

International Sustainability Standards Board
IFRS Foundation
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29 July 2022

Dear Board members,

Invitation to comment - Exposure Draft IFRS S2 - *Climate-related Disclosures*

Ernst & Young Global Limited, the central coordinating entity of the global EY organisation, welcomes the opportunity to offer its views on the International Sustainability Standards Board's (ISSB) Exposure Draft IFRS S2 - *Climate-related Disclosures* (S2).

We support the ISSB's efforts in developing guidance and disclosure requirements in this exposure draft (ED) on climate-related disclosures, in response to the growing demand for globally consistent disclosures that meet the needs of investors. Similar to the ISSB, we recognise that investor confidence in the reliability, consistency and comparability of climate-related disclosures is critical to the capital markets and the broader investor community and we commend the ISSB for taking a leadership role in the global regulatory landscape.

We further support the ISSB's efforts to leverage the framework developed by the Task Force on Climate-related Financial Disclosures (TCFD) and other recognised guidance such as the Greenhouse Gas (GHG) Protocol. These are familiar to entities and investors alike and are already commonly used by companies across various industries that voluntarily provide climate-related disclosures. In particular, we agree that the four core themes of the TCFD (governance, strategy, risk management and metrics and targets) provide a useful structure for the information required to be disclosed. This can help to minimise costs associated with implementing the ED and contribute towards a more comprehensive and efficient uptake of the requirements.

We recognise the extensive work that has gone into the development of the ED and note that the contributions from various standard-setters and framework providers have resulted in the consolidation of requirements that are ambitious and that reflect the pressing need to address the impacts of climate change that are already disrupting and reshaping markets around the world. We broadly support the inclusion of provisions related to Scope 3 GHG emissions, scenario analysis, transition planning, and the disclosure of quantitative information about current and anticipated effects of significant climate-related risks and opportunities, as we believe these are critical elements that inform and support decision-making in a way that reflects the realities and uncertainties of our time. We understand the complex and evolving nature of climate-related risks and opportunities and commend the ISSB for developing requirements that acknowledge these complexities and recognise the

reality that responses to mitigate, and adapt to, the impacts of climate change are varied. By incorporating a degree of flexibility in the proposed requirements, such as encouraging both qualitative and quantitative information to be disclosed as well as allowing alternative methodologies for conducting scenario analysis, we believe the ED proposes to accommodate different circumstances and maturity with regards to climate resilience while still aiming to preserve the rigour of requirements and of the information disclosed.

We broadly agree that the requirements in the ED meet its proposed objectives on the disclosure of information about an entity's exposure to significant climate-related risks and opportunities, thus enabling users of general purpose financial reporting to assess the effects of climate-related risks and opportunities on enterprise value, to understand an entity's use of resources and strategy for managing risks and opportunities, as well as to evaluate an entity's ability to adapt its planning, business model and operations to climate-related risks and opportunities. However, to ensure that the overall objectives of the ED are realised and to help promote the further integration and alignment of climate-related reporting, we believe that modifications are required, such as greater clarity on the definitions of terms used and additional illustrative guidance and examples to assist entities in interpreting and implementing the requirements. We have summarised our key recommendations below to assist the ISSB in ensuring that the ED elicits disclosures that are consistent, comparable and that contain decision-useful information about climate-related risks and opportunities.

Enhanced clarification and illustrative guidance to inform implementation

We believe there is a need for additional clarity and consistency with regard to key terms contained in the ED. For example, terms such as 'significant', 'material', 'relevant', 'vulnerable', are open to wide interpretation and without clearly defining the meaning of terms used, as well as guidance and examples for terms that are particularly nuanced (e.g., considerations related to value chain), we believe there is a risk of inconsistent understanding and, therefore, diversity in the application of concepts in the ED which could detract from both the comparability and credibility of information disclosed. Greater alignment between terms used in the ED that carry specific meaning as defined according to IFRS Accounting Standards (IFRS AS) or other financial reporting frameworks is also required.

Another term which we think is not sufficiently clear is 'climate-related' and we believe that the proposed requirements would benefit from a detailed definition of what constitutes 'climate-related.' Whilst we understand the ISSB's rationale for not defining 'climate-related' further, we believe defining the term is particularly important given the dynamic and evolving nature of climate-related issues that are inherently connected with other sustainability-related issues, such as water scarcity, biodiversity and energy management. In this context, we find the draft Standard to be unclear in terms of the boundary of what is, and is not, considered climate-related and this has the potential to contribute to confusion about the specific information that entities should, and should not, disclose under the remit of S2, compared to information that falls under the remit of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (S1), as well as topic-specific information that may be required in the future as part of additional IFRS Sustainability Disclosure Standards (IFRS SDS) on other sustainability-related issues.

We also note that many of the terms used in the ED, whilst perhaps familiar in the context of sustainability reporting, may be interpreted and applied differently in the context of financial reporting. Most notably, the concept of materiality from a sustainability perspective which encompasses the concepts of double and dynamic materiality. We recognise that the ISSB's recent partnership with the Global Reporting Initiative (GRI) is intended to provide two 'pillars' of international sustainability reporting, one that represents investor-focused capital market standards (as developed by the ISSB), and one that represents broader sustainability reporting requirements (as set by the Global Sustainability Standards Board (GSSB)) that are designed to meet broader multi-stakeholder needs. However, given emerging consensus in the EU that societal considerations are a fundamental component of sustainability-related disclosures, and, therefore, the emphasis of the broader sustainability impacts in the proposed European Sustainability Reporting Standards (ESRSs), we strongly encourage the ISSB to provide additional clarification on the topic of materiality and how to reconcile the application of materiality amidst various approaches. We further encourage the ISSB to continue to engage with other standard setters across multiple jurisdictions to help clarify the scope of impacts covered by different standards. This will help to facilitate compatibility of disclosures around common aspects and ensure the success of the building block approach as the ISSB envisaged.

Challenges in requirements with future-oriented information

The proposed requirements for disclosing the medium and long term anticipated effects of climate-related risks and opportunities on an entity's financial position and financial performance, and on its climate-related scenario analysis, are likely challenging to implement in terms of the cost of resources required for high quality disclosures. In particular, the medium and long term effects will be difficult to assess quantitatively, given that there is not always a direct relationship between a significant climate-related risk or opportunity and the financial position, and it may be challenging to clearly distinguish the climate-related effect(s) from all other effects on an entity's financial position, which could impact the reliability of information and the ability to verify future-oriented information. While we broadly agree to the proposals, we re-iterate the need to provide additional illustrative guidance and examples to help manage these challenges.

Industry-based requirements

We support industry-based content and agree that industry-based requirements provide valuable information about climate-related risks and opportunities that are industry-specific and reflect the diversity of industry activities and operations. However, we do not believe that the industry requirements as currently proposed in Appendix B of the ED employ sufficiently clear and complete definitions, terminology and metrics to ensure that their relevance and comparability are maximised. Accordingly, we do not support the mandatory application of Appendix B as currently proposed and, instead, believe that the ISSB should undertake a more comprehensive effort to reconcile the proposed industry standards with the proposed cross-industry metric categories (paragraph 21). With improvements made to address the issues raised in our response, such as the need to clearly define terms and metrics contained therein, we believe that a revised version of Appendix B could be used as illustrative guidance

for entities to consider. As more topics are covered by IFRS SDS and are subject to the ISSB's due process, we would support mandatory application of internationalised industry-specific standards in the form of revised and reconciled Sustainability Accounting Standards Board (SASB) Standards.

Our detailed responses to the questions are set out in Appendix A to this letter. Please note that the detailed nature of our responses should not be interpreted as a lack of support for the ED, but as an attempt to provide comprehensive and constructive feedback on the proposed requirements. We welcome the opportunity to further discuss this feedback with you at your convenience.

Should you wish to discuss the contents of this letter with us, please contact Michiel van der Lof at the above address or on +31 88 407 1030.

Yours faithfully

Ernst + Young Global Limited

Appendix A - Responses to specific questions

Question 1-Objective of the Exposure Draft

(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?

- We agree with the focus on the disclosure of information that will enable users of general purpose financial reporting to assess the effects of climate-related risks and opportunities on enterprise value. Overall, we agree that the disclosure requirements provide a sound and recognisable basis upon which entities can build. This is due, in large part, to the fact that the requirements are based on the globally recognised recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) that are familiar to many organisations¹ and which have been mandated for organisations in some countries, such as the United Kingdom.² Given the growing momentum and adoption of TCFD recommendations globally, many of the fundamental requirements proposed in S2 will be familiar to entities and will align with disclosure requirements and supporting processes that are already in place, which can help to strike a balance between the costs and benefits of applying them.
- That said, we believe additional guidance and clarification pertaining to some of the proposed requirements is needed if the ED is to meet the objectives as described in paragraph 1. For example, in order to meet the objectives, both entities and users must be able to clearly understand the terms used throughout the ED. Throughout our response, we have identified instances where we believe terms could be defined more clearly so as to minimise confusion, misinterpretation and the possibility of greenwashing. Such terms include, among others, 'relevant', 'significant', 'material' (which seem to be used interchangeably throughout the ED), 'vulnerable' and 'climate-related'. We also recommend that the ISSB develops educational guidance and illustrative examples to assist users in identifying the connection between climate-related risks and opportunities and the enterprise value.
- Unlike the two objectives listed in paragraphs 1(b) and 1(c), assessing the effects of significant climate-related risks and opportunities on the enterprise value as required in paragraph 1(a), is complicated by the fact that disclosure of potential effects pertaining to enterprise value could include, and be based upon, a variety of qualitative and quantitative information. We would, therefore, ask that the ISSB considers providing accompanying illustrative guidance to demonstrate how the disclosure requirements in S2 meet the objective to assess the effects on enterprise value as listed in paragraph 1(a). Further, we note that the ED's objectives focus on significant climate-related risks and opportunities, which may affect an entity's 'enterprise value'. As discussed in our comment letter on S1, enterprise value is defined in Appendix A *Defined terms* as 'the total value of an entity. It is the sum of the value of the entity's equity (market capitalisation) and the value of the entity's debt.' Whilst market capitalisation is not a new concept in applying IFRS AS (e.g., paragraph 12(d) in IAS 36 *Impairment of Assets* refers

¹ Over 2,600 organisations and governments spanning 89 countries and jurisdictions support the TCFD recommendations and have aligned disclosure (both voluntary and mandatory) according to the recommendations. [Task Force on Climate-related Financial Disclosures, 2021 Status Report, October 2021.](#)

² [UK to enshrine mandatory climate disclosure for largest companies in law, Department for Business, Energy & Industrial Strategy, 29 October 2021.](#)

to market capitalisation when identifying impairment indicators of non-current assets), S2 does not provide any additional guidance or clarification about how entities should measure market capitalisation. This could result in confusion as to how to interpret the standard consistently and apply it more broadly (i.e., to unlisted entities). We also note that a definition of net debt is not provided, and we believe that the absence of a clear definition of all of these fundamental concepts could result in entities interpreting and applying them differently. We believe this could be an area that may reduce comparability and ultimately affect the objective to issue guidance that is globally applicable.

