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:

Legal & General

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?

- Broadly Agree

01-AR. Please explain your answer:

We agree that sustainability risks may be wider than those that are addressed by a specific IFRS sustainability disclosure standard. However, the criteria set out in IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (‘S1’) paragraph 51, to identify sustainability-related risks and opportunities contains a broad list of references. We have significant concern that the requirement to consider ‘the sustainability-related risks and opportunities identified by entities that operate in the same industries or geographies’ is too vague and does not support international standardisation. Similarly, the inclusion of ‘most recent pronouncement of other standard-setting bodies’ should be more specific, and as a minimum be related to relevant jurisdictions only to focus on international baseline expectations or be removed. We believe that the additional standard setting requirements should be met through local jurisdictions building on these disclosure standards, rather than these requirements being incorporated within the ISSB standards themselves, as this may lead to inconsistent adoption of the standards internationally.

The Exposure Drafts should provide a clear and focused expectation for industry-specific areas of sustainability topics that are expected as a minimum disclosure requirement. To this end, we are supportive of the adoption of the SASB industry-specific disclosure topics as the expected minimum, with allowance for further disclosures should entities consider it appropriate.

We would recommend focusing on international standard setting bodies to provide clear and focused industry-specific areas of sustainability topics as a minimum disclosure requirement. To this end, we are supportive of adoption of the SASB industry-specific disclosure topics as the expected minimum, with allowance for further disclosures should entities consider it appropriate.

We strongly support the use of industry-specific disclosure topics, however we do note that there may be scope for further harmonisation across the sectors, for example diversity of workforce is identified as a disclosure topic for asset management firms, but not for insurance firms where this topic is also relevant and material. We believe that these differences may be resolved over time and should not prevent the adoption of the current standards. We would recommend the development and adoption of a road map approach to implementation.

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:

We support the proposed objective and generally agree that the proposed requirements set out in the Exposure Draft meet this objective.

We believe that there are several areas in the requirements, as set out in the Exposure Draft, that would help support implementation of the stated objective. These have been addressed in our responses to specific questions. In particular, please see our response to Q1(a) and Q2, Q4 and Q8.

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 Disagree

01-CR. Please explain your answer:

No, this is not clear.

There is significant overlap between the requirements as set out in the Sustainability Disclosure Standard and the IFRS S2 Climate-related Disclosures. While the expectation is that the other standards provide specific interpretation of the S1 requirements, this may not be clear. One potential approach is for the format of the supporting standards to place greater reliance on the General requirements and highlight only the additional information that is being requested for the specific sustainability risk.

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?

N/A

01-DR. Please explain your answer:

N/A

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?

- Broadly Agree

02-AR. Please explain your answer:

We agree the proposed objective of disclosing sustainability-related financial information is clear, subject to the following two areas that would benefit from further clarification within the standards. These additional clarifications will support users of the standards in understanding how sustainability-related financial information differs from the current application within general purpose financial statements.

1. We are generally supportive of the focus on a materiality based on users' assessment of enterprise value, although acknowledge the need for investors to seek information on systemic climate risks and not just company-specific risks. A materiality based on users' assessment of enterprise value allows the ISSB to act as a global baseline, aiding international adoption, whereby countries then have the opportunity to build on these blocks.
2. It is important when assessing materiality that there is clarity over the expectations from assessing a firm's enterprise value. An assessment of enterprise value must be beyond a point in time 'financial materiality' applied to financial statements. Equally, we do not want to overburden the user.

We believe that additional prominence should be given to the expectation that when assessing enterprise value a firm is expected to consider the following features of sustainability risks:

• Sustainability risks will impact the entity's business model, strategy and cash flows, its access to finance and cost of capital, over the short, medium, and long-term.
• For sustainability risks it is possible that while direct impacts on an individual enterprise may not meet the materiality threshold, due to the often systemic nature of sustainability risks, the enterprise may be exposed to material impacts through these alternative transition channels. For example for financial firms, while the direct impact on their operations from transitioning to a low-carbon economy may not meet the materiality threshold, the impact via their investment holdings will, due to the systemic nature of the transition.
• A key feature of sustainability risks is their dynamic nature (sometimes referred to as the concept of 'dynamic materiality'). The landscape is continuously shifting, including what is considered sustainable versus what is not. The materiality of an issue may evolve over time, sometimes rapidly. Therefore, the assessment of materiality should also allow for the dynamic materiality of the sustainability risk over the short, medium and long-term

