



<b>Project:</b>	<b>Sustainability Reporting</b>	<b>Meeting</b>	AASB November 2022 (M191)
<b>Topic:</b>	<b>ED 321 Feedback Summary— ED 321 Request for Comment on ISSB [Draft] IFRS S1 and [Draft] IFRS S2 (Australian- specific questions)</b>	<b>Agenda Item:</b>	03.2.2
		<b>Date:</b>	25 October 2022
<b>Contact(s):</b>	Aanchal Bhandari <a href="mailto:abhandari@asb.gov.au">abhandari@asb.gov.au</a> Siobhan Hammond <a href="mailto:shammond@asb.gov.au">shammond@asb.gov.au</a> Nikole Gyles <a href="mailto:ngyles@asb.gov.au">ngyles@asb.gov.au</a>	<b>Project Priority:</b>	High
		<b>Decision-Making:</b>	N/A
		<b>Project Status:</b>	Consider stakeholder feedback

## Objective

- 1 The purpose of this paper is to summarise the feedback received on [AASB ED 321 Request for Comment on ISSB \[Draft\] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and \[Draft\] IFRS S2 Climate-related Disclosures](#) the consultation period for which closed on 15 July 2022.
- 2 This paper summarises the responses that the Board received on the Australian-specific questions outlined in ED 321. The paper does not include feedback on the International Sustainability Standards Board's (ISSB) Exposure Drafts. Feedback the Board received on the ISSB Exposure Drafts has been summarised in Agenda Papers 3.2.3 and 3.2.4. Refer to Agenda Paper 3.2.1 for a breakdown of comment letters received and respondents by stakeholder type.
- 3 This paper is for information purposes only and does not ask the Board to make any decisions.

## Structure

- 4 This paper is structured as follows:
  - (a) Key messages (paragraphs 5)
  - (b) Part A: Matters for comment relating to specific proposals in Exposure Draft on [Draft] IFRS S1 (paragraph 6)
  - (c) Part B: Matters for comment relating to specific proposals in Exposure Draft on [Draft] IFRS S2 (paragraphs 7-20)
  - (d) Part C: Matters for comment relating to both Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 (paragraphs 21-48)
  - (e) Part D: Part D: Matters for comment relating to the AASB's proposed approach (paragraphs 49-54)
  - (f) Other Feedback (paragraph 55)
  - (g) Question to Board members

**Summary of feedback received**

- 5 The respondents provided a wide range of feedback to the Board about the ISSB’s proposals and the appropriateness of the proposed approach to sustainability-related financial reporting in Australia. The summary of feedback received has been summarised below:

Topic	Summary of feedback received	Reference
Enterprise Value	Many respondents supported the focus on an entity’s enterprise value as being the most appropriate approach in the context of sustainability-related financial reporting. However, most respondents recommended that the Board consider sustainability reporting more broadly rather than focusing only on sustainability-related financial reporting or only supported enterprise value as a starting point for achieving broader sustainability reporting in Australia in the long-term.	Paragraph 6
Scope 3 GHG emissions	Almost all respondents supported the proposal that entities be required to disclose their Scope 3 greenhouse gas (GHG) emissions in addition to their Scope 1 and Scope 2 GHG emissions. A few respondents disagreed with the proposals.	Paragraphs 7-10
Greenhouse Gas Corporate (GHGC) Standard	Many respondents agreed that Australian entities should be required to apply the GHG Protocol Corporate Accounting and Reporting Standard (GHGC Protocol Standard). Many respondents also highlighted the existing National Greenhouse and Energy Reporting Act 2007 (NGER Act) and recommended that the Board work with the Clean Energy Regulator to provide guidance on how the GHGC Protocol Standard interacts with the NGER Act.	Paragraphs 11-13
Industry-based disclosure requirements	Almost all respondents said they were supportive of the development of industry-based requirements. However, these respondents also said that the proposals in Appendix B to [Draft] IFRS S2 were not appropriate for use in Australia and that further work needs to be done to appropriately internationalise the proposals.	Paragraphs 14-17
Australian-specific climate-related matters	Some respondents said that, because the proposals in [Draft] IFRS S2 are so comprehensive, it is expected that they would address any relevant domestic matters and therefore, no Australian-specific additional requirements would be needed. These respondents also highlighted that adding Australian-specific requirements could create divergence from international standards.	Paragraphs 18-20
Implementation of proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2	When considering implementation matters in Australia, most entities said they would support a “phased-in” approach. Many respondents said that, at least initially, the proposals should be limited to larger and/or listed entities.	Paragraphs 21-26

Regulatory or other issues arising in the Australian environment	Most respondents said that there could be regulatory or other issues arising in the Australian environment that could affect the implementation of the proposals.	Paragraph 27
Alignment of proposals with existing or anticipated requirements, guidance or practice in Australia	Most respondents agreed that the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 broadly align with existing or anticipated requirements, guidance or practice in Australia.	Paragraphs 28-30
The usefulness of the proposals	Almost all respondents said that the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 result in useful information for primary users of general-purpose financial reports.	Paragraphs 31-35
Auditing or assurance challenges	Almost all respondents agreed that the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 would create auditing or assurance challenges.	Paragraphs 36-40
Effective Dates for Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 in Australia	Most respondents were of the view that a “phased-in” approach to implementation is appropriate. Some respondents were of the view that the effective date for the proposals in [Draft] IFRS S1 and [Draft] IFRS S2 should be aligned with major international capital markets. A few respondents were of the view that [Draft] IFRS S1 and [Draft] IFRS S2 could be made effective in Australia close to the effective date decided by the ISSB.	Paragraphs 41-42
	Most respondents said that the effective date of [Draft] IFRS S2 should be aligned with that of [Draft] IFRS S1 because the proposals in [Draft] IFRS S1 set out the overarching structure and principles for all sustainability-related financial information.	Paragraphs 43-45
Wording or terminology	Many respondents recommended further clarification on certain wording and terminology.	Paragraph 46
Cost and benefits of the proposals	Many respondents commented on the anticipated costs of implementing the proposals rather than the expected benefits.	Paragraph 47-48
AASB’s proposed approach	Almost all respondents supported the AASB’s proposed approach to developing sustainability-related financial reporting requirements as a separate suite of standards.	Paragraphs 49-50
Are the proposals in the best interests of the Australian economy?	Most respondents said that the proposals in the Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 are in the best interests of the Australian economy.	Paragraphs 51-55

## Part A: Matters for comment relating to specific proposals in Exposure Draft on [Draft] IFRS S1

### SMC A1 – Enterprise Value

Exposure Draft on [Draft] IFRS S1 is proposing that entities be required to disclose information that is material and gives insight into an entity's sustainability-related risks and opportunities that affect enterprise value. Is focusing on an entity's enterprise value the most appropriate approach when considering sustainability-related financial reporting? If not, what approach do you suggest and why?

