

# GRI Topic Standard for Climate Change XRB Staff Feedback

February-2024

## Introduction

The Climate Change and Energy Topic Standards are being reviewed in line with the most recent developments and the relevant authoritative intergovernmental instruments in the field of climate change, greenhouse gas (GHG) emissions, and energy.

## GSSB Public Comment Period

The exposure drafts for the Climate Change Standard and the Energy Standard are made available for public comment between 21 November 2023 and 29 February 2024.

You can find the exposure drafts in the below link:

[Climate Change exposure draft](#)

[Energy exposure draft](#)

The public exposure process follows the [GSSB's Due Process Protocol](#).

The final Standards are expected to be approved in Q4 2024.

## XRB Staff Response

Staff feedback was submitted to GSSB on 29 February 2024.

This document contains the feedback.

# Questions for the Climate Change and Energy exposure drafts

## Climate Change exposure draft

*The exposure draft of the GRI Climate Change Standard includes two management disclosures and eight topic disclosures about the organization's climate change-related impacts, and how it manages these impacts. Each disclosure contains requirements accompanied by guidance.*

### Question 1: critical content missing

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?

#### Response

1. [Disclosure CC-1 and CC-2, Lines 271–647] It is the XRB's view that requiring separate disclosures of a transition plan for climate change mitigation and a climate change adaptation plan does not encourage the holistic thinking that is required to evolve to a low-emissions, climate-resilient future. We believe the transition 'plan' (including both mitigation and adaptation) needs to be holistic and part of the organisation's overall strategy. The focus in the draft standard on transition/mitigation and adaptation plans can miss the broader 'transition' of the economy and the context the organisation operates in. The scenario analysis exercise should explore the transition of the whole economy, organisation level transition and where adaptation is required.  
  
The proposed approach in the draft Standard presents some fundamental issues:
  - a. **It assumes all else is equal:** The way to produce goods or deliver services, the market needs for these, the infrastructure, and supply-chains on which these depend are often assumed not to change. However, climate scenario analysis highlights that these are subject to deep uncertainties, this results in 'climate' being treated as a side issue to manage (like 'Health and Safety', 'Cyber' or 'Data'), rather than an existential challenge to the organisations.
  - b. **It risks resulting in carbon lock-in:** Aiming at a succession of intermediate targets induces an incremental improvement logic. For example, it will almost always be more cost efficient to invest in efficiency improvements to reach short-term emissions reduction targets. But if the longer-term targets rely on unproven solutions, then the efficiency gains through investments will have been made in assets not aligned with net-zero. This could result in stranded assets or locked-in future emissions. Either way, this is not an efficient allocation of capital.
  - c. **Mitigation and adaptation need to be thought about together:** Both require long-term planning, to make the most of investment opportunities. Adapting a factory exposed to sea level rise by raising it may not be necessary if the high emissions product line will be ceased soon anyway. Similarly, planning emissions reductions without accounting for the adaptation required by the physical risks from the level of climate change already locked in, is missing a critical aspect.
  - d. **The notion of 'resilience' is absent:** An organisation's transition is about reducing emissions while becoming climate resilient. Planning an emissions reduction plan in isolation, without accounting for the change in operating context of the various climate scenarios is not credible. The mitigation options available in an orderly transition context will be quite different than in a more fractured world exposed to greater physical risks.

We believe the focus of the disclosures should be on an organisation providing information on how it is repositioning or adjusting itself through changes to its core business model and strategy, to ensure it can remain viable in a low emissions AND climate resilient future / economy.

