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International Sustainability Standards Board
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Dear Board Members

Consultation on Proposed Standards

We welcome the opportunity to provide feedback to the International Sustainability Standards Board (ISSB) on the *Exposure Draft on IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information ([Draft] IFRS S1)* and *Exposure Draft IFRS S2 Climate-related Disclosures ([Draft] IFRS S2)*.

This submission collectively represents the voice of 20 peak professional, industry and investor bodies in Australia who have come together to prepare this joint response to the two exposure drafts.

The peak Australian bodies together represent more than 400 companies, approximately 300 investors with US\$33 trillion assets under management, and 500,000 business and finance professionals. We consider clear, transparent, comprehensive and comparable disclosure of sustainability-related information to be part of the foundation of a well-functioning global financial system.

Comprehensive global baseline

We fully support a global approach to the development of sustainability disclosure standards and are supportive of the ISSB being the global body to issue these standards.

The overarching goal should be a globally consistent, comparable, reliable, and verifiable corporate reporting system to provide all stakeholders with a clear and accurate picture of an organisation's ability to create sustainable value over time.

We consider it critical that the ISSB and other jurisdictions developing sustainability standards take a coordinated approach to avoid regulatory and standard setting fragmentation by aligning key definitions, concepts, terminologies, and metrics on which disclosure requirements are built.

Collaboration and coordination between sustainability disclosure initiatives and financial accounting standard-setting is important. In our opinion the ISSB is best placed to achieve this given its connection to the International Accounting Standards Board (IASB).

Many of the peak Australian bodies are also affected by the development of mandatory climate-related reporting within New Zealand, the United States of America and Europe. We consider it crucial for entities to be able to collect data in an efficient manner and to report in a way which meets both local and global requirements whilst avoiding duplication.

The consolidation and harmonisation of existing frameworks is a key objective of the ISSB. Many entities in Australia report under existing sustainability frameworks. We therefore consider it critical that the comprehensive global baseline provides entities with clarity about how the ISSB standards interact and overlap with broader sustainability disclosure frameworks, such as the Global Reporting Initiative (GRI).

Climate first approach

Climate represents a first order risk to the Australian economy, the financial system and investors. We support the Paris Agreement and its objective to take into account the needs of a just transition while achieving a net zero emissions economy and resilient Australia.

To avoid large-scale financial risks from a disorderly transition to net zero emissions and the physical impacts of climate change, clear and comparable disclosure of sustainability-related and in particular climate related information is one of the foundational building blocks of a well-functioning global financial system.

We support the alignment of [Draft] IFRS S2 with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations.

Scalable and practical implementation of best practice

There has been very significant and rapid development of climate-related disclosure schemes in other major markets. As a result, we consider that some Australian entities are reasonably mature and reasonably prepared for the introduction of these new disclosure standards, such as large globally connected listed entities and heavy emitters, whereas many others will require time to scale up their expertise and capacity.

Further, for certain disclosures, the current availability and reliability of data and methodologies may present short-term challenges. Collectively, we are likely to encourage prompt and comprehensive adoption of [Draft] IFRS S2 by entities in our region. However, we suggest finite and structured transition periods will be required for certain specific disclosures.

We recommend consideration be given to a phased approach to adoption across entity types, sectors and/or sizes.

Assurance

There is a critical role for independent external assurance to lend credibility to sustainability information.

In our view, the goal should be for investors and other stakeholders to rely on the assurance performed and the integrity of the information provided, similar to how they rely on audited financial statements. A consistent baseline is needed for there to be trust and confidence in the information provided and to avoid confusion or misunderstanding amongst investors and other stakeholders. We believe certain aspects of the current Exposure Drafts could be improved upon to better encapsulate suitable criteria that could underpin the appropriate use of limited and reasonable assurance engagements.

Domestic implementation considerations

In the domestic implementation of the ISSB standards, the local legal context needs to be considered. We suggest clear guidance from domestic regulators, and if necessary regulatory support, may be needed to ensure that entities can produce the particular forward-looking statements required by the ISSB standards.

