Pinsent Masons

BY UPLOAD TO ISSB WEBSITE

International Sustainability Standards Board
IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD

Our Ref: SS09/133999102.1\000004

E sharon.e.smith@pinsentmasons.com

29 July 2022

Dear International Sustainability Standards Board

Response to ISSB Consultation on ISSB Exposure Drafts: IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures)

Pinsent Masons LLP welcomes the establishment of the ISSB and the publication of Exposure Drafts IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) (together, the **'Exposure Drafts**') for consultation and we are pleased to submit our response to this consultation below.

About us

Pinsent Masons LLP is a global 100 law firm, with over 450 partners and more than 3,300 employees operating out of 27 locations across Europe, Asia Pacific, Africa, and the Middle East. We have a long-standing reputation for delivering high-quality legal advice rooted in a deep understanding of the sectors in which our clients operate, including the financial services, energy, infrastructure, real estate, and advanced manufacturing and technology sectors. Our global reach ensures that we are well-placed to advise on complex multi-jurisdictional matters across a full range of legal disciplines, including corporate, commercial, competition, litigation and arbitration, banking and finance, restructuring, insurance, financial regulatory, construction, projects, pensions, property, planning and environmental, procurement, outsourcing, employment, share plans and incentives, technology, and tax advice.

Action on climate change and sustainability is at the core of our purpose-led business strategy. We have set stretching ESG targets and are proud to be one of the first law firms to commit to becoming a net zero business by 2040. Our client list for advice on ESG issues includes high-profile multinational companies. We're trusted to provide advice on designing and implementing ESG strategies as well as advising companies on how to meet net zero, biodiversity, deforestation, and other sustainability targets. We also provide strategic guidance on all areas of risk from emerging climate-related litigation to allegations of greenwashing. Pinsent Masons has embedded a range of diversity and inclusion initiatives to create an environment in which its people can flourish. We operate an agile working scheme, which offers our employees flexibility in terms of where, and how, they work.

Introductory comments

We commend the ISSB for its ambition and work to deliver a comprehensive global baseline of sustainability-related disclosure standards which aim to provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make more informed decisions. We are also very pleased that the ISSB sustainability disclosure standards are building on the four pillars and recommendations of the Taskforce for Climate-related Financial Disclosures ('**TCFD**'), which many larger reporting entities and other stakeholders are becoming increasingly familiar with and, in some jurisdictions, already reporting on. Our comments in response to the specific questions raised in the ISSB's Exposure Drafts consultation are included in the Schedule to this letter, although we summarise some of our main points below.

Breadth of sustainability disclosures and timescales, including between finalisation of standards and implementation

We appreciate the sheer scale of significant implementation and application challenges, including as regards establishing global sustainability disclosure standards across a very broad range of sustainability disclosure topics and the extensive consultative process to enable those standards to be finalised and then updated over time, for standards to be translated into multiple languages, for national legislatures to consider how the standards may complement or conflict with their existing national legislation and implement the final standards into local legislation and regulations, and for reporting entities and other stakeholders to familiarise themselves with the final form of standards and put in place the necessary preparations operationally so as to be able to report or review reports in line with the standards, as the case may be. The huge scope of the endeavour (including time and resource) required of reporting entities, particularly those who have historically conducted no or very limited climate or sustainability-related reporting, cannot be under-estimated. For the standards to be most effectively implemented and applied, we recommend a staggered implementation timetable, with different standards (or parts of standards) being implemented at different times to give enough time for implementation and familiarisation, consideration given to more challenging aspects as to whether they could be introduced, at least to begin with, on a 'comply or explain' basis, and consideration given to developing a proportionate sustainability reporting regime for smaller companies. We also recommend that the effective date of each sustainability disclosure standard be at least 12 months after the relevant final form of standard is published.

As regards Exposure Draft IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information), as proposed, this is too broad to be capable of consistent implementation and application, and there may be merit in bringing in the requirement to report on sustainability-related financial information as it relates to specific disclosure topics once the relevant specific topic disclosure standards have been published. Points of commonality to all topics could still be dealt with in a reduced scope. As IFRS S1 is intended to relate to all sustainability-related disclosure topics including those which the ISSB will, in time, prepare additional specific disclosure topic standards for, it may make sense to phase in the implementation of this, starting off using an overarching principles driven 'comply or explain' style approach to application (similar to that used by the Financial Conduct Authority and Financial Reporting Council in the UK) and subsequently over time updating these general requirements alongside the development of additional specific disclosure topic standards, so that the general requirements provide a principles based framework, relate to, and sit above and across, all the specific standards as drafted, and assist stakeholders in considering the connectivity between topics and having a more holistic understanding of an entity's overall sustainability alongside the detailed disclosures relating to specific disclosure topics.

As regards the Exposure Draft IFRS S2 (Climate-related Disclosures), we recognise the world faces a climate emergency with every year in this critical decade making a difference in the global transition to net zero. Accordingly, we think it is responsible and sensible to prioritise finalising IFRS S2 (which builds on the TCFD framework which many reporting entities, investors, and other stakeholders are already familiar with), albeit anticipating that this will evolve and require updating over time as and whilst other ISSB draft sustainability disclosure standards are developed. In view of the global biodiversity loss emergency and necessity to consider biodiversity loss alongside climate change, we hope that the ISSB will also prioritise drafting Nature-related Disclosures building on the work of the Taskforce for Nature-related Financial Disclosures (‘**TNFD**’) as early as practicable.

Relationship between different global sustainability standards, materiality, and need for consistency between standards

We recognise that one of the huge challenges for reporting entities is getting to grips with the plethora of international sustainability reporting frameworks and standards. Many reporting entities are grappling with voluntary, and increasingly mandatory, reporting across a range of sustainability disclosure topics and across multiple jurisdictions, there is uncertainty around which standards should be applied how, where, and when, and a sense of overwhelm around the complexity of the topics, and inter-relationships between them, and the standards themselves.

We appreciate that the ISSB has, and is, consolidating leading investor-focused sustainability disclosure organisations into the ISSB, including the Climate Disclosure Standards Board (effective 31 January 2022); and the Value Reporting Foundation, housing the Integrated Reporting Framework and the SASB Standards (to be effective 1 August 2022). We think it would be helpful for the ISSB to clarify whether it intends the industry specific SASB standards to remain non-mandatory guidance within the ISSB sustainability disclosure standards framework.

We welcome the collaboration agreement announced between the IFRS Foundation and Global Reporting Initiative (‘**GRI**’) to facilitate interconnectedness of investor focused sustainability information with sustainability information intended to serve a broader range of stakeholders. However, we would like to understand the ISSB’s longer term intention as regards its approach to materiality, and whether it plans to remain focused entirely on enterprise value and financial materiality or plans to establish or recommend a double materiality approach which focuses also on impact materiality. We would also like to understand how the ISSB envisages that a reporting entity’s impact on the economy, society, and the environment is considered in the context of the entity’s enterprise value. There are reputational and litigation risks if investors and/or other stakeholders perceive or allege that a reporting entity’s impact on the environment and society is not considered or fairly reflected in a reporting entity’s sustainability reporting, and clearly those may impact the reporting entity’s enterprise value. Bearing in mind the recent international backlash seen in the media against ‘ESG’ and ‘negative screening’, and the increasing focus and emphasis around, and direction of travel towards, ‘positive impact’, we think it would be helpful if the ISSB, working together with other international sustainability standards organisations, would clarify how reporting entities report on both pillars of financial and impact reporting in a way which is accessible to investors and other stakeholders interested in both pillars.

It would be helpful to understand more about how the ISSB intends to work with other international standard setters – including e.g., EFRAG as regards the European Union (‘**EU**’) proposed sustainability reporting standards which are taking a double materiality approach – to minimise potential conflicts and non-alignment, and ensure that international reporting entities are not required to duplicate un-necessarily or apply multiple different standards of sustainability disclosure reports across the jurisdictions in which they operate. It would also be helpful to understand how the ISSB envisages different international standards may be applied together bearing in mind the timescales involved e.g., if the EU standards are implemented before the ISSB ones in EU jurisdictions, whether international reporting entities with operations in the EU must report again in line with ISSB standards which are implemented or applied later in other jurisdictions.

We think it would be helpful if the ISSB work includes a mapping out of the various existing global regulatory requirements so that the ISSB designs a reporting framework which is, so far as possible, complementary, and not conflicting, recognising that existing regulation will take precedent unless amended. There is also significant work to be done to obtain professional expert consensus and to consider implementation and application. There currently appears to be a lot of focus on the strict reporting requirements and less consideration of the underlying principles and intended sustainable real-world outcomes. We think the ISSB could reflect on the extensive ISO consensus process and include greater diversity of professionals and experts and representatives from the G20 plus emerging markets to help resolve some of these issues in the next draft.

Defined terms

There are several defined terms used in the ISSB exposure draft standards (many of which include other defined terms) and there are also some terms which are not defined but, in our view, should be. As the concept of sustainability, and words '***sustainability-related'*** are so core to the Exposure Drafts, we recommend that the terms '***sustainability'*** and '***sustainability-related***' be defined. We also recommend defining other key terms used throughout the Exposure Drafts including the term ***'significant'***. Our response includes our more detailed views on whether certain defined terms are sufficiently clear as drafted and on other terms which we recommend should be defined. We recognise that there is a balance to be struck - very clearly defined terms can help provide legal certainty and consistent interpretation and application (including in implementing legislation and in contractual documentation referencing the standards), however defined terms which are too prescriptive may not provide enough breadth or flexibility for reporting entities across multiple jurisdictions, and the spirit or principle of a defined term may, in some circumstances, be more useful than the letter of it.

Further challenging aspects to reporting

In addition to the significant breadth of the proposed sustainability disclosure standards, there are aspects which we think reporting entities will find particularly challenging including:

- ***Materiality*** – there is lack of consistency in the Exposure Drafts in defining and applying materiality in relation to enterprise value. There is also very limited consideration of what might be material to an entity's stakeholders in terms of their ability to assess the entity's enterprise value in deciding whether to provide (or even withdraw) resources to it.

- ***Assessing trade-offs between different sustainability topics –*** this is something which most reporting entities will not have considered before in reporting, and there are uncertainties as to how reporting entities can meaningfully assess and quantify trade-offs between very different sustainability topics where the inter-relationships between these are complex and multi-dimensional.

- ***Collecting and analysing climate-related and sustainability-related data across the value chain –*** particularly bearing in mind the very broad definition of '***value chain'*** and the need to collect and analyse data across a wide range of different sustainability topics (and consider trade-offs between these) before it can be reported on at the same time as the reporting entity's financial information.

- ***Transition planning and carbon offsets,*** including the credibility and robustness of carbon offsets, and scenario planning.

- ***Financed and facilitated emissions (for financial institutions) –*** there is no consensus on global standards and methodologies for the assessment, monitoring, and aggregation of financed and facilitated emissions (even if the SASB guidance is used).

We think it would be helpful for the ISSB to publish further guidance around each of these topics.

Our response to the specific questions in the consultation in relation to both Exposure Drafts for IFRS S1 and IFRS S2 follows in the Schedule to this letter.

Yours faithfully

Pinsent Masons LLP

Pinsent Masons

Schedule

<table>
<tr><th colspan="3">Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</th></tr>
<tr><th>No</th><th>Question</th><th>Response</th></tr>
<tr><td>1</td><td>Question 1 - Overall approach

The Exposure Draft sets out overall requirements with the objective of disclosing sustainability-related financial information that is useful to the primary users of the entity’s general purpose financial reporting when they assess the entity’s enterprise value and decide whether to provide resources to it.

