About you

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

- Organisation

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

Insurance Europe

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.

01-AP. (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?

- Other

01-AR. Please explain your answer:

Yes, Insurance Europe broadly agrees that it is sufficiently clear that an entity would be required to identify and disclose material information about all 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 (SDS). Nevertheless, a definition of sustainability-related risks and opportunities would make the ISSB's expectations clearer (see answer to Q2b).

As the ISSB standards are intended to form the "baseline" for sustainability reporting, it is essential that the ISSB works closely with EFRAG to ensure that the materiality concepts are fully compatible and interoperable, and to provide guidance as to potential differences in materiality concepts. At a minimum, the concepts of financial materiality with regard to the sustainability information provided in the ISSB and EFRAG Exposure Drafts should be fully aligned. Insurance Europe would strongly welcome joint efforts by the ISSB and EFRAG in this regard.

01-BP. (b) Do you agree that the proposed requirements set out in the Exposure Draft meet its proposed objective (paragraph 1)? Why or why not?

- Broadly Agree

01-BR. Please explain your answer:

Yes, Insurance Europe broadly agrees. However, the two terms "primary users" and "users" are being used interchangeably, with the same meaning. For clarity, only one term should be used.

01-CP. (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?

- Broadly Agree

01-CR. Please explain your answer:

Yes, Insurance Europe broadly agrees that it is sufficiently clear how the proposed requirements in the Exposure Draft would be applied together with other IFRS SDS, including the [draft] IFRS S2 Climate-related Disclosures. Nonetheless, clarification within the first section "objective" might make the interdependencies and connection to other IFRS SDS, including the IFRS S2 Climate-related Disclosures, clearer. The following could be added to IFRS S1: "IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information applies to the disclosure of sustainability-related financial information, unless another IFRS Sustainability Disclosure Standard specifies the type of information an entity is required to disclose. Besides this, it specifies general principles that apply to all topic-specific Sustainability Disclosure Standards."

01-DP. (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?

- Other

01-DR. Please explain your answer:

At this stage, it is not easy to judge whether 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. Overall, the approach and structure seem well suited to achieve this objective. It will become easier as the Topical Standards are added as this will increase standardisation and comparability and reduce the burden on (and risk for) companies to go through all the different sources to check what additional disclosure topics may need to be covered and how, as well as for auditors and regulators to verify whether this has been done appropriately (which is likely to be challenging and time-consuming as the assessment, including that for materiality and qualitative information characteristics, will be entity- and context-specific).

In Insurance Europe's opinion, a best-effort principle needs to apply to companies to mitigate legal liability risks, at least during a transitional phase. As it is currently drafted, Insurance Europe sees no particular issues and would expect the ISSB framework to be as suitable as the IFRS framework. However, (full) auditability and enforceability would only be possible where IFRS SDSs are applied because this is not (fully) possible for the requirement on further sources that preparers take into account beyond the IFRS SDS.

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.

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

- Other

02-AR. Please explain your answer:

The objective is generally clear. However, "information necessary for users of general purpose financial reporting to assess enterprise value" may be interpreted and applied differently in terms of scope/breadth. While Insurance Europe acknowledges that the ISSB intends to focus on the investor perspective and does not intend to cover the broader, multi-stakeholder-focused European materiality perspective, it would like to emphasise that the two views are strongly intertwined and very difficult to disentangle; further guidance would be likely to help ensure consistent application (see more information on "guidance" in answer to question 3).
As mentioned in question 1, it is essential that the ISSB's materiality concept is generally broadly defined in order to respond to investors' information needs in their entirety. Investors increasingly require information on companies' impact on the environment and people as much as information on the impact of environment and people on companies.
If the ISSB keeps the current proposed definition of materiality, the Exposure Draft's objective, which is "to require an entity to disclose information about its significant sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reporting when they assess enterprise value and decide whether to provide resources to the entity" (para. 1), would not be fully achieved. Indeed, decisions on "whether to provide resources to the entity" may not always/only/directly relate to enterprise value. Rather, such decisions may, for example, be based on sustainability preferences or driven by sustainability strategies pursued by investors. Even if such impacts may not (yet) have a first-tier effect on enterprise value, where a sufficiently large group of investors is interested in them and changes its investment decision-making based on them, they create a second-tier effect.

