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4 March 2024

Professor Carol Adams
Chair
Global Sustainability Standards Board (GSSB)
Barbara Strozzilaan 101
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Dear Carol

GRI Topic Standard Project for Climate Change – Climate Change and Energy exposure drafts

Deloitte Touche Tohmatsu Limited welcomes the opportunity to respond to the Climate Change and Energy exposure drafts (EDs) issued by the Global Reporting Initiative's (GRI) Global Sustainability Standards Board (GSSB). There is increasing focus by stakeholders on the actions being taken by entities to support commitments made to address climate change. We agree, therefore, that the matters addressed in the EDs should be reflected in the GRI Standards.

We believe it is essential that reporting standards support the integration of sustainability matters into the core of the business, specifically in relation to governance, strategy, risk management, and metrics and targets. An integrated approach adopted by many companies means that transition plans and adaptation plans are fully embedded in the company's overall strategy and recognise the interconnections between reducing emissions and other environmental considerations – such as nature and biodiversity – and social matters, including achieving a "just transition". Care is needed, therefore, not to develop standards which would require disclosure of standalone transition and adaptation plans (especially the latter) at the expense of strategic integration. While we acknowledge that the GSSB's proposed disclosures require a company to explain how its climate response is integrated into its overall strategy, the emphasis in the proposals on reporting separate 'plans' as opposed to aspects of an entity's business (i.e., its governance, strategy, risk management, and metrics and targets) could be seen as promoting siloed thinking. We therefore recommend that the GSSB places greater emphasis in the proposals on information that helps a user to understand an entity's response to climate change in respect of its impacts on the economy, the environment and people, and how it is embedded in its strategy and business model.

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We think it is essential that the GSSB further develops its proposals to maximise interoperability with the standards issued by the International Sustainability Standards Board (ISSB), specifically IFRS S2: *Climate-related Disclosures*. These standards have been developed to be used to create a global baseline of consistent and comparable sustainability information relevant to the information needs of providers of financial capital (who are included as a stakeholder under GRI's definition). We think this should mean using the same concepts, terminology, definitions, requirements, measurement and metrics as the ISSB as far as possible within the GRI's overall objectives, and then supplementing the requirements further as needed in respect of GRI's focus on entities' impacts on the economy, the environment and people (for example, the proposals include more coverage of the just transition which we consider appropriate to the GRI's objectives). We consider it essential that the GSSB's proposals result in the same disclosures on measurement and metrics common to the global baseline as far as possible – specifically in relation to GHG emissions. We do not see that disclosure of an entity's Scopes 1, 2 and 3 emissions would be different in respect of an investor audience or a stakeholder audience. Any unnecessary divergence in measurement or presentation adds to cost and complexity for preparers and risks undermining consistent and comparable information. In that regard we recommend the GSSB mandate use of the Greenhouse Gas Protocol (GHG Protocol) for measurement of GHG emissions, which the ISSB has already done. Consideration should also be given to using the ISSB requirements in other areas (for example, the Scope 3 measurement framework as set out in IFRS S2:B38-57).

Moreover, in keeping with the theme of interoperability, we suggest the GSSB could acknowledge and make reference in its Climate Change standard to specific initiatives that focus on transition plans, as further guidance. For example, in the UK, the Transition Plan Taskforce (TPT) has set out a framework for disclosure of transition plans, which we observe covers similar ground to the GSSB's proposals.

With regards to the proposed standard on energy, we note that, energy consumption is a matter that is addressed in the European Sustainability Reporting Standards (ESRS) and we observe that the GRI Standard would require disclosure at a more granular level compared to the ESRS. We therefore believe that the GSSB should review the case for such granularity on the cost-benefit grounds and consider whether such disclosure requirements would be more suited as accompanying non-mandatory guidance, especially taking into consideration that more detailed energy disclosures might be more appropriate to specific industries (for example, those that have high energy consumption).