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:

We consider the definition of 'sustainability-related financial information' to be a useful principles-based approach that is not overly prescriptive. However, the definition of sustainability-related financial information is dependent on the clarification on a firm's enterprise value. An assessment of enterprise value must be beyond a point in time 'financial materiality' applied to financial statements. Please see our comments in Q2a above.

The definition of 'sustainability-related financial information' must recognise that the impacts an enterprise has on sustainability issues, may impact the future performance of the enterprise. These may emerge over different time periods and disclosures should allow the general user to assess the likelihood and impact. It is not currently clear from the Exposure Drafts that this is the case.

Users of the standards must also have further clarity on where the boundary lies between what is and is not 'sustainability-related' information. Without this, consistency and comparability may be difficult to achieve.

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?

- Broadly Agree

03-AR. Please explain your answer:

Yes, we agree.

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:
Yes, we agree to an extent. However, there may exist issues with broader sustainability topics where the development of metrics and targets is less well defined. This may present additional challenges for reporting, for example over how to assess nature-based risks, where metrics are still under development.

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:
Yes, we agree to an extent. However, it is worth expanding further on the concerns around less well-developed sustainability risks.
The ISSB may also wish to expand on the impact on the existing financial statements, as material considerations within existing financial statements should already be highlighted within the report and accounts, the additional value is through consideration of how the risks and opportunities may impact the entity more broadly, or how the risks may change over time. This could create some confusion and result in the standards being applied inconsistently. This should be addressed through further clarification of the how the enterprise value should be assessed.
Furthermore, we would highlight that within the UK, Principal Risks and Uncertainty and Viability Disclosures are being incorporated into a single Resilience Statement. We strongly encourage the ISSB to engage with BEIS and FRC to ensure that these disclosures are consistent and interoperable, avoiding unnecessary duplication of requirements and reporting.

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 Disagree

05-AR. Please explain your answer:

We strongly believe that sustainability disclosures should only be required to be provided at the parent accounts within a jurisdiction, and that sustainability-related financial information should not be required for every legal entity due to the onerous nature of these reports.

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 Agree

05-BR. Please explain your answer:

We are supportive of this approach.
As has been seen with climate considerations, the impact through the value chain is critical for understanding an entity's exposure to sustainability risks and opportunities. However, this does come with significant challenges as there is a dependency on access to accurate data. Further, when assessing impacts across the value chain there is by necessity some element of double counting that requires careful explanation, and consistent treatment, to avoid duplication and misinterpretation of the enterprise's level of control and scale of risks. Clear guidance on how to account for these value chain exposures is important. For example, the GHG Protocol has been important for carbon accounting in supporting the standardisation and understanding of Scope 1, 2 and 3 emissions.
The focus should remain on the most material aspects of the value chain for the specific sustainability risks to ensure disclosures are informative and immaterial information is not disclosed simply to meet the requirement.
We recommend that a clear implementation roadmap is provided to support development of implementation of the standards across the full value chain, given the practical challenges that entities will face.

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

- Other

05-CR. Please explain your answer:

no issues

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:

Yes, although we note that these interconnections are not always straightforward and may not always be easily measurable, an allowance for a narrative description of the nature of connectivity should be helpful.
We would also urge the ISSB to continue to encourage companies to disclose connectivity between their sustainability narratives and associated financial impacts and their financial statements. Avoiding inconsistency between the front and back half at the very least, will help give the sustainability disclosures credibility.

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?

- Broadly Agree

06-BR. Please explain your answer:

Yes, we agree with the proposed requirements to identify and explain the connections between sustainability-related risks and opportunities and information. The successful incorporation of sustainability factors into the assessment of enterprise value is contingent on sustainability reporting that is supported by the company's financial reports. In this regard it is important to note that the impact from these connections may not impact on the current financial statements for the reporting period.

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?