Proposals in the Exposure Draft would require an entity to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. The assessment of materiality shall be made in the context of the information necessary for users of general purpose financial reporting to assess enterprise value.

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

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

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

(d) Do you agree that the requirements proposed in the Exposure Draft would provide a suitable basis for auditors and regulators to determine whether an entity has complied with the proposals? If not, what approach do you suggest and why?</td><td>(a) The Exposure Draft does not state clearly that an entity would be required to 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. The Exposure Draft says that an entity would be required to disclose material information about all of the <u>significant</u> sustainability-related risks and opportunities to which it is exposed. The term ‘significant’ is not defined and it is not clear therefore what the threshold or test is for sustainability-related risks and opportunities to which an entity is exposed to be considered ‘significant’. This should be clarified. Furthermore, assuming there is a process though which a reporting entity decides which of the sustainability-related risks and opportunities it is exposed to are ‘significant’, information regarding that process (how it decided which ones were significant) should be required to be disclosed.

(b) Overall, we agree that the proposed requirements set out in the Exposure Draft meet its proposed objective to require an entity to disclose [material] information about [all of] 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. Terms in square brackets in the previous sentence are not expressed in paragraph 1 but used in paragraph 2 – expressing these in paragraph 1 would make the objective in paragraph 1 clearer. Furthermore, different stakeholders (investors) will have different views on material aspects which could influence a reporting entity’s enterprise value and unless these have been adequately assessed, and disclosed in the report, this would not meet the proposed objective for all stakeholders.

(c) It is not clear in the Exposure Draft itself 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. The Exposure Draft itself does not include information about this. On page 8 of the Basis for Conclusions document relating to the Exposure Draft, there is a title: Relationship with other IFRS Sustainability Disclosure Standards’, however the two paragraphs underneath this title do not describe this relationship but rather say what the Exposure Draft includes. The first sentence under this title says: ‘The Exposure Draft sets out proposed general requirements that must be applied for an entity to state compliance with IFRS Sustainability Disclosure Standards’. This suggests that the Exposure Draft is an overarching Standard which applies together with all other IFRS Sustainability Disclosure Standards so that someone looking to comply with any of the other Sustainability Standards must also at the same time comply with the overarching general requirements IFRS S1 standard, however more clarity around the framework and architecture of the Standards, and the relationship between this first Standard and the other IFRS Sustainability Disclosure Standards would be helpful. It should also</td></tr>
</table>

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
		be clarified which Standard prevails in the event of any inconsistency between the general requirements and specific requirements Standards. (d) Overall, we agree that, for limited assurance engagement (as defined in ISAE 3000), 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, although there is room for differing interpretations of key but undefined terms such as 'significant' and 'sustainability' which may take some time to settle and which, in the absence of clear guidance, could develop different meanings in different jurisdictions.
2	**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.	

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
	The Exposure Draft focuses on information about significant sustainability-related risks and opportunities that can reasonably be expected to have an effect on an entity's enterprise value. (a) Is the proposed objective of disclosing sustainability-related financial information clear? Why or why not? (b) Is the definition of 'sustainability-related financial information' clear (see Appendix A)? Why or why not? If not, do you have any suggestions for improving the definition to make it clearer?	(a) The proposed objective of disclosing sustainability-related financial information is clear - paragraph 3 says this is to provide the users of that information with a sufficient basis to assess the implications of sustainability-related risks and opportunities on the entity's enterprise value. However, there are terms used here which are open to interpretation – e.g., what is 'sufficient'? Does this mean 'reasonable? Also, there are several terms which include the words 'sustainability-related' however those words are themselves not defined. Although the Basis for Conclusions paper refers to the concept of sustainability being frequently linked to 'sustainable development' and refers to the United Nations Conventions on climate change, biodiversity, oceans, desertification and human rights, 'sustainability' and 'sustainability-related' are not defined. As such, the scope of 'sustainability' is open to interpretation, and ambiguity surrounding this could cause confusion and inconsistent application or approaches to reporting. We appreciate there is a balance to be struck between including defined terms which are too prescriptive and ones which are too broad, however as the terms 'sustainability' and 'sustainability-related' are so core to reporting in line with the standards, we would recommend that these terms are defined so that it is clear what is, at minimum, included. This would help provide legal certainty when the standards are implemented by national legislatures and regulators into legislation and referenced in contractual documentation. It would also facilitate consistent approaches by reporting entities to reporting and clarity around scope to investors and other interested stakeholders reviewing the reports. (b) We understand that the definition of sustainability-related financial information is intentionally broad, however it is not as clear as it could be. One of the main reasons is because it is not clear what the scope of 'sustainability-related' means (in both the context of the 'sustainability-related financial information' and the 'sustainability-related risks and opportunities' referred to in the definition of 'sustainability-related financial information' (which is defined as ***'Information that gives insight into sustainability-related risks and opportunities that affect enterprise value, providing a sufficient basis for users of general purpose financial reporting to assess the resources and relationships on which an entity's business model and strategy for sustaining and developing that model depend.')*** Another reason is the use of the words '***that gives insight into'*** - this suggests a higher standard of information than simply using the phrase '***information <u>about</u> sustainability-related risks and opportunities***' – the information is not just about but must give insight into… is that intentional and, if so, we assume there is an implied objective standard built in here as to whom must be given insight? Furthermore, the surrounding guidance around what sustainability-related financial information ***could*** include (as set out in paragraph 6) is not as clear as it could be. For example, paragraph 6(c) refers to the entity's reputation, performance and prospects as a consequence of the actions it has undertaken (but not the actions it has omitted to take) such as [in connection with] its relationships with people, the planet and the economy, and its impacts and dependencies on them, and paragraph 6(d) refers to the entity's development of knowledge-based assets, which is not defined. Paragraph 3 says that an entity's general purpose financial reporting shall (i.e., must) include a complete, neutral, and accurate depiction of its sustainability-related financial information, however how can it be determined to be complete, neutral, and accurate if the term and guidance surrounding it are open to interpretation?

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
3	**Question 3 - Scope (paragraphs 8–10)** Proposals in the Exposure Draft would apply to the preparation and disclosure of sustainability-related financial information in accordance with IFRS Sustainability Disclosure Standards. Sustainability-related risks and opportunities that cannot reasonably be expected to affect users' assessments of the entity's enterprise value are outside the scope of sustainability-related financial disclosures. The Exposure Draft proposals were developed to be applied by entities preparing their general purpose financial statements with any jurisdiction's GAAP (so with IFRS Accounting Standards or other GAAP). Do you agree that the proposals in the Exposure Draft could be used by entities that prepare their general purpose financial statements in accordance with any jurisdiction's GAAP (rather than only those prepared in accordance with IFRS Accounting Standards)? If not, why not?	We agree that the proposals in the Exposure Draft could, in principle, 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).
4	**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	

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
	understand an entity's strategy for addressing significant sustainability-related risks and opportunities. **Risk management** The Exposure Draft proposes that the objective of sustainability-related financial disclosures on risk management would be: to enable the users of general purpose financial reporting to understand the process, or processes, by which sustainability-related risks and opportunities are identified, assessed and managed. These disclosures shall also enable users to assess whether those processes are integrated into the entity's overall risk management processes and to evaluate the entity's overall risk profile and risk management processes. **Metrics and targets** The Exposure Draft proposes that the objective of sustainability-related financial disclosures on metrics and targets would be: to enable users of general purpose financial reporting to understand how an entity measures, monitors and manages its significant sustainability-related risks and opportunities. These disclosures shall enable users to understand how the entity assesses its performance, including progress towards the targets it has set. (a) Are the disclosure objectives for governance, strategy, risk management and metrics and targets clear and appropriately defined? Why or why not? (b) Are the disclosure requirements for governance, strategy, risk management and metrics and targets appropriate to their stated disclosure objective? Why or why not?	(a) In general, the disclosure objectives for governance, strategy, risk management and metrics and targets are clear and appropriately defined, although please note our earlier comments that the terms 'significant' (which is sometimes (inconsistently) referred to in front of the words 'sustainability-related risks and opportunities' in each of the disclosure objectives for governance, strategy, and metrics and targets – but not in the disclosure objective for risk management, although we presume it should be?) and 'sustainability'/'sustainability-related' (which are included in such disclosure objectives) should be defined. As an example of the inconsistency in the use of the term 'significant', in the objectives stated opposite (in the questions), the objective for Governance includes the word 'significant' before the words 'sustainability-related risks and opportunities', however in paragraph 12 of the Exposure Draft which sets out the same objective, the word 'significant' is missing. (b) Overall, the disclosure requirements for governance, strategy, risk management and metrics and targets are appropriate to their respective stated disclosure objective. We think they could be broadened to include stakeholder engagement and continual improvement. With regard to the requirements for Strategy, these include that an entity shall (must) disclose information about '***the effects of significant sustainability-related risks and opportunities on its business model and value chain' (paragraph 15b), and 'a description of the current and anticipated effects of significant sustainability-related risks and opportunities on its value chain, and a description of where in its value chain significant sustainability-related risks and opportunities are concentrated.…" (Paragraph 20).*** Although we agree with the need for disclosure in relation to the value chain,

		‘value chain’ is defined extremely broadly, and that combined with ambiguity around the terms ‘significant’ ‘sustainability-related’ and ‘anticipated’ (when / by whom?), and operational challenges in relation to gathering and analysing data across value chains may make this a very challenging requirement for reporting entities to satisfy. It is not clear how a reporting entity could quantify anticipated effects (as well as current effects) of significant sustainability-related risks and opportunities on its value chain, or what assumptions and estimates may be used to do this. As a general comment, we recommend the ISSB aims for a balance between being overly prescriptive on the one hand with enabling reporting entities to report based on their actual knowledge of their business and value chain. As a further general comment, as regards the relationship between this Standard IFRS S1 and other IFRS Sustainability Disclosure Standards, it would be helpful to understand whether, for specific topics on which there are IFRS Sustainability Disclosure Standards (or draft Standards) e.g., currently IFRS 2 Climate-related Disclosures, those should prevail over the core content requirements in IFRS S1 in relation to climate-related disclosures - and to clarify that it is not necessary to duplicate reporting across both the general requirements standard and the specific requirements standards.
5	**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);	

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
	• investments it controls, including investments in associates and joint ventures (such as financing a greenhouse gas-emitting activity through a joint venture); and • sources of finance. The Exposure Draft also proposes that an entity disclose the financial statements to which sustainability-related financial disclosures relate. (a) Do you agree that the sustainability-related financial information should be required to be provided for the same reporting entity as the related financial statements? If not, why? (b) Is the requirement to disclose information about sustainability-related risks and opportunities related to activities, interactions and relationships, and to the use of resources along its value chain, clear and capable of consistent application? Why or why not? If not, what further requirements or guidance would be necessary and why? (c) Do you agree with the proposed requirement for identifying the related financial statements? Why or why not?	(a) We agree that the sustainability-related financial information should be required to be provided for the same reporting entity as the related financial statements. (b) The requirement for a reporting entity to disclose [material] information about [significant] sustainability-related risks and opportunities [to which it is exposed] related to activities, interactions and relationships and to the use of resources along its value chain, is not clear or capable of consistent application. This is largely due to uncertainties surrounding the terms '***significant***' and '***sustainability-related***'. It is also unclear whether the ***'activities, interactions and relationships'*** must involve the reporting entity or may be further up / down the reporting entity's value chain, and how far along (up/down) the value chain must the reporting entity consider the ***'use of resources'.*** (c) We agree with the proposed requirement for identifying the related financial statements.
6	**Question 6 - Connected information (paragraphs 42–44)** The Exposure Draft proposes that an entity be required to provide users of general purpose financial reporting with information that enables them to assess the connections between (a) various sustainability-related risks and opportunities; (b) the governance, strategy and risk management related to those risks and opportunities, along with metrics and targets; and (c) sustainability-related risks and opportunities and other information in general purpose financial reporting, including the financial statements. (a) Is the requirement clear on the need for connectivity between various sustainability-related risks and opportunities? Why or why not? (b) Do you agree with the proposed requirements to identify and explain the connections between sustainability-related risks and opportunities and information in	(a) The requirement is clear on the need for connectivity between various sustainability-related risks and opportunities, however (as already commented on), the term '***sustainability-related'*** should be defined so that it is clear what the scope of this is. (b) We agree with the proposed requirements to identify and explain the connections between sustainability-related risks and opportunities and information in general purpose financial reporting, including the financial statements. We think more guidance should be provided on how reporting entities should use assumptions and estimates in explaining the connections between sustainability-related risks and opportunities and financial reporting, and guidance around how

