**Open public consultation and call for evidence:**

**Advancing Nature-related Financial Disclosures and use of the CDSB Framework**

**Consultation summary**

CDSB invites comments from stakeholders on how the CDSB Framework for reporting environmental & climate change information can be best used and adapted to help advance disclosure of nature-related financial information by organisations globally.

All responses should be submitted online. Please complete the following consultation response document by populating your responses under each question. The completed document should be uploaded via the submission tool on the CDSB website: <https://www.cdsb.net/consultation>

Deadline for submission is 12:00 GMT on **Friday 28 February 2020**.

**Introduction**

Over the last four years, CDSB has seen the collective power of the Task Force on Climate-related Financial Disclosures (TCFD) in elevating climate-related financial disclosure to the mainstream. The TCFD drew heavily on the CDSB Framework in developing their recommendations. The CDSB Framework covers environmental and climate disclosure and is heavily referenced in stock exchanges’ guidance globally and aligns with existing regulation in multiple jurisdictions worldwide. As such, the CDSB Framework presents the market with a viable, market-tested and robust mechanism for reporting nature-related financial risks, opportunities, impacts and dependencies, bringing nature-related financial disclosure into the heart of financial decision-making.

Building on the momentum of the TCFD and increasing requirements for more corporate disclosure on environmental information, we invite you to participate in this consultation process. We also invite you to collaborate in advancing nature-related financial disclosures that enables companies to act now on biodiversity loss and natural capital and facilitate the urgent allocation of capital towards projects aligned with a sustainable future. We look forward to hearing from and exploring the role the CDSB Framework can play in this process.

This Consultation is structured in three parts:

* The first part contains information about CDSB;
* The second discusses the CDSB Framework; and
* The third covers the interface between the CDSB Framework and the Task Force on Climate-related Financial Disclosures (TCFD), acknowledging that the TCFD drew heavily on the CDSB Framework.

1. **About CDSB**

CDSB has been instrumental in identifying practical means to enhance integration of climate and environmental risks and opportunities into the annual report and accounts with the same rigour as financial information since 2007. This done by offering companies a framework for reporting environmental information in the mainstream report. Set up in Davos at the World Economic Forum in the absence of a globally-accepted accounting framework for climate-related financial disclosures by a visionary group of business and environmental NGOs, this group of nine[[1]](#footnote-2) recognises the crucial links amongst climate change, environment and financial performance.

CDSB is both a convenor and aggregator of shared knowledge and evidence in this space globally. CDSB developed and powers the TCFD Knowledge Hub on behalf of the TCFD Secretariat and has been supporting practical and high-quality implementation of the TCFD Recommendations globally. CDSB has produced thought leadership pieces to advance the global discourse and evidence base on both climate and environmental disclosures, thereby influencing regulatory developments and corporate practices in multiple jurisdictions worldwide.

CDP hosts the global Secretariat on behalf of the Board, with the Secretariat’s CDSB team based in London, Berlin and Brussels. CDSB is further supported by a Technical Working Group (TWG) drawn from approximately 45 leading climate and environmental disclosure experts globally, covering multiple disciplines and drawn from the private sector, academia, and NGOs, including accountancy, law, corporate reporting, asset management, sustainability, communications and policy professionals. The TWG oversees the development and refinement of the CDSB Framework in response to market and policy developments.

1. **The CDSB Framework**

**The CDSB Framework can be downloaded here:** [www.cdsb.net/framework](http://www.cdsb.net/framework)

CDSB first introduced its Climate Change Reporting Framework in 2010, expanding it to include natural capital in 2015. It was then refreshed in 2018 to ensure full alignment with the TCFD. The CDSB Framework for reporting environmental & climate change information: Advancing and aligning disclosure of environmental information in mainstream reports t (the CDSB Framework[[2]](#footnote-3)) is used by companies globally and is referenced in guidance to the Companies Act 2006 reporting requirements in the UK and other jurisdictions, the non-binding guidance to the EU Non-Financial Reporting Directive (NFRD), and in various stock exchanges’ guidance globally.

The CDSB Framework contains seven guiding principles for “how” and twelve reporting requirements for “what” to report in the mainstream report. Going forward, the CDSB Framework will be supplemented with application guidance for priority subject matter (e.g. covering Climate, Water, Forests, Land-Use and Biodiversity and Ecosystems Services) which will sit alongside the CDSB Framework. The first of these to be produced will be the Climate Application Guidance later in 2020.

The CDSB Framework sets out an approach to presenting and preparing environmental and climate-related information in mainstream reports (e.g. annual reports and accounts, 10-K filing, or integrated report) for the benefit of investors. It allows investors to assess the inter-relationship between specific environmental matters and the organisation's governance, strategy, risk management, performance and prospects. In this respect, the CDSB Framework in its present form already offers companies a framework for making environmental and natural capital-related financial disclosures in the mainstream report.

