THE 100 GROUP

Stakeholder Communications and Reporting Committee

Emmanuel Faber (ISSB Chair) and Sue Lloyd (ISSB Vice-Chair)
International Sustainability Standards Board (ISSB)
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Dear Emmanuel Faber, Sue Lloyd and fellow Board Members,

Please find enclosed our response to your Exposure Draft: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.

This response has been prepared by the 100 Group Stakeholder Communications and Reporting Committee. The 100 Group membership represents around 90% of the FTSE100 market cap as well as a number of equally significant sized unlisted businesses. While this response is intended to speak on behalf of the Group as a whole, the views expressed are not necessarily those of individual members nor their respective employers.

We thank you for the opportunity to comment on your proposal and would invite any further dialogue which you would deem of value.

Overall, we welcome the proposal. We are acutely aware of the significant appetite for much of this information among all our stakeholders and believe very firmly that the ISSB is best placed to set a suitable basis for a Globally consistent model. This is of particular importance to us because our size and international scale mean that we compete on a global level for capital, but also for customers, consumers and employees.

While the majority of our membership, having already reported under TCFD, have much of the resource and expertise needed to start to implement the current proposals when published, further expansion of this capability will be required to deliver the full requirement of this next phase. Other businesses, reporting for the first time on sustainability metrics, will need to upskill at speed to deliver on these proposals. We are concerned that the capability in the market to deliver this depth and breadth is insufficient and will most likely create a vacuum at the lower end of the market where they have less flexibility within their own structure to move people around and less ability to attract new talent.

While we accept that implementation will be a matter for jurisdictions, we believe it is in the interests of a successful proposal to frame it in a way that lends itself to staggered implementation – through a comply or explain or a tiered reporting structure. In addition, we consider that, given the breadth and depth of the proposed standards, there is a not insignificant risk that material information will end up being obscured by high volumes of prescriptive disclosure requirements. We would urge that, wherever possible, a level of optionality be included in the final standards, thereby giving businesses the opportunity to focus where they see the key risks for their business and limit the inevitable increased volumes of reporting.

While recognising the various challenges above, we are committed to supporting the intentions of the consultation and have set out below those topics which we consider most of note to our membership.

Timeline

We understand that a proposal for the preliminary set of standards will be announced later this summer which we welcome. It is critical that, as we embark on our plan for developing the capabilities needed to deliver on this reporting transformation, there is clarity about what is coming and the associated timelines.

Materiality

In general, our members are not in favour of the introduction of enterprise value as a measure for materiality, notwithstanding that we understand the urgent need to identify a 'most suitable' solution. We are of the opinion that enterprise value is too nebulous to be of use as the sole measure for materiality. If enterprise value must be the basis of the calculation, then we would want to see the inclusion of qualitative and quantitative overlays for the purpose of determining materiality.

Joint ventures and associates

In general, such arrangements are structured through unique and often complex agreements, meaning that scoping for reporting needs to be thoroughly considered if it is to capture all relationships in the most appropriate way. As currently drafted, we believe that it risks de-scoping significant parts of some businesses, for example those with a franchise model. We have made some specific observations and suggestions in our response to question 5.

Illustrative examples

While the Exposure Draft gives some simple examples, we would welcome the inclusion of more illustrative examples within the final IFRS Sustainability Standard prior to finalisation. These would cover a range of the topics covered by the Standard including the application of enterprise value as a measure of materiality.

Our detailed responses to the questions outlined in the Exposure Draft are included as an appendix. We have sought to be clear and constructive in our feedback, providing where possible, practical solutions and alternatives to the issues and requirements identified. We hope you find that they provide helpful insight as you move to the next stage of the project.

Please do contact our secretariat Cat Hoad at secretariat@the100group.co.uk should you wish to discuss any of our comments in further detail and she will be very happy to put you in touch with us.

Yours sincerely,

Iain Mackay,

Chair of the 100 Group Stakeholder Communications and Reporting Committee

Question 1 Overall approach

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

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

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

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

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

(d) Do you agree that the requirements proposed in the Exposure Draft would provide a suitable basis for auditors and regulators to determine whether an entity has complied with the proposals? If not, what approach do you suggest and why?

100G Response

Regarding the overall approach proposed by the standard we have a number of comments.

- *Timeline* – While we appreciate that a plan for the next round of standards will be brought forward by the Board after the summer, we believe that it will be essential to have a clear vision and timeline for the whole preliminary set (albeit it will be added to over time as new topics are identified). Establishing processes and plans in order to deal with S1 and S2, only to be side-lined by unexpected timeframes or proposals in S3, S4 and S5, months or years down the line, would be unmanageable for businesses. It is crucial, as we embark on our plan for developing the capabilities needed to deliver on this reporting transformation, that there is clarity about what is required and the associated timelines.
- *Primary Users* – As a Group, we would challenge the definition of primary users as 'investors, lenders and other creditors'. While we appreciate that this definition aligns with the definition with IFRS Accounting Standards, we do not consider it appropriate for IFRS Sustainability Disclosure Standards. Our members report that the level of engagement that they see from investors on the topic of sustainability is limited. Conversely, they see high levels of engagement on the topic from other stakeholder groups such as: Pension Trustees, who are legislatively required to consider sustainability reporting; and employees, who typically care deeply about what is done on the topic but also how that message is communicated.

  We also observe that while the proposed definition of primary users may fit with the draft proposals for climate, and even other upcoming environmental disclosure requirements, we struggle to see how social disclosures could be of relevance to this group of users. We have considered whether expanding the user group might create additional disclosure requirements and be on balance an undesirable amendment to the proposal, however on balance we considered that there might be no increase in disclosure because business risks would still be the tool for determining what and how to disclose.

