Appendix to the UK Endorsement of IFRS S1 & IFRS S2: Call for Evidence

The template below may be used to prepare and structure your response to the call for evidence.

Stakeholder type	□Individual □Investor □Shareholder □Academic □Business □Representative Body □Other (please specify)
	Click or tap here to enter text.
Individual/Organisation name	UK Chamber of Shipping
Organisation size	The UK Chamber of Shipping itself is a small enterprise (10-50 employees) but which acts as the trade association for the UK shipping industry. We have nearly 200 members and associate members, ranging from shipowners, ship managers, law firms with maritime expertise, insurers, classification societies, to others providing maritime services to the shipping industry.
(number of employees)	
Contact email address	
Is this response confidential?	□Yes ⊠No

Views on the potential application of IFRS S1 and IFRS S2 in the UK

Please provide your views on whether the disclosures required by the IFRS Sustainability Disclosure Standards, in the context of the UK:

- will result in disclosures that are understandable, relevant, reliable and comparable for investors.
- are technically feasible to prepare;
- can be prepared on a timely basis and at the same time as general purpose financial reports; and
- are expected to generate benefits that are proportionate to the costs that are likely to be incurred.

Respondents are asked to provide opinions and evidence pertaining to specific topics in these two standards. In particular, respondents are asked to provide insight into any challenges and benefits that might arise when preparing and disclosing information in compliance with the two standards, including the scale of the challenge and any solutions you are able to propose.

In preparing your response, you may consider the topics outlined in the call for evidence. Please note, you are not required to limit your response to the suggested topics, nor are you expected to respond to all topics or questions. In your response, you are encouraged to comment on any aspect of the IFRS Sustainability Disclosure Standards. When providing your comments, please clearly state the requirement(s) that the comment relates to so that these can be effectively captured.

The focus of the UK Chamber's response is to provide input from the UK shipping industry's perspective on the potential application of the IFRS S1 and IFRS S2 in the UK. However, much of shipping is, by nature, a cross-border and international industry and this is therefore reflected in the content of our response.

Although this response represents the UK Chamber's views, not all questions asked will have a specific answer. However, the UK Chamber would be happy to have a follow up meeting separately with the Sustainability Disclosure Technical Advisory Committee or the Secretary of State for the Department for Business and Trade to aid understanding, should this be of use.

Although the ISSB does not have the right to mandate the application of IFRS S1 and IFRS S2, our members in principle welcome internationally recognised standards because this helps to improve consistency and certainty for companies. This also assists with decision-making within companies on sustainability- and climate-related opportunities, and has the benefit of reducing risk and complexity across the supply chain by virtue of a common understanding. Smaller companies especially would not benefit from a fragmented approach to disclosure standards, particularly where it is becoming increasingly difficult to gain access to finance without suitable sustainability and other climate- and transition-related credentials. However, reporting and disclosures should be proportionate for those smaller companies, as they typically do not have the same access to resources as larger companies.

In addition, companies that have already been using recommendations by the Task Force on Climate Related Financial Disclosures (TCFD) will already be providing information about their content areas, which is replicated in the IFRS S1 on company governance, strategy, risk management, metrics and targets. It is therefore well understood by those who are already using it.

Alongisde the IFRS S1 and IFRS S2, we note that IFRS ISSB has assumed responsibility for SASB Standards, to provide industry-based sustainability disclosures about risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. The two most relevant to UK Chamber members are the Marine Transportation SASB Standard and the Cruise Lines SASB Standard. Whilst the former only covers entities which provide deep-sea, coastal or river-way freight shipping services, and larger entities may have to use multiple standards if they, for example, run an integrated production operation, these are well known in industry.

However, as reporting standards and obligations continue to proliferate more widely, we wish to highlight that the shipping industry is more complex and diverse than the SASB standards cover, because our industry provides other specialist services, such as those covering short-sea routes carrying either just freight or passengers and freight, as well as the plethora of complex and specialist vessels in the offshore sector (ranging from renewable energy, dredging, marine construction and cabling), which in some cases could overlap with other SASB standards which do not account for vessel-specific metrics.

As the purpose of the Standards are to help investors compare information between companies to aid decision making, the introduction of an alternative initiative runs the risk of increasing administrative burden and could also reduce cross border capital flows which is key to the UK's economy.

The UK Chamber would therefore support the proposed endorsement of the IFRS Sustainability Disclosure Standards in the UK, and would invite the Sustainability Disclosure Technical Advisory Committee to recommend as such to the Secretary of State. However, as this develops (such as the use of Transition Plans Taskforce Framework and the anticipated consultation on a future UK taxonomy) sector-specific approaches should be emphasised and used in consultation with the sectors involved. In addition, we would urge that within such standards as applicable to the shipping industry, there is recognition of international regulations (such as those from the International Maritime Organization and International Labour Organization) which are either in force or evolving to address industry-specific sustainability risks and opportunities.