Consultation on Exposure Draft
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
Request for Comments – July 2022

GRI Comments

	Question	GRI Response
1.	**Overall Approach**	
1a	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?	Yes. It's clearly stated in the Fair Presentation section that an entity is expected to provide additional disclosures when compliance with specific requirements in the IFRS Sustainability Disclosure Standards are insufficient and that an entity shall consider non-conflicting requirements released by other standard-setting bodies, and even use their best judgment when they identify relevant and neutral disclosures in the absence of a specific IFRS Sustainability Disclosure Standard on a material issue.
1b	Do you agree that the proposed requirements set out in the Exposure Draft meet its proposed objective (paragraph 1)? Why or why not?	Agree for 2 main reasons. Firstly, in the absence of a unified definition of materiality, entities need more structured and rigorous principles and standards to determine and assess significant sustainability-related risks. It's recommended for entities to assess the materiality of various sustainability risks and build a matrix to show the horizon, propensity, and severity of each ESG risk. Further IFRS guidance on the scope of key ESG risks for specific industries helps entities focus on the material sustainability-related risks that are most relevant to them. Secondly, disclosure requirements and standards on the strong linkages between the four pillars recommended by TCFD would allow entities to report governance, risk management, strategy, and metrics and targets in a more integrated fashion. For example, the expectation for entities to assess sustainability-related risk and opportunities through metrics; specify achievable, realistic, and timely targets through climate-related risk and opportunity assessment; draw conclusions about strategy and

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		business plan from scenario analysis; continuously report performance and achievement back to the governance level to quickly adjust strategy and response, if necessary, etc. When the functions of the 4 pillars are integrated, can they be most effective.
1c	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?	More clarification or discussion is needed on the reporting location, timing, and the effective date of the [draft] IFRS S2 versus S1, whether S2 is expected to be provided in the same location as S1 or they can be interwoven as long as the connections are clear enough for report users to draw implications from the disclosures. Clarification is needed on whether assurance is needed for both the general disclosures and climate-related disclosures. In addition, more guidance is needed on how entities should avoid unnecessary duplication and redundancy.
1d	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?	No answer from GRI here
2.	**Objective (paragraphs 1-7)**	
2a	Is the proposed objective of disclosing sustainability-related financial information clear? Why or why not?	Not clear enough, see answer (b) below for explanation.
2b	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?	Not clear enough. Enterprise value includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company's balance sheet. However, non-financial performance/achievement, such as change in strategy taking sustainability risks into account, enhanced governance, and others will also add future value to the firm. Climate-related information that has not been captured in the financial result could be disclosed through a forward-looking perspective so it is assessable by report users, and thus should be considered as a part of the definition of sustainability-related financial information in Appendix A, as well as the objective of [draft] IFRS S1.
3.	**Scope (Paragraphs 8-10)**	

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	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?	Yes. Jurisdictions can consider creating guidance for applying the IFRS Sustainability Disclosure Standards, could collaborate with IFRS to bridge the gap, or map the sustainability-related factors for GAAP users.
4.	**Core Content (paragraphs 11-35)**	
4a	Are the disclosure objectives for governance, strategy, risk management and metrics and targets clear and appropriately defined? Why or why not?	It's clear, except for the use of "enterprise value" to explain the objective of paragraphs 11-35. The 4 pillars are of great importance to enable primary report users to understand firms' exposures, approaches, readiness, and efforts to transition to a lower-carbon economy. However, some of the information required by the Exposure Draft such as sustainability-related governance or climate risk management may not end up being captured by a firm's enterprise value, which makes this term not comprehensive enough to cover all the potential objectives of the above paragraphs.
4b	Are the disclosure requirements for governance, strategy, risk management and metrics and targets appropriate to their stated disclosure objective? Why or why not?	Somewhat appropriate. Many firms committed to net-zero GHG emissions without a clear pathway to net-zero or positioning their total portfolios with regard to the transition to a lower-carbon economy. Given the large exposure to carbon-intensive activities or sectors for these firms, the closer it gets to the target deadline, the higher the risk of green-washing. In this regard, metrics should be calculated before firms set their targets to make sure that targets are realistic, achievable, and timely. Nearly 300 financial institutions globally have adopted PCAF as the methodology of accounting for carbon-related assets. The standardization of such a method would result in ease of comparison of reported information by primary users. Those firms that adopt other methods should disclose their own methodology, assumptions, limitations, and the reason they are not using PCAF.
5.	**Reporting Entity (paragraph 37-41)**	
5a	Do you agree that the sustainability-related financial information should be required to be provided for the same reporting entity	Yes.