- 6 Many respondents supported the focus on an entity's enterprise value as being the most appropriate approach in the context of sustainability-related financial reporting.<sup>1</sup> However, most respondents recommended that the Board consider sustainability reporting more broadly rather than focusing only on sustainability-related financial reporting (see paragraphs 54) or only supported enterprise value as a starting point for achieving broader sustainability reporting in Australia in the long-term. For example:
- (a) Some respondents only supported the focus on an entity's enterprise value as a starting point for sustainability-related reporting.<sup>2</sup>
  - (b) Some respondents expressed concern about the ISSB's proposed scope (i.e. investor versus multi-stakeholder reporting or single materiality perspective versus double materiality perspective<sup>3</sup>) or did not support the focus on enterprise value and meeting the information needs of investors:<sup>4</sup>
    - (i) some of these respondents said that in the context of sustainability reporting from a single (or financial) materiality perspective is not appropriate. These respondents were concerned that not all sustainability-related information that is material to investors would be assessed as being material when applying the single (or financial) materiality perspective proposed in [Draft] IFRS S1;<sup>5</sup>
    - (ii) a few of these respondents said that the ISSB will need to further clarify its focus on enterprise value in the context of sustainability-related financial disclosures that are often subject to double materiality—that is, clarify how ISSB compliant reporting would interact and fit within the existing financial and sustainability reporting environment in Australia;<sup>6</sup>
    - (iii) a few of these respondents said that while enterprise value is an appropriate approach from an investor perspective, the ISSB's proposals are not intended to meet the needs of stakeholders beyond investors. These respondents

---

1 For example, refer to submissions from Deloitte, the Australian Institute of Company Directors (AICD), QBE Insurance Group Ltd (QBE), EY, PwC, AustralianSuper, KPMG, and the Institute of Public Accountants (IPA).

2 For example, refer to submissions from the Insurance Council of Australia (ICA), Deloitte, Australian Bureau of Statistics (ABS), United Nations Principles for Responsible Investment (UNPRI), Responsible Investment Association of Australasia (RIAA), and the Environmental Institute of Australia and New Zealand Inc (EIANZ).

3 The double materiality concept seeks to capture information about the non-financial impacts of an entity and the environment in which it operates (being people, society, and environment) in addition to the financial impacts.

4 For example, refer to submissions from Durham University (DU) and the Australian Beverages Council (ABC).

5 For example, refer to submissions from DU, ABS, RIAA and EIANZ.

6 For example, refer to submissions from Deloitte, QBE and RIAA.

recommended the Board consider standardisation with other multi-stakeholder sustainability reporting standards and frameworks such as the UN Principles for Responsible Banking (UN PRB), the UN Principles for Responsible Investment (UN PRI) and the Global Reporting Initiative (GRI) (see also paragraph 54); and

- (c) A few respondents said there is a need to further clarify the scope of disclosures that would be required when applying the enterprise value concept. For example, these respondents observed that while:<sup>7</sup>
- (i) paragraph 1 of [Draft] IFRS S1 requires disclosure of sustainability-related financial information relevant only to enterprise value, paragraph 2 also requires disclosure of “all significant sustainability-related risks and opportunities” which suggests that broader non-financial disclosures would be required; and
  - (ii) the definition of enterprise value<sup>8</sup> in Appendix A to [Draft] IFRS S1 relates to the total value of an entity, the related guidance proposed in paragraph 5 is broader in scope and potentially onerous for entities to identify and capture the necessary information for their disclosures.
- (d) A few respondents said that the concept of enterprise value is not consistently understood and applied which could affect comparability and promote greenwashing in sustainability reporting.

## **Part B: Matters for comment relating to specific proposals in Exposure Draft on [Draft] IFRS S2**

### SMC B1 – Scope 3 GHG Emissions

To comply with the proposals in Exposure Draft on [Draft] IFRS S2 an entity would be required to disclose its Scope 3<sup>9</sup> GHG emissions in addition to its Scope 1<sup>10</sup> and 2<sup>11</sup> GHG emissions. Do you agree that Australian entities should be required to disclose their Scope 3 GHG emissions in addition to their Scope 1 and Scope 2 GHG emissions? If not, what changes do you suggest and why?

- 7 Almost all respondents agreed that entities should be required to disclose their Scope 3 GHG emissions in addition to their Scope 1 and Scope 2 GHG emissions because:<sup>12</sup>
- (a) Scope 3 GHG emissions are relevant to most sectors in Australia (for example, thermal coal, oil and gas producers) and there is a growing demand for entities to disclose the impact their organisation has on the environment; and

---

7 For example, refer to submissions from ICA and IPA.

8 Appendix A to Exposure Draft on [Draft] IFRS S1 defines enterprise value as “the total value of an entity. It is the sum of the value of the entity’s equity (market capitalisation) and the value of the entity’s net debt.”

9 Appendix A to Exposure Draft [Draft] IFRS S2 defines Scope 3 GHG emissions as “indirect emissions outside of Scope 2 GHG emissions that occur in the value chain of the reporting entity, including both upstream and downstream emissions...”

10 Appendix A to Exposure Draft [Draft] IFRS S2 defines Scope 1 GHG emissions as “direct GHG emissions that occur from sources that are owned or controlled by an entity.”