02-BP. (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?

- Broadly Agree

02-BR. Please explain your answer:

Insurance Europe agrees that an approach that is intentionally broad is needed to reflect the fact that the information relevant for assessing enterprise value will change over time (see paragraph BC 27).

In order to support a common global understanding, it might be worthwhile defining sustainability in the standard itself. While it is understood that disclosure topics will be set out in the IFRS SDSs and that it may be too early to go into more detail, a high-level definition of the areas of sustainability (E, S and G) may help to create a common understanding that overall, sustainability-related financial information would be expected to relate to one or more of these three areas.

It would also be beneficial to better connect sustainability and, in particular, governance requirements with other documents legally required and to avoid extra costs for undertakings. Para. 6(b), for instance, does not specify that there needs to be a link to ESG. Insurance Europe's concern stems from the fact that some stakeholders seem to consider sustainability reporting as an outlet for any kind of information not reflected in financial reporting, where "sustainable" is instead interpreted as "long-term".

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).

03-AP. 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?

- Other

03-AR. Please explain your answer:

Yes, Insurance Europe supports the fact that the sustainability standards could be used by entities that prepare their general-purpose financial statements in accordance with any jurisdiction's GAAP. This approach would be likely to increase the number of jurisdictions adopting the standards, as well as the scope of companies to which they could apply (eg, including private companies) and may incentivise voluntary reporting. Potential issues could arise as to:

• the required location in general purpose financial statements where companies do not (need to) disclose financial statements at this stage; and,

• the principle of connected information where companies do not (need to) disclose financial statements at this stage or where the principles of local GAAP differ.

In any case, to enhance global relevance and acceptance, compliance must also be possible where companies are not required to disclose financial information.

Secondly, regarding the definition of the scope, Insurance Europe understands that the ISSB focuses on disclosing sustainability-related financial information that provides a sufficient basis for primary users of the information to assess the implications of sustainability-related risks and opportunities on an entity's enterprise value. However, it is crucial to have clarity on how IFRS standards interact with supplementary standards by jurisdictions that require companies to provide further information, especially to cover the impact materiality perspective, and address further stakeholders, in particular as the basis for conclusions on general requirements for disclosure of sustainability-related financial information states that both concepts are "expected to overlap significantly" (see paragraph BC32). Here, European insurance undertakings see potential for the ISSB to leverage its formal cooperation with the Global Reporting Initiative (GRI) to achieve interoperable building blocks for multi-stakeholder reporting, where building blocks can be applied separately but also jointly if investors and broader stakeholders are considered. Besides this, and in any case, Insurance Europe urges the ISSB to increase its effort, together with EFRAG, to foster the alignment and compatibility/interoperability of ISSB and European standards.

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.

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

- Broadly Agree

04-AR. Please explain your answer:

Generally, yes. Insurance Europe warmly welcomes the ISSB's approach of building on existing, relevant and well-established sustainability reporting guidance, as well as its commitment to collaborate with relevant organisations, initiatives and jurisdictions, including the various efforts it has already undertaken with respect to consolidation. This is not only absolutely critical to achieving timely progress, which is vital given the urgency of ESG matters, but also leverages synergies to the highest possible degree. Therefore, Insurance Europe strongly supports the proposed structure, which builds on the well-established work of the TCFD, not only for climate but also other sustainability topics, and also encourage the ISSB to keep tightening cooperation with other relevant organisations, initiatives and jurisdictions.

Regarding the requirement of para. 16 (b)/para. 18 to define short-, medium- and long-term time horizons individually, Insurance Europe would like to highlight that this differs significantly from the approach chosen for the ESRS in which short- medium- and long-term time-horizons are uniformly defined. It urges EFRAG and the ISSB to align the requirement on time horizons, as differences in such a fundamental principle would materially impede interoperability. In Insurance Europe's view, a principles-based approach with illustrative examples would be most suitable, such as guidance specifying which aspects need to be taken into account (eg, company's own planning horizon, specific sector characteristics, product lifecycles, etc.). Based on this, undertakings could be required to disclose how they define short-, medium and long-term time horizons individually and to explain how these definitions are linked to the entity's strategic planning horizons and capital allocation plans, as proposed by IFRS Sustainability Reporting Exposure Draft IFRS S1 para. 16 (b). Furthermore, para. 24 is welcomed as a principle, but it would be helpful and appreciated if the other IFRS SDSs mentioned would include further guidance on scenario analysis reporting, while being aware of and considering sensible data in the insurance business. Such guidance should be aligned with disclosure requirements as defined by the ESRS.