It will be important that liability risks do not undermine comprehensive and good faith implementation of the ISSB standards and appropriate accountability for disclosure.

Detailed responses to questions

Our detailed responses to key questions in the Exposure Drafts are included in this submission as follows:

Appendix A - [Draft] IFRS S1 on page 4

Appendix B - [Draft] IFRS S2 on page 12

Appendix C – AASB ED 321 on page 14

Many of the peak Australian bodies have also made separate submissions, addressing their specific stakeholder views and issues.

Thank you for the opportunity to respond to this consultation. We would be happy to discuss any of our comments in more detail with you. Please contact Emma Penzo on Emma.Penzo@ausbanking.org.au and Karen McWilliams on karen.mcwilliams@charteredaccountantsanz.com email if you have any questions.

The peak Australian bodies who are signatories to this submission (in alphabetical order).

 <p>Australian Banking Association</p> <p>Australian Banking Association</p>	 <p>ACSI</p> <p>Australian Council of Superannuation Investors</p>	 <p>AFMA</p> <p>Australian Financial Markets Association</p>	 <p>Australian Finance Industry Association</p> <p>Australian Finance Industry Association</p>
<p>Australian Institute of Company Directors</p> <p>Australian Institute of Company Directors</p>	 <p>AIRA</p> <p>AUSTRALASIAN INVESTOR RELATIONS ASSOCIATION</p> <p>Australasian Investor Relations Association</p>	 <p>asa Australian Shareholders' Association</p> <p>Australian Shareholders Association</p>	 <p>Australian Sustainable Finance Institute</p> <p>Australian Sustainable Finance Institute</p>
 <p>CHARTERED ACCOUNTANTS Australia • New Zealand</p> <p>Chartered Accountants Australia and New Zealand</p>	 <p>CPA AUSTRALIA</p> <p>CPA Australia</p>	 <p>CUSTOMER OWNED BANKING ASSOCIATION</p> <p>Customer Owned Banking Association</p>	 <p>ENGINEERS AUSTRALIA</p> <p>Engineers Australia</p>
 <p>FSC FINANCIAL SERVICES COUNCIL</p> <p>Financial Services Council</p>	 <p>Governance Institute of Australia</p> <p>Governance Institute of Australia</p>	 <p>GROUP OF 100 CFOs building better businesses</p> <p>The Group of 100</p>	 <p>IPA INSTITUTE OF PUBLIC ACCOUNTANTS*</p> <p>Institute of Public Accountants</p>
 <p>Insurance Council of Australia</p> <p>Insurance Council of Australia</p>	 <p>Investor Group on Climate Change</p> <p>Investor Group on Climate Change</p>	 <p>riaa Responsible Investment Association Australasia</p> <p>Responsible Investment Association Australasia</p>	 <p>Global Compact Network Australia</p> <p>UN Global Compact Network Australia</p>

Appendix A

Exposure Draft on IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (S1)

