

Ashurst

Widely adopted frameworks in the UK and EU

ESG Reporting Standards

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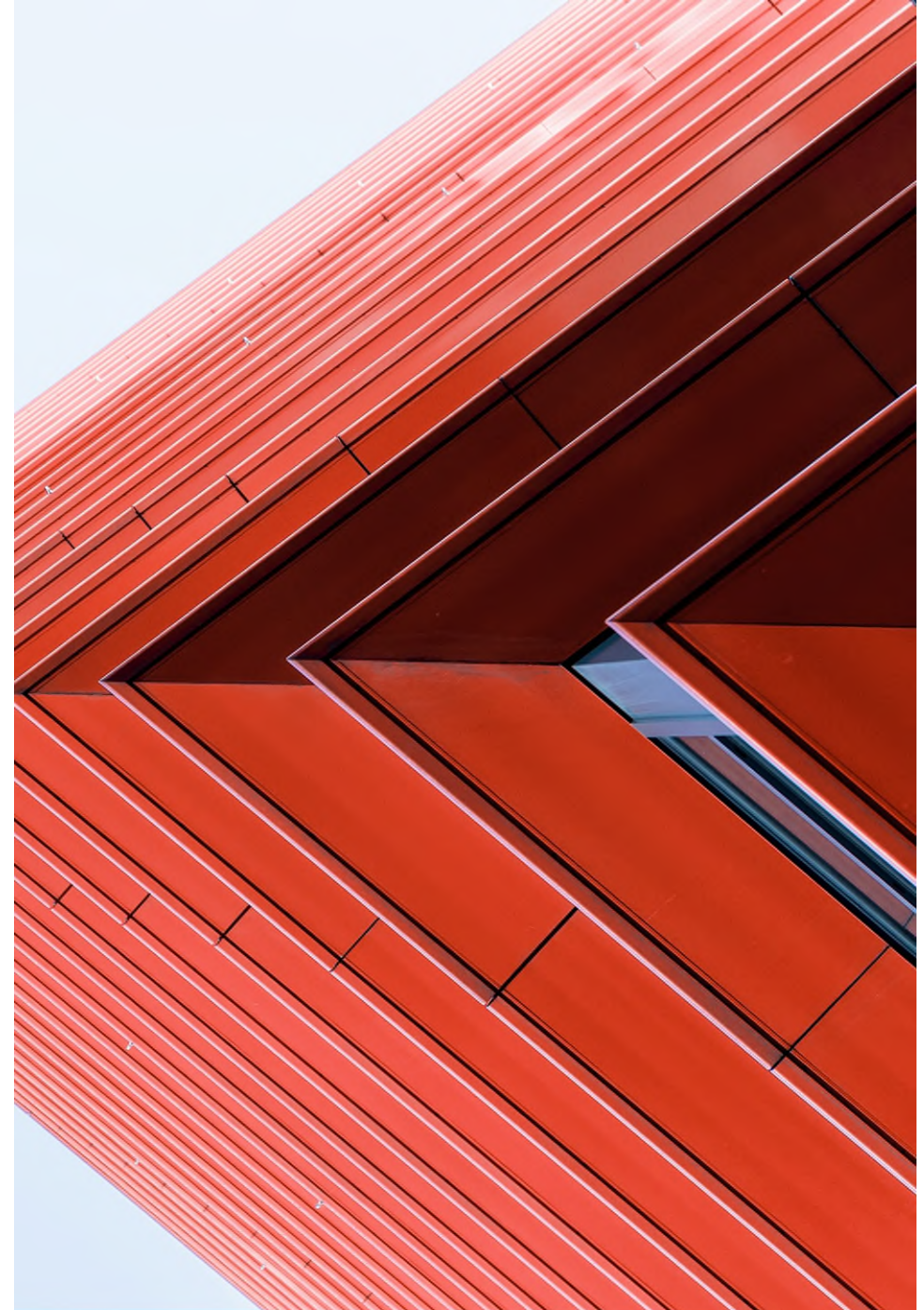