11 Appendix A to Exposure Draft [Draft] IFRS S2 defines Scope 2 GHG emissions as “indirect GHG emissions that occur from the generation of purchased electricity, heat or steam consumed by an entity.”

12 For example, refer to submissions from CAANZ-CPA, QBE, the Australian Banking Association (ABA), RIAA, AICD, DU, Publish What You Pay (PWYP), Deloitte, UNPRI, ICA, IPA and KPMG.

- (b) to remain internationally competitive and align with the proposed global baseline, Australian entities would need to report their Scope 3 GHG emissions.
- 8 Despite the support for entities disclosing their Scope 3 GHG emissions respondents also highlighted the following concerns:<sup>13</sup>
- (a) Most respondents recommended that the Board consider developing transition arrangements to support the implementation of Scope 3 GHG emissions reporting in Australia. For example, such an approach could provide additional time for entities to develop the necessary systems, data quality and methodologies needed to disclose Scope 3 GHG emissions information.
- (b) Many respondents said that the availability, quality, reliability and comparability of data is currently insufficient for entities to be able to comply with the proposals. Some of these respondents said that there is a need for additional guidance and resources such as:
- (i) case studies highlighting existing best practices in Scope 3 GHG emissions disclosure;
- (ii) guidance on how to address instances where an entity relies on external sources and/or reporting for Scope 3 GHG emissions data;
- (iii) sector specific guidance which supports a common methodology for the measurement of the Scope 3 GHG emissions across an entity's supply chain (for example, banking, finance and insurance sectors where they rely on data from external sources to estimate Scope 3 GHG emissions); and
- (iv) educational resources to upskill all resources in an entity's supply chain.
- (c) A few respondents recommended that, given the inherent uncertainty in measuring Scope 3 GHG emissions, the Board should work with Australian regulators to provide a safe harbour<sup>14</sup> for liability for such disclosure (see paragraph 28).
- (d) A few respondents questioned the scalability of the proposals related to Scope 3 GHG emissions disclosures. In particular, these respondents said that Scope 3 GHG emissions measurement and reporting is complex and would unfairly burden small-to-medium-sized entities (SMEs). These respondents recommended that the Board develop a tailored approach for SMEs.
- (e) A few respondents observed that the proposals do not prescribe the disclosure of the underlying inputs, assumptions and methodologies used when measuring Scope 3 GHG emissions. These respondents said that the omission of this information could lead to less comparability and consistency of Scope 3 GHG emissions disclosures and recommended that the Scope 3 GHG emissions proposals be aligned with GRI 305 *Emissions* (2016).
- 9 A few respondents only agreed with the proposals related to GHG emissions disclosures subject to:
- (a) entities being subject to materiality thresholds such as those thresholds required for compliance with the NGER Act; and
- (b) the proposals being implemented through "phased-in" transition requirements such as that being proposed by the New Zealand External Reporting Board (NZ XRB).<sup>15</sup>

<sup>13</sup> For example, refer to submissions from CAANZ-CPA, DU, IPA, EY, ABA, AICD, Deloitte, ICA, ABC and ABS.

<sup>14</sup> Safe harbour allows for the exclusion of liability by identifying a statement as a forward-looking statement and including a proximate cautionary statement.

<sup>15</sup> See Agenda paper 3.2 [Update on international and jurisdictional perspective](#) from September 2022.

- 10 A few respondents, in particular respondents from the coal industry, disagreed with the proposals requiring entities to disclose Scope 3 GHG emissions because in their view:
- (a) the reliable and accurate measurement of Scope 3 GHG emissions will depend on how well-developed the technology surrounding it is—that is, the cost of technology that would be required to reliably and accurately measure Scope 3 GHG emissions would outweigh the benefits of disclosing that information;
  - (b) an entity should not have to disclose something that they have no control over;
  - (c) they were concerned about the potential misuse or misinterpretation of Scope 3 GHG emissions information—for example, these respondents said that the disclosure of Scope 3 GHG emissions would unfairly impact the coal industry.

SMC B2 – Greenhouse Gas Corporate (GHGC) Standard

To comply with the proposals related to GHG emissions disclosures in Exposure Draft on [Draft] IFRS S2 an entity would be required to apply the GHGC Protocol Standard. Do you agree that Australian entities should be required to apply the GHGC Protocol Standard given existing GHG emissions legislation and guidance in place for Australian entities (for example, the NGER Act, NGER (Measurement) Determination 2008 and related guidance)?

- 11 Many respondents agreed with the ISSB proposal that entities apply the GHGC Protocol Standard because it would support international alignment.<sup>16</sup> Many of these respondents were also supportive of the NGER Act<sup>17</sup>; however, some questioned whether the NGER Act should be referred to instead of the GHGC Protocol Standard because:
- (a) while they preferred the NGER Act (as it represents a higher level of precision than that required by the GHGC Protocol Standard when measuring Scope 1 and 2 GHG emissions) the current scope of the NGER Act does not include Scope 3 GHG emissions and would therefore not be able to be applied if compliance with the global baseline were to be achieved;
  - (b) the ISSB proposals may result in more widespread GHG emissions reporting than that which is currently required applying the NGER Act. For example, the NGER Act contains quantitative materiality thresholds and therefore only applies to the largest emitters. One respondent questioned whether smaller emitters (i.e. that would not meet the NGER Act materiality thresholds) could refer to if they assessed GHG emissions disclosures as being material; and
  - (c) the NGER Act requires entities to report in line with the Australian financial year (that is, the NGER Act has an annual reporting period ending 30 June). Given the proposals in [Draft] IFRS S1 which would see an entity align sustainability reporting with its financial statements, one respondent questioned what the approach would be if an entity's financial year-end didn't align with the NGER Act.
- 12 A few respondents also noted the following issues with referring to GHGC Protocol Standard as opposed to the NGER Act:
- (a) apart from the Scope 2 and 3 GHG emissions guidance, the GHGC Protocol Standard is 20 years old and has not been updated;<sup>18</sup>

---

<sup>16</sup> For example, refer to submissions from QBE, PWYP, Deloitte, PRI, ICA, KPMG, and ABA.