Question	Peak Australian Bodies Position
Overall approach	
<p>Q1(a) Does the Exposure Draft state clearly that an entity would be required to identify and disclose material information about all of the sustainability-related risks and opportunities to which the entity is exposed, even if such risks and opportunities are not addressed by a specific IFRS Sustainability Disclosure Standard? Why or why not? If not, how could such a requirement be made clearer?</p> <p>Q1(b) Do you agree that the proposed requirements set out in the ED meet its proposed objective (para 1)? Why/why not?</p> <p>Q1(c) Is it clear how the proposed requirements set out in the ED would be applied together with other IFRS Sustainability Disclosure Standards, INCLUDING THE [DRAFT] IFRS S2 Climate-related Disclosures? Why/why not? If not, what aspects of the proposal are unclear?</p>	<ul style="list-style-type: none"> • Whilst we acknowledge the requirement to identify and disclose material information about all of the sustainability-related risks and opportunities is reasonably clear, there are different understandings as to how this could be interpreted. • In our opinion, the Exposure Draft (ED) currently attempts to provide both a conceptual framework for sustainability-related financial disclosures and guidance for disclosures in the absence of a specific IFRS Sustainability Disclosure Standard. • We suggest they be separated into separate documents if possible, alternatively that clarity between them is improved if within the same document. • We are particularly concerned that the current process for the identification of significant sustainability-related risks and opportunities directs the preparer to existing disclosures standards or frameworks. • The identification by the reporting entity of its significant sustainability related issues should initially incorporate a broad stakeholder engagement process, including internal and external stakeholders beyond the primary users and engagement with its governing body. • The entity may then also consider other existing guidance, including sector specific information to ensure significant matters have not been overlooked. • The entity would then consider these issues with reference to its enterprise value and usefulness of information to primary users using IFRS Sustainability Disclosure Standards or alternative non-mandatory guidance if a specific one does not exist. • We consider the broad stakeholder engagement process to be critical as primary users are interested in sustainability issues which affect a broad range of stakeholders as these are the most likely to in turn affect enterprise value. Likewise, IFRS Sustainability Disclosure Standards may exist for certain thematic areas which are not significant to the entity.
<p>Q1(d) Do you agree that the requirements proposed in the ED would provide a suitable basis for auditors and regulators to determine whether an entity has complied</p>	<ul style="list-style-type: none"> • There is a critical role for independent external assurance to provide credibility to sustainability information.

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Question	Peak Australian Bodies Position
with the proposal? If not, what approach do you suggest and why?	<ul style="list-style-type: none"> • In our view, the goal should be for investors and other stakeholders to rely on the assurance performed and the integrity of the information provided, in a similar way to how they rely on audited the financial statements. • A consistent baseline is needed for there to be trust and confidence in the information provided and to avoid confusion or misunderstanding amongst investors and other stakeholders. • We believe certain aspects of the current draft of this ED could be improved upon to better encapsulate suitable criteria that could underpin the appropriate use of limited and reasonable assurance engagements. • In particular, we draw attention to our comments in response to questions 2, 7 and 8 covering the scope and boundary of the ED.
Objective	
Document reference: ED Para1-7, Appendix A	
Q2(a) Is the proposed objective of disclosing sustainability-related financial information clear? Why/why not?	<ul style="list-style-type: none"> • We note the requirement to <i>'disclose material information about all of the significant sustainability-related risks and opportunities.'</i> • We provide feedback on 'materiality' in our response to question 8. Further we note that the term 'significant' is less well understood. We recommend consideration be given to providing greater clarity of the definitions and differences between significant and material in [DRAFT] IFRS S1. It would be useful to provide illustrative guidance.
Q2(b) Is the definition of 'sustainability-related financial information' clear (see Appendix A)? Why/why not? If not, do you have any suggestions for improving the definition to make it clearer?	<ul style="list-style-type: none"> • There is currently no definition of sustainability provided within the ED. Whilst we understand the ISSB may have reservations with providing a definition of sustainability, we consider a clear definition of sustainability is required for the specific context for the purposes of issuing sustainability disclosure standards. ISSB may need to reconult on such definitions to ensure consistency.
Scope	
Document reference: ED Para8-9	
Q3. Do you agree that the proposals in the ED could be used by entities that prepare their general purpose financial statements in accordance with any jurisdiction's GAAP (rather than only those prepared in accordance with IFRS Accounting Standards)? If not, why not?	<ul style="list-style-type: none"> • As Australia already adopts IFRS Accounting Standards, we have no specific response to this question.