Finally, it would be highly appreciated if the general requirements regarding disclosure objectives for governance, strategy and risk management, as well as metrics and targets, were completely covered by IFRS S1 without duplication of information in further standards (eg, IFRS S2).

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

- Broadly Agree

04-BR. Please explain your answer:

Insurance Europe considers disclosure requirements for governance, strategy, risk management and targets to be appropriate for their disclosure objective, as they are sufficiently clearly defined and suitable, and support the principles-based approach in IFRS S1 as it seems necessary for this to be applicable to all topic-specific standards and ESG topics.

Regarding strategy, Insurance Europe also supports the provision of information on current and anticipated effects of significant sustainability-related risks and opportunities on a company's financial position, performance and cash flows (as para. 22a, c and d). However, quantitative disclosures can only be provided where methods and data are available in a sufficiently standardised way. Also, further guidance should be included in the topic-specific IFRS SDS for each sustainability (sub-)topic, including in IFRS S2.

Regarding metrics and targets, the definitions for metrics are rather vague and need elaborating to provide investors with consistent and comparable information. This should be included in the topic-specific standards as relevant.

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.

05-AP. (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?

- Broadly Agree

05-AR. Please explain your answer:

Insurance Europe supports the fact that the sustainability-related financial information should be required to be provided for the same reporting entity as the related financial statements (consolidated level).

05-BP. (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?

- Broadly Disagree

05-BR. Please explain your answer:

Insurance Europe welcomes the fact that the ISSB, similarly to EFRAG, intends to require companies to report on their own operations and value chain and the sustainability-related risks and opportunities therein. Both organisations seem to propose a similar definition of the value chain, so it is hoped that alignment between the EU definition and the definition of the ISSB can be achieved. Differences in such a key underlying concept of sustainability reporting would clearly significantly harm interoperability

In general, and given data availability, clarity is needed on how the value chain is defined for the financial sector and how the concept/requirement should be applied. In Insurance Europe's view, the value chain for financial institutions should encompass direct upstream and downstream value chain partners such as suppliers and business partners, as well as investees and policyholders, however with limited look-through requirements supplemented by qualitative sector-specific disclosure requirements.

A look-through to (all) investees, clients and policyholders for all disclosures clearly needs to be avoided given the significant implications for reporting and challenges related to data availability. This would also:

• be consistent with financial reporting;
• mitigate information overload;
• avoid confusing users by reporting from different perspectives;
• avoid double-counting from an aggregate economic perspective; and,
• mitigate concerns regarding data availability issues and the need for estimations, judgment and safeguards.

To adequately account for the specific characteristics of financial companies' business models, additional sector-specific disclosure requirements should be defined that would require financial companies to provide certain sustainability-related information regarding their portfolios, such as, investment or underwriting policies, the extent to which ESG considerations feed into the investment or underwriting decision-making and engagement process with investees or policyholders, and the due diligence processes implemented. Based on such information, a look-through approach to all investees, policyholders and clients would not be necessary for most disclosures.

Only for some key disclosures/data points, a look-through approach is needed and supported (eg, Scope 3 greenhouse gas (GHG) emissions).

Furthermore, it is critical to align the EU (Corporate Sustainability Reporting Directive) and ISSB approaches and understanding regarding the value chain definition. Differences in such a fundamentally key concept of sustainability reporting would significantly harm interoperability and render the establishment of an equivalence mechanism (incorporation by EFRAG) much more difficult.

It is essential to have a clear definition of activities, interactions and relationships. For example, it is crucial to have one standard valid in all regulations (eg, in the EU Taxonomy, NACE codes are used to define activities; SASB is based on NAICS; and in other contexts GICS are applied). Besides this, safeguards, such as best-effort principles, should be integrated.

