



# Response to Australian Accounting Standards Board (AASB) draft Australian Sustainability Reporting Standard (ASRS)

1<sup>st</sup> March 2024

Telstra welcomes the opportunity to provide comments on the current exposure draft of the Australian Sustainability Reporting Standards (ASRS) 1, 2, and 101. Noting the AASB’s request for feedback on 35 items we have provided comment on the matters we feel have a material impact to Telstra. These can be found in the table below.

We appreciate the AASB’s approach to engaging in meaningful stakeholder consultation and would welcome the opportunity to contribute further as the standards are finalised.

| AASB Ref: | PRESENTING THE CORE CONTENT OF IFRS S1 IN [DRAFT] ASRS STANDARDS  | Telstra Comment   |
|-----------|---|---|
| 1         | <p>In respect of presenting the core content disclosure requirements of IFRS S1, do you prefer:</p> <p>(a) Option 1 – one ASRS Standard that would combine the relevant contents of IFRS S1 relating to general requirements and judgements, uncertainties and errors (i.e. all relevant requirements other than those relating to the core content that are exactly the same as the requirements in IFRS S2) within an Australian equivalent of IFRS S2;</p> <p>(b) Option 2 – two ASRS Standards where the same requirements in respect to disclosures of governance, strategy and risk management would be included in both Standards;</p> <p>(c) Option 3 – two ASRS Standards, by including in [draft] ASRS 1 the requirements relating to disclosures of governance, strategy and risk management, and in [draft] ASRS 2, replacing duplicated content with Australian-specific paragraphs cross-referencing to the corresponding paragraphs in [draft] ASRS 1 (which is the option adopted by the AASB in developing the [draft] ASRS 1 and [draft] ASRS 2 in this Exposure Draft); or</p> <p>(d) another presentation approach (please provide details of that presentation method)? Please provide reasons to support your view.</p> | <p>Our preference would be for Option 2 to maintain alignment with the structure of IFRS S1 and S2.</p>   |
|           | <p><b>MODIFICATIONS TO THE BASELINE OF IFRS S1 FOR [DRAFT] ASRS 1</b></p>   |   |
|           | <p><b>Sources of guidance and references to Sustainability Accounting Standards Board (SASB) Standards</b></p>  |   |
| 4         | <p>Do you agree with the AASB’s views noted in paragraphs BC39–BC41? Please provide reasons to support your view.</p>   | <p>We agree with the AASB’s view not to include requirements for entities to apply the SASB standards until such a time as they have been carefully reviewed, internationalized, and are deemed appropriate for application in Australia.</p> |



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| 5  | Do you agree with the AASB's view that if an entity elects to make industry-based disclosures, the entity should consider the applicability of well-established and understood metrics associated with particular business models, activities or other common features that characterise participation in the same industry, as classified in ANZSIC? Please provide reasons to support your view. | We agree with this approach to ensure consistency across the Australian market.  |
| 6  | Do you consider that ASRS Standards should expressly permit an entity to also provide voluntary disclosures based on other relevant frameworks or pronouncements (e.g. the SASB Standards)? Entities are able to provide additional disclosures provided that they do not obscure or conflict with required disclosures. Please provide reasons to support your view.                              | We do not believe a statement permitting additional disclosure is required given most reporting entities will already make a range of both mandatory and voluntary ESG disclosures.  |
| <b>MODIFICATIONS TO THE BASELINE OF IFRS S2 FOR [DRAFT] ASRS 2</b> |  |  |
| <b>Scope of [draft] ASRS 2</b>                                     |  |  |
| 9  | Do you agree with the proposal in [draft] ASRS 2 paragraph Aus3.1 to clarify the scope of the [draft] Standard? Please provide reasons to support your view.   | We agree with the inclusion of Aus3.1 as it provides helpful clarification.  |
| <b>Climate resilience</b>  |  |  |
| 10   | Do you agree with the proposal in [draft] ASRS 2 paragraph Aus22.1? Please provide reasons to support your view.   | <p>While we support the requirement for at least two climate scenarios to be assessed, we request the AASB expressly state the application of the 1.5C scenario is to transition risks only.</p> <p>The level of global heating is a result of the concentration of carbon dioxide in the atmosphere. Each temperature pathway is associated with a Relative Concentration Pathway (RCP).</p> <p>A 1.5C world aligns with RCP 1.8. At present there is no publicly available downscaled climate data for Australia to support the undertaking of a physical risk assessment to a 1.5C scenario.</p> <p>We note Aus22(b)(i)(3) requires an entity to state if the scenario was applied to transition or physical risks. However, when developing a scenario narrative an entity must consider both the socio-economic and physical characteristics of the future state, thus physical and transition risks are inextricably linked, and it is common practice to apply each scenario to both transition and physical risks.</p> <p>Additionally, under ASRS a reporting entity wishing to only apply a 1.5C scenario to transition risks would have to justify why they had not applied it to</p> |