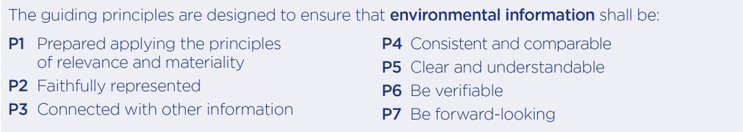
**The premise of this Consultation is that a suitable existing market-tested mechanism for reporting environmental risks and opportunities and natural capital, linked to financial information in the mainstream report already exists and therefore should form the basis for advancing progress on nature-related financial disclosures by organisations globally.**

**Natural Capital is defined as “The stock of renewable and non-renewable natural resources (e.g. plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people” (Natural Capital Protocol, 2016).**

**Question 1 – Do you believe that the CDSB Framework is an appropriate framework for making nature-related financial disclosures in the mainstream report (i.e. annual report and accounts)? Why or why not? Please explain.**

**INSERT YOUR RESPONSE HERE**

**Question 2 – What specific changes, if any, need to be made to the seven guiding principles (as shown in the textbox below) in the CDSB Framework to fully cover nature-related financial disclosures?**



**INSERT YOUR RESPONSE HERE**

**Question 3 – What specific changes, if any, need to be made to the twelve reporting requirements (as shown in the textbox below) in the CDSB Framework to fully cover nature-related financial disclosures?**



**INSERT YOUR RESPONSE HERE**

**Question 4 – What other changes are needed to the CDSB Framework, if any, beyond the principles and requirements to fully cover nature-related financial disclosures?**

**INSERT YOUR RESPONSE HERE**

**Question 5a – What other frameworks and/or standards could be drawn on to support the provision of decision-useful nature-related financial disclosures in the mainstream report (e.g. CDP, SASB, Natural Capital Protocol etc.)?**

**INSERT YOUR RESPONSE HERE**

**Question 5b – How can these frameworks and/or standards be used in conjunction with the CDSB Framework?**

**INSERT YOUR RESPONSE HERE**

**Question 6 – What is the outcome to be achieved by having a universally applicable, global framework for making nature-related financial disclosures in the mainstream report?**

**INSERT YOUR RESPONSE HERE**

**Question 7a – The CDSB Framework’s development has been underpinned by accounting practices and standards. Which existing international accounting standards (e.g. IFRS 7 &9) could be adapted to better support the provision of decision useful nature-related financial information to investors?**

**INSERT YOUR RESPONSE HERE**

**Question 7b – Can you list any relevant accounting standards that you have:**

* **Authored;**
* **Applied; or**
* **Are Aware of?**

**INSERT YOUR RESPONSE HERE**

**Question 8 - The CDSB Framework regards Scope 1 and 2 GHG emissions to be material for all companies. Are there any issues or metrics related to natural capital that should be treated similarly?**

**Yes [ ] or No [ ]**

**If yes, please explain your answer.**

**INSERT YOUR RESPONSE HERE**

**Question 9 – Are there any good examples in annual reports and accounts of companies reporting nature-related financial information that should be considered in the context of the CDSB Framework? Please explain.**

**INSERT YOUR RESPONSE HERE**

1. **TCFD and the CDSB Framework**

[The Task Force on Climate-related Financial Disclosures (TCFD) 2017 Final Report](https://www.fsb-tcfd.org/publications/final-recommendations-report/) contains a set of 11 recommended disclosures and seven principles for making effective climate-related financial disclosures. It is now widely recognised as the universal global voluntary framework for making climate-related financial disclosures in the mainstream report (i.e. annual financial filings) and the *defacto* standard for good corporate climate governance in the 21st Century.

In its conceptualisation and development, the Task Force drew and built heavily on the CDSB Framework, and its precursor, CDSB’s Climate Change Reporting Framework. CDSB is the only TCFD-referenced and nearly 100% fully aligned reporting framework that focuses specifically on how companies can integrate both climate and environmental information into mainstream financial filings.

The Task Force’s intention was not to reinvent the wheel. In fact, a [report](https://corporatereportingdialogue.com/publication/driving-alignment-in-climate-related-reporting/) published in September 2019 by the [Corporate Reporting Dialogue](https://corporatereportingdialogue.com/) (CRD) on the alignment of CDP, CDSB, GRI, IIRC and SASB’s frameworks and standards to the TCFD shows a high level of alignment of the major standard-setters and framework providers to the TCFD, including through its 50 illustrative metrics for disclosing climate-related financial information. This is an important finding as it shows there is a growing convergence and coherence around climate-related financial disclosures, and greater alignment than may be perceived by the market.