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#	Framework	What is it?	Who is it published by?	What does it require?	Is it mandatory in the UK? If so, who for?	Is it mandatory in the EU? If so, who for?
1	<u>GRI Standards</u> Global Reporting Initiative	Standards developed by the Global Reporting Initiative, an independent, international organisation that supports organisations in communicating their sustainability efforts. The GRI Standards are the world's most widely used for sustainability reporting. The standards are used by more than 10,000 organisations in over 100 countries.	The GRI standards were developed by the Global Sustainability Standards Board (GSSB), an independent operating entity of GRI.	The GRI Standards are a modular system comprising three series of Standards: a) GRI Universal Standards which contain disclosures relating to details about an organisation's structure and reporting practices, activities and workers, governance, strategies, stakeholder engagement etc. b) GRI Sector Standards which intend to increase the quality, completeness, and consistency of reporting by organisations. The standards will list topics that are likely to be material for most organisations in a given sector. c) GRI Topic Standards which contain disclosures for providing information on topics. Examples include Standards on waste, occupational health and safety, and tax.	No	No

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2	<p><u>CDP Standards</u></p> <p>Formerly known as 'Carbon Disclosure Project'</p>	<p>Standards developed by CDP, a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.</p> <p>CDP is the gold standard for corporate environmental reporting and is fully aligned with the TCFD recommendations.</p> <p>746 investors with over US\$136 trillion in assets and 280+ large purchasers with over US\$6.4 trillion in procurement spend are requesting thousands of companies to disclose their environmental data through CDP.</p>	<p>CDP comprises of CDP Worldwide Group, CDP North America, Inc. and CDP Europe AISBL.</p>	<p>Companies can report to CDP on their own, or they can do so at the request of investors or clients.</p> <p>CDP currently offers companies three questionnaires:</p> <ul style="list-style-type: none"> a) climate change: CDP seeks information on climate risks and low carbon opportunities. b) Forests: CDP provides a framework of action for companies to measure and manage forest-related risks and opportunities, transparently report on progress, and commit to proactive action for the restoration of forests and ecosystems c) Water: CDP collects data which helps influential decision makers to reduce risk, capitalise on opportunities and drive action towards a more sustainable world. <p>Reporting is completed on an annual basis, with the portal opening in April every year and submissions due in July.</p>	No	No

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3	SASB Standards Sustainability Accounting Standards Board	<p>Standards developed by the Sustainability Accounting Standards Board, a non-profit organisation that strives to establish and maintain industry-specific standards for guiding the disclosure of financially material sustainability information by companies to investors and other financial stakeholders.</p> <p>SASB Standards are a useful tool to assist in meeting legal requirements in most jurisdictions, although supplemental disclosures may be required to meet specific regional requirements. For example, the European Commission recognizes SASB standards as a suitable framework for complying with the Non-Financial Reporting Directive (NFRD) disclosure obligations.</p>	<p>The Sustainability Accounting Standards Board (SASB) was founded in 2011 as a not-for-profit, independent standards-setting organisation.</p>	<p>There are 77 Industry Standards created by the SASB which are designed to help companies disclose financially-material sustainability information to investors.</p> <p>Industries covered include, but are not limited to, Asset Management, Commercial Banks, Real Estate and Technology and Communications.</p> <p>SASB Standards are free for non-commercial use, such as corporate disclosure.</p>	No	No

