



Corporations Branch
Market Conduct Division
Treasury
Langton Cres
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via email: climatereportingconsultation@treasury.gov.au

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Empowering the AASB to deliver sustainability standards

We welcome the opportunity to provide comments on the Exposure Draft Legislation released by the Treasury. We also welcome the Treasury's recently released consultation on climate-related financial disclosures which seeks views on an optimal institutional framework to support implementation of climate risk disclosure standards and the ongoing efficiency and effectiveness of the corporate reporting system. We will respond separately next year to that consultation.

We understand that the intention of the proposed Legislation is to empower the Australian Accounting Standards Board (AASB) to begin work on developing the sustainability standards to meet the Government's commitment of ensuring that large businesses provide Australians and investors with greater transparency and accountability when it comes to their climate-related plans, financial risks, and opportunities. In our view, the Draft Legislation will meet this objective and we make the following two observations:

- 'International sustainability standards' is defined in Section 5(1), but then throughout the Legislation it predominantly refers to 'sustainability standards'. To avoid the impression that the terms could have different meanings or scope, we recommend using 'international sustainability standards' throughout; and
- We note that any sustainability standards set by the AASB will not have legal effect. We believe this is appropriate at this point in time given the Treasury's intention to consult extensively on a range of matters relating to the reporting framework and the scope and applicability of the standards. In our view, Australia should aim to keep pace with international peers, so ideally, legislative changes to enable their legal effect should occur in a timeframe consistent with other comparable jurisdictions.

We look forward to continuing to contribute to consultations on the development of sustainability standards in Australia. If there are other matters you would like to discuss at this stage, please feel free to contact me at kristin.stubbins@pwc.com or on 61 401 999 879.

Yours sincerely,

A handwritten signature in black ink that reads 'K. Stubbins'.

Kristin Stubbins
Assurance Managing Partner, PwC Australia