- We suggest simplifying the requirement as stated in paragraph 1(b) to: ‘to understand how the entity’s use of resources supports the entity’s strategy for managing its significant climate-related risks and opportunities’, since the entity’s use of resources encompasses the consequences of that use and a strategy for managing risks and opportunities seems to encompass the entity’s response. However, if particular emphasis on ‘inputs, activities, outputs and outcomes’ was intended, we suggest that this paragraph is reworded to clarify that.
- Whilst we recognise that there are no specific questions pertaining to the scope of S2 in paragraph 3, we note the use of the term ‘climate-related’ and the fact that this is not a defined term in Appendix A. We understand the ISSB’s rationale, as explained in BC49, for not defining what is ‘climate-related’ and appreciate that it may not be possible to precisely define the full scope of climate-related risks and opportunities given the wide range of potential impacts and how many of these impacts are related. Notwithstanding that, we believe that the proposed requirements, as currently drafted, would benefit from a detailed definition of what constitutes ‘climate-related.’ This is particularly important given the dynamic and evolving nature of climate-related issues that are inherently connected with other sustainability-related issues, such as water scarcity, biodiversity and energy management. In this context, we find the proposed Standard is unclear in terms of the boundary of what is, and is not, considered climate-related and this has the potential to contribute to confusion about what specific information entities should, and should not, disclose under the remit of S2, as compared to other IFRS Sustainability Disclosure requirements (e.g., the existing draft S1 as well as future disclosure standards on other sustainability-related topics). This could also contribute to reduced comparability across entities as well as causing difficulties when assessing consistency and comparability with the requirements of other global sustainability frameworks (such as the ESRSs). We have also highlighted this concern in our response to question 11 with regard to the industry-specific requirements in Appendix B, where we outline instances where other related sustainability-topics are included throughout Appendix B but in an inconsistent manner. This has the potential to cause confusion amongst both entities and users. Consequently, we would like to better understand how the ISSB has determined the scope of what is climate-related in the content of Appendix B as we believe this could help entities and users alike gain additional clarity as to how the ISSB distinguishes the scope of ‘climate-related’. This additional information could be added to the Basis for Conclusions similar to how the requirements on financed emissions are explained. We, therefore, recommend including more guidance on what the terms ‘sustainability-related’ and ‘climate-related’ mean so as to make the boundary of information disclosed under the remit of S2 clearer. We also draw attention in our response to question 11 in which we comment on the current form of Appendix B and the challenges we believe entities and users will face when trying to interpret and apply Appendix B.

Question 2-Governance

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?

- We agree with the proposed disclosure requirements for governance processes, controls and procedures used to monitor and manage climate-related risks and opportunities. We believe they build constructively on the TCFD recommendations, which we have already noted are familiar to the market. In addition, the inclusion of paragraph 5(b) regarding disclosure of 'how the body's responsibilities for climate-related risks and opportunities are reflected in the entity's terms of reference, board mandates and other related policies;' and paragraph 5(c) regarding disclosure of 'how the body ensures that the appropriate skills and competencies are available to oversee strategies designed to respond to climate-related risks and opportunities', enhance the nature of the overall requirements. Both paragraphs 5(b) and 5(c) will help to provide useful information to users about the extent to which considerations of climate-related risks and opportunities are being integrated into broader organisational structures and policies; and that measures are taken to ensure appropriate skills and competencies are also present and encouraged within the entity.
- Paragraph 5 currently consists of descriptions of how governance is implemented within the entity. We suggest adding a disclosure requirement for the specific activities undertaken in the period by the governance body. This would lead to higher quality, entity-specific disclosures, rather than generic disclosures of responsibilities and/or considerations made. It would hopefully also lead to a more specific description of the activities undertaken and the associated progress made (or not made) from year to year, which we believe is valuable information for users.
- As paragraph 6 and BC63 describe, an entity shall avoid unnecessary duplication when its oversight on sustainability-related risks and opportunities is managed on an integrated basis. However, paragraphs 4 and 5 of S2 are an exact copy of paragraphs 12 and 13 of S1, apart from replacement of the phrase 'sustainability-related' with 'climate-related'. We believe that this is unnecessary duplication within the draft Standards. An alternative would be to have one paragraph in S2 stating that paragraphs 12 and 13 of S1 must be applied specifically to climate-related disclosures. The same could be done for paragraphs 7, 8, 9, 14, 16, 17 and 19. BC104 explains that the same text was included in S2 to ensure consistent and comparable disclosure and to facilitate ease of application, however we do not believe this is necessary. IFRS AS do not duplicate the concepts and principles in the *Conceptual Framework for Financial Reporting* (the *Conceptual Framework*) or the general disclosure requirements in IAS 1 *Presentation of Financial Statements*, therefore we suggest that IFRS SDS are structured in a consistent manner.
- We do not understand what would be considered 'unnecessary' (paragraph 6) and how, or indeed whether, this relates to the concept of materiality. For example, even if oversight on sustainability-related risks and opportunities is managed on an integrated basis, it is still possible that there would be management oversight specific to climate-related issues. The way in which paragraph 6 and BC63 is currently worded could result in entities with an integrated management not disclosing information about any differential elements of oversight for specific topics such as climate, biodiversity and human rights, despite these topics being relevant for users seeking specific information (such as management oversight of an impact fund focusing on a specific Sustainable Development Goals (SDGs)). The specific disclosures on these topics should be limited to those that are material, also taking into account the requirements in S1

Paragraphs 48 and 49. We, therefore, suggest clarifying paragraph 6 to state that unnecessary duplication should only be avoided for disclosures that are the same across different sustainability-related requirements. Therefore, material information about any differential elements of oversight for specific topics such as climate, biodiversity and human rights should be added.

- Paragraph 5(b) uses ‘terms of reference’ of an entity without specifying what is meant by the phrase. It is not a defined term in the ED and the Basis for Conclusions does not provide further clarification. As such, we suggest that the term is defined and additional clarity is provided with regard to the types of documents that could be considered equivalent to ‘terms of reference’, such as an entity’s Constitution or Articles of Association. Clearly defining what is meant by the term is also important to enhance comparability within the context of a global baseline of disclosure requirements.

Question 3-Identification of climate-related risks and opportunities

(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?

- We believe that the proposed requirements to identify and disclose a description of significant climate-related risks and opportunities are not sufficiently clear, due to the fact that a clear description on what falls within the scope of ‘climate-related’ is lacking in the draft Standard. Please also refer to our response to question 1. The disclosure in Appendix B of the ED further blur the distinction, as it contains not only topics and metrics relating to climate, but also other aspects of sustainability (such as health, social aspects and ethical practices) which could cause confusion in respect of what topics should be explicitly disclosed under the remit of S2. This is further complicated by the lack of a definition of what constitutes ‘climate-related’, as mentioned above and in our response to question 1. Additionally, paragraph 9(c) includes specific examples of climate-related physical and transition risks which are also included in Appendix A. For ease of interpretation, we suggest removing specific examples from the body of the draft Standard if they are already defined in Appendix A, to minimise repetition.
- Furthermore, it is not clear on what basis the entity has deemed a risk and/or opportunity to be ‘significant.’ For example, what criteria/factors has the entity considered in determining whether a specific risk/opportunity is ‘significant’ and how does this relate to materiality? We believe this is important information for users and is an integral component of building a clear yet comprehensive understanding of the factors that an entity considers when assessing and prioritising risks and/or opportunities that could reasonably be expected to affect business model, strategy, etc., (as proposed in paragraph 8(a)) and subsequent actions to address and mitigate the impacts. The reference to ‘reasonably’ has the potential to be widely interpreted (e.g., instances where an entity is primarily compliance-driven and only factors in current government policy), thus illustrating the importance of a requirement where entities disclose the criteria and/or factors that are considered. This is further related to the importance of clearly articulating and distinguishing the concepts of materiality, significance, relevance, etc.

as applied in financial accounting, compared with how these concepts are applied in sustainability-related reporting. Please also refer to our response to question 8 in our comment letter to S1.

- We note that paragraph 9(b) requires an entity to disclose 'how it defines short, medium and long term' horizons, and we understand that these time horizons are difficult to articulate as they might differ per industry and are subject to different interpretations by users. Also, short term may have a different meaning compared with that generally accepted under IAS 1 and we suggest that the IASB and the ISSB work together to clarify 'short term' and whether it is intended to be different in the context of sustainability-related reporting. That said, we believe that the proposed requirement could be enhanced by requiring an entity to also disclose the choices it has made in defining the timelines (i.e., elaborate on the rationale for why an entity might choose to define 2030 as a medium time horizon instead of 2040, for instance, alignment to a particular national net zero target, or whether the entity is required to define timelines as part of another framework and/or jurisdictional requirement). This is also important in the context of what other jurisdictions such as the EU (where time horizons are explicitly prescribed) and the US are doing with regards to disclosure requirements - highlighting the importance for the ISSB to work towards compatibility with other proposed requirements where possible. The ISSB could consider providing some illustrative guidance around these concepts, preferably by industry. Furthermore, short and long term are concepts that users are familiar with in IFRS AS, but we suspect that those terms may have different meanings for sustainability-reporting purposes. It would, therefore, be helpful if the ISSB could address the potential differences and similarities in the Basis for Conclusions or consider using different terminology to clarify.
- Entities tend to have a relatively narrow (and shorter term) view of a time horizon in terms of their capital allocation planning. It may be helpful to entities to, therefore, link their assessment of time horizon to their specific asset bases which could assist users in understanding particular climate-related risks and opportunities that may be more localised in terms of their potential impact. That said, we recognise that the longer-term nature of climate-related impacts involves the consideration of time horizons that exceed the typical time horizons that IFRS and other financial reporting frameworks are premised upon. We therefore suggest that the ISSB reconsider the wording in paragraph 9(b) in recognition of the challenges that extended time horizons will present entities.
- In the proposed requirements, both 'short, medium and long term' (paragraph 9(b)) and 'short, medium or long term' (paragraph 9(a)) are used. While we can understand in some paragraphs why this difference is made between 'and' compared with 'or', we suggest explaining any intended difference in the Basis for Conclusions. We further note that the use of the term 'and' in bullet points throughout the ED is not always consistent and could lead to confusion of interpretation. Readers may assume 'or' when 'and' is not stated, e.g., paragraphs 9 and 13 (a)(i) do not include the word 'and'.
- The proposed requirements use commonly accepted terminology drawn from the TCFD recommendations to describe/classify climate-related risks (i.e., physical risks as acute versus chronic, transition risks comprising policy & legal, technology, market and reputation). However, terminology used to refer to climate-related opportunities does not appear to draw from the definitions/categories listed in the TCFD recommendations. For example, the TCFD commonly refers to opportunities according to the five categories of resource efficiency, energy source(s), products or services, markets and resilience. Given that entities and other standard setters tend to align their TCFD disclosures according to the risk and opportunity categories recommended by the TCFD, we suggest that the definitions of climate-related opportunities are

aligned more closely with the above-mentioned categories for consistency, ease of reference and comparability.