**We recommend combining topic management disclosures CC-1 and CC-2 and including additional guidance on how these should fit within the broader changes in the organisation's operating environment (i.e. impacting its operations, business model and strategy).**

### **Question 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.

#### Response

2. Planning rather than plan. It is the XRB's view that requesting 'plans' from an organisation often results in these plans not being integrated into the organisation's overall strategy and risk management processes. Instead, they end up being plans to reach aspirational targets and do not address the fundamental issues with the assumptions on which their business models rely. This also emphasises the importance of climate-related planning being integrated into the core strategy of an organisation. **We recommend that all references to 'plan' be changed to 'planning' for example 'transition planning aspects of the organisation's overall strategy.** [find and replace throughout the standard].
3. [line 275 and lines 318–319] Disclosure CC-1-a requires an organisation to describe how its transition plan is intended to address impacts on the economy, environment and people associated with transition risks and opportunities. We note that the draft standard does not require an organisation to disclose its transition risks and opportunities. In our view, to understand proposed Disclosure CC-1-a, an information user will need to be provided with this information. Is the intention that an organisation will provide information about its climate-related risks and opportunities via the application of another standard such as IFRS S2 *Climate-related Disclosures* issued by the ISSB? (this is our interpretation of lines 323–324). If an organisation has not already disclosed its climate-related risks and opportunities, they should be required to disclose them as part of this standard. **Our recommendation is that this standard should include a requirement for an organisation to disclose its climate-related risks and opportunities and that the GRI requirement should be the same as the ISSB's requirement in IFRS S2.**
4. [line 275 and lines 294–298] It is our understanding that the intention of Disclosure CC-1-a is to report on the policies and actions that the organisation has in relation to its transition planning. While Disclosure CC-1-h is in relation to the impacts from the policies and actions on people and biodiversity. Is this correct? If this is the case, the guidance in lines 318 to 330 should be moved into the section of guidance for CC-1-h so that the distinction between these two requirements is clear. **Our recommendation is to move guidance in lines 318 to 330 to the section of guidance for Disclosure CC-1-h.**

## **Question 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.

Response

See points 1 & 2 (recommendation to combine both disclosures and use planning rather than plan).

5. [Lines 492-493] We have some issues with the requirements in Disclosure CC-2-a.
- a. We are unclear if the purpose of this disclosure is about the impacts of the organisation's activities, or its adaptation activities in the current reporting period, or the potential impacts of its climate-change related risks and opportunities, or the potential impacts of the proposed activities in the adaptation plan. Climate change-related risks and opportunities are future activities and have not yet happened, so have not yet had an impact.
  - b. The way this disclosure is worded 'impacts on the economy, environment, and people' is extremely broad. For example, the guidance (line 542 to 543) uses extreme weather events, including flooding as an example. Many New Zealand organisations experienced flooding events in 2023. Under this disclosure if they previously identified flooding as a climate change-related risk, are they expected to report the impact of the flooding event for the whole New Zealand economy and all the people within the flood affected area, or only the impacts on employees and customers?
  - c. Further, if an organisation is reporting on impacts associated with its climate-change related risks and opportunities what about those impacts that have affected the organisation during the current reporting period which were not identified as climate change-related risks and opportunities. Taking the example above, if the organisation had not previously identified flooding as a climate-related risks then would it report nothing?
  - d. We note that Disclosure CC-1-a is about the policies and actions of the organisation rather than the impacts of the policies and actions. This contrasts with Disclosure CC-2-a which is in relation to impacts on the economy, environment, and people. CC-2-a as currently worded would seem to overlap with the requirements in CC-2-h which is also about impacts.

