and the financial statements is important. In instances where IFRS SDS are being used with local GAAP, this may diminish consistency and comparability between sustainability-related financial information and information in the financial statements where local GAAP is not based on IFRS Accounting Standards. However, we believe this can be mitigated by transparency on the basis of preparation of the financial statements and disclosure where the accounting basis is substantially different from IFRS.

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?

(a) We consider that the disclosure objectives for governance, strategy, risk management, and metrics and targets are clear and appropriately defined. As noted in our cover letter, we support the use of the four pillars set out in the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) as the basis for the core content of IFRS SDS. The pillars, governance, strategy, risk management, and metrics and targets, were selected by the TCFD for climate-related disclosures on the basis that they reflect how a business is run. We consider that this approach facilitates integration of consideration of sustainability matters into the core business practices and will foster market acceptance.

We also highlight that a number of entities and investors are familiar with the pillars and the resulting information from TCFD, which would facilitate transition to the ISSB standards.

However, we note that [draft] IFRS S1 and S2 have overlapping content in the governance, strategy and risk management requirements. Consideration should be given to streamlining that content so that general requirements reside only in IFRS S1.

(b) We broadly agree that the disclosure requirements for governance, strategy, risk management, and metrics and targets are appropriate to their stated disclosure objective and are well explained.

Governance

The drafting in paragraph 13 could be improved. Paragraph 13(a) refers to both governance bodies or individuals responsible for the oversight of climate-related risks and opportunities. However, 13(b)-(g) only refer to bodies. Smaller entities may not have complex governance structures, and these matters may therefore be subject to the oversight of particular individuals. Therefore, we recommend referring both to bodies and individuals throughout the requirements.

Time-horizons

We welcome that the ISSB is providing flexibility to entities in determining the short-, medium-, and long-term time horizons. However, we recommend that the ISSB expands on the guidance in this area, potentially through the use of examples.

Financial position, financial performance and cash flows

We support the principle of quantifying the financial effects of sustainability matters but recommend that the ISSB should clarify what this means in practice and further sets out its reporting expectations. We highlight that quantification can be difficult to achieve as there are currently no commonly used methodologies for measurement in this area, and, in our experience, it can be a matter of significant judgement to determine what proportion of a risk or opportunity could be attributed to any one sustainability-related matter (for example, what proportion of a flooding risk could be attributed to climate change). We therefore welcome that the ED allows for entities to provide estimates and ranges in their disclosures, and for the provision of qualitative information when entities are unable to provide quantitative information. We believe further evolution of measurement methodologies will be needed before further standard-setting activity could be undertaken in this regard.

We consider that paragraph 22 would benefit from further application guidance and/or examples to help preparers understand what disclosures are intended. Parts (c) and (d) of paragraph 22 use the phrase "how it expects its financial position [financial performance] to change over time". We recommend that an entity be required to disclose what timeframe it has applied in making this disclosure, linking it to the short-, medium- and long-term horizons. We also recommend that the ISSB clarify the circumstances under which an entity might appropriately state that it is unable to make quantitative disclosures (for example, there is insufficient capacity in the entity to perform the exercise) and consideration given to a requirement to provide a timeframe in which those disclosures could be made.

Metrics and targets

Paragraph 31 relates to metrics. There is a drafting error in paragraph 31(c) which should use the word 'metrics' instead of "targets".

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.

(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?

(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?

(c) Do you agree with the proposed requirement for identifying the related financial statements? Why or why not?

(a) We agree that the sustainability-related financial information should be required to be provided for the same reporting entity as the related financial statements. This is essential to enhance comparability and connectivity. However, we note that the ED on Climate-related Disclosures ('Climate') refers to the GHG Protocol, which includes approaches for reporting boundaries that could differ from the reporting entity concept for the financial statements. This could lead to inconsistent disclosures in respect of the reporting entity on GHG emissions (see our response to [draft] IFRS S2, question 9(e)).

(b) The value chain is a very broad concept, going beyond the reporting entity, and therefore we believe that there should be more guidance to help entities to understand how far up and down the value chain they need to look to identify relevant information, for example, how many tiers of suppliers an entity should consider in order to meet the requirement. This should include consideration of the level and availability of information needed from suppliers, customers and others which could be challenging to obtain, especially within the proposed reporting timeline.