Proposed requirement to consider the applicability of disclosure topics as defined in the industry requirements

- Notwithstanding our response to question 1 and the concerns raised with regard to the definition and scope of 'climate-related', we support the proposed requirement to consider the applicability of disclosure topics, as defined in the industry requirements (Appendix B), to the identification of climate-related risks and opportunities as currently proposed in paragraph 10. We believe that this has the potential to improve the relevance and comparability of disclosures. However, paragraph 10, as currently worded, does not seem to imply that an entity should consider the applicability of disclosure topics defined in Appendix B; but rather it states that an entity *shall refer* to these topics. This could result in lack of comparability across entities if preparers are unclear as to how much judgement they are permitted to exercise in determining what to include.
- That said, we do not believe that the industry requirements as currently proposed, employ sufficiently clear and complete definitions and metrics to ensure that relevance and comparability are maximised. For example, there are instances where the disclosure topics detailed in Appendix B do not appear to provide a list of common risks and opportunities faced by some sectors (e.g., mining and metals does not refer to changes in market demand despite this being a critical transition risk). As described in more detail in our response to question 11, we recommend that improvements are made to the structure and contents of Appendix B before it can be considered as a mandatory disclosure requirement alongside the proposed cross-industry metric categories. We do see value in entities being able to refer to Appendix B in its current form as a source of illustrative guidance that entities can consult and leverage from as a basis for identifying significant risks and opportunities and we suggest that the ISSB make this a clear option in the wording of the draft Standard. However, additional improvements to Appendix B are still warranted in order to elicit more complete and consistent information from entities. Please refer to our response to question 11 for additional views on this matter.

Question 4-Concentrations of climate-related risks and opportunities in an entity's value chain

(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?

(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?

- We agree with the proposed disclosure requirements, however, we note that the proposed requirements in paragraphs 12(a) and 12(b) could be interpreted as emphasising qualitative disclosure over quantitative disclosure (e.g., the use of 'a description' in the current wording). We believe the intent of this section is for an entity to be able to appropriately articulate climate-related risks and opportunities in its value chain, which could include a combination of both qualitative and quantitative information. That is to say that an entity is not prevented from disclosing quantitative information where possible. For example, in the case of changes in market demand, which could be one of the most material risks faced by many organisations,

quantitative modelling should be expected. We therefore suggest that the ISSB provides clarification regarding the intent and expectations of this requirement and more clearly states whether an entity can provide both qualitative and quantitative information. We also recommend that the ISSB provides additional clarification regarding the meaning of 'concentration' as this term could be interpreted differently (especially in relation to the concept of value chain), as well as additional guidance and examples of the type of information where quantitative information would be beneficial to disclose.

- We note that sub-paragraphs 12(a) and 12(b) include reference to the value chain, whereas paragraph 12 only refers to 'business model'. We believe that the concepts of value chain and business model are closely connected, and we recommend that the definitions of 'business model' and 'value chain' are made clearer in Appendix A of S1 (on which all other IFRS SDS will be based) to explain in more detail how the two terms are connected. We also welcome additional clarity from the ISSB in the form of illustrative guidance of how the concepts of value chain and business model relate, but also where the boundary between them lies. Whilst we recognise that this boundary might be more clearly understood in the context of some topics/metrics such as GHG emissions (e.g., Scopes 1 & 2 compared to Scope 3), it may not be the case with other topics/metrics that are more qualitative in nature and/or that are loosely defined (e.g., in the case of paragraphs 21(b)-(d) that refer to amounts or percentages of assets or business activities vulnerable to transition/physical risks/aligned with climate-related activities). In cases such as these, where information disclosed could potentially encompass activities from across an entity's broader value chain, a clearer distinction between value chain and business model could help avoid unnecessary confusion and/or repetition of information disclosed.
- We note further that the consideration of the value chain is not extended to all relevant parts of paragraphs 13, 14 and 15, which appear to focus only on the impact on the business model. This may lead to the assumption that an entity would only be required to disclose its strategy, the link with its financial position and the assessment of climate resilience with respect to its own business model. We recommend either amending these paragraphs to include an explicit reference to the value chain as well as the business model, or, as recommended above, to amend the definition of business model to include a reference to value chain.
- We believe that the concept of value chain, as described in Appendix A, is not sufficiently clear for the purposes of determining the extent to which the value chain needs to be considered. It is evident from BC66 that an entity needs to consider where significant climate-related risks and opportunities might occur, and that the definition of value chain was left 'intentionally broad', but it goes on to state that '[...] that does not mean an entity has to provide information about all of the climate-related risks and opportunities affecting the entity's value chain'. We believe further clarification is required, for example, as to the extent of information required across the value chain along tier 1, tier 2 or even tier 3 suppliers. For example, in the case of a clothing store, the factory that assembles a piece of clothing would be a tier 1 supplier, which obtains fabrics from another supplier (tier 2 to the clothing store), which, in turn, obtains raw materials like cotton from yet another supplier (tier 3 to the clothing store). We agree that requiring the entity to obtain insight into the different tiers in its value chain will further enable the entity to understand how to scope other disclosure requirements relating to the value chain. However, when entities are required to obtain information on tier 3 suppliers, issues accessing the needed data and associated costs would likely increase, the information obtained could be incomplete and, consequently, less useful or relevant to stakeholders. We, therefore, encourage the ISSB to provide more clarity with respect to the extent of information related to an entity's value chain that is expected under the proposed disclosure requirements. For

example, should an entity be required to identify significant climate-related risks and opportunities in the value chain, only up to a specific point? And would an entity also be required to define/describe the levels of influence it has over several parts of its value chain to properly understand whether a risk or opportunity can be regarded as significant? That is, only considering what falls within the remit of those within the entity who are responsible for oversight of climate-related risks and opportunities (paragraph 5(a))? This could provide more clarity, but it could also lead to not identifying and, consequently, not assessing, significant risks and opportunities that exist along the entire value chain.

Question 5-Transition plans and carbon offsets

(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?

5(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?

Proposed disclosure requirements for transition plans

- We believe that the requirements contribute to the objectives of S2, in particular with regard to paragraph 1(c), which discusses the enablement of users to evaluate an entity's ability to adapt its planning, business model and operations to significant climate-related risks and opportunities. However, we question whether the disclosure requirements as included in paragraph 13 are sufficiently specific to describe the entity's required transition to achieve its targets. Even though the requirements listed might suffice in principle, the definition of 'transition plan' provided in Appendix A is vague, i.e., cited as 'An aspect of an entity's overall strategy that lays out the entity's targets and actions for its transition towards a lower-carbon economy, including actions such as reducing its greenhouse gas emissions.' We would expect that an entity would need to describe its transition plan to reach a lower carbon economy and to refer to its climate resilience as described in paragraph 15. We, therefore, suggest that the ISSB includes additional guidance in the form of examples regarding what a transition plan could be comprised of. These examples could, for instance, draw from existing transition planning frameworks as a reference.
- Also, the current wording could be interpreted to mean that an entity that has not developed a specific transition plan is not required to disclose the information detailed in paragraph 13(a)(i)(1-3). We believe that it would be helpful to clarify this point, if this is what the ISSB intended. We note further that paragraph 23 can also be read to assume that an entity has set climate-related targets, which the entity may not have done. We recommend therefore that the

ISSB considers including a requirement to disclose the fact that no targets have been set. If this is the case, we suggest that the entity describe its rationale for not setting climate-related targets and, if applicable, a timeframe over which the entity expects to set such targets in the future.

- Paragraph 13(a) states that the entity shall disclose ‘how it is responding to significant climate-related risks and opportunities, including how it plans to achieve any climate-related targets it has set’ (emphasis added). ‘Any’ is a broad concept. We believe it would be helpful if the ISSB were more specific here - the entity may have many climate-related targets, should it be disclosing information on all of them? We would also ask the ISSB to clarify whether the proposed requirements (in paragraphs 13 and 23) apply only to climate-related targets that have been publicly communicated and, therefore, do not encompass internal targets that are yet to be made public.
- Further, we recommend that the ISSB considers the conjecture between climate-related targets and an entity’s broader strategic climate-related goals (e.g., support of SDGs) and provide additional clarification regarding the extent to which entities are expected to distinguish between targets and broader goals in order to comply with the requirements (i.e., the need to define the difference between targets and goals and provide guidance as to the parameters of each). Please see our response to question 10 for additional views on this matter.
- We also note that the reference to carbon-energy- and water-intensive operations, as cited in paragraph 13(a)(i)(1), could be open to wide interpretation, which may impact the quality of the disclosures, i.e., intensive in relation to specific operations and/or locations; how does intensive relate to the topic of materiality and significance, which are also cited throughout the requirements. References made, for example, to water also imply, or could be assumed to imply, consideration of broader climate-related goals which reinforces our above suggestion that the ISSB clarifies the distinction between climate-related targets and goals. For example, a broader partnership-driven climate goal (e.g., for a primary producer to partner with its downstream supply chain to develop low emissions technology for the processing of its product) would be considered a climate-related goal. It may not necessarily be a target, as it might not have a specific quantifiable outcome, yet it could be important in the context of building overall resilience across an entity’s value chain.
- Paragraph 13(b) cites that an entity shall disclose ‘[...] information regarding climate-related targets for these [transition] plans including: 13(b)(i) the process in place for review of the targets’. We ask that the ISSB clarifies whether this requirement refers to the process to review as well as amend targets. We also suggest including a requirement for entities to disclose the frequency with which targets are reviewed (e.g., annually, quarterly, etc.) and specify when the targets were last reviewed as this information could help contribute to the overall objective of the requirements which, amongst others, is to enable users to evaluate the entity’s ability to adapt its planning, business model and operations to significant climate-related risks and opportunities (Paragraph 1(c)). Entities that undertake regular and/or frequent reviews of the progress towards reaching their climate-related targets may well enhance and strengthen their ability to adapt. We also suggest linking this disclosure requirement to paragraph 5(f).
- BC73 states that ‘Users have further suggested that target dates, scope and coverage should also be provided to monitor progress, while underlying assumptions and uncertainties should be included to facilitate transparency’. We believe these are important points and we suggest that these are added as requirements to paragraph 13, as well as the requirement for entities to provide information about the underlying assumptions of their transition plans (e.g., are the

plans reliant on new technologies or are they technologically capable of being implemented at this time?)

- In order to assess the relative importance that the entity has placed on climate-related matters in its transition plans, we suggest including a requirement to disclose any trade-offs management has made/envisages making between climate-related objectives and other parts of the business (similar to S1 paragraph 13(e)). For example, action towards certain aspects of climate change may have impacts on other parts of the business, the workforce or wider sustainability factors (which are also relevant to an understanding of the impact on enterprise value).

Proposed carbon offset disclosures

- The detailed disclosure requirements for intended carbon offsets under the requirements in paragraph 13(b) appear to give disproportionate weight to these offsets in the context of the overall strategy that this paragraph addresses. The information regarding climate-related targets, including offsets in respect of transition plans that are currently listed in paragraph 13(b), would be better placed under paragraph 23. A cross-reference from 13(b) to 23 would suffice to understand the relationship between the transition plan and climate-related targets. The reference in paragraph 13(c) is, in our view, not clear enough, especially as it only addresses performance in relation to targets set in prior reporting periods. Please also refer to our response to question 10 pertaining to targets.
- Even though we agree with the proposed carbon offset disclosures which are currently listed in 13(b)(iii), there should also be a requirement to report on the *actual use* of the carbon offsets, requiring the same disclosures as included in 13(b)(iii) which requires disclosure of the *intended* use of carbon offsets. Paragraphs 20(c) and 23 require an entity to disclose metrics (performance) related to climate-related targets, but it may be that an entity has not set any targets specific to all the aspects listed in 13(b)(iii). Therefore, the standard does not directly contain a disclosure requirement for the actual use and type of carbon offsets. We suggest including a disclosure requirement in paragraph 21(a) requiring the disclosure of the actual use of carbon offsets on the aspects as listed in 13(b)(iii). A cross-reference could be made between the two to avoid repetition. Given the importance and the different ways carbon offsets can be applied, we also suggest including the definition of carbon removal and emission avoidance in Appendix A.
- In addition to contributing to an entity's reduction of emissions, carbon offset projects also produce co-benefits which are often considered by entities when selecting projects. The co-benefits are typically associated with issues that broadly align with climate, but also relate to an entity's wider ESG strategy (e.g., SDGs), such as education or health. We would ask the ISSB to consider including disclosure requirements for how the intended use of carbon offsets contribute more broadly to climate-related goals and targets.