We recommend, in addition, that the GSSB reconsider its proposals in some areas in respect of the detailed disclosures required, which in some instances go significantly beyond the requirements of other standards such as the ISSB's and the ESRS (for example, aspects of the proposed disclosures on carbon credits under the Climate Change standard). While we acknowledge that there are matters that require granular detail in a standard addressing impacts and with stakeholders as the intended users of the resulting disclosures (for example, specific information on avoided and removed emissions, and on biogenic CO_2 emissions from the combustion or biodegradation of biomass from owned or controlled operations), we think

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there needs to be an appropriate balance in reporting requirements with the focus on decision-useful information rather than voluminous detail that could obscure material information. As an overall approach, we believe that principles-based requirements can support the provision of more useful information. For example, rather than prescribe specific disaggregation of information, a general requirement to provide disaggregated information when it is necessary for users' understanding could be a helpful approach. Furthermore, we think consideration could be given to repositioning some of the proposed requirements as industry-specific requirements rather than applicable cross-industry.

Further comments on the specific questions included in the online questionnaire are set out in the Appendix. We have also uploaded our response to the GRI response platform.

If you have any questions, please contact Veronica Poole on +44 020 7007 0884 or vepoole@deloitte.co.uk, or Neil Stevenson on +44 020 7007 5636 or neilstevenson@deloitte.co.uk.

Yours sincerely

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Appendix: Responses to detailed questions

GRI Topic Standard Project for Climate Change – Climate Change Exposure draft

1. Do you agree that the draft adequately covers the most relevant information to increase transparency on climate change-related impacts, including on just transition and biodiversity? Are there any critical contents missing or is there any information your organization is currently reporting on that is not reflected in this exposure draft? Please explain and provide the line number that your comment relates to.

Overall, we agree that the draft standard covers the most relevant information to increase transparency on climate change-related impacts, including on just transition and biodiversity, although we have comments on the specific proposed disclosure requirements as outlined below and in our responses to the following questions.

We believe it is essential that reporting standards support the integration of sustainability matters into the core of the business, specifically in relation to governance, strategy, risk management, and metrics and targets. An integrated approach adopted by many companies means that transition plans and adaptation plans are fully embedded in the company's overall strategy and recognise the interconnections between reducing emissions and other environmental considerations – such as nature and biodiversity – and social matters, including achieving a "just transition". Care is needed, therefore, not to develop standards which would require disclosure of standalone transition and adaptation plans (especially the latter) at the expense of strategic integration. While we acknowledge that the GSSB's proposed disclosures require a company to explain how its climate response is integrated into its overall strategy, the emphasis in the proposals on reporting separate 'plans' as opposed to aspects of an entity's business (i.e., its governance, strategy, risk management, and metrics and targets) could be seen as promoting siloed thinking. We therefore recommend that the GSSB places greater emphasis in the proposals on information that helps a user to understand an entity's response to climate change in respect of its impacts on the economy, the environment and people, and how it is embedded in its strategy and business model.

We note that the introductory text to the draft standard states that new disclosures related to climate change have been included alongside a review of GRI 305: *Emissions 2016* (Disclosures 305-1 to 305-5) and GRI 201: *Economic Performance 2016* (Disclosure 201-2). It is not clear, however, what the interaction is between Disclosure 201-2, which addresses the financial implications and other risks and opportunities due to climate change, and this draft standard. For completeness, our preference would be for the matters covered in Disclosure 201-2 to be incorporated into this ED. At the very least, we think there should be a cross-reference to the disclosures in 201-2 to ensure that the risks and opportunities arising from climate change are considered and reported on holistically.

We also observe the use of terms throughout the draft standard which, in our view, would benefit from either being clearly defined, or further guidance added to assist with implementation of the reporting requirements. We have highlighted a number of examples within our responses to the individual questions below. More generally we recommend the GSSB reviews the ED to ensure climate change-related terminology is clearly explained, or defined, and supported with explanatory guidance where appropriate.

2.1 CC-1 Transition plan for climate change mitigation. Under this disclosure, organizations report information and impacts that result from the implementation of the transition plan. Are the requirements and associated guidance clear? If not, please explain why, and suggest any wording revisions or guidance. Please provide the line number that your comment relates to.

