



Project:	Sustainability Reporting	Meeting	AASB November 2022 (M191)
Topic:	Update on international and jurisdictional perspectives	Agenda Item:	3.3.1
		Date:	8 November 2022
Contact(s):	Aanchal Bhandari abhandari@asb.gov.au Siobhan Hammond shammond@asb.gov.au Nikole Gyles ngyles@asb.gov.au	Project Priority:	High
		Decision-Making:	None
		Project Status:	Consider feedback from outreach activities

Objective

- 1 The objective of this paper is to inform Board members of the decisions made at the ISSB's November 2022 supplementary meetings.
- 2 This paper is for information purposes only and does not ask the Board to make any decisions.

Structure

- 3 This paper is structured as follows:
 - (a) Background (paragraph 4);
 - (b) International Sustainability Standards Board (paragraphs 5-10); and
 - (c) Question to Board members (paragraph 11).

Background

- 4 Agenda paper 3.3¹ provides an overview of international and jurisdictional developments on sustainability-related financial reporting. Since the publication of Agenda paper 3.3, the ISSB has held two supplementary Board meetings and continued its redeliberations of [Draft] IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and [Draft] IFRS S2 *Climate-Related Disclosures*. This paper provides a summary of the key decisions made by the ISSB at its supplementary meetings held on the 1st and 3rd of November 2022.

International Sustainability Standards Board (ISSB)

- 5 The ISSB held two supplementary meetings:
 - (a) **General sustainability-related Disclosures**—on 3 November 2022 the ISSB met to discuss the sources of guidance an entity would use to identify sustainability-related

¹ See [Agenda Paper 3.3 Sustainability Reporting: Update on international and jurisdictional perspectives](#).

risks and opportunities and prepare the related disclosures in paragraphs 50-54 of [Draft] IFRS S1 (see paragraphs 6-7); and

- (b) **Climate-related Disclosures**—on 1 November 2022 the ISSB met to continue redeliberating the proposals related to climate resilience in its Exposure Draft on [Draft] IFRS S2 (see paragraphs 8-9).

General Sustainability-related Disclosures

- 6 The ISSB made the following decisions in relation to the staff proposals to enhance the interoperability of [Draft] IFRS S1 and [Draft] IFRS S2 and other sustainability-related frameworks, standards and jurisdictional requirements:²
- (a) confirmed the requirements proposed in paragraph 53 of [Draft] IFRS S1 for identifying information to disclose in the absence of an IFRS Sustainability Disclosure Standard that applies specifically to a sustainability-related risk or opportunity;
 - (b) confirmed the requirements in paragraphs 51(a) and 54 of [Draft] IFRS S1 to consider SASB Standards both when identifying what sustainability matters to report on and in developing appropriate disclosures because SASB Standards provide disclosures across a range of sustainability-related matters that have been designed with an investor focus and are fundamental to ISSB’s approach to meeting investor information needs; and
 - (c) to amend paragraphs 51(b) and 54 of [Draft] IFRS S1 to state that content from the Climate Disclosure Standards Board (CDSB) framework may be used to identify sustainability risks and opportunities as well as disclosures, especially for topics such as biodiversity and water.
- 7 The ISSB also commenced its discussion on whether [Draft] IFRS S1 should reference additional standards in the absence of directly applicable IFRS Sustainability Disclosure Standards. In particular, the ISSB discussed whether standards such as the GRI Standards and European Sustainability Reporting Standards (ESRS), which are created for a broader stakeholder group, should be referenced to the extent that those disclosures meet the information needs of investors. While the ISSB noted that permitting entities to use standards and frameworks that address broader stakeholder information needs in the absence of a specific IFRS Sustainability Disclosure Standard could reduce the reporting burden for certain entities; it is also essential to ensure that the information presented is consistent with the ISSB’s role of meeting the needs of primary users. This issue will be further discussed with the ISSB’s Jurisdictional Working Group before coming back to the ISSB at a future meeting.

Climate-related Disclosures

- 8 At the supplementary November 2022 meeting, the ISSB also made the following decisions in relation to climate-related disclosures:³
- (a) confirmed that entities are required to use climate-related scenario analysis to report on climate resilience and to identify climate-related risks and opportunities to support their disclosures;
 - (b) to remove references to ‘alternative methods’ of assessing resilience from paragraph 15 of [Draft] IFRS S2;

² See November 2022 ISSB [Agenda Paper 3: General Sustainability-related Disclosures—Sources of guidance to identify sustainability-related risks and opportunities and disclosures](#).

³ See November 2022 ISSB [Agenda Paper 4: Climate-related Disclosures—Climate resilience](#).

- (c) to amend the definition of 'climate resilience' in Appendix A to [Draft] IFRS S2 to clarify that, in relation to uncertainties associated with climate change, an entity's climate resilience includes its strategic and operational resilience;
- (d) to clarify that the information on climate resilience described in paragraph 15 of [Draft] IFRS S2 should be disclosed annually; even if the entity does not use climate scenario analysis annually;
- (e) to amend the terminology in paragraph 15 of [Draft] IFRS S2 to clarify that 'analysis' describes the tool used to assess climate resilience (scenario analysis) and 'assessment' describes the entity's objective when it uses scenario analysis; and
- (f) to explore developing guidance based on third-party materials to help an entity choose relevant climate scenarios for assessing and preparing disclosures on climate resilience.

9 Furthermore, in response to stakeholder feedback regarding the meaning of the term 'climate-related scenario analysis', the ISSB also decided to develop application guidance to help preparers apply the proposals in paragraph 15 of [Draft] IFRS S2. The ISSB made the following decisions related to developing that application guidance:

- (a) the ISSB will refer to and make use of guidance from the Task Force on Climate-related Financial Disclosures (TCFD) that sets out types of climate scenario analysis, including quantitative, partially quantitative and qualitative;
- (b) the ISSB will specify that climate scenario analysis must be applied, but set out a required approach that is scalable to an entity's circumstances;
- (c) at a minimum an entity would need to undertake the qualitative form of climate scenario analysis as a basis for its climate resilience analysis;
- (d) the ISSB will develop guidance on which climate scenarios an entity should use, depending on circumstances such as industry and country exposure, to provide relevant information to investors. This guidance will specify where the inclusion of a Paris-aligned scenario may be relevant; and
- (e) the ISSB will acknowledge in its guidance that 'off-the-shelf scenarios' such as those developed by the Network for Greening the Financial System (NGFS) may be useful resources for entities.

10 **Question to Board members**

Question to Board members

Q1: Do Board members have any questions about the information provided in this paper?