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
	general purpose financial reporting, including the financial statements? Why or why not? If not, what do you propose and why?	reporting entities should consider trade-offs between different sustainability-related risks and opportunities and connect those trade-offs to the financial reporting.
7	**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;	(a) The proposal to present fairly the sustainability-related risks and opportunities to which the entity is exposed, including the aggregation of information, is not as clear as it could be because of the lack of some defined terms (including '***sustainability-related***') and inconsistency and lack of definition in use of terms such as '***significant***'. This question refers to '***sustainability-related financial disclosures'*** (defined as '***Disclosures about sustainability-related risks and opportunities that are useful to users of general purpose financial reporting when they assess an entity's enterprise value, including information about its governance, strategy and risk management, and related metrics and targets***') – which is a different term to 'sustainability-related financial information' (defined as '***Information which gives insight into sustainability-related risks and opportunities that affect enterprise value, providing a sufficient basis for users of general purpose financial reporting to assess the resources and relationships on which an entity's business model and strategy for sustaining and developing that model depend***'). It is not clear why there is a need for both definitions. Also, the '***sustainability-related financial disclosures'*** definition and the 'fair presentation requirement do not include the term '***significant'*** before '***sustainability-related risks and opportunities'*** as is used elsewhere in the Exposure Draft – is that intentional and if so, why the difference? It would also be helpful to see more guidance and examples in relation to how information should be aggregated (or disaggregated). (b) We agree with the sources of guidance to identify sustainability-related risks and opportunities and related disclosures. The question (and paragraph 51 in the Exposure Draft) says ***'In addition to IFRS Sustainability Disclosure Standards to identify sustainability-related risks and opportunities, the entity <u>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</u>.*** In the underlined text, the word ***'shall'*** indicates this is mandatory (i.e. not guidance but a requirement) yet the word '***consider'*** following the word ***'shall'*** suggests the following items must be only considered (and could following consideration, be discounted) not applied. Therefore, there is uncertainty as to whether this provision is a mandatory requirement or guidance – and does the same apply as to the SASB Standards and the other items in the underlined text – e.g., the former are specific standards, whereas the latter are very broad and may be interpreted and applied inconsistently. We note also that the Exposure Draft IFRS S2 (Climate-related Disclosures) specifies that the industry-based requirements in Appendix B which have been derived (and are largely unchanged) from the SASB Standards are an integral part of that Exposure Draft, forming part of its requirements.

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
	(b) faithfully represent the entity's risks and opportunities in relation to the specific sustainability-related risk or opportunity; and (c) are neutral. In making that judgement, entities would consider the same sources identified in the preceding paragraph, to the extent that they do not conflict with an IFRS Sustainability Disclosure Standard. (a) Is the proposal to present fairly the sustainability-related risks and opportunities to which the entity is exposed, including the aggregation of information, clear? Why or why not? (b) Do you agree with the sources of guidance to identify sustainability-related risks and opportunities and related disclosures? If not, what sources should the entity be required to consider and why? Please explain how any alternative sources are consistent with the proposed objective of disclosing sustainability-related financial information in the Exposure Draft.	
8	**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	

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
	be required to use judgement to identify what is material, and materiality judgements are reassessed at each reporting date. The Exposure Draft proposes that even if a specific IFRS Sustainability Disclosure Standard contained specific disclosure requirements, an entity would need not to provide that disclosure if the resulting information was not material. Equally, when the specific requirements would be insufficient to meet users' information needs, an entity would be required to consider whether to disclose additional information. This approach is consistent with the requirements of IAS 1. The Exposure Draft also proposes that an entity need not disclose information otherwise required by the Exposure Draft if local laws or regulations prohibit the entity from disclosing that information. In such a case, an entity shall identify the type of information not disclosed and explain the source of the restriction. (a) Is the definition and application of materiality clear in the context of sustainability-related financial information? Why or why not? (b) Do you consider that the proposed definition and application of materiality will capture the breadth of sustainability-related risks and opportunities relevant to the enterprise value of a specific entity, including over time? Why or why not? (c) Is the Exposure Draft and related Illustrative Guidance useful for identifying material sustainability-related financial information? Why or why not? If not, what additional guidance is needed and why? (d) Do you agree with the proposal to relieve an entity from disclosing information otherwise required by the Exposure Draft if local laws or regulations prohibit the entity from disclosing that information? Why or why not? If not, why?	(a) The definition and application of 'materiality' could be clearer in the context of sustainability-related financial information. There is no defined term of 'material' in the Appendix A Defined Terms of the Exposure Draft (consider including here) or in paragraphs 56-62. Paragraph 56 provides the condition for sustainability-related financial information to be material (i.e., it ***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'***), but it does not refer to enterprise value. Paragraph 57 states that material sustainability-related financial information provides insight into ***factors that could reasonably be expected to influence*** primary users' assessments of an entity's enterprise value (so does refer to enterprise value) but contrast this with the definition of '***sustainability-related financial information'*** which refers to 'Information which gives insight into ***sustainability-related risks and opportunities that affect*** enterprise value. It would be helpful for the language used to be consistent – note e.g., there is a concept of objective reasonableness expressly included in the former ('***that could reasonably be expected to influence'***), but not the latter ('***which gives insight into'***). Furthermore, the word '***material'*** is used in front of the words ***'information'*** or in the context of ***'sustainability-related financial information',*** whereas the term ***'significant'*** is used in front of the words ***'sustainability-related risks and opportunities',*** and sometimes both terms are used in the same sentence (e.g., in the sentence ***'An entity is required to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed').*** It would therefore be helpful to clarify the distinction between these terms ***'material' and 'significant,'*** and include the defined terms in the Appendix A***.*** (b) It should be made clear that the proposed definition and application of materiality is intended to capture the breadth of sustainability-related risks and opportunities relevant to the enterprise

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
		value of a specific entity at the time of reporting. If another timing aspect is envisaged, this should be clarified. (c) The Exposure Draft and related guidance is useful for identifying material sustainability-related financial information, however further guidance, examples, and defined terms are necessary to enable consistent application and interpretation of the Standards. (d) We 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 so that the entity is not put in the position of breaking local laws or regulations, however we think in these circumstances the entity cannot issue a complete unqualified Statement of Compliance with the relevant IFRS Sustainability Standard(s) and should qualify that Statement to explain and accurately reflect the factual position.
9	**Question 9 - Frequency of reporting (paragraphs 66–71)** The Exposure Draft proposes that an entity be required to report its sustainability related financial disclosures at the same time as its related financial statements, and the sustainability-related financial disclosures shall be for the same reporting period as the financial statements. Do you agree with the proposal that the sustainability-related financial disclosures would be required to be provided at the same time as the financial statements to which they relate? Why or why not?	We agree with the proposal that the sustainability-related financial disclosures should be provided at the same time as the financial statements to which they relate. This is necessary for investors (and other interested stakeholders) to ensure they have access to an entity's sustainability-related information and financial statements at the same time and can see the connectivity between the related information. It also makes sense from the perspective of the reporting entity operationally to be able to report in the same cycles and to explain the connectivity to their investors (and other interested stakeholders). There may be a time lag between collection of data, particularly across the value chain, and reporting on it, and there may need to be flexibility around the acceptable limit for this time lag, particularly at the outset whilst reporting entities are preparing operationally to report in line with the IFRS sustainability disclosure standards.
10	**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—i.e. 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.	

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
	The proposal permits an entity to disclose information required by an IFRS Sustainability Disclosure Standard in the same location as information disclosed to meet other requirements, such as information required by regulators. However, the entity would be required to ensure that the sustainability-related financial disclosures are clearly identifiable and not obscured by that additional information. Information required by an IFRS Sustainability Disclosure Standard could also be included by cross-reference, provided that the information is available to users of general purpose financial reporting on the same terms and at the same time as the information to which it is cross-referenced. For example, information required by an IFRS Sustainability Disclosure Standard could be disclosed in the related financial statements. The Exposure Draft also proposes that when IFRS Sustainability Disclosure Standards require a disclosure of common items of information, an entity shall avoid unnecessary duplication. (a) Do you agree with the proposals about the location of sustainability-related financial disclosures? Why or why not? (b) Are you aware of any jurisdiction-specific requirements that would make it difficult for an entity to provide the information required by the Exposure Draft despite the proposals on location? (c) Do you agree with the proposal that information required by IFRS Sustainability Disclosure Standards can be included by cross-reference provided that the information is available to users of general purpose financial reporting on the same terms and at the same time as the information to which it is cross referenced? Why or why not? (d) Is it clear that entities are not required to make separate disclosures on each aspect of governance, strategy and risk management for individual sustainability-related risks and opportunities, but are encouraged to make integrated disclosures, especially where the relevant sustainability issues are managed through the same approach and/or in an integrated way? Why or why not?	(a) We agree with the proposals about the location of sustainability-related financial disclosures being open 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. (b) We are not aware of any jurisdiction-specific requirements that would make it difficult for an entity to provide the information required by the Exposure Draft despite the proposals on location. (c) We agree with the proposal that information required by IFRS Sustainability Disclosure Standards can be included by cross-reference provided that the information is available to users of general purpose financial reporting on the same terms and at the same time as the information to which it is cross referenced. We would recommend that the information is made as accessible and provided in the same manner (e.g., via the same channels of communication at the same time) to users if possible. (d) It could be made clearer that 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. This is not set out precisely this way in paragraph 78, nor is it set out in the Basis for Conclusions document relating to the Exposure Draft under the title: '***Relationship with other IFRS Sustainability Disclosure Standards'.***

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
11	**Question 11 - Comparative information, sources of estimation and outcome uncertainty, and errors (paragraphs 63–65, 79–83 and 84–90)** The Exposure Draft sets out proposed requirements for comparative information, sources of estimation and outcome uncertainty, and errors. These proposals are based on corresponding concepts for financial statements contained in IAS 1 and IAS 8. However, rather than requiring a change in estimate to be reported as part of the current period disclosures, the Exposure Draft proposes that comparative information which reflects updated estimates be disclosed, except when this would be impracticable - i.e. the comparatives would be restated to reflect the better estimate. The Exposure Draft also includes a proposed requirement that financial data and assumptions within sustainability-related financial disclosures be consistent with corresponding financial data and assumptions used in the entity's financial statements, to the extent possible. (a) Have these general features been adapted appropriately into the proposals? If not, what should be changed? (b) Do you agree that if an entity has a better measure of a metric reported in the prior year that it should disclose the revised metric in its comparatives? (c) Do you agree with the proposal that financial data and assumptions within sustainability-related financial disclosures be consistent with corresponding financial data and assumptions used in the entity's financial statements to the extent possible? Are you aware of any circumstances for which this requirement will not be able to be applied?	(a) We think these general features have been adapted appropriately into the proposals. (b) We 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 together with any associated explanation in relation to the revision. (c) We 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. We are not aware of any circumstances for which this requirement will not be able to be applied.
12	**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	As regards the proposed relief mentioned, we understand that an entity 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, however if an entity does not disclose information due to that reason, it should not be able to assert full compliance with the IFRS Sustainability Disclosure Standards, but instead should issue a form of qualified compliance statement explaining it has complied with the IFRS Sustainability Disclosure Standards to the fullest extent it is permitted to do so by local laws, together with an explanation as to which disclosures it has not included and why. This would provide a more accurate reflection of the level of compliance and provide more decision useful information to users.