More generally we note that:

- There is some circular drafting and cross referencing which does not make the standard as user friendly as it could be. For example: paragraph 19 only refers to paragraphs 16 and 51; paragraph 48 states not to reduce the understandability of disclosures by obscuring material information with immaterial information, but it is not clear how this correlates with other requirements to disclose certain specific items, including within the same paragraph not to aggregate material items which are dissimilar.
- We would welcome a definition of what is meant and captured by the term sustainability in order to better frame the proposal as a whole and create a clearer expectation of what is to come.
- we believe that enterprise value, as the basis for sustainability reporting materiality, should be defined and addressed much earlier within the standard. This concept has never been defined in the context of International Financial Reporting Standards and, we believe that establishing it up front will enable the context for reporting to be understood more clearly from early on. The inclusion of more illustrative examples in this area would also be beneficial.

Question 2 Objective (paragraphs 1–7)

The Exposure Draft sets out proposed requirements for entities to disclose sustainability-related financial information that provides a sufficient basis for the primary users of the information to assess the implications of sustainability-related risks and opportunities on an entity's enterprise value.

Enterprise value reflects expectations of the amount, timing and uncertainty of future cash flows over the short, medium and long term and the value of those cash flows in the light of the entity's risk profile, and its access to finance and cost of capital. Information that is essential for assessing the enterprise value of an entity includes information in an entity's financial statements and sustainability-related financial information.

Sustainability-related financial information is broader than information reported in the financial statements that influences the assessment of enterprise value by the primary users. An entity is required to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. Sustainability related financial information should, therefore, include information about the entity's governance of and strategy for addressing sustainability-related risks and opportunities and about decisions made by the entity that could result in future inflows and outflows that have not yet met the criteria for recognition in the related financial statements. Sustainability-related financial information also depicts the reputation, performance and prospects of the entity as a consequence of actions it has undertaken, such as its relationships with, and impacts and dependencies on, people, the planet and the economy, or about the entity's development of knowledge-based assets.

The Exposure Draft focuses on information about significant sustainability-related risks and opportunities that can reasonably be expected to have an effect on an entity's enterprise value.

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

(b) Is the definition of 'sustainability-related financial information' clear (see Appendix A)? Why or why not? If not, do you have any suggestions for improving the definition to make it clearer?

100G Response

Part (a) – yes, the objective is clear, given it describes (all be it high level): what is to be disclosed (i.e. information about significant sustainability related risks and opportunities); and which are to be disclosed (i.e. those which are useful to the primary users).

We would however note that interpretation will be key. For example, the determination of what is 'useful' to the primary user is something which may create a different answer depending on the business, industry and governance behind the decision.

Part (b) – yes, the definition is clear, however it is also incredibly broad. Affecting enterprise value is a complex materiality consideration which of course is to be addressed on an entity basis and not a question for definition (although further illustrative examples may be helpful), however 'sufficient basis' is dependent on the user themselves and is therefore open to broad interpretation.

In addition to the above comments, we have a number of observations relating to paragraphs 1 through 7.

Neutral Presentation – paragraph 3 (and repeated in paragraph 53), amongst other requirements, requires reporting entities to prepare 'neutral' sustainability-related financial information. Appendix C goes on to state that the term 'neutral' is supported by the exercise of prudence. Our members consider neutrality is at odds with how the business assesses risks and opportunities.

In the UK under the Corporate Governance Code, publicly listed entities are required to confirm that their annual report and accounts, taken as a whole, are fair, balanced and understandable to enable users to assess an entity's performance, strategy and business model. We consider a similar approach to the overall sustainability-related disclosures would better reflect the objective of the IFRS Sustainability Disclosure Standard.

Knowledge-based assets – Paragraph 6 provides examples of sustainability-related financial information that is broader than information included in the financial statements. Paragraph 6(d) makes reference to 'knowledge-based assets'. This terminology is not defined and not referenced further in the Exposure Draft. We recommend such a term be removed, or alternatively appropriately defined with relevant context.

Comparability – Paragraph 7 requires sustainability-related financial information to be comparable between reporting entities and comparable with other reporting entities. In general, we agree with the requirement for information to be comparable between reporting periods, but we expect the nature of reporting will evolve and develop for several reporting periods after the final IFRS Sustainability Disclosure Standard becomes effective. We consider there is a risk that reporting entities may be constrained by such a requirement without further context or cross referencing to the requirements of paragraphs 63 through 65.

With regard to comparability between reporting entities, we are concerned that attempting to have disclosure aligned and reporting between reporting entities could lead to the inclusion of immaterial information in contradiction to the objectives of the IFRS Sustainability Disclosure Standard. We recommend that a level of baseline comparability within the same or similar industries be incorporated into any guidance for risk assessments.

Question 3 Scope (paragraphs 8–10)

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

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

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

100G Response

We believe that the proposals are suitably drafted to meet this ambition however we are predominantly IFRS preparers and our experience of other GAAP is restricted to local entity statutory reporting; private equity ownership; and dual listing territory reporting where IFRS reporting is aligned or reconciled.

We note that we support this ambition for standards to be applicable to all / other reporting frameworks and not require IFRS financial reporting. We are of the firm view a Global base should be the aim and this approach supports that effort.

Re paragraph 10, the guidance for not-for-profit amendments is useful and appreciated.

Question 4 Core content (paragraphs 11–35)

The Exposure Draft includes proposals that entities disclose information that enables primary users to assess enterprise value. The information required would represent core aspects of the way in which an entity operates.

This approach reflects stakeholder feedback on key requirements for success in the Trustees' 2020 consultation on sustainability reporting, and builds upon the well established work of the TCFD.