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Question	Peak Australian Bodies Position
Core Content	
Document reference: ED Para11-35	
Q4(a) Are the disclosure objectives for governance, strategy, risk management and metrics and targets clear and appropriately defined? Why/why not?	<ul style="list-style-type: none"> The disclosure objectives align with the TCFD and are considered appropriate.
Q4(b) Are the disclosure requirements for governance, strategy, risk management and metrics and targets appropriate to their stated disclosure objective? Why/why not?	<ul style="list-style-type: none"> In respect to the disclosure requirements for governance, strategy, risk management and metrics and targets, we consider the requirements to be broadly appropriate to their stated objectives. However, in respect to the strategy disclosure requirement, we note that as climate change response matures, some elements of strategy related to opportunities will be commercially sensitive, and to some elements of risk. To this end, the ISSB could consider making provision for the type of disclosure made under this pillar.
Reporting entity	
Document reference: ED Para 37-41	
Q5(a) Do you agree that the sustainability-related financial information should be required to be provided for the same reporting entity as the related financial statements? If not, why?	<ul style="list-style-type: none"> We agree that the sustainability-related financial information should be required to be provided for the same reporting entity as the related financial statements.
Q5(b) Is the requirement to disclose information about sustainability-related risks and opportunities related to activities, interactions and relationships, and to the use of resources along its value chain, clear and capable of consistent application? Why or why not? If not, what further requirements or guidance would be necessary and why?	<ul style="list-style-type: none"> No specific response
Q5(c) Do you agree with the proposed requirement for identifying the related financial statements? Why or why not?	<ul style="list-style-type: none"> Yes, we agree with the proposed requirement for identifying the related financial statements. We consider this important for connectivity between the financial and sustainability related disclosures.

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Question	Peak Australian Bodies Position
Connected information	
Document references: ED para 42-44	
Q6(a). Is the requirement clear on the need for connectivity between various sustainability-related risks and opportunities? Why or why not?	<ul style="list-style-type: none"> We suggest the need for guidance to assist companies understand how to identify and achieve/demonstrate connectivity between the related risks and opportunities. Additionally, we support the ISSB’s Memorandum of Understanding with the Global Reporting Initiative (GRI) and encourage clarity for entities as to how the GRI interacts with the ISSB. Further, the ISSB should consider similar arrangements with, amongst others, the Principles for Responsible Banking, the Principles for Responsible Investing and the UN Global Compact Communication on Progress.
Q6(b). Do you agree with the proposed requirements to identify and explain the connections between sustainability-related risks and opportunities and information in general purpose financial reporting, including the financial statements? Why or why not? If not, what do you propose and why?	
Fair presentation	
Document reference: ED para 45-55	
Q7(a) Is the proposal to present fairly the sustainability-related risks and opportunities to which the entity is exposed, including the aggregation of information clear? Why or why not?	<ul style="list-style-type: none"> Our response to question 7 should be considered with reference to our earlier responses to questions 1 and 2. Paragraph 51 refers entities to IFRS sustainability standards and other information to determine the risks and opportunities that influence decision making. As we note in our response to question 1, we consider this process should be separate to disclosure standards, with disclosure topics in existing standards and frameworks instead used to confirm no major issues have been overlooked. We consider the open-ended nature of paragraphs 51-54 will create challenges for compliance and assurance. We are particularly concerned that paragraph 51 states that ‘an entity shall consider’ and lists items in a) to d) which are unspecified and external to the ISSB and IFRS Foundation. Likewise, paragraph 54 is similarly broad and open-ended in its requirements to consider many unspecified sources of information.
Q7(b) Do you agree with the sources of guidance to identify sustainability-related risks and opportunities and related disclosures? If not, what sources should the entity be required to consider and why?	<ul style="list-style-type: none"> As noted above, the current drafting presents these ‘sources of guidance’ as a requirement for entities to be considered in their entirety, despite these not all being specified in full. We do not consider this appropriate for the standard and instead recommend that they are framed as sources of guidance that management can use as part of their process to determine the significant sustainability risks and opportunities and when making their judgements in identifying disclosures.