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
	using that relief is not prevented from asserting compliance with IFRS Sustainability Disclosure Standards. Do you agree with this proposal? Why or why not? If not, what would you suggest and why?	If a form of relief is granted, this should be made clear throughout the Standard and supporting documents where reference to the Statement of Compliance is made e.g., on page 6 of the Exposure Draft there is the statement at the end of the page: ***'To be able to assert compliance with IFRS Sustainability Disclosure Standards, an entity must meet all of the requirements of these Standards'.*** As this statement is not qualified (with no mention of possible relief), it could be considered misleading. Also, the Basis for Conclusions paper issued alongside this Exposure Draft at paragraph BC85 says ***'A qualified statement of compliance with the IFRS Sustainability Disclosure Standards would not be permitted'.*** How is this reconciled with the proposal for relief?
13	**Question 13 - Effective date (Appendix B)** The Exposure Draft proposes allowing entities to apply the Standard before the effective date to be set by the ISSB. It also proposes relief from the requirement to present comparative information in the first year the requirements would be applied to facilitate timely application of the Standard. (a) When the ISSB sets the effective date, how long does this need to be after a final Standard is issued? Please explain the reason for your answer, including specific information about the preparation that will be required by entities applying the proposals, those using the sustainability-related financial disclosures and others. (b) Do you agree with the ISSB providing the proposed relief from disclosing comparatives in the first year of application? If not, why not?	(a) It makes sense for the effective date of the Standard (IFRS S1) to be at least 12 months after the date of issue of the final form of Standard to give time for all interested stakeholders to familiarise themselves with it and prepare for its application. Stakeholders include governmental authorities and regulators looking to apply and implement the Standard in their local legislation and regulations, reporting entities, investors, and other interested stakeholders. It is also necessary to give reporting entities time to prepare their business and value chain operationally and practically for the reporting cycle, particularly, in the case of IFRS S1, as this may be the first time that reporting entities will be reporting in relation to such a broad range of sustainability topics. As the Exposure Draft states, earlier application is permitted. (b) We agree with the ISSB providing the proposed relief from disclosing comparatives in the first year of application.
14	**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.	We do not see any specific aspects of the proposals in the Exposure Draft that we believe would limit the ability of IFRS Sustainability Disclosure Standards to be used as a global baseline for sustainability-related disclosure standards that provide an assessment of enterprise value. However, as the IFRS Sustainability Disclosure Standards are intended to meet the users of general purpose financial reporting to enable them to make assessments of enterprise value, the focus is on 'financial materiality' (i.e. the financial impacts of sustainability-related risks and opportunities on the reporting entity) rather than on 'impact materiality' (i.e. the impacts of the reporting entity on the economy, environment, and society), or on 'double materiality' (comprising both financial and impact materiality). We would like to understand how the ISSB envisages that a reporting entity's impact on the economy, society, and the environment is considered in the context of the entity's enterprise value. There are reputational and litigation risks if investors and/or other stakeholders perceive or allege that a reporting entity's impact on the environment and society is not considered or fairly reflected in a reporting entity's sustainability reporting, and clearly those can impact the reporting entity's enterprise value. Bearing in mind the recent international backlash seen in the media against 'ESG' and the

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
	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?	increasing focus and emphasis around 'impact', we think it would be helpful if the ISSB, working together with other international sustainability standards organisations, would clarify how to ensure reporting entities report on both pillars of financial and impact reporting in a way which is accessible to investors and other interested stakeholders. We welcome the collaboration agreement announced between the IFRS Foundation and Global Reporting Initiative ('**GRI**') to facilitate interconnectedness of investor focused sustainability information with sustainability information intended to serve a broader range of stakeholders. However, we would like to understand the ISSB's longer term intention as regards its approach to materiality, and whether it plans to remain focused on enterprise value and financial materiality or plans to establish or recommend a double materiality approach which focuses also on impact materiality. It would be helpful to understand more about the intention behind, as well as the ongoing results of, the collaboration agreement with the Global Reporting Initiative (with regular updates provided as to how that is working) as well as how the ISSB intends for its standards to be applied alongside other international sustainability standards (e.g., proposed European Union ones) which apply a double materiality approach. It would also be helpful to understand: • how the ISSB intends to work with other international standard setters – including e.g., EFRAG as regards the E.U.'s proposed sustainability reporting standards which are taking a double materiality approach – to ensure that international reporting entities do not need to un-necessarily duplicate or apply multiple different standards of sustainability disclosure reports across the jurisdictions in which they operate; and • how the ISSB envisages different international standards may be applied together bearing in mind the timescales involved e.g., if the EU standards are implemented before the ISSB ones in EU jurisdictions, whether international reporting entities with operations in the EU must report again in line with ISSB standards which are implemented or applied later in other jurisdictions.
15	**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.	We have no comments on this at this stage.

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
	The Exposure Draft and [draft] IFRS S2 *Climate-related Disclosures* Standards are the sources for the Taxonomy. It is intended that a staff draft of the Taxonomy will be published shortly after the release of the Exposure Draft, accompanied by a staff paper which will include an overview of the essential proposals for the Taxonomy. At a later date, an Exposure Draft of Taxonomy proposals is planned to be published by the ISSB for public consultation. Do you have any comments or suggestions relating to the drafting of the Exposure Draft that would facilitate the development of a Taxonomy and digital reporting (for example, any particular disclosure requirements that could be difficult to tag digitally)?	
16	**Question 16 - Costs, benefits and likely effects** The ISSB is committed to ensuring that implementing the Exposure Draft proposals appropriately balances costs and benefits. (a) Do you have any comments on the likely benefits of implementing the proposals and the likely costs of implementing them that the ISSB should consider in analysing the likely effects of these proposals? (b) Do you have any comments on the costs of ongoing application of the proposals that the ISSB should consider?	We anticipate that there will be significant costs for reporting entities to put in place the necessary resources to be able to report in line with the sustainability disclosure standards, particularly to begin with as they may not have historically reported on such a broad range of sustainability disclosure topics and will need to establish new processes (including in relation to governance, risk management, and data collection across the reporting entity's business and value chain) and dedicate significant time and resources to such reporting. There will also be ongoing costs as the reporting continues and standards are updated over time. There will be significant benefits to the reporting entities themselves in such reporting, as well as benefits to the broader economy, environment, and society. On balance, the climate change emergency, biodiversity loss emergency, and rising social inequalities globally necessitate the implementation and application of consistent global sustainability standards, and the greater costs for reporting entities (and other stakeholders) in the near term must be balanced alongside the wider benefits for all in the longer term. A staggered approach to the effective dates for different IFRS Sustainability Disclosure Standards would help to keep costs manageable for reporting entities as they build on their sustainability reporting over time. Proportionality should also be factored in so that there is a proportionately less onerous reporting regime for smaller companies with less revenue to foot the cost of the additional time and resource required. In our experience, the overload which reporting entities are already finding covering their 'business as usual' reporting means that the institutional capability to respond to additional onerous reporting requirements is stretched and should be considered in formulating the substance of the sustainability reporting requirements and the timing and costs of implementation. The breadth of the general requirements sustainability standard IFRS S1 is a key concern here and, although we note and agree

Exposure Draft for IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		
		with the ambition to develop sustainability wide reporting as soon as practicable, a more gradual introduction of topic specific standards would be more likely to result in successful reporting, improve the governance, risk management, and data collection procedures put in place behind this reporting, and minimise potential allegations of greenwashing.
17	**Question 17 - Other comments** Do you have any other comments on the proposals set out in the Exposure Draft?	In the box under the contents page, there are a few sentences dealing with construction, definitions, and context. It would be helpful to give this box a title e.g., 'Construction and Interpretation'. Also, this box includes the words: ***'Terms defined in Appendix A are in italics the first time they appear in the [draft] Standard. Definitions of other terms are given in other IFRS Sustainability Disclosure Standards'***. The last sentence is not very helpful for users – it would be more helpful to know each time such an 'other term' is included for the first time in the Standard exactly where (in which other Standard) users can find the definition for such term. If there are a lot of defined terms across the Standards, consider also providing a Definitions document for reference and consistency? As a further general comment, the significant breadth of the Exposure Draft IFRS S1 as drafted gives us concern about the readiness and capability of legislatures, reporting entities, and other stakeholders to implement and apply the standard. Regulators may seek to water down the proposals unless they are clearly manageable.

Exposure Draft for IFRS S2 Climate-related Disclosures		
No	**Question**	**Response**
1	**Question 1 - Objective of the Exposure Draft** Paragraph 1 of the Exposure Draft sets out the proposed objective: an entity is required to disclose information about its exposure to climate-related risks and opportunities, enabling users of an entity's general purpose financial reporting: • to assess the effects of climate-related risks and opportunities on the entity's enterprise value; • to understand how the entity's use of resources, and corresponding inputs, activities, outputs and outcomes support the entity's response to and strategy for managing its climate-related risks and opportunities; and • to evaluate the entity's ability to adapt its planning, business model and operations to climate-related risks and opportunities. Paragraphs BC21–BC22 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals. (a) Do you agree with the objective that has been established for the Exposure Draft? Why or why not? (b) Does the objective focus on the information that would enable users of general purpose financial reporting to assess the effects of climate-related risks and opportunities on enterprise value? (c) Do the disclosure requirements set out in the Exposure Draft meet the objectives described in paragraph 1? Why or why not? If not, what do you propose instead and why?	(a) We agree with the objective that has been established for the Exposure Draft, although please note our comments above in relation to the focus on enterprise value and financial materiality c.f. double materiality. (b) The objective does focus on the information that would enable users of general purpose financial reporting to assess the effects of climate-related risks and opportunities on enterprise value. (c) In general, the disclosure requirements set out in the Exposure Draft meet the objectives described in paragraph 1.

Exposure Draft for IFRS S2 Climate-related Disclosures		
2	**Question 2 - Governance** Paragraphs 4 and 5 of the Exposure Draft propose that an entity be required to disclose information that enables users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage climate related risks and opportunities. To achieve this objective, the Exposure Draft proposes that an entity be required to disclose information about the governance body or bodies (which can include a board, committee or equivalent body charged with governance) with oversight of climate-related risks and opportunities, and a description of management's role regarding climate-related risks and opportunities. The Exposure Draft's proposed governance disclosure requirements are based on the recommendations of the TCFD, but the Exposure Draft proposes more detailed disclosure on some aspects of climate-related governance and management in order to meet the information needs of users of general purpose financial reporting. For example, the Exposure Draft proposes a requirement for preparers to disclose how the governance body's responsibilities for climate-related risks and opportunities are reflected in the entity's terms of reference, board mandates and other related policies. The related TCFD's recommendations are to: describe the board's oversight of climate related risks and opportunities and management's role in assessing and managing climate-related risks and opportunities. Paragraphs BC57–BC63 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals. Do you agree with the proposed disclosure requirements for governance processes, controls and procedures used to monitor and manage climate-related risks and opportunities? Why or why not?	In general, we agree with the proposed disclosure requirements for governance processes, controls and procedures used to monitor and manage climate-related risks and opportunities.
3	**Question 3 - Identification of climate-related risks and opportunities** Paragraph 9 of the Exposure Draft proposes that an entity be required to identify and disclose a description of significant climate-related risks and opportunities and the time horizon over which each could reasonably be expected to affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term. In identifying the significant climate-related risks and opportunities described in paragraph 9(a), an entity would be required to refer to the disclosure topics defined in the industry disclosure requirements (Appendix B).	