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4	<p><u>TCFD Standards</u></p> <p>Taskforce on Climate-Related Disclosures</p>	<p>Standards published by the Taskforce on Climate-Related Disclosures.</p> <p>The TCFD has developed a framework to help public companies and other organisations more effectively disclose climate-related risks and opportunities through their existing reporting processes.</p>	<p>The Taskforce on Climate-Related Disclosures was created by the Financial Stability Board, an international body that monitors and makes recommendations about the global financial system. (FSB).</p>	<p>The TCFD's recommendations are centred around four key pillars:</p> <ul style="list-style-type: none"> a) Governance: Disclose the organisation's governance around climate-related risks and opportunities. b) Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business strategy, and financial planning where such information is material. c) Risk management: Disclose how the organisation identifies, assesses, and manages climate-related risks. d) Metrics & Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material... 	<p>Yes.</p> <p>The following entities fall within scope</p> <ul style="list-style-type: none"> a) All UK companies that are currently required to produce a Non-Financial Information Statement. This includes UK companies that have more than 500 employees and are either traded companies, banking companies or insurance companies. b) UK registered companies with securities admitted to AIM with more than 500 employees c) UK registered companies which are not included in the categories above and have more than 500 employees and turnover of more than £500 million; and d) Limited liability partnerships (LLPs) which have more than 500 employees and turnover of more than £500 million... 	<p>No</p>

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				<p>A key feature of the framework is that it encourages businesses to undertake scenario analysis. This involves mapping likely risks and opportunities to the business's value chain at a range of global warming trajectories, including those detailed in the Paris Agreement.</p>	<p>As of the end of December 2021, the following regulated firms have climate-related disclosure requirements aligned with the TCFD's recommendations:</p> <ul style="list-style-type: none"> a) premium listed companies b) issuers of standard listed shares and global depository receipts (GDRs) c) asset managers d) life insurers e) FCA-regulated pension providers 	

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5	<p><u>TNFD Standards</u></p> <p>Taskforce on Nature-related Financial Disclosures</p>	<p>Framework developed by the Taskforce on Nature-related Financial Disclosures, a market-led initiative, funded by government and philanthropic partners.</p>	<p>Taskforce on Nature-related Financial Disclosures.</p>	<p>The TNFD recommends that companies disclose on the full set of nature-related dependencies, impacts, risks and opportunities, including climate, of their operations and across their value chain. This includes a consideration of the upstream (supply) and downstream (distribution and sale) value chains. For financial institutions, this includes lending, investment and/or insurance, as well as fee-based advisory activities.</p> <p>The TNFD defines nature-related risks as the potential threats posed to an organisation linked to its and other organisations' dependencies on nature and nature impacts.</p>	No	No

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6	CDSB Standards Climate Disclosure Standards Boards	<p>Standards developed by the Climate Disclosure Standards Board (CDSB), an international consortium of business and environmental NGOs committed to advancing and aligning the global mainstream corporate reporting model to equate natural and social capital with financial capital.</p> <p>We understand that the CDSB has now been consolidated into the International Financial Reporting Standards (IFRS) Foundation. This consolidation confirms the closure of the CDSB and as it will be fully integrated into the ISSB, no further technical work or content will be produced.</p>	N/A	N/A	N/A	N/A

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7	<u>ISSB Standards</u> International Sustainability Standards Board	<p>Draft standards developed by the International Sustainability Board. The ISSB is a part of the IFRS Foundation, a not-for-profit, public interest organisation.</p> <p>In March 2022, the ISSB published its first two Draft Standards for consultation (IFRS S1 and IFRS S2). The Standards will go through a thorough drafting and formal ‘balloting’ approval process, ahead of their issuance towards the end of Q2 2023.</p> <p>Our Ashurst briefing on UK Sustainability and Disclosure Requirements proposals (which includes ISSB considerations) can be found here.</p>	The Trustees of the IFRS Foundation announced the formation of the International Sustainability Standards Board (ISSB) on 3 November 2021 at COP26 in Glasgow.	<p>On 26 June 2023, the International Sustainability Standards Board (ISSB) published:</p> <ul style="list-style-type: none"> a) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. b) IFRS S2 Climate-related Disclosures. c) Related guidance on how companies can comply with both standards. This can be found at Appendix B to each standard. 	<p>No.</p> <p>However, it is likely that the proposed corporate disclosure requirements in the UK will be based on standards to be set by the ISSB (see our Ashurst briefing here).</p>	No.