While we consider the requirements to be clearly drafted, we make additional observations. The guidance accompanying draft disclosure CC-1 states that a 'transition plan for climate change mitigation is an organization's overall strategy, containing actions, policies, resources, accountability mechanisms, and targets concerning the global effort needed to limit global warming' (lines 304-306). Although broadly similar to the definition included within Appendix A of IFRS Sustainability Disclosure Standard S2 (IFRS S2), it is not the same. We believe it is essential, where possible, to ensure consistency in terminology and recommend that the description of a transition plan is fully aligned with the definition in IFRS S2. We also think it is essential for the GSSB to consider further alignment with the disclosure requirements on transition plans set out in IFRS S2.

Although draft disclosure CC-1(e) (line 284) requires an entity to 'describe how the transition plan is embedded in the organization's overall business strategy', as we stated in our response to Question 1, we believe the overall structure and individual reporting requirements outlined in CC-1 could give the impression that a clearly separate strategy, including separate related resource allocation, policies, and accountability mechanisms, is required in the development of a transition plan, as opposed to a transition plan that is fully embedded in an entity's overall strategy. For example, proposed paragraph CC-1 (c) (lines 279–281) requires disclosure of the 'investment allocated to the implementation of the transition plan during the reporting period as the total amount and as a percentage of the total investment in the reporting period'. This disclosure is supported by a suggested calculation in the accompanying guidance in lines 353–355. We believe it could be challenging and potentially misleading for entities to precisely calculate the amount of investment allocated to the transition plan, and to separate this from other strategic activities or decisions made in response to climate change more generally.

We therefore recommend that the GSSB reconsider the disclosure requirements in CC-1 to avoid siloed reporting on transition plans and support a more cohesive disclosure with reporting on an entity's overall strategy and business model.

We emphasise the need for greater interoperability with the requirements of IFRS S2 and observe that the ISSB requirements are set within the context of an entity explaining how it is responding to, and plans to respond to, climate-related risks and opportunities in its strategy and decision making more generally (IFRS S2 14(a)). We believe the GSSB should supplement these requirements with further coverage of impacts. We therefore recommend further alignment of the disclosure requirements in CC-1 with IFRS S2 (for example, IFRS 2:14(iv), 14(b) and 14(c), specifically to address key assumptions used, information about how the entity is resourcing, and plans to resource, the activities disclosed and disclosure of progress made in relation to any transition plans disclosed in the previous period). We also recommend that consideration is given to IFRS S2 paragraphs 29(b) – (e) which outline requirements for providing various metrics for the 'amount and percentage of assets or business activities' relating to various climate-related risks and opportunities, and in relation to capital deployed towards climate-related risks and opportunities and which could be adapted as needed to reflect impact considerations.

We believe that the reference to 'workers' in proposed CC-1(h)(i), which seeks information about the impacts of an organisation's transition plan on people, should be clarified further. In our view, it is not clear if the disclosure is limited to the entity's own workforce or is also applicable to workers in the value chain. We believe this should be specified within the disclosure requirement.

The accompanying guidance (lines 340-342) explains how entities should disclose which policy scenarios were used to develop the transition plan. Consistent with the ISSB's approach, we believe the use of scenario analysis should be an explicit requirement and therefore clearly stated as a disclosure requirement under CC-1 rather than referenced in the guidance only. The GSSB should also further consider the IFRS S2 requirements on the use of climate scenario analysis to inform disclosures on the resilience of the strategy and whether these could be incorporated (and adapted as needed) in the GRI standard.

2.2 CC-2 Climate change adaptation This management disclosure covers the development of the climate change adaptation plan and the impacts resulting from its implementation. Are the requirements and associated guidance clear? If not, please explain why, and suggest any wording revisions or guidance. Please provide the line number that your comment relates to. Is the difference between the impacts associated with climate change-related risks and opportunities (as per requirement CC-2-a) and the impacts associated with the adaptation plan (as per requirement CC-2-c) clear? If not, please explain why, and suggest any wording revisions or guidance.