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Please explain how any alternative sources are consistent with the proposed objective of disclosing sustainability-related financial information in the ED.	<ul style="list-style-type: none"> We suggest that there may be some additional sources of guidance to assist entities in their stakeholder engagement process to determine the significant issues.
Materiality	
Document reference: ED Para 56-62	
8(a) Is the definition and application of materiality clear in the context of sustainability-related financial information? Why/why not?	<ul style="list-style-type: none"> As we have noted in our response to question 2, the definition and application of materiality lacks clarity. Further, we note paragraph 58 stipulates that materiality will be entity specific. We also consider it important to clarify that it will also be specific to the particular sustainability matter.
8(b) Do you consider that the proposed definition and application of materiality will capture the breadth of sustainability-related risks and opportunities relevant to the enterprise value of a specific entity including over time? Why/why not?	<ul style="list-style-type: none"> We consider the breadth of sustainability-related risks and opportunities should be identified through the stakeholder engagement process we suggest in our responses to questions 1 and 7. This question highlights the need for clarification between the identification of significant sustainability-related risks and opportunities and the identification of information material to primary users.
8(c) Is the ED and related Illustrative Guidance useful for identifying material sustainability-related financial information? Why/why not? If not, what additional guidance is needed and why?	<ul style="list-style-type: none"> We consider the illustrative guidance document to be helpful. However, we note that the definition and application of materiality are dependent on the definition and application of significance in the context of sustainability-related risks and opportunities. Likewise, paragraph IG6 could increase its emphasis on the importance of qualitative factors in the materiality assessment of sustainability-related financial information.
8(d) Do you agree with the proposal to relieve an entity from disclosing information otherwise required by the ED if local laws or regulations prohibit the entity from disclosing that information? Why/why not? If not, why?	<ul style="list-style-type: none"> We consider the proposed exemption is reasonable.
Frequency of reporting	
Document reference: ED Para 66-71	
Q9. Do you agree with the proposal that the sustainability-related financial disclosures would be required to be provided at the same time as the financial statement to which they relate? Why/why not?	<ul style="list-style-type: none"> We agree in principle that sustainability-related financial disclosures are to be provided at the same time as the financial statement to which they relate.

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Question	Peak Australian Bodies Position
	<ul style="list-style-type: none"> • However, this aim is restricted by the lack of available and timely data for certain disclosures. The market will drive progress to improve this, but it will take time for some entities to develop the necessary capability. • We suggest that time-bound transitional arrangements at the national level will need to be put in place until such a time when both reports can be released concurrently.
<p>Comparative information, sources of estimation and outcome uncertainty, and errors</p>	
<p>Document reference: ED Para 63-65, 79-83 and 84-90</p>	
<p>Q11(a) Have these general features been adapted appropriately into the proposals? If not, what should be changed?</p>	<ul style="list-style-type: none"> • The requirements to update comparative information in paragraphs 63 and 64 don't appear to distinguish between an 'error' and a 'better estimate'. • In respect to statements made in error, we support the requirement to disclose the metric in comparative reports. • However, we believe that most of the differences will be the result of 'better' estimation methods. The rate of change will be significant in respect to methodology and modelling development and improvement as well as data acquisition, quality, and storage. These developments may enable more targeted scenario analysis or emissions factors in subsequent reporting periods and therefore could lead to a disconnect in metrics from one reporting period to the next. • Given the premise that each annual disclosure is made with the best possible knowledge and tools available at the time, we consider it may be reasonable to recalculate previous disclosures based on evolved techniques and data in some but not all circumstances.
<p>Q11(b) Do you agree that if an entity has a better measure of a metric reported in the prior year that it should disclose the revised metric in its comparatives?</p>	
<p>Q11(c) Do you agree with the proposal that financial data and assumptions within sustainability-related financial disclosures be consistent with corresponding financial data and assumptions used in the entity's financial statements to the extent possible? Are you aware of any circumstances for which this requirement will not be able to be applied?</p>	
<p>Statement of compliance</p>	
<p>Document reference: ED Para 91-92</p>	
<p>PREAMBLE not replicated here refer to p19 ED Q12 Do you agree with this proposal? Why/why not? If not, what would you suggest and why?</p>	<ul style="list-style-type: none"> • In the domestic implementation of the ISSB standards, the local legal context needs to be considered. We suggest clear guidance from domestic regulators, and if necessary regulatory support, may be needed to ensure that entities can produce the particular forward-looking statements required by the ISSB standards. • It will be important that liability risks do not undermine comprehensive and good faith implementation of the ISSB standards and appropriate accountability for disclosure.