<sup>17</sup> For example, refer to submissions from CAANZ-CPA, DCCEEW and PwC.

<sup>18</sup> Please refer to CPA Canada's report on the Greenhouse Gas (GHG) Protocol titled '[A closer look at the GHG Protocol](#)' supports this statement.

- (b) not referring to the NGER Act in such reporting requirements could result in entities having to potentially comply with two different GHG emissions measurement requirements depending on where that information is being reported; and
- (c) not referring to the NGER Act in such reporting requirements could create confusion and misalignment with other Australian reporting requirements, becoming redundant when legislative changes are made.

13 In addressing the feedback in paragraphs 11 and 12, some respondents recommended that the Board consider:

- (a) Modifying the proposals to refer to the NGER Act when reporting Scope 1 and 2 GHG emissions specifically and providing additional guidance on the interaction of the NGER Act with the proposals in [Draft] IFRS S2. For example, guidance on:
  - (i) the objectives of the NGER Act and its obligations and how these relate to the objective of [Draft] IFRS S2; and
  - (ii) thresholds for determining the type of obligations under the NGER Act and disclosures under [Draft] IFRS S2.
- (b) Liaising with relevant government bodies such as the Clean Energy Regulator to determine how harmonisation between local and international guidance can be achieved. These respondents said that such an approach could help minimise duplicate reporting by entities and facilitate comparability.<sup>19</sup>
- (c) Requiring Australian entities to continue to apply the NGER Act and developing additional disclosure requirements to require entities to explain why an alternative model to the GHGC Protocol Standard was used and any methodological differences between the two.
- (d) Modifying the proposal so that it would accommodate the application of other comparable standards such as the NGER Act. These respondents said that such an approach could also help avoid duplication of reporting requirements.

SMC B3 – Industry-based disclosure requirements

Are the proposed industry-based disclosure requirements in Appendix B to Exposure Draft on [Draft] IFRS S2 relevant for Australian industries and sectors? If not, what changes do you suggest and why?

14 Almost all respondents agreed with the development of industry-based requirements in the context of sustainability-related financial reporting. However, while these respondents supported industry-based requirements, they did not support the industry-based requirements proposed in Appendix B to [Draft] IFRS S2.<sup>20</sup> For example, these respondents said that while using the industry-based work of the Sustainability Accounting Standards Board (SASB) may be a good starting point, significantly more work needs to be done to appropriately internationalise that work.

15 Most of these respondents were also concerned with the approach being proposed in Appendix B to [Draft] IFRS S2 because:

- (a) while Appendix B to [Draft] IFRS S2 is likely relevant to Australian entities, consideration needs to be given to addressing the associated implementation and ongoing compliance costs and challenges;

<sup>19</sup> For example, refer to CA ANZ-CPA, PwC, EIANZ, DCCEEW and Deloitte.

<sup>20</sup> For example, refer to submissions from QBE, ABA, Macquarie University, Deloitte, ICA, PwC, Australian Super and KPMG.



- (b) the concept of enterprise value does not align with financial disclosures included in Appendix B to [Draft] IFRS S2;
  - (c) the interoperability of the SASB Sustainability Industrial Classification System (SICS) and the Australia and New Zealand Standard Industrial Classification 2006 (ANZSIC)<sup>21</sup> given that ANZSIC requires entities to use the concept of 'value-added' to determine the predominant activity of a business and its related industry classification and the SASB SICS does not;
  - (d) Appendix B to [Draft] IFRS S2 in its current form is excessive in terms of industry classification. For example, a few of these respondents said that there is a need for consolidation and simplification of the content to establish its status as global industry guidance and support comparability;
  - (e) more engagement and further public consultation is required. For example, given that the work of SASB is not widely used in Australia, some respondents said that there has not been sufficient time for Australian preparers to properly understand the implications of these proposed requirements;
  - (f) the proposals in Appendix B to [Draft] IFRS S2 are prescriptive and authoritative in nature and would therefore be complex and lengthy to apply, especially for SMEs.
- 16 Some respondents said that Appendix B to [Draft] IFRS S2 is not relevant for Australian entities because:<sup>22</sup>
- (a) the proposals in Appendix B to [Draft] IFRS S2 were developed in the context of the market of the United States of America (US) and as a result, are not suitable for the Australian context. One respondent recommended that the Board refer to the GRI Sector Standards as a starting point instead as these are already representative of the international markets;
  - (b) many of the proposed industry-based requirements in Appendix B to [Draft] IFRS S2 do not relate to climate;
  - (c) the industry-based descriptions which have been taken from SASB's SICS do not follow the definitions and concepts used in ANZSIC which is required to be applied by all Australian entities; and
  - (d) not all industries are covered by the proposals in Appendix B to [Draft] IFRS S2 as SASB Standards prioritise financially material industries.
- 17 A few respondents recommended, if Appendix B to [Draft] IFRS S2 has to be retained (i.e. if the ISSB maintains the mandatory status of Appendix B to [Draft] IFRS S2 as it currently stands), the Board consider<sup>23</sup>:
- (a) conducting field testing on industry-specific metrics to understand their applicability and usefulness to Australian users;
  - (b) simplifying the disclosures for SMEs and permitting the disclosure of Appendix B compliant information on a voluntary basis. For example, deeming metrics to be optional consistent with New Zealand's proposed approach and allowing for reporting of metrics across multiple market segments in line with manufacturing realities.

---

21 The Australian and New Zealand Standard Industrial Classification 2006 (ANZSIC) is the industrial classification that underpins ABS's and Statistics New Zealand's industry statistics. ANZSIC is widely used by government agencies, industry organisations and researchers for various administrative, regulatory, taxation and research purposes throughout Australia and New Zealand.

22 For example, refer to submissions from CA ANZ-CPA, DU, ABS and ABA.

23 For example, refer to submissions from ABC and RIAA.

#### SMC B4 – Australian specific climate related

Are there any Australian specific climate related matters that the AASB should consider incorporating into the requirements proposed in Exposure Draft on [Draft] IFRS S2? For example, given the Exposure Draft on [Draft] IFRS S2 is the starting point for the AASB's work on climate related financial disclosure, should there be additional reporting requirements for Australian entities? If so, what additional reporting requirements should be required and why?