Draft requirement CC-2(b) (line 494) refers to an entity 'describing its climate change adaptation plan' and continues to outline specific disclosures on this plan, for example, policies and actions, the climate change-related scenarios, methodologies, and assumptions used, the investment allocated to the adaptation plan, and targets set to achieve the plan. The concept of a standalone 'adaptation plan' is not replicated in IFRS S2 or ESRS E1. IFRS S2 requires disclosure of the ‘current and anticipated direct mitigation and adaptation efforts’ (paragraphs 14(a)(ii)) and ‘current and anticipated indirect mitigation and adaptation efforts’ (paragraph 14(a)(iii)). These disclosures are set within the context of an entity explaining how it is responding to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making more generally. We believe the emphasis in the proposals on reporting separate ‘plans’ as opposed to aspects of an entity’s business (i.e., its governance, strategy, risk management, and metrics and targets) could be seen as promoting siloed thinking.

We believe that there should be full alignment with the approach adopted in IFRS 2 with regards to mitigation and adaptation methods, with further disclosure requirements added as needed to address impacts not already addressed in the ISSB’s requirements. Similar to our comments on transition plans, we suggest that the CC-2 disclosures should be fully aligned with IFRS S2 and include requirements in relation to resource allocation and progress against plans. In our view, this would provide a more practical way for entities to discuss their adaptation plans within the context of their overall strategy, while also promoting a global baseline for reporting on climate change adaptation.

More specifically, we note that proposed disclosures CC-2(a) (lines 492–493) require an entity to ‘describe its impacts on the economy, environment, and people, associated with its climate change-related risks and opportunities’. We suggest the words ‘including impacts on their human rights’ should be added after ‘people’ in this disclosure requirement to ensure consistency across the standard, including for example, the accompanying guidance to CC-2 (lines 576–578). In addition, we repeat our comment made in relation to the transition plan disclosures about workers: we believe it should be clarified whether the reference to workers in proposed CC-2(c)(i) is to an entity’s own workforce or also to workers in the value chain.

Lines 531-532 refer to an entity’s ‘climate-related risks and opportunities’. It is not clear from this if these are the same risks and opportunities that would be identified under the ISSB Standards (i.e., those that could affect an entity’s prospects). We think it is important clearly to align to the ISSB’s definition so that the risks and opportunities in consideration are the same under both standards. In addition, we consider lines 533–544 could be further clarified. The climate-related risks set out in lines 533–537 reference climate-related risks to which an entity is exposed (as set out in TCFD and IFRS S2) – which, in turn, may result in risks and opportunities that could affect an entity’s prospects. These two concepts should not be conflated or confused. We observe that the examples in lines 540–544, that are given as impacts, would also likely be risks and opportunities that could affect an entity’s prospects. We therefore suggest that the examples are clearer in articulating the impacts an entity might disclose under the GRI Standards that would be over and above the disclosures an entity might make under the ISSB Standards.

In line 621, we think some boundary should be placed around the required disclosure of ‘any impacts’ associated with an entity’s adaptation plan so that it is clear what information is expected.

2.3 CC-3 Just transition. A just transition involves greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind. In your opinion, are there any additional globally recognized metrics that should be considered? Is there any information your organization is currently reporting or planning to report that is not reflected in this exposure draft? Please provide the suggested metrics/suggest any wording addition and provide the authoritative source.

We note that while there is a description of a just transition in the guidance accompanying proposed paragraph CC-1-h-i (lines 456–461 of the exposure draft) there is no description or definition included in the guidance accompanying the proposed CC-3 disclosures. We think it would be helpful to include a definition in the guidance accompanying CC-3, drawing from the IFRS Sustainability Education Material *Nature and social aspects of climate-related risks and opportunities,* which describes a just transition as when 'the entity is transitioning to a lower-carbon economy in a way that is as fair and inclusive as possible to everyone concerned and maximises opportunities for decent work among all communities, workers and social groups'.