In addition, we recommend amendments are made to paragraph 40(c) in respect of associates and joint ventures as follows:

- As currently drafted, the use of the word 'control' for associates and joint ventures seems to go further than IFRS Accounting Standards where associates and joint ventures are not consolidated;
- Further clarity or guidance is needed around the information expected in respect of associates and joint ventures; and
- For joint ventures and other financed investments, it should be clarified whether the approach should be consistent with the preparation of the financial statements and if this is practicable. We note that there could also be challenges with accessing data from joint ventures and associates and it may be helpful for the ISSB to provide guidance on the approach in these circumstances.

(c) We agree with the proposed requirement for identifying the related financial statements.

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?

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(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?

We believe the concept of connected information is highly important and welcome the emphasis in the ED on the need for entities to report in an integrated way. It is essential to avoid 'reporting silos', which could reduce understandability and lead to lengthy, duplicative disclosures. More fundamentally, integrating sustainability information into the overall content of corporate reporting encourages entities to explain how it relates to their strategy and business model. This has been the aim of the many entities who have adopted integrated reporting and who are using this approach to enhance integrated thinking.

(a) Whilst we agree that the requirement is clear on the need for connectivity between various sustainability-related risks and opportunities, we believe that information on sustainability-related risks and opportunities should also be connected to information in management commentary or an equivalent framework (for example, the Management Report, Strategic Report or Integrated Report). For example, sustainability-related risks and opportunities should be linked to and considered in the context of an entity's business model and other areas of strategy covered in management commentary. Similarly, risks and opportunities could also be connected to broader corporate targets, actions and plans. We therefore recommend that this linkage is emphasised in paragraph 43 and that consideration is given to a further example highlighting this aspect of connected information in paragraph 44. We also consider that there is scope to provide further examples here to enhance users' understanding and recommend that the examples in BC57 of the Basis for Conclusions are brought forward.

    This observation is also relevant in the context of the agenda of both the ISSB and the IASB. Consideration should be given as to how these proposals relate to the future direction of the International Integrated Reporting Framework under the IFRS Foundation, the IASB's project on Management Commentary and the IASB's newly-added project on climate-related risks.

    We also consider that the ISSB should be cognisant of jurisdictional requirements in respect of management commentary or similar. Guidance on connectivity should cater for jurisdictional reporting structures which are not fully based on IFRS. For example, a jurisdiction may require an entity to prepare its financial statements under IFRS Accounting Standards and apply ISSB SDS, but may have a pre-existing local framework for reporting on management commentary.

(b) We 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.

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

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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.

(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?

(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

(a) We believe that the proposal to present fairly the sustainability-related risks and opportunities to which the entity is exposed is clear. In particular, we consider the inclusion of the principle in paragraph 47(b) which is the same as the concept to present fairly in IAS 1 to be helpful.

(b) We agree with the sources of guidance, set out in paragraph 51, to identify sustainability-related risks and opportunities and related disclosures. We consider these to be a useful point of reference in the absence of a specific IFRS SDS and whilst a suite of standards are developed by the ISSB.

We support the proposed 'hierarchy' in paragraph 51 which includes important provisions on the use of other standards and frameworks such as the SASB Standards, which we welcome. However, we believe that this provision should be positioned as directional guidance rather than being a mandatory consideration. We recommend that instead of saying an entity "**shall** consider" the disclosure topics in the listed standards, the wording should be amended to "**could** consider".

This approach recognises that many companies have adopted or based their current disclosures on the existing frameworks and standards, including the TCFD recommendations which are already mandatory, or about to become mandatory, in some jurisdictions. In that regard, the explicit provision in the proposals that preparers may use other recognised standards as the basis for disclosures when there is not currently an IFRS SDS is helpful and will facilitate adoption. We also believe that building on frameworks and standards which are already familiar to users will enable them more readily to understand the ISSB disclosures and incorporate them into their existing systems for analysis.

