



<b>Project:</b>	<b>Sustainability Reporting</b>	<b>Meeting</b>	AASB September 2022 (M190)
<b>Topic:</b>	<b>Project update</b>	<b>Agenda Item:</b>	3.1
		<b>Date:</b>	5 September 2022
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		<b>Decision-Making:</b>	None
		<b>Project Status:</b>	Consider feedback from outreach activities

## Objective

- 1 The objective of this paper is to provide an update on the Sustainability Reporting project.<sup>1</sup>
- 2 This paper is for information purposes only and does not ask the Board to make any decisions.

## Attachments

- Agenda Paper 3.1.1** AASB-AUASB joint submission to the ISSB [*Supporting Material*]
- Agenda Paper 3.1.2** Submissions to ED 321 and staff summary of survey responses to ED 321 [*Supporting Material*]
- Agenda Paper 3.1.3** Submissions from Australian stakeholders to the ISSB [*Supporting Material*]
- Agenda Paper 3.1.4** AOSSG comment letter submissions to the ISSB [*Supporting Material*]
- Agenda Paper 3.1.5** Staff summaries of preparer-focused roundtables [*Supporting Material – Board only*]
- Agenda Paper 3.1.6** Staff summaries of general stakeholder-focused roundtables [*Supporting Material – Board only*]
- Agenda Paper 3.1.7** Staff summaries of industry-focused roundtables [*Supporting Material – Board only*]

## Background

- 3 In April 2022 the AASB published [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](#) (ED 321). The comment period closed 15 July 2022.
- 4 ED 321 provided detail on, and asked stakeholders about, the Australian context for the ISSB's Exposure Drafts on [Draft] IFRS S1 and [Draft] IFRS S2. In addition to requesting

<sup>1</sup> For further details refer to the [Sustainability Reporting Project Summary](#).

feedback on the International Sustainability Standards Board's (ISSB) proposals, ED 321 also asked specifically about the AASB's proposed approach to developing sustainability-related financial reporting requirements as a separate suite of standards alongside Australian Accounting Standards.<sup>2</sup>

## Project update

### Outreach activities

- 5 Consistent with the outreach plan considered by the Board at its April 2022 (M186) meeting, staff conducted the following outreach activities:
  - (a) **Proactive stakeholder engagement**—one-to-one meetings, meetings with existing AASB advisory committees and requesting submissions directly from sustainability reporting stakeholders.
  - (b) **Industry-based outreach**—roundtable discussions with key industries in Australia to specifically discuss the proposed industry-based metrics in Appendix B to [Draft] IFRS S2.
  - (c) **Application (field testing)**—volunteers to implement the proposed standards and provide examples of potential reporting outcomes.
  - (d) **Survey**—implement a survey to facilitate engagement with those stakeholders that don't have the time or resources to prepare a formal submission to the AASB.
- 6 Staff received feedback from more than 200 stakeholders from all sectors and industries including:
  - (a) AASB User Advisory Committee;
  - (b) AASB-AUASB Sustainability Reporting Project Advisory Panel;
  - (c) Chartered Accountants Australia and New Zealand (CAANZ);
  - (d) CPA Australia;
  - (e) Group of 100 (G100), including representatives from its sustainability committee;
  - (f) 12 academics;
  - (g) 15 public sector representatives;
  - (h) 59 accountants and sustainability reporting experts from 29 listed entities and 10 unlisted entities;
  - (i) 21 representatives from accountancy and advisory firms;
  - (j) 14 representatives from industry bodies;
  - (k) 7 representatives from user bodies;
  - (l) Members of other standard-setting bodies; and
  - (m) Representatives from other regulators and policy-making bodies.
- 7 The AASB received 35 comment letter responses and 17 survey responses to ED 321 (see Agenda Paper 3.1.2).

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<sup>2</sup> See Agenda Paper 3.1.1 for the AASB-AUASB joint submission to the ISSB.

## Overview of themes of feedback

- 8 Much of the feedback to ED 321 is consistent with the [AASB-AUASB submission to the International Sustainability Standards Board](#) (ISSB) and the preliminary feedback summary<sup>3</sup> the Board considered at its June 2022 (M188) meeting.
- 9 Other feedback received reflects the following high-level themes:
- (a) there were mixed views on whether any climate-related reporting requirements should permit the use of jurisdictional greenhouse gas (GHG) recognition and measurement protocols such as the *National Greenhouse and Energy Reporting Act 2007* (NGER Act). However, respondents suggested that the AASB work with the Clean Energy Regulator to address this issue either through:
    - (i) the development of non-mandatory guidance on the interaction between the NGER Act and the Greenhouse Gas Protocol Corporate Standard; or
    - (ii) modifying the requirements of [Draft] IFRS S2 to permit those entities that are subject to reporting applying the NGER Act to use the NGER Act for the recognition and measurement of Scope 1 and 2 GHG emissions;
  - (b) mixed views were expressed about the ISSB's proposed scope, the interaction of that scope with the work of the Global Reporting Initiative and, accordingly, the definition of material proposed by the ISSB;
  - (c) sustainability-related reporting is in the best interests of the Australian economy and should apply to all entities. However, sustainability-related reporting should also be carefully implemented through a phased approach which, at least initially, provides relief to smaller entities;
  - (d) there are sustainability and climate-related topics specific to Australia that will need to be addressed. For example, incorporating indigenous culture into the framework and standards addressing sustainability-related reporting in Australia;
  - (f) there was support for the AASB's proposed approach to developing a separate suite of standards for sustainability-related financial reporting; and
  - (g) stakeholders recommended that a broader public consultation occurs on how to best integrate sustainability-related reporting into the existing financial reporting framework in Australia, and the ongoing role of the Financial Reporting Council (FRC), AASB and Auditing and Assurance Standards Board (AUASB) in doing so. For example, a few stakeholders have noted that additional support for the AASB and AUASB may be needed to ensure Australia can keep pace with global developments.

## Next steps

- 10 Consistent with the [draft] project plan presented to the Board at its May 2022 (M187) meeting,<sup>4</sup> at the November 2022 meeting staff will present an analysis of the feedback received to ED 321.

### Question to Board members

Do Board members have any comments or questions about the project update?

<sup>3</sup> See June 2022 (M188) [Agenda Paper 4.3 Key themes of feedback received to date](#).

<sup>4</sup> See May 2022 (M187) [Agenda Paper 6.2 \[Draft\] Sustainability Reporting project plan](#).