We also note that proposed disclosure CC-3 sets out detailed reporting requirements in relation to a just transition, for example, the requirement in CC-3(a) (lines 657–659) to 'report the total number of jobs created as a result of the organization's transition plan' and then in CC-3(b) (lines 660–661 of the exposure draft) to 'report the total number of jobs eliminated as a result of an organization's transition plan'. While we do not disagree that such information might provide helpful insights into an entity's efforts to promote a just transition, we question the extent to which entities will be able to apply this consistently.

In addition, some of the detailed metrics proposed may not be applicable to all entities and may not therefore reflect an entity's efforts towards a just transition. We encourage the GSSB to consider whether some of the more granular reporting requirements proposed under draft CC-3 might be better suited in the accompanying guidance. For example, the GSSB could include a general disclosure requirement for an entity to report the metrics it uses to measure its impacts on its workforce and people more generally resulting from its transition plan, including restructuring, employment loss or creation, and reskilling and/or upskilling.

2.4 CC-4 GHG emissions reduction targets setting and progress. Under this disclosure, organizations report information on their GHG emissions reduction targets, and progress on the targets. Are the requirements and associated guidance clear? If not, please explain why, and suggest any wording revisions or guidance. Please provide the line number that your comment relates to.

We believe GRI's climate change standard project presents an ideal and timely opportunity to address differences between the ISSB Standards and the GRI Standards in respect of disclosure requirements on the same matters, particularly in relation to metrics and targets. We think therefore that there should be full alignment with IFRS S2:33-37, which relates to climate-related targets.

As discussed in our response to Question 2.7 below, we recommend that the GRI Standards mandate entities to measure GHG emissions in accordance with the GHG Protocol unless an entity is required by a jurisdictional authority or an exchange on which the entity is listed to use a different method. Were the GSSB to adopt this approach, it could then review whether any reporting requirements proposed under CC-4 that are derived from the GHG Protocol still need to be retained.

We note that there is no supporting guidance to accompany CC-4(c) (line 759) which requires an entity to 'report its target revision policy'. We think accompanying guidance is necessary to assist understanding of a 'target revision policy' and its application.

At lines 805–807, there is a proposal that an entity disclose the percentage of Scope 3 categories included in a target in the event that not all those emissions are included. However, the calculation method in lines 808–809 would result in the percentage of the total Scope 3 emissions, not the percentage of the (15) Scope 3 categories included. The description of the metric should be changed to reflect this.

2.5 CC-5 GHG removals in the value chain. This disclosure aims to increase transparency on the use of GHG removals. Are the requirements feasible to report on and is the associated guidance clear? If not, please explain why, and suggest any wording revisions or guidance where relevant. Please provide the line number that your comment relates to.

We note that the proposed disclosures in CC-5 are similar, but not fully aligned, with disclosures under ESRS E1 (paragraph 56). We suggest the GSSB looks to align further with those disclosures.

2.6 CC-6 Carbon credits. This disclosure aims to increase transparency on the use of carbon credits to avoid greenwashing, the adherence to the relevant quality criteria and impacts associated with the implementation of carbon credits projects. Are the requirements and associated guidance clear? If not, please explain why, and suggest any wording revisions or guidance. Please provide the line number that your comment relates to.

We note that the proposed requirements in CC-6 do not include disclosure of the planned use of carbon credits, similar to the requirements set out in paragraph 36(e) of IFRS S2. We believe that information on planned use of carbon credits provides useful information on an entity's climate-related targets, including on the credibility and integrity of the selected credits. In our view, CC-6 should be augmented to incorporate the disclosure requirements relating to the planned use of carbon credits as set out in IFRS S2.

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The proposed disclosure CC-6(a) (lines 1515–1516) would require an entity to 'report the total amount of carbon credits in metric tons of CO2 equivalent cancelled and a breakdown of this total by types of carbon credit project'. Further detailed information is required in relation to these carbon credit projects. We question the usefulness of this highly granular information including details of the 'cancellation serial number, cancellation date, and vintage' as required by CC-6(b)(iii) (line 1520). We strongly recommend that the GSSB does not seek more granular information on cancelled carbon credits than the disclosure requirements in ESRS E1.

