

29 July 2022

International Sustainability Standards Board  
Columbus Building  
7 Westferry Circus, Canary Wharf  
London, E14 4HD

By email: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

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)*.

We are an Australian superannuation fund and large global investor, with a commitment to managing investment risks on behalf of our 111,000 members. We identify climate change as a key investment risk, and are actively pursuing a target to be carbon neutral by 2030.

A lack of consistent and reliable emissions reporting is a key challenge in managing the efficient reduction of carbon and greenhouse emissions in our investment portfolio.

We welcome this proposal by the IFRS Board, and commend your acceleration of transparency that climate reporting will bring to investors and stakeholders in this critical transitional period.

On behalf of NGS Super,

Dylan Nguyen Chartered Accountant  
Senior Manager, Finance

Maryanne Jardine Chartered Accountant  
Senior Manager, Investment Operations

#### Trustee office

Level 4, 14 Martin Place  
Sydney NSW 2000  
PO Box 21236  
World Square NSW 2002  
T (02) 9273 7900

#### Adelaide office

Level 1  
431-439 King William St  
Adelaide SA 5000  
T (08) 8418 2400

#### Brisbane office

Level 6  
157 Ann St  
Brisbane QLD 4000  
T (07) 3874 8300

#### Melbourne office

Level 5  
737 Burwood Rd  
Hawthorn VIC 3122  
T (03) 9811 0502

NGS Super Pty Limited  
ABN 46 003 491 487  
AFS Licence No 233 154  
The trustee of NGS Super  
ABN 73 549 180 515

## Appendix A

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

Question	NGS Super Position
<b>Overall approach</b>	
<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>	<p>(a) Yes</p> <p>(b) Yes</p> <p>(c) Yes</p>
<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 with the proposal? If not, what approach do you suggest and why?</p>	<ul style="list-style-type: none"> <li>• Yes.</li> <li>• It is imperative that there is a suitable basis for independent external assurance to determine if the entity has complied.</li> <li>• Investors need to be able to rely on the assurance performed, just as investors are able to rely on the audit and assurance performance in the annual audit of financial statements.</li> </ul>

#### Trustee office

Level 4, 14 Martin Place  
Sydney NSW 2000  
PO Box 21236  
World Square NSW 2002  
T (02) 9273 7900

#### Adelaide office

Level 1  
431-439 King William St  
Adelaide SA 5000  
T (08) 8418 2400

#### Brisbane office

Level 6  
157 Ann St  
Brisbane QLD 4000  
T (07) 3874 8300

#### Melbourne office

Level 5  
737 Burwood Rd  
Hawthorn VIC 3122  
T (03) 9811 0502

NGS Super Pty Limited  
ABN 46 003 491 487  
AFS Licence No 233 154  
The trustee of NGS Super  
ABN 73 549 180 515

Question	NGS Super Position
	<ul style="list-style-type: none"> <li>The impact of inaccurate or immature risk assessment and governance processes and data gathering, whether intentional or unintentional is a key risk to the value of these disclosures.</li> <li>Auditors will also serve to standardise quality through experience and be vital in developing cross entity benchmarking around internal processes and maturity levels from engagements across clients and industry</li> </ul>
<b>Objective</b>	
<b>Document reference: ED Para1-7, Appendix A</b>	
Q2(a) Is the proposed objective of disclosing sustainability-related financial information clear? Why/why not?	<ul style="list-style-type: none"> <li>No.</li> <li>The term “significant” is not consistently understood. We would propose that the term significant is replaced with “material” so that material sustainability-related risks and opportunities are in scope.</li> <li>Guidance by way of examples on how “material sustainability-related risks and opportunities” are determined, would be a useful addition to the ED.</li> </ul>
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"> <li>No.</li> <li>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 of issuing sustainability disclosure standards. ISSB may need to reconsult on such definitions to ensure consistency.</li> </ul>
<b>Scope</b>	
<b>Document reference: ED Para8-9</b>	
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"> <li>As Australia already adopts IFRS Accounting Standards, we have no specific response to this question.</li> </ul>
<b>Core Content</b>	
<b>Document reference: ED Para11-35</b>	

