Public Comments on the TISFD Framework Beta Version 0.1

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■Overall framework

1) What are the strengths of the TISFD Framework Beta Version 0.1 which should be retained?

a. << Keep People at the Core >>

The primary strength of the TISFD Framework lies in its unique objective to serve as a financial disclosure framework for "people" at its centre. While disclosures regarding climate and nature have made significant progress, another fundamental issue of "people" has never been adequately addressed. TISFD should not shift away from its focus on people.

b. << Preserve Double Materiality >>

Another distinct position of trying to accommodate "double materiality" from a multi-stakeholder perspective is also the key strength of TISFD. While it inevitably entails technical difficulties to disclose "people" and "social" related issues, in any perfect sense (whatever it may mean), the direction towards dual engagements between business entities and people should not be compromised.

c. << Turning Risks into Opportunities >>

In addition, the framework which tries to turn risks into opportunities conforms principles of effective disclosure which encourage issuers of information to actively engage in the disclosure. Positioning opportunities as an integral component of IDROs enables disclosures to be linked to the value creation story of businesses and financial institutions.

2) How can we improve the Framework?

a. << Scope Includes Post-Disclosure Feedback and Engagement >>

The so-called "reporting burden" or "disclosure fatigue" is a well-recognised challenge in the business disclosure today. However, our research has recently established the fact that issuers are actually willing to further engage in disclosures as long as it is effective and efficient in terms of the purpose of its disclosure. It would therefore be essential for TISFD to evolve into the framework in which the disclosure improves business activities for the sake of people, communities and society. Towards such a framework, TISFD should emphasise the process of its post-disclosure feedback and engagement, as well as the traditional disclosure.

b. << Dual Structure for Readability >>

So far, however, TISFD framework fails to provide such sense of the flow of engagement. We recommend therefore to start the disclosure with (1) the very basic common financial statement such as the Distribution Statement (For details, see the response to Question 10), which should form the basis of any disclosure and metrics to follow; and then (2) each company's and institution's cases, scenarios and narratives which exemplify details of the distribution of value added and engagements between business entities and people. This Dual Structure would establish a common foundation for both preparers and users of information, enhancing readability and market usability. For the details of Distribution Statement, see the response to Question 10.

3) Does the Framework support interoperability with other disclosure frameworks, including the ISSB Standards, ESRS, and GRI Standards? Why or why not?

a. << Support Interoperability in Principle >>

To avoid unnecessarily reporting burdens, we support harmonisation and convergence with existing frameworks. Therefore, in principle, we support TISFD's building blocks approach. On the other hand, however, the current Framework lacks the overall framework and the sense of flow of information and engagement. Based upon the existing disclosure frameworks, we now wish to see the flow of information, as already mentioned in Section 2, as the Dual Structure of (1) and (2).

b. << Distribution Statement >>

To reaffirm, the GRI's and Predistribution Initiative's Distribution Statement (i.e., Direct Economic Value Generated and Distributed, or the like) can serve as the common mandatory disclosure at the start of the TISFD disclosure.

4) Does the Framework support the integration of people-, nature- and climate-related issues? Why or why not?

a. << Support Integration in Principle >>

We do support in principle the direction of integration of people-, nature-, and climate-related issues, however challenging it may be.

b. << Do Not Shift Away from People >>

If, however, this challenge is too complex and undermines the overall adoption and promotion of TISFD in practice, we may wish to limit our scope to people and society, rather than ambitiously integrating all. TISFD is originally a framework focusing specifically on people, inequality, and social-related problems, and we should not shift away from this basic objective.

■General requirements for disclosures

General requirements outlined in Section 4.1 include materiality, system-relevant information, stakeholder engagement, scale and time horizons.

5) To what extent do you agree that the General requirements are useful:

Neither agree nor disagree (Neutral)

6) How can we improve the General requirements?

a. << Principle-based and Preserving Flexibility >>

The General Requirements are appropriate as overarching basic principles. However, in their current form, they remain somewhat abstract and open-ended to the extent preparers are lost in practice. This may lead to decontrolled variations in disclosure and interpretation. Therefore, through future revisions, it is desirable to enrich concrete examples and guidance. However, we should also note that preparers are equipped with options of flexible explanations of their unique characteristics and value creation.

b. << Disclosure Should Foster Engagement >>

Regarding stakeholder engagement, information disclosure should not be an end, but rather a catalyst for constructive dialogue and collaboration.

c. << Preserve Double Materiality >>

Regarding materiality, as noted in Question 1, accommodating double materiality should likewise be maintained.