Question 6-Current and anticipated effects

(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?

- For the purposes of this draft Standard and the current status of sustainability-related reporting, we suggest requiring qualitative information on the current and anticipated effects of climate-related risks and opportunities at this time, which can be amended over time to include quantitative information (although if entities are able to provide quantitative information, they should be allowed to do so). We would also expect that this information would depend on the materiality of the anticipated effects, which aligns with our response regarding the importance of clarifying the concept of materiality. Please note our additional observations relating to costs and verifiability below. Furthermore, it seems inconsistent that an entity is asked to explain in paragraph 14(e) why quantitative information on paragraphs 14(a)-(d) could not be provided, while S1 does not offer this option in general. Is there a particular reason why this option is only required for climate-related information and not more broadly for other sustainability-related issues? If providing quantitative information is deemed sufficiently relevant and useful, taking into account the costs and verifiability aspects of providing such information, we would suggest including a requirement in paragraph 14(e) that the entity must include a timeframe indicating when it expects to be able to provide quantitative information. It is challenging to distinguish the effects caused by climate-related risks and opportunities from other risks and opportunities like changes in foreign exchange, international conflicts including armed conflict between different countries or different groups within a country, as well as pandemics and/or or supply chain disruptions, amongst others. For example, how should an entity calculate the impact of climate change on the financial statements and connect its strategy and resulting mitigation and/or adaptation initiatives/efforts on climate with expected financial performance? Given these complex challenges, we believe that application guidance will be crucial in order to improve quality and comparability. We, therefore, ask that the ISSB provide additional guidance that illustrates quantitative considerations of the effects that climate risks and opportunities have on financial disclosures, potentially by industry.
- We see added value in the disclosure requirements set out in paragraphs 14(a) and 14(b), but we question whether this information should be presented outside the financial statements. Paragraph 14(b) requires information on whether a material adjustment to the carrying amounts of assets and liabilities reported in the financial statements within the next financial year can be expected. This, however, seems to be better placed within the financial statements, as it may already be required by a financial reporting framework. Regardless of where the information is published, we recommend adding disclosure requirements for the nature of the assumptions made or other estimation uncertainties included in the calculations (similar to IAS 1.129). Moreover, paragraph 14(b) analogises to the more general requirements for 'assumptions made about the future and other major sources of estimation uncertainty at the end of the reporting period, that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities reported in the next financial year', which aligns to the wording in IAS 1.125. However, paragraph 9 in S2 states that information must be provided about the effect on cash flows over the short, medium or long term, which we also discuss in our response to question 3. Therefore, it is unclear to us how the reference 'carrying amounts of assets within the next financial year' interacts with the longer time horizons

envisaged in paragraph 9. Including further illustrative guidance on the types of disclosures of the financial effects of climate-related risks and opportunities on an entity's financial performance, financial position and cash flows will help preparers to better understand the requirements.

- While we agree the 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 can add value, we also recognise that it will be challenging for entities to provide high quality disclosures on the anticipated effects as described in paragraphs 14(c) and 14(d), for the reasons already described by the ISSB itself in question 6 of the ED. Particularly, effects on the medium and long term will be difficult to assess quantitatively, given that there is not always a direct relationship between a significant climate-related risk or opportunity and the financial position and it may be challenging to distinguish the climate-related effect from all other effects on the financial position, questioning the verifiability of this future-oriented information.
- Paragraphs 14(c) and 14(d) require disclosure of how the entity expects its financial position and performance to change over time. As the meaning of the phrase 'change over time' is not clear, we suggest replacing it or referring to the short, medium, and long-term timelines, as stated in other disclosure requirements.

Question 7-Climate resilience

(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.

(b)(i): Do you agree with this proposal? Why or why not?

(b)(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?

(b)(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?

Disclosure requirements about the climate resilience of an entity's strategy

- Some sectors and industries will be more affected by climate change than others, and the capacity for carrying out scenario analyses will vary depending on the maturity of individual entities. We recognise that the appropriate extent/scope of analysis might differ depending on the sector and the significance of the associated climate risks, and that it is much more complex to model all impacts quantitatively for some sectors. If scenario analysis were to be made mandatory, we believe that it would be reasonable to consider whether performing scenario analyses is sufficiently relevant from a cost/benefit perspective for an entity, for example, a qualitative analysis might be sufficient, at least at first. We believe that entities should be required to disclose information on whether they have plans and/or have made progress towards being able to conduct and disclose scenario analysis, but it is not clear to us if the ISSB intends scenario analysis to be the ultimate goal for all entities.
- Overall, we find that the proposed requirements for scenario analysis lack clarity in terms of what specific information needs to be considered by an entity when undertaking the analysis. Consequently, the proposed requirements provide too much room for interpretation which may call into question the overall value of the exercise. For example, paragraphs 15(b)(i)(8) and 15(b)(ii)(6) that cite requirements regarding 'assumptions about the way the transition to a lower carbon economy will affect the entity, including policy assumptions for the jurisdictions in which the entity operates; assumptions about macroeconomic trends; energy usage and mix; and technology' appear to be broad and may hinder the ability of users to draw meaningful comparisons across different entities and industries. Given that climate scenario analysis is an evolving and complex exercise, it would be helpful if the proposed requirements were sufficiently clear to facilitate preparation of the information, and to ensure greater comparison between entities. The proposals lack sufficient application guidance and could be enhanced by including some additional examples in the Illustrative Guidance.
- The requirements appear to focus on the use of scenario analysis as a means to inform strategy, but not to assess the potential financial impact(s) on an entity. If scenario analysis is performed, the ED is not clear in terms of when or if entities will need to link the analysis and related findings to the financial statements. The requirements stop short of addressing the issue of whether or not an entity has quantified the financial implications of physical and transition risks/opportunities as identified and assessed through scenario analysis. Quantifying risks/opportunities with scenarios does not necessarily imply carrying out a financial impact assessment, yet this is what we understand as being of primary interest/importance to users in understanding resilience. Given that scenarios are not forecasts, we would ask that the ISSB provides additional guidance to help entities understand the expectations about how entities should integrate a range of possible outcomes into a financial assessment, and how to ensure consistency with IFRS AS (e.g., IAS 36 *Impairment of Assets*, IAS 13 *Fair Value Measurement*) or other financial reporting frameworks.
- Further, to be sufficiently comparable as a global baseline, the requirement in 15(b)(i)(4) to disclose 'whether the entity has used, among its scenarios, a scenario aligned with the latest international agreement on climate change' could be challenging. For example, as currently presented, paragraph 15(b)(i)(4) could be interpreted as a requirement to align to the Paris Agreement (or future international agreements on climate), which we understand as being more a matter of public policy and local requirements than under the remit of the ISSB. That said, we would ask the ISSB consider how a global baseline regarding scenario analysis will be achieved, given that the selection of scenarios is discretionary and we observe that even entities within the same industry refer to different temperature pathways when conducting scenario analysis.

- Paragraph 15(a) requires the entity to disclose ‘the results of the analysis of climate resilience [...]’. We believe that this requirement could be improved by extending disclosure beyond the proposed ‘results’ of scenario analysis, to also include provisions around the processes involved to conduct the scenario analysis. For example, we recommend an entity disclose whether scenario analysis is conducted as a stand-alone analysis or if it is integrated in the entity’s broader risk management and strategy processes. Providing this information could help users to better understand the extent to which considerations of resilience are being integrated into broader management practices, i.e., that scenario analysis is not conducted in isolation, nor is it being treated as a tick-box exercise. The inclusion of provisions for the processes involved to conduct scenario analysis is also in line with TCFD recommendations on scenario analysis (Guidance on Scenario Analysis for Non-Financial Companies (29 October 2020)).
- Further, requirement 15(a)(i) cites ‘the implications, if any, of the entity’s findings for its strategy, including how it would need to respond to the effects identified in paragraph 15(b)(i)(8) or 15(b)(ii)(6).’ However, paragraph 15(a) does not include a reference to financial implications, which we believe would be a useful addition. Further, we believe that a key outcome of climate resilience analysis is missing from paragraph 15(a)(i), around enabling users to understand an entity’s current exposure and resilience (*emphasis added*) to climate-related risks (and subsequent strategies to address this exposure which is currently included in paragraph 15(a)(i)).
- We also note that the proposed requirements do not refer to an entity’s broader value chain which we believe is fundamentally important to understanding the climate-resilience of an entity. This is especially important when considering interconnectivity of industries/sectors and the requirements are not clear on how an entity should address this.
- We understand that paragraph 15(b)(i)(5) relates to the rationale(s) for why a particular scenario is used, which we agree is important for users to understand. That said, the development of scenario narratives is equally important and underpins the selection of particular scenarios - yet narratives are not referred to in the requirements and, hence, are not defined. We would recommend that the disclosure of scenario narratives be included in the requirements and that a definition is included in Appendix A.
- We note that there appears to be a lack of guidance about how often a climate resilience analysis exercise should be conducted, or what sort of conditions/changes would necessitate the analysis to be updated and/or refreshed. The requirements also lack clarity about the level at which the analysis has been undertaken, which we believe would be important information to disclose. We also believe it would be useful for an entity to explain the use of external input in the scenario analysis process, if applicable.
- We suggest that the ISSB provide additional clarification with regard to the following:
 - Paragraph 15(a)(ii): It is not clear if this provision will require an entity to also disclose if/how it has addressed significant areas of uncertainty considered in the analysis and what threshold it uses for ‘significant.’ Also, given the inherent uncertainty of scenario analysis, the expectation of this requirement is not entirely clear (i.e., is it intended to highlight the most uncertain elements?)
 - Paragraph 15(a)(iii)(3): It is not clear what is meant by ‘effect’ of current or planned investments in climate-related mitigation, adaptation or opportunities for climate resilience, i.e., the financial effect, impact of abatement, effect on achieving targets or other outcomes, etc. As discussed previously in our response to question 3, we note potential issues of misalignment with regard to IAS 36 and other financial reporting

frameworks in terms of how to assess the effects of financial impacts that are longer term in nature.

- Paragraph 15(b)(i)(3): As currently worded, the proposed requirement seems to imply that the association with transition risks and/or physical risks is not a fundamental component of scenario analysis. We suggest replacing the word 'whether' with 'how'.
- Paragraph 15(b)(i)(4): Based on the interpretation of this provision, it is not clear whether the intention is to mandate specific action to get to net zero which would imply that a 1.5 degree scenario should be included/considered by entities. Or, alternatively, whether the intent of the standard is for entities and their stakeholders to determine which scenarios are most relevant. Further, we recommend including a disclosure requirement for entities to explicitly identify which 'latest international agreement on climate change' they have aligned to, as we see value in terms of facilitating comparability across entities.
- The terminology in paragraphs 15(b)(i)(8) and 15(b)(ii)(6) of 'energy usage and mix' is not commonly used in scenario analysis and we suggest amending to 'energy supply and demand.'