As regards para. 40(a), information on the sustainability matters "of [its] suppliers" might not always be (fully) known, eg, for SME suppliers not reporting under the IFRS SDS. This raises the question of how companies should deal with data availability issues regarding the value chain. Hence, safeguards, such as best-effort principles, should be implemented.

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

- Broadly Agree

05-CR. Please explain your answer:

Insurance Europe agrees 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) between 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.

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

- Broadly Agree

06-AR. Please explain your answer:

Insurance Europe fully supports the general feature of connected information as it is crucial for users to understand the interactions between sustainability-related risks (eg, the social implications of the green transition) and the interactions between financial statements and sustainability-related financial disclosures. Here, Insurance Europe recommends clarifying in para. 43 that adverse knock-on effects and harmful side effects of specific impacts and decisions be made transparent as well. While the example in para. 44(b) suggests this, it should be more strongly reflected as this is a fundamental element of connectivity. Indeed, any governance-related matters may have an (either enabling or hindering) impact on environmental or social matters as well. Also, environmental impacts are strongly interlinked both between themselves and with social impacts.
However, Insurance Europe notes that where companies do not (need to) report under IFRS (or local GAAP), it might be difficult to (fully) comply with the principle of connected information as regards the second dimension (see the response to question 3).

06-BP. (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?

- Other

06-BR. Please explain your answer:

Insurance Europe agrees on the need to provide the connected information mentioned above. However, it would consider “connected information” as a principle rather than a requirement that applies generally and across all topic-specific IFRS SDS. Accordingly, it would like to suggest clarifying that para. 42 only results in additional disclosure requirements in those instances in which supplementary information is needed (after applying all IFRS SDS), but neither generally nor in a separate section or in a specific format.
At best, the IFRS SDSs will be designed in a way that connected information is, in as many cases as possible, disclosed by complying with the disclosure requirements of the IFRS SDSs implicitly/automatically (such as under para. 8(d) of the Climate Exposure Draft), particularly, but not only, where companies choose a fully integrated disclosure format. In addition, connectivity can only be limited where sustainability and financial reporting follow a different rationale (eg, scope or time horizons may vary). Any relevant differences that may reduce (perceived) connectivity should be outlined and explained. The principles-based approach also facilitates the building blocks approach as it mitigates concerns about issues across jurisdictions.

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.

07-AP. (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?
- Other

07-AR. Please explain your answer:
Insurance Europe warmly welcomes the principles-based approach, as management is best placed to make a meaningful assessment of which level of disaggregation is necessary and useful for users. At the same time, for requirements on aggregation, further specification (such as via examples) would enhance comparability.
Overall, Insurance Europe believes that the rebuttable assumption is that consolidated information at group level is sufficient, acknowledging that more granularity may be needed, for example at region, country, site or product level, in exceptional cases. As an exception to this, in many cases, a segment-level view (based on segments defined under IFRS 8 for IFRS preparers) may be valuable for users.

07-BP. (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.
- Broadly Agree

07-BR. Please explain your answer:

In general, insurers, as preparers, need a stable base from which to produce the sustainability disclosures. Insurance Europe would therefore argue that the ISSB should not require the use of disclosure frameworks that have not yet been published and not yet endorsed in the IFRS (para. 53-54) and that such frameworks should be first integrated into the IFRS standard. Insurance Europe would therefore support a reference being made to these sources, as other sustainability-related topics would otherwise be fully deprioritised/delayed. However, the audit limitations mentioned in Q1 will occur. Furthermore, particular safeguards in terms of best effort should apply to the disclosure topics other than climate, ie, companies should not be exposed to legal risks for not having disclosed under another framework. In addition, if the possibility to use such external sources is granted, the ISSB should also commit to work hand in hand with them while further developing the IFRS SDS.

In addition, Insurance Europe would offer the following comments:

• The international applicability of the sources must be ensured and should form part of the ISSB's initial workplan.

• Furthermore, under para. 51(c), even proposals by standard-setters not focusing only on investors' information demands, such as the GRI standards and the standards under development at EU level, may represent a valuable source. Indeed, they do not (solely) target investors, however this does not mean that they only prescribe disclosures that are not material for investors. Instead, they may be included because they are material for other stakeholders and investors that pursue, for instance, ESG investment strategies. Also, some disclosures may indeed "only" be material for other stakeholders for some companies while being material for investors and enterprise value for other companies.