- 18 Some respondents said that, because the proposals in [Draft] IFRS S2 are so comprehensive, it is expected that they would address any relevant domestic matters and therefore, no Australian-specific additional requirements would be needed. These respondents also highlighted that adding Australian-specific requirements could create divergence from international standards.<sup>24</sup> A few of these respondents said that Australian-specific matters should only be considered after the completion of a post-implementation review of [Draft] IFRS S1 and [Draft] IFRS S2.<sup>25</sup>
- 19 However, many respondents observed that the ISSB's Exposure Drafts had not considered indigenous peoples in their standard-setting activities. In particular, these respondents said that any sustainability reporting framework or standards developed for application in Australia should incorporate Australian indigenous culture and include requirements that make entities consider their impacts on indigenous Australians.<sup>26</sup>
- 20 Some respondents also highlighted the following Australian-specific matters which, in their view, had not been appropriately addressed by the ISSB's proposals:<sup>27</sup>
- (a) physical and transition climate-related risks in relation to heatwaves, fire, flooding and inundation; and
  - (b) risks related to water. For example, one respondent highlighted that, because of increased variability in the location and amount of rainfall in Australia, agriculture, mining, and some consumer goods industries are particularly exposed to water risk. This respondent noted that GRI 303 *Water and Effluents* (2018) requires disclosures by entities with material operations in water-scare regions and would be useful to incorporate into mandatory Australian climate-related disclosures.

#### **Part C: Matters for comment relating to both Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2**

#### SMC C1 – Implementation of proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2

Which Australian entities should be expected to apply the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 and why? Specifically:

- (a) should the proposals be intended for all for-profit entities in Australia or only to a subset of for-profit entities? and
- (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?

<sup>24</sup> For example, refer to submissions from PwC, CAANZ-CPA, ICA, QBE, Deloitte and KPMG.

<sup>25</sup> For example, refer to submissions from EY and Deloitte.

<sup>26</sup> For example, refer to the submission from KPMG.

<sup>27</sup> For example, refer to the submission from EIANZ and Macquarie University.

### **Which Australian entities should be expected to apply the proposals**

- 21 Most respondents were supportive of a “phased-in” approach to sustainability and climate-related financial reporting.<sup>28</sup> This is because these respondents had highlighted the scalability of the ISSB’s proposals as being of particular concern. Consequently, many of these respondents recommended that the application of IFRS Sustainability Disclosure Standards initially be limited to larger and/or listed entities<sup>29</sup> because such entities have the resources necessary to obtain the skills systems in capturing, measuring and preparing the information for disclosure. Disclosure by these entities would also help establish a baseline of quality reporting, which could help inform wider adoption over time.
- 22 Some respondents said that the proposals should only be applied by for-profit entities that are publicly accountable in Australia.<sup>30</sup> One respondent said that all for-profit entities should be required to apply the IFRS Sustainability Disclosure Standards.
- 23 A few respondents said that further consultation is required to determine whether to adopt IFRS Sustainability Disclosure Standards and if so, the scope of entities that should be required to apply those Standards.

### **Transition relief**

- 24 In responding to this question and the questions addressing climate scenario analysis and GHG emissions disclosures, many respondents highlighted the complexity involved and significant judgements required. These respondents said that these complexities, when considered with the feedback on the limited capabilities and resources in the market, would mean that SMEs would be unable to comply with those aspects of the proposals. In particular, these respondents observed that relief in early reporting periods could be permitted for the following aspects of the proposals:<sup>31</sup>
- (a) Scope 3 GHG emissions disclosures;
  - (b) Climate-related scenario analysis; and
  - (c) Industry-based requirements in Appendix B to [Draft] IFRS S2.
- 25 Some respondents said that, at least initially, SMEs be scoped out of sustainability-related financial reporting as these entities would not be able to access the resources required to comply with the proposals.<sup>32</sup> These respondents recommended that:
- (a) if IFRS Sustainability Disclosure Standards are to be mandated, they should not be applicable to SMEs or non-publicly accountable entities;
  - (b) the ISSB provide simplifications for SMEs, such as guidance to reduce the scope and breadth of reporting; and
  - (c) the ISSB develop a simplified standard for the SMEs.

---

28 For example, refer to submissions from CAANZ-CPA, EIANZ, PCA, Deloitte, DCCEEW, Peak Australian Bodies, PwC, AustralianSuper, QBE, HoTARAC and IPA.

29 Some respondents noted that the Australian Sustainable Finance Initiative (ASFI) Roadmap recommends all ASX 300 companies and all financial institutions with annual consolidated revenue of over \$100 million to report against the TCFD by 2023. One respondent noted that in New Zealand, financial institutions with assets of more than NZ\$1 billion and listed issuers with a market price or quoted debt in excess of NZ\$60 million are required to produce climate-related disclosures.

30 For example, refer to submissions from RIAA, PCA, ABS and EIANZ.

31 For example, refer to submissions from ABC, Peak Australian Bodies, PwC, IPA.

32 For example, refer to submissions from Deloitte, PCA, EY, IPA and ABC.

- 26 One respondent observed that climate is one of the most progressed and measurable sustainability topics and could therefore be applied earlier than the proposals in [Draft] IFRS S1.

SMC C2 – Regulatory or other issues arising in the Australian environment

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?