We note that the ISSB is in the process of consolidating some of the leading voluntary frameworks and therefore recommend that the integration of other sources of guidance is kept under review as standard-setting convergence takes place. Following transition of the SASB Standards into the IFRS Foundation, it may also be appropriate to change the wording to reflect how the SASB Standards content and materials will be part of the IFRS Foundation literature.

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?

(c) Is the Exposure Draft and related Illustrative Guidance useful for identifying material sustainability-related financial information? Why or why not? If not, what additional guidance is needed and why?

(d) Do you agree with the proposal to relieve an entity from disclosing information otherwise required by the Exposure Draft if local laws or regulations prohibit the entity from disclosing that information? Why or why not? If not, why?

(a) We support the ISSB's focus on enterprise value and the objective of the proposals to provide information relevant to the needs of capital markets and welcome the alignment with the definition in IASB's Conceptual Framework for General Purpose Financial Reporting and IAS 1 which should help to facilitate connectivity between sustainability and financial information.

We note the use of the terms 'significant' and 'material' and understand this as being a two-step process whereby the entity identifies significant sustainability-related risks and opportunities (for example, those matters that the entity's board has assessed as significant) and then considers the information relating to those matters that is material to enterprise value. However, we consider that further explanation of the distinction between 'significant sustainability-related risks and opportunities' and 'disclosure of material information' is necessary to facilitate consistent understanding and application of these terms in practice. More generally, additional guidance on the application of materiality in the context of sustainability information would be helpful.

We also welcome the inclusion of some of the key principles in IAS 1 such as paragraph 60 which highlights that disclosures are only required when material; and, at times, disclosure of additional information may be needed in the absence of a specific disclosure requirement, as stated in paragraph 61 which can be linked to the fair presentation concept.

However, we consider that it would be helpful to clarify within the standard how preparers can comply with the standard when they do not have all elements of their governance, strategy, risk management, or metrics or targets in place for a particular matter and recommend that the wording in BC85 of the Basis for Conclusions is included. For example, the proposals could emphasise that an entity could make a statement that a policy or measure on a matter assessed as significant by the entity is not yet developed, along with a timeframe in which the entity will prepare and report on it.

(b) We believe the proposed definition should capture the breadth of sustainability risks and opportunities relevant to enterprise value.

(c) We recommend that the proposals further clarify the interaction between an entity's impacts on people, the planet and the economy and enterprise value. We consider this was more explicit in the prototype developed by the TRWG. In particular, we believe it would be worth clarifying that material sustainability-related financial disclosure for users may include information about the entity's impacts on people, planet and economy when those impacts affect its cash flow over the short, medium and long term or the value attributed by users to those cash flows.

We further suggest that the Illustrative Guidance is expanded to be clearer on how an entity might approach identifying material information about significant sustainability-related matters. For example, an entity may start by considering the relevant sustainability matters and its related impacts on people, the planet and the economy. It might then identify the information on those matters that is material to enterprise value. The prototype included content on 'nested and dynamic' materiality in Appendix C: Guidance on Implementing Materiality, following the work of the 'Group of 5', and this could be re-instated and elaborated in these proposals. In time, the ISSB could consider whether a Practice Statement on Materiality for sustainability-related financial information, similar to that published by the IASB, would be helpful. In addition, we recommend that the ISSB could consider whether disclosure of an entity's assessment of materiality could be useful.

(d) We agree with the proposal to relieve an entity from disclosing information otherwise required by the ED if local laws or regulations prohibit the entity from disclosing that information as it will avoid jurisdictions needing to make amendments to ISSB standards to comply with legal requirements.

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.

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?

We agree that aligning financial and sustainability reporting is an important ambition that responds to the expectations of investors to understand the connections between sustainability and financial information, and will further support the full integration of sustainability matters into the entity's governance, strategy and operations. Therefore, we agree that sustainability information should be provided at the same time and as part of the same reporting package as the financial statements. However, we note that this will be challenging for many entities that currently disclose sustainability information in a separate sustainability report, published at a later date, as they will need to ensure they have the necessary systems, processes and resources in place to achieve this objective and meet the proposed requirement. These practical challenges should be considered in the transition provisions and in setting the effective date for the standard.