**We recommend that Disclosure CC-2-a and associated guidance is updated to clarify what is required to be disclosed.**

6. [Line 492] Why is there no requirement for an organisation to disclose its climate change-related risks and opportunities? In our view, an information user will not be able to understand the context of these disclosures if the climate change-related risks and opportunities are not identified. (see also point 3) **We recommend that an organisation is required to disclose its climate change-related risks and opportunities. and that the requirement should be the same as the ISSB's requirement in IFRS S2.**
7. [Line 496] Disclosure CC-2-b-ii. The structure of disclosure CC-2-b implies scenario analysis is only used to inform adaptation planning, not mitigation planning or strategy as scenario analysis is not a required disclosure under CC-1. We note although scenarios are mentioned in the guidance for CC-1-b (line 340-341) they are not a required disclosure. As scenario analysis under TCFD is intended to be a strategy tool, it should be informing transition planning including mitigation and adaptation, and, in addition, changes to the strategy. This is where we also see a gap emerging globally in that there is no real acknowledgement or encouragement of TCFD guidance on adaptive approaches to strategy. We suggest reviewing section D here [2020-TCFD Guidance-Scenario-Analysis-Guidance.pdf](https://bbhub.io/2020-TCFD-Guidance-Scenario-Analysis-Guidance.pdf) (bbhub.io). The XRB is currently focusing on this area as part of our guidance on transition planning (to support disclosures under Aotearoa New Zealand Climate Standards). We are aware that it is a very challenging area and are happy to discuss further.

**We recommend: a) that disclosures CC-1 and CC-2 are combined (as per point 1), and b) references to scenario analysis clearly reference its use as a strategy tool. Strategy then incorporates transition planning (including mitigation and adaptation planning).**

8. [Lines 502-503] Disclosure CC-2-b-v. In our experience, adaptation plans are more about specific actions than targets. What type of targets are expected here? There is no associated guidance with this disclosure requirement. **We recommend that requirement CC-2-b-v is deleted.**
9. [Line 604] Guidance to CC-2-b-v is mislabelled – this is actually guidance for CC-2-b-vi.
10. [Lines 505-508] As mentioned in point 5, we are unclear of the intended purpose of Disclosure CC-2-a. Based on one of the interpretations Disclosure CC-2-c could be a subset of those impacts described at CC-2-a. How is this overlap intended to work in practice? We also note that an organisation’s adaptation plan impacts could be on its mitigation plan, e.g. relocating a production site could increase emissions. In addition, the guidance for this disclosure consistently refers to impacts. We assume this to mean that only impacts which have occurred in the current reporting period should be reported. If this is not the case, then potential impacts should be used throughout. **Our recommendation is to clarify the distinction between CC-2-a and CC-2-c and to clarify if an organisation is reporting impacts which occurred in the current reporting period or potential impacts.**

### **Question 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.

#### Response

11. CC-3 Just transition. The disclosures set out in CC-3 present a very narrow view of what is included in a Just Transition. The [ISO Net Zero standard](#) states that “mitigation actions take a human-centred approach, safeguarding the rights of the most vulnerable people and communities. Activities take into account the burdens and benefits of climate change and ensure that responses, including responsibility for costs, are equitably shared.”

The requirement to disclose metrics in relation to employment takes a very narrow view of the type of just transition metrics which could be reported. We refer you to an article by Dr Amelia Sharman (Sustainability Director at XRB) ‘[Taking a Just Transition approach to practical decision making](#)’. This article highlights the importance of metrics other than the number of jobs being created. We believe that focussing primarily on employment at this early stage of reporting on contributions to a just transition risks organisations adopting a narrow focus which does not result in the objective of achieving a just transition. We believe that an organisation should disclose the metrics it is using to monitor its contribution to a just transition. We think that better and more relevant information would be disclosed by using a principles-based disclosure rather than a prescriptive requirement to disclose a metric which is poorly focussed. **We recommend an organisation is required to disclose those metrics it is using to monitor its contribution to a just transition and to include the employment disclosures as examples in the associated guidance.**

12. [Line 656 to 670] In addition, these disclosures appear to be about assessing an already implemented transition rather than assessing the ‘just’ character of the intended transition plan. Is that correct?

