Insurance Council of Australia

15 July 2022

Submitted via comment letter:
https://www.ifrs.org/projects/work-plan/climate-related-disclosures/exposure-draft-and-comment-letters/

Dear International Sustainability Standards Board (ISSB),

Exposure Draft
International Financial Reporting Standards (IFRS) S2: Climate-related Disclosures

The Insurance Council of Australia (ICA) is the representative body for the general insurance industry of Australia. The ICA represents approximately 95% of private sector general insurers. As a foundational component of the Australian economy the general insurance industry employs approximately 60,000 people, generates gross written premium of $59.2 billion per annum and on average pays out $148.7 million in claims each working day ($38.8 billion per year).

We commend the ISSB on the publication of its Exposure Draft IFRS S2: Climate-related Disclosures ([Draft] IFRS S2) and welcome the opportunity to provide comment. The insurance industry is uniquely placed to understand the impacts worsening extreme weather events are having on communities and infrastructure in Australia, as well as the broader implications for the availability and affordability of insurance. We strongly support the ISSB's development of high-quality global standards for reporting climate-related risks and opportunities, supporting greater and more effective management of risk, as well as opening up new markets, products and services opportunities.

Our submission draws on the consolidated feedback of the Insurance Council's members and focuses on issues and implementation concerns raised during consultation. These are set out below, with specific responses to the consultation questions raised by the ISSB included within **Attachment A**. Some members will also provide their own separate submission.

We also endorse the Australian Voice submission that collectively represents the voice of peak professional, industry and investor bodies in Australia representing leading business and finance professionals who have come together to prepare a joint submission on the IFRS Exposure Drafts.

Globally consistent, consolidated framework

We support the inclusion of the Taskforce for Climate-Related Financial Disclosure (TCFD) structure in [Draft] IFRS S2, which brings together existing approaches and streamlines reporting practices.

Where appropriate, [Draft] IFRS S2 should align with existing climate-related standards, local laws and regulations, so that the standard meets both local and global requirements while avoiding duplication. This is particularly important given many entities are affected by the development of mandatory climate-related financial reporting, such as within New Zealand, the United States of America and Europe (and likely Australia in the near future).

Strategy and risk management

Guidance is required on whether transition plans (e.g. net zero roadmaps, portfolio decarbonisation strategies etc.) should support the transition to a low-carbon economy more broadly (aligned to Nationally Determined Contributions and implied decarbonisation pathways) or company specific

T +61 2 9253 5100 | ABN 50 005 617 318 | PO BOX R1832 Royal Exchange NSW Australia 1225 | insurancecouncil.com.au

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targets with clear transparency on assumed decarbonisation trajectories. We recommend that transition plans align to broader jurisdictional requirements and the Paris Agreement, but that early achievement of targets and increased ambition be encouraged, noting that urgent action is required to facilitate an orderly transition to a low carbon economy.

In addition, we note that financial position, financial performance and cash flows associated with climate-related risks and opportunities over the short, medium and long term are inherently uncertain. Standardised wording for a disclaimer should be included to reflect the uncertainty in forward looking statements disclosed to avoid legal risks associated with material misstatement.

Guidance should also be provided on preferred climate scenarios aligned to the TCFD and embedded in [Draft] IFRS S2, noting that the proposed standard builds upon the recommendations of the TCFD.

A phased approach to reporting requirements should be used to allow entities time to prepare for the detailed scenario analysis requirements included in [Draft] IFRS S2.

Metrics, targets and methodologies

Cross-industry metrics are useful to encourage harmonisation across different sectors globally. However, a materiality threshold should be applied to disclosure against key metrics and flexibility should be afforded where metrics and data are not yet available, for example financed emissions across some investment asset classes and underwriting portfolios, which are currently under development by the Partnership for Carbon Accounting Financials (PCAF).