- 27 Most respondents said that there could be regulatory or other issues arising in the Australian environment that could affect the implementation of the proposals.<sup>33</sup> These respondents specifically highlighted the current Australian legislative environment:
- (a) Many respondents highlighted that the current legislative environment meant Australian entities would be placed at higher liability risk than their global counterparts were proposals related to making forward-looking statements to be adopted in Australia. These respondents recommended that safe harbour provisions be developed for disclosures made in good faith either as part of sustainability-related financial reporting requirements or through amendments to the relevant legislation.<sup>34</sup> A few respondents observed that entities in Australia are, at times, subject to multiple regulations from multiple sources—for example, insurance and banking entities are subject to regulation from both the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC). These respondents said that it would be counterproductive to have multiple forms of regulation and that any additional requirements should only be introduced if regulators can establish that there is a substantial reporting gap that needs to be filled.<sup>35</sup>
  - (b) Some respondents said that because current legal and regulatory frameworks had been developed with only accounting (or financial reporting) standards in mind, legislative change may be required to implement and monitor compliance with relevant standards and clear guidance from domestic regulators would be needed. One of these respondents also highlighted the need for the Australian Government to ensure that the AASB is appropriately governed and resourced to enable it to implement sustainability reporting standards or otherwise develop a sister body as to mirror the new structure of the IFRS Foundation.

SMC C3 – Alignment of proposals with existing or anticipated requirements, guidance or practice in Australia

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? If not:

- (a) please explain the key differences that may arise from applying the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 and the impact of any such differences; and
- (b) do you suggest any changes to the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2?

33 For example, refer to submissions from CAANZ-CPA, QBE, ABA, ICA, IPA, AICD, APCA RIAA, Peak Australian Bodies and UNPRI.

34 The submission from the AICD included detailed legal advice in relation to liability risks from Herbert Smith Freehills. A summary of comments made by AICD drawing on the HSF advice is in Appendix A to this paper.

35 For example, refer to submissions from QBE and the Peak Australian Bodies.

- 28 Most entities said that the ISSB Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 broadly align with existing or anticipated requirements, guidance or practice in Australia.<sup>36</sup> Many of these respondents supported the broad alignment of [Draft] IFRS S2 with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD Recommendations), which are recommended by [ASIC Regulatory Guide 247](#) and the [ASX Corporate Governance Principles and Recommendations](#).
- 29 Some respondents observed that the dominant sustainability reporting framework and standards used in Australia are the GRI Standards and that a few entities also use other sustainability reporting frameworks standards. For these entities, these respondents said that the ISSB's [Draft] IFRS S1 and [Draft] IFRS S2 would be new to the Australian environment.
- 30 A few respondents observed that the Prudential Practice Guide [CPG 229 Climate Change Financial Risks](#) issued by APRA aligns with the ISSB's proposals. One respondent noted that CPG 229 uses shorter and longer term as the time horizons that entities are required to consider for assessing the impacts of climate change, whereas the [Draft] IFRS S1 proposes considering short, medium, and long-term in assessing the potential impact.

#### SMC C4 – The usefulness of the proposals

Would the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 result in useful information for primary users of general purpose financial reports?

- 31 Almost all respondents said that the proposals in ISSB's [Draft] IFRS S1 and [Draft] IFRS S2 would result in useful information for primary users of general purpose financial reports.<sup>37</sup> However, some of these respondents also said that the proposals would only lead to useful information subject to the concerns raised in the responses to other SMCs being resolved. For example:
- (a) interaction of the proposals with the NGER Act; and
  - (b) the proposals being appropriately regulated and applied accurately, consistently, and timely.
- 32 Some respondents said that the IFRS Sustainability Disclosure Standards are a comprehensive global baseline for sustainability-related disclosures and would improve the consistency, reliability and comparability of sustainability-related disclosures.
- 33 A few respondents said that the Board should not limit itself to the creation of sustainability reporting standards that only meet the needs of the investment community and in the long-term, the Board should seek to develop sector-neutral sustainability reporting standards that meet the needs of broader stakeholder groups.
- 34 One respondent recommended that the ISSB emphasise the linkage of sustainability-related financial information to the IASB's Management Commentary or an equivalent framework<sup>38</sup> that provides essential context and greater connections between sustainability information and its impact on an entity's business model.
- 35 One respondent said that the ISSB's proposals would only have limited use because it would be difficult for users to understand if the reported information is complete, particularly with

<sup>36</sup> For example, refer to submissions from RIAA, EIANZ, EY, PRI, ICA, PCA, Peak Australian Bodies, KPMG, CAANZ-CPA, ABA and PwC.

<sup>37</sup> For example, refer to submissions from RIAA, EIANZ, Deloitte, PRI, ICA, PwC, AustralianSuper, KPMG, AICD, PWYP, IPA, QBE and ABC.

<sup>38</sup> Such as the Corporations Act and the ASX Corporate Governance Principles and Recommendations.

respect to risk to an entity arising from climate change and broader sustainable development issues.

SMC C5 – Auditing or assurance challenges

Do the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 create any auditing or assurance challenges?

- 36 Almost all respondents said that the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 could create auditing or assurance challenges because:<sup>39</sup>
- (a) measuring and reporting on scenario analysis and Scope 3 GHG emissions is subject to inherent uncertainty and the low quality of available data. For example, one respondent highlighted concerns over the medium and long-term time horizons due to model data limitations and assumptions with respect to forward-looking information;
  - (b) paragraphs 51 and 54 of [Draft] IFRS S1 mandate an open-ended and unsettled process for the identification of sustainability-related risks and opportunities which will impact an assurance provider’s ability to reliably test the completeness of compliant disclosures;
  - (c) systems of internal processes and control over sustainability-related information are not currently as advanced or robust as those that support general purpose financial statements;
  - (d) there are limited resources to meet the assurance needs of entities should wide-spread compliance with the proposals be required immediately. For example, respondents highlighted the need to educate and upskill assurance professionals in the Australian market to support wide-spread implementation of sustainability reporting;
  - (e) there are significant challenges in monitoring and measuring matters such as ‘incurred emissions’ and information on the ‘value chain’ therefore, more experience will need to be gained by entities in monitoring and measuring these risks.
- 37 Consequently, some respondents recommended “phasing in” audit requirements.
- 38 A few respondents were of the view that it may not be possible for sustainability disclosures to be audited to a ‘reasonable level’ of assurance because:
- (a) methodologies are in development and yet to be adopted and embedded
  - (b) there are issues relating to data quality, highly manual processes for data access and collection, and data existence.
  - (c) ‘reasonable assurance’ would cause extraordinary costs until there is standardisation in methodology, data, models, and control environments.
- 39 Some respondents noted that consultation with, and inclusion of non-accounting experts such as environmental practitioners and STEM professionals will assist in the successful implementation and provision of opinion on sustainability reports. A few respondents noted that further collaboration between standard setters such as APRA, ASIC, AUASB and ASX is required. In particular, these respondents said a collaboration between accounting and assurance standard setters and practitioners is essential.

