Climate Disclosure Standards Board

Khalid Aly
Energy & Transport Tax
1 Yellow
1 Horse Guards Road
HM Treasury
SW1A 2HQ

Monday, 9 November 2015

Dear Mr Aly,

Re: Consultation on reforming the business energy efficiency tax landscape

The Climate Disclosure Standards Board (CDSB) welcomes the opportunity to respond to the consultation on reforming the business energy efficiency tax landscape.

By way of introduction, CDSB is a consortium of businesses and environmental organisations formed at the World Economic Forum in 2007. We are committed to advancing and aligning the global mainstream corporate reporting model to equate natural capital with financial capital. We do this by offering companies a framework for reporting environmental information with the same rigour as financial information in mainstream reports, such as the annual report.

CDSB's work is designed to deliver the transparency and accountability needed for decisions to be made and capital to be deployed in support of a low carbon economy, in keeping with traditions of accounting and financial stability standards setters.

We welcome the UK Government's aspirations of creating a positive regulatory landscape, driving capital efficiencies and incentivising investments in energy efficiency and carbon reductions. However, we would like to raise some concerns regarding the Government's proposed reform(s).

Our specific and general comments on the consultation follow in the appendices below. Please do not hesitate to contact us if you have any further queries.

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General comments

CDSB welcomes the UK Government's aspirations of creating a positive regulatory landscape, driving capital efficiencies and incentivising investments in energy efficiency and carbon reductions.

This review is an excellent opportunity to address the Government's aim of "encouraging long term investment in economic capital to boost the productivity of the UK economy"[1] by giving companies the tools with which to provide investors with useful and actionable information. This would also support the Government's stated intention to "encourage productive long term investment that supports a dynamic economy."[2]

Our support for the consultation is subject to its outcome satisfying certain conditions. In particular, we contend that the consultation will be successful only if the outcome:

1. Satisfies the needs and objectives of all interested stakeholders:
2. Does not over-simplify reporting to the point where relevant, actionable information is lost to decision-makers;
3. Produces information that satisfies investors' specific needs;
4. Takes account of the underlying reporting requirements already applicable to many reporting organisations and examines the approaches that are already working;
5. Provides reporting organisations with a reporting Framework that sets out what, how and where they should report and encourages production of consistent, comparable information.

We elaborate on each of these points below.

1. The outcome from the consultation should satisfy the needs and objectives of all interested stakeholders

Engagement with businesses and the private sector is crucial to designing, financing and implementing successful measures to incentivise investments in energy efficiency and drive carbon reductions. Corporate reporting forms a part of the infrastructure in place for providing decision-makers with information that will enable them to integrate considerations regarding energy efficiency and carbon reduction into their analyses, and help better align business practice with climate change mitigation and adaptation plans and sustainable development goals. Disclosures presented in reports must be relevant, faithfully represented, consistent, comparable as well as verifiable.

For reporting to be valuable and effective to its users, it should provide information that meets the requirements of different user groups, in this case primarily regulatory decision-makers **and** investors/shareholders. Reporting to regulators/Governments is normally designed to elicit information about the contribution that reporting organisations have made to reduction commitments agreed at a national level so that progress against national targets can be tracked.

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1 Chapter 3 para 3.12 of consultation paper
2 Chapter 3 para 3.14 of consultation paper

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By contrast, investors will be more interested in the reporting organisation's individual performance against its own targets and against the performance of a peer group. The design of reporting requirements should therefore take account of the possibility that Governments and investors respectively might be interested in the same content but from different perspectives.

Currently, the audience for information produced under the Carbon Reduction Commitment Energy Efficiency (CRC) and Energy Savings Opportunity (ESOS) schemes is targeted at a different audience from the intended audience for similar information under the Mandatory Greenhouse Gas (GHG) Reporting Scheme. Furthermore, the intended use of information under the respective schemes varies and by Government's own admission, ESOS is "not strictly a reporting scheme."[3] Some consolidation of reporting requirements is likely to be possible. However it will need to be effected in such a way that the needs of different users are satisfied.