We welcome the opportunity to internationalise the Sustainability Accounting Standards Board (SASB) metrics included in [Draft] IFRS S2 and note that some adjustments may be required to accommodate the needs of multiple jurisdictions. We also recommend conducting field testing on industry specific metrics across regions to understand their applicability and usefulness to users of the general-purpose financial statements, and the availability of data to disclose. We note the following concerns about proposed metrics for insurers (Appendix B, Volume B17 – Insurance):

- Policies Designed to Incentivise Responsible Behaviour: Product features that incentivise health, safety and environmentally responsible actions and/or behaviours will be difficult to analyse as they cannot easily be measured. We also recommend that policies include wider ESG factors such as governance, code of conduct and privacy training.
- Physical Risk Exposure: Further clarity is needed on measuring monetary losses attributable to insurance payouts from modelled natural catastrophes. The metric overlaps with business-as-usual capital management, reinsurance requirements and pricing and further direction should be provided to ensure that disclosures provide useful additional information on the financial effects of climate change.
- Transitional Risk Exposure:
    - Disclosing gross-exposure to carbon related industries should be accompanied by a transition plan to communicate the actions that an entity is taking to transition to a lower carbon economy, despite existing exposures
    - It is unclear why there is a requirement to disclose Scope 1 and 2 financed emissions as the definition of financed emissions is limited to Scope 3 emissions only (i.e., loans, underwriting, investments, and any other forms of financial services)

Supply chain emissions are a large portion of insurer's overall emissions. Cross-industry metrics for the measurement of the emissions across an insurer's supply chain and building the literacy of

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suppliers to take action to decarbonise their operations should also be included as a valuable addition to supporting the insurance sector to decarbonise.

Emissions reporting

There are methodology and data gaps which prevent the accurate measurement and reporting of some Scope 3 greenhouse gas (GHG) emissions across underwriting portfolios, supply chains and some investment asset classes (i.e. sovereign bonds, exchange traded funds, derivatives etc.) Some of these gaps are set to be addressed over the next few years through PCAF and the Net-Zero Insurance Alliance (NZIA). Requiring the disclosure of Scope 3 GHG emissions in the near-term could impose significant costs, particularly on smaller entities that do not have the requisite resources or capabilities. Therefore, we recommend a phased approach for these disclosures to support entities in improving disclosures whilst accounting for initial data unavailability.

Effective date

The Insurance Council believes that both standards should be effective from the same date. Any effective date should be a minimum of two years from the release of the final ISSB standards to allow time for companies to develop measurement methodologies, data collection processes and adequate resourcing to respond to [Draft] IFRS S2 disclosure requirements, particularly where smaller companies have limited capabilities. Early adoption of the standards should however be encouraged noting the urgency with which action is required to transition to a sustainable economy and limit the impacts of global warming.

The ISSB also has an important role to play in educating organisations on disclosing in accordance with the proposed standards. We note that the TCFD provided a similar role upon the release of its recommendations and maintains a resources database named the TCFD Knowledge Hub.

We trust that our initial observations are of assistance. If you have any questions or comments in relation to our submission please contact Alix Pearce, Senior Advisor Climate Action: apearce@insurancecouncil.com.au