- Broadly Agree

07-AR. Please explain your answer:

Yes, we believe this to be clear.

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 Disagree

07-BR. Please explain your answer:

We agree that sustainability risks may be wider than those that are addressed by a specific IFRS sustainability disclosure standard. However, the criteria set out in IFRS S1 paragraph 51, to identify sustainability-related risks and opportunities contains a broad list of references.

We have significant concern that the requirement to consider 'the sustainability-related risks and opportunities identified by entities that operate in the same industries or geographies' is too vague and does not support international standardisation.

Similarly, the inclusion of 'most recent pronouncement of other standard-setting bodies' should be more specific, and as a minimum be related to relevant jurisdictions only to focus on international baseline expectations or be removed. We believe that the additional standard setting requirements should be met through local jurisdictions building on these disclosure standards, rather than these requirements being incorporated within the ISSB standards themselves, as this may lead to inconsistent adoption of the standards internationally.

See our earlier response to Q1a and Q2a and b above.

To address some of the considerations raised in our response the ISSB could incorporate a preference hierarchy to avoid confusion and help preparers understand most relevant and pressing considerations to incorporate in their assessment.

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?

- Broadly Agree

08-AR. Please explain your answer:

We support the approach of assessing materiality based on users' assessment of enterprise value and consider this to be a useful frame of reference. The proposed definition of materiality is dependent on the interpretation of a firm's enterprise value. An assessment of enterprise value must be beyond a point in time financial materiality applied to financial statements. Please see our earlier response to Q2a and b above on further clarifications on the definition of enterprise value that we consider to be helpful in creating a consistent understanding of enterprise value.

The definition of materiality needs to incorporate the wider impacts that can be presented to an enterprise value. For example an enterprise may be adversely impacted through changes in customer perception, and their franchise value from failing to adequately respond to sustainability risks or opportunities. While this may result in different materiality assessments being applied across territories and business areas, this will reflect the different risk exposures. In aggregate this will provide a useful assessment of the risk exposures to the firm. We believe that this is captured through the requirement to consider how sustainability risks will impact the entity's business model, strategy and cash flows, its access to finance and cost of capital, over the short, medium and long-term. However this may benefit from additional supporting guidance to ensure consistent interpretation of the terminology.

It is equally important that the materiality assessment reflects that the enterprise may be exposed to material impacts through indirect transition channels. That is that while the direct impacts on an individual enterprise may not meet the materiality threshold, due to the often systemic nature of sustainability risks, the potential impacts when indirect transition channels are also included may result in material impact on the enterprise value.

A key feature of sustainability risks is their dynamic nature (the concept of "dynamic materiality"). The landscape is continuously shifting, including what is considered sustainable versus what is not. The materiality of an issue may evolve over time, sometimes rapidly. Therefore, the assessment of materiality should also allow for the dynamic materiality of the sustainability risk over the short, medium and long-term.

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 Agree

08-BR. Please explain your answer:

We have highlighted further considerations in our response to Q2a and b, and Q8a above.

We consider that, subject to clarification on:

• dynamic materiality;

• expectations for assessing enterprise value assessment; and

• the need to incorporate indirect transition channels within the assessment;

the proposed approach should capture the breadth of sustainability-related risks and opportunities relevant to the enterprise value of a specific entity, including over time.

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?

N/A

08-CR. Please explain your answer:

N/A

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

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:

Yes, we agree with the requirement that the sustainability-related financial disclosures would be required to be provided at the same time as the financial statements to which they relate.
Due to the generally longer-term nature of sustainability-related issues and responses we consider annual reporting to be appropriate. Further guidance from the ISSB on what might constitute a material change in the business model that would require additional interim disclosures alongside how the requirements might apply to interim financial statements where relevant would be very helpful. In particular how sustainability reporting relates to requirements under IS34.

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:

Yes

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?

- No

010-BR. Please explain your answer:

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

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, we agree with the proposal that information required by IFRS Sustainability Disclosure Standards can be included by cross-reference

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 Disagree

010-DR. Please explain your answer:

While the expectation is that the other standards provide specific interpretation of the S1 requirements, we believe that there may be some ambiguity within the standards. One potential approach is for the format of the supporting standards to place greater reliance on the General Requirements and highlight only the additional information that is being requested for the specific sustainability risk.