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	as the related financial statements? If not, why?	
5b	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?	Further guidance on reporting boundary in the context of sustainability risk and opportunity would be welcomed for materiality determination and assessment. Value chain risk covers a wide range of resources, activities, and participants, all of which vary widely across different industry sectors. More guidance or standardization by industry sector can clarify the focus and direction of value chain-related risk disclosure and encourage comparability within sectors. According to the IFRS, intercorporate investments can be classified into 5 main categories, including 1) investments in financial assets, 2) investments in associates, 3) joint ventures, 4) business combinations, and 5) special purpose and variable interest entities. The standards require different methods to account for the impact of intercorporate investments on financial statements and ratios. To ensure consistency, reporting boundaries in the context of sustainability risks and opportunities should be aligned with the IFRS's classification of intercorporate investments and their corresponding reporting requirements. Defining these reporting boundaries would then facilitate entities reporting as reflective of the company's actual power or control. IFRS expansion of disclosure guidance for these five forms of ownership in the sustainability context would be welcomed for materiality determination and assessment, as well as mitigating the potential for double-counting and improving comparability.
5c	Do you agree with the proposed requirement for identifying the related financial statements? Why or why not?	Yes. The cash flow generated from firms' sustainability-related investment, financing, and operating activities can be linked to the cash flow statement to demonstrate entities' solvency and liquidity over time. Asset value changes due to sustainability-related factors can be captured in balance sheets, and entities' capability to conduct business in a sustainable and profitable manner can be tracked on their income statements. If sustainability-related risks and opportunities are assessed to ultimately be built into the capital adequacy/buffer, then they should be transferred into financial language and mapped into the financial statements.

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		Connecting sustainability-related risks and opportunities to financial statements can provide a clear picture of the rationale behind the scene, and portray a more complete decision-chain, which helps primary users to understand entities' risks exposure, their efforts, the results, and the connections between them.
6.	**Connected Information (paragraph 42-44)**	
6a	Is the requirement clear on the need for connectivity between various sustainability-related risks and opportunities? Why or why not?	It's somewhat clear. More guidance or explanation is needed with regard to the establishment of linkages between the four pillars. For example, how to assess risk and opportunities through the use of reported metrics; how to specify achievable, realistic, and timely targets through sustainability-related risk and opportunity assessment; how to draw conclusions about strategy and business plan from scenario analysis; how to continuously report performance and achievement back to governance level to quickly adjust strategy and response, if necessary, etc.
6b	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?	Yes. Identifying and explaining connections between sustainability-related risks and opportunities and information in general-purpose financial reporting is essential as it encourages reporting firms to assess the integrated financial impact of sustainability-related risks, and ensure that sustainability-related assumptions are aligned with overall financial assumptions.
7.	**Fair Presentation (paragraphs 45-55)**	
7a	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?	Yes, it's clear. In the absence of an IFRS Sustainability Disclosure Standard that applies specifically to a sustainability-related risk and/or opportunity, an entity shall be guided to use its best judgment to faithfully present sustainability-related risks and opportunities that are relevant to the decision-making needs of users of general purpose financial reporting and shall be provided with the alternative application guidance designed by other standard-setters to the extent that these alternatives do not conflict with an IFRS Sustainability Disclosure Standard.
7b	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	Yes.