Yours sincerely

Andrew Hall
Executive Director and CEO

ATTACHMENT A: RESPONSE TO ISSB [Draft] IFRS S2 QUESTIONS

Question	Insurance Council Response
Question 1 – Objective of the Exposure Draft (paragraph 1)	
a. Do you agree with the objective that has been established for the Exposure Draft? Why or why not?	Yes, we agree with the objective to require entities to disclose information about their exposure to significant climate-related risks and opportunities, enabling users of an entity's general purpose financial reporting.
b. Does the objective focus on the information that would enable users of general-purpose financial reporting to assess the effects of climate-related risks and opportunities on enterprise value?	Yes.
c. Do the disclosure requirements set out in the Exposure Draft meet the objectives described in paragraph 1? Why or why not? If not, what do you propose instead and why?	Yes, subject to any adjustments of SASB metrics that may be required to meet the requirements of multiple jurisdictions (Appendix B, Volume B17 - Insurance).
Question 2 – Governance (paragraphs 4-5)	
a. Do you agree with the proposed disclosure requirements for governance processes, controls and procedures used to monitor and manage climate-related risks and opportunities? Why or why not?	Yes, we agree. The disclosure requirements on governance build upon the TCFD recommendations which we agree with using as a basis for the disclosures.
Question 3 – Identification of climate-related risks and opportunities (paragraph 9)	
a. Are the proposed requirements to identify and to disclose a description of significant climate-related risks and opportunities sufficiently clear? Why or why not?	Yes. However, further clarity is required regarding the following wording, *"an entity shall disclose…. the effects of significant climate-related risks and opportunities on its financial position, financial performance, and cash flows"* (para 8). In particular, whether disclosures should include all 'climate-related' impacts that have occurred (i.e. all weather events) or just those that can be attributed to climate change itself, noting the latter will be challenging to calculate. Additionally, the requirements may not be capable of consistent application as financial information may be commercially sensitive and not feasible to disclose without certain uncertainty and protection measures.

b. Do you agree with the proposed requirement to consider the applicability of disclosure topics (defined in the industry requirements) in the identification and description of climate-related risks and opportunities? Why or why not? Do you believe that this will lead to improved relevance and comparability of disclosures? Why or why not? Are there any additional requirements that may improve the relevance and comparability of such disclosures? If so, what would you suggest and why?	Yes, noting our response at Q1c above.
Question 4 – Concentrations of climate-related risks and opportunities in an entity's value chain (paragraph 12)	
a. Do you agree with the proposed disclosure requirements about the effects of significant climate-related risks and opportunities on an entity's business model and value chain? Why or why not?	Yes, however there are practical challenges associated with a lack of data and methodologies for assessing climate-related risks and opportunities across an insurance entity's business model and value chain, including measuring emissions and conducting scenario analysis over investment and underwriting portfolios and supply chains. Compliance will also be more difficult for smaller entities who do not yet have the requisite resourcing. We recommend a phased approach to implementation to allow time for entities to develop measurement methodologies and data collection processes.
b. Do you agree that the disclosure required about an entity's concentration of climate-related risks and opportunities should be qualitative rather than quantitative? Why or why not? If not, what do you recommend and why?	Yes, but only if it is unable to provide quantitative information [para 14].
Question 5 – Transition plans and carbon offsets (paragraph 13)	
a. Do you agree with the proposed disclosure requirements for transition plans? Why or why not?	Yes, however many companies already have transition plans in place (e.g. net zero roadmaps, portfolio decarbonisation strategies etc.), and a phased approach could be used to allow companies time to amend plans to meet the disclosure requirements of [Draft] IFRS S2. Guidance is required on whether transition plans should support the transition to a low-carbon economy more broadly (aligned to Nationally Determined Contributions and implied decarbonisation pathways) or company specific targets with clear transparency on assumed

	decarbonisation trajectories. We recommend that transition plans align to broader jurisdictional requirements and the Paris Agreement, but that early achievement of targets and increased ambition be encouraged, noting that urgent action is required to facilitate an orderly transition to a low carbon economy.
b. Are there any additional disclosures related to transition plans that are necessary (or some proposed that are not)? If so, please describe those disclosures and explain why they would (or would not) be necessary.	No.
c. Do you think the proposed carbon offset disclosures will enable users of general purpose financial reporting to understand an entity's approach to reducing emissions, the role played by carbon offsets and the credibility of those carbon offsets? Why or why not? If not, what do you recommend and why?	Yes, the proposed carbon offset disclosures will support comprehensive and transparent disclosure of how entities carbon offsets will add credibility to carbon market practices, avoiding risks associated with greenwashing.
d. Do you think the proposed carbon offset requirements appropriately balance costs for preparers with disclosure of information that will enable users of general purpose financial reporting to understand an entity's approach to reducing emissions, the role played by carbon offsets and the soundness or credibility of those carbon offsets? Why or why not? If not, what do you propose instead and why?	Yes, we note that in accordance with the mitigation hierarchy for the insurance sector, emissions should be avoided or reduced before they are offset. The costs associated with disclosure are therefore likely to be minimised.
Question 6 – Current and anticipated effects (paragraph 14)	
a. Do you agree with the proposal that entities shall disclose quantitative information on the current and anticipated effects of climate-related risks and opportunities unless they are unable to do so, in which case qualitative information shall be provided (see paragraph 14)? Why or why not?	Yes.
b. Do you agree with the proposed disclosure requirements for the financial effects of climate-related risks and opportunities on an entity's financial performance, financial position and cash flows for the reporting period? If not, what would you suggest and why?	Yes, where information is available. We also recommend that an allowance be made for ranges of uncertainty in disclosure, to support uptake, consistent and the establishment of best practice.
c. Do you agree with the proposed disclosure requirements for the anticipated effects of climate-related risks and opportunities on an entity's financial	No, subject to further guidance on how such information could be reliably measured. Standardised wording for a disclaimer should also be included