Governance The Exposure Draft proposes that the objective of sustainability-related financial disclosures on governance would be: *to enable the primary users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage significant sustainability-related risks and opportunities.*

Strategy The Exposure Draft proposes that the objective of sustainability-related financial disclosures on strategy would be: *to enable users of general purpose financial reporting to understand an entity's strategy for addressing significant sustainability-related risks and opportunities.*

Risk management The Exposure Draft proposes that the objective of sustainability-related financial disclosures on risk management would be: *to enable the users of general purpose financial reporting to understand the process, or processes, by which sustainability-related risks and opportunities are identified, assessed and managed. These disclosures shall also enable users to assess whether those processes are integrated into the entity's overall risk management processes and to evaluate the entity's overall risk profile and risk management processes.*

Metrics and targets The Exposure Draft proposes that the objective of sustainability-related financial disclosures on metrics and targets would be: *to enable users of general purpose financial reporting to understand how an entity measures, monitors and manages its significant sustainability-related risks and opportunities. These disclosures shall enable users to understand how the entity assesses its performance, including progress towards the targets it has set.*

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

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

100G Response

We are supportive and appreciative of the use of TCFD (and SASB) as the basis for development of the IFRS Sustainability Disclosure Standards. Wherever we have the opportunity, we support the ISSB frameworks as the basis and propose that any other regime should ensure that they are leveraging the ISSB framework. This is well supported by the grounding of these proposed standards in the already established principles of the TCFD and SASB. The possibility of diverging standards and frameworks is a significant concern for all our members and such a situation should be avoided.

Part (a) – yes, the disclosure objectives are clear and appropriate.

Part (b) – yes, the disclosure requirements are appropriate, however without specific examples they are open to interpretation. We would expect that comparability be established over time and that early reporters be encouraged to be bold without fear of reprise if the requirements are changed or amended later.

Additional comments, observations and recommendations are provided under the headings in which they are presented in the Exposure Draft.

Sustainability-related risks and opportunities

As a minor observation, paragraph 19 provides no added benefit or narrative to the IFRS Sustainability Disclosure Standard other than cross referring to other paragraphs. Absent adding any additional guidance or clarifications, we recommend it be removed. We have provided further commentary on paragraphs 50 through 55 as they pertain to the identification of sustainability-related risks and opportunities in part 5 of our response to question 7.

Strategy and decision-making

We concur with the requirements to disclose information that enables users to understand strategy and decision-making. However, we have reservations regarding the wording of paragraph 21(c) that requires the impact on the enterprise value as a consideration of sustainability-related risks and opportunities. As we have detailed in our response to question 8, we consider the enterprise value to be a reflection of the short-term valuation of a reporting entity. Requiring disclosure of how decision-making impacts enterprise value could drive the wrong behaviours in terms of aligning long-term value.

In addition, where paragraph 21(c) refers to trade-offs between different sustainability-related risks and opportunities, it is not clear on how this should be applied and to what level of detail. For example, in many instances a business case would provide both sustainability-related and non-sustainability-related cost benefit analysis. We recommend that such clarification be provided within an illustrative example.

Financial position, financial performance and cash flows

We welcome the requirement under paragraph 22 to provide the financial impact of sustainability-related risks and opportunities on the financial statements, however we have several observations / recommendations:

- *Alignment with the financial statements* – consideration should be given between what is reported for sustainability-related financial disclosures as opposed to what is disclosed in the financial statements. We recommend that guidance be given that such information need only be provided where it is material to the users of the general-purpose financial statements and not to disaggregate financial information in the financial statements to a lower level.
- *Forward looking impacts* – we do not agree with paragraph 22 as it is drafted that the effects of sustainability-related risks be quantified over the short, medium and long-term. Such information would constitute the provision of forward guidance for which reporting entity's either provide for a maximum of 12 months or not at all. We would not expect many, if any, reporting entities to be able to provide such guidance over multi-decade periods.

  We also consider that the impact on a reporting entity's financial position of specific sustainability-related risks and opportunities may not give the comparability the IFRS Sustainability Disclosure Standards are seeking given the potential for divergence between reporting entities on their GAAP accounting policies.

  Further, given the aforementioned comments, we consider it would be helpful to incorporate specific illustrative examples of the requirements of paragraph 22 to ensure consistent application.

Metrics and targets

In principle we agree with the proposed requirement to include metrics and performance against these metrics. However, we have a number of observations / recommendations:

- *Immaterial information* – the disclosure requirements included in paragraphs 27 through 35 are extensive and we would challenge how this aligns with paragraph 48 regarding not disclosing immaterial information to the extent it obscures material information. While in isolation each disclosure requirement is not unreasonable, when considered in totality and scaled up across multiple sustainability-related risks, will represent a significant level of disclosure. While understanding the basis of each metric being reported, there has to be a balance of providing clear and concise information and meeting the material needs of users;
- *Nature of sustainability-related risks and opportunities* – we consider that to enable users to better understand risks and opportunities and their subsequent targets and metrics, reporting entities should disclose the extent to which achieving such targets are dependent on actions of the reporting entity, the industry in which the

reporting entity operates within and other third parties, such as government or regulatory policy. Such disclosure will better enable users to understand the sustainability-related risks and opportunities.

And finally, we believe that an overlay of the likelihood of the outcomes being forecast would be useful to users. In some cases, risks or opportunities may be very significant in scale but for any number of reasons be considered less than likely and adding this context might be crucial.

Question 5 Reporting entity (paragraphs 37–41)

The Exposure Draft proposes that sustainability-related financial information would be required to be provided for the same reporting entity as the related general purpose financial statements.

The Exposure Draft proposals would require an entity to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. Such risks and opportunities relate to activities, interactions and relationships and use of resources along its value chain such as:

- its employment practices and those of its suppliers, wastage related to the packaging of the products it sells, or events that could disrupt its supply chain;
- the assets it controls (such as a production facility that relies on scarce water resources);
- investments it controls, including investments in associates and joint ventures (such as financing a greenhouse gas-emitting activity through a joint venture); and
- sources of finance.

The Exposure Draft also proposes that an entity disclose the financial statements to which sustainability-related financial disclosures relate.

(a) Do you agree that the sustainability-related financial information should be required to be provided for the same reporting entity as the related financial statements? If not, why?

(b) Is the requirement to disclose information about sustainability-related risks and opportunities related to activities, interactions and relationships, and to the use of resources along its value chain, clear and capable of consistent application? Why or why not? If not, what further requirements or guidance would be necessary and why?

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

100G Response

Part (a) – Yes, we believe that integrated reporting should be the ultimate goal and so it is essential that sustainability related information be provided for the same entity.