2.7. Disclosures GH-1, GH-2, GH-3, GH-4. Disclosures on GHG emissions have been updated to ensure reporting requirements cover the latest insights of the ongoing revision process of the GHG Protocol Standards. Are the requirements and associated guidance in each of these disclosures clear? If not, please explain why, and suggest any wording revisions or guidance. Please provide the specific disclosure and line number that your comment relates to.

We welcome the publication of the recent *Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards* which illustrates the areas of interoperability between the existing standard GRI 305: *Emissions 2016* and IFRS S2. While this publication demonstrates that there is currently a good level of interoperability between the two standards, differences still remain and continue under this ED.

We believe the GRI's climate change standard project presents an ideal and timely opportunity to remove outstanding differences between the GRI Standards and the ISSB Standards in order to achieve full alignment in the disclosure of GHG emissions (as set out in GH1, 2, 3 and 4 of the draft climate change standard). We consider it essential that the GSSB's proposals result in the same disclosures on measurement and metrics common to the global baseline as far as possible – specifically in relation to GHG emissions. We do not see that disclosure of an entity's Scopes 1, 2 and 3 emissions would be different in respect of an investor audience or a stakeholder audience. Any unnecessary divergence in measurement or presentation adds to cost and complexity for preparers and risks undermining consistent and comparable information.

We believe that full alignment with paragraph 29(a)(i) – (vi) of IFRS S2 relating to greenhouse gas emissions would enhance the interoperability of the two sets of standards overall and support the development of a global baseline for reporting on GHG emissions. In that regard, we strongly recommend the GSSB requires that GHG emissions are measured in accordance with the GHG Protocol unless the entity is required by a jurisdictional authority or an exchange on which an entity is listed to use a different method (consistent with IFRS S2:29(a)(ii)). Consideration should also be given to using the ISSB requirements in other areas (for example, the Scope 3 measurement framework as set out in IFRS S2: B38-57). Any divergent approaches that could lead an entity to quantify its carbon footprint in different ways, or present the same information in different formats and with different disclosures on the measurement approach adopted could confuse and mislead users and would result in the need for time consuming and costly reconciliations – something that can and should be avoided.

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Remaining disclosures proposed under GH-1, GH-2, GH-3 and GH-4, not covered by IFRS S2 or derived from the GHG Protocol, could be assessed in order to determine whether they are likely to provide useful information to stakeholders. In some instances, disclosure requirements may be better suited to form part of the accompanying guidance or required for particular industries. As referenced in our response to Question 1, we think the GSSB could consider a general requirement (similar to ISSB's) to provide disaggregated information about GHG emissions disclosures when useful to stakeholders. Furthermore, some detailed disclosure requirements could be made subject to industry considerations – for example, heavy industry, mining and oil/gas might need to provide further detail on specific gases emitted.

3. The exposure draft is based on the mitigation hierarchy concept, which consists of a hierarchy of steps that organizations should follow to inform their actions to mitigate climate change. In this context, throughout the disclosures of the exposure draft, emphasis is placed on reducing GHG emissions as the primary mitigation action that organizations should implement. Is it clear throughout the standard that the primary mitigation action is to reduce emissions? If not, please explain what could be improved, provide the line number that your comment relates to and propose alternative wording where necessary.

We have no comment on this question.

4. The exposure draft of the GRI Climate Change Standard includes informative tables to support organizations to report and disclose the information required. Are the tables clear? If not, please provide the table number, explain why and provide a proposal.

We find the tables are clear. However, we think it is essential that the presentation is fully aligned with the ISSB's requirements (including on disaggregation of Scopes 1 and 2 as required by IFRS S2:29(a)(iv)). We also encourage the GSSB to consider the disclosures required by ESRS E1 to seek better alignment with ESRS where possible, to support greater interoperability. We believe that requirements to disclose the same information in different formats should be avoided as far as possible in the interests not only of reducing cost and complexity for entities but also in promoting understandability of information – different formats and presentations for the same data points can lead to confusion.