Question	Peak Australian Bodies Position
Effective Date	
Document Reference: ED Appendix B	
<p>Q13(a) When the ISSB sets the effective date, how long does this need to be after a final Standard is issued? Please explain the reason for your answer, including specific information about the preparation that will be required by entities applying the proposals, those using the sustainability-related financial disclosures and others.</p>	<ul style="list-style-type: none"> • An effective date would need to consider the financial reporting cycle of entities; the nascency of the reporting and the need to build capability by preparers. • There has been very significant and rapid development of climate-related disclosure schemes in other major markets. As a result, we consider that whilst some Australian entities are reasonably mature and in a better state of preparedness for the introduction of these new disclosure standards, such as large globally connected listed entities and heavy emitters, whereas many others will require some time to scale up their expertise and capacity. • Further, for certain disclosures, the current availability and reliability of data and methodologies may present short-term challenges. Collectively, we are likely to encourage prompt and comprehensive adoption of [Draft] IFRS S2 by entities in our region. However, we suggest finite and structured transition periods will be required for certain specific disclosures. • By way of example, we highlight the phased transition period for the new prudential standard CPS511 (Remuneration) issued by the Australian Prudential Regulatory Authority (APRA). The implementation was phased by size of entity. For the largest entities, the obligation to comply commenced with the beginning of the entity's financial year. • We recommend consideration be given to a phased approach to adoption across entity types, sectors and/or sizes.
Global baseline	
<p>Preamble: The ISSB intends that such requirements by others could build on the comprehensive global baseline established by the IFRS Sustainability Disclosure Standards.</p> <p>Q14. Are there any particular aspects of the proposals in the Exposure Draft that you believe would limit the ability of IFRS Sustainability Disclosure Standards to be used in this manner? If so, what aspects and why? What would you suggest instead and why?</p>	<ul style="list-style-type: none"> • We fully support a global approach to the development of sustainability disclosure standards and are supportive of the ISSB as the global body to issue these standards. • The overarching goal should be a globally consistent, comparable, reliable, and verifiable corporate reporting system to provide all stakeholders with a clear and accurate picture of an organisation's ability to create sustainable value over time. • We consider it critical that the ISSB and other jurisdictions developing sustainability standards take a coordinated approach to avoid regulatory and standard setting fragmentation by aligning key concepts, terminologies, and metrics on which disclosure requirements are built. • Collaboration and coordination between sustainability disclosure initiatives and financial accounting standard-setting is important. In our opinion the ISSB is best placed to achieve this given its connection to the International Accounting Standards Board.

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Question	Peak Australian Bodies Position
	<ul style="list-style-type: none"> • Many of the peak Australian bodies are also affected by the development of mandatory climate-related reporting within New Zealand the United States of America and Europe. We consider it crucial for entities to be able to efficiently collect data and to report in a way which meets both local and global requirements whilst avoiding duplication. • Consolidation and harmonisation of existing frameworks is a key objective of the ISSB. Many entities in Australia report under existing sustainability frameworks and therefore we consider it critical that the comprehensive global baseline also provides entities with clarity about how the ISSB standards interact and overlap with broader sustainability disclosure frameworks, such as the Global Reporting Initiative (GRI). • While we support the inclusion of industry-specific metrics, we recommend industry specific metrics should be reviewed and field tested for their usefulness to users of the general-purpose financial statements before their inclusion within the standard.
Digital reporting	
<p>Q15 Do you have any comments or suggestions relating to the drafting of the Exposure Draft that would facilitate the development of a Taxonomy and digital reporting (for example, any particular disclosure requirements that could be difficult to tag digitally)?</p>	<ul style="list-style-type: none"> • We support digital reporting enablement