## **Question 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.

Response

13. [Line 749] When an organisation does not yet have a long-term target, what would it disclose under CC-4-a? Just short-term targets?
14. [Line 757-758 and 824 to 829]. CC-4-b seems very simple as written in the disclosure. We would assume that an organisation might disclose that its targets have been approved by SBTi, or developed using their methods. However, the associated guidance indicates that much more information should be disclosed including underlying climate and policy scenarios. In addition, the organisation should explain how it has considered future developments and transition risks. We believe that providing this much detail about the setting of a target will obscure the most relevant information in this disclosure. An organisation could choose to disclose this information if it thought it was material. **We recommend that 'should' in this section of guidance be replaced with 'can'.**
15. [Line 759] Disclosure CC-4-c to report its target revision policy. We are unclear how disclosing this information would assist information users in understanding what is being reported in the current reporting period. We consider that it may obscure more material information. We note that there is no associated guidance with this disclosure requirement. **We recommend deleting this requirement.**
16. [Line 760-766]. We note that Disclosure CC-4 should be used in combination with Disclosures GH-1, GH-2 and GH-3 [see Lines 778-780]. Disclosure CC-4-d duplicates requirements under those disclosures, for example GH-1-d. Most organisations have the same base year for emissions and target reporting. Is there any use case where an organisation would use this disclosure without using GH-1, GH-2 and GH-3? If not, then why is the disclosure repeated? Would you expect different information here? **We recommend either deleting disclosure CC-4-d or obviously linking it to GH-1, GH-2 and GH-3 disclosures.**
17. [Line 774-775]. Disclosure CC-4-g. We note that disclosure CC-4 should be used in combination with Disclosures GH-1, GH-2 and GH-3 [see Lines 778-780]. Disclosure CC-4-g duplicates requirements under those disclosures. What is an organisation expected to disclose in addition to the requirements in those topics? We believe that the standards used to calculate the target will be disclosed in CC-4-b. **We recommend deleting this disclosure or, if this is intended to replicate the requirements in GH-1, GH-2 and GH-3 in relation to the GHG inventory for the current year then this should be explicitly stated.**

## **Question 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.

Response

18. [Line 1381] The organisation should exclude. We believe this instruction should be a 'shall' as we consider that it is not optional to remove those units which is sold to another as the requirement in CC-5-a states 'excluding any GHG trades'. **We recommend the following update 'The organisation shall exclude ...' or, this requirement is incorporated into Disclosure CC-5-a.**
19. [Lines 1387 and 1398] Both sets of headings are above sections that contain guidance for both CC-5-a-i and CC-5-a-ii. The content under first heading CC-5-a-i explains scope 1 and 3 removals, while the content under heading CC-5-a-ii explains the types of storage pools. **We**

**recommend that the headings are amended to correctly reflect the content of the guidance.**

### **Question 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.

Response

20. [Lines 1521-1530]. We consider the information required under Disclosure CC-6-c to be unnecessary as this information is readily available on project registries.

If this is an attempt by the GSSB to drive quality improvements in the creation of carbon credits, then this should be explicitly stated. This is evidenced by statements (line 1683) 'the organisation is expected to select', (line 1688) 'carbon credit project should not negatively', (line 1697) 'how the carbon credit activities generate socio-economic activities'.

The information disclosed under CC-6-b provides sufficient detail to trace the source of the credits rather than the organisation providing information under all the disclosures of CC-6-c. We believe providing this level of detail will not provide additional useful information for an information user, and will add significantly to the reporting burden for the preparer. For example, if an organisation has cancelled carbon credits from three projects in the current reporting period (and referenced the projects, serial numbers and vintages as required under CC-6-b) then providing pages of information in the sustainability report associated with this disclosure runs the risk of obscuring material information. If the organisation can link to the source of the project information on the registry or project website as part of CC-6-b then what additional value does disclosure CC-6-c provide?

In addition, we think the associated guidance for disclosure requirement CC-6-c is applicable to organisations developing carbon credit projects rather than organisations reporting under CC-6-c. Is the intention that project developers would disclose using CC-6-c? If this is the case, then this should be separated out as a separate disclosure 'development of carbon credit projects'.

