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FA NB – öffentliche SITZUNGSUNTERLAGE

Sitzung:	28. Sitzung Gem. FA / 22.06.2022 / 15:45 – 17:15 Uhr
TOP:	03 – ISSB – ED S1
Thema:	Kommentierung zu den allgemeinen Anforderungen für die Offenlegung von nachhaltigkeitsbezogenen Finanzinformationen
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MATERIALITY



Paragraphs 56–62

Sustainability-related financial information is **material if omitting, misstating or obscuring** that information could reasonably be expected to **influence decisions** that the primary users of general purpose financial reporting make on the basis of that reporting, which provides information about a specific reporting entity. (para. 56)

- An entity **need not provide** a specific **disclosure** that would otherwise be required by an IFRS Sustainability Disclosure Standard if the information resulting from that disclosure is **not material**. [...] (para. 60)
- An entity **shall also consider** whether to disclose **additional information** when compliance with the specific requirements in an IFRS Sustainability Disclosure Standard is insufficient [...] (para. 61)
- An entity **need not disclose** information otherwise required by an IFRS Sustainability Disclosure Standard **if local laws or regulations prohibit** the entity from disclosing that information. [...] (para. 62)
- An entity shall apply judgement [...] shall be reassessed at each reporting date (para. 59)
- Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both [...] This [draft] Standard does not specify any thresholds for materiality or predetermine what would be material in a particular situation. (para. 58)

QUESTION 8

[...]

- (a) Is the definition and application of materiality clear in the context of sustainability-related financial information? Why or why not?*
- (b) Do you consider that the proposed definition and application of materiality will capture the breadth of sustainability-related risks and opportunities relevant to the enterprise value of a specific entity, including over time? Why or why not?*
- (c) Is the Exposure Draft and related Illustrative Guidance useful for identifying material sustainability-related financial information? Why or why not? If not, what additional guidance is needed and why?*
- (d) Do you agree with the proposal to relieve an entity from disclosing information otherwise required by the Exposure Draft if local laws or regulations prohibit the entity from disclosing that information? Why or why not? If not, why?*

CONNECTED INFORMATION



Paragraphs 42–44

An entity shall provide information that enables users of general purpose financial reporting

- to **assess the connections between** various **sustainability-related risks and opportunities**, and
- to **assess** how information about these risks and opportunities is **linked to information in** the general purpose **financial statements**.

- An entity shall **describe the relationships between different pieces of information**. Doing so could require **connecting narrative information on governance, strategy and risk management to related metrics and targets**. For example, to allow users of general purpose financial reporting to assess connections in information, an entity might need to explain the effect or likely effect of its strategy on its financial statements or financial plans, or on metrics and targets used to measure progress against performance. Furthermore, the entity might need to explain how its use of natural resources and changes within its supply chain could amplify, change or reduce its significant sustainability-related risks and opportunities. The entity may need to link this information to the potential or actual effect on its production costs, its strategic response to mitigate such risks and its related investment in new assets. This information may also need to be linked to information in the financial statements and to specific metrics and targets. Information that describes connections shall be clear and concise.

QUESTION 6

The Exposure Draft proposes that an entity be required to provide users of general purpose financial reporting with information that enables them to assess the connections between (a) various sustainability-related risks and opportunities; (b) the governance, strategy and risk management related to those risks and opportunities, along with metrics and targets; and (c) sustainability-related risks and opportunities and other information in general purpose financial reporting, including the financial statements.

- (a) Is the requirement clear on the need for connectivity between various sustainability-related risks and opportunities? Why or why not?*
- (b) Do you agree with the proposed requirements to identify and explain the connections between sustainability-related risks and opportunities and information in general purpose financial reporting, including the financial statements? Why or why not? If not, what do you propose and why?*

COMPARATIVE INFORMATION



Paragraphs 63–65

An entity shall **disclose comparative information** in respect of the **previous period** for **all metrics** disclosed in the current period. **When** such information would be **relevant** to an understanding of the current period's sustainability-related financial disclosures, the entity shall **also** disclose **comparative information for narrative and descriptive** sustainabilityrelated financial **disclosures**.