5. Do you have any additional comments on clarity, feasibility, and relevance of specific disclosures? For any additional comments on a specific section of the GRI Climate Change Standard exposure draft, use the form below, indicating the disclosure number and line numbers.

We think it is essential that the GSSB further develops its proposals to maximise interoperability with the standards issued by the ISSB, specifically IFRS S2: *Climate-related Disclosures*. These standards have been developed to be used to create a global baseline of consistent and comparable sustainability information relevant to the information needs of providers of financial capital (who are included as a stakeholder under the GRI's definition). We think this should mean using the same concepts, terminology, definitions, requirements, measurement and metrics as the ISSB as far as possible within the GRI's overall objectives, and then supplementing the requirements further as needed in respect of GRI's focus on entities' impacts on the economy, the environment and people (for example, the proposals include more coverage of the just transition which we consider appropriate to the GRI's objectives). We consider it essential that GSSB's proposals result in the same disclosures on measurement and metrics common to the global baseline as far as possible – specifically in relation to GHG emissions. We do not see that disclosure of an entity's Scopes 1, 2 and 3 emissions would be different in respect of an investor audience or a stakeholder audience. Any unnecessary divergence in measurement or presentation adds to cost and complexity for preparers and risks undermining consistent and comparable information. In that regard we recommend the GSSB mandate use of the Greenhouse Gas Protocol (GHG Protocol) for measurement of GHG emissions, which the ISSB has already done.

Moreover, in keeping with the theme of interoperability, we suggest GSSB could acknowledge and make reference in its Climate Change standard to specific initiatives that focus on transition plans, as further guidance. For example, in the UK, the Transition Plan Taskforce (TPT) has set out a framework for disclosure of transition plans, which we observe covers similar ground to the GSSB's proposals.

We recommend in addition that the GSSB reconsider its proposals in some areas in respect of the detailed disclosures required, which in some instances go significantly beyond the requirements of other standards such as the ISSB's and the ESRS (for example, aspects of the proposed disclosures on carbon credits under the Climate Change standard). While we acknowledge that there are matters that require granular detail in a standard addressing impacts and with stakeholders as the intended users of the resulting disclosures (for example, specific information on avoided and removed emissions, and on biogenic CO_2 emissions from the combustion or biodegradation of biomass from owned or controlled operations), we think there needs to be an appropriate balance in reporting requirements with the focus on decision-useful information rather than voluminous detail that could obscure material information. As an overall approach, we believe that principles-based requirements can support the provision of more useful information. For example, rather than prescribe specific disaggregation of information, a general requirement to provide disaggregated information when it is necessary for users' understanding could be a helpful approach. Furthermore, we think consideration could be given to re-positioning some of the proposed requirements as industry-specific requirements rather than applicable cross-industry.

Energy exposure draft

6.1. EN-1 Energy policies and commitments. Under this disclosure, organizations report their energy policies and commitments and how they contribute to energy efficiency, the deployment of renewable energy and the transition to a decarbonized economy. Do you agree

that the disclosure EN-1 requires the most relevant information to increase transparency about an organization's impacts resulting from its energy policies and commitments? If not, please explain why, and suggest any wording revisions or guidance. Please provide the line number that your comment relates to.

Proposed disclosure EN-1(a) (lines 195–197) requires an entity to 'report how its energy management policies and commitments contribute to energy efficiency, the deployment of renewable energy, and the transition to a decarbonized economy.' We suggest that the accompanying guidance in lines 218–219 could be expanded, for example, by making reference to International Energy Agency (IEA) scenarios or science-based targets.

6.2 EN-2 Energy consumption and generation within the organization. Under this disclosure, organizations report information on their energy consumption and generation, along with specific breakdowns by energy source, renewable and non-renewable sources and the activities in which energy is consumed. Do the different breakdowns cover the most relevant information to increase transparency and are they feasible to report on? If not, please explain why, and suggest any wording revisions. Please provide the line number that your comment relates to. Are the requirements and associated guidance clear? If not, please explain why, and suggest any wording revisions or guidance. Please provide the line number that your comment relates to.