Exposure Draft for IFRS S2 Climate-related Disclosures		
	Paragraphs BC64–BC65 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals. (a) Are the proposed requirements to identify and to disclose a description of significant climate-related risks and opportunities sufficiently clear? Why or why not? (b) Do you agree with the proposed requirement to consider the applicability of disclosure topics (defined in the industry requirements) in the identification and description of climate-related risks and opportunities? Why or why not? Do you believe that this will lead to improved relevance and comparability of disclosures? Why or why not? Are there any additional requirements that may improve the relevance and comparability of such disclosures? If so, what would you suggest and why?	(a) The proposed requirements to identify and to disclose a description of significant climate-related risks and opportunities are sufficiently clear. We wonder if reference to risks should be disaggregated further into physical, transition, and litigation risks, as well as the elements of each of these, to ensure due consideration and emphasis is given to each. We refer to litigation risk in our response to question 9 below. (b) We agree with the proposed requirement to consider the applicability of disclosure topics (defined in the industry requirements) in the identification and description of climate-related risks and opportunities. We believe that this will lead to improved relevance and comparability of disclosures.
4	**Question 4 - Concentrations of climate-related risks and opportunities in an entity's value chain** Paragraph 12 of the Exposure Draft proposes requiring disclosures that are designed to enable users of general purpose financial reporting to understand the effects of significant climate-related risks and opportunities on an entity's business model, including in its value chain. The disclosure requirements seek to balance measurement challenges (for example, with respect to physical risks and the availability of reliable, geographically-specific information) with the information necessary for users to understand the effects of significant climate-related risks and opportunities in an entity's value chain. As a result, the Exposure Draft includes proposals for qualitative disclosure requirements about the current and anticipated effects of significant climate-related risks and opportunities on an entity's value chain. The proposals would also require an entity to disclose where in an entity's value chain significant climate-related risks and opportunities are concentrated. Paragraphs BC66–BC68 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals. (a) Do you agree with the proposed disclosure requirements about the effects of significant climate-related risks and opportunities on an entity's business model and value chain? Why or why not?	(a) In general, we agree with the proposed disclosure requirements about the effects of significant climate-related risks and opportunities on an entity's business model and value chain, although we think there are aspects which reporting entities will find challenging, including the requirement to disclose anticipated (as well as current) effects of significant climate-related risks and opportunities on its value chain – particularly bearing in mind the futuristic element (over what time horizon?) to anticipate effects and bearing in mind the very broad definition of 'value chain'. (b) We agree that the disclosure required about an entity's concentration of climate-related risks and opportunities should be qualitative rather than quantitative.

<table>
<tr><th colspan="3">Exposure Draft for IFRS S2 Climate-related Disclosures</th></tr>
<tr><td></td><td>(b) Do you agree that the disclosure required about an entity's concentration of climate-related risks and opportunities should be qualitative rather than quantitative? Why or why not? If not, what do you recommend and why?</td><td></td></tr>
<tr><td>5</td><td>Question 5 - Transition plans and carbon offsets

Disclosing an entity's transition plan towards a lower-carbon economy is important for enabling users of general purpose financial reporting to assess the entity's current and planned responses to the decarbonisation-related risks and opportunities that can reasonably be expected to affect its enterprise value.

Paragraph 13 of the Exposure Draft proposes a range of disclosures about an entity's transition plans. The Exposure Draft proposes requiring disclosure of information to enable users of general purpose financial reporting to understand the effects of climate related risks and opportunities on an entity's strategy and decision-making, including its transition plans. This includes information about how it plans to achieve any climate-related targets that it has set (this includes information about the use of carbon offsets); its plans and critical assumptions for legacy assets; and quantitative and qualitative information about the progress of plans previously disclosed by the entity.

An entity's reliance on carbon offsets, how the offsets it uses are generated, and the credibility and integrity of the scheme from which the entity obtains the offsets have implications for the entity's enterprise value over the short, medium and long term. The Exposure Draft therefore includes disclosure requirements about the use of carbon offsets in achieving an entity's emissions targets. This proposal reflects the need for users of general purpose financial reporting to understand an entity's plan for reducing emissions, the role played by carbon offsets and the quality of those offsets. The Exposure Draft proposes that entities disclose information about the basis of the offsets' carbon removal (nature- or technology-based) and the third-party verification or certification scheme for the offsets. Carbon offsets can be based on avoided emissions.

Avoided emissions are the potential lower future emissions of a product, service or project when compared to a situation where the product, service or project did not exist, or when it is compared to a baseline. Avoided-emission approaches in an entity's climate-related strategy are complementary to, but fundamentally different from, the entity's emission-inventory accounting and emission-reduction transition targets. The Exposure Draft therefore proposes to include a requirement for entities to disclose</td><td>(a) In general, we agree with the proposed disclosure requirements for transition plans. We recommend, in addition to requiring reporting entities to disclose their transition plans towards a low carbon economy, requiring reporting entities to disclose their adaptation plans to adapt to a climate resilient economy, and building in disclosures as to how the reporting entity is addressing physical climate risks.

(b) We assume that the IFRS sustainability disclosure requirements for transition plans are / will be considered alongside other international body requirements or recommendations for transition plans such as e.g., GFANZ in relation to financial institutions to enable, as much as possible, a consistent approach to reporting.

(c) In general, we think the proposed carbon offset disclosures will help enable users of general purpose financial reporting to understand an entity's approach to reducing emissions, the role played by carbon offsets and the credibility of those carbon offsets, although we think it should be stated that offsets are only used / to be used for unavoidable or residual emissions. We note the Exposure Draft proposes that entities disclose information about the basis of the offsets' carbon removal (nature- or technology-based) and the third-party verification or certification scheme for the offsets. It would be helpful to indicate the level of detail required in connection with these disclosures, together with some example disclosures. We assume it will be necessary for reporting entities to obtain consent from third party verifiers to be able to reference their verification or certification scheme in the reporting entities disclosures. We note also that the Exposure Draft question opposite states that carbon offsets can be based on avoided emissions, however this is not included in the Exposure Draft paragraph 13 (relating to disclosure on carbon offsets). Also, the term 'avoided emission' is not defined in the Exposure Draft (and is only used in the question opposite), and we recommend including a defined term for this, as well as guidance around how reporting entities may measure their 'avoided emissions'.

(d) In general, we think the proposed carbon offset requirements appropriately balance costs for preparers with disclosure of information that will enable users of general purpose financial reporting to understand an entity's approach to reducing emissions, the role played by carbon offsets and the soundness or credibility of those carbon offsets.</td></tr>
</table>

Exposure Draft for IFRS S2 Climate-related Disclosures		
	whether the carbon offset amount achieved is through carbon removal or emission avoidance. The Exposure Draft also proposes that an entity disclose any other significant factors necessary for users of general purpose financial reporting to understand the credibility of the offsets used by the entity such as information about assumptions of the permanence of the offsets. Paragraphs BC71–BC85 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals. (a) Do you agree with the proposed disclosure requirements for transition plans? Why or why not? (b) Are there any additional disclosures related to transition plans that are necessary (or some proposed that are not)? If so, please describe those disclosures and explain why they would (or would not) be necessary. (c) Do you think the proposed carbon offset disclosures will enable users of general purpose financial reporting to understand an entity's approach to reducing emissions, the role played by carbon offsets and the credibility of those carbon offsets? Why or why not? If not, what do you recommend and why? (d) Do you think the proposed carbon offset requirements appropriately balance costs for preparers with disclosure of information that will enable users of general purpose financial reporting to understand an entity's approach to reducing emissions, the role played by carbon offsets and the soundness or credibility of those carbon offsets? Why or why not? If not, what do you propose instead and why?	
6	**Question 6 - Current and anticipated effects** The Exposure Draft proposes requirements for an entity to disclose information about the anticipated future effects of significant climate-related risks and opportunities. The Exposure Draft proposes that, if such information is provided quantitatively, it can be expressed as a single amount or as a range. Disclosing a range enables an entity to communicate the significant variance of potential outcomes associated with the	

	monetised effect for an entity; whereas if the outcome is more certain, a single value may be more appropriate. The TCFD's 2021 status report identified the disclosure of anticipated financial effects of climate-related risks and opportunities using the TCFD Recommendations as an area with little disclosure. Challenges include: difficulties of organisational alignment, data, risk evaluation and the attribution of effects in financial accounts; longer time horizons associated with climate-related risks and opportunities compared with business horizons; and securing approval to disclose the results publicly. Disclosing the financial effects of climate-related risks and opportunities is further complicated when an entity provides specific information about the effects of climate-related risks and opportunities on the entity. The financial effects could be due to a combination of other sustainability-related risks and opportunities and not separable for the purposes of climate-related disclosure (for example, if the value of an asset is considered to be at risk it may be difficult to separately identify the effect of climate on the value of the asset in isolation from other risks). Similar concerns were raised by members of the TRWG in the development of the climate-related disclosure prototype following conversations with some preparers. The difficulty of providing single-point estimates due to the level of uncertainty regarding both climate outcomes and the effect of those outcomes on a particular entity was also highlighted. As a result, the proposals in the Exposure Draft seek to balance these challenges with the provision of information for investors about how climate-related issues affect an entity's financial position and financial performance currently and over the short, medium and long term by allowing anticipated monetary effects to be disclosed as a range or a point estimate. The Exposure Draft proposes that an entity be required to disclose the effects of significant climate-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term—including how climate-related risks and opportunities are included in the entity's financial planning (paragraph 14). The requirements also seek to address potential measurement challenges by requiring disclosure of quantitative information unless an entity is unable to provide the information quantitatively, in which case it shall be provided qualitatively. Paragraphs BC96–BC100 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals.	