**We recommend deleting disclosure CC-6-c as this information is readily available elsewhere based on information disclosed in CC-6-b.**

### **Question 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.

Response

21. [lines 892-893, 1015-1016, 1165-1166]. The requirement to use the GWP values from the latest IPCC assessment reports presents issues for those organisations who are using nationally calculated emission factors. We consider that using the GWP values from the latest IPCC assessment report will create unnecessary burdens for reporters.

Governments often run several years behind with the latest IPCC assessment for their country level GHG inventory reporting from which their organisational level emission factors are derived. For example: Both NZ and the UK only moved to AR5 in 2023, 2022 figures used AR4.

- New Zealand. [Emission factors](#) published by the Ministry for the Environment in 2023 were based on GWPs from the Fifth Assessment Report (AR5) (see [2023 Detailed Guide](#) p.15).
- United Kingdom. [Emission factors](#) published by the Department for Business, Energy & Industrial Strategy in 2023 were largely based on AR5, although some still used AR4. (see [methodology paper](#) pp.18-19).
- Australia. [Emission factors](#) published by the Department of Climate Change, Energy, the Environment and Water in 2023 were based on AR5. (see [National Greenhouse Account Factors](#) Appendix 2 p.46)

If the GRI standard requires an organisation to recalculate emission factors based on the latest IPCC assessment report this would:

- introduce inconsistencies between country level and organisational level reporting which is highlighted as important by the government entities which publish these emission factors. 'This promotes consistency between inventories at company level and the emission estimates presented in the National Greenhouse Accounts. The methods used at the national level, and reflected in the factors reported here, are consistent with Intergovernmental Panel on Climate Change (IPCC) guidelines and are subject to international expert review each year.' ([Australia](#), p.4). 'The majority of the source data which was used in the development of these emission factors is from 2021. This is done to align with New Zealand's Greenhouse Gas Inventory 1990-2021.' ([NZ](#), p.11)
- Potentially undermine government emission factors. 'represent the current official set of UK government conversion factors. These factors are also used in a number of different policies.' ([UK](#), paragraph 1.4 p.14)
- Introduce significant additional work as the emission factors available from official sources would need to be recalculated
- Introduce a potential source of error due to recalculations which would be required to be undertaken
- Introduce additional assurance work if GHG emissions are to be assured due to the recalculation required for emission factors

We strongly recommend that GSSB focus on disclosure transparency at this time. We do not consider that going beyond the GHG Protocol is appropriate given the fact that this is still an evolving field, and we are concerned that the current wording calls for a level of precision that will undermine the overall intent. An example disclosure might be 'Quantities of each greenhouse gas are converted to tonnes CO<sub>2</sub>e using the global warming potential from the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4) except for refrigerant gases which use the Fifth Assessment Report (AR5). The time horizon is 100 years.'

**We recommend an organisation is required to use the most recent emission factors available to it, and to disclose the IPCC Assessment Report and time horizon the emission factors are based on.**

22. [line 892-893, 1015-1016, 1165-1166]. In addition, requiring disclosure using GWP-100 might stifle innovation. For example, GWP is by no means without controversy and a significant amount of academic and other attention is being placed on alternatives (such as GWP\* which is, unsurprisingly, of interest to those jurisdictions such as New Zealand with substantial portions of their overall emissions from CH<sub>4</sub>).

We further note that neither the GHG Protocol nor ISO require an organisation to use a specific set of GWPs. They instead focus on the disclosure of the GWPs that have been used. (ISO 14064:2018-1 requirement 9.3.1(t), GHG Protocol Corporate Standard 'description of, and reference to, methodologies used to calculate emissions', GHG Protocol Corporate Value Chain 'description of GWP values used to calculate emissions').