Question	NGS Super Position
<p>Q4(a) Are the disclosure objectives for governance, strategy, risk management and metrics and targets clear and appropriately defined? Why/why not?</p>	<ul style="list-style-type: none"> <li>• The disclosure objectives align with the TCFD and are considered appropriate. It formalises the requirement to monitor and manage sustainability risk as a top down endeavour.</li> <li>• The listing of defined “resources” serves as a good starting point for areas of consideration and analysis.</li> <li>• We appreciate the specific guidance around metrics provided in the Climate ED.</li> <li>• We recognise that the risk that less mature, or more heavily impacted entities, industries and even countries may downplay the impacts and likelihood of sustainability risks either through lack of understanding or through bias. A consistent set of metrics that can be collated cross industry will improve transparency around reporting and allow comparability against norms through benchmarking.</li> </ul>
<p>Q4(b) Are the disclosure requirements for governance, strategy, risk management and metrics and targets appropriate to their stated disclosure objective? Why/why not?</p>	<ul style="list-style-type: none"> <li>• Yes.</li> <li>• We understand the view that some elements of strategy relating to opportunities will be commercially sensitive.</li> <li>• We specifically challenge any suggestion that netting off risks relating to climate against opportunities relating to climate is appropriate. Disclosures of risks need to be made separately from disclosure of commercial opportunities. Netting is not an appropriate way to manage commercial sensitivities relating to climate risk opportunities.</li> </ul>
<p>Reporting entity</p>	
<p>Document reference: ED Para 37-41</p>	
<p>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?</p>	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
<p>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</p>	<ul style="list-style-type: none"> <li>• Yes</li> </ul>

Question	NGS Super Position
further requirements or guidance would be necessary and why?	
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"> <li>• Yes, and the requirement is critical for identifying climate risks alongside financial risks.</li> </ul>
<b>Connected information</b>	
<b>Document references: ED para 42-44</b>	
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"> <li>• Yes</li> <li>• The ability to report on opportunities of the path not taken is subjective and difficult to quantify. There will be a tendency to downplay the sustainability impacts on financial statements. Guidance on a format for disclosure would be helpful.</li> </ul>
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?	
<b>Fair presentation</b>	
<b>Document reference: ED para 45-55</b>	
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?	No specific response.
<p>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?</p> <p>Please explain how any alternative sources are consistent with the proposed objective of disclosing sustainability-related financial information in the ED.</p>	No specific response.
<b>Materiality</b>	
<b>Document reference: ED Para 56-62</b>	

Question	NGS Super Position
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"> <li>As we have noted in our response to question 2, the definition and application of materiality lacks clarity.</li> <li>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.</li> </ul>
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"> <li>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.</li> <li>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.</li> </ul>
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"> <li>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.</li> <li>Likewise, paragraph IG6 could increase its emphasis on the importance of qualitative factors in the materiality assessment of sustainability-related financial information.</li> </ul>
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"> <li>We consider the proposed exemption is reasonable.</li> </ul>
<b>Frequency of reporting</b>	
<b>Document reference: ED Para 66-71</b>	
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"> <li>Yes.</li> <li>We specifically challenge and refute the concerns raised by reporting entities that there is a lack of available and timely data for certain disclosures.</li> <li>Climate risks can only truly be appraised when reporting entities prioritise the disclosure of the climate risks in full. The data can be prioritised if the willpower exists.</li> <li>We challenge the suggestion of transitional arrangements. And we see such suggestions as genuine attempts to stall this process and to stall the delivery of transparent climate related information to stakeholders.</li> </ul>
<b>Comparative information, sources of estimation and outcome uncertainty, and errors</b>	

Question	NGS Super Position
<b>Document reference: ED Para 63-65, 79-83 and 84-90</b>	
Q11(a) Have these general features been adapted appropriately into the proposals? If not, what should be changed?	(b) We support the requirement to disclose the metric in comparative reports.  (c) 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.
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?	We acknowledge the premise that each annual disclosure is made with the best possible knowledge and tools available at the time. And we consider it appropriate to recalculate previous disclosures based on evolved techniques and data. Such recalculation would not constitute an error. The recalculation could be outlined in the disclosure and would provide real value to stakeholders for year on year comparison.
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?	
<b>Statement of compliance</b>	
<b>Document reference: ED Para 91-92</b>	
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?	<ul style="list-style-type: none"> <li>• 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.</li> <li>• It will be important that liability risks do not undermine comprehensive and good faith implementation of the ISSB standards and appropriate accountability for disclosure.</li> </ul>
<b>Effective Date</b>	
<b>Document Reference: ED Appendix B</b>	
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	<ul style="list-style-type: none"> <li>• Three (3) months after the standard is finalised. eg If finalised 1 October 2022, commencement could occur for reporting periods commencing from 1 January 2023 onwards.</li> </ul>