• Furthermore, companies should consider insights from their engagement with users of general purpose financial statements.

• Also, while Insurance Europe generally agrees with the procedure as outlined in para. 52-53, it is unclear why the sources presented under para. 51 should only be used as guidance on which sustainability-related risks and opportunities may need to be reported, but not as guidance on disclosures related to those risks and opportunities (in the absence of an IFRS SDS). The criteria outlined in para. 53 could be applied to those in analogy. Indeed, para. 54 suggests that such guidance should be used for metrics (only), but not disclosures (in general). Furthermore, a reference to market-led, science-based and government-endorsed frameworks (eg, TCFD and Taskforce on Nature-related Financial Disclosures) should be considered.

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.

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

- Other

08-AR. Please explain your answer:

Insurance Europe agrees that materiality should be an entity-specific assessment and should rely on entity's judgement. Yet, to make such an assessment clear, transparent and available for primary users, the IFRS SDSs should require the publication of a materiality matrix as is currently done by most entities reporting on sustainability issues. Such a matrix is central to providing a better understanding of how entities are identifying and assessing sustainability risks and opportunities.

Furthermore, it is essential that the ISSB's materiality concept is generally broadly defined, ie, with the aim of capturing investors' information demands in their entirety, which is not currently sufficiently clear.

To make the intended materiality concept clearer, Insurance Europe would also strongly suggest that the ISSB adds "negative examples", namely examples of impacts on the planet and people ("inside-out view") that would not be deemed material by the ISSB, including the rationale as to why the ISSB does not consider them material from an investor's perspective. Otherwise, Insurance Europe believes there is a high risk of inconsistent application, and the decisions will require significant judgment. Besides concrete examples, potentially, a corresponding Practice Statement could be developed for this, similar to the one on financial materiality, or the existing Practice Statement could be expanded to include sustainability aspects. Another solution to further specify the intended outcome and enable consistent application within a specific sector or across sectors would be to require reporting on the process to follow to identify material sustainability-related financial information in relation to enterprise value.

Furthermore, regarding definitions, it might also be worthwhile for the ISSB to define "significant" when speaking of "significant" risks and opportunities and to explain the difference between significant and material. As currently drafted, the impression could be that "significant" is an additional layer of materiality that would lead to a limited set of disclosures (ie. rather than disclosure of all material information) which — from a user perspective — cannot be supported. Also, further guidance on the definition of enterprise value (eg, role of possible monetarisation) might be valuable.

Another aspect that could be clarified is the link between the materiality concept and the requirement to cover the short-, medium- and long-term time horizon. This could ensure that a dynamic materiality perspective is used, requiring the disclosure of at least all inside-out impacts that may elicit material second-tier effects on enterprise value in the future (which would ensure a broad view).

08-BP. (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?

- Broadly Disagree

08-BR. Please explain your answer:

Insurance Europe welcomes the fact that:

o Materiality is an entity-specific assessment. It is the responsibility of the entities to identify and disclose their own material sustainability-related financial information (para. 58-59).

o Entities are not required to provide information that is not material, including regarding IFRS SDS specific requirements (para. 60), allowing for a limitation of data overload.

o The materiality concept is aligned as much as possible with the materiality concept under IFRS.

o It is clarified that information that could be relevant to the assessment of enterprise value, is broader than information reported in the financial statements and that this includes information about a company's impacts and dependencies on people, the planet and the economy when relevant to the assessment of the company's enterprise value.

However, as stated in response to Q3, while focussing on investors' needs, the ISSB should consider the investors' information demands in their entirety. This goes beyond the outside-in view, as investors are already interested in many inside-out impacts and are likely to be even more so in the future.

Here, Insurance Europe welcomes the ongoing close cooperation between the ISSB and the GRI as this could be a valuable way to achieve a building blocks approach in which the ISSB covers investors' information demands (at best in their entirety, as outlined above) while the GRI covers the remaining information demands by stakeholders more broadly.

08-CP. (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?