2. Avoid over-simplification

Here we refer to the Institute of Chartered Accountants in England and Wales (ICAEW) states in its report *Moving to IFRS reporting: seven lessons learned from the European experience*, "Simplicity or a reduced disclosure regime are not desirable if they mean that investors are less well informed or have to seek additional information to explain the numbers reported in the annual financial statements. We live in a complex world: where it is avoidable, accounting complexity is unacceptable, but today's business transactions will often necessitate complex accounting solutions."[4]

3. Address investor needs

The Mandatory Greenhouse Gas (GHG) Reporting scheme was introduced in 2013 to "allow investors to incorporate emissions, energy and other resource efficiencies into analyses and provide shareholders and other stakeholders with better environmental disclosure."[5] Investor interest in and use of environmental information is increasing. A recent initiative coordinated by the UNEP Finance Initiative, UN Principles for Responsible Investment and Ceres representing US$2.7tn has publically recognised the need to fully embed energy efficiency into their investment processes.[6] However, in order to make information as useful and actionable as possible, the consistency and comparability of information must be improved.

Currently, companies face dilemmas when encouraged to produce information investors can compare with peer companies' disclosures, but also to tell their "unique" value creation story. We believe that this dilemma could be ameliorated partly through reporting requirements that prescribe common characteristics to be applied to quantitative metrics – for example that they are connected with financial information, consistent over successive periods and with internal

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3 Chapter 3 para 3.8 of consultation paper
4 ICAEW (2015), Moving to IFRS reporting: seven lessons learned from the European experience. Information for better markets initiative. Available at [http://www.icaew.com/~/media/corporate/files/technical/financial%20reporting/ifrs/ifrs%20lessons%20learned/tecpln13897-7%20ifrs%20in%20the%20eu-final-web.ashx] p iv
5 Chapter 3 para 3.9 of consultation paper
6 UNEP FI, UN PRI & CERES (2015), G20 Energy efficiency investor statement. Available at [http://www.unepfi.org/fileadmin/documents/EnergyEfficiencyStatement.pdf]

indicators, focussed on material matters, presented with qualitative information to provide context and consistent with accepted industry benchmarks. Such an approach could be encouraged through a robust and stable reporting framework.

4. Take account of the underlying reporting requirements already applicable to many reporting organisations and examine the approaches that are already working

Research conducted by CDSB in conjunction with the University of Oxford Saïd business school indicates that the requirements of the Mandatory Greenhouse Gas (GHG) Reporting scheme are already being satisfied by almost all companies within scope of the legislation and that many are disclosing appropriately.[7]

Organisation-level emissions reporting is widespread in the UK. 95% of the FTSE100 and 79% of the FTSE350 made voluntary quantitative and qualitative climate disclosures to investors through CDP[8] last year. CDP's information request goes beyond the emissions reporting requirements of UK law. This suggests that the business case – as well as the legislative requirement – to report is made. For example, a KPMG report commissioned by WWF and CDP found that in Germany – after the cost of reporting has been factored in – a yearly saving of €320 million is made through understanding and thereby reducing electricity and gas use alone.[9]

We have reservations about proposals to remove or change provisions that were introduced to serve investor information needs, that have been widely taken up by companies and where there is evidence to prove that companies are willing and able to report information in excess of compliance requirements.

The forthcoming EU Non-financial reporting (NFR) Directive, expected to be transposed into UK law in early December 2016, is an opportunity to fulfil Government's stated aim of stability and lessening the burden on businesses by ensuring business sectors are provided with a stable and sufficient guidance for relevant and consistent reporting. Addressing and combining the transposition of the NFR directive and the business energy efficiency would aid this. Government may learn from the implementation of the Mandatory GHG reporting (scheme) and Strategic report. These two initiatives were initially to be implemented separately but, following feedback from the business community, the decision was taken to combine to lessen the burden felt by businesses.