- When providing sustainability-related financial disclosures an entity shall disclose **comparative information** that **reflects updated estimates**. [...]
- [...] When it is **impracticable** to adjust comparative information for one or more prior periods, an entity shall disclose that fact.

SOURCES OF ESTIMATION AND OUTCOME UNCERTAINTY



Paragraphs 79–83

When metrics cannot be measured directly and can only be estimated, measurement uncertainty arises. The use of **reasonable estimates** is an essential part of preparing sustainability-related metrics and does not undermine the usefulness of the information if the estimates are accurately described and explained. Even a **high level of measurement uncertainty** would **not necessarily prevent** such an estimate from **providing useful information**. An entity shall identify metrics it has disclosed that have significant estimation uncertainty, **disclosing the sources and nature of the estimation uncertainties and the factors affecting the uncertainties**.

When sustainability-related financial disclosures include financial data and assumptions, such financial data and assumptions shall be **consistent** with the **corresponding financial data and assumptions** in the entity's financial statements, **to the extent possible**.

[...]

An entity shall **disclose** information about the **assumptions** it makes about the future, and **other sources of significant uncertainty**, related to the information it discloses about the possible effects of sustainability-related risks or opportunities, when there is significant outcome uncertainty.

ERRORS

Paragraphs 84–90

An entity shall **correct material** prior period **errors** by restating the comparative amounts for the prior period(s) disclosed **unless** it is **impracticable** to do so.

If an entity identifies a material error in its prior period sustainability-related financial disclosures, it shall disclose:

- (a) the nature of the prior period error;
- (b) the correction, to the extent practicable, for each prior period disclosed; and
- (c) if correction of the error is not practicable, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

QUESTION 11

[...]

- (a) Have these general features been adapted appropriately into the proposals? If not, what should be changed?*
- (b) Do you agree that if an entity has a better measure of a metric reported in the prior year that it should disclose the revised metric in its comparatives?*
- (c) Do you agree with the proposal that financial data and assumptions within sustainability-related financial disclosures be consistent with corresponding financial data and assumptions used in the entity's financial statements to the extent possible? Are you aware of any circumstances for which this requirement will not be able to be applied?*



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Entire list of questions

Backup Slides

Entire list of questions

QUESTION 1 – OVERALL APPROACH

The Exposure Draft sets out overall requirements with the objective of disclosing sustainability-related financial information that is useful to the primary users of the entity's general purpose financial reporting when they assess the entity's enterprise value and decide whether to provide resources to it.

Proposals in the Exposure Draft would require an entity to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. The assessment of materiality shall be made in the context of the information necessary for users of general purpose financial reporting to assess enterprise value.

- (a) *Does the Exposure Draft state clearly that an entity would be required to identify and disclose material information about all of the sustainability-related risks and opportunities to which the entity is exposed, even if such risks and opportunities are not addressed by a specific IFRS Sustainability Disclosure Standard? Why or why not? If not, how could such a requirement be made clearer?*
- (b) *Do you agree that the proposed requirements set out in the Exposure Draft meet its proposed objective (paragraph 1)? Why or why not?*
- (c) *Is it clear how the proposed requirements in the Exposure Draft would be applied together with other IFRS Sustainability Disclosure Standards, including the [draft] IFRS S2 Climate-related Disclosures? Why or why not? If not, what aspects of the proposals are unclear?*
- (d) *Do you agree that the requirements proposed in the Exposure Draft would provide a suitable basis for auditors and regulators to determine whether an entity has complied with the proposals? If not, what approach do you suggest and why?*

QUESTION 2 – OBJECTIVE



Paragraphs 1–7

The Exposure Draft sets out proposed requirements for entities to disclose sustainability-related financial information that provides a sufficient basis for the primary users of the information to assess the implications of sustainability-related risks and opportunities on an entity's enterprise value.