position and financial performance over the short, medium and long term? If not, what would you suggest and why?	to allow for inherent uncertainty in information disclosed to avoid legal risks associated with material misstatement.
Question 7 – Climate resilience (paragraph 15)	
a. Do you agree that the items listed in paragraph 15(a) reflect what users need to understand about the climate resilience of an entity's strategy? Why or why not? If not, what do you suggest instead and why?	No, further clarity is needed on whether climate scenario outcomes are expected to be linked to the financial statements. For example, climate scenario outcomes may result in contingency planning and reserving that would impact the balance sheet.
b. The Exposure Draft proposes that if an entity is unable to perform climate-related scenario analysis, that it can use alternative methods or techniques (for example, qualitative analysis, single-point forecasts, sensitivity analysis and stress tests) instead of scenario analysis to assess the climate resilience of its strategy. (i) Do you agree with this proposal? Why or why not? (ii) Do you agree with the proposal that an entity that is unable to use climate-related scenario analysis to assess the climate resilience of its strategy be required to disclose the reason why? Why or why not? (iii) Alternatively, should all entities be required to undertake climate-related scenario analysis to assess climate resilience? If mandatory application were required, would this affect your response to Question 14(c) and if so, why?	Yes, however a phased approach should be included to allow entities time to prepare for the detailed scenario analysis requirements. Guidance should also be provided on preferred climate scenarios aligned to the TCFD and embedded in [Draft] IFRS S2, noting that the proposed standard builds upon the recommendations of the TCFD.
c. Do you agree with the proposed disclosures about an entity's climate-related scenario analysis? Why or why not?	Yes, as per Q7b above.
d. Do you agree with the proposed disclosure about alternative techniques (for example, qualitative analysis, single-point forecasts, sensitivity analysis and stress tests) used for the assessment of the climate resilience of an entity's strategy? Why or why not?	Yes.
e. Do the proposed disclosure requirements appropriately balance the costs of applying the requirements with the benefits of information on an entity's strategic resilience to climate change? Why or why not? If not, what do you recommend and why?	Yes, as per Q7b above.

Question 8 – Risk management (paragraphs 16-18)	
a. Do you agree with the proposed disclosure requirements for the risk management processes that an entity uses to identify, assess and manage climate-related risks and opportunities? Why or why not? If not, what changes do you recommend and why?	Yes.
Question 9 – Cross-industry metric categories and greenhouse gas emissions (paragraphs 19-22)	
a. The cross-industry requirements are intended to provide a common set of core, climate-related disclosures applicable across sectors and industries. Do you agree with the seven proposed cross-industry metric categories including their applicability across industries and business models and their usefulness in the assessment of enterprise value? Why or why not? If not, what do you suggest and why?	Yes, cross-industry metric categories are useful to encourage harmonisation across different sectors globally. However, a materiality threshold should be applied to disclosure in accordance with metrics and flexibility should be afforded where metrics and data are not yet available, for example financed emissions across all investment asset classes (i.e. sovereign debt) and underwriting portfolios, which are currently under development by PCAF. Specific guidance should also be developed to support a common methodology for the measurement of the emissions across an insurer's supply chain and to build the literacy of suppliers to take action to decarbonise their operations. Supply chain emissions are a large portion of insurer's overall emissions, and this guidance (with supporting metrics) would be very valuable in supporting the insurance sector to decarbonise.
b. Are there any additional cross-industry metric categories related to climate-related risks and opportunities that would be useful to facilitate cross-industry comparisons and assessments of enterprise value (or some proposed that are not)? If so, please describe those disclosures and explain why they would or would not be useful to users of general purpose financial reporting.	See response to Q9a above regarding supply chain guidance and metrics.
c. Do you agree that entities should be required to use the GHG Protocol to define and measure Scope 1, Scope 2 and Scope 3 emissions? Why or why not? Should other methodologies be allowed? Why or why not?	Yes, the GHG Protocol is the leading international standard for GHG emissions measurement and supports harmonisation across jurisdictions.

