



Project:	Sustainability Reporting	Meeting	AASB February 2022 (M185)
Topic:	Cover memo	Agenda Item:	3.1
		Date:	7 February 2022
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		Decision-Making:	High
		Project Status:	Consider project direction

Background and objective

- 1 In September 2020, the IFRS Foundation Trustees issued a [Consultation Paper on Sustainability Reporting](#). The purpose of the Consultation Paper was to identify demand from stakeholders in the area of sustainability reporting and understand what the IFRS Foundation could do in response to that demand. In December 2020, the AASB together with the FRC and the Auditing and Assurance Standards Board (AUASB) provided joint comments on the consultation paper. In its [comment letter](#), the AASB acknowledged the demand for global harmonisation and better disclosure in this area of corporate reporting. This view was also expressed in the AASB's subsequent [comment letter](#) to the April 2021 IFRS Foundation Trustees [Exposure Draft of Proposed Targeted Amendments to the IFRS Foundation Constitution to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards](#).
- 2 In [ITC 46 AASB Agenda Consultation 2022-2026](#), the Board stated that it intends to continue proactively gathering feedback from stakeholders to help the Board form views on domestic sustainability reporting¹ requirements (or guidance). It is important to note that sustainability reporting is not limited to climate-related matters, but instead is intended to cover a range of matters such as:
 - (a) biodiversity;
 - (b) indigenous and human rights;
 - (c) modern slavery;
 - (d) data privacy and management; and
 - (e) environment and nature.
- 3 The objective of this meeting is to:

¹ Per Agenda Paper 3.8 *Positioning sustainability reporting requirements in Australia*, the concept of sustainability (also referred to as sustainable development) was described by the 1987 Brundtland Commission Report as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Consequently, when staff refer to ‘sustainability reporting’ we mean reporting that is broadly consistent with that description.

- (a) inform the Board of the background of globally consistent sustainability reporting, including the leading sustainability reporting standard-setters and framework providers;
- (b) inform the Board of Australian and other selected jurisdictional perspectives on sustainability reporting;
- (c) provide the Board with feedback received so far on sustainability reporting in Australia from ITC 46 and [ITC 48 Extended External Reporting](#); and
- (d) consider the next steps for the Sustainability Reporting project, including whether to commence work to continue that project.

Attachments and structure of Board papers

4 This meeting is structured as follows²:

- (a) **Agenda Paper 3.2 Background to global sustainability reporting**—this paper provides:
 - (i) an overview of the leading sustainability reporting standard-setters and framework providers; and
 - (ii) a timeline summarising the significant milestones in the movement towards globally consistent and comparable sustainability reporting;
- (b) **Agenda Paper 3.3 Australian and selected jurisdictional perspectives**—this paper provides:
 - (i) an overview of sustainability-related legislation or guidance available in Australia; and
 - (ii) an overview of the perspectives of jurisdictions which are seen as leaders in sustainability reporting;
- (c) **Agenda Paper 3.4 Feedback summary—ITC 46 AASB Agenda Consultation 2022-2026³**—this paper provides a summary of feedback received so far on the topic of sustainability reporting⁴;
- (d) **Agenda Paper 3.5 Feedback Summary—ITC 48 Extended External Reporting³**—this paper provides a summary of feedback received on the proposed Position Statement on Extended External Reporting Framework;
- (e) **Agenda Paper 3.6 Preliminary academic literature review**—this paper provides a summary of academic evidence related to:
 - (i) the application of climate-related reporting standards and guidance (with particular focus on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD Recommendations) and Global Reporting Initiative (GRI)); and
 - (ii) the boundaries of reporting of leading sustainability reporting standards and frameworks;

² Note that key questions for consideration by Board members are in Agenda Papers 3.8 and 3.9 *The proposed Australian perspective*.

³ Refer to Agenda Paper 5.1 *AASB Agenda Consultation—Project update* for a detailed breakdown of stakeholders from whom staff sought feedback.

⁴ All written submissions to ITC 46 and a summary of the ITC 46 roundtable discussion (planned for 17 February 2022) will be tabled with the Board at a future meeting.

- (f) **Agenda Paper 3.7 *Preliminary research findings*** [Board only]
- (g) **Agenda Paper 3.8 *Positioning sustainability reporting requirements in Australia***—this paper provides staff analysis and recommendations on how the Board can incorporate sustainability reporting requirements into its existing standard-setting framework; and
- (h) **Agenda Paper 3.9 *The proposed Australian perspective***—this paper provides staff analysis and recommendations on the architecture and due process of sustainability reporting requirements in Australia.

Next steps

- 5 Should the Board agree with the preliminary staff recommendations in Agenda Papers 3.8 and 3.9, staff will proceed to develop a draft project plan including:
 - (a) circulating any exposure drafts published by the International Sustainability Standards Board (ISSB) for public consultation in Australia; and
 - (b) engaging with the GRI and other leading sustainability reporting standard-setters and framework providers prevalent in Australia as part of any public consultations in 5(a).