---

<sup>39</sup> For example, refer to submissions from CA ANZ-CPA, QBE, ABA AICD, EIANZ, DU, Deloitte, ICA, PwC, IPA, UN PRI and HoTARAC.

- 40 A few respondents said that existing assurance frameworks<sup>40</sup> are currently suitable for the assurance of sustainability-related financial information but may need to be modified and refined to address any gaps that may emerge in the future.

SMC C6 – Effective Date

When should the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 be made effective in Australia and why?

- 41 Consistent with the response to SMC C1 (see paragraph 21), most respondents re-emphasised that a “phased-in” approach to implementation would be most appropriate as the Australian market will require time to scale up their expertise and capacity.<sup>41</sup>
- 42 There were mixed views on the potential effective date of the ISSB’s proposals in Australia which reflects the mixed feedback on the proposed scope of sustainability reporting in Australia and the perceived readiness of the Australian market for sustainability reporting requirements:
- (a) some respondents said the effective date for the ISSB’s proposals in Australia should be aligned with major international capital markets;<sup>42</sup>
  - (b) a few respondents said that [Draft] IFRS S1 and [Draft] IFRS S2 should be made effective in Australia as close as possible to the effective date set by the ISSB;<sup>43</sup>
  - (c) a few respondents said that the effective date of the proposals should be set two to three years after the final standards are issued by the ISSB, with early application permitted; and
  - (d) a few respondents said the AASB and ISSB should consider the readiness of jurisdictions (both domestic and international) in determining an effective date for the proposals.

SMC C7 – Effective Dates for Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 in Australia

Should the effective date of the proposals in Exposure Draft on [Draft] IFRS S1 be consistent with, or set for a date after, the effective date of the proposals in Exposure Draft on [Draft] IFRS S2? If so, why?

- 43 Most respondents said that the effective date of [Draft] IFRS S2 should be aligned with that of [Draft] IFRS S1 because the proposals in [Draft] IFRS S1 set out the over-arching structure and principles for all sustainability-related financial information.<sup>44</sup>
- 44 A few respondents said that because the climate is one of the most progressed and measurable thematic sustainability areas, [Draft] IFRS S2 could be made effective earlier than [Draft] IFRS S1.
- 45 One respondent said that the effective date of [Draft] IFRS S1 should be set before [Draft] IFRS S2 as the latter involves detailed GHG emissions measurement, scenario analysis and carbon abatement modelling which entities may need more time to implement.

---

40 ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Extended External Reporting Assurance Engagements*.

41 For example, refer to submissions from CAANZ-CPA, ABA, EY, PCA, ICA, AustralianSuper and UNPRI.

42 For example, refer to submissions from EIANZ, Deloitte and KPMG.

43 For example, refer to submissions from AICD, QBE, PwC and IRIAA.

44 For example, refer to submissions from ICA, PwC, KPMG, IPA and EY.

SMC C8 – Wording or terminology

Would any wording or terminology introduced in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 be difficult to understand? If yes, what changes do you suggest and why?

- 46 Many respondents highlighted wording or terminology that needed further clarification. For example, respondents recommended:
- (a) that terms such as “materiality” and “sustainability” are not currently globally aligned and should be;
  - (b) the term “significant” should be defined, especially how significance relates to materiality;
  - (c) the definition of material needs to be further clarified, or additional guidance should be developed to support the consistent application;
  - (d) a definition for “sustainability”, “sustainable” and “sustainability-related” is required. For example, one respondent recommended the ISSB consider using the definition of “sustainability” as used by the World Commission on Environment and Development in the Brundtland report: *Our Common Future* as set out in paragraph BC30; and
  - (e) the definition of “climate-related risks and opportunities” in [Draft] IFRS S2 and its interaction with materiality assessments be further clarified.

SMC C9 – Cost and benefits of the proposals

Unless already provided in response to specific matters for comment A1 to C8 above, the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or non-financial) or qualitative. In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2?

- 47 Many respondents commented on the anticipated costs of implementing the proposals rather than the expected benefits. However, this is because in their view it would be difficult to quantify the benefit of sustainability reporting.<sup>45</sup> Of the respondents that commented on the anticipated costs of implementing the proposals:
- (a) some said that the proposals, particularly the proposals in [Draft] IFRS S2, would likely entail significant implementation costs. These respondents highlighted the costs involved in creating news systems, accessing data and assurance costs;
  - (b) some highlighted that, given the shortage of relevant experts, the costs of training and hiring experts and securing the relevant expertise would likely be significant;
  - (c) a few said that implementation costs will be higher for entities that have not yet commenced sustainability-related reporting and that these entities would likely be SMEs; and
  - (d) one respondent estimated the costs to establish and report on these proposals would cost an SME at least AUD100,000 in labour or consultancy costs and AUD100,000 in software annually.
- 48 Some respondents said that the expected benefits of the proposals would be clearer and more transparent sustainability-related financial information. These respondents also said that these proposals would support the harmonisation of methodology globally.

---

<sup>45</sup> For example, refer to submissions from ABA, AICD, EIANZ, ABC, DCCEEW, Deloitte, ICA, KPMG and HoTARAC.



## Part D: Matters for comment relating to the AASB's proposed approach

### SMC D1 – AASB's proposed approach

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.