- Other

08-CR. Please explain your answer:

Generally, the Exposure Draft and related Illustrative Guidance are useful for identifying material sustainability-related financial information. However, they would be even more useful if concrete examples were added (see the answer to 8a). Besides this, the most relevant information should be included in the standard itself. Currently there remain uncertainties, such as what is meant by: "This guidance accompanies, but is not part of, [draft] IFRS S1. It illustrates aspects of [draft] IFRS S1 but is not intended to provide an interpretation."

It remains unclear where the technical protocols can be found [IG19: Each of these metrics is supported by technical protocols that provide detailed guidance on definitions, scope, accounting, compilation and disclosure].

08-DP. (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?

- Broadly Agree

08-DR. Please explain your answer:

Yes, Insurance Europe fully agrees with this approach as it makes it possible to cover a broad range of topics and matters and to pursue an ambitious approach, without requiring different jurisdictions' legal characteristics and restrictions to be taken into account. Also, this fits the building blocks approach and is likely to increase global relevance and acceptance.

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.

09-AP. 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?

- Broadly Agree

09-AR. Please explain your answer:

The production of sustainability information requires the involvement of a much wider group of stakeholders and relies more heavily on qualitative assessments, which are more resource intensive than for financial reporting.

However, Insurance Europe acknowledges that investors are interested in data that is published simultaneously with financial information. Therefore, it agrees that the sustainability-related financial disclosures should be required to be provided at the same time as the financial statements to which they relate. In particular, if a common understanding exists that both types of information are necessary and equally important to understand a company's development, performance and position, it seems indispensable that both types of information are made publicly available at the same point in time (also given that they are strongly interlinked and that interconnectivity is, thus, key).

Besides this, from a cost-benefit perspective, Insurance Europe supports the fact that annual reporting is proposed as an obligation. The obligation to report on a half-yearly or even quarterly basis would hardly be justified from a cost-benefit perspective.

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.

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

- Broadly Agree

010-AR. Please explain your answer:

Insurance Europe welcomes the option for entities to choose where within their package of reporting to include the sustainability-related financial information in order to achieve coherent and clear communication (para. 73). Ease of access by primary users should be the key criterion when deciding where the information should be disclosed.
While Insurance Europe supports the ISSB's encouragement of integrated reporting, both within sustainability information and between sustainability information and financial information, it regrets that European legislation (the Corporate Sustainability Reporting Directive (CSRD) does not seem to fully allow for it. Having this in mind, it is essential for EFRAG and the ISSB to work together on how this inconsistency should be dealt with by preparers to still allow for compliance with the ISSB global baseline when complying with the ESRS (at best).
In general, Insurance Europe strongly recommends that the IFRS SDSs and the ESRS are aligned and at least do not contain contradictions.

010-BP. (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?

- Other

010-BR. Please explain your answer:

Clarification is needed of the location for companies that do not (need to) publicly disclose general purpose financial statements. For example, as per the current EU CSRD, not all companies that will be required to provide sustainability information are currently publishing general purpose financial statements.

010-CP. (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 crossreferenced? Why or why not?

- Broadly Agree

010-CR. Please explain your answer:

Yes, the option to cross-reference — for instance to CSRD information — is welcomed. It also shows the need for alignment between IFRS standards and ESRS. Such cross-referencing should be a tool for primary users to facilitate access to sustainability information.

010-DP. (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?

- Broadly Agree

010-DR. Please explain your answer:

Insurance Europe fully supports the fact that entities are encouraged to make integrated disclosures, especially where the relevant sustainability issues are managed through the same approach and/or in an integrated way. This becomes clear from para. 78. Instead of repeating the principle in the Topical Standards (such as in IFRS S2), it could potentially be strengthened in IFRS S1 by, for instance, explicitly adding a) further examples of where this is expected and b) a clarification that this principle applies across sustainability topics and matters.

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.

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

- Broadly Agree

011-AR. Please explain your answer:

Insurance Europe welcomes the possibility to use reasonable estimates (para. 79) given the current low level of sustainability information publicly disclosed. It also notes that determining opportunities under a long-term time horizon credibly and reliably will be particularly challenging and a subjective exercise. Furthermore, it should be noted that the disclosing of certain types of information could prove challenging due to existing rules and policies regarding professional secrecy or the dissemination of commercially sensitive information.

011-BP. (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?

