



Australian Accounting Standards Board
Attention: Lachlan McDonald-Kerr

14 March 2024

By email: lmcdonald-kerr@asb.gov.au

Dear Members of the Australian Accounting Standards Board,

Subject: Enhancing the Effectiveness of ISSB Standards Adoption in Australia

I am reaching out on behalf of the [Business Council for Sustainable Development Australia \(BCSDA\)](#), in our role as a pivotal advocate for sustainable development within the business sector and as a global network partner of the [World Business Council for Sustainable Development \(WBCSD\)](#). Our collective mission is to champion sustainable business practices that are not only globally recognized but also carefully adapted to meet the unique demands of the Australian landscape.

In the wake of our participation in the recent consultations regarding the adoption and implementation of the International Sustainability Standards Board (ISSB) Standards, we wish to underline the cruciality of a harmonized, in-depth, and transparent adoption process.

Our insights, drawn from comprehensive discussions among a wide array of stakeholders (national and international), inform the following strategic advocacy points, aimed at fostering a robust, investor-focused framework for sustainability reporting in Australia:

- Uniform Adoption and Strategic Implementation:** We emphasize the critical need for a consistent and comprehensive adoption of the ISSB Standards across all jurisdictions, ensuring their practical applicability for preparers and their utility for investors. This necessitates a balanced approach that respects global consistency while allowing for nuanced adaptation to Australian specifics, as demonstrated by the potential presentation methods for IFRS S1 content within the [draft] ASRS standards.
- Adoption Framework Preferences:** Reflecting on the consultation discussions, we acknowledge a preference for a structured approach that enhances clarity and avoids redundancy in reporting standards. The consideration of presenting core content disclosure requirements, governance, strategy, and risk management disclosures across the ASRS Standards resonates with our advocacy for clarity and efficiency in sustainability reporting. We support options that align with international standards while ensuring ease of interpretation and implementation for Australian entities.
- Comprehensive and Inclusive Standards:** The inclusivity of all ISSB Standards, ensuring alignment on definitions and guidance, remains paramount. This includes careful consideration of Australian-specific adaptations, such as the nuanced approach to industry-based disclosures and the application of SASB standards, aligning with the global push towards comprehensive sustainability reporting that accurately reflects the business's impact on climate and sustainability metrics.
- Assurance, Trust, and Reporting Flexibility:** Advocating for phased implementation of assurance requirements, we encourage the AASB to consider flexibility in reporting standards that allow entities to provide additional, voluntary disclosures. This flexibility should support entities in aligning with international frameworks where appropriate, enhancing the global comparability and credibility of Australian sustainability reports.

Strategic Consideration for Reporting Practices

Our discussions with stakeholders have underscored specific areas where sustainability reporting in Australia might also warrant further investigation:

- Scenario Analysis and Transition Plans:** Aligning scenario analysis with the 1.5°C temperature goal and advocating for the disclosure of credible transition plans are critical for accurately assessing and addressing transition risks.

- **Transparency and Accountability:** A requirement for entities to substantiate claims of non-material climate risks could promote greater transparency and accountability across sectors.
- **Inclusion of Financed Emissions and Executive Compensation:** Expanding disclosure requirements to include financed emissions and linking executive compensation with climate metrics could also be steps toward aligning with sustainable finance objectives and emphasizing the commitment to sustainability goals.
- **Broadening Assurance Requirements:** We recommend broadening the assurance requirements to enhance the credibility of climate-related financial disclosures, which could include collaboration with ASIC for advancing digital sustainable financial reporting.

Collaborative Approach for Continuous Improvement

Our commitment to engaging with the AASB, industry peers, and other stakeholders in refining and improving the sustainability reporting landscape in Australia remains unwavering. We believe that the collective action and continuous dialogue are crucial for ensuring that the adoption of the ISSB Standards remains relevant, actionable, and aligned with both global best practices and Australian specificities.

In closing, we are committed to supporting the transition towards globally aligned, yet locally nuanced, sustainability reporting standards in Australia. We appreciate the AASB's leadership in this area and look forward to continued collaboration. Thank you for considering our insights and recommendations. We are eager to contribute further to this critical dialogue and support the successful implementation of ISSB Standards in Australia.

Yours faithfully,



Yours faithfully,

Andrew Petersen
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