HM Treasury has not mentioned how the Business Energy Efficiency Tax Review might affect implementation of the EU NFR, nor how the consultation relates to the current Climate Change Survey Consultation being conducted by the Office for National Statistics.[10]

The consultation explores whether:

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7 Report unpublished at time of writing this response
8 CDP is a UK-registered global charity which operates a corporate climate disclosure process on behalf of 822 institutional investors with $95 trillion of assets.
9 CDP, WWF, KPMG (2015) Mehr Wert? Eine Unterschung von Nutzen und Kosten eins Klimareportings durch deutsche Unternehmen. Available at [http://klimareporting.de/sites/default/files/klimareporting_bericht_kostennutzenanalyse_2015_09_13.pdf]
10 See https://consultations.ons.gov.uk/ons-stakeholder-management/climate-change-consultation

- Reports (containing what we would describe as environmental information) should be signed off at board level and made publicly available;
- Market actors have access to the information they need in order to support financing and investment in low carbon measures and energy efficiency;
- How reporting schemes could be rationalised.

To some extent, we think that these issues have been addressed through the development of governance codes and financial reporting standards. We suggest that as part of the reform process, HM Treasury considers how governance codes apply to other types of information of public interest – such as directors' remuneration – to determine whether similar principles should apply to environmental information. Similarly, when considering how reporting could be rationalised, it might be worth looking at how the development of International Financial Reporting Standards rationalised a range of national approaches. CDSB has developed its Framework recognising the existing reporting, governance and accounting infrastructure into which environmental information must fit.

5. Reporting framework

Financial and governance reporting is supported by established reporting standards and frameworks that provide certainty and a level playing field for reporting organisations and a degree of consistency and comparability for users of information. We suggest that reporting standards are also required for environmental information. The CDSB Framework provides an implementation-ready framework for disclosing environmental information in mainstream reports.[11] CDSB's offerings include the Climate Change Reporting Framework – edition 1.1[12], which is referenced by Defra as a method of compliance with the UK Companies Act 2006 (Strategic Report and Director's reports) Regulations 2013. The Framework is already used by 81 of the UK's FTSE 350 companies and 340 companies globally, with a market capitalisation of £2.78 trillion.

The CDSB Framework was developed to adopt and align with the most widely used reporting practices in use by companies. It can therefore offer Government an adoption-ready reporting framework for use by companies to report their environmental information.

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11 CDSB (2105) CDSB Framework for reporting environmental information & natural capital. Available at [http://www.cdsb.net/sites/cdsbnet/files/cdsb_framework_for_reporting_environmental_information_natural_capital.pdf]
12 CDSB (2012) Climate change reporting framework – edition 1.1. Available at [http://www.cdsb.net/sites/cdsbnet/files/cdsb_climate_change_reporting_framework_edition_1.1.pdf]

Questions

1. **Do you agree with the principle of moving away from the current system of overlapping policies towards a system where a single business/organisation faces one tax and one reporting scheme? Please provide evidence on level and types of benefits of an approach like this.**

   Yes, subject to the following comments.

   Whilst we support greater policy coherence and the reduction in schemes with consequential reduction of administrative and reporting burdens for companies, we have some reservations (for the reasons described below) about whether it is feasible or desirable to aim for one tax and one reporting scheme. The variety of different schemes currently in operation reflects the underlying policy landscape and changing societal expectations. The landscape has evolved to include schemes that, despite their apparent differences are aimed at addressing what we perceive as a shared objective driven by a desire for a sustainable environmental, social and economic future, secured (in part) through decisions based on useful and relevant information. The shared objective is pursued through different routes including:

   - Emissions trading schemes
   - Taxation
   - Reporting requirements

   The routes and resulting schemes all aim to incentivise the behaviour of energy consumers and GHG emitters through financial, governance, operational and stakeholder "levers". We believe that all of those levers are necessary and useful for achieving the shared objective and that is why we are not necessarily convinced that one single reporting scheme will work – **unless** it is designed to facilitate pressure for change to be exerted through multiple levers.

   Nevertheless, we think that there is a significant opportunity for reducing administrative burdens through smarter information gathering and reporting as explained below. We note that despite the different routes they take and the different levers they apply, the schemes currently in existence rely (to a greater or lesser extent) on the same or similar types of information from corporate energy consumers and GHG emitters. Very generally, they all rely on information about energy consumption by and greenhouse gases emitted from companies. There is however variation in the sub-sets of information required, the period for which information is required, the method of calculating results and the organizational and operational level at which information should be supplied (eg: whether at facility, activity, individual entity or corporate group level). We believe that the opportunity for rationalization could be maximized by addressing these variations.

