COMMENTS ON THE CONSULTATION OF THE CLIMATE DISCLOSURE STANDARD BOARD ON THE CDSB REPORTING FRAMEWORK

About Clarkslegal

Clarkslegal LLP is an innovative law firm operating extensively within the Environmental Sector. Clarkslegal has also established, in conjunction with the EIC, the EIC Environmental Investment Network and we have a pioneering environmental subsidiary, Forbury Environmental. We have therefore developed a unique multi disciplinary approach, a practical business focussed ethos and a wealth of expertise within the environmental industry.

Our expertise extends to working with companies to mitigate the effects of climate change and advising companies, both start ups and those that are long established, on the varying obligations they are subject to as a result of legislation put in place to mitigate the effects of climate change. We are therefore very interested in the work being undertaken by the Climate Disclosure Standards Board to put in place a Reporting Framework that is both useful, but proportionate and reasonable in the context of other obligations on businesses.

Two significant areas in our practice are corporate work (with the involvement of investors) and procurement by private sector companies and public sector organisations. Across all our clients, there is a general desire to operate in a more sustainable manor, both internally and also in relation to businesses they establish relationships with.

We have set out below our comments on some of the specific points raised within the Framework and particularly how the proposed Reporting Framework will be of practical use to our clients.

Introductory Question 1

1. We agree that a single global framework for climate changed related disclosure is desirable and that it should be sited in mainstream reports if possible. Further, it is our view that it is desirable to have a uniform framework that everybody understands and which contains information that those interested in a company can use.

2. As we have explained above we have, within our client base, both public and private sector organisations. It is our view that the obligations are challenging but both necessary and desirable in the current climate. Setting them in the context of mainstream financial reporting should reach the right balance between provision of information and additional obligations. Further, if there is relatively standard format to that information it is then possible for public and private sector organisations to assess the relative performances of different companies. From a private sector perspective this will be useful in allowing organisations to compare their own performance to the performance of others and bring on board improvements in the way that they operate.

3. It will also allow users of those organisations to compare competitors. This will be useful to private sector organisations in their procurement processes. Private sector organisations are becoming more focused on and interested in sustainable procurement. An element of that is the sustainable practice operated by the prospective suppliers.

4. Because of the procurement rules set out in the Public Contract Regulations 2006 the information may have less use to public sector organisations covered by those rules. Whilst the public sector organisations are just as interested (on occasions more so) in the "green" credentials of the organisations that they contract with they are only able to use that information in a limited way as part of the procurement process. Any criteria they set out in the procurement process must be directly linked to the subject matter of the contract in question. This can on occasion limit the use that the public sector organisation may make of the information provided to it.

5. It is also our view that public sector organisations will, in their own auditing procedures, soon be required to provide very similar information to that proposed by the Reporting Framework. There will be specific obligations on those public sector organisations to provide, for example, information on their carbon reduction measures. It is our view that over time, those obligations will be incorporated into their existing audit reporting procedures.

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1. It is our view that consistent performance measures and indicators are crucial in allowing proper and accurate assessment of a company's performance. Investors and both private and public sector procurers will have difficulty in comparing competitor organisations if the measures and indicators are used are substantially different.

Summary

We welcome the ethos behind the proposed reporting Framework and hope that it can be utilised to good effect by bringing more consistency to the credentials of businesses in the market place.

Clarkslegal LLP
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