**We recommend that an organisation is encouraged to use GWP-100 unless it has a valid reason to do otherwise, and that an organisation is required to state which time horizon it has used.**



23. [Line 894-895, 1017-1018]. We question the usefulness of breaking down emissions by gas in sustainability disclosures. We are concerned with the volume of information which will be provided to information users and whether this information is material or useful to them. We can think of some edge cases where this information would be material and useful, for instance, in agriculture electricity distribution or refrigeration businesses but these cases do not seem sufficient to require all organisations to make this disclosure. When the XRB consulted during the development of its climate-related disclosure standard, there was very little interest in a breakdown by gas. We note that this is required information under the GHG Protocol and ISO Standards and feel that a GHG inventory report is the most appropriate place for this level of detail. We further note that the ISSB does not require a breakdown by gas in IFRS S2. **We recommend that disclosures GH-1-b, and GH-2-b are deleted.**
24. [line 1067-1092]. Contractual instruments must convey the GHG emission rate ... is this embedding a disclosure requirement in the guidance? We note the use of 'the following quality criteria, built on the GHG Protocol Scope 2 Guidance, apply'. The list of criteria is then quite similar but not the same as that listed in the GHG Protocol Scope 2 Guidance. This creates a significant additional reporting burden for organisations as they must cross match the criteria and understand which are the same and which might be additional. Further, we suggest that if the GSSB feels that the GHG Protocol Scope 2 Guidance is not sufficiently robust, then the GSSB should work with the GHG Protocol to improve the quality of its Guidance so that reporting organisations do not have to try and cross match two sets of requirements. **We recommend that guidance on the market-based method refers preparers to the quality criteria in the GHG Protocol Scope 2 Guidance and that guidance on quality criteria is removed from this guidance.**
25. [Line 1194-1195] The guidance here that [energy consumption as per EN-3-a is useful but could be clarified by slightly rewording the requirement as it is generally accepted that energy consumption is scope 2 rather than scope 3. In addition, we find the reference to CO<sub>2</sub> emissions rather than tCO<sub>2</sub>e to be confusing. While the majority of GHG emissions from energy consumption are CO<sub>2</sub>, there are other gases emitted and we would expect them all to be included in this calculation. **We recommend that the wording is amended to 'Gross Scope 3 GHG emissions include, but are not limited to, the tCO<sub>2</sub>e emissions from energy consumption in the value chain as reported under Requirement EN-3-a in GRI EN: Energy 20xx.**

### **Question 3: clear primary focus to reduce emissions**

*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.

Response

We do not have any improvements to suggest beyond those identified in response to other questions in this survey.

#### **Question 4: informative tables**

*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.

Response

26. The tables provide an outline of the key figures which are required to reported which helps to clarify what an organisation should report. However, tables do not help to easily convey progress or otherwise for an information user. In many instances, providing data in a visual format (such as graphs) for information users helps to convey progress or lack of progress in a much more engaging manner. While the tables provided cover the requirements, they encourage sustainability reporting that will be used only as input into analytical models rather than being used to understand the mindset and intention of the organisation reporting. It is our view that organisations should be encouraged to provide this information in a way that is meaningful and useful for information users and that the provision of templates may stifle innovation in this space.
27. Table 6 does not include columns for the base year. We note that this is not required in the standard, but this does seem inconsistent with Table 5.

#### **Question 5: additional comments**

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.

Response

28. We are supportive of transparent disclosure but are concerned with the increasing quantity of information that is required to be disclosed. We believe it is crucial to strike the right balance. We see disclosure overload as an issue for the following reasons:
- a. **Decision-relevant data.** Information users seek data that directly impacts their decision-making process. When disclosures contain irrelevant data, information users may struggle to extract relevant insights.
  - b. **Obscure material information.** Inundating information users with excessive disclosure obscures material information.
  - c. **Reporting versus action.** It increases the reporting burden for an organisation. This can be detrimental as the resources of the organisation are shifted to reporting at the expense of action.

**We request that GSSB review all proposed disclosures from the perspectives outlined and consider if each disclosure requirement provides decision-useful information.**

29. In January 2024, The GSSB and the ISSB jointly published [Interoperability considerations](#) for GHG emissions when applying GRI Standards and ISSB Standards. In our view this is a very helpful resource for preparers. We suggest that the GSSB produce a similar document at the finalisation of these standards. In addition, we support the publication of the document outlining areas of interoperability which was released along with the exposure draft of standards to enable individuals and organisations to be more informed when providing feedback on the requirements.

## Energy exposure draft

The exposure draft of the revised GRI Energy Standard includes one management disclosure and four topic disclosures about the organization's energy consumption and energy-related impacts, and how it manages these impacts. Each disclosure contains requirements accompanied by guidance.

### **Question 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.

Response

We have no comments in relation to disclosure EN-1.

### **Question 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.

Response

1. [Line 230] Disclosure EN-2-a 'report total fuel consumption within the organisation...' We note that the guidance [line 304 to 305] also requires disclosure of fuel generated by the organisation's activities. We suggest that this requirement should be included clearly in the disclosure rather than hidden in the guidance. Coal mined, or oil and gas extracted would not generally be considered consumption within the organisation. If you were considering reporting this as part of your GHG inventory the emissions caused by others using the coal you mined, or the oil and gas extracted would clearly fall into scope 3 (downstream) rather than within the organisation.

We also consider it might be of more interest to an information user to separate this into two disclosures. One disclosure about production of fuel to be used by others, and the second about consumption within the organisation.

**We recommend disclosure EN-2-a is split, and that fuel consumption and fuel generation are separate disclosures. If this is not possible then EN-2-a should be amended to 'report total fuel consumption and generation within the organisation.....'**

2. [Line 235] 'report total self-generated non-fuel renewable ....' This is a very confusing and hard to follow requirement. Non-fuel renewable is the most confusing bit, is there any renewable which is fuel based, is this meant to exclude biomass? We believe this requirement could be simplified to 'self-generated renewable electricity, heating, cooling, and steam consumption'. The guidance [line 315 to 318] explains how to account for self-generated non-renewable energy. **We recommend disclosure EN-2-b is amended to: 'report total self-generated renewable electricity...'**

3. [Line 245]. How does an organisation account for electricity purchased from a national grid? For example, in New Zealand the grid average electricity generation is around 80-90% renewable generation in any given year. Would an organisation be expected to report all its electricity consumption as non-renewable when this is clearly not representative of the average in New Zealand or could it apply the 'grid average generation split to its consumption? **We recommend the guidance explicitly addresses this point.**
4. [line 338-356]. Our comments are the same as for GH-2. Contractual instruments must convey the GHG emission rate ... is this embedding a disclosure requirement in the guidance? We note the use of 'the following quality criteria, built on the GHG Protocol Scope 2 Guidance, apply'. The list of criteria is then quite similar but not the same as that listed in the GHG Protocol Scope 2 Guidance. This creates a significant additional reporting burden for organisations as they must cross match the criteria and understand which are the same and which might be additional. Further, we suggest that if the GSSB feels that the GHG Protocol Scope 2 Guidance is not sufficiently robust, then the GSSB should work with the GHG Protocol to improve the quality of its Guidance so that reporting organisations do not have to try and cross match two sets of requirements. **We recommend that guidance on the market-based method refers preparers to the quality criteria in the GHG Protocol Scope 2 Guidance and that guidance on quality criteria is removed from this guidance.**
5. [line 371] We note that table 1 contains lines for consumption only. If the intent is to include generation of fuel then this should also be included in the table.

### **Question 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.

Response

We have no comments in relation to disclosure EN-3.

### **Question 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.

Response

We have no comments in relation to disclosure EN-4.

### **Question 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.

Response

We have no comments in relation to disclosure EN-5.

### **Question 7: informative tables**

*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.

Response

6. As noted in point 5, table 1 does not contain a line for fuel generated by the organisation. We suggest that the table is updated to reflect the disclosure requirements.

### **Question 8: additional comments**

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.

Response

We have no additional comments.