- Other

011-BR. Please explain your answer:

Insurance Europe agrees that if a company has a better measure of a metric reported in the prior year that is materially different to the one reported, it should disclose the revised metric in its comparatives within the bounds of reasonable effort and following the exemptions allowed under paragraph 65. Indeed, while back-testing and restating may bring relevant information to users, it might also come with significant efforts for companies to produce such information. It should not be an obstacle that prevents companies from testing new, innovative quantitative methodologies. Innovation is key in the ESG field, where research is still needed. In this regard, Insurance Europe would like to suggest the following change: "When it is impracticable under a best-effort approach to adjust comparative information for one or more prior periods, an entity shall disclose that fact." As regards para. 65, Insurance Europe does, however, suggest requiring information on a) why the comparative information should have been changed, even if computing new data is impracticable, and b) the likely impact that the revision would have had (via a qualitative/narrative disclosure or a range estimate).

The requirement to provide information on the entity's future cash flows in the long-term horizon (para. 81) is subject to significant uncertainty and judgment, especially if intended to be addressed via quantitative disclosures, given the difficulty of projecting potential future material events and thus of producing such information in a credible and reliable manner. Companies should not be required to report non-reliable information and appropriate safeguards need to apply for any forward-looking information.

011-CP. (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?

- Broadly Agree

011-CR. Please explain your answer:

Insurance Europe fully agrees. Where this is not possible, there should be a disclosure, including the rationale for any respective inconsistencies.
There might be difficulties, as connectivity may not be achievable for all reported information.

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.

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

- Other

012-AR. Please explain your answer:

As data related to sustainability issues is complex and sometimes flawed, Insurance Europe would highly welcome some degree of safeguards that would provide more comfort to primary users while assessing the information.
It would like to refer to the above concerns in relation to connected information (see answers to Q3 and Q6) and location (see answer to Q10).

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.

013-AR. (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.

a) From an investor point of view, given the urgent need for globally consistent and comparable sustainability-related data, Insurance Europe recommends that the ISSB pursues an ambitious timeline. At the same time, the ISSB must ensure an appropriate due process to avoid achieving pace at the expense of quality. In general, preparers should be given at least 18 months between the adoption of a standard and its application. The ISSB should also consider aligning its application date with the EU's CSRD. Furthermore, given the complex and jurisdiction-specific sustainability reporting landscape, Insurance Europe fully supports earlier application being allowed and deems this essential.

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

- Broadly Agree

013-AR. Please explain your answer:

Yes, Insurance Europe agree with the ISSB providing the proposed relief from disclosing comparatives in the first year of application

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.

014-AP. 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?

- Yes

014-AR. Please explain your answer:

European insurers support the ISSB's objective of promoting the convergence of national and regional sustainability reporting standards and IFRS sustainability reporting standards by creating a global baseline. Indeed, cooperation with existing initiatives is key: global standards should be based as much as possible on relevant and well-established existing sustainability reporting guidance (eg, principles and definitions) that have already reached a high level of maturity, such as the TCFD framework for climate-related reporting.

Insurers welcome the fact that the IFRS Foundation intends to collaborate with regional initiatives and has the objective of creating a global baseline for sustainability reporting. It is key that the set-up of the ISSB allows for jurisdictions and their standard-setters to get involved and contribute to the standardisation initiative at global level through constructive two-way cooperation. Interoperability with existing and upcoming sustainability reporting standards developed by national and regional standard-setters worldwide is essential.

Furthermore, with the ongoing development of EU SRSs, it is essential that the ISSB and the EU standard-setter work on a reasonable level of alignment and full compatibility and interoperability of their standards. Ultimately, European insurers active in international markets should fully comply with ISSB requirements by applying the EU SRSs. Close dialogue is needed to prevent a situation in which EU preparers are required to report under both standards to, on the one hand, comply with EU legislation (ie, the CSRD) and, on the other hand, respond to market expectations of ISSB compliance.