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|           |  | <p>physical risk, and any statement regarding materiality would need to be substantiated. Given we are already experiencing more frequent and severe climate events, suggesting that these would be immaterial under a 1.5C scenario is incongruent with today's experience. Furthermore, the degree of 'locked in' climate change means any improvement in physical risk exposure only occurs towards the end of the century. Between now and 2040 physical risk is only projected to get worse.</p> <p>Language specifying the 1.5C scenario only applies to Transition risks will provide clarity for reporting entities.</p> <p>We would also suggest the AASB state a time horizon for the 1.5C scenario's application (2030) if the intent of the clause is to require entities to assess their resilience to the transition to a low carbon economy.</p> |
| 11        | Do you agree with the AASB's view that it should not specify the upper-temperature scenario that an entity must use in its climate-related scenario analysis? Please provide reasons to support your view.   | <p>There is broad scientific consensus that we will not limit global heating to 1.5C, and thus it is pertinent for reporting entities to stress-test their resilience against a warmer scenario, both in terms of physical resilience and to the socio-economic conditions which will arise from operating in a high adaptation world.</p> <p>Additionally, one of the primary objectives of introducing mandatory climate-related disclosures is to uplift the detail and consistency of climate reporting across reporting entities.</p> <p>Given that all entities are part of a wider system with interdependencies across operations and value chains we feel it would be beneficial for cross-industry learnings if the AASB recommended testing to a 2-3°C heating scenario.</p>   |
|           | <b>Cross-industry metric disclosures (paragraphs 29(b)–29(g))</b>  |   |
| 12        | Do you consider the cross-industry metric disclosures set out in paragraphs 29(b)–29(g) of IFRS S2 (and [draft] ASRS 2) would provide useful information to users about an entity's performance in relation to its climate-related risks and opportunities? Please provide reasons to support your view. | We agree the proposed climate-related metrics will provide useful information for users of GPFR.  |
|           | <b>GREENHOUSE GAS (GHG) EMISSIONS (PARAGRAPHS AUS31.1 AND B19AUSB63.1 AND AUSTRALIAN APPLICATION GUIDANCE)</b>   |   |



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|           | <b>Definition of greenhouse gases</b>   |  |
| 14        | Do you agree with the AASB's proposal to incorporate in [draft] ASRS 2 the definition of greenhouse gases from IFRS S2 without any modification? Please provide reasons to support your view.   | We agree with this approach for consistency and streamlining of reporting.   |
|           | <b>Converting greenhouse gases into a CO2 equivalent value</b>  |  |
| 15        | Do you agree with the AASB's view that an Australian entity should be required to convert greenhouse gases using GWP values in line with the reporting requirements under NGER Scheme legislation? Please provide reasons to support your view.   | We agree with this approach for consistency and streamlining of reporting.   |
|           | <b>Market-based Scope 2 GHG emissions</b>   |  |
| 16        | Do you agree with the proposals set out in [draft] ASRS 2 paragraphs Aus31.1(f) and AusC4.2? Please provide reasons to support your view.   | We are supportive of an approach to market-based scope 2 reporting which maintains alignment with IFRS S2 and NGER requirements. |
|           | <b>GHG emission measurement methodologies</b>   |  |
| 17        | Do you agree with the proposals in [draft] ASRS 2 paragraphs Aus31.1(b) and AusB25.1? Please provide reasons to support your view.  | We are supportive of the application of the NGER methodology to streamline reporting requirements.                               |
| 19        | <b>Scope 3 GHG emission categories</b>  |  |
|           | Do you agree with the AASB's approach in [draft] ASRS 2 paragraph AusB33.1 to include the Scope 3 GHG emission categories in IFRS S2 as examples of categories that an entity could consider when disclosing the sources of its Scope 3 GHG emissions, rather than requiring an entity to categorise the sources of emissions in accordance with the categories of the GHG Protocol Standards? Please provide reasons to support your view. | We support the inclusion of example scope 3 categories which align to the GHG protocol for clarity.                              |