The use of alternative methods to scenario analysis

- In theory, we support the requirement that if an entity is unable to use climate-related scenario analysis to assess the climate resilience of its strategy, it can use alternative methods or techniques, and be required to disclose the reason why it cannot use scenario analysis. That said, the alternative methods/techniques cited in the proposed requirement are themselves distinct and not necessarily, nor easily, comparable. We would ask the ISSB to clarify what, if any, criteria should be applied when assessing the suitability of an alternative method/technique. We also recommend that the ISSB provide some additional guidance as to what constitutes being 'unable' to use climate-related scenario analysis.
- The proposed disclosure requirements for alternative techniques lack clarity in terms of the specific information that should be considered by an entity when undertaking analysis on its climate resilience. As with the requirements for scenario analysis, the disclosure requirements for alternative techniques need further application guidance and we would urge the ISSB to consider providing this.
- We support the requirement that if an entity is unable to use climate-related scenario analysis to assess the climate resilience of its strategy, that it be required to disclose the reason why. However, it is not clear if the requirements set an expectation that the ultimate goal for an entity is to conduct scenario analysis and, if so, whether the entity is to disclose a timeline for when it plans to adopt scenario analysis. Further, it is unclear as to whether an entity that might use an alternative method/technique should provide disclosures related to plans and/or progress towards being able to conduct and disclose scenario analysis (i.e., the assumption being that conducting scenario analysis is what the ISSB intends as the ultimate goal for entities to achieve).

Balance between the costs and benefits

- In line with the comments already raised, we believe that there could be a risk of unduly high costs for entities if they were to apply the requirements as currently proposed. That said, we also acknowledge the benefits that scenario analysis can bring to an entity as well as users and recognise that many entities that are most affected/exposed to climate-related risks and

opportunities are already undertaking some form of scenario analysis. We would therefore encourage the ISSB to consider our above recommendations to help minimise the costs associated with implementing the requirements.

Question 8-Risk management

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?

- Paragraphs 17 and 18 require an entity to disclose the process to identify climate-related risks and opportunities. However, it is not clear whether this requirement also refers to the associated processes undertaken to identify *significant* (as well as the criteria/factors used to determine significance, as discussed in our response to question 3) climate-related risks and opportunities, or *all* climate-related risks and opportunities. We believe that the process to identify *significant* climate-related risks and opportunities needs to be made clearer in this section. For example, paragraphs 17(e) and 17(f) mirror each other in terms of requiring disclosure of the extent to which and how an entity's 'identification, assessment and management process, or processes, are integrated into the entity's overall management process' as it relates to both risks and opportunities respectively. As currently worded, the requirements in paragraph 17(c) related to opportunities could be improved upon by requiring the same level of detail - when applicable - as listed for risks in paragraph 17(b). which could also be achieved by incorporating 'opportunities' into paragraph 17(b) and deleting paragraph 17(c).
- Paragraph 17(b)(ii) requires disclosure of how an entity prioritises climate-related risks relative to other risks, while paragraph 26(b)(ii) in S1 asks the same for prioritisation of sustainability-related risks relative to others (including, presumably, climate). The interplay between them is confusing, as it seems to imply a judgement of which should take priority over the other.
- While we agree with the requirement as included in paragraph 17(b)(iv) for an entity to disclose whether it has changed the processes used compared to the prior reporting period, this could also be relevant in other areas, such as scenario analysis, but is not included as a requirement of paragraph 15. We suggest including a general requirement in the ED to disclose and explain any changes to processes and methodologies used compared to the prior reporting period in S1.

Question 9-Cross-industry metric categories and greenhouse gas emissions

(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 CO₂ equivalent; or should the disclosures on Scope 1, Scope 2 and Scope 3 emissions be disaggregated by constituent greenhouse gas (for example, disclosing methane (CH₄) separately from nitrous oxide (NO₂))?

(e) Do you agree that entities should be required to separately disclose Scope 1 and Scope 2 emissions for:

(e)(i) the consolidated entity; and

(e)(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?

Proposed cross-industry requirements

- The seven proposed cross-industry metric categories outlined in paragraph 21(a)-(g) could help contribute to a better comparison between entities. However, it is not clear in the current wording as to what, if anything, an entity should disclose if one or more of the cross-industry metric categories are not applicable. For example, an entity may not have set an internal carbon price (paragraph 21(f)) nor feel it necessary to do so. In this case, would the entity be required to provide an explanation? As currently worded, S2 does not seem to offer an option for an entity to not disclose these metrics if they are not applicable. Paragraphs 20(a) and 20(b) further complicate the above issue by stating that entities are to provide the cross-industry (paragraph 20(a)) and industry-based metrics (paragraph 20(b)) 'which are relevant to entities,' and it is unclear as to what constitutes the determination of relevance i.e., is it based on materiality? Are users intended to interpret relevant as synonymous with material and/or significant? If so, the proposed requirements need to be clarified, for instance, by stating 'which are material to entities' instead of 'which are relevant' to entities. It would be clearer if S2 explicitly stated that all cross-industry metrics have to be disclosed and if an entity does not disclose a particular metric, then the entity is required to provide an explanation as to why it is not disclosing the information, as well as an indicative timeframe for when the entity expects to disclose the information.
- We believe that the seven proposed cross-industry metrics mainly relate to current performance. Some do not give information on actual sustainability performance, but only on the resources or conditions that an entity has set to enable sustainability performance (e.g., capital deployment, carbon prices and remuneration). It would add value when metrics are included which also give information about what has been achieved; for example, realised GHG reductions or removals as a result of an entity's efforts.

- Paragraph 21(a)(ii) requires the disclosure of GHG intensity expressed as GHG per unit of physical or economic output. It may be relevant to some entities to give an intensity ratio by reference to inputs, for example, square feet or employee numbers. We, therefore, suggest this is listed as an option as well.
- The cross-industry metrics for physical (paragraph 21(b)) and transition risks (paragraph 21(c)) are stated as assets or business activities *vulnerable* (emphasis added) to these risks. The word 'vulnerable' however is subjective and we question how this is to be interpreted by entities, i.e., is vulnerability to be understood in relation to what an entity deems significant/material? Furthermore, it could be challenging for entities to identify specific metrics applicable for them in this context, even if some examples are given in the illustrative guidance. Additionally, we note our response to question 3 regarding enhancing requirements to disclose the criteria/factors that an entity has considered to determine whether a risk/opportunity is significant could help provide useful information about how a particular risk/opportunity might be deemed vulnerable.
- The cross-industry metric on capital deployment (paragraph 21(e)) requires disclosure of the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities. However, these terms do not directly relate to the terms used in IFRS AS or other financial reporting frameworks (e.g., the term 'amount' in paragraphs 21(b) and (c) is not sufficiently clear and we note that carrying amount would make sense for assets, but not for business activities. Is 'amount' therefore referring to something different?). That said, paragraph 22(b) requires an entity to 'consider the relationship of these amounts with the amounts recognised and disclosed in the accompanying financial statements' and 'when possible the connections between information in these disclosures and amounts in the financial statements should be explained'. This will be difficult to do when the terminology is different and where there is a lack of clear guidance as to what constitutes, for example, low carbon and the associated investments and/or expenditures, e.g., how should an entity interpret 'aligned' in paragraph 21(d) with regards to 'the amount and percentage of assets or business activities aligned with climate-related opportunities.' Does aligned include investments in Research and Development (R&D) as well as funds spent on Property, Plant, and Equipment (PP&E) of low-carbon products/services? This also begs the question as to what is considered to be low-carbon? The Illustrative Guidance does not narrow down what is required. In comparison, we note that the EU Taxonomy offers users a comprehensive reference guide that can assist both entities and users alike to have a clear and common definition of terms. We strongly encourage the ISSB to continue to consult closely with standard setters in the EU as well as other jurisdictions and work towards developing a global baseline of agreed terms, definitions and examples. This could help enhance the clarity of information disclosed, as well as the interpretation of this information whilst minimising potential for greenwashing.
- The cross-industry metric on remuneration includes the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations. We recommend clarifying what 'linked' means in this respect and whether the link should be to all targets that the entity has set. We would also suggest providing additional clarity on the scope of remuneration covered, i.e., does the requirement extend to share-based payment schemes and whether/how the ISSB expects entities to disaggregate remuneration based on climate-related performance, when performance may be based on broader environmental-related considerations. In addition, it is necessary to consider if the financial reporting framework applied by the reporting entity in its financial statements does not require certain types of remuneration to be recognised as an expense, or where the entity defers recognition of an expense until it vests (e.g., equity settled share-based payments)? Clarity is needed if

expenses are not recognised in profit or loss but somewhere else (e.g., share-based payments in relation to intragroup plans within separate financial statements - or situations where remuneration may be capitalised under, for example, IAS 16 *Property, Plant and Equipment*). Therefore, further guidance would be needed to understand how to compute the percentages required. Finally, we suggest changing the order of paragraph 21(g)(i) and (ii) to be more intuitive.

- Paragraph 31(c) requires the disclosure of explanations of the methods used to calculate the targets and the inputs to the calculation, including the significant assumptions made and the limitations of those methods. This requirement seems to be missing in relation to the cross-industry metrics. Given that several of these metrics will likely include choices in calculation methods, assumptions and limitations, we suggest including this disclosure requirement for the cross-industry and industry-specific metrics as well.

Scope 3 GHG emissions

- We do not believe that the ED is sufficiently clear with regard to the inclusion of absolute gross Scope 3 emissions as a disclosure requirement subject to materiality. That said, we agree that entities should be required to disclose material absolute gross Scope 3 emissions as a cross-industry metric category. This will enable entities and users to better understand the impact within the value chain. However, the proposed Standard does not seem to prescribe the disclosure of the methodology applied, including emission factor sources used, calculation methods and estimates performed which could lead to less comparable information. The Basis for Conclusions offers more insight, but mainly related to the Scope 3 category 15 (investments) and not for other categories. We note that even if the GHG Protocol Corporate Value Chain (Scope 3) standard provides more insight into this, there are still choices to be made by an entity in terms of methodology and measurement selection. This information is relevant in understanding how the outcome of the metric was determined.
- Whilst we are supportive of mandatory Scope 3 GHG emissions disclosure, we also recognise that data quality, reliability and, therefore, comparability remain key challenges. As such, we would recommend that Scope 3 requirements are considered as part of a phased-in approach to allow certain entities time to strengthen their internal processes and to collect the necessary data to improve the quality of Scope 3 disclosures. We also recommend that entities are required to provide disclosure of their progress regarding data collection and internal controls. That said, we encourage the ISSB to consider the type of entities for which a phased-in approach would be best suited (i.e., we recognise there are some industries for which scope 3 emissions are inherently unavoidable to the functioning of their business).
- In some industries, data used to determine Scope 3 emissions is derived from external sources/reporting such as annual reports. We encourage the ISSB to provide more guidance on how to address instances where an entity relies on external sources and/or reporting for Scope 3 emissions data, for example, the requirement to disclose data sources used and estimates made based on best available data. The disclosure of the uncertainty related to the data sources used can also enable a user to determine the reliability of the reported information.

Use of the GHG Protocol

- We agree with the use of the *Greenhouse Gas Protocol Corporate Standard* (the GHG Protocol), given this is a methodology that has been used by entities for some time and serves as the basis of calculation behind several other existing reporting frameworks for emissions components (e.g., Global Reporting Initiative (GRI) 305: Emissions, SASB). It provides the basis for consistent and well-accepted criteria for emissions reporting and is increasingly used when

setting science-based targets. However, apart from the Scope 2 and 3 guidance, it is worth noting that the initial version of the GHG Protocol is 20 years old and was drafted for a different purpose than being referred to in a sustainability reporting standard. We would, therefore, encourage efforts around updating the GHG Protocol as a matter of urgency to help ensure it remains fit for purpose, as well as clarification regarding how the ISSB intends to engage with external frameworks/guidance such as the GHG Protocol in areas like governance given these fall outside of the remit and due process of the ISSB.

