

May 23, 2014

Dr Jarlath Molloy  
Technical Manager  
Climate Disclosure Standards Board  
40 Bowling Green Lane  
London EC1R 0NE  
United Kingdom

Via online submission

Dear Dr Jarlath

**COMMENTS ON CDSB FRAMEWORK CONSULTATION DRAFT,  
PROMOTING AND ADVANCING DISCLOSURE OF ENVIRONMENTAL INFORMATION**

We thank you for the opportunity to comment on CDSB Framework Consultation Draft, *Promoting and advancing disclosure of environmental information.*

In this regard, we are pleased to attach the Institute's comments as set out in Appendix I for your consideration.

Please do not hesitate to contact the undersigned or the Institute's Senior Technical Manager, Ms Hoh Kim Hyan, at +603-2698 9622 should you require any clarification.

Thank you.

Yours sincerely



FOO YOKE PN (Mr)  
Executive Director

THE MALAYSIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
(INSTITUT AKAUNTAN AWAM BERTAULIAH MALAYSIA)

**Climate Disclosure Standards Board (CDSB)**

**CDSB FRAMEWORK**

**Consultation Draft**

**Questionnaire**

---

Comments are most helpful when the rationale for them is explained, specific suggestions for any proposed changes to wording are made and it is clear to which part(s) of the draft Framework your comments refer.

---

**Question 1**

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

**MICPA Comments:**

MICPA agrees with the objective as stated in Section 1.

**Question 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?

**MICPA Comments:**

MICPA agrees with the idea of having Framework that focuses on given items.

**Question 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?
- 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?

**MICPA Comments:**

MICPA is unable to comment.

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

#### **MICPA Comments:**

- a) MICPA is of the view that environmental reporting should merely complement mainstream reporting. If any reference is made to any environmental information, it should be disclosed in the management commentary.
- b) Yes, guidance in paragraph 2.34 of Edition 1.1 should be reproduced.
- c) Yes. It would be helpful.

#### Question 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?
- b) If not, what requirements should be added or changed?

#### **MICPA Comments:**

MICPA is unable to comment.

**Question 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?
- b) Do you have any suggestions for simplifying the language, definitions and terminology without losing clarity?
- c) Are the definitions, language and terms used in the framework consistent with those in other reporting initiatives and standards that you use?

**MICPA Comments:**

MICPA is unable to comment.

**Question 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?
- 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?
- 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?

**MICPA Comments:**

MICPA is unable to comments.

**Question 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.

**MICPA Comments:**

MICPA is unable to comment.

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

**MICPA Comments:**

MICPA is unable to comment.

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

**MICPA Comments:**

- a) MICPA is of the view that there should be universally accepted standards against which environmental information may be measured or compared.
- b) Where disclosure of environmental information is voluntary, MICPA is of the view that assurance or verification should not be required. On the other hand, if such disclosure is mandatory, appropriate environmental specialists should be engaged to report on the information disclosed.

**Question 11**

Any other comments.

<b>MICPA Comments:</b>
------------------------