Part (b) – We have a number of concerns around the proposed disclosure requirements for subsidiaries, joint ventures and franchises.

Firstly, we note that these are typically unique and often complex agreements and the broad-brush treatment proposed may not have the nuance required to present this information in a comparable way.

We would propose that, leveraging the principles already established by IFRS Accounting Standards, an approach based on the level of control be developed, perhaps following the tiered requirements of scope established by CARM and GHG reporting. This could be combined with clear articulation of the approach by management and a description, if not a quantification, of what has gone undisclosed and the reason for that treatment.

We would also flag the practical considerations to be factored into the proposal – in some cases it may not be possible to gather the required information where access to information is restricted by contracting or local legal restrictions. In other cases, it may be possible but difficult in the desired timeframes. These challenges may also restrict the opportunities to obtain assurance over the information.

In our view it is critical that this definition be given significant attention to ensure that it is fit for purpose for all IFRS Sustainability Disclosure Standards. Paragraph 21 of IFRS S2 requires the reporting of greenhouse gas emissions for the consolidated accounting group, associates, joint ventures, unconsolidated subsidiaries and affiliates. In finalising both IFRS S1 and IFRS S2 and applicable to all future IFRS Sustainability Disclosure Standards, we recommend that a single definition of a reporting entity be determined and applied. We expect the provision of different definitions of reporting entities between IFRS Sustainability Disclosure Standards will reduce usability and understandability for users.

Other minor comments are as follows:

Control of associates and joint ventures – paragraph 40(c) requires disclosure relating to investments that the reporting entity controls, including associates and joint ventures. By definition, under IFRS Accounting Standards, associates and joint ventures are not controlled undertakings, and we therefore recommend such reference is clarified

Presentation currency of sustainability-related disclosures – paragraph 39 requires all sustainability-related disclosures to be presented in the same presentational currency as the financial statements. We agree with this in principle but recommend that this can be rebutted in instances where the currency of the metric being reported is denominated globally in a specific currency and management commentary to the financial statements is denominated in this currency. Such an instance would be where the price of crude oil products are globally priced in US dollars and accordingly a user would better understand sustainability-related disclosures using such a currency disclosure;

Further disclosure on associates, joint ventures and other financed investments to be developed – in light of our response above, we are concerned by paragraph 41 that states further IFRS Sustainability Disclosure Standards will specify how a reporting entity is to comply with the disclosure requirements for associates, joint ventures and other financed investments. We consider there is a not insubstantial risk that such reporting requirements will lead to non-compliance.

In addition, this paragraph introduces 'financed investments' which is not disclosed elsewhere in the Exposure Draft, nor is it defined, nor is it a term defined in IFRS Accounting Standards, and therefore we recommend it be removed or defined.

Finally, it is not clear what the scope of a reporting entity is. In a multi-national group with complex organisational structures, which include consolidated financial statements at different levels, clarification would be recommendation as to the scope reach of IFRS Sustainability Disclosure Standards or whether such scope is at the discretion of the relevant regulatory authorities in each jurisdiction.

Question 6 Connected information (paragraphs 42–44)

The Exposure Draft proposes that an entity be required to provide users of general purpose financial reporting with information that enables them to assess the connections between (a) various sustainability-related risks and opportunities; (b) the governance, strategy and risk management related to those risks and opportunities, along with metrics and targets; and (c) sustainability-related risks and opportunities and other information in general purpose financial reporting, including the financial statements.

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

(b) Do you agree with the proposed requirements to identify and explain the connections between sustainability-related risks and opportunities and information in general purpose financial reporting, including the financial statements? Why or why not? If not, what do you propose and why?

100G Response

Part (a) – Yes, the requirement is clear on the need for connectivity

Part (b) – In principle we consider the requirement for connectivity between sustainability-related risks and opportunities to be disclosed. However, we are concerned that in complex multinational organisations that explaining the connectivity of risks and opportunities could give rise to significant additional disclosure and run the risk of being contradictory to the requirement to disclose clear and concise information to users. In many instances all of the risks and opportunities will be connected in some form. We consider such disclosure could result in immaterial and boilerplate language.

As a result, we consider further guidance, including illustrative examples, be given, such as where several individual insignificant risks or opportunities are aggregated into a significant risk or opportunity due to the strong connectivity between them. We would also recommend the establishment of a hierarchy of disclosure dependent on the connectivity between risks and opportunities, such that strong connectivity has a certain amount of disclosure requirements, whereas conversely weak, or arguably obvious, connectivity has less or no disclosure requirements.

Specifically, and importantly, we find that paragraph 44(b) goes too far in its requirement and would expect to see, at a minimum, an amendment to protect price / commercially sensitive and legally privileged information.

Question 7 Fair presentation (paragraphs 45–55)

The Exposure Draft proposes that a complete set of sustainability-related financial disclosures would be required to present fairly the sustainability-related risks and opportunities to which an entity is exposed. Fair presentation would require the faithful representation of sustainability-related risks and opportunities in accordance with the proposed principles set out in the Exposure Draft. Applying IFRS Sustainability Disclosure Standards, with additional disclosure when necessary, is presumed to result in sustainability-related financial disclosures that achieve a fair presentation.

To identify significant sustainability-related risks and opportunities, an entity would apply IFRS Sustainability Disclosure Standards. In addition to IFRS Sustainability Disclosure Standards to identify sustainability-related risks and opportunities, the entity shall consider the disclosure topics in the industry-based SASB Standards, the ISSB's non-mandatory guidance (such as the CDSB Framework application guidance for water- and biodiversity-related disclosures), the most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the needs of users of general purpose financial reporting, and sustainability-related risks and opportunities identified by entities that operate in the same industries or geographies.

To identify disclosures, including metrics, that are likely to be helpful in assessing how sustainability-related risks and opportunities to which it is exposed could affect its enterprise value, an entity would apply the relevant IFRS Sustainability Disclosure Standards. In the absence of an IFRS Sustainability Disclosure Standard that applies specifically to a sustainability-related risk and opportunity, an entity shall use its judgement in identifying disclosures that (a) are relevant to the decision-making needs of users of general purpose financial reporting; (b) faithfully represent the entity's risks and opportunities in relation to the specific sustainability-related risk or opportunity; and (c) are neutral. In making that judgement, entities would consider the same sources identified in the preceding paragraph, to the extent that they do not conflict with an IFRS Sustainability Disclosure Standard.

(a) Is the proposal to present fairly the sustainability-related risks and opportunities to which the entity is exposed, including the aggregation of information, clear? Why or why not?

(b) Do you agree with the sources of guidance to identify sustainability-related risks and opportunities and related disclosures? If not, what sources should the entity be required to consider and why? Please explain how any alternative sources are consistent with the proposed objective of disclosing sustainability-related financial information in the Exposure Draft.

100G Response

Part (a) – yes, the proposal is clear. The examples are helpful to describe situations that might require disaggregation. We note that the assessment of this will be open to significant levels of subjectivity and would therefore expect that even industry wide alignment may take some time and comparability across industries may not even be achievable.

Part (b) – yes, we agree with the sources of guidance and are grateful that the list is clear and drawn from existing frameworks.

Paragraphs 50 and 55 provide detailed reference points for reporting entities to consider when determining their risks and opportunities. While we welcome such guidance we have two observations:

- We have concerns regarding a reporting entity's ability to comply with IFRS Sustainability Disclosure Standards if a reporting entity needs to consider all pronouncements and peer reporting up until the date of reporting. By its nature, a reporting entity's risk assessment is a multi-month exercise that often completes in advance of the end of the reporting period. It would not be possible in all circumstances for a risk assessment to be re-performed, new risks identified and disclosed and relevant metrics and performance against those metrics reported. We recommend further guidance be given as to such information available at the time of the risk assessment that has arisen since the last risk assessment exercise; and
- While the disclosure requirements of these paragraphs are extensive, we consider they lack in specificity. We have seen an IASB prepared diagram describing this topic which we would be happy to refer you to. It offers a complete picture of the approach path (financial -> sustainability -> other) and aids in amalgamating the requirements into a cohesive structure for clarity. We would propose that such a method be considered for communicating this topic in a more transparent way.

Beyond this overarching point we had some specific comments on the drafting of the section:

- We feel that the drafting of paragraph 48 could be clearer around the aggregation of immaterial items. In particular we would like to see explicit recognition of the fact that, while material items should not be aggregated where they are dissimilar, there will often be a material number which is an aggregation of immaterial dissimilar items.
- As mentioned in our response to question 2, we are not entirely comfortable with the requirement in paragraph 53(c) that disclosures be neutral. We believe that the primacy of management judgement is an essential part of reporting and if something must be said then we would propose the more well established language of 'true and fair'.
- And finally, while we understand the intent, we see some practical risks with the statement in paragraph 54, requiring management to 'consider the metrics associated with […] the most recent pronouncements of other

standard-setting bodies'. The timing of changes to such pronouncements might make it impracticable for a business to meet its own reporting timetable. A possible alternative may be to allow a reporting entity to not apply all such pronouncements in a reporting year, subject to disclosure of the fact and the circumstances and a commitment to incorporation in the next reporting cycle.

Question 8 Materiality (paragraphs 56–62)

The Exposure Draft defines material information in alignment with the definition in IASB's Conceptual Framework for General Purpose Financial Reporting and IAS 1. Information 'is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of general purpose financial reporting make on the basis of that reporting, which provides information about a specific reporting entity'.

However, the materiality judgements will vary because the nature of sustainability related financial information is different to information included in financial statements. Whether information is material also needs to be assessed in relation to enterprise value.

Material sustainability-related financial information disclosed by an entity may change from one reporting period to another as circumstances and assumptions change, and as expectations from the primary users of reporting change. Therefore, an entity would be required to use judgement to identify what is material, and materiality judgements are reassessed at each reporting date. The Exposure Draft proposes that even if a specific IFRS Sustainability Disclosure Standard contained specific disclosure requirements, an entity would need not to provide that disclosure if the resulting information was not material. Equally, when the specific requirements would be insufficient to meet users' information needs, an entity would be required to consider whether to disclose additional information. This approach is consistent with the requirements of IAS 1.

The Exposure Draft also proposes that an entity need not disclose information otherwise required by the Exposure Draft if local laws or regulations prohibit the entity from disclosing that information. In such a case, an entity shall identify the type of information not disclosed and explain the source of the restriction. 32

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

(b) Do you consider that the proposed definition and application of materiality will capture the breadth of sustainability-related risks and opportunities relevant to the enterprise value of a specific entity, including over time? Why or why not?

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

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

100G Response

We do not consider the definition of materiality is clear and a number of our members did not consider it to be appropriate. Paragraph 2 states that materiality shall be made in the context of the information necessary for users of general purpose financial reporting to assess enterprise value. A reporting entity's enterprise value is defined in Appendix A as the sum of the value of the entity's equity (market capitalisation) and the value of the entity's net debt. In this context we have a number of observations / recommendations:

- *Enterprise value versus sustainability orientated long-term value* – The market capitalisation, and therefore, the enterprise value of a reporting entity is by its nature dictated by short to medium term prospects of the reporting entity, the sector in which it operates and the countries in which it operates, typically with regard to dividend potential. This would align with certain sustainability-related topics, such as water consumption or noise generation, but less appropriate for multi-decade climate scenarios;
- *Volatility in share price* – as share prices are subject to volatility, then depending on when an enterprise value is calculated for the purposes of materiality, could give rise to volatility of what risks and opportunities are included in the general purpose financial information. However, long-term sustainability objectives of a reporting entity and the expectations by users does not change on the same timeframes;
- *Definition of net debt* – The Exposure Draft is silent on how a reporting entity calculate net debt for the purpose of determining the enterprise value. In practice our members have a range of inputs into this calculation. We recommend that guidance on the determination of net debt be given or a requirement for a reporting entity to define and reconcile their net debt to the financial statements;

- *Reporting entities without publicly traded equity* – while the majority of our members have publicly traded equity and as such the determination of market capitalisation is readily determinable, for large private reporting entities within the scope of this Exposure Draft such a determination will not be possible. We recommend guidance be provided in such instances, such as applying multiples of historical financial performance;
- *Materiality framework* – We consider that the determination of materiality should be determined on all applicable and relevant information, to enable users to better understand the sustainability-related financial information. Such a framework would need to incorporate both qualitative and quantitative data. As an alternative measure we considered a multiple of financial statement level materiality which would have the benefit of being clearly aligned to the existing financial reporting. The multiple could be impacted by the level of uncertainly associated with the position being forecast, and perhaps also to the level of verifiability of the data.