- Whilst we agree with the use of the GHG Protocol, we also recognise that there are jurisdictions (e.g., Japan) which may have specific national GHG Protocol-equivalent frameworks that they apply and which, in their view, are better suited for the companies in their jurisdiction. As such, the ISSB may wish to consult on the practices adopted in Japan as an example of alternative methods employed. We, nonetheless, support the use of the GHG Protocol as a global baseline and would expect convergence with the GHG Protocol over time. Should an entity decide to disclose according to a national protocol instead, we would expect it to provide justification for using that different protocol, and not the GHG Protocol, and to highlight key differences in the approaches/methodologies.
- S2 does not currently include a requirement or any guidance on which emission factors to use and/or disclose. However, the disclosure of the source of the emission factor(s) used is relevant for users to understand Scope 1, 2 and 3 emissions. We, therefore, suggest stating more clearly that an entity is required to provide information on emission factors used, including the source of those factors. For example, whether the emission factor used is well-to-wheel or tank-to-wheel may have a significant effect on the reported emissions. Whilst we recognise the GHG Protocol does not require this to be disclosed, we believe that it is important to do so.
- The GHG Protocol Scope 2 guidance outlines two approaches to determine GHG emissions as a result of electricity use: a market- and location-based approach. We suggest clarifying the requirements to state whether an entity can choose between the two, or whether it has to report on both, noting that the GHG Protocol Scope 2 Guidance requires dual reporting of location-based and market-based methodologies.³ This would also align with the proposed requirements in the EU.

Aggregation of greenhouse gases and reporting approaches

- As CO₂ equivalent is the most commonly used metric, we agree with the proposals that an entity should be required to provide an aggregation of all seven greenhouse gases for Scope 1, Scope 2, and Scope 3 expressed in CO₂ equivalent. This is a commonly adopted practice by entities and it strikes a balance between the costs and benefits of preparing disclosures. That said, further disaggregation by constituent greenhouse gases such as methane (CH₄) or nitrous oxide (N₂O) could help provide additional transparency in cases where an entity has committed to and disclosed specific emission reduction targets that relate to constituent GHGs. For example, if, as part of an entity's broader disclosure on climate-related targets, the entity discloses a specific commitment/target to reduce methane by a certain percentage or absolute amount - then disaggregation by disclosing the proportion of methane in this instance could help users better understand and assess the extent to which mitigation actions (and, hence, capital/resource allocation) focused on methane reduction supports the entity's broader climate-resilience and strategy. We recommend that the ISSB includes a requirement for entities

³ Greenhouse Gas Protocol, GHG Protocol Scope 2 Guidance. An amendment to the GHG Protocol Corporate Standard. [Scope 2 Guidance Final Sept26.pdf](#) (ghgprotocol.org).

to consider providing disaggregated information in instances where specific targets/objectives that relate to a specific constituent GHG have been established and disclosed.

- We believe that the relationship between paragraph 21(a)(iii), 21(a)(iv) and paragraphs 37 and 40 of S1 is unclear. S1.37 requires the reporting entity to be the same for sustainability-related financial disclosures as for the related general purpose financial reporting, while S1.40(b) and S1.40(c) state that the assets and investments that the entity controls, including investments in associates and joint ventures, are to be included in the disclosures. It is therefore not clear whether the reporting entity under IFRS SDS follows the concept of 'control' in IFRS AS or if it is meant to include a broader concept of control, from a value chain perspective. The latter could potentially align with S2.21(a)(iii), which requires entities to disclose Scope 1 and 2 emissions relating to the consolidated accounting group and associates, joint ventures and unconsolidated entities (albeit separately). However, we suggest that the ISSB defaults to the 'control' concept as described in IFRS AS, but allows the broader control concept, such as when the GHG Protocol is applied, by exception. This is because we acknowledge that entities, in certain cases, are already using boundaries as defined in the GHG Protocol as a more relevant concept (i.e., the financial control, the operational control or the equity share approach). As such, we recommend the ISSB clarifies the requirement in S2.21(a)(iii)(1) regarding entities separately disclosing Scope 1 and Scope 2 emissions for the consolidated accounting group and specify which approach is to be applied.
- In addition, S2.21(a)(iv) provides an entity the choice to disclose 'the approach it used to include emissions for the entities included in paragraph 21(a)(iii)(2)'. Not mentioning the financial control method in S2.21(a)(iv) could be interpreted as a preference for either the equity share or operational control approach which may not be what the ISSB intended. We, therefore, believe that the financial control approach should be included as an option for entities as per the GHG Protocol guidance.
- As an addition to the comment on the difference between reporting entity and reporting boundary, we suggest providing illustrative guidance on how to include, for example, leasing arrangements and outsourced operations.
- The GHG Protocol also includes the approach for franchises and affiliated companies for which there is significant influence, but not financial control. However, this is not currently addressed in S2 and we think it would be a useful addition.

Question 10-Targets

(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?

- As discussed in our response to question 5, we believe that the proposed disclosure about climate-related targets could be open to broad interpretation when compared to broader strategic climate-related goals. Currently, we understand the ED primarily addresses quantitative or specific/discrete climate-related targets, but we also recognise the fact that many climate-related targets are part of an entity's broader ESG goals (e.g., SDGs). Given that these climate-related goals also have significant potential to lower GHG emissions and contribute to an entity's overall transition to low carbon, we believe it would be helpful if the ISSB provided additional clarification regarding the distinction and definition of climate-related

targets and climate-related goals. We note that broader climate-related goals are already somewhat implied through the examples listed in paragraph 23(d) regarding mitigation, adaptation or conformity with sector or science-based *initiatives* (emphasis on initiatives and not targets, which could be interpreted more broadly and/or elicit disclosures that are more qualitative in nature). Therefore, we believe it is important to clarify this paragraph further.

- Overall, it is unclear as to whether the proposed requirement requires an entity to set climate-related targets and to what extent. This seems to be implied in paragraphs 20(d) and 23, but we understand that it is not the responsibility of the standard-setter to require target-setting; rather that this is the responsibility of regulators and/or policy makers. We, therefore, suggest that the ISSB clarify this distinction in the proposed requirement, i.e., that an entity should disclose if target setting is required by law or other equivalent regulatory provisions and, if so, that these targets will be disclosed in accordance with the requirements in paragraphs 23 and 24. We also believe that it would be beneficial for users to understand if targets set are voluntary or based on regulatory requirements and would recommend that entities disclose this information. We also note that S2 does not appear to stipulate what, if anything, an entity should disclose in the event that they have not set climate-related targets. The use of the word “any” in paragraph 23(i) indicates that it might not be necessary for an entity to have milestones or interim targets, but we would welcome additional clarification on this point. We also suggest providing additional guidance to explain the term ‘sectoral decarbonisation’ in paragraph 23(f).
- On a related note, it is not sufficiently clear whether paragraph 23 (as well as paragraph 20(d)) reference to disclosure of targets (and opportunities in the case of paragraph 20(d)) is based on materiality. We would expect that aspirational science-based targets (SBT) or large GHG emission reduction plans should be disclosed, but the requirements are not clear as to whether an entity is required to disclose specific business-unit or other internal targets that might not be material to the organisation and/or its shareholders overall rather a subset of its stakeholders. We would expect that targets are required to be disclosed for all identified significant climate-related risks and opportunities. However, given the points raised throughout our comment letter in relation to the concept and practical application of materiality and the need for greater clarity as to what is material versus significant versus relevant, we suggest providing additional clarity as to the level of detail expected.
- We believe the proposed disclosure requirements do not directly enable users to be able to determine whether the target set is achievable in practical terms, nor whether the target is sufficiently challenging in the context of a transition to low carbon economy. For example, an energy intensive entity might set a target to reduce its GHG emissions by 5% over the next five years. Although this target might not appear very ambitious in the context of decarbonising the global economy, it might represent a fundamental re-design of how the entity operates and/or services and/products that it produces which, in turn, provide useful information about the extent to which the entity is committed to addressing climate-related risks. Providing a clear link between the targets set (and possibly goals as discussed previously), the entity’s transition plans (paragraph 13) and its climate resilience (paragraph 15) could also enable a user to better understand the target and, as such, we recommend making this link more explicit.
- In paragraph 23(e), we suggest adding a requirement to disclose the identity of the third party that has validated the target, as this can provide additional credibility to the disclosure(s).
- Broadly speaking, we think that the definition of the proposed ‘latest international agreement on climate change’ is sufficiently clear. However, we suggest adding a disclosure requirement for entities to state the specific agreement that they have aligned to. Further, we believe that the way in which it is defined in Appendix A could cause confusion for entities as it relates to

expectations regarding what the phrase 'climate-related targets' is intended to encompass. For example, the current definition of 'latest international agreement on climate change' emphasises a focus solely on 'agreements that set norms and targets for a reduction in greenhouse gases', which seems to suggest that disclosure of targets related to other climate-related environmental issues, such as water management and biodiversity, are not required. We would suggest that the ISSB clarifies the intention and scope of this requirement, i.e., is paragraph 23 supposed to focus strictly on GHG emissions or should other climate-related topics also be included?

Question 11-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?**
- (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?**

(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?

Applicability of industry-based SASB Standards as included in S2 Appendix B

- As a general comment, we note that the current wording of paragraph 24 states that '[...] an entity shall refer to and consider the applicability of industry-based metrics.' However, paragraph 10 states that '[...] an entity shall refer to the disclosure topics defined in the industry disclosure requirements.' The use of the word 'consider' in paragraph 24 could, therefore, be interpreted to mean that the industry-based metrics are optional, whereas the wording in paragraph 10 is much more prescriptive. If this is not what the ISSB intended, then we would suggest aligning and clarifying the wording in these two paragraphs. Please refer also to our comment on the suggested applicability of Appendix B in our response to question 3. In line with that response, we suggest clarifying the intended meaning of the wording. We see value in using the contents of Appendix B as a basis to identify significant climate-related risks and opportunities, but we do not support mandatory application of Appendix B in its current form as required by paragraph 20(b).
- We appreciate that the ISSB has revised the existing SASB Standards to improve their international applicability. However, we believe that the application of the requirements will remain challenging for entities, especially given regional and industry variation and the ongoing evolution and refinement of metrics across different industries and geographies. As stated in S1 paragraph 54, the entity shall consider content in SASB Standards, ISSB's non-mandatory guidance, the most recent pronouncement of other standard-setting bodies and/or metrics used by entities in the same industries or geographies when there is no IFRS SDS on a specific sustainability-related risk or opportunity. While there is a IFRS SDS on Climate (S2), there may be industry-specific requirements in Appendix B which are not as relevant in certain geographies. Also, some geographies might have additional industry-specific content to apply. We, therefore, believe the current contents of Appendix B are not yet suitable as a mandatory requirement for disclosure of material climate-related financial information at this time. We understand the use of Appendix B as a basis for identification of significant climate-related risks and opportunities, although we would encourage the ISSB to consider the applicability of other industry-based content in addition to what is described in Appendix B (such as the SASB Standards as a whole or the GRI Standards). Paragraph 55 in S1 could then subsequently be amended to require disclosure of the sources that the entity has used when identifying significant sustainability-related risks and opportunities. This could help users to more clearly understand reporting across entities. As more topics are covered by IFRS SDS and are subject to the ISSB's due process, we would support mandatory application of the internationalised industry-specific standards in the form of revised and reconciled Sustainability Accounting Standards Board (SASB) Standards.