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	required to consider and why? Please explain how any alternative sources are consistent with the proposed objective of disclosing sustainability-related financial information in the Exposure Draft.	
8.	**Materiality (paragraphs 56–62)**	
8a	Is the definition and application of materiality clear in the context of sustainability-related financial information? Why or why not?	Yes. The definition of materiality in paragraphs 56-62 is clear in the sense that it's not too broad or too narrow in concept/scope, and meanwhile, it captures the importance of materiality determination for investment decisions. In addition to that, more rigorous principle-based standards, and sectoral-specific definitions/applications of materiality in the context of sustainability-related financial information would further support entities in their ability to identify and focus on the material sustainability risks that are most relevant to them.
8b	Do you consider that the proposed definition and application of materiality will capture the breadth of sustainability-related risks and opportunities relevant to the enterprise value of a specific entity, including over time? Why or why not?	Broadly agree. It's worth noting that some sustainability-related risks and opportunities may not be presently or directly reflected in firms' enterprise value, but are still material to firms and need to be disclosed. The materiality of sustainability-related risks and opportunities change over time and are subject to the reporting entity's judgment. To ensure the reliability and credibility of disclosed information, sustainability-related risks and opportunities should be assessed or updated periodically, and any changes are required to be disclosed and highlighted in the next reporting cycle.
8c	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?	In general, it's helpful for identifying material sustainability-related financial information and it illustrates other sources of information that can be used to fulfill the requirements of the [draft] S1 Standard. More clarification on the IG9 of Illustrative Guidance is needed as it seems to conflict with paragraph 92, Statement of Compliance of [draft] S1, which relieves an entity from disclosing information otherwise required by IFRS Sustainability Disclosure Standard if local law or regulations prohibit the entity from disclosing that information, and the relief is not prevented from asserting compliance with the IFRS Sustainability Disclosure Standard. However, IG9 in Illustrative Guidance withdraws the rights of an entity to state compliance with those standards, even if local laws and regulations permit it to do so.

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		In this regard, more clarification is needed on whether an entity can claim compliance with IFRS Sustainability Disclosure Standard if its local laws and regulations prevent it from disclosing, and it identifies the type of information not disclosed and explain the source of the restriction.
8d	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?	Yes. The IFRS standard does not exhaust all the possible situations, and in the cases where the local law gives entities relief from reporting material information, the statement of not disclosing along with the reason should be reported, and the substitute or alternative information should be disclosed instead to convey the right information to investors. Entities that comply with their applicable local laws by not disclosing material information should not be considered in violation of the IFRS disclosure standard.
9.	**Frequency of reporting (paragraphs 66–71)**	
	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?	Yes. Disclosing sustainability-related financial disclosure at the same time as the financial statements can more clearly show the correlation between the two reports, and whether the assumptions are consistent, allowing investors to make comparisons between different companies and make investment decisions that incorporate not only financial performance but also sustainability-related factors.
10.	**Location of information (paragraphs 72–78)**	
10a	Do you agree with the proposals about the location of sustainability-related financial disclosures? Why or why not?	Yes. Disclosing sustainability-related financial information as part of a general-purpose financial reporting package can improve the credibility of the disclosed information and the relevance of assumptions made in the general financial reports, and encourage the engagement of the board of directors in overseeing and approving the sustainability-related financial disclosure.
10b	Are you aware of any jurisdiction-specific requirements that would make it difficult for an entity to provide the information required by the Exposure Draft despite the proposals on location?	No.
10c	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-	Generally agree, but current trends in cross-referencing need to be improved for the needs of investors. Based on our tracking of climate-related financial disclosures by 32 financial institutions in Canada, firms that used a cross-reference approach usually demonstrated a relatively weaker correlation between the four pillars, and were more likely to disclose broader sustainability information (for a wider audience), or general

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	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?	information aggregated at the company level, which lacks the materiality and specificity needed for financial analysis.
10d	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?	Yes. Due to the high correlation between governance, strategy, and risk management for individual sustainability-related risks and opportunities, they should be analyzed in conjunction with each other and disclosed in the same location for the ease of primary users. In instances where there is a lower correlation between issues and/or they are managed differently, entities may need to disclose on each aspect.
11.	**Comparative information, sources of estimation and outcome uncertainty, and errors (paragraphs 63–65, 79–83 and 84–90)**	
11a	Have these general features been adapted appropriately into the proposals? If not, what should be changed?	Yes.
11b	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?	Yes.
11c	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?	Yes.