Enterprise value reflects expectations of the amount, timing and uncertainty of future cash flows over the short, medium and long term and the value of those cash flows in the light of the entity's risk profile, and its access to finance and cost of capital. Information that is essential for assessing the enterprise value of an entity includes information in an entity's financial statements and sustainability-related financial information.

Sustainability-related financial information is broader than information reported in the financial statements that influences the assessment of enterprise value by the primary users. An entity is required to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. Sustainability-related financial information should, therefore, include information about the entity's governance of and strategy for addressing sustainability-related risks and opportunities and about decisions made by the entity that could result in future inflows and outflows that have not yet met the criteria for recognition in the related financial statements. Sustainability-related financial information also depicts the reputation, performance and prospects of the entity as a consequence of actions it has undertaken, such as its relationships with, and impacts and dependencies on, people, the planet and the economy, or about the entity's development of knowledge-based assets.

The Exposure Draft focuses on information about significant sustainability-related risks and opportunities that can reasonably be expected to have an effect on an entity's enterprise value.

- (a) *Is the proposed objective of disclosing sustainability-related financial information clear? Why or why not?*
- (b) *Is the definition of 'sustainability-related financial information' clear (see Appendix A)? Why or why not? If not, do you have any suggestions for improving the definition to make it clearer?*

QUESTION 3 – SCOPE



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Paragraphs 8–10

Proposals in the Exposure Draft would apply to the preparation and disclosure of sustainability-related financial information in accordance with IFRS Sustainability Disclosure Standards. Sustainability-related risks and opportunities that cannot reasonably be expected to affect users' assessments of the entity's enterprise value are outside the scope of sustainability-related financial disclosures.

The Exposure Draft proposals were developed to be applied by entities preparing their general purpose financial statements with any jurisdiction's GAAP (so with IFRS Accounting Standards or other GAAP).

Do you agree that the proposals in the Exposure Draft could be used by entities that prepare their general purpose financial statements in accordance with any jurisdiction's GAAP (rather than only those prepared in accordance with IFRS Accounting Standards)? If not, why not?

QUESTION 4 – CORE CONTENT



Paragraphs 11–35

The Exposure Draft includes proposals that entities disclose information that enables primary users to assess enterprise value. The information required would represent core aspects of the way in which an entity operates.

This approach reflects stakeholder feedback on key requirements for success in the Trustees' 2020 consultation on sustainability reporting, and builds upon the well established work of the TCFD.

Governance The Exposure Draft proposes that the objective of sustainability-related financial disclosures on governance would be: to enable the primary users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage significant sustainability-related risks and opportunities.

Strategy The Exposure Draft proposes that the objective of sustainability-related financial disclosures on strategy would be: to enable users of general purpose financial reporting to understand an entity's strategy for addressing significant sustainability-related risks and opportunities.

Risk management The Exposure Draft proposes that the objective of sustainability-related financial disclosures on risk management would be: to enable the users of general purpose financial reporting to understand the process, or processes, by which sustainability-related risks and opportunities are identified, assessed and managed. These disclosures shall also enable users to assess whether those processes are integrated into the entity's overall risk management processes and to evaluate the entity's overall risk profile and risk management processes.

Metrics and targets The Exposure Draft proposes that the objective of sustainability-related financial disclosures on metrics and targets would be: to enable users of general purpose financial reporting to understand how an entity measures, monitors and manages its significant sustainability-related risks and opportunities. These disclosures shall enable users to understand how the entity assesses its performance, including progress towards the targets it has set.