While Insurance Europe appreciates that the ISSB's initial level of ambition and objectives are different from those of the EU, it notes that the EU does not limit its materiality perspective to what is material for investors to assess enterprise value, but also requires the embracing of the inside-out view (on impact materiality, even where that has no expected financial effects). This concept is already widely applied by certain large European companies. Moreover, according to the European Commission legislative proposal on the CSRD, the scope of the CSRD will be extended to all large companies, listed SMEs, and third-country issuers. These companies will have to apply the broader European materiality concept. Furthermore, as already explained in Q2a, from an investor's point of view, the inside-out view helps to capture investors' information demands more in their entirety. As such, to limit the gap, it needs at least to be ensured that the ISSB's materiality concept will cover all information demands of investors, including on inside-out impacts of interest to them (eg, due to specific sustainability preferences or ESG strategies).

Irrespective of the degree of overlap/actual alignment, ensuring a sound basis for interoperability with existing and upcoming sustainability reporting standards developed by national and regional standard-setters worldwide is absolutely essential.

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.

015-AR. 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)?

To ensure compatibility with the EU reporting landscape, on the one hand, and to contribute to the global availability and accessibility of data more generally, on the other, Insurance Europe would strongly support the ISSB developing a digital taxonomy in parallel with the development of the IFRS SDSs from the beginning. In Insurance Europe's view, this is essential to establish an efficient and standardised global reporting regime.

Furthermore, it recommends that the ISSB works hand in hand with the EU, which has significant experience in the digitalisation of reporting (through the ESEF and its expanding work through the ESAP), to align the digital format of its digital taxonomy with such EU initiatives.

Question 16—Costs, benefits and likely effects

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

016-AR. (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?

a) European insurers would like to stress the importance of compatibility with the EU SRSs currently under development by EFRAG. The EU CSRD will require large companies, listed SMEs and EU subsidiaries to report on a broad range of sustainability themes through the use of standards. It is necessary for EU preparers that the EU regulatory sustainability reporting required under the CSRD is aligned and complies with the global baseline of the IFRS SDSs. This is vital to avoid a double reporting effort to comply with EU law and respond to market expectations. Otherwise, the ISSB risks its standards not being accepted as a global baseline if the EU goes its own way. Therefore, Insurance Europe urges the ISSB to ensure such a scenario is avoided. Otherwise, the costs would be significant, both for preparers and users. Only global acceptance can prevent those costs from arising.

GR16B. (b) Do you have any comments on the costs of ongoing application of the proposals that the ISSB should consider?

b) As to the operating implications, significant one-off implementation costs and effort would be required to set up IT systems and processes, as well as for the recurring analysis, quality assurance and audit procedures, especially for companies that do not prepare sustainability information at this stage or that do so only to a limited extent.

Reporting on sustainability-related risks and opportunities plays an important role in shaping sustainability transformation and thereby gives benefits for users of general purpose financial statements, who clearly and urgently need globally available sustainability-related financial information that is of high quality, comparability and reliability. However, a reasonable cost-benefit ratio should guide decisions on reporting requirements. For the costs to remain reasonable, the ISSB should continue to consider well-established international frameworks or work from other relevant jurisdictions while elaborating further standards on other sustainability issues. This includes reporting that is compatible with that intended by other standard-setters (eg, EFRAG).

Question 17—Other comments

017-AR. Do you have any other comments on the proposals set out in the Exposure Draft?

Insurance Europe would like to stress the need for close cooperation between the ISSB and the IASB. This will help to create a common understanding of the comprehensive baseline for ESG matters, to which reporting entities it would refer and which reporting design might be set up. In this regard, Insurance Europe believes that the IASB's ongoing work on the review and update of the Practice Statement on management commentary could be a suitable project in which both Boards could cooperate very closely when the IASB's work progresses to ensure consistent corporate reporting on ESG matters.

Insurance Europe would also like to raise the issue of field testing. While this should not generally be a mandatory step in the sustainability reporting standard-setting process, it should be systematically considered in order to test and provide evidence of practicability, proportionality and feasibility. Experience of standard-setting in financial reporting has shown the importance of appropriate field-testing, and this may be even more relevant for sustainability reporting, which is less mature. Insurance Europe therefore calls on the ISSB to include the need to consider for each standard or set of standards whether fieldwork should be conducted as a principle and, if in doubt, to canvas the views of users and preparers via public consultation. Here, it should be emphasised that fieldwork can take different forms and does not necessarily always involve case studies/simulations, which require a considerable amount of time.