

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

I believe that the objective as stated is helpful in the context of overall efforts to improve corporate reporting on non-traditional performance measures.

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?**

I agree that there is a need for a framework that is sufficiently flexible to be adopted by a critical mass of reporting organizations yet provides sufficient rigour to generate useful information. It is arguable however that such frameworks already exist (e.g. GRI), however for a variety of reasons many reporters have not seen the value in aligning their reporting with these existing frameworks.

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?

I believe the scope is appropriate for a framework targeted specifically at improving levels of public domain data on contribution of corporates to climate change drivers. There are many other aspects of sustainability/ESG/CSR/non-financial performance which would obviously not be addressed by this framework.

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?

(N/A)

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?

Would not recommend specifying which part of the report should contain environmental information. I think it’s rather more important that the report allows the reader to understand management’s perspective on the relevance of the environmental issues to the business model, understand how the issues are being managed (i.e. what arrangements management have established to respond to risks), and understand what the results of the control arrangements are in terms of performance over time, direction of travel etc.

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?

This feels a bit too prescriptive, would refer to previous comment for (A) above.

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

This would be of lower importance in my view. The value of the information should stand regardless of communication channel.

- 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 it should be, assuming the reporting organization has the capacity to respond to the Framework requirements in a credible manner.

- b) 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?**

My view is the clarity of expression etc. is broadly fit for purpose (although I work in this field). I think the need to define terms, create taxa of definitions etc. is to some extent unavoidable.

- 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, very much aligned with IIRC which I believe is the direction reporting will naturally move.

- 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?**

Believe it would be more sensible to park non Kyoto and Scope 3 for future iterations of framework. Likely to be too onerous right now for many companies. Scope 3 extremely challenging to quantify.

- 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?**

No comments.

- 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?**

Generally helpful.

- 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.**

GRI metrics probably most widely used already. Appropriate metrics do exist, the challenge for reporters is getting data of sufficient quality. Issue is then comparing between reporters on a genuine like for like basis. See comments on variability and inherent non-comparability of business models below.

- 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?**

I believe all the other significant initiatives are already included.

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

- 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?**

Internal verification, critical review by stakeholder panel (e.g. Shell's approach).

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

I believe assurance/verification performed by a credible provider of appropriate stature adds significantly to the usefulness of the disclosure.

- 11. Any other comments**

It seems to me that the CDSB framework is already largely incorporated into the IIRC IR standard, although I guess the CDSB standard is a little more granular in that it is focused on environmental information only. There is a risk however that the large number of initiatives (IIRC, GRI, SASB etc.) start to compete in a way which creates confusion and frustrates corporate reporters.

I believe the real challenge is developing a framework which will allow credible comparison/benchmarking of performance between different companies operating in the same sectors. This would be the most valuable outcome as far as investors are concerned. Whilst this framework is

likely to assist in promoting better understanding of how companies are responding, it is unlikely to result in any improvement of the ability investors have to separate companies on (an objective basis) on their environmental performance. Rather investors will still have to use the corporate report information to 'derive/distil' a view on relative performance on this measure. The fundamental problem is that each corporation using natural capitals does so in a different way and against a differing operating environment backdrop, which makes it difficult to compare ability to utilize natural capital efficiently on a like-for-like basis.

Paul O'Connor | Executive Director | Global Environmental & Social Risk Management | J.P. Morgan | 25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom |