



**28 July 2022**

Mr. Emmanuel Faber  
Chair, International Sustainability Standards Board (ISSB)  
Columbus Building  
7 Westferry Circus  
Canary Wharf, London E14 4HD  
United Kingdom

**International Sustainability Standards Board Exposure Draft IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and Exposure Draft IFRS S2 *Climate-related Disclosures***

Dear Mr. Faber,

GIC welcomes the opportunity to provide our views and feedback on the Exposure Drafts published by the International Sustainability Standards Board (ISSB): IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (ED IFRS S1) and IFRS S2 Climate-related Disclosures (ED IFRS S2) (the "Standards").

As Singapore's sovereign wealth fund, sustainability is integral to GIC's mandate, which is to preserve and enhance the international purchasing power of the funds placed in our care. Creating a global set of standards for sustainability disclosures will be key to enabling long-term investors such as GIC to improve our assessment of sustainability-related risks and opportunities, and we believe that the work ISSB is undertaking is critical to this endeavour.

We are therefore delighted to contribute GIC's comments on the Exposure Drafts for your consideration.

A handwritten signature in black ink, appearing to read "Rachel Teo", with a stylized flourish at the end.

Rachel Teo  
Head of Sustainability and Head of Total Portfolio Sustainable Investing  
GIC



1. The momentum that ESG has gained over the past decade has been accompanied by a proliferation of standards and metrics. This phase was necessary for companies, investors and regulators to begin a review of sustainability risks and opportunities in their businesses and policies. However, navigating multiple standards could be challenging for companies and to other stakeholders, and could ultimately become an impediment to the consistent and comprehensive integration of sustainability into business practices and investment processes.
2. We believe ISSB's mission – to deliver a comprehensive global baseline of sustainability-related disclosure standards, streamline sustainability reporting and create a single set of standards that can be applied globally by companies, regulators and investors - is therefore critical. In particular, we welcome ISSB's focus on information that is relevant for investors' assessments of enterprise value.
3. As a global long-term investor with the mission to preserve and enhance the international purchasing power of the reserves placed under our management, we have been on a journey to deepen the integration of sustainability across our investments and operations in line with our aim to enable the global transition to a net-zero economy. We believe the following elements are important features in sustainability standards and reporting:
  - **Comparability:** Disclosures should be comparable against peer companies in the same industry or geography. They should also be comparable for the same company over time. Ideally, they would be as quantitative, consistently defined, and verifiable as possible. The TCFD, which GIC is a supporter of, provides a practical and widely adopted framework for companies to disclose climate-related strategies and metrics, and we are pleased to see TCFD's recommendations integrated in the IFRS Exposure Drafts.
  - **Materiality:** Companies should focus on metrics that are financially material to their long-term performance and hence enterprise value, but these metrics would vary by industry. SASB's industry-specific standards offer useful starting points for identifying and measuring financially material sustainability issues. We agree with the ISSB's approach of leveraging SASB's industry-specific standards and adapting them to provide a global baseline.
4. We recognise that the companies that could eventually adopt the IFRS Sustainability Disclosure Standards may have very **different starting points in relation to their sustainability and climate transition pathways**, and, similarly, to their disclosures. We find ISSB's **principles-based method** for defining the standards a reasonable approach, as it provides flexibility for companies in different regions, and which operate under different local regulations and reporting regimes, to make relevant adjustments to their disclosures. Given the global footprint of GIC's investments, we also welcome ISSB's commitment to improving the international applicability of the SASB standards across both developed and emerging markets.

5. For a standard to be useful, it needs to be widely adopted. We appreciate the **specific guidance within the Exposure Drafts on what and how to disclose specific metrics**. This offers a practical solution to help companies bridge the disclosure gap, if they are not already making disclosures in line with TCFD's recommendations or SASB's standards. As a fund manager who reports the sustainability metrics of the portfolio to our client, we are conscious that there will be unique considerations that could make the disclosure of specific metrics challenging. We have thus been supporting and will continue to encourage portfolio companies to improve their evaluation and disclosure of financially material sustainability issues to enable investors to better assess sustainability risks and opportunities.
6. In addition to our comments above, we would like to offer the following specific suggestions on the Exposure Drafts:
  - **Tiered approach to account for double materiality:** We recognise that different stakeholders may have different organisational concerns to address, from financial performance to the impact of investee company operations on the environment and society. ISSB can consider being the standard setter for financially material disclosures, while providing the option for other metrics related to double materiality, which select stakeholders may require, to be layered on. This can be done through collaboration with other standard setters and the provision of clear guidance on how these additional metrics would matter to the relevant stakeholders. Hence, we welcome the MOU between ISSB and GRI to collaborate on sustainability standard setting.
  - **Encouraging adoption of sustainability reporting standards by private companies and digital reporting [IFRS S1, Q15]:** We support ISSB's goal to develop a taxonomy to facilitate digital reporting in line with the IFRS Sustainability Disclosure Standards. GIC maintains a diversified portfolio across six core asset classes, and one of the challenges we face in integrating sustainability across the total portfolio is the availability of relevant disclosures for private equity and other unlisted assets. We urge ISSB to consider designing a globally applicable taxonomy that recognises and can accommodate differences in reporting practices by private assets as compared to publicly-listed entities, coupled with a platform to facilitate digital submissions by companies, which could encourage more comprehensive and regular disclosures by private assets to their equity holders. These measures could enable more comprehensive and regular disclosures by private assets to their equity holders and ease the data collection process by investors. We also encourage ISSB to work with a range of partners such as regulators or industry associations to encourage the adoption of ISSB's standards by private companies in their disclosures to investors.
  - **Clearer guidance on measuring growth potential from green opportunities and identification of climate-related risks and opportunities [IFRS S2, Q3]:** We are in agreement with ISSB's proposal for companies to identify and disclose the anticipated effects of significant climate-related risks and opportunities on their value chain. In addition, we would like to encourage ISSB to provide guidance on how companies can better disclose financially material information on how they are capturing growth opportunities in the low-carbon transition. For instance, ISSB could adopt a taxonomy for green activities, differentiated by region and industry, to guide companies in providing a breakdown of their revenues and capex based on the different categories of green activities they are involved in. ISSB can also consider including guidance for measuring



a company's direct or indirect contribution to avoided emissions by being part of a green activity value chain.

7. ISSB's work in driving convergence in global sustainability standards is important, and its progress since its establishment is commendable. As a long-term investor, we look forward to the establishment of a practical as well as universally adopted and applicable standard for sustainability reporting by portfolio companies that will help accelerate the global transition to a net-zero economy.