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To whom it may concern

## Empowering the AASB to Deliver Sustainability Standards

The Australian Banking Association (**ABA**) welcomes the opportunity to provide a response to the Treasury's consultation on the exposure draft *Treasury Laws Amendment (Measures for Consultation) Bill 2022: Sustainability Standards (the draft legislation)*.

The ABA supports the draft legislation to the extent that it allows the alignment of Australian accounting standards with global standards, namely the *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)* and the *IFRS S2 Climate-related Disclosures (IFRS S2)*. The ABA views that further consideration is needed to identify appropriate long-term governance arrangements, and we intend to make further comments on this matter in our submission to the Treasury consultation on Climate-Related Financial Disclosures.<sup>1</sup>

The draft legislation clarifies the *Australian Securities and Investments Commissions Act 2001 (the ASIC Act)* to extend the Australian financial reporting system to include the development and assurance of sustainability standards by clarifying the powers of several entities. Namely:

- Empower the Australian Accounting Standards Board (**AASB**) to issue sustainability standards alongside accounting standards;
- Empower the Auditing and Assurance Standards Board to make auditing and assurance standards for sustainability purposes; and
- Empower the Financial Reporting Council to have oversight of the above processes.

Our position on the Exposure Drafts for IFRS S1 and IFRS S2 was set out in submissions to the International Sustainability Standards Board (**ISSB**)<sup>2</sup> and the AASB:<sup>3</sup>

- *We support a global approach to the development of sustainability disclosure standards through the ISSB as the global body to issue the standards. Further, the establishment of a global baseline is critical a coordinated approach be developed which will avoid fragmentation in reporting obligations. To this end we support the efforts of the ISSB in establishing a working group to enhance compatibility between global baseline and jurisdictional initiatives.*

<sup>1</sup> Treasury (December 2022) [Consultation on Climate-related Financial Disclosures](#)

<sup>2</sup> Australian Banking Association (July 2022) [Consultation on \[Draft\] IFRS S1 and S2 Climate-related disclosures](#)

<sup>3</sup> Australian Banking Association (July 2022) [AASB ED 321 Request for Comment on \[Draft\] IFRS S1 and \[Draft\] IFRS S2](#)



Australian Banking  
Association

The ABA reiterates its support for the alignment of Australian standards for climate-related accounting with global standards, and we support the current legislation to the extent that it accomplishes this goal.

We look forward to engaging further with the Treasury on this matter.

Regards

Merric Foley

Policy Director