- 49 Almost all respondents agreed with the Board's proposed approach to developing sustainability-related financial reporting requirements as a separate suite of standards because:<sup>46</sup>
- (a) until the status of the sustainability-related reporting standards is better understood, the related requirements should remain independent from Australian Accounting Standards;
  - (b) a separate suite of standards means that the Board will have greater flexibility to develop the most appropriate sustainability reporting requirements for the Australian market;
  - (c) a stand-alone set of standards would mean that entities can more easily transition to compliance;
  - (d) a stand-alone set of standards would be easier for the Board to maintain in the long-term.
- 50 One respondent disagreed with the Board's approach to developing sustainability-related financial reporting requirements as a separate suite of standards because this may signal them as having lesser importance than Australian Accounting Standards.<sup>47</sup>

### SMC D2 – Proposals in the best interests of the Australian economy?

Are the proposals in Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2 in the best interests of the Australian economy?

- 51 Most respondents said that sustainability-related reporting is in the best interests of the Australian economy. These respondents highlighted that for Australia to remain globally competitive, it will be important for Australian entities to meet a global baseline.<sup>48</sup> However, one respondent noted that this would only be the case if the IFRS Sustainability Disclosure Standards are widely adopted.<sup>49</sup>
- 52 Many respondents also said that the key concerns raised in relation to the proposals would need to be resolved before they could be implemented in Australia.
- 53 A few respondents re-emphasised that there should be a further public consultation in Australia to determine how to best implement proposals on sustainability-related reporting.
- 54 A few respondents said that the ISSB's proposals would not be in the best interests of the Australian economy because they only meet the needs of the investment community, and

---

<sup>46</sup> For example, refer to the submission from CA ANZ-CPA, QBE, ABA, AICD, RIAA, EIANZ, EY, ABC, PCA, Peak Australian Bodies, ICA, PwC, AustralianSuper, KPMG and IPA.

<sup>47</sup> For example, refer to the submission from Macquarie University.

<sup>48</sup> For example, refer to submissions from QBE, EY, Macquarie University, PCA, PWYP, Deloitte, KPMG, CAANZ-CPA, AICD, RIAA, Peak Australian Bodies, ICA and IPA.

<sup>49</sup> For example, refer to the submission from the PCA.

this is a short-term objective. These respondents said that in the long-term the Board should seek to develop sector-neutral sustainability reporting standards that meet the needs of broader stakeholder groups.

### **Other Comments**

- 55 One respondent from the not-for-profit public sector supported the Board's approach to considering the development of sustainability reporting requirements for the public sector at a later stage of the project because the public sector has different objectives to be achieved from sustainability reporting when compared to the for-profit sector. This respondent also said that, as part of considering the not-for-profit sectors in future, it would be important for the Board to establish a connection between sustainability reporting and other non-financial reporting such as service performance reporting.

### **Question to Board members**

#### **Question to Board members**

Q1: Do Board members have any questions about the summary of feedback received?

## APPENDIX A

A1 The submissions from the [AICD](#) included detailed legal advice in relation to liability risks from Herbert Smith Freehills. Below is a summary of comments made by AICD drawing on the HSF legal advice.

- (a) *Australian corporate and director liability issues:* Under s769C of the Corporations Act 2001, if a person makes a representation with respect to any future matter the representation will be taken to be misleading if the person does not have reasonable grounds for making the representation.<sup>50</sup> This respondent noted that the proposals in the [Draft] IFRS S1 and [Draft] IFRS S2 often require estimation or prediction of future events. For example, paragraph 79 of [Draft] IFRS S1 requires disclosure even when metrics can only be estimated, stating that “even a high level of measurement uncertainty would not necessarily prevent such an estimate from providing useful information. An entity shall identify metrics it has disclosed that have significant estimation uncertainty, disclosing the sources and nature of the estimation uncertainties and the factors affecting the uncertainties.” In practice, this would require a company to acknowledge that the forward-looking statement does not have a reasonable basis, thereby triggering liability. Furthermore, Australian securities laws and Australian Securities and Investments Commission (ASIC) policy guidance (ASIC Regulatory Guide 170) also discourage statements involving speculation and supposition.
- (b) *Higher Australian liability risks than other jurisdictions*
- (i) Unlike other jurisdictions (for example the US) Australia does not provide ‘safe harbour’ provisions to protect directors and officers from making forward-looking disclosure in good faith. Regulator risk is also high for directors in Australia because ASIC can, and has, pursued directors for alleged breaches of their directors’ duties including fiduciary obligations such as the duty of care and diligence.
- (ii) Australian companies listed on the Australian Stock Exchange (ASX) are faced with greater reputational and personal liability risks from disclosure-based shareholder class actions than boards in other jurisdictions including the UK and US.
- (iii) IFRS Sustainability Disclosure Standards would require significant reliance on technical and specialist advice, therefore, the directors may need to rely on s189 of the Corporations Act (Reliance on information or advice provided by others) with respect to the basis for Board approvals of reporting.
- (iv) Further, the application of IFRS Sustainability Disclosure Standards will result in a greater volume of market disclosures. An increase in the information disclosed by entities will mean a commensurate increase in the amount of information that listed entities will have to monitor under their continuous disclosure obligations (i.e. ASX-listed companies would need to monitor all relevant sustainability-related information in addition to existing financial and other information to meet their continuous disclosure obligations). HSF has advised that this will be particularly pronounced with respect to forward-looking targets required by the Standards, which will require careful monitoring, and if necessary, updating, to prevent a false market from occurring.

---

50 s 12BB of the ASIC Act 2001 (Cth) and s 4 of the Australian Consumer Law (ACL) also include similar provisions

- (c) *Interaction with director reporting requirements:*
- (i) There is a need for clarification on the interactions of the proposed standards with directors' current reporting requirements under the Corporations Act, including the directors report, the Operating and Financial Review and the remuneration report.
  - (ii) Different materiality thresholds would also apply to matters within the proposed Standards and management commentary<sup>51</sup>. The Corporations Act requires a higher materiality threshold than the materiality test contained within the ISSB's Exposure Drafts. The requirements are limited to current members, refers to an 'informed assessment' rather than 'influence' and only requires disclosure over the named topics.

---

51 In Australia, S.299A(1) Corporations Act states that "Operating and Financial Review must contain information that members of a listed entity would reasonably require to make an informed assessment of the operations, financial position, the business strategies, and prospects for future financial years, of the entity reported on."