The application of a framework for the determination of materiality, that permits new and emerging matters to be incorporated, will align more with the fast paced and dynamic nature of sustainability-related reporting. We consider that anchoring all sustainability-related financial reporting to a single calculation is at odds with the evolving nature of such reporting.

We also consider that such a framework may give rise to different materialities depending on the IFRS Sustainability Disclosure Standard. For example, the materiality of reporting the in-year impact of water usage will by necessity differ to the materiality applied for a multi-decade climate change scenario modelling.

We recommend that the Exposure Draft include or is supplemented practice statement for the determination of materiality and its periodic re-assessment. IFRS already has a materiality practice statement guidance for making materiality judgements in relation to the financial statements, which we would recommend is used as a basis for creating a practice statement for IFRS Sustainability Disclosure Standards. Such guidance should include the relevant disclosure requirements regarding judgements and estimates applied, which will enable users to understand why certain sustainability-related risks and opportunities have been determined to be significant, and as such disclosed, and those that have been determined as insignificant.

Our members agree with the proposal to relieve an entity from disclosing information otherwise required by the Exposure Draft if local laws or regulations prohibit the entity from disclosing that information. In our view this is an essential optionality for Globally diverse businesses.

Question 9 Frequency of reporting (paragraphs 66–71)

The Exposure Draft proposes that an entity be required to report its sustainability related financial disclosures at the same time as its related financial statements, and the sustainability-related financial disclosures shall be for the same reporting period as the financial statements.

Do you agree with the proposal that the sustainability-related financial disclosures would be required to be provided at the same time as the financial statements to which they relate? Why or why not?

100G Response

We are supportive of the ambition for integrated reporting and therefore agree with this proposal. We do however appreciate that for many this will create a significant burden on resources at an already time constrained reporting period.

We would suggest that strong pressure be applied (perhaps through comply or explain) for timing to be aligned. Given the call for this information is so clear from the investor community, we would anticipate that those who do not report together and do not give a clear justification will pay the premium through a lack of investment. This would still allow for newly scoped entities, or those in unique situations, for example, to act in their own best interests.

With regard to the requirement in paragraph 70 for interim reporting, we believe that this should only be required by exception, where there has been a material change to the previously reported full year results, or a significant change to the risk profile.

Further, the wording in paragraph 71 appears to be seeking to address the issue of post balance sheet events but to us it lacks clarity of message and feels too vague to be effective. We would suggest that the inclusion of some examples would be helpful.

Beyond these theoretical concerns we also have a couple of practical concerns: namely, that some regulatory regimes may prevent this from being possible; and, linked to our comment on question 7 Fair Presentation (specifically on paragraph 54), because of the nature of forward looking reporting, requiring restatement for changes in underlying data could make it impossible to meet reporting deadlines when externally driven inputs can change at any moment.

Question 10 Location of information (paragraphs 72–78)

The Exposure Draft proposes that an entity be required to disclose information required by the IFRS Sustainability Disclosure Standards as part of its general purpose financial reporting—ie as part of the same package of reporting that is targeted at investors and other providers of financial capital.

However, the Exposure Draft deliberately avoids requiring the information to be provided in a particular location within the general purpose financial reporting so as not to limit an entity's ability to communicate information in an effective and coherent manner, and to prevent conflicts with specific jurisdictional regulatory requirements on general purpose financial reporting.

The proposal permits an entity to disclose information required by an IFRS Sustainability Disclosure Standard in the same location as information disclosed to meet other requirements, such as information required by regulators. However, the entity would be required to ensure that the sustainability-related financial disclosures are clearly identifiable and not obscured by that additional information.

Information required by an IFRS Sustainability Disclosure Standard could also be included by cross-reference, provided that the information is available to users of general purpose financial reporting on the same terms and at the same time as the information to which it is cross-referenced. For example, information required by an IFRS Sustainability Disclosure Standard could be disclosed in the related financial statements.

The Exposure Draft also proposes that when IFRS Sustainability Disclosure Standards require a disclosure of common items of information, an entity shall avoid unnecessary duplication.

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

(b) Are you aware of any jurisdiction-specific requirements that would make it difficult for an entity to provide the information required by the Exposure Draft despite the proposals on location?

(c) Do you agree with the proposal that information required by IFRS Sustainability Disclosure Standards can be included by cross-reference provided that the information is available to users of general purpose financial reporting on the same terms and at the same time as the information to which it is cross referenced? Why or why not?

(d) Is it clear that entities are not required to make separate disclosures on each aspect of governance, strategy and risk management for individual sustainability-related risks and opportunities, but are encouraged to make integrated disclosures, especially where the relevant sustainability issues are managed through the same approach and/or in an integrated way? Why or why not?

100G Response

Given the breadth of our membership base our response to this question is necessarily broad. As mentioned in our response to question 9, while we support integrated reporting and believe that sustainability related reporting is best presented alongside and at the same time as traditional financial reporting, we do not have a strong position on the relative merits of the location of the reporting.

Question 11 Comparative information, sources of estimation and outcome uncertainty, and errors (paragraphs 63–65, 79–83 and 84–90)

The Exposure Draft sets out proposed requirements for comparative information, sources of estimation and outcome uncertainty, and errors. These proposals are based on corresponding concepts for financial statements contained in IAS 1 and IAS 8. However, rather than requiring a change in estimate to be reported as part of the current period disclosures, the Exposure Draft proposes that comparative information which reflects updated estimates be disclosed, except when this would be impracticable —ie the comparatives would be restated to reflect the better estimate.