Question	NGS Super Position
<p>required by entities applying the proposals, those using the sustainability-related financial disclosures and others.</p>	<ul style="list-style-type: none"> <li>• There has been significant development of climate related disclosures in other major markets, and as a result, it cannot be a surprise to Australian reporting entities that climate related disclosures are valuable to stakeholders.</li> <li>• Many Australian reporting entities are already reporting climate related information under US, NZ and European requirements.</li> <li>• It is expected that some reporting entities will advise of the difficulties, costs and complexities of such reporting. We empathise with these perspectives and equally identify those challenges views as being less significant than the climate related risks that stakeholders are experiencing now, and those risks are escalating quickly.</li> <li>• The value of these disclosures is significant to solving for climate related risks and implementation needs to be expediated.</li> <li>• We strongly believe that the reporting outlined in this draft standard is achievable now.</li> <li>• Reporting entities can choose to prioritise the collation of the data into the requirements set out in the standard. We strongly believe that the expertise and capacity to produce the reporting is available and that there is sufficient time to develop and implement the processes required to achieve reporting for a 1 January 2023 commencement (assuming comparatives are not required – as per our views expressed at Q13(b)).</li> <li>• We view requests for structured transition periods as requests for denying stakeholders transparency into a reporting entity’s climate risks. We ask the ISSB to assess such requests with professional scepticism.</li> </ul>
<p>Q13(b) Do you agree with the ISSB providing the proposed relief from disclosing comparatives in the first year of application? If not, why not?</p>	<ul style="list-style-type: none"> <li>• Yes, this is critical to enabling an effective date for application to reporting periods commencing from 1 January 2023.</li> </ul>
<p><b>Global baseline</b></p>	
<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</p>	<ul style="list-style-type: none"> <li>• No</li> <li>• Differences may arise due to different domestic legislative rules however this should not be an impediment to collection and reporting.</li> </ul>



Question	NGS Super Position
<p>this manner? If so, what aspects and why? What would you suggest instead and why?</p>	
<p>Digital reporting</p>	
<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"> <li>• Digital reporting is valuable and we see no road blocks to implementation of this in Australia.</li> </ul>

## Appendix B

### Feedback on ISSB ED S2 – climate related disclosures

Question	AUS Voice Draft Position
<b>Cross industry metric categories and GHG emissions</b>	
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?	<ul style="list-style-type: none"><li>• Yes. This is extremely valuable to stakeholders and investors.</li><li>•</li></ul>
<b>Verifiability and enforceability</b>	
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.	<ul style="list-style-type: none"><li>• 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.</li></ul>
<b>Effective Date</b>	
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?	<ul style="list-style-type: none"><li>• Both can be achieved at the same time.</li></ul>
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.	<ul style="list-style-type: none"><li>• Refer to our response to Q13 of [DRAFT] IFRS S1.</li></ul>
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	<ul style="list-style-type: none"><li>• Scope 1 and 2 emissions data is available and able to reported now – if the willpower exists to do so.</li></ul>

## Question

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?

## AUS Voice Draft Position

- Scope 3 emissions reporting will inevitably require reporting entities to source data, make reasonable assumptions, and perform calculations to meet the disclosure requirements. This will require some capacity and willpower to prioritise, and we see adequate capacity and expertise available to enable a 1 January 2023 implementation. We view with skepticism concerns that are raised in relation to reporting entities needing long lead times to meet the disclosure requirements.

## Global baseline

Q16

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?

- No.
  - Industry specific metrics are valuable to investors and stakeholders and are important to managing climate risks. We feel that good corporate stewardship in 2022 requires this information to already be known to decision makers within reporting entities. And we therefore see the exposure draft as sharing key risk information with investors and stakeholders.
-