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 Disagree

011-AR. Please explain your answer:

Outcome uncertainty is significant for these disclosures, for example climate outcomes are path dependent with significant variation. While this underlies the overall standards, we would welcome further guidance on how to disclose on outcome uncertainty and how this relates to both the role and use of scenario analysis in meeting these requirements. We recommend that the ISSB conduct field testing with users and prepares to assess how these requirements work in practice.

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?

- Broadly Agree

011-BR. Please explain your answer:

Yes, we are generally supportive of this approach.

Through our work on measuring and reporting our own sustainability reporting we are aware that the measurements and metrics for sustainability reporting are an evolving space, with the better developed climate metrics still being subject to significant movements from data and methodology changes. It is therefore important for users of this information that they are able to separate out genuine movement in metrics due to changes in the risks and opportunities being measured, against movements from methodological and data changes. If the cause of change is improved data collection, then it may not be possible to restate prior year positions. Under these limited cases we would support entities being able to restate the current year on the old metric and provide a separate analysis of the impacts of moving to an improved measurement approach. Where available we agree that restatement of the prior period measurement would be preferable, although materiality should apply.

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:

Yes

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?

N/A

012-AR. Please explain your answer:

N/A

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.

While the reporting on climate-related risks is well developed and consistent with the Exposure Draft, there remains significant additional development for all significant sustainability-related risks and opportunities to be reported to these requirements. The ISSB should appreciate that reporting under TCFD structures continues to be a significant exercise. The development of robust metrics to support our climate disclosures has been a demanding exercise. Some areas of sustainability reporting are well developed, such as our Gender Pay Gap reporting where data is consistent, clear, and includes explanatory narrative alongside the data which helps stakeholders understand issues in their totality. Other areas, such as biodiversity and nature-related risks, are still under development. Expectations around these disclosures and best practice are evolving quickly. This will require a development roadmap focusing on the most significant sustainability risks and developing the approach for other significant sustainability issues including their interconnections with the financial reporting.

It is evident that when setting the implementation date there is a tension between the need to set an ambitious effective date to meet investor information needs and for there to be sufficient lead time for preparers to comply with the requirements. Especially for requirements that are dependent on the sustainability disclosures of other entities such as those relating to the value chain. To balance these demands, we believe that there needs to be an appropriate mechanism that allows entities to start on the reporting journey, whilst recognising that they may not be able to meet the full standards on day one of implementation.

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, although this should be encouraged and there should be an option for entities to disclosure comparators should they choose to.

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?

- Other

014-AR. Please explain your answer:
Our assessment of our investment portfolio is dependent on good quality, comparable, cross-industry disclosures of climate-related metrics and financial impacts. The availability of high quality and comparable data – gathered across jurisdiction and from both the private and public markets - is key for our business to be able to steer sustainability investments successfully, identify and manage risks correctly and comply with our disclosure objectives. In this regard, we are supportive of the steps the ISSB are taking to strengthen international harmonisation on climate-related disclosures.

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)?
We appreciate the benefits of having disclosures in a machine-readable format to better enable data collection and analysis. However, there are also practical implementation considerations. It is important that the digital requirements are consistent with other requirements including tagging formats, which are used in the broader general purpose financial reporting. To make documents machine readable, disclosures will need to be well defined and reported consistently, and we would recommend that guidance is also provided to ensure there is limited judgement required to 'tag' disclosures. For this reason, this may not be appropriate for disclosures which change on a periodic basis. Depending on the extent and breadth of the disclosures, it may be resource intensive for firms to tag disclosures and they may also incur cost, particularly if they use third party providers, and therefore the cost-benefit analysis of providing data in this way should be considered.

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?
We believe the benefits from these additional disclosures will support positive sustainability objectives and the availability of high quality and comparable data will improve investors' ability to move capital flows to supporting sustainability outcomes.
Reporting under TCFD structures continues to be a significant exercise and expanding this approach to cover all significant sustainability risks will be significant.

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

N/A

Question 17—Other comments

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

N/A