- The amendments made do, in our view, improve the international applicability of the SASB Standards and we agree that revising them was a logical and cost-effective starting point which addressed the suggestion from stakeholders to build on frameworks that already existed. However, in addition to the comments we raised previously, we find that there are inconsistencies between some definitions provided in the sectoral guidance, as compared to those in financial accounting. For example, the broader definition of reserves used in the mining industry in Appendix B is not fully aligned with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC) principles, as used for accounting purposes.
- In paragraph B17 of Appendix B, there is no industry-specific content available for several industries. This appears to be because SASB did not include industry-specific content on climate for these industries. However, this is not clearly stated in the draft Standard, nor is it clear as to whether industry-specific content will be made available in the future. This could also give the misleading impression that these industries have no climate-related matters to consider, but our experience of these industries and current practice suggests this is not the case.
- On another note, as the ISSB has only developed climate-related disclosures at this time, the other standards from SASB are not directly required, despite the fact that entities might have been reporting on those already. Even though S1 paragraphs 53 and 54 require identifying disclosures in other frameworks (such as SASB Standards), in the absence of an IFRS SDS, there is a risk that entities (especially those that did not report on these sustainability topics in the past) will dismiss non-ISSB mandated disclosures as not material.
- Finally, it is not clear what implications the proposals will have on an entity that is not specifically in one of the industries, or for an entity that may fit into multiple industries. We note that paragraph B9 of appendix B recognises this, but more guidance is needed in terms of assisting entities to assess the extent to which they should apply the requirements associated with different industries based on their organisational and operational structure (i.e., should disclosures be made for a particular industry based on a certain percentage of revenue associated with that industry?). We note that the intended meaning of 'significant' is also key in this context - what is significant for one industry, may not necessarily be significant for another, or indeed significant for the entity as a whole. Whilst we recognise that industry descriptions are helpful, we question whether they could be misused to avoid disclosure. For example, if an entity is part of an industry but carries out activities that are not included in the description, this could lead to the potentially incorrect assumption that they do not apply to the industry, leading to inconsistent disclosures for entities in the same industry.

Lack of clarity regarding the proposed industry-based requirements and suggested improvements

- It is not clear how the industry-based requirements will relate to individual topic standards (i.e., the proposed climate-related disclosures as well as future sustainability topics that have yet to be determined). We note that the industry-based requirements in Appendix B cover more topics (including activity metrics) than just climate, such as water management in coal operations and real estate or supply chain management in iron and steel producers (which also includes social issues). Whilst we acknowledge that topics such as water and supply chain management are undoubtedly related to climate change (albeit indirectly), their inclusion in the current proposed Appendix B could cause confusion with regard to what topics should be explicitly disclosed under the remit of S2. The potential for confusion is further compounded by the reference to issues/topics where neither the direct nor indirect link to climate change is easily understood. For example, disclosure requirements that relate to '*incentivizing healthy [...] actions or behavior*' (Metric code FN-IN-410b.2 in Insurance industry, page 162), or percentage of revenue

from eggs originating from cage-free environments (Metric code FB-FR-430a.2 in Food Retailers & Distributors industry, page 224). We, therefore, encourage the ISSB to provide additional clarity as to the expectations of entities to disclose the broader sustainability/ESG topics and activity metrics provided in Appendix B, whilst we await additional IFRS SDS topic-specific standards to be developed. Alternatively, the ISSB could consider specifically identifying what it considers to be climate-related topics and metrics in the proposed Appendix B as an interim measure whilst additional reconciliation and alignment is undertaken.

- Further, it is not always clear how some metrics need to be disclosed, for example, whether thermal coal and metallurgical coal should be disclosed on a saleable or ROM (run-of-mine) basis. Providing more clarity on this will improve consistency in disclosure and facilitate greater comparability. In addition, some of the industry-specific requirements seem to be more prescriptive than the cross-industry requirements, for example, the section relating to the coal operations industry states that GHG emissions data shall be consolidated and disclosed according to the approach by which the entity consolidates its financial reporting data, which is generally aligned with the 'financial control' approach defined by the GHG Protocol. This is not stated as prescriptive in S2 itself, as the financial control approach is not mentioned (but we recommend including the financial control approach per our response to question 9).
- The word 'may' is used to introduce certain metrics in Appendix B (e.g., entities may describe the calculation method) which appears to make the disclosure voluntary, even when the related risk or opportunity may have been determined to be significant to an entity. This is the case for disclosures on matters that seem to us to be important in the context of meeting the objectives. We suggest that the ISSB revisit the wording in Appendix B in this regard and that it carefully reviews the use of similar terms throughout that could be a source of confusion for entities as to what the expectations are for disclosure. This further relates to the importance of the concept of materiality as raised elsewhere in this letter. (i.e., does an assessment of materiality turn a 'may disclose' into a 'shall disclose'?)
- For less developed reporting topics such as water management and air quality, the industry-specific requirements could be improved by including further guidance on methodologies or standards that can be used for the measurement of metrics.
- We have noted a number of instances where terminology used in Appendix B could be improved and/or clarified, e.g., aligned with IFRS AS definitions or other financial frameworks that also use similar terms, and we encourage the ISSB to perform a comprehensive review of Appendix B prior to any mandatory or voluntary compliance.
 - Market value (e.g., page 135) and asset class (referred throughout Appendix B): these are understood from an IFRS accounting perspective, but given the objective of achieving a global baseline and the strategy of being standard-agnostic, we question if they are intended to have the same mean as we would understand under IFRS AS.
 - Net premiums written (e.g., page 156): under IFRS 17 *Insurance Contracts*, net written premium will no longer be presented unless the entity explicitly chooses to present this KPI and it will also be referred to as Insurance Revenue in the updated IFRS 17.
 - Assumed reinsurance (e.g., page 157): if this is intended to align with IFRS AS terminology, would 'reinsurance contracts issued' be more appropriate?
 - Geographic region: is this meant to be at a country/national-level, sub-national level and/or local municipality-level? (e.g., 'sales-weighted average passenger fleet fuel economy, by region' as a metric for Fuel Economy & Use-phase Emissions topic under Automobiles industry, Metric code TR-AU-410a.1, page 609). Given that 'geography'

can be described according to different spatial scales, as is common in climate change analysis, we recommend providing additional clarification regarding whether a metric is best suited at a specific spatial scale (i.e., physical climate-related risks are typically assessed on an individual asset-level based on very precise location details, whereas transition risks are often assessed on a broader scale such as a national or sub-national basis).

- In the case of 'Probable Maximum Loss (PML) breakdown by geographic location' (Metric code FN-IN-450a.1, page 163), we suggest the ISSB clarifies whether geographic location should be defined based on the specific location of the risk underwritten or on the physical location of the policyholder. Further, under IFRS 17, entities will apply judgement as to how, or even whether, they break down the required disclosures into separate lines of business or geographical areas. The standard provides examples of aggregation bases that might be appropriate for information disclosed about insurance contracts (IFRS 17.96), as follows: '(a) Type of contract (for example, major product lines); (b) Geographical area (for example, country or region); or (c) Reportable segment, as defined in IFRS 8 *Operating Segments*.' The ISSB should consider how this will impact the provisions outlined in S2 as well as S1.
- For the industries of Asset Management & Custody Activities (Metric code FN-AC-410a.2, page 137), Commercial Banks (Metric code FN-CB-410a.2, page 147) and Insurance (FN-IN-410a.2, page 159), Investment Banking & Brokerage (Metric code FN-IB-410a.3, page 178), we note the requirement that an entity 'shall describe its oversight/accountability approach to the incorporation of ESG factors', as well as the criteria used for assessing the quality of ESG incorporation. However, it is not clear how entities might go about assessing the quality of ESG integration and there are no examples provided. We would recommend that additional guidance and/or illustrative examples be provided to help entities and users alike better understand the expectations of the proposed requirement.
- Operational control: referred to the real estate industry in the context of energy management related to consumption data coverage and listed as a term that is defined within the 2018 GRESB Real Estate Assessment Reference Guide (Metric code IF-RE-130a.1, page 362). The notion of operational control should be considered in relation to the concept/elements of control, as set out in IFRS 10 *Consolidated Financial Statements*, as well as how operational boundaries are defined in the GHG Protocol.
- The disclosure requirements in different industries do not always seem to align and there is no clear reason given for why this may be the case. For example, air quality has been included as a disclosure requirement in the construction materials industry, but not in the iron and steel producer industry, despite air quality being included in SASB Standards for iron and steel producers. We suggest that the ISSB explain why there are differences in such disclosure requirements.
- Adding to the above, although the disclosure requirements for Scope 1, 2 and 3 emissions are being covered in the cross-industry section of the proposed Standard itself, it seems that for certain industries (for example airlines, utilities, etc.) these metrics, usually Scope 1 emissions, are specifically included in the matrices/tables for some industries, but not in others for which they also seem relevant. For example, there are no Scope 1 emission disclosures required in the Engineering & construction services industry, or Scope 2 and 3 emission disclosures in the telecommunication services industry. We feel that this may create confusion and diversity in practice. Therefore, we suggest that clarity should be provided (either by including each of

these metrics in each industry where applicable or by incorporating a general matrix in the standard itself outlining the quantitative and qualitative disclosures that need to be reported).

- Topics like the use of hydrogen and carbon capture and storage (CCS) do not seem to be addressed to a great extent within the industry-based requirements or the industry descriptions. We note that hydrogen is referred to in the biofuels and transportation industries and CCS mainly within the oil & gas industries, but these topics could also be relevant in other industries. It will be challenging for entities to align their disclosures to already existing disclosures when they are not listed within their industry.
- We are happy to discuss further technical feedback to the proposed industry-specific requirements in Appendix B with the ISSB staff.

Proposed industry-based disclosure requirements for financed and facilitated emissions

- We agree with the proposed industry-based disclosure for the financed emissions requirement for financial industries. We think that it provides a more detailed understanding of emissions that result from a financial institution's financing activities. In comparison, the cross-industry requirement (utilising the GHG Protocol Scope 3 category 15) only provides a methodology for financial exposure, but not emissions relevant to the financial institution as a result of its financing activity - which we believe goes a step further for these organisations.
- Whilst we agree with the industries classified as 'carbon-related' in the proposals for commercial banks and insurance entities, the rationale for including concentration of risk in carbon related industries only in relation to the commercial banking industry and the insurance industry is unclear. We believe it would be helpful if the ISSB included additional context to explain the rationale behind some industries being considered carbon-related, while others are not. For example, asset management could have the same kind of concentration and, although entities in this industry do not directly hold investments themselves but on behalf of their clients, concentration in carbon-related industries could still translate into a reduction in the value of Assets Under Management and, consequently, of revenues.
- We also note that Appendix B cites carbon-related industries as those that are 'responsible for relatively high direct or indirect GHG emissions' (Appendix B, page 149), but we, nonetheless, believe it is important to expand on how the determination of 'relatively high' has been made, given that other initiatives and/or taxonomies might have other categories to determine 'carbon-related'. This could lead to a lack of comparability and potentially contribute to greenwashing if key terms are not comprehensively defined.
- We agree that both absolute and intensity-based financed emissions should be disclosed and that both provide valuable information to users. Whilst absolute emissions describe the total effect of emissions, an intensity-based figure is better suited to providing perspective on the scale of the entity's operations and improve comparability over time and with similar information provided by other entities. We also suggest that the ISSB provides additional guidance regarding the intensity denominator to help users understand/compare different activities, i.e., depending on different organisational structures, such as companies across industries, revenue might not always be the right denominator.
- We believe that the proposed disclosure requirement of financed emissions associated with total assets under management provides useful information for the assessment of an entity's indirect transition risk exposure and is one way of understanding transition risk which can help inform a user's assessment of this exposure. That said, we do believe it would be more helpful if the disclosure requirement for Asset Management & Custody Activities included a requirement for a certain level of granularity in the financed emissions disclosure, i.e., by industry category,

which could help inform an assessment of transition risk that would be more effective than simply an emissions bottom line.

