

CDSB Consultation questions May 2014

1. The objective of the Framework is explained in Section I. Do you agree with the objective as stated?

Yes

Page 4: Instead of “Report on Natural Capital,” say “Report on uses and valuation of Natural Capital.”

2. Do you agree that there is a need for a Framework that focuses on:

A) Reporting requirements for particular reporting organizations (defined in Section I);

B) Specific environmental information (as defined in the draft Framework);

C) A specific audience (investors); and

D) Information presented in mainstream reports?

Yes.

3. Scope of the Framework. The Framework asks for information about “changes” by organizations to particular “environmental elements”. These environmental elements represent a sub-set of resources and processes often described more widely as “natural capital”.

A) Do you believe that the scope of the Framework is appropriate?

Yes.

B) If not, is the scope too wide or too narrow? Please explain why.

C) If too narrow, which other environmental elements or other subject matter should it cover and why?

D) If your organization already does or is planning to report on natural capital through a mainstream report, do the Framework’s requirements help (albeit the environmental elements represent only a subset of natural capital at this stage) and if so, how?

The Framework’s requirements help. However, we are looking forward to the more detailed work to be done by the Natural Capital Coalition in development of the Natural Capital Protocol.

4. Form of reporting environmental information in mainstream reports. Given that the content and presentation of mainstream reports varies, it is difficult to specify exactly where and how information should be reported, but there is a demand for consistency of approach so that readers know where they can expect to access information.

A) Do you think that there is a particular part of a mainstream report that should include environmental information, such as management discussion / analysis / commentary, or does it depend on the nature of the information?

This depends on the nature of the information. Freedom should be allowed for reporting entities to report in specific sections as it best benefits stakeholders.

B) Do you think we should reproduce the guidance in paragraph 2.34 of Edition 1.1 of the CDSB Framework which outlined options for presenting environmental information within management commentary;

— as a separate section, under a subheading within the risk section;

— interspersed in various sections of the management commentary to reflect linkages between environmental information and other aspects of the company's business such as corporate strategy, capital resources, key performance indicators and so on?

As a separate section

C) Should the Framework include guidance on how environmental information should be reported where the mainstream report is communicated online?

Yes.

5. Environmental information in mainstream reports. The Framework focuses specifically on requirements and guidance that help organizations to report on environmental information in mainstream reports. This is because CDSB believes that organizational performance is affected equally by the economic / financial and the environmental resources that a company needs / uses as well as by the effect of its activities and outputs on economic / financial and environmental resources.

A) Do you think that environmental information produced according to the Framework is sufficient to explain how performance is affected by the organization's dependence on, use of and effect on environmental elements?

Yes.

B) If not, what requirements should be added or changed?

6. What are your views on the language and terminology used throughout this Framework? In the interests of clarity and due to the absence of existing definitions, it has been necessary to define certain terms in the Framework, mainly in Section I. In other cases, for consistency, we have adopted language from existing reporting frameworks and standards with which we expect business is already familiar.

A) What are your views on the definitions, style, clarity of language, jargon etc. used in the Framework?

We found no issues with understanding the framework.

B) Do you have any suggestions for simplifying the language, definitions and terminology without losing clarity?

No.

C) Are the definitions, language and terms used in the Framework consistent with those in other reporting initiatives and standards that you use?

Yes.

7. Minimum reporting requirements. Various commentaries and reports refer to corporate reports being too long, cluttered and complex, thereby obscuring information that is important for decision-makers. The Framework repeats requirements from previous editions that information should be “characterized and presented clearly and concisely.”

A) Do you think that specifying minimum reporting requirements for “environmental requirements” (as defined in the Framework) would help to achieve more relevant and concise disclosures?

Yes.

B) If so, what do you think those minimum requirements should be for each environmental element? For example, what are your views on the inclusion of non-Kyoto greenhouse gasses and whether we should provide for voluntary reporting of scope 3 (downstream) GHG emissions?

The inclusion of non-Kyoto greenhouse gasses is important. You should provide for voluntary reporting of scope 3 (downstream) GHG emissions.

C) If not, do you have any other suggestions as to how the Framework’s requirements could be refined so as to help reduce the length and complexity of corporate reports that contain environmental information?

D) How helpful are the requirements in Section IV, particularly about relevance and materiality, in helping to identify the minimum information that should be reported in order to satisfy the objectives of the Framework?

The Section IV requirements are helpful and useful guidance.

8. What are your views on the availability and maturity of metrics and indicators for use in environmental reporting? In particular, we are interested in your views on which metrics and indicators are most widely used and most useful for communicating environmental performance. We would also welcome your views on the further development of metrics and indicators for environmental reporting that would be of assistance to users.

Metrics are plentiful and available. Appropriate metrics need to be chosen specific to the material issues of a particular company and its context.

9. Influences. The development of the Framework has been influenced by other frameworks, standards and initiatives that share CDSB’s objectives and cover similar subject matter. References to other materials are shown in the Framework. At this stage in development, we are aware that they may not be complete.

A) What other influences should CDSB take into account in developing its Framework?

CDSB has been quite comprehensive in its approach. We have no further suggestions.

B) What other references should be included which are helpful for the preparation of environmental information in mainstream reports?

We have no further suggestions.

10. Assurance and verification. REQ-17 asks organizations to disclose whether assurance or verification from third parties has been obtained for some or all of the environmental information disclosed in response to the Framework's requirements.

A) What other standards or approaches may be used for verifying or assuring environmental information?

Existing referenced standards are adequate.

B) What are your views on whether assurance or verification should be required for environmental information disclosed in mainstream reports?

Assurance should be required. The level of assurance depends on the particular company and context.

11. Any other comments

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