Paragraph 71 requires disclosure of material information after the end of the reporting period. We recommend that the ISSB amends the drafting in this paragraph to link it to IAS 10 *Events after the reporting period* and clarify whether disclosure is required for adjusting and/or non-adjusting events.

Deloitte.

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?

(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?

(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?

(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?

(a) We believe it is important that the ED specifies that sustainability information should be included within general purpose financial reporting, but provides flexibility in the location, as it helps to minimise duplication and accommodates different jurisdictional requirements.

(b) We are not aware of any jurisdiction-specific requirements that would make it difficult for an entity to provide the information required by the ED.

(c) We support the proposals on the use of cross-referencing. We consider that paragraph 77 is helpful for enforcement purposes. However, we believe that further clarity should be provided as to whether cross-referencing is permitted outside the reporting package (for example, to a sustainability report). If this is permitted, we consider that it is necessary for the information to be easily accessible and clearly identifiable and suggest that the ISSB should work closely with the IAASB to understand the implications of this approach for assurance.

(d) We agree that paragraph 78 is clear that entities are encouraged to integrate information and avoid duplication.

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 —ie 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?

(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?

(a) In our view, the concepts in IAS 1 and IAS 8 have been appropriately adapted in the proposals.

We believe that the guidance on estimation and outcome uncertainty is particularly helpful given the subjective nature of sustainability information and the degree of uncertainty such as in respect of the measurement of Scope 3 GHG emissions.

We have a concern that the wording in paragraph 63 - "the entity shall also disclose comparative information for narrative and descriptive sustainability-related financial disclosures" - could result in clutter and confuse current year narrative. As an alternative, the entity could be required to provide analysis, similar to the business review, of changes in sustainability risks and opportunities.

We also recommend that paragraph 88 of the ED should be better aligned with IAS 8 with an error being restated from the beginning of the reporting period rather than 'from the earliest date practicable'.

(b) We disagree with this approach as we are concerned that the requirement to restate prior period metrics if estimates change may lead to too frequent restatements. We would prefer an approach similar to IAS 8. We also suggest that the ISSB provides clarification on whether an update to the methodologies underpinning Scope 3 GHG emissions metrics would trigger a restatement or whether this would be treated as a change in estimates as for IFRS Accounting Standards.

It would be helpful for the drafting to be made more explicit in respect of estimate changes from the prior year.

(c) We agree with the proposal that financial data and assumptions within sustainability-related financial disclosures should be consistent with corresponding financial data and assumptions used in the entity's financial statements to the extent possible.

Question 12—Statement of compliance (paragraphs 91-92)

The Exposure Draft proposes that for an entity to claim compliance with IFRS Sustainability Disclosure Standards, it would be required to comply with the proposals in the Exposure Draft and all of the requirements of applicable IFRS Sustainability Disclosure Standards. Furthermore, the entity would be required to include an explicit and unqualified statement that it has complied with all of these requirements.

The Exposure Draft proposes a relief for an entity. It would not be required to disclose information otherwise required by an IFRS Sustainability Disclosure Standard if local laws or regulations prohibit the entity from disclosing that information. An entity using that relief is not prevented from asserting compliance with IFRS Sustainability Disclosure Standards.

Do you agree with this proposal? Why or why not? If not, what would you suggest and why?

We agree with the proposal as it is consistent with the approach taken for IFRS Accounting Standards.

Question 13—Effective date (Appendix B)

The Exposure Draft proposes allowing entities to apply the Standard before the effective date to be set by the ISSB. It also proposes relief from the requirement to present comparative information in the first year the requirements would be applied to facilitate timely application of the Standard.

(a) When the ISSB sets the effective date, how long does this need to be after a final Standard is issued? Please explain the reason for your answer, including specific information about the preparation that will be required by entities applying the proposals, those using the sustainability-related financial disclosures and others.

(b) Do you agree with the ISSB providing the proposed relief from disclosing comparatives in the first year of application? If not, why not?

(a) We consider that the standards should be made available as soon as possible with early adoption permitted. With regard to the effective date, we encourage the ISSB to consider the practical implications of these proposals and the different degrees of readiness across jurisdictions, and allow for regulators to decide appropriate timescales for mandating standards through local regulations.