We have included our comments on this ED more generally in the response to question 8 below. More specifically in relation to draft disclosure EN-2, we note that there are various requirements to disclose energy consumption and generation by 'source' but there is little guidance to assist preparers in understanding what is meant by 'source' in this context and examples of what this might include. We therefore suggest consideration is given to developing guidance to explain what is meant by 'source' in relation to disclosures on energy consumption and generation in order to improve understandability of the reporting requirements and consistency of application.

6.3. EN-3 Upstream and downstream energy consumption. Under this disclosure, energy consumption from activities outside the organization is reported, including both upstream and downstream in the organization's value chain. Do you agree that disclosure EN-3 requires the most relevant information to increase transparency about an organization's upstream and downstream energy consumption? If not, please explain why, and suggest any wording revisions or guidance. Please provide the line number that your comment relates to.

While we recognise that this is an updated, rather than a new proposed disclosure requirement, the proposed disclosure under EN-3(a) (lines 383–385) for an entity to 'report significant energy consumption upstream and downstream of its value chain in joules, watt-hours, or multiples, and a breakdown by each upstream and downstream category' is extremely challenging for preparers to be able to apply, especially as there is no proposed relief (for example, to be required to use reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort). This proposal would significantly add to the reporting burden and companies are likely to find it highly challenging to measure energy consumption to this level of detail. Furthermore, as drafted, the requirement to disclose ‘significant’ information is not likely to lead to consistent or comparable information without more detailed guidance. We note that this information is not explicitly required by either the ISSB Standards or the ESRS. We encourage the GSSB to reconsider the value of the information required under proposed EN-3(a), whether it is practical to obtain, and evaluate evidence that stakeholders rely on this information.

6.4. EN-4 Energy intensity. This disclosure covers energy intensity ratio(s) that organizations use to express the energy required per unit of activity, output, or other organization-specific metric. Do you agree that disclosure EN-4 requires the most relevant information to increase transparency about an organization’s energy efficiency? If not, please explain why, and suggest any wording revisions or guidance. Please provide the line number that your comment relates to.

Please see our comments in response to question 8.

6.5. EN-5 Reduction of energy consumption. The Energy exposure draft covers reduction of energy consumption under this disclosure, which also incorporates the content of the Disclosure 302-5 Reductions in energy requirements of products and services of GRI 302: Energy 2016. Are there reasons the energy requirement for products and services should be a separate disclosure? Are the requirements of EN-5 clear? If not, please explain why, and suggest any wording revisions or guidance. Please provide the line number that your comment relates to.

Please see our comments in response to question 8.

7. The exposure draft for Energy includes informative tables to support organizations to report the information required. Are the tables clear? If not, please provide the table number, explain why and provide a proposal.

Please see our comments in response to question 8.

8. Do you have any additional comments on clarity, feasibility and relevance of specific disclosures or do you identify any information missing from the draft? For any additional comments on a specific section of the GRI Energy Standard exposure draft, use the form below, indicating the disclosure number and line numbers.

Energy consumption is a matter that is addressed in the ESRS and we observe that the GRI Standard would require disclosure at a more granular level compared to the ESRS.

We therefore believe that the GSSB should review the case for such granularity on the cost-benefit grounds and consider whether such disclosure requirements would be more suited as accompanying non-mandatory guidance, especially taking into consideration that more detailed energy disclosures might be more appropriate to specific industries (for example, those that have high energy consumption).

We further recommend that consideration is given to the glossary and defined terms set out in the ED. Currently, general terms such as 'base year' or 'human rights' are explained in the glossary, whereas other terms such as 'contractual instruments', which are less likely to be widely understood, are not included. As this is a term defined under the GHG Protocol, the GSSB could usefully adopt this definition within its own standards. Another example includes the 15 categories included in the upstream and downstream reporting requirements, which in our view would benefit from further explanation either in the glossary or the accompanying guidance, or a cross-reference provided to the further detailed guidance in this area in the GHG Protocol.