d. Do you agree with the proposals that an entity be required to provide an aggregation of all seven greenhouse gases for Scope 1, Scope 2, and Scope 3— expressed in CO2 equivalent; or should the disclosures on Scope 1, Scope 2 and Scope 3 emissions be disaggregated by constituent greenhouse gas (for example, disclosing methane (CH4) separately from nitrous oxide (NO2))?	Yes, aggregation of GHGs into CO_2 equivalent makes reporting and comparing more straightforward.
e. Do you agree that entities should be required to separately disclose Scope 1 and Scope 2 emissions for: (i) the consolidated entity; and (ii) for any associates, joint ventures, unconsolidated subsidiaries and affiliates? Why or why not?	Only for the consolidated entity. Disclosing Scope 1 and 2 emissions information on associates, joint ventures, unconsolidated subsidiaries and affiliates requires reporting on a financial control / equity share basis. This is a significant departure from the current practice and the reporting options available under the GHG Protocol. We recommend this information be disclosed as part of Scope 3 emissions for the entity, consistent with existing GHG Protocol requirements. There are complexities regarding joint ventures and the degree of operational control parent companies have to direct emissions reduction. Additional guidance would be welcomed to assist in the standardisation of approach to joint ventures.
f. Do you agree with the proposed inclusion of absolute gross Scope 3 emissions as a cross-industry metric category for disclosure by all entities, subject to materiality? If not, what would you suggest and why?	Yes, subject to a materiality threshold and the effective date should allow time for methodologies to be developed and data collected. This is particularly relevant for smaller entities who do not yet have the requisite resourcing.
Question 10 – Targets (Paragraph 23)	
a. Do you agree with the proposed disclosure about climate-related targets? Why or why not?	Yes.
b. Do you think the proposed definition of 'latest international agreement on climate change' is sufficiently clear? If not, what would you suggest and why?	Yes.
Question 11 – Industry-based requirements (Appendix B, Volume B17)	
a. Do you agree with the approach taken to revising the SASB Standards to improve the international applicability, including that it will enable entities to	Yes, however some adjustments to metrics included in [Draft] IFRS S2 may be required to accommodate the needs of multiple jurisdictions. We

apply the requirements regardless of jurisdiction without reducing the clarity of the guidance or substantively altering its meaning? If not, what alternative approach would you suggest and why?

also recommend conducting field testing on industry specific metrics across regions to understand their applicability and usefulness to users of the general-purpose financial statements, and whether disclosers have sufficient data to report, similar to the approach taken with PCAF standards.