(b) We agree with this proposal, which is consistent with the approach taken for IFRS Accounting Standards.

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?

We support the creation of a comprehensive global system for corporate reporting with the ISSB standards establishing a global baseline of requirements for reporting on sustainability matters relevant to enterprise value and allowing for interoperability with jurisdictional sustainability disclosure requirements.

We do not consider there any particular aspects of the ED that would limit the ability of IFRS SDS to be used as a global baseline for sustainability reporting on matters relevant to enterprise value to capital markets. We welcome the principles-based and neutral approach to standard-setting that is being taken by the ISSB. We expect this will support the ability of jurisdictions to strive for global consistency and add requirements or further specificity where needed. In that regard, we welcome the establishment of the Jurisdictional Working Group and encourage the ISSB to intensify its collaboration with jurisdictions, most notably the European Commission, the European Financial Reporting Advisory Group (EFRAG) and the U.S. Securities and Exchange Commission (SEC). In particular, we encourage further collaboration in areas such as the structure of the standards, concepts, including materiality, and definitions. As the ISSB, EFRAG and

SEC proposals have yet to be finalised, we consider that there is a window of opportunity to achieve a global baseline of sustainability reporting standards.

Ongoing collaboration with the jurisdictions will also support the objective of maintaining high quality standards by acting as an additional mechanism for the provision of timely feedback to the ISSB on any challenges in practical application of the standards and contributing to timely post-implementation reviews.

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)?

We welcome that the ISSB is considering digital consumption alongside the development of its standards. We note that the ISSB has recently published a Staff Request for Feedback on the Staff Draft of the IFRS Sustainability Disclosure Taxonomy.

Question 16—Costs, benefits and likely effects

The ISSB is committed to ensuring that implementing the Exposure Draft proposals appropriately balances costs and benefits.

(a) Do you have any comments on the likely benefits of implementing the proposals and the likely costs of implementing them that the ISSB should consider in analysing the likely effects of these proposals?

(b) Do you have any comments on the costs of ongoing application of the proposals that the ISSB should consider?

(a) We consider that the benefits, which may be difficult to quantify, should significantly outweigh the costs of the proposals. There is an urgent demand from investors for consistent, comparable and timely sustainability-related financial information and a need for entities to have clarity over which standards they should apply for reporting this information. This clarity should enable entities to invest with certainty in appropriate systems and controls, as they do today in respect of financial reporting.

When considering the costs of implementing the proposals, it is important for the ISSB to consider that there will be a different journey for different jurisdictions and entities. Some jurisdictions are already using frameworks for sustainability reporting.

The approach adopted by the ISSB recognises that many companies have adopted or based their current disclosures on the existing frameworks and standards, including the TCFD recommendations which are already mandatory, or about to become mandatory, in some jurisdictions. For entities that are already applying standards and frameworks such as TCFD, GRI, CDSB, the SASB Standards and integrated reporting, the costs of transition should be lower.

As with the introduction of any new standard, we would expect costs to be higher in the first year as entities put in place the necessary systems and familiarise themselves with the standards.

We also consider that there are considerable benefits for all stakeholders in increased transparency and greater insight into the risk and value drivers of an entity.

(b) There will be costs relating to resourcing including maintaining the information as well as ensuring that sustainability-related risks and opportunities are embedded in the management process and appropriately measured.

Question 17— Other comments
Do you have any other comments on the proposals set out in the Exposure Draft?

Sustainability themes beyond climate

We note that the ISSB has committed to issuing an agenda consultation to inform its future priorities and we encourage the ISSB to move towards publication of this quickly. We therefore welcome the ISSB considering possible topics for its agenda consultation at its inaugural meeting. Whilst climate should be the priority, we consider that there are other sustainability matters that also need to be addressed, for example, social, water and biodiversity. A starting point for identifying some of those themes could be the sustainability disclosure topics within the SASB Standards, GRI or the themes identified by the WEF International Business Council's Stakeholder Capitalism Metrics.

Proportionality

Over time, the ISSB may consider the need for a reduced disclosure standard similar to the IFRS for SMEs, as this would increase the capacity of smaller entities to meet the requirements and help jurisdictions with scoping discussions relating to the adoption of IFRS SDS.