■Draft disclosure recommendations

7) To what extent do you agree that the TISFD draft disclosure recommendations are:

Clear and easy to understand: Neither agree nor disagree (Neutral)

Likely to generate decision useful information: Agree

8) How can we improve the draft disclosure recommendations?

For the improvement of the draft disclosure recommendations, please see the following comments for Question 9.

9) What guidance would you need to apply the draft disclosure recommendations?

a. << Comparability through Reporting Structure, Not Standardised Metrics Alone >>

Regarding Metrics and Targets, depending on the domain and purpose of disclosure, relying solely on formally standardised metrics may actually hinder the faithful representation and comparability of underlying facts. It is preferable to ensure consistency, coherence and comparability through a common reporting structure (mentioned in Question 2 as the Dual Structure) rather than through tightly standardised metrics alone.

b. << Distribution Statement as the Common Basis >>

Therefore, rather than merely setting out the initial core set of metrics and targets, we hope TISFD will consider Distribution Statement to serve as the common basis of the metrics and targets. This would enable preparers to set their own metrics and goals based on the audited financial data, which provides users of information with reliable financial data as the basis of following cases, scenarios, and narratives reflecting their unique circumstances.

c. Concrete proposals integrating into these points are detailed in responses to Question 10.

■Additional feedback and recommendations

10) Please share any other feedback, recommendations, and insights with TISFD.

a. << Distribution Statement as the Common Basis>>

We recommend Distribution Statement (https://x.gd/comment1) to be utilised as the common basis of TISFD disclosure. DS shares the same philosophy and similar structure with the ones of the Predistribution Initiative and GRI (e.g., Direct Economic Value Generated and Distributed), which serves well for the most fundamental objective of TISFD.

b. << Key Features of the DS >>

DS is practical and decision-useful owing to the following characteristics of the statement: -

i. As a financial disclosure concerning fair distribution among stakeholders, it directly quantifies and visualises financial impacts, aligning precisely with TISFD's objective to place people, inequality, and social-related problems at the heart of the discussion.

ii. Amid current uncertainty where businesses and financial institutions struggle to visualise what disclosures and priorities are expected, the DS establishes an overall direction and serves as a bridge to subsequent cases, scenarios, and narratives, thereby enhancing market usability for both preparers and users.

iii. Because the DS can be constructed simply by reclassifying account items from the Profit and Loss Statement (PL), it adds only little burden to disclose the new information.

iv. DS, which is already audited, can serve as the reliable basis of TISFD's Metrics and Targets.

v. DS can easily show the past performance (say over the last 5 years), but also the future plans and targets which would enhance constructive dialogue between entities, investors and other stakeholders.

c. <<Example of DS >>

Example image of DS is displayed here: https://x.gd/comment1

Distribution Statement of Suzuki Co., Ltd. (In millions of euros)

Generation	FY2024	FY2025	FY2026	FY 2030 Target	Cases, Scenarios, Narratives *
Revenue	1000	1100	1200	1500	
External Expenses	400	440	480	600	
Value Added (Generation)	600	660	720	900	
Distribution					
Employees Employee Salaries per Person	200 40,000€	210 42,000€	220 44,000€	330 66,000€	Case of AI Training p. xxx
Directors Executive Compensation per Person	10 2.5	10 2.5	10 2.5	20 4	Case of Performance Pay p. xxx
Shareholders Dividends Reinvestment to Business	200 90	220 100	250 110	280 120	Scenarios of Firm Value p. xxx
Community & Society Tax, Donation, and Social Insurance	100	120	130	150	Narratives of how community has been improved p. xxx
Value Added (Distribution)	600	660	720	900	

* 1. DS can serve as the common mandatory disclosure, which is followed by each business entity's cases, scenarios and narratives.
2. DS is already audited and easy to create, as it requires only re-categorization of account items of Profit and Loss statement.