   We strongly support the notion of reciprocity between schemes whereby compliance with one may be treated as satisfying the responsibilities of another and we therefore welcome paragraph

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A10 within the ESOS guidance. However, we believe that the guidance still leaves companies with dilemmas about the extent to which CRC or EUETS data is fit for compliance with ESOS.

Generally, all schemes, using all routes and levers are served by a similar set of underlying information, which, at a very simplistic level, is about the supply and consumption of gas, electricity and energy products and the consequential emission of greenhouse gases. We wonder whether long term simplification and administrative burdens could be reduced by requiring companies to report information about energy consumption and GHG emissions to a single platform that would effectively act as a single register of information capable of “feeding” the needs of most policy makers and stakeholders. We understand that Environment Canada is putting in place a similar idea through their “Single Window” platform and the Governments of Australia[13] and the Netherlands[14] have similar systems in place through Standard Business Reporting.

Provided that the required information is entered according to certain protocols, all schemes, regulators, stakeholders could extract the information they need direct from the single platform through reports configured to their policy or other needs. Information would need to be input to the platform such that it could be extracted at facility, activity, entity or group level and to cover particular information types, focussed on particular energy types (eg: electricity, gas, coal, etc) and particular GHG emissions. Technology would need to play a crucial part in understanding how data input should be structured in order to serve the needs of users. Similarly, sophisticated access controls would be needed to ensure protection of sensitive information.

Entry of a company or corporate group’s “profile” would be particularly important for helping to lead a company/group through their responsibilities. One of the problems of harmonizing schemes is the difference in qualification criteria that apply across schemes, for example, qualification criteria is based on electricity usage in the case of CRC, financial conditions and/or employee numbers in the case of ESOS and industrial sector in the case of CCL. Completion of a detailed corporate profile through an appropriately coded single platform would facilitate collection of targeted information from companies based on their profile. Existing features of schemes could remain, such as the facility to aggregate or disaggregate data for corporate groups.

In summary, the way we envisage a “single platform” working is that a company with a particular profile (eg: more than 250 employees) would need to enter their corporate profile on the platform. This in turn would generate a list of required information for reporting together with embedded tools for calculating results consistently (as already available in the CRC registry). A long list of details would need to be worked out to ensure efficient operation of the platform including harmonization of units in which results are to be reported, agreement on calculation methodologies to be used (although there is already some agreement on the use of the Governments standard conversion factors for corporate reporting) and so on. Also, please note

13 http://www.sbr.gov.au
14 http://www.sbr-nl.nl/english-site/

that the single platform lends itself to the input, calculation and reporting of quantitative data and this would not obviate the need for narrative information as explained below.

Our comments on this question are intended to highlight the importance of taking into account a wide range of factors that are important to the successful implementation of such a scheme. An oversimplified system may reduce the reporting burden, but would not provide information that can be used. On the other hand, a system that could provide all the information that investors and overnment needs may increase the reporting burden on companies, making the time and costs associated with reporting higher than presently.

2. **Do you agree that mandatory reporting should remain as an important element of the landscape in driving the uptake of low carbon and energy efficiency measures? If not, why not?**

Yes.

The World Resources Institute's *Guide for designing mandatory greenhouse gas reporting programs* states that "measurement leads to understanding, which in turn informs and spurs action."[15] Furthermore, the Institute of Chartered Accountants in England and Wales (ICAEW)'s report *Moving to IFRS reporting: seven lessons learned from the European experience*[16] demonstrates a strong correlation between good financial reporting (transparency) and financial returns (capital market efficiency). Mandatory reporting provisions were introduced to encourage companies to report to their investors, not to government.

Our review of the success of mandatory GHG reporting showed that 90% of companies required to report under the 2013 regulations disclose GHG emissions.[17] Furthermore, 26% of FTSE 350 companies reviewed[18] go beyond the reporting requirements and report Scope 3 GHG emissions as well as Scope 1 and 2. It is clear that companies see the benefit of enhanced disclosure. Mandatory reporting, combined with adequate supervision can help provide a level playing field for business and ensure that no company falls behind.