The Exposure Draft also includes a proposed requirement that financial data and assumptions within sustainability-related financial disclosures be consistent with corresponding financial data and assumptions used in the entity's financial statements, to the extent possible.

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

(b) Do you agree that if an entity has a better measure of a metric reported in the prior year that it should disclose the revised metric in its comparatives?

(c) Do you agree with the proposal that financial data and assumptions within sustainability-related financial disclosures be consistent with corresponding financial data and assumptions used in the entity's financial statements to the extent possible? Are you aware of any circumstances for which this requirement will not be able to be applied?

100G Response

We are very supportive of the flexibility and ambition for continuous improvement implied by this part of the proposal and are confident that best practice will quickly become apparent.

Part (b) – yes, we agree that where practical, prior year disclosures should be restated to reflect the better estimate measure, however there will certainly be practical considerations to be factored into the requirement. For example:

- *Change in the measurement of a metric* – paragraph 64 proposes that where a reporting entity amends its estimates, then the comparative information requires revision and commentary added explaining the change in estimate. This requirement goes beyond the requirements of IAS 1 and IAS 8, where comparative information is only amended if there is a change in accounting policy or the identification of an error, but where an estimate has been updated for current internal and external data, then no restatement of comparative information is required.

  Much sustainability-related financial information will be forward looking and by nature subject to significant estimation, which under the proposals of the Exposure Draft would require the restatement of comparatives with explanatory notes. We consider this would add unnecessary and potential boiler plate language to the relevant disclosures with the possibility of obscuring actual changes in methodology / approaches.

  We recommend that either the requirement for the restatement of comparatives be removed or reworded to emphasise that restatements and associated narrative disclosures be applied only for errors and methodological changes, not solely for changes in estimates.

  Further, in some cases, data can only be captured in one way at one moment and so retrospective remeasurement might not be possible. Given the early stage of sustainability reporting proposals, there remains little clarity over the breadth and volume of reporting in this area. If the ability to restate comparatives were a requirement (or even a presumption) to changing metrics, then progress to best practice will inevitably be slower. In our view, restating comparatives may in many cases have little value, in particular at the expense of pace. We believe that rolling out a new reporting format with no restated comparatives sooner rather than later, is preferable to a 12 month time lag simply to have restated comparatives.
- *A full range of possible outcomes* – paragraph 81(b) refers to the 'full range of possible outcomes'. We propose that this be amended to read 'full range of *reasonable* possible outcomes' to better reflect the uncertainty around the completeness of such a disclosure.
- *Specific reporting obligations* – Certain of our members have sustainability linked non-financial covenants and report such metrics in their annual report and accounts, which are reported based on the definition under those covenants. When such covenants are amended or the associated financing matures, then the reporting entity may change its basis for calculating the metric. In such an instance a reporting entity may not wish to restate comparatives if such a restatement would retrospectively indicate default of pre-existing covenants. In such circumstances we would expect that a comply or explain structure be sufficient for users to understand performance against periods; and
- *Comparability with financial statements* – We agree that, to the extent possible, sustainability-related financial information align with the information reported in the financial statements, but, as noted in the question, see that this will not always be possible. Two such examples would be:
  - Multi-scenario long term sustainability-related financial information incorporates long-term objectives, including, amongst others, business transformations, the implementation of new technologies and the implementation of government policy. However, IAS 36 requires projected financial information to be based the existing asset base of the reporting entity and shall exclude restructuring activities and enhanced operating assets. In such instances a clear basis of preparation would be beneficial to disclose, including the differences in assumptions applied.
  - For industries where GHG emissions are directly linked to revenues (e.g. energy provider) the patterns of emissions might reasonably be expected to correlate to the pattern of revenues recorded but because of differences in the revenue recognition triggers between IFRS and GHG reporting protocol, this will often not be the case, diving what might appear to be an inconsistent output. We understand that the ISSB proposal aims to give preparers a choice for the basis and be clear about how it's been done. While we support the flexibility, we consider that this may restrict comparability between companies and across industries. We would propose that where possible the inconsistent bases be tweaked in order to align to the financial reporting base.

We would propose a comply or explain structure, which would allow for management to communicate clearly where it was not possible but also to manage the balance between the time and cost burden where it would be possible but impracticable.

Question 12 Statement of compliance (paragraphs 91-92)

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

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

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

100G Response

We agree with this proposal, in good faith, subject to not knowing what will be included in any future sustainability standards. We appreciate the reprieve for legally difficult situations.

While we agree that a statement of compliance with the IFRS Sustainability Disclosure Standards is important, the explicit and unqualified nature of the statement may prove too onerous in many cases. Such a binary outcome may discourage businesses from making any disclosures or working towards the goal of compliance. A comply or explain model on the other hand might encourage businesses to do more even if they cannot do all.

Question 13 Effective date (Appendix B)

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

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

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

100G Response

Part (a) – We see the necessity and demand for sustainability related reporting and therefore support swift implementation in principle, however we have some key concerns around the practicality of an aggressive roll out.

Broadly, we note that financial reporting has been established over many generations, where conversely, even at the most advanced end of the market, sustainability reporting has only been a reporting requirement in the last ten years. The timing of implementation of sustainability-related reporting needs to be cognisant of the relative infancy of the sector.

Our members have been universally supportive of the TCFD framework which has taken five years to phase in fully, and in doing so reporting entities have experienced multiple implementation issues. Accordingly, we consider a sufficiently long implementation timeframe be implemented to enable users to obtain clear, concise and relevant information early. We would welcome the option of early adoption and/or phased implementation where appropriate.

A change at this scale must be considered a journey and starting as we mean to go on is crucial – fast action is essential but so is a strong foundation. Even now only 30% of TCFD reporters consider themselves to be fully compliant – and that is just one small group of reporters in one area of sustainability related reporting.