We note the following concerns about proposed metrics for insurers (Appendix B, Volume B17 – Insurance):

- Policies Designed to Incentivise Responsible Behaviour: Product features that incentivise health, safety and environmentally responsible actions and/or behaviours will be difficult to analyse as they cannot easily be measured. We also recommend that policies include wider ESG factors such as governance, code of conduct and privacy training.
- Physical Risk Exposure: Further clarity is needed on measuring monetary losses attributable to insurance payouts from modelled natural catastrophes. There is currently no differentiation between the future climate change component and existing natural catastrophes. The metric overlaps significantly with business-as-usual capital management, reinsurance requirements and pricing and will be challenging to implement in a manner that provides useful additional information on the financial effects of climate change.
- Transitional Risk Exposure:
    - Disclosing gross-exposure to carbon related industries should be accompanied by a transition plan to demonstrate the full picture of an entity's transition journey to a lower carbon economy
    - The requirement to disclose Scope 1 and 2 financed emissions is unclear as financed emissions are defined as indirect, Scope 3 emissions that can be related to loans, underwriting, investments, and any other forms of financial services (i.e. excluding Scope 1 and 2 emissions)

b.	Do you agree with the proposed amendments that are intended to improve the international applicability of a subset of industry disclosure requirements? If not, why not?	See response to Q11a above.
c.	Do you agree that the proposed amendments will enable an entity that has used the relevant SASB Standards in prior periods to continue to provide information consistent with the equivalent disclosures in prior periods? If not, why not?	Yes, however see response to Q11a above.
d.	Do you agree with the proposed industry-based disclosure requirements for financed and facilitated emissions, or would the cross-industry requirement to disclose Scope 3 emissions (which includes Category 15: Investments) facilitate adequate disclosure? Why or why not?	Yes, the requirements will improve transparency and, in time, consistency of approach. However, methodologies are still under development and compliance should be optional until the relevant methodologies are established.
e.	Do you agree with the industries classified as 'carbon-related' in the proposals for commercial banks and insurance entities? Why or why not? Are there other industries you would include in this classification? If so, why?	Yes, we agree with the list of carbon-related industries in Appendix B, Volume B17 – Insurance. However, there are other industries such as agriculture and animal farming that are carbon-related and should be included in the list.
f.	Do you agree with the proposed requirement to disclose both absolute- and intensity-based financed emissions? Why or why not?	Yes, we agree. This is standard practice.
g.	Do you agree with the proposals to require disclosure of the methodology used to calculate financed emissions? If not, what would you suggest and why?	See response to Q11d above.
h.	Do you agree that an entity be required to use the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard to provide the proposed disclosures on financed emissions without the ISSB prescribing a more specific methodology (such as that of the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting & Reporting Standard for the Financial Industry)? If you don't agree, what methodology would you suggest and why?	See response to Q11d above.
i.	In the proposal for entities in the asset management and custody activities industry, does the disclosure of financed emissions associated with total	See response to Q11d above.

	assets under management provide useful information for the assessment of the entity's indirect transition risk exposure? Why or why not?	
j.	Do you agree with the proposed industry-based requirements? Why or why not? If not, what do you suggest and why?	Yes, subject to response to Q9a and Q11a above.
k.	Are there any additional industry-based requirements that address climate-related risks and opportunities that are necessary to enable users of general purpose financial reporting to assess enterprise value (or are some proposed that are not)? If so, please describe those disclosures and explain why they are or are not necessary.	Yes, see response to Q9a above.
l.	In noting that the industry classifications are used to establish the applicability of the industry-based disclosure requirements, do you have any comments or suggestions on the industry descriptions that define the activities to which the requirements will apply? Why or why not? If not, what do you suggest and why?	The Insurance industry description should be rephrased to better reflect the insurance business model and specificities, i.e. to include re-insurance and the development of new insurance products (Appendix B, Volume B17 - Insurance).
Question 12 – Costs, benefits and likely effects (Paragraphs BC46–BC48 of the Basis for Conclusions)		
a.	Do you have any comments on the likely benefits of implementing the proposals and the likely costs of implementing them that the ISSB should consider in analysing the likely effects of these proposals?	There is a need for harmonisation across jurisdictions so we welcome these standards, with the opinion they will benefit greater transparency of the potential financial impacts to an organisation's ESG risks and opportunities, as well as accelerating the adoption of consistent, comprehensive sustainability-related disclosures. There will be significant financial costs of implementation for some entities in terms of the collection and disclosure of robust, consistent and reliable industry-specific information. Any effective date should therefore provide reasonable time for entities to prepare and disclose.
b.	Do you have any comments on the costs of ongoing application of the proposals that the ISSB should consider?	See Q12a above.
c.	Are there any disclosure requirements included in the Exposure Draft for which the benefits would not outweigh the costs associated with preparing that information? Why or why not?	For many entities, Scope 3 financed emissions methodologies are not fully developed. Thus, enforcing the disclosure of Scope 3 emissions in the near-term could impose significant costs, particularly on smaller