Appendix B

Exposure Draft on IFRS S2 – Climate-related Disclosures (S2)

Question	AUS Voice Draft Position
<p>Cross industry metric categories and GHG emissions</p>	
<p>Q9 (f) Do you agree with the proposed inclusion of absolute gross Scope 3 emissions as a cross-industry metric category for disclosure by all entities, subject to materiality? If not, what would you suggest and why?</p>	<ul style="list-style-type: none"> • We support a common purpose for improved comparable and consistent disclosures and support the disclosure of Scope 3 emissions. • We acknowledge that while there are existing data, methods and tools for calculating Scope 3 emissions, there will be challenges in obtaining complete data in the early reporting periods for some reporting entities. • Transitional arrangements for some entities at the national level and clear disclosure of assumptions, limitations and uncertainties in the data will be important in early reporting periods, to enable users to understand the information.
<p>Verifiability and enforceability</p>	
<p>Q13 – Are there any disclosure requirements proposed in the Exposure Draft that would present particular challenges to verify or to enforce (or that cannot be verified or enforced) by auditors and regulators? If you have identified any disclosure requirements that present challenges, please provide your reasoning.</p>	<ul style="list-style-type: none"> • We note the challenges with assurance related to scenario models and Scope 3 emissions, given the quantum of inputs, level of estimation and variability in assumptions. Clear disclosure of assumptions, limitations and uncertainties is particularly important to enable assurance to be undertaken, and for users to understand the information.
<p>Effective Date</p>	
<p>Q14 (a) Do you think that the effective date of the Exposure Draft should be earlier, later or the same as that of [draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information? Why?</p>	<ul style="list-style-type: none"> • The same effective date for both [DRAFT] IFRS S1 and S2 may be achievable.
<p>Q14 (b) When the ISSB sets the effective date, how long does this need to be after a final Standard is issued? Please explain the reason for your answer including specific information about the preparation that will be required by entities applying the proposals in the Exposure Draft.</p>	<ul style="list-style-type: none"> • Refer to our response to Q13 of [DRAFT] IFRS S1.

Question	AUS Voice Draft Position
<p>Q14 (c) Do you think that entities could apply any of the disclosure requirements included in the Exposure Draft earlier than others? (For example, could disclosure requirements related to governance be applied earlier than those related to the resilience of an entity's strategy?) If so, which requirements could be applied earlier and do you believe that some requirements in the Exposure Draft should be required to be applied earlier than others?</p>	<ul style="list-style-type: none"> • We suggest the need for transitional arrangements at the national level for metrics and targets given the challenges around data availability.
<p>Global baseline</p>	
<p>Q16</p> <p>Are there any particular aspects of the proposals in the Exposure Draft that you believe would limit the ability of IFRS Sustainability Disclosure Standards to be used in this manner? If so, what aspects and why? What would you suggest instead and why?</p>	<ul style="list-style-type: none"> • We fully support a global approach to the development of sustainability disclosure standards and are supportive of the ISSB as the global body to issue these standards. • The overarching goal should be a globally consistent, comparable, reliable, and verifiable corporate reporting system to provide all stakeholders with a clear and accurate picture of an organisation's ability to create sustainable value over time. • We consider it critical that the ISSB and other jurisdictions developing sustainability standards take a coordinated approach to avoid regulatory and standard setting fragmentation by aligning key concepts, terminologies, and metrics on which disclosure requirements are built. • Many of the peak Australian bodies are also affected by the development of mandatory climate-related financial reporting within New Zealand. We consider it crucial for entities to be able to efficiently collect data and to report in a way which meets both local and global requirements whilst avoiding duplication. • While we support the inclusion of industry-specific metrics, we recommend industry specific metrics should be reviewed and field tested for their usefulness to users of the general-purpose financial statements before their inclusion within the standard.