	(a) Do you agree with the proposal that entities shall disclose quantitative information on the current and anticipated effects of climate-related risks and opportunities unless they are unable to do so, in which case qualitative information shall be provided (see paragraph 14)? Why or why not? (b) Do you agree with the proposed disclosure requirements for the financial effects of climate-related risks and opportunities on an entity's financial performance, financial position and cash flows for the reporting period? If not, what would you suggest and why? (c) Do you agree with the proposed disclosure requirements for the anticipated effects of climate-related risks and opportunities on an entity's financial position and financial performance over the short, medium and long term? If not, what would you suggest and why?	(a) We agree with the proposal that entities shall disclose quantitative information on the current and anticipated effects of climate-related risks and opportunities unless they are unable to do so, in which case qualitative information shall be provided. We think it will be challenging for reporting entities to disclose quantitative information on anticipated future effects of climate-related risks and opportunities, and this would be subject to assumptions and estimates which would need to be disclosed and explained alongside the information. (b) We agree with the proposed disclosure requirements for the financial effects of climate-related risks and opportunities on an entity's financial performance, financial position and cash flows for the reporting period. (c) We agree with the proposed disclosure requirements for the anticipated effects of climate-related risks and opportunities on an entity's financial position and financial performance over the short, medium and long term.
7	**Question 7 - Climate resilience** The likelihood, magnitude and timing of climate-related risks and opportunities affecting an entity are often complex and uncertain. As a result, users of general purpose financial reporting need to understand the resilience of an entity's strategy (including its business model) to climate change, factoring in the associated uncertainties. Paragraph 15 of the Exposure Draft therefore includes requirements related to an entity's analysis of the resilience of its strategy to climate-related risks. These requirements focus on: • what the results of the analysis, such as impacts on the entity's decisions and performance, should enable users to understand; and • whether the analysis has been conducted using: • climate-related scenario analysis; or • an alternative technique. Scenario analysis is becoming increasingly well established as a tool to help entities and investors understand the potential effects of climate change on business models, strategies, financial performance and financial position. The work of the TCFD showed	As a general comment, the term 'climate resilience' is often used in the context of physical climate risk and adaptation terminology – consider using the term 'business continuity'?

	that investors have sought to understand the assumptions used in scenario analysis, and how an entity's findings from the analysis inform its strategy and risk management decisions and plans. The TCFD also found that investors want to understand what the outcomes indicate about the resilience of the entity's strategy, business model and future cash flows to a range of future climate scenarios (including whether the entity has used a scenario aligned with the latest international agreement on climate change). Corporate board committees (notably audit and risk) are also increasingly requesting entity-specific climate-related risks to be included in risk mapping with scenarios reflecting different climate outcomes and the severity of their effects. Although scenario analysis is a widely accepted process, its application to climate related matters in business, particularly at an individual entity level, and its application across sectors is still evolving. Some sectors, such as extractives and minerals processing, have used climate-related scenario analysis for many years; others, such as consumer goods or technology and communications, are just beginning to explore applying climate-related scenario analysis to their businesses. Many entities use scenario analysis in risk management for other purposes. Where robust data and practices have developed, entities thus have the analytical capacity to undertake scenario analysis. However, at this time the application of climate-related scenario analysis for entities is still developing. Preparers raised other challenges and concerns associated with climate-related scenario analysis, including: the speculative nature of the information that scenario analysis generates, potential legal liability associated with disclosure (or miscommunication) of such information, data availability and disclosure of confidential information about an entity's strategy. Nonetheless, by prompting the consideration of a range of possible outcomes and explicitly incorporating multiple variables, scenario analysis provides valuable information and perspectives as inputs to an entity's strategic decision-making and risk-management processes. Accordingly, information about an entity's scenario analysis of significant climate-related risks is important for users in assessing enterprise value. The Exposure Draft proposes that an entity be required to use climate-related scenario analysis to assess its climate resilience unless it is unable to do so. If an entity is unable to use climate-related scenario analysis, it shall use an alternative method or technique to assess its climate resilience.	

Exposure Draft for IFRS S2 Climate-related Disclosures		
	Requiring disclosure of information about climate-related scenario analysis as the only tool to assess an entity's climate resilience may be considered a challenging request from the perspective of a number of preparers at this time - particularly in some sectors. Therefore, the proposed requirements are designed to accommodate alternative approaches to resilience assessment, such as qualitative analysis, single-point forecasts, sensitivity analysis and stress tests. This approach would provide preparers, including smaller entities, with relief, recognising that formal scenario analysis and related disclosure can be resource intensive, represents an iterative learning process, and may take multiple planning cycles to achieve. The Exposure Draft proposes that when an entity uses an approach other than scenario analysis, it disclose similar information to that generated by scenario analysis to provide investors with the information they need to understand the approach used and the key underlying assumptions and parameters associated with the approach and associated implications for the entity's resilience over the short, medium and long term. It is, however, recommended that scenario analysis for significant climate-related risks (and opportunities) should become the preferred option to meet the information needs of users to understand the resilience of an entity's strategy to significant climate related risks. As a result, the Exposure Draft proposes that entities that are unable to conduct climate-related scenario analysis provide an explanation of why this analysis was not conducted. Consideration was also given to whether climate-related scenario analysis should be required by all entities with a later effective date than other proposals in the Exposure Draft. Paragraphs BC86–BC95 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals. (a) Do you agree that the items listed in paragraph 15(a) reflect what users need to understand about the climate resilience of an entity's strategy? Why or why not? If not, what do you suggest instead and why? (b) The Exposure Draft proposes that if an entity is unable to perform climate related scenario analysis, that it can use alternative methods or techniques (for example, qualitative analysis, single-point forecasts, sensitivity analysis and stress tests) instead of scenario analysis to assess the climate resilience of its strategy.	(a) We agree that the items listed in paragraph 15(a) reflect what users need to understand about the climate resilience of an entity's strategy. This process should build on the reporting entity's climate risk materiality assessment, and this work should also feed into the reporting entity's action plan as part of its transition and adaptation plan. (b) (i) We agree with the proposal that if an entity is unable to perform climate related scenario analysis, it can use alternative methods or techniques (for example, qualitative analysis, single-point forecasts, sensitivity analysis and stress tests) instead of scenario analysis to assess the climate resilience of its strategy. (ii) We agree with the proposal that an entity that is unable to use climate-related scenario analysis to assess the climate resilience of its strategy be required to disclose the reason why.

Exposure Draft for IFRS S2 Climate-related Disclosures		
	(i) Do you agree with this proposal? Why or why not? (ii) Do you agree with the proposal that an entity that is unable to use climate-related scenario analysis to assess the climate resilience of its strategy be required to disclose the reason why? Why or why not? (iii) Alternatively, should all entities be required to undertake climate-related scenario analysis to assess climate resilience? If mandatory application were required, would this affect your response to Question 14(c) and if so, why? (c) Do you agree with the proposed disclosures about an entity's climate-related scenario analysis? Why or why not? (d) Do you agree with the proposed disclosure about alternative techniques (for example, qualitative analysis, single-point forecasts, sensitivity analysis and stress tests) used for the assessment of the climate resilience of an entity's strategy? Why or why not? (e) Do the proposed disclosure requirements appropriately balance the costs of applying the requirements with the benefits of information on an entity's strategic resilience to climate change? Why or why not? If not, what do you recommend and why?	(iii) It could be a requirement for all reporting entities to undertake climate-related scenario analysis to assess climate resilience to the extent permitted by applicable laws and regulations and, to the extent not permitted, the reporting entities use alternative methods or techniques instead of scenario analysis to assess the climate resilience of its strategy. (c) We agree with the proposed disclosures about an entity's climate-related scenario analysis. (d) We agree with the proposed disclosure about alternative techniques used for the assessment of the climate resilience of an entity's strategy. (e) We think the proposed disclosure requirements appropriately balance the costs of applying the requirements with the benefits of information on an entity's strategic resilience to climate change.
8	**Question 8 - Risk management** An objective of the Exposure Draft is to require an entity to provide information about its exposure to climate-related risks and opportunities, to enable users of general purpose financial reporting to assess the effects of climate-related risks and opportunities on the entity's enterprise value. Such disclosures include information for users to understand the process, or processes, that an entity uses to identify, assess and manage not only climate-related risks, but also climate-related opportunities. Paragraphs 16 and 17 of the Exposure Draft would extend the remit of disclosures about risk management beyond the TCFD Recommendations, which currently only focus on climate-related risks. This proposal reflects both the view that risks and opportunities can relate to or result from the same source of uncertainty, as well as the	In general, we agree with the proposed disclosure requirements for the risk management processes that an entity uses to identify, assess, and manage climate-related risks and opportunities. As a general comment, elsewhere in the Exposure Drafts, reference is frequently made to 'significant' risks and opportunities, so this terminology should be consistent throughout, with the term 'significant' defined, and disclosures required as to how a reporting entity determines which climate-related risks and opportunities it considers to be significant. The process should be supported by a climate risk materiality assessment. In relation to climate change-related risks and opportunities, distinction should be made between physical, transition, and litigation risks – please also see our response to question 9 below.

	evolution of common practice in risk management, which increasingly includes opportunities in processes for identification, assessment, prioritisation and response. Paragraphs BC101–BC104 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals. Do you agree with the proposed disclosure requirements for the risk management processes that an entity uses to identify, assess and manage climate-related risks and opportunities? Why or why not? If not, what changes do you recommend and why?	
9	**Question 9 - Cross-industry metric categories and greenhouse gas emissions** The Exposure Draft proposes incorporating the TCFD's concept of cross-industry metrics and metric categories with the aim of improving the comparability of disclosures across reporting entities regardless of industry. The proposals in the Exposure Draft would require an entity to disclose these metrics and metric categories irrespective of its particular industry or sector (subject to materiality). In proposing these requirements, the TCFD's criteria were considered. These criteria were designed to identify metrics and metric categories that are: • indicative of basic aspects and drivers of climate-related risks and opportunities; • useful for understanding how an entity is managing its climate-related risks and opportunities; • widely requested by climate reporting frameworks, lenders, investors, insurance underwriters and regional and national disclosure requirements; and • important for estimating the financial effects of climate change on entities. The Exposure Draft thus proposes seven cross-industry metric categories that all entities would be required to disclose: greenhouse gas (GHG) emissions on an absolute basis and on an intensity basis; transition risks; physical risks; climate-related opportunities; capital deployment towards climate-related risks and opportunities;	

	internal carbon prices; and the percentage of executive management remuneration that is linked to climate-related considerations. The Exposure Draft proposes that the GHG Protocol be applied to measure GHG emissions. The GHG Protocol allows varied approaches to be taken to determine which emissions an entity includes in the calculation of Scope 1, 2 and 3 - including for example, how the emissions of unconsolidated entities such as associates are included. This means that the way in which information is provided about an entity's investments in other entities in their financial statements may not align with how its GHG emissions are calculated. It also means that two entities with identical investments in other entities could report different GHG emissions in relation to those investments by virtue of choices made in applying the GHG Protocol. To facilitate comparability despite the varied approaches allowed in the GHG Protocol, the Exposure Draft proposes that an entity shall disclose: • separately Scope 1 and Scope 2 emissions, for: • the consolidated accounting group (the parent and its subsidiaries); • the associates, joint ventures, unconsolidated subsidiaries or affiliates not included in the consolidated accounting group; and • the approach it used to include emissions for associates, joint ventures, unconsolidated subsidiaries or affiliates not included in the consolidated accounting group (for example, the equity share or operational control method in the GHG Protocol Corporate Standard). The disclosure of Scope 3 GHG emissions involves a number of challenges, including those related to data availability, use of estimates, calculation methodologies and other sources of uncertainty. However, despite these challenges, the disclosure of GHG emissions, including Scope 3 emissions, is becoming more common and the quality of the information provided across all sectors and jurisdictions is improving. This development reflects an increasing recognition that Scope 3 emissions are an important component of investment-risk analysis because, for most entities, they represent by far the largest portion of an entity's carbon footprint.	