	entities that do not have the requisite resources. Recognising that there is investor demand for greater transparency, we recommend a phased approach to support entities in improving disclosures whilst accounting for initial data unavailability (see Q14).
Question 13 – Verifiability and enforceability (Paragraphs C21–24, S1)	
a. Are there any disclosure requirements proposed in the Exposure Draft that would present particular challenges to verify or to enforce (or that cannot be verified or enforced) by auditors and regulators? If you have identified any disclosure requirements that present challenges, please provide your reasoning.	There are significant challenges associated with assurance of scenario models and Scope 3 emissions, given the quantum of inputs, level of estimation and variability in assumptions.
Question 14 – Effective date (BC190–BC194 of the Basis for Conclusions)	
a. Do you think that the effective date of the Exposure Draft should be earlier, later or the same as that of [draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information? Why?	Both Exposure Drafts should be effective from the same date.
b. When the ISSB sets the effective date, how long does this need to be after a final Standard is issued? Please explain the reason for your answer including specific information about the preparation that will be required by entities applying the proposals in the Exposure Draft.	Any effective date should provide reasonable time for entities to prepare and disclose. Feedback from members indicated that an effective date should be a minimum of two years from the release of the final ISSB standards, depending on the size and capability of the entity disclosing. See also response to Q9f above. Early adoption of the standards should however be encouraged noting urgent action is required to transition to a sustainable economy and limit the impacts of global warming. The ISSB also has an important role to play in educating organisations on disclosing in accordance with the proposed standards. We note that the TCFD provided a similar role upon the release of its recommendations and maintains a resources database named the TCFD Knowledge Hub.
c. Do you think that entities could apply any of the disclosure requirements included in the Exposure Draft earlier than others? (For example, could disclosure requirements related to governance be applied earlier than those related to the resilience of an entity's strategy?) If so, which requirements	Governance and strategy could potentially be disclosed earlier than the other requirements, but the primary reason for implementing this would be to allow companies time to develop methodologies for reporting and data collection. Our members have expressed concern for meeting the metrics and targets requirements (particularly with respect to Scope 3 emissions),

could be applied earlier and do you believe that some requirements in the Exposure Draft should be required to be applied earlier than others?	so a phased disclosure approach for these may assist in increasing compliance with [Draft] IFRS S2.

Question 15 – Digital reporting

a. Do you have any comments or suggestions relating to the drafting of the Exposure Draft that would facilitate the development of a Taxonomy and digital reporting (for example, any particular disclosure requirements that could be difficult to tag digitally)?	We are supportive of digital reporting and would further suggest linkage with external climate assessments. For example, there is an opportunity to harmonise ISSB-aligned reports with Carbon Disclosure Project (CDP) questionnaires by using digital tagging. This would reduce the volume of climate reporting and improve consistency across various reporting frameworks.

Question 16 – Global baseline

a. Are there any particular aspects of the proposals in the Exposure Draft that you believe would limit the ability of IFRS Sustainability Disclosure Standards to be used in this manner? If so, what aspects and why? What would you suggest instead and why?	While SASB metrics are a good source of industry metrics, some adjustments may be required to meet the needs of multiple jurisdictions. See responses to Q1c and Q11a above.

Question 17 – Other comments

a. Do you have any other comments on the proposals set out in the Exposure Draft?	There is a risk that compliance with the ISSB standards, when combined with financial reporting, will lead to long reports that have limited value for preparers, investors and assurers. As such, consideration should be given to the expected length and depth of an ISSB Standard-aligned report, ensuring concise and efficient transfer of sustainability information.