Appendix C

AASB Exposure Draft 321

Question	AUS Voice Draft Position
Scope	
<p>Which Australian entities should be expected to apply the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 and why? Specifically:</p> <p>(a) should the proposals be intended for all for-profit entities in Australia or only to a subset of for-profit entities? and</p>	<ul style="list-style-type: none"> • We suggest a phased-in approach for adoption would be most appropriate, initially commencing with a subset of for-profit entities. • This reflects the readiness of Australian entities to adopt the proposals, with large, listed entities typically being more mature and prepare. However, some entities will require some time to scale up their expertise and capacity. • We note the ASFI Roadmap recommended the ASX 300 and financial institutions with more than \$100 million in consolidated annual revenue to report in line with the TCFD recommendations. • In New Zealand, financial institutions with assets of more than \$1 billion and listed issuers with a market price or quoted debt in excess of \$60 million are required to produce climate-related disclosures from 2023.
<p>(b) should relief from specific aspects of the proposals be permitted for some entities for which the proposals are deemed burdensome (for example, Scope 3 GHG emissions and scientific and scenario analyses)? If so, which entities and why?</p>	<ul style="list-style-type: none"> • For certain disclosures, transitional time-periods will be required due to the current availability and reliability of data and methodologies. Collectively, we are likely to encourage prompt and comprehensive adoption of [Draft] IFRS S2 by entities in our region. However, we suggest finite and structured transition periods may need to be considered for the disclosure of scenario analyses, Scope 3 emissions and some specific industry specific metrics. • Likewise, we note that climate is one of the most progressed and measurable thematic sustainability area. Disclosures of other sustainability areas, i.e. under [Draft] IFRS S1, may require more specific transitional arrangements as data and methodologies are typically less well developed
Australian implementation	
<p>Are there any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2?</p>	<ul style="list-style-type: none"> • In the domestic implementation of the ISSB standards, the local legal context needs to be considered. We suggest clear guidance from domestic regulators, and if necessary regulatory support, may be needed to ensure that entities can produce the particular forward-looking statements required by the ISSB standards. • It will be important that liability risks do not undermine comprehensive and in good faith implementation of the ISSB standards and appropriate accountability for disclosure.

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Question	AUS Voice Draft Position
	<ul style="list-style-type: none"> It is important to note for domestic implementation that existing National Greenhouse and Energy Reporting (NGER) GHG emissions reporting requirements are for an Australian financial year, 30 June, which may not align with an entity's financial year.
<p>Do the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 align with existing or anticipated requirements, guidance or practice in Australia?</p>	<ul style="list-style-type: none"> We consider that directionally the ISSB's ED S2 broadly aligns with the current voluntary adoption of TCFD as encouraged by ASIC Regulatory Guidance RG 247 and the ASX Corporate governance principles and recommendations. ISSB's ED S1 would be new to the Australian environment. Consideration would need to be given to how it and other subsequent standards would fit in.
<p>AASB's proposed approach</p>	
<p>Do you agree with the AASB's proposed approach to developing sustainability-related financial reporting requirements as a separate suite of standards? As an alternative model, the AASB would value comments as to whether sustainability-related financial reporting requirements should be developed as part of existing Australian Accounting Standards. The alternative model would result in sustainability-related financial disclosures forming part of an entity's general purpose financial statements.⁷</p>	<ul style="list-style-type: none"> Yes, we support a separate suite of standards for sustainability-related financial reporting.
<p>D2 Are the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 in the best interests of the Australian economy?</p>	<ul style="list-style-type: none"> We consider clear, comprehensive and comparable disclosure of sustainability-related information to be part of the foundation of a well-functioning global financial system and in the best interests of the Australian economy. We fully support a global approach to the development of sustainability disclosure standards and are supportive of the ISSB as the global body to issue these standards. Our submission has raised some key considerations in relation to the two ISSB Exposure Drafts that require resolution.