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12.	**Statement of compliance (paragraphs 91-92)**	
	Do you agree with this proposal? Why or why not? If not, what would you suggest and why?	Agree with the need for a reporting entity to comply with all of the requirements, and for the entity to state it has complied with all the requirements in order to be recognized as being in compliance. Several versions of an acceptable 'explicit and unqualified statement' could be provided by IFRS as guidance or examples to ensure standardization and clarity. If ISSB intends that sustainability-related disclosure requirements by other jurisdictions could build on the comprehensive global baseline established by the IFRS, then it should take into account potential conflicts between local laws of different jurisdictions. When local law relieves an entity from disclosing certain information that is otherwise considered material to IFRS, firms should comply with the applicable local laws and not be prohibited from claiming compliance with the IFRS standard. Taking local laws as a priority, and allowing the co-existence of local laws and international sustainability standards can help different jurisdictions to build their sustainability-related disclosure requirements on the IFRS standards and consolidates IFRS standard as a global baseline.
13.	**Effective date (Appendix B)**	
13a	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.	Firms that have voluntarily reported sustainability-related financial information in alignment with TCFD and/or SASB should take up IFRS standards within 1 year, and implement them in the next reporting cycle. Large listed multi-national firms should have 2 years, and for those SMEs (as defined by each nation/authority), should be given a 5-year period to fully implement the IFRS standards with partial compliance milestones by year 3.
13b	Do you agree with the ISSB providing the proposed relief from disclosing comparatives in the first period of application? If not, why not?	Yes.
14.	**Global baseline**	
	Are there any particular aspects of the proposals in the Exposure Draft that you	Yes. There are 3 aspects of the Exposure Draft that would limit the ability of IFRS Sustainability Disclosure Standards to be used as a global baseline. First of all, consistency

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	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?	is needed in both Exposure Draft and related Illustrative Guidance on entities' rights to claim compliance with IFRS standards in the cases when local laws relieve firms from disclosing material information defined by IFRS. Secondly, proposed boundaries of material information need to be wide enough to make sure that it lies beyond fully or partially owned entities to reflect the entire value chain and to support materiality determination and assessment. In the absence of a unified definition of materiality, entities need more structured and rigorous principles and standards to determine and assess the significant sustainability-related risks. Lastly, more guidance and standardization by industry/sector can clarify the focus and direction of value chain disclosure to improve comparability.
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)?	The digital tagging system should maximize the interface with existing reporting software and reporting platforms, and digital languages used (such as XBRL) to ease the flow of information within the company and to its stakeholders. Tagging qualitative information digitally can be challenging and can significantly expand the amount of metrics that entities need to report on, qualitative disclosures should be designed in the first place with digitization in mind.
16.	**Costs, benefits and likely effects**	
16a	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?	Implementing the proposals will require external costs for auditing and assurance, while other costs will be reflected in increased FTE time and other internal investments in systems and software. However, the benefit of implementing these proposals overweigh the costs. At the company level, sustainability-related disclosure allows the company better understand its current risk exposure. From investors' point of view, such information supports their informed investment decisions. From the perspective of the entire market, more information transparency can ensure that products reflect sustainability-related factors, and are more accurately priced, thereby increasing market confidence, and avoiding systematic risks. In addition, failure to comply with increasingly stringent regulatory requirements could potentially result in higher legal fees and non-compliance fees than the total costs of implementation.

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16b	Do you have any comments on the costs of ongoing application of the proposals that the ISSB should consider?	No other comments
17.	**Other Comments**	
	Do you have any other comments on the proposals set out in the Exposure Draft?	No other comments