Evidence from the 822 investor signatories to CDP's Climate Change programme shows an increasing demand for information from companies about their GHG emissions and environmental dependencies and impacts. The policy rationale for mandatory GHG reporting is still valid, as it was when this legislation was first implemented. It is therefore clear that markets require this type of information.

Even if the mandatory reporting of GHG emissions and environmental information requirements were removed from the Companies Act, we believe that there would be a continuing legal duty for many companies to report environmental information for a variety of reasons. First, the

15 WRI (2015) Guide for Designing Mandatory Greenhouse Gas Reporting Programs. Available at [http://www.wri.org/publication/guide-designing-mandatory-greenhouse-gas-reporting-programs]
16 ICAEW (2015), Moving to IFRS reporting: seven lessons learned from the European experience. Information for better markets initiative. Available at [http://www.icaew.com/~/media/corporate/files/technical/financial%20reporting/ifrs/ifrs%20lessons%20learned/tecpln13897-7%20ifrs%20in%20the%20eu-final-web.ashx]
17 Report unpublished at the time of writing this response.
18 ibid.

requirement for companies to report on their principal risks extends to risks associated with climate change and environmental degradation. In the US, for example, the Securities and Exchanges Commission has issued guidance that equivalent provisions relating to reporting risk disclosure should also include climate risk.[19]

Secondly, we believe that it is a fiduciary duty to exercise stewardship over a company's response to its impacts and exposure with regards to the risks of climate change. Reporting is evidence of this company exercising its stewardship.

It is worth noting that companies which participated in the independent review for Defra, *'Review of the Contribution of Reporting to GHG Emissions Reductions'* found that "external reporting of GHG emissions helped enable reductions of GHG emissions and development of climate change strategies by driving the company to measure emissions."[20] A 2012 Defra Impact Assessment found that mandatory greenhouse gas reporting for all quoted companies would "provide transparency about a company's exposure to climate change-related risks which is essential information for investors and other stakeholders."[21]

As evidenced above, mandatory carbon reporting is a practice which is both relevant and already widespread. Therefore, in the interests of reducing the burden on reporting companies, it would be advisable to base mandatory carbon reporting requirements on existing practice.

CDSB would also caution Government against removing any reporting regulations before the transposition of the EU NFR Directive. As already stated, this review is an opportunity to fulfil Government's stated aim of stability and lessening the burden on businesses. Addressing and combining the transposition of the NFR directive and the business energy efficiency would aid in achieving this aim, whilst removal may create confusion.

3. **Should reports require board level sign-off and should reported data be made publically available? Please give your reasons.**

   Yes.

   As stated in the UK Corporate Governance Code, "it is important that the board sets the correct 'tone from the top'. The directors should lead by example and ensure that good standards of behaviour permeate throughout all levels of the organisation."[22] Board sign-off is strongly correlated with good corporate governance.

   Furthermore, the Financial Reporting Council (FRC)'s '*Guidance on Board Effectiveness'* emphasises the importance of board involvement in annual reporting for good governance

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19 SEC (2010) Commission Guidance Regarding Disclosure Related to Climate Change. Available at [https://www.sec.gov/rules/interp/2010/33-9106.pdf]
20 CDP & PWC for Defra (2010) Review of the Contribution of Reporting to GHG Emissions Reductions and Associated Costs and Benefits. Available at [http://randd.defra.gov.uk/Default.aspx?Menu=Menu&Module=More&Location=None&ProjectID=16938&FromSearch=Y&Publisher=1&SearchText=reporting&SortString=ProjectCode&SortOrder=Asc&Paging=10]
21 Defra (2012) Impact Assessment of Options for Company GHG Reporting. Available at [https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/82354/20120620-ghg-consult-final-ia.pdf]
22 FRC (2014), UK Corporate Governance Code. Available at [https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-2014.pdf]

encouraging the chairman to personally report in the annual report.[23] As the guidance states, "Communication of a company's governance presents an opportunity for the company to improve the quality of the dialogue with its shareholders and other stakeholders, generating greater levels of trust and confidence. The annual report is an important means of communicating with shareholders."[24]

