



15th September 2025

Department of Business and Trade
Old Admiralty Building
Admiralty Place
London
United Kingdom
SW1A 2DY

via email at: uk.srs@businessandtrade.gov.uk

RE: Consultation on the Exposure Drafts: UK Sustainability Reporting Standards

Dear Mr. Gareth Davies, MP:

The Los Angeles County Employees Retirement Association (LACERA) appreciates the opportunity to submit comments in response to the Department for Business and Trade's open consultation on the United Kingdom's proposed Sustainability Reporting Standards (Consultation).¹ We applaud the proposed incorporation of the standards promulgated by the International Financial Reporting Standards Foundation's International Sustainability Standards Board (ISSB Standards) and appreciate the opportunity to provide feedback on specific proposed amendments. We believe the Consultation is timely in light of recent market developments that aim to facilitate a cohesive, investment-useful global framework for corporate sustainability reporting that is conducive to durable value creation for companies and investors alike.

About LACERA

LACERA is the largest county pension system in the United States, with approximately \$90 billion in plan assets, as of August 1, 2025. We hold investments in over 6,000 companies in more than 60 global financial markets, with the United Kingdom ranking among the top three markets in which we are invested across asset categories. LACERA's mission is "to produce, protect, and provide the promised benefits" to about 200,000 beneficiaries who serve the most populous county in the United States. We encourage sound corporate governance practices at portfolio companies, clear corporate reporting, and prudent financial market policies and regulations that help facilitate economic growth and enhance our ability to fulfill our mission.

Investor Interest in Financially Relevant Disclosures of Sustainability Factors

Our comments are guided by the investment beliefs and principles outlined in LACERA's [Investment Policy Statement](#)² and [Corporate Governance and Stewardship Principles](#).³ Climate change, the global energy transition, and broader sustainability considerations can present financial risks and opportunities for both individual portfolio companies as well as to the broader economy in which we invest,

¹ UK Department for Business and Trade. Open Consultation on Exposure Drafts: UK Sustainability Reporting Standards. June 25, 2025. Available at: <https://www.gov.uk/government/consultations/exposure-drafts-uk-sustainability-reporting-standardsReportingStandards-GOV.UK>.

² LACERA. Investment Policy Statement. Revised June 2024. Available at: https://www.lacera.com/sites/default/files/assets/documents/board/Governing%20Documents/BOI%20Policies/invest_policy_stmt.pdf.

³ LACERA. *Corporate Governance and Stewardship Principles*. Revised 2024. Available at: <http://www.lacera.com/sites/default/files/assets/documents/board/Governing%20Documents/BOI%20Policies/CorpGovPrinciples.pdf>.

as globally diversified investors with a long-term investment horizon.⁴ We consider that financial markets work most efficiently when investors have **timely, reliable, and comparable information about material aspects of a firm's performance**, including how they manage business-relevant sustainability factors that may affect durable cash flow. Adequate information to identify and assess risks is critical to help evaluate material investment factors and therefore of paramount importance to fulfill our fiduciary duty.

We believe the ISSB Standards have made an important contribution in developing a global framework to facilitate **timely, reliable, and comparable information about material aspects of a firm's performance**. We applaud the Department of Business and Trade's efforts to facilitate reporting consistent with the ISSB Standards, which we believe will be conducive to comparable, cost-effective, and timely reporting for investors and companies that operate across global borders.

We would like to specifically address questions 3 and 5 within the Consultation⁵.

(3.) For entities subject to financed disclosure requirements, what is the impact of revising comparative data for financed emissions calculations and what additional guidance might be useful?

LACERA, like many institutional investors, is broadly diversified across industries and geographies. Compatibility is an important feature to enable information to be consistently interpreted by financial markets across industries and geography. The recommendation within the Consultation that entities with commercial banking and insurance activities may use any appropriate classification standard, in our view, may create additional costs to users of this information by placing the onus on users of the information to find productive methods to compare classification systems in order to make accurate comparisons across companies. The reduction in compliance cost for reporting entities to license access to specific industry classification frameworks, in other words, may be imposed on users, despite the purported goal of minimizing costs of a reporting framework. We encourage the Department of Business and Trade to consider whether cost would be passed onto users from reporters, rather than the overall cost of compliance being lessened, and bear in mind the objective of comparability of disclosed information. As an alternative, we believe the Department of Business and Trade might consider providing interpretive guidance by which reporting entities may have optionality among a narrow set of established industry classification systems. More directive guidance may achieve the goal of enabling a degree of flexibility while also minimizing the burden on end users by having recognized classification systems enable comparability.

(5.) Do you agree or disagree that 'shall' should be amended to 'may' in "shall refer to and consider the applicability of... [SASB materials]"?

We believe the financial materiality of sustainability factors varies by industry. Simply put, factors that are relevant to a mining firm are not necessarily the same as sustainability risks that are financially relevant to a bank, for example. We believe that the industry-specificity of the Sustainability Accounting Standards Board (as referenced as "SASB Materials" in the Consultation) that are integrated into the ISSB Standards facilitate a focus on materiality and comparability. We would encourage the Department of Business and Trade to maintain the wording as initially proposed to, "shall consider," as opposed to softening to, "may consider."

As end users and providers of capital to financial markets, we consider firmer guidance would enable the materiality focus and comparability that can aid capital formation. The wording as initially proposed, "shall consider," provides adequate flexibility for reporters and the assurers of reporting, as it merely requires that issuers "consider" use of SASB Materials. They are free to explain why SASB Materials are not appropriate or constructive. The use of "may consider," in some instances, might increase the

⁴ LACERA's *Corporate Governance and Stewardship Principles*, page 24.

⁵ UK Department for Business and Trade. Open Consultation on Exposure Drafts: UK Sustainability Reporting Standards. June 25, 2025. Annex. Available at: [Exposure drafts: UK https://www.gov.uk/government/consultations/exposure-drafts-uk-sustainability-reporting-standards](https://www.gov.uk/government/consultations/exposure-drafts-uk-sustainability-reporting-standards) Reporting Standards - GOV.UK

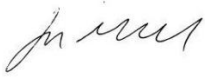
likelihood that reporters would not refer to the sustainability factors that have material financial impacts. Ultimately, this could alter the availability of decision-useful information to investors. We would encourage the Department of Business and Trade to consider whether undue flexibility may undermine the original purpose of the proposed regulation.

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We reiterate our belief that the prospective regulations' alignment with the ISSB Standards would support timely and comparable global reporting that is relevant to capital providers and conducive to sustainable growth in the United Kingdom and all global markets.

Please contact the undersigned at jgrabel@lacera.com if you would like to further discuss any of the above remarks.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Jonathan Grabel', written in a cursive style.

Jonathan Grabel
Chief Investment Officer