GreeenStar Trust (GS) comments on Carbon Disclosure Standards Board (CDSB) Framework for limited consultation

Introductory Questions:

1. CDSB framework should complement existing national regulation where existing regulation is based on best practice principles of carbon reporting (i.e. UNFCCC / IPCCC / WRI GHG Protocol principles). Where no best practice principles or existing regulation exists, CDSB should at least acknowledge its role as a guide for the development of regulation on carbon disclosure. CDSB reporting should, therefore, be commensurable with local/national protocols.

2. Agreed. However, in addition to usefulness for investors, information should also be useful for other carbon management systems, such as national reporting of emissions into registries (in light of answer 1) and complete enough to feed into analysis for consumer understandings of corporate emissions profiles. In all likelihood effective, transparent and accurate reporting for investors will also be of use for policy makers and other analytical tools, but the variety of *possible* uses for data should be kept in mind in order to provide a standard that can adapt and grow responding to investor and societal needs for carbon information.

3. Agreed. There needs to be top-down but consultative approaches for specific sectors in order to create level playing fields and standardised reporting for high GHG impact sectors or those with difficult carbon accounting requirements. We would fully support the use of focus groups etc. to develop more sector-specific Reporting Templates. Existing templates, created through consultative processes, such as those for the concrete and aluminium industries, or those created for local governments (ICLEI-CDP), serve as good models for increased buy-in from stakeholders and therefore better carbon disclosure.

Characterising Decision-useful information:

4. We agree on the principles and the importance of decision-useful information to effective reporting. In addition to qualitative information, a strong focus should remain on information on companies' material emissions (i.e. useful qualitative information should not be used to substitute components of quantitative information). The guiding principle of materiality (6.39) should be stressed here to maintain overall climate benefits in conjunction with investor needs.

5. We agree that the principles are practical.

Content:

6. Agree with content. We would, however, add the following:

NORMALISERS: for specific sectors the inclusion of other metrics (i.e. beyond just revenue) for intensity would be useful to gain a better within-sector understanding of companies' comparative emissions. e.g. for tCO2e/barrel of oil extracted; Revenue per Passenger Kilometre etc. These should be incorporated into the sector-specific Reporting Templates in order to give a better understanding of standardised relative corporate achievements within sector.

OFFSETS and RECs: the purchase and disclosure of offsets in the CDSB needs to be more detailed given the variety of offset standards and carbon reduction quality. Companies should be able to claim offsets as reductions on their net carbon profile, however this should be disclosed fully rather than at face value. Offsets information should be categorised as following:

- Specific tCO2e quantities bought and claimed as offsets (including RECs and other quantitative measures)
- Are offsets forward contracted or already issued?
- CDM (compliance) or Voluntary Offsets purchased?
    - If Voluntary:
        - Which standard did they use?
        - Statement of offset origin: portfolio (i.e. many projects to create credits) or project-specific
            - If portfolio, which offset provider / offset retailer (i.e. JP Morgan Climate Care; The CarbonNeutral Company), sold them?
            - If project specific, then state nature of project and standard used

Inclusion of RECs: SECTION 2 of case study (p. 59 on PDF) There's a big issue here in that RECs should not really be counted as official offsets for company emissions because of a number of possible flaws in the 'reduction' that they claim to have made. See, for example:
http://climatetrust.org/pdfs/OQI_RECs_brief_0609.pdf
As a result, RECs should not be automatically included as actual reductions of an entities emissions profile, but should be recorded as part of the qualitative engagement with the climate change agenda.

SCOPE 3 emissions: p. 33. "Indirect (Scope 3) emissions from sources not owned or controlled by the reporting organization but which are a consequence of the activities of the reporting organization;" – this should be in absolute emissions (i.e. supplier A that wholly sells to the entity) or there should also be a measure of the percentage of emissions that are the entity's responsibility (i.e. the entity buys 60% of supplier A's products).

FACILITY LEVEL REPORTING: "CDSB does not require reporting at facility level because the focus of Interest is in risk to the financial operation." – this is ok for now, but facility level may be necessary under US regulation if it follows EU ETS-type reporting. There should be at least the **voluntary capacity** to record facility level emissions in advance of possible new national/international carbon regulation.

7. NA

8. NA (but see response to question 6 above)

Practicalities:

9. NA

10. NA

11. NA