Expanding this group to all reporters and broadening it to cover sustainability topics beyond the environment will create significant pressures on the labour market that cannot be ignored. Many businesses simply do not have the capacity to deal with all that is coming – across systems; data; assurance – and the labour market will not be sufficient to fill the void. Inevitably assets will flood to the top of the market and the resulting void will impact on quality where arguably it is needed most.

Beyond this we note that the IASB still has some significant projects open, including Primary Financial Statements, all of which will impact heavily on the capacity of some of the people most critical to the successful roll out of this set of standards.

We would request that, at an absolute minimum, there be twelve months after the final standard is issued before the effective date, in order to allow us the time to collect meaningful data for the reporting period.

Part (b) – yes.

Question 14 Global baseline

IFRS Sustainability Disclosure Standards are intended to meet the needs of the users of general purpose financial reporting to enable them to make assessments of enterprise value, providing a comprehensive global baseline for the assessment of enterprise value. Other stakeholders are also interested in the effects of sustainability-related risks and opportunities. Those needs may be met by requirements set by others, including regulators and jurisdictions. The ISSB intends that such requirements by others could build on the comprehensive global baseline established by the IFRS Sustainability Disclosure Standards.

Are there any particular aspects of the proposals in the Exposure Draft that you believe would limit the ability of IFRS Sustainability Disclosure Standards to be used in this manner? If so, what aspects and why? What would you suggest instead and why?

100G Response

We are aligned to the necessity for a global baseline. We are supportive of these proposed standards to be positioned in such a way, although we note that there is some lack of clarity around what this would mean, and so further definition is required.

We note in particular that some industries compete for Capital on a Global level and that optionality may make it harder for investors to make the right decisions. If, for example, one region insists on significant volumes of data in order to meet reporting requirements and another allows for clearer concise messaging that is still considered compliant – the more detailed reporting might become a distraction deterring investors who cannot follow the message.

Question 15 Digital reporting

The ISSB plans to prioritise enabling digital consumption of sustainability-related financial information prepared in accordance with IFRS Sustainability Disclosure Standards from the outset of its work. The primary benefit of digital consumption as compared to paper-based consumption is improved accessibility, enabling easier extraction and comparison of information. To facilitate digital consumption of information provided in accordance with IFRS Sustainability Disclosure Standards, an IFRS Sustainability Disclosures Taxonomy is being developed by the IFRS Foundation. The Exposure Draft and [draft] IFRS S2 Climate-related Disclosures Standards are the sources for the Taxonomy.

It is intended that a staff draft of the Taxonomy will be published shortly after the release of the Exposure Draft, accompanied by a staff paper which will include an overview of the essential proposals for the Taxonomy. At a later date, an Exposure Draft of Taxonomy proposals is planned to be published by the ISSB for public consultation.

Do you have any comments or suggestions relating to the drafting of the Exposure Draft that would facilitate the development of a Taxonomy and digital reporting (for example, any particular disclosure requirements that could be difficult to tag digitally)?

100G Response

We welcome the proposal for digitisation of reporting as this aligns with existing requirements in most jurisdictions, however, we have several observations / recommendations in this regard:

- Tagging is complex and time-consuming, typically outsourced to third party tagging companies. We would expect that at least 12 months from the effective date would be required in order to develop the taxonomy, and then once that has been provided, a further twelve months would be required by the preparer community to deliver it.
- In implementing a final IFRS Sustainability Disclosure Standard, the first year of reporting combined with releasing such information at the same time of the financial statements will result in significant challenges. Our members note that in recent digitisation exercises, third party service providers need the information to digitise for up to 5 working days. We therefore have concerns over the ability to implement the IFRS Sustainability Disclosure Standard and digitise the sustainability-related reporting at the same time. We recommend that any digitisation

requirements have a one year period of grace from the implementation of the IFRS Sustainability Disclosure Standard.

- Tagging is typically jurisdictional, and so some significant differences of opinion and legislative impacts might be expected to arise which may take significant periods of time to iron out.
- We would expect that tagging service providers may be able to add more insights to this part of the proposal, but our expectation would be that, currently, they would say that they could not deliver on it.

Question 16 Costs, benefits and likely effects

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

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

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

100G Response

There are of course significant costs associated with the proposed reporting requirements and given the appetite from shareholders and stakeholders we see that this investment is required. We are glad that the principles have built upon the investments already made to deliver on TCFS (and SASB) and therefore leverage existing frameworks rather than duplicating efforts. Regardless of the balance between the two, all costs will sit with the business and all benefits will sit with the users.

More concerning than the additional cost to us, is the additional burden on the time of the reporting community – internally, across the labour market, and in service providers. We are not of the opinion that there is enough capacity in the market to achieve this ambition in the short term without significant risk to quality which must be managed.

Any assurance requirements will form part of the application costs. We would propose a framework which requires all reporters to disclose what type of assurance they are receiving, if any, in lieu of requiring assurance. We would expect that all companies would receive some form of assurance on Scope 1 and 2 emissions data for example, but this would not necessarily be from their statutory auditors. In our view, any mandatory assurance should be proposed for no earlier than 12 months after first implementation to allow for initial benchmarks and peer practices to be established.

Question 17 Other comments

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

100G Response

While sustainability reporting is essential in order to meet market demand, and these proposals are clear and proportionate in terms of their ambition, there is still a real risk that reporting becomes so extensive that users can no longer find the detail that they are looking for simply because of the volume of information being shared.

It is not unusual for annual reports to run to several hundred pages, and current TCFD reporting is typically 10-15 pages. Taking into account the TCFD-plus nature of S1, and extrapolating for further standards S2, S3 etc., it is to be expected that, if integrated, annual reports could grow by more than 50%. Combined with the still open IASB drafts and the BEIS reform package they could well be made longer still.

We are concerned that the Exposure Draft and other IFRS Sustainability Disclosure Standards will lead to disclosures of such excess, that users will not be able to distinguish what are the key messages and results.

It is our view that compromises must be sought and achieved to ensure that reporting does not become so long as to dilute the information being sought.