Given that reporting is a practice intended to provide investors with actionable information, it is important that this information be made publically available. Reported data should be made publically available by publically listed companies so as to ensure a level playing field and the allocative efficiency of capital within our financial markets. A 2013 survey by Eurosif and the Association of Chartered Certified Accountants (ACCA) entitled '*What do investors expect from non-financial reporting*' found that 93% of respondents agreed that European companies need to be more consistent and transparent in their non-financial reporting.[25]

4. **Do you agree that government should develop a single reporting scheme requiring all ESOS participants (and potentially the public sector (see paragraphs 4.21 – 4.23) to report regularly at board level? If so, what data should be included in such a report?**

ESOS is not the right scheme to form the basis of a single reporting system.

CDSB feels that developing a single reporting scheme through the prism of ESOS seems counterintuitive. ESOS, whilst an EU requirement under the Energy Efficiency Directive requiring notification of compliance, is not strictly a reporting scheme. ESOS requires only voluntary action on audit findings, and reports over a period of 4 years. Furthermore, in a global landscape where the direction of travel is increasingly towards increased corporate transparency with financial and non-financial information integrated into mainstream corporate reports, this seems to be a step backwards. There is a distinction between policy measures that are designed to encourage or require certain behaviours or behavioural change - we would put ESOS in that category – and measures that are designed to supply information to policy makers or markets. We would put mandatory reporting in the latter category.

CDSB would also emphasise the need to ensure that disclosures are relevant not just to Government, but also address investor needs. This is particularly relevant with reference to ESOS participants, as energy-intensive companies which are potentially subject to international competition and particularly likely to be scrutinised in this area and are accustomed to reporting their performance.

Clear, consistent and comparable disclosure will drive investment to finance climate adaptation and mitigation in a virtuous circle. We recommend that disclosures such as mandatory GHG

23 FRC (2011), Guidance on Board Effectiveness. Available at [https://www.frc.org.uk/getattachment/c9ce2814-2806-4bca-a179-e390ecbed841/Guidance-on-Board-Effectiveness.aspx]
24 Ibid. p. 13
25 ACCA (2013) What do investors expect from non-financial reporting? Available at [http://www.accaglobal.com/content/dam/acca/global/PDF-technical/sustainability-reporting/tech-tp-wdir.pdf]

reporting, i.e. investor-orientated reporting, be made according to the principles and requirements as set out in the CDSB Framework.

With respect to data which should be included in the report, we recommend that this be unified to fulfil requirements to the fullest degree. As such, if HM Treasury were to examine its current regulations and requirements, it could determine what a complete dataset would look like and how this could be satisfied from the company's side.

We would emphasise the need for continuing with reporting of GHG emissions as well as energy usage, with companies disclosing their resource usage as appropriate to their organisation.

5. **The government recognises the importance of ensuring market actors have access to transparent, reliable and comparable information to support financing and investment in energy efficiency and low carbon measures. How best can a streamlined report achieve this? To what extent does your response apply to other large companies (as defined in the Companies Act) that are not listed companies?**

As mentioned above, the Institute of Chartered Accountants in England and Wales (ICAEW)'s report Moving to IFRS reporting: seven lessons learned from the European experience[26] demonstrates a strong correlation between good financial reporting (transparency) and financial returns (capital market efficiency).

For reporting to continue to be effective, CDSB would emphasise the need for reporting to fulfil certain criteria. Reporting should be global, yearly, and presented in the annual report (not separately). The reporting period should correspond with the financial reporting period, and be presented on a 'comply or explain' basis.

Clear, comparable and consistent information presented by companies inevitably supports financing and investment in energy efficiency and low carbon measures. As mentioned above, evidence from the growing number of investor signatories to CDP's Climate Change programme shows an increasing demand for information from companies about their GHG emissions and environmental dependencies and impacts.

The CDSB Framework for reporting environmental information & natural capital has been specifically designed to reflect the highest common denominator of international shared reporting practice and we therefore offer it as a contribution (together with the single platform mentioned above and complementary reporting initiatives such as IIRC and SASB) of achieving streamlined reporting. The CDSB Framework can offer Government a useful reporting framework with which to provide companies with the tools to report suitably to investors and stakeholders on their environmental information and drive long term investment in energy efficiency and carbon saving, meeting government's carbon reduction targets.