The treatment of both climate and environmental information or the “E” in ESG is important as we wish to see greater convergence in climate and environmental-related financial reporting and decision-making, and ensure reporting burden and fatigue on companies is lessoned. This is a key consideration at a critical juncture. Given that on average companies are only disclosing 3.6 of the 11 recommended TCFD disclosures and are not producing the complete disclosures necessary for the desired TCFD outcomes (i.e. of pricing climate-related risks, addressing the systemic risks posed by climate change, and helping to ensure capital is allocated to the low carbon transition), it is paramount that efforts to encourage the disclosure of nature-related financial information are complete and market appropriate so as to not further inhibit necessary progress.

**Question 10 – are you:**

* **Aware of the CDSB Framework (i.e. not aware, somewhat aware or very aware of it)?**
* **Have you read the CDSB Framework (Y/N)?**
* **Have you reported against the CDSB Framework (Y/N?)**
* **Have you ever advised on the application of the CDSB Framework through (auditing, authorship of the CDSB Framework, or peer review (Y/N?) If yes, in which capacity have you advised?**

**INSERT YOUR RESPONSE HERE**

**Question 11 – The CDSB Framework’s dual focus on environment and climate-related financial disclosures shows how climate and environmental information are often related. What amendments would be needed to the CDSB Framework (see link in footnote 2) to cover both environment and climate?**

**INSERT YOUR RESPONSE HERE**

**Question 12 – What changes, if any, would be required to the TCFD recommended disclosures Strategy c (on using scenario analysis to test the resilience of the organisational strategy to different plausible future climate states) to take into account changes in natural resource assets and the environment and related impacts and dependencies? How could this be best covered by the CDSB Framework?**

**INSERT YOUR RESPONSE HERE**

**Question 13 – Given the existence of the CDSB Framework, does the world need another framework for disclosing nature-related financial information?**

**Yes [ ] or No [ ]**

**Please provide further details.**

**INSERT YOUR RESPONSE HERE**

**Thinking more broadly….**

**Question 14 – What mechanisms could help advance nature-related financial disclosures (e.g. mandatory disclosure etc.)?**

**INSERT YOUR RESPONSE HERE**

**Question 15 – How do we ensure that there is a global view to progressing nature-related financial disclosures?**

**INSERT YOUR RESPONSE HERE**

**Question 16 – Do you have any other comments?**

**INSERT YOUR RESPONSE HERE**

**Question 17 – CDSB’s work is largely built on a collaborative basis. Would you be interested in working with CDSB to drive this agenda globally or do you have ideas on how to advance this agenda?**

**INSERT YOUR RESPONSE HERE**

**How to respond?**

Interested parties are invited to contribute to this open consultation and call for evidence from December 5, 2019 to 28 February 2020. Parties are invited to submit their consultation response online by completing this consultation response document and uploading the completed document via the submission tool on the CDSB website: <https://www.cdsb.net/consultation>

Responses will be considered and processed as they are received, and responses received after noon on 28 February 2020 will not be accepted. Given the fast-moving nature of discussions in this area, interested parties are encouraged, where possible, to submit their response in advance of the final deadline.

A consolidated summary of contributions received with be produced, and these will also be disseminated in one or more webinars. CDSB will also issue a response in the form of **A Call to Action** by different actors, after having reviewed the responses received and discussed them with CDSB’s Board and Technical Working Group. It is recognised that some of the responses will not necessarily be within the remit of CDSB and may therefore be shared with other relevant actors (e.g. the Corporate Reporting Dialogue, the Capitals Coalition, Natural Capital Finance Alliance, the Network for Greening the Financial System, the Business for Nature initiative, the TCFD Secretariat, etc.).

Please note that CDSB may extract quotes from consultation responses received. If you do not wish to have your name or organisational name attributed to the quotes in “A Call to Action” or shared with other actors, please clearly state when filling out the registration form on the submission tool.

**Submit your response by populating your answers in this document. The completed document should be submitted via the** [**submission tool**](https://www.cdsb.net/consultation) **on the CDSB website before 28 February, 2020.**

**The CDSB Framework can be downloaded here:** [www.cdsb.net/framework](http://www.cdsb.net/framework)

1. CDSB Board Members: CDP; Ceres; The Climate Registry; The International Emissions Trading Association (IETA); The Sustainability Accounting Standards Board (SASB); The World Business Council for Sustainable Development (WBCSD); The World Economic Forum (WEF); and The World Resources Institute (WRI). The Chair of CDSB’s Technical Working Group, Lois Guthrie (WBCSD) also sits on the Board. [↑](#footnote-ref-2)
2. <https://www.cdsb.net/what-we-do/reporting-frameworks/environmental-information-natural-capital> [↑](#footnote-ref-3)