Exposure Draft for IFRS S2 Climate-related Disclosures		
	Entities in many industries face risks and opportunities related to activities that drive Scope 3 emissions both up and down the value chain. For example, they may need to address evolving and increasingly stringent energy efficiency standards through product design (a transition risk) or seek to capture growing demand for energy efficient products or seek to enable or incentivise upstream emissions reduction (climate opportunities). In combination with industry metrics related to these specific drivers of risk and opportunity, Scope 3 data can help users evaluate the extent to which an entity is adapting to the transition to a lower-carbon economy. Thus, information about Scope 3 GHG emissions enables entities and their investors to identify the most significant GHG reduction opportunities across an entity's entire value chain, informing strategic and operational decisions regarding relevant inputs, activities and outputs. For Scope 3 emissions, the Exposure Draft proposes that: • an entity shall include upstream and downstream emissions in its measure of Scope 3 emissions; • an entity shall disclose an explanation of the activities included within its measure of Scope 3 emissions, to enable users of general purpose financial reporting to understand which Scope 3 emissions have been included in, or excluded from, those reported; • if the entity includes emissions information provided by entities in its value chain in its measure of Scope 3 greenhouse gas emissions, it shall explain the basis for that measurement; and • if the entity excludes those greenhouse gas emissions, it shall state the reason for omitting them, for example, because it is unable to obtain a faithful measure. Aside from the GHG emissions category, the other cross-industry metric categories are defined broadly in the Exposure Draft. However, the Exposure Draft includes nonmandatory Illustrative Guidance for each cross-industry metric category to guide entities. Paragraphs BC105–BC118 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals.	

Exposure Draft for IFRS S2 Climate-related Disclosures		
	(a) The cross-industry requirements are intended to provide a common set of core, climate-related disclosures applicable across sectors and industries. Do you agree with the seven proposed cross-industry metric categories including their applicability across industries and business models and their usefulness in the assessment of enterprise value? Why or why not? If not, what do you suggest and why? (b) Are there any additional cross-industry metric categories related to climate related risks and opportunities that would be useful to facilitate cross-industry comparisons and assessments of enterprise value (or some proposed that are not)? If so, please describe those disclosures and explain why they would or would not be useful to users of general purpose financial reporting. (c) Do you agree that entities should be required to use the GHG Protocol to define and measure Scope 1, Scope 2 and Scope 3 emissions? Why or why not? Should other methodologies be allowed? Why or why not? (d) Do you agree with the proposals that an entity be required to provide an aggregation of all seven greenhouse gases for Scope 1, Scope 2, and Scope 3—expressed in CO_2 equivalent; or should the disclosures on Scope 1, Scope 2 and Scope 3 emissions be disaggregated by constituent greenhouse gas (for example, disclosing methane (CH_4) separately from nitrous oxide (NO_2))? (e) Do you agree that entities should be required to separately disclose Scope 1 and Scope 2 emissions for: (i) the consolidated entity; and (ii) for any associates, joint ventures, unconsolidated subsidiaries and affiliates? Why or why not? (f) Do you agree with the proposed inclusion of absolute gross Scope 3 emissions as a cross-industry metric category for disclosure by all entities, subject to materiality? If not, what would you suggest and why?	(a) We agree with the seven proposed cross-industry metric categories including their applicability across industries and business models and their usefulness in the assessment of enterprise value. (b) We would recommend considering the addition of litigation risk as a separate category alongside physical risk and transition risk - litigation risk could be consequential to both physical risk and transition risk or independent of those (e.g., at the interconnection between climate change and human rights, or in relation to a greenwashing claim based on an alleged disconnect between a reporting entity's stated environmental strategy and its perceived environmental impact) - there are multiple potential causes of action and claims, including in relation to greenwashing. As litigation (including greenwashing) risk comprises a growing and significant category of risks across sectors and industries, with potentially significant impact on enterprise value, we think it deserves its own risk category in addition to physical risks and transition risks. (c) It would be helpful for there to be a consistent standard applied in defining and measuring Scope 1, Scope 2 and Scope 3 emissions. In our experience, the GHG Protocol is already used and applied by many larger businesses already reporting on their Scope 1, 2 and 3 emissions, and is a framework which investors and other international capital market participants are familiar with. Accordingly, we think it would be helpful for the ISSB to recommend using the GHG Protocol. We do not think the ISSB should mandate the use of the GHG Protocol as it not maintained by the ISSB, however the ISSB could require reporting entities using a different methodology to describe, and explain their reasons for using, such other methodology. (d) We agree with the proposals that an entity be required to provide an aggregation of all seven greenhouse gases for Scope 1, Scope 2, and Scope 3 expressed in CO2 equivalent, and we think it should be optional for entities to provide, additionally, this information on a disaggregated basis if they are able to do so, to provide investors and other stakeholders with the fullest information possible. In view of the significant climatic impact of methane, please consider whether larger reporting entities in sectors with high methane emissions (such as energy, agriculture, and waste) should additionally report their methane emissions. (e) We agree that entities should be required to separately disclose Scope 1 and Scope 2 emissions for: (i) the consolidated entity; and (ii) for any associates, joint ventures, unconsolidated subsidiaries and affiliates. (f) We agree with the proposed inclusion of absolute gross Scope 3 emissions as a cross-industry metric category for disclosure by all entities, subject to materiality.

Exposure Draft for IFRS S2 Climate-related Disclosures		
10	**Question 10 - Targets** Paragraph 23 of the Exposure Draft proposes that an entity be required to disclose information about its emission-reduction targets, including the objective of the target (for example, mitigation, adaptation or conformance with sector or science-based initiatives), as well as information about how the entity's targets compare with those prescribed in the latest international agreement on climate change. The 'latest international agreement on climate change' is defined as the latest agreement between members of the United Nations Framework Convention on Climate Change (UNFCCC). The agreements made under the UNFCCC set norms and targets for a reduction in greenhouse gases. At the time of publication of the Exposure Draft, the latest such agreement is the Paris Agreement (April 2016); its signatories agreed to limit global warming to well below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to limit warming to 1.5 degrees Celsius above pre-industrial levels. Until the Paris Agreement is replaced, the effect of the proposals in the Exposure Draft is that an entity is required to reference the targets set out in the Paris Agreement when disclosing whether or to what degree its own targets compare to the targets in the Paris Agreement. Paragraphs BC119–BC122 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals. (a) Do you agree with the proposed disclosure about climate-related targets? Why or why not? (b) Do you think the proposed definition of 'latest international agreement on climate change' is sufficiently clear? If not, what would you suggest and why?	(a) We agree with the proposed disclosure about climate-related targets. (b) The proposed definition of '***latest international agreement on climate change***' in the Exposure Draft Appendix A is defined (differently to in the question opposite) as '***The latest international agreement on climate change is an agreement by states, as members of the United National Framework Convention on Climate Change to combat climate change. The agreements set norms and targets for a reduction in greenhouse gases.***' The defined term could be clearer if it referred to '***all or the majority of states***' rather than simply 'states' as there are some agreements made by a few/some (but not all or a majority of) states outside of the formal Convention COP pacts between member states.
11	**Question 11 - Industry-based requirements** The Exposure Draft proposes industry-based disclosure requirements in Appendix B that address significant sustainability-related risks and opportunities related to climate change. Because the requirements are industry-based, only a subset will apply to a particular entity. The requirements have been derived from the SASB Standards.	

Exposure Draft for IFRS S2 Climate-related Disclosures		
	This is consistent with the responses to the Trustees' 2020 consultation on sustainability that recommended that the ISSB build upon existing sustainability standards and frameworks. This approach is also consistent with the TRWG's climate-related disclosure prototype. The proposed industry-based disclosure requirements are largely unchanged from the equivalent requirements in the SASB Standards. However, the requirements included in the Exposure Draft include some targeted amendments relative to the existing SASB Standards. The proposed enhancements have been developed since the publication of the TRWG's climate-related disclosure prototype. The first set of proposed changes address the international applicability of a subset of metrics that cited jurisdiction-specific regulations or standards. In this case, the Exposure Draft proposes amendments (relative to the SASB Standards) to include references to international standards and definitions or, where appropriate, jurisdictional equivalents. Paragraphs BC130–BC148 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals to improve the international applicability of the industry-based requirements. (a) Do you agree with the approach taken to revising the SASB Standards to improve the international applicability, including that it will enable entities to apply the requirements regardless of jurisdiction without reducing the clarity of the guidance or substantively altering its meaning? If not, what alternative approach would you suggest and why? (b) Do you agree with the proposed amendments that are intended to improve the international applicability of a subset of industry disclosure requirements? If not, why not? (c) Do you agree that the proposed amendments will enable an entity that has used the relevant SASB Standards in prior periods to continue to provide information consistent with the equivalent disclosures in prior periods? If not, why not? The second set of proposed changes relative to existing SASB Standards address emerging consensus on the measurement and disclosure of financed or facilitated emissions in the financial sector. To address this, the Exposure Draft proposes adding	**Approach building on SASB Standards** (a) We agree with the approach taken to revising the SASB Standards to improve their international applicability, including that it will enable entities to apply the requirements regardless of jurisdiction without reducing the clarity of the guidance or substantively altering its meaning. (b) We agree with the proposed amendments that are intended to improve the international applicability of a subset of industry disclosure requirements. (c) We agree that the proposed amendments will enable an entity that has used the relevant SASB Standards in prior periods to continue to provide information consistent with the equivalent disclosures in prior periods.

Exposure Draft for IFRS S2 Climate-related Disclosures		
	disclosure topics and associated metrics in four industries: commercial banks, investment banks, insurance and asset management. The proposed requirements relate to the lending, underwriting and/or investment activities that finance or facilitate emissions. The proposal builds on the GHG Protocol Corporate Value Chain (Scope 3) Standard which includes guidance on calculating indirect emissions resulting from Category 15 (investments). Paragraphs BC149–BC172 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals for financed or facilitated emissions. (d) Do you agree with the proposed industry-based disclosure requirements for financed and facilitated emissions, or would the cross-industry requirement to disclose Scope 3 emissions (which includes Category 15: Investments) facilitate adequate disclosure? Why or why not? (e) Do you agree with the industries classified as 'carbon-related' in the proposals for commercial banks and insurance entities? Why or why not? Are there other industries you would include in this classification? If so, why? (f) Do you agree with the proposed requirement to disclose both absolute- and intensity-based financed emissions? Why or why not? (g) Do you agree with the proposals to require disclosure of the methodology used to calculate financed emissions? If not, what would you suggest and why? (h) Do you agree that an entity be required to use the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard to provide the proposed disclosures on financed emissions without the ISSB prescribing a more specific methodology (such as that of the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting & Reporting Standard for the Financial Industry)? If you don't agree, what methodology would you suggest and why? (i) In the proposal for entities in the asset management and custody activities industry, does the disclosure of financed emissions associated with total assets under management provide useful information for the assessment of the entity's indirect transition risk exposure? Why or why not? Overall, the proposed industry-based approach acknowledges that climate-related risks and opportunities tend to manifest differently in relation to an entity's business model, the underlying economic activities	**Regarding financed and facilitated emissions** (d) In general, we agree with the proposed industry-based disclosure requirements for financed and facilitated emissions. We do think this will be a challenging aspect for reporting entities to comply with, including from a data collection and analysis perspective. There is also no consensus on global standards and methodologies for the assessment, monitoring, and aggregation of financed and facilitated emissions (even if the SASB guidance is used). (e) We agree with the industries classified as 'carbon-related' in the proposals for commercial banks and insurance entities. (f) We express no comment on this at this stage. (g) We express no comment on this at this stage. (h) We express no comment on this at this stage. (i) In the proposal for entities in the asset management and custody activities industry, we think the disclosure of financed emissions associated with total assets under management will provide useful information for the assessment of the entity's indirect transition risk exposure.

	in which it is engaged and the natural resources upon which its business depends or which its activities affect. This affects the assessment of enterprise value. The Exposure Draft thus incorporates industry-based requirements derived from the SASB Standards. The SASB Standards were developed by an independent standard-setting board through a rigorous and open due process over nearly 10 years with the aim of enabling entities to communicate sustainability information relevant to assessments of enterprise value to investors in a cost-effective manner. The outcomes of that process identify and define the sustainability-related risks and opportunities (disclosure topics) most likely to have a significant effect on the enterprise value of an entity in a given industry. Further, they set out standardised measures to help investors assess an entity's performance on the topic. Paragraphs BC123–BC129 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals related to the industry-based disclosure requirements. While the industry-based requirements in Appendix B are an integral part of the Exposure Draft, forming part of its requirements, it is noted that the requirements can also inform the fulfilment of other requirements in the Exposure Draft, such as the identification of significant climate-related risks and opportunities (see paragraphs BC49–BC52). (j) Do you agree with the proposed industry-based requirements? Why or why not? If not, what do you suggest and why? (k) Are there any additional industry-based requirements that address climate related risks and opportunities that are necessary to enable users of general purpose financial reporting to assess enterprise value (or are some proposed that are not)? If so, please describe those disclosures and explain why they are or are not necessary. (l) In noting that the industry classifications are used to establish the applicability of the industry-based disclosure requirements, do you have any comments or suggestions on the industry descriptions that define the activities to which the requirements will apply? Why or why not? If not, what do you suggest and why?	**Appendix B industry-based requirements** (j) We agree in principle with the proposed industry-based requirements, although make no comment on the detail of these at this stage. (k) We make no comment on this. (l) We make no comment on this.