Disclosure of the methodology used to calculate financed emissions

- As the choices made to determine relevant aspects such as scope, used calculation factors, estimations, assumptions and external sources can vary across entities, we believe that it is relevant and helpful to require the disclosure of the methodology used to calculate financed emissions. Without this information, we do not believe that a user would be able to effectively assess the reported metrics. As mentioned in our response to question 9, our expectation is that an entity would be required to disclose any and all methodologies used in its disclosure of the entirety of provisions within S2, whether it be to calculate financed emissions, cross-industry metrics or scenario analysis, and we recommend that the ISSB ensures this is explicitly stated throughout the draft Standard.
- Whilst we acknowledge that the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard provides a sound basis for reporting on Scope 3 emissions, including investments (category 15), there are different reporting approaches between different asset classes within a financial institution. To enhance comparability, an entity is encouraged to align the methodologies as much as possible. The methodology of PCAF may be suitable to achieve this comparability, but if the ISSB chooses to be too specific in its requirements by requiring the use of PCAF, this might lead to the risk that its requirements are not considered relevant as a global baseline, given that different jurisdictions might require other methodologies. Nonetheless, as over 250 financial institutions have already committed to apply the methodology of PCAF, this could provide a sound basis for a global standard and potentially minimise additional costs. However, if the ISSB chooses to adopt the methodology of PCAF, it will be important to understand how the ISSB will ensure this methodology continues to be fit for purpose, as the governance of the methodology does not lie within the ISSB's remit. This is also important for other methodologies that are developed in the future (i.e., for Private Equity).
- This comment also applies to other sources or methodologies and/or frameworks that the ISSB refers to in its proposals, such as GHG Protocol (as addressed in question 9), but also the several sources as referenced for specific industries in Appendix B (such as a reference to the 2018 GRESB Real Estate Assessment Reference Guide (pages 358-396), the PRI Reporting Framework (page 158), the World Resources Institute's (WRI) Water Risk Atlas tool Aqueduct (page 9, 29, etc.). Establishing a memorandum of understanding with the parties responsible for these methodologies and/or frameworks could help to ensure that the ISSB stays connected to the development of the sources it is referring to, and to promote the integrity of these methodologies.

Question 12-Costs, benefits and likely effects

- (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?

- Throughout our response, we have noted numerous instances where additional clarification is needed and where we believe further illustrative guidance/examples are required in order to assist entities in more clearly understanding the expectations of S2 and applying its requirements. We also recognise that entities will need to allocate time and resources in order to enhance existing processes as well as introducing new organisational improvements needed to comply with the requirements. Entities are also at different starting points and vary in terms of their disclosure maturity across geographies and industries. In this context, we suggest that the ISSB considers options to help minimise costs borne by smaller entities. The extent to which ISSB requirements are interoperable with other frameworks, such as the ESRS in Europe and the SEC in the United States, will also impact the costs associated with the requirements (please also refer to our response to question 16).
- With regard to the likely costs of implementing the proposals and their ongoing application, we would like to highlight the impacts of uncertainty - both as it relates to the extent of information that is needed to comply with S2, but also uncertainty with regard to specific information and data that is evolving, such as Scope 3 GHG emissions, climate-related scenario analysis and the impact(s) of climate on the financial statements in the medium and long term. This further relates to the issues already raised regarding materiality and how the concept of materiality in the context of sustainability disclosures differs from that for financial accounting reporting purposes. We do believe that the costs of implementing the proposed requirements are likely to decrease over time as appropriate systems and processes are put in place to address the requirements. Hence, a staggered approach to requirements that rely heavily on systems and process adoption (i.e., GHG Scope 3 data) could prove valuable to entities.

Question 13-Verifiability and enforceability

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.

- Several views on this topic are incorporated in the questions above, however, we have included some further remarks below.
- In terms of verifiability and enforceability, a fundamental starting point is clarity of the intended meaning of the requirements, the concepts used, and the definitions of specific terms used in S2. It is critical that the Standard (which provides the basis) is clear about what is required, including which disclosures are mandatory and the application of materiality. With this in mind, we recommend the ISSB refers to our responses in this comment letter, as well as in our comment letter on S1, where we have highlighted requirements and terms that lack clarity and where we have called for additional illustrative guidance to help clarify what is intended.
- In our response to question 9 regarding the proposed inclusion of Scope 3 GHG emissions as a cross-industry metric category, we note that the specifics of Scope 3 calculations would be difficult to assess for the purposes of reasonable assurance and would require transparent disclosure of the methodology and assumptions made, including limitations. There are also likely to be practical difficulties and, in some cases, contractual limitations (e.g., amending supplier agreements) in gathering and verifying information in respect of an entity's value chain.
- Another challenge will be providing assurance on forward-looking information such as that required in paragraphs 14 and 15. Although some attestation procedures may be possible to

perform (i.e., the underlying assumptions and sources used when auditing provisions in financial statements), providing reasonable (or limited) assurance may be difficult, particularly for prospective information and scenarios that reflect a range of possible outcomes. We welcome the efforts put in place by the International Auditing and Assurance Standards Board (IAASB) to provide further guidance for auditors when providing assurance on sustainability-related information.

Question 14-Effective date

(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 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?

- We believe the effective date of S2 should be aligned with that of S1, as we believe S2 should be applied in conjunction with S1. We therefore recommend that the ISSB clarifies that the disclosure requirements contained in S1 are intended to serve as the basis upon which S2 requirements further build.
- Given the ISSB's intent for the IFRS SDS (S1 and S2 currently) to serve as a global baseline, we believe it is important to acknowledge that in many jurisdictions, disclosure practices have evolved around frameworks other than the TCFD and SASB Standards and that entities in such jurisdictions may need additional time to sufficiently adjust to the new global baseline. That said, we equally recognise the speed at which other climate-related disclosure requirements and frameworks are advancing in jurisdictions such as the EU and the US. We therefore encourage the ISSB to consider closely aligning the effective dates of S1 and S2 with the effective dates of other major sustainability disclosure frameworks in Europe and the US in order to maximise the potential application as a global baseline.
- Given the numerous practical challenges anticipated for entities in applying the new IFRS SDS, we suggest the ISSB considers a phased-in approach for the requirements similar to the transition provisions/reliefs that the IASB included in respect of the initial application of complex IFRS AS, such as IFRS 15 *Revenue from Contracts with Customers*. We believe that this would help entities to overcome implementation challenges on first application of the Standard. However, for such an approach to work effectively, we suggest that the ISSB is clear which requirements in the Standard should be mandatory from the first year of application, and which could be phased in over a period of time (such as three years). We would suggest further that the ISSB requires entities to provide an explanation of why they are phasing in a requirement and how and when they plan to obtain the information to comply with it. Requirements that rely heavily on data/information from across an entity's value chain could, for example, be considered as part of a phased-in approach, such as Scope 3 GHG emissions.

Question 15-Digital reporting

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)?

- Given the evolving landscape of sustainability-related disclosures, and the various initiatives currently underway across geographies to further align requirements to a global baseline, the establishment (and consensus) of clearly defined terminology is critically important. Furthermore, the qualitative and evolving nature of data/information on aspects such as transition risks, climate-related opportunities and climate resilience to name a few, could prove problematic in terms of digital reporting. We believe that a digital Taxonomy could help provide users as well as entities with a much needed source of consistent and clear data/information by defining key terms for transition, adaptation and resilience. Similar to the work of the EU on the Green Taxonomy where it has undertaken a lengthy exercise to define climate/sustainability terms, the ISSB may also wish to focus on facilitating digital tagging of information. However, without clear definitions for some of the disclosures included in the ED, high-quality and comparable disclosures may remain elusive and the risk of greenwashing will remain.
- We suggest that the ISSB thoroughly considers how to ensure the usefulness of digital sustainability-related financial information. This is particularly important given that quantitative information (such as a metric or specific measure) is often understood in the context of explanatory qualitative information and it will be important to ensure the link between quantitative and qualitative information such that the accessibility and useability of digital information is maximised. The linking of information is also relevant in the context of broader integration of sustainability information and reporting such as paragraph 75 of S1 which provides the option to 'make a reference to other documents'.
- We also note a potential challenge for digital reporting in the building block approach. For example, if the digital format required by the ISSB is different from the format required by the EU for the ESRS, entities will have to issue two digital documents. This would seem to contradict the intent of the building block approach that entities would only be required to issue one report to meet both requirements. As stated above, close alignment with the EU taxonomy/digital tagging requirements under the ESRS could be extremely valuable to both entities and users alike and we encourage the ISSB to work closely with the European Financial Reporting Advisory Group (EFRAG) and other jurisdictions to facilitate greater alignment especially given that similar initiatives are ongoing. This could also help facilitate reducing the reporting burden that entities face when aligning to multiple reporting frameworks/initiatives (e.g., TCFD, Principles for Responsible Investment (PRI), Carbon Disclosure Project (CDP) that, over time, may well be replaced or consolidated and where digital tagging could enable the use of data for multiple purposes (as well as multiple users such as ESG rating providers).

Question 16-Global baseline

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?

- Several views on this topic are incorporated in our responses to the questions above, however, we have included some further remarks below.

- For the building blocks approach to work, it needs to focus on minimising overlaps and inconsistencies between the global baseline of standards and jurisdictional additional requirements, and also be flexible to accommodate the dynamic materiality of sustainability topics. We would, therefore, urge the ISSB to continue to work closely with jurisdictional bodies and other existing frameworks to develop an efficient and effective set of global sustainability reporting standards, which will be applicable across many jurisdictions and is compatible with the multi-stakeholder perspective on sustainability reporting, as supported by some jurisdictions
- Further, we believe it would be helpful if the ISSB clarifies the disclosure expectations for entities in jurisdictions where regulations require climate-related financial information to be published under a different framework. (e.g., entities in jurisdictions that require double materiality under the ESRS, SEC requirements in the US, etc.). We encourage the ISSB to continue to work with other jurisdictions to maximise the alignment of the different requirements emerging for similar matters.
- As noted in our response to question 11, we believe that the current structure and content of Appendix B requires improvement if it is to be useful in the application of the requirements, including that of a global baseline.

Question 17-Other comments

Do you have any other comments on the proposals set out in the Exposure Draft?

- Instead of listing the aspects of consistency again in Appendix B paragraph B10, a reference to paragraph B4 might be more suitable to avoid repetition.
- Suggest moving the example in Appendix B paragraph B15 on 'Preparing information to fulfil cross-industry metric categories to the Illustrative Guidance.