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26 ICAEW (2015), Moving to IFRS reporting: seven lessons learned from the European experience: Information for better markets initiative. Available at [http://www.icaew.com/~/media/corporate/files/technical/financial%20reporting/ifrs/ifrs%20lessons%20learned/tecpln13897-7%20ifrs%20in%20the%20eu-final-web.ashx]

It is important to emphasise that, if this information is intended to be investor-focussed, the best place for it to be reported is the annual report. The annual report is the document issued by companies to their investors each year, thereby making it, by definition, investor-focussed. The presentation of environmental risks and opportunities in the annual report also necessitates alignment and compatibly with the financial information.

CDSB research has shown that this is already recognised and reflected in current reporting practice by the FTSE 350 affected by the UK Companies Act 2006 (Strategic Report and Director's reports) Regulations 2013. 55% of companies reviewed disclose information from the previous year as well as the current year, above and beyond what is required by law. It is clear that listed companies are disclosing information to their investors in a clear and comparable way, so as for it to be actionable.

The CDSB response has been prepared specifically with listed companies in mind, taking into consideration the investor-company relationship.

6. **Do you agree that moving to a single tax would simplify the tax system for business? Should we abolish the CRC and move towards a new tax based on the CCL? Please give reasons.**

   This depends on which levers change behaviours and achieve policy objectives most efficiently and effectively. We are not qualified to comment on this question in detail, but as a general point, our concern about needing to address climate change as a matter of great urgency leads us to favour using the tax system as a lever for change. Unlike trading schemes (such as the CRC and EU ETS), the tax system has established mechanisms and infrastructure for supporting a single tax and implementing it quickly. The information reported through our proposed single platform could provide the system with the standard "energy/emission units" for conversion into monetary units on which tax could be applied.

7. **How should a single tax be designed to improve its effectiveness in incentivising energy efficiency and carbon reduction?**

   CDSB has no comment on this matter.

8. **Should all participants pay the same rates (before any incentives/reliefs are applied) or should the rates vary across different businesses? For example, do you think that smaller consumers and at risk Energy Intensive Industries (EIIs) should pay lower rates?**

   CDSB has no comment on this matter.

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9. **Do we currently have the right balance between gas and electricity tax rates? What are the implications of rebalancing the tax rate ratio between electricity and gas? What is the right ratio between gas and electricity rates?**

   CDSB has no comment on this matter.

10. **Do you believe that the CCA scheme (or any new scheme giving a discount on the CCL or on any new tax based on the model of the CCL) eligibility should only focus on industries needing protection from competitive disadvantage? If so, how should government determine which sectors are in need of protection?**

    CDSB has no comment on this matter.

11. **Do you believe that the CCA scheme (or new scheme) eligibility should focus only on providing protection to those EIIs exposed to international competition and at risk of carbon leakage? If so, how should the government added which CCA sectors are at risk of carbon leakage?**

    CDSB has no comment on this matter.

12. **Do you believe that the targets set by the current CCA scheme are effective at incentivising energy efficiency? Do you believe that the current CCA scheme is at least as effective, or more effective, at incentivising energy efficiency than if participants paid the full current rates of CCL? How could CCAs be improved? Are there alternative mechanisms that may be more effective?**

    CDSB has no comment on this matter.

13. **Do you agree that incentives could help drive additional investment in energy efficiency and carbon reduction? Please explain why you agree or disagree.**

    CDSB has no comment on this matter.

14. **What is the best mechanism to deliver incentives for investment in energy efficiency and carbon reduction (e.g. tax reliefs, supplier obligations, grants, funding based on competitive bidding)? Are different approaches needed for different types of business? If so, which approaches work for which business types? What approaches should be avoided?**

    CDSB has no comment on this matter.

15. **What impact would moving to a single tax have on the public sector and charities?**
    CDSB has no comment on this matter.

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16. **How should the merged tax be designed to improve its effectiveness in driving energy and carbon savings from the public sector and charities?**
CDSB has no comment on this matter.

17. **Should a new reporting framework also require reporting by the public sector?**

CDSB has no comment on this matter.

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