Exposure Draft for IFRS S2 Climate-related Disclosures		
12	**Question 12 - Costs, benefits and likely effects** Paragraphs BC46–BC48 of the Basis for Conclusions set out the commitment to ensure that implementing the Exposure Draft proposals appropriately balances costs and benefits. (a) Do you have any comments on the likely benefits of implementing the proposals and the likely costs of implementing them that the ISSB should consider in analysing the likely effects of these proposals? (b) Do you have any comments on the costs of ongoing application of the proposals that the ISSB should consider? (c) Are there any disclosure requirements included in the Exposure Draft for which the benefits would not outweigh the costs associated with preparing that information? Why or why not?	Our response is akin to our response to the same question in relation to IFRS S1. We anticipate that there will be significant costs for reporting entities to put in place the necessary resources to be able to report in line with the Exposure Draft, particularly for those reporting entities who have not yet reported in line with TCFD recommendations as they will need to establish new processes and dedicate resources to such reporting. There will also be ongoing costs as the reporting continues and standard is updated over time. However, there will be significant benefits to the reporting entities themselves in such reporting, as well as benefits to the broader economy, environment, and society. On balance, the climate change emergency necessitates the implementation and application of consistent global climate-related disclosure standards, and the greater costs for reporting entities (and other stakeholders) in the near term must be balanced alongside the wider benefits for all in the longer term. A staggered approach to the effective dates for different IFRS Sustainability Disclosure Standards may help to keep costs manageable for reporting entities as they build on their climate and sustainability-related reporting over time. Proportionality should also be factored in so that there is a proportionately less onerous reporting regime for smaller companies with less revenue to foot the cost of the additional time and resource required.
13	**Question 13 - Verifiability and enforceability** Paragraphs C21–24 of [draft] IFRS S1 *General Requirements for Disclosure of Sustainability related Financial Information* describes verifiability as one of the enhancing qualitative characteristics of sustainability-related financial information. Verifiability helps give investors and creditors confidence that information is complete, neutral and accurate. Verifiable information is more useful to investors and creditors than information that is not verifiable. Information is verifiable if it is possible to corroborate either the information itself or the inputs used to derive it. Verifiability means that various knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation. Are there any disclosure requirements proposed in the Exposure Draft that would present particular challenges to verify or to enforce (or that cannot be verified or enforced) by auditors and regulators? If you have identified any disclosure requirements that present challenges, please provide your reasoning.	The Exposure Draft requires reporting entities to exercise judgement in relation to many of aspects of reporting including e.g., as regards the materiality of information, the significance of climate-related risks and opportunities, anticipated effects, how it conducts scenario analysis, and how it collects and analyses data across its value chain. These may all be challenging to verify and to enforce, and it will be necessary to describe the process of how judgments are made and what assumptions and estimates have been made. We think it would be difficult to verify avoided emissions (which is used in the Exposure Draft consultation questions in the context of carbon offsets) as this is a concept many are not familiar with.

Exposure Draft for IFRS S2 Climate-related Disclosures		
14	**Question 14 - Effective date** Because the Exposure Draft is building upon sustainability-related and integrated reporting frameworks used by some entities, some may be able to apply a retrospective approach to provide comparative information in the first year of application. However, it is acknowledged that entities will vary in their ability to use a retrospective approach. Acknowledging this situation and to facilitate timely application of the proposals in the Exposure Draft, it is proposed that an entity is not required to disclose comparative information in the first period of application. [Draft] IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* requires entities to disclose all material information about sustainability related risks and opportunities. It is intended that [draft] IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* be applied in conjunction with the Exposure Draft. This could pose challenges for preparers, given that the Exposure Draft proposes disclosure requirements for climate-related risks and opportunities, which are a subset of those sustainability-related risks and opportunities. Therefore, the requirements included in [draft] IFRS S1 *General Requirements for Disclosure of Sustainability related Financial Information* could take longer to implement. Paragraphs BC190–BC194 of the Basis for Conclusions describe the reasoning behind the Exposure Draft's proposals. (a) Do you think that the effective date of the Exposure Draft should be earlier, later or the same as that of [draft] IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*? Why? (b) 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 in the Exposure Draft. (c) Do you think that entities could apply any of the disclosure requirements included in the Exposure Draft earlier than others? (For example, could disclosure requirements related to governance be applied earlier than those related to the resilience of an	(a) We think that because many larger international businesses have, or will have, some familiarity with TCFD reporting by the time the ISSB Sustainability Disclosure Standards are finalised, whether on a voluntary or mandatory basis, it would be possible for the IFRS S2: Climate-related Standards to have an effective date sooner than the other IFRS Sustainability Disclosure Standards. This would also help in the global race to net zero, as every year makes a difference in this critical decade to combat the climate change emergency. We recognise that, in an ideal world, the general requirements standard IFRS S1 would also have an effective date at the same time as the specific IFRS S2, however we are not sure this is realistic, as IFRS S2 is much more wide-ranging covering all aspects of sustainability (although that term is not defined and the scope should be clarified), and reporting on all such aspects is likely to be extremely challenging for many reporting entities who have not historically reported on these, particularly in the near term until they are set up operationally across their businesses and value chains to gather and analyse the relevant data needed to so report. On balance, we think it is best for the specific Climate-related Disclosures in IFRS S2 to be made effective first before the general requirements of IFRS S1 (with a revision to IFRS S2 made when IFRS S1 becomes effective) so that the climate-related standards are implemented as soon as possible to combat the climate emergency, and reporting entities can start with those disclosures whilst they prepare for others to come. It may also be easier and less overwhelming for national legislatures, reporting entities, and other stakeholders to get to grips with the standards when they do not all become effective at once – there are advantages to a staggered implementation approach. (b) When the ISSB sets the effective date, we think this needs to be at least 12 months after the final standard is issued to give time for national legislatures to consider and implement the final standard into local legislation and regulations, and for reporting entities and other stakeholders to familiarise themselves with the final form of standard and put in place the necessary preparations operationally so as to be able to report or review reports as the case may be. It could be recognised that reporting entities can apply the standards in advance of their respective effective dates if they feel ready to do so. (c) We think that the disclosure requirements in the Exposure Draft IFRS S2 (Climate-related Disclosures) which reflect the recommendations of the TCFD could be applied by entities earlier that those disclosure requirements which extend beyond the TCFD recommendations. For example, it may be more challenging for reporting entities to report in connection with their Scope 3 emissions across their value chain, and provide disclosures on detailed transition plans, carbon offset arrangements, avoided emissions, industry specific requirements (noting SASB was voluntary and not used by all reporting entities) and (in the case of financial institutions) financed and facilitated emissions. We think it would be acceptable to make some requirements apply earlier than others and it makes sense to make those requirements which reporting entities may already be familiar with (through reporting in line with TCFD) applicable earlier.

Exposure Draft for IFRS S2 Climate-related Disclosures		
	entity's strategy?) If so, which requirements could be applied earlier and do you believe that some requirements in the Exposure Draft should be required to be applied earlier than others?	
15	**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 of sustainability-related financial information, 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 S1 *General Requirements for Disclosure of Sustainability-related Financial Information* Standards are the sources for the Taxonomy. It is intended that a staff draft of the Taxonomy will be published shortly after the release of the Exposure Draft, accompanied by a staff paper which will include an overview of the essential proposals for the Taxonomy. At a later date, an Exposure Draft of Taxonomy proposals is planned to be published by the ISSB for public consultation. Do you have any comments or suggestions relating to the drafting of the Exposure Draft that would facilitate the development of a Taxonomy and digital reporting (for example, any particular disclosure requirements that could be difficult to tag digitally)?	We have no comments on this at this stage.
16	**Question 16 - 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 climate change. Those needs may be met by requirements set by others including regulators and jurisdictions. The	We have the same general comments as for IFRS S1, i.e., we do not see any aspects of the proposals in the Exposure Draft that we believe would limit the ability of IFRS Sustainability Disclosure Standards to be used as a global baseline for sustainability-related disclosure standards that provide an assessment of enterprise value. However, as the IFRS Sustainability Disclosure Standards are intended to meet the users of general purpose financial reporting to enable them to make assessments of enterprise value, the focus is on 'financial materiality' (i.e. the financial impacts of sustainability-related risks and opportunities on the reporting entity) rather than on 'impact materiality' (i.e. the impacts of the reporting entity on the economy, environment, and society), or on 'double materiality' (comprising both financial and impact materiality), and this should be made clear to all stakeholders (for so long as the focus remains purely on enterprise value).

Exposure Draft for IFRS S2 Climate-related Disclosures		
	ISSB intends that such requirements by others could build on the comprehensive global baseline established by the IFRS Sustainability Disclosure Standards. Are there any particular aspects of the proposals in the Exposure Draft that you believe would limit the ability of IFRS Sustainability Disclosure Standards to be used in this manner? If so, what aspects and why? What would you suggest instead and why?	It would be helpful to understand if the ISSB intends to adopt a double materiality approach going forwards or if it intends formally to recommend that approach is taken by a reporting entity to ensure full and complete sustainability-related reporting to all interested stakeholders. It would also be helpful to understand more about the intention behind, as well as the ongoing results of, the collaboration agreement with the Global Reporting Initiative (with regular updates provided as to how that is working) as well as how the ISSB intends for its standards to be applied alongside other international sustainability standards (e.g., proposed European Union ones) which apply a double materiality approach.
17	**Question 17—Other comments** Do you have any other comments on the proposals set out in the Exposure Draft?	We make the same comment in relation to the Exposure Draft for IFRS S2 as for that for IFRS S1 - in the box under the contents page, there are a few sentences dealing with construction, definitions, and context. It would be helpful to give this box a title e.g., ‘Construction and Interpretation’. Also, this box includes the words: ‘Terms defined in Appendix A are in italics the first time they appear in the [draft] Standard. Definitions of other terms are given in other IFRS Sustainability Disclosure Standards’. The last sentence is not very helpful for users – it would be more helpful to know each time such an ‘other term’ is included for the first time in the Standard exactly where (in which other Standard) users can find the definition for such term. If there are a lot of defined terms across the Standards, consider also providing a Definitions document for reference and consistency?