



Australian Accounting Standards Board
PO Box 204
Collins St West,
VIC 8007

1 March 2024

Dear Sir / Madam,

Microsoft Feedback on AASB’s Exposure Draft “ED SR1 Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information”

Microsoft Australia appreciates the opportunity to comment on the AASB’s Exposure Draft “*ED SR1 Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information*”.

As we set out in a February 2023 response to the Australian Treasury’s consultation on climate-related financial disclosures, we believe that our long-term value and viability as a business depends on an environmentally sustainable future. We therefore welcome Australia’s commitment to introduce standardised, internationally aligned, reporting requirements for businesses to make climate-related financial disclosures.

Firstly, to note Microsoft has identified comprehensive sustainability goals in four key categories, all of which have climate implications: carbon, water, waste, and ecosystems. In 2020¹, we announced that by 2030 we would become carbon-negative across our Scope 1, 2 and 3 emissions; water-positive for our direct operations; zero-waste for our direct operations, products and packaging; and that we would protect more land than we use. More recently, we added an additional goal to remove from the environment by 2050 all the carbon that we have emitted directly, or from our electricity consumption, since our inception in 1975². We

¹ [Our Sustainability Journey | Microsoft CSR](#)

² [Microsoft will be carbon negative by 2030 - The Official Microsoft Blog](#)



provide a more detailed overview of Microsoft's sustainability goals, and progress toward those goals, in our annual [Environmental Sustainability Report](#)³.

Secondly, for climate-related reporting and disclosures, we believe in common international frameworks and methodologies to help ensure global emissions and climate-related risks are measured accurately, consistently, and reliably, while also allowing for continuous improvement. More specifically, we believe that:

- Internationally aligned climate frameworks, with common guidelines, are critical to enable accurate global measures of progress;
- Disclosure requirements should be principles-based and evolve over time, moving with urgency, but also requiring collaboration between stakeholders to develop, test, and refine what works best;
- Industry-based segmentation of disclosure frameworks is important to improve clarity and enhance comparability of data within each industry;
- New technologies should be encouraged to calculate and track emissions and support efforts to reduce emissions.

Thirdly, to summarise our views on the Australian Sustainability Reporting Standards (ED SR1), we have four key points of feedback:

1. A **commencement date of 1 July 2024 is too soon** to enable meaningful compliance; instead, we advocate for commencement from 1 July 2025, which will allow for education and upskilling of target businesses and sufficient time for organisations in scope to compile and assess data for reporting;
2. The Australian Sustainability Reporting Standards **should not place additional, and potentially duplicative, reporting obligations** on companies that already meet internationally recognised reporting standards across their global operations. We note that Australia's Corporations Act has traditionally provided certain reporting relief, in particular if entities have similar reporting obligations in their country of registration, to the extent that the information they provide is not less than that required by

³ [2022 Environmental Sustainability Report | Microsoft CSR](#)



the Corporations Act. There does not appear to be similar relief regarding the new sustainability report. **We therefore recommend clarifying that businesses can use comparable filing in other markets, specifying which markets, to comply with Australian reporting requirements.**

3. **Interoperability with other reporting regimes is critical;** we believe that (a) **climate reporting should be prepared in line with the ISSB standards,** as an interoperable framework supports enhanced comparability in the climate disclosures made by separate companies, permits investors to make better informed investment decisions, encourages innovation, supports faster and more widespread adoption, and conserves companies' resources in developing climate change reporting and communications, and (b) to consider **a tiered rollout with Scope 3 emissions reporting requirements to come at a later date and to mandate the use of the fifteen Greenhouse Gas Protocol (GHGP) categories,** as noted in the ISSB standards.
4. **Going forward, standards for nature-based and holistic sustainability-based disclosures will also be critical,** going beyond climate and carbon; the Australian Sustainability Reporting Standards should continue to evolve to capture new, broader sustainability methods and metrics, in alignment with international standards and in consultation with all stakeholders, while remaining transparent on future timings.

Finally, public trust is a critical part of external assurance. We support any proposal for external assurance to be provided by registered audit firms that have experience in climate and ESG reporting, and that the audited reports are filed digitally with the relevant authority and made available to the public. This would be in line with other markets, such as the EU where the Corporate Sustainability Reporting Directive has mandated such an approach.

We look forward to partnering with the Australian Government, the AASB, industry partners and civil society as these proposals progress.

Yours sincerely,

Microsoft Pty Ltd