- (a) *Are the disclosure objectives for governance, strategy, risk management and metrics and targets clear and appropriately defined? Why or why not?*
- (b) *Are the disclosure requirements for governance, strategy, risk management and metrics and targets appropriate to their stated disclosure objective? Why or why not?*

QUESTION 5 – REPORTING ENTITY



Paragraphs 37–41

The Exposure Draft proposes that sustainability-related financial information would be required to be provided for the same reporting entity as the related general purpose financial statements.

The Exposure Draft proposals would require an entity to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. Such risks and opportunities relate to activities, interactions and relationships and use of resources along its value chain such as:

- its employment practices and those of its suppliers, wastage related to the packaging of the products it sells, or events that could disrupt its supply chain;
- the assets it controls (such as a production facility that relies on scarce water resources);
- investments it controls, including investments in associates and joint ventures (such as financing a greenhouse gas-emitting activity through a joint venture); and
- sources of finance.

The Exposure Draft also proposes that an entity disclose the financial statements to which sustainability-related financial disclosures relate.

- (a) Do you agree that the sustainability-related financial information should be required to be provided for the same reporting entity as the related financial statements? If not, why?*
- (b) Is the requirement to disclose information about sustainability-related risks and opportunities related to activities, interactions and relationships, and to the use of resources along its value chain, clear and capable of consistent application? Why or why not? If not, what further requirements or guidance would be necessary and why?*
- (c) Do you agree with the proposed requirement for identifying the related financial statements? Why or why not?*

QUESTION 6 – CONNECTED INFORMATION



Paragraphs 42–44

The Exposure Draft proposes that an entity be required to provide users of general purpose financial reporting with information that enables them to assess the connections between (a) various sustainability-related risks and opportunities; (b) the governance, strategy and risk management related to those risks and opportunities, along with metrics and targets; and (c) sustainability-related risks and opportunities and other information in general purpose financial reporting, including the financial statements.

- (a) Is the requirement clear on the need for connectivity between various sustainability-related risks and opportunities? Why or why not?*
- (b) Do you agree with the proposed requirements to identify and explain the connections between sustainability-related risks and opportunities and information in general purpose financial reporting, including the financial statements? Why or why not? If not, what do you propose and why?*

QUESTION 7 – FAIR PRESENTATION



Paragraphs 45–55

[...]

- (a) Is the proposal to present fairly the sustainability-related risks and opportunities to which the entity is exposed, including the aggregation of information, clear? Why or why not?*
- (b) Do you agree with the sources of guidance to identify sustainability-related risks and opportunities and related disclosures? If not, what sources should the entity be required to consider and why? Please explain how any alternative sources are consistent with the proposed objective of disclosing sustainability-related financial information in the Exposure Draft.*

QUESTION 8 – MATERIALITY



Paragraphs 56–62

[...]

- (a) *Is the definition and application of materiality clear in the context of sustainability-related financial information? Why or why not?*
- (b) *Do you consider that the proposed definition and application of materiality will capture the breadth of sustainability-related risks and opportunities relevant to the enterprise value of a specific entity, including over time? Why or why not?*
- (c) *Is the Exposure Draft and related Illustrative Guidance useful for identifying material sustainability-related financial information? Why or why not? If not, what additional guidance is needed and why?*
- (d) *Do you agree with the proposal to relieve an entity from disclosing information otherwise required by the Exposure Draft if local laws or regulations prohibit the entity from disclosing that information? Why or why not? If not, why?*

QUESTION 9 – FREQUENCY OF REPORTING



Paragraphs 66–71

The Exposure Draft proposes that an entity be required to report its sustainability-related financial disclosures at the same time as its related financial statements, and the sustainability-related financial disclosures shall be for the same reporting period as the financial statements.

Do you agree with the proposal that the sustainability-related financial disclosures would be required to be provided at the same time as the financial statements to which they relate? Why or why not?

QUESTION 10 – LOCATION OF INFORMATION



Paragraphs 72–78

[...]

- (a) *Do you agree with the proposals about the location of sustainability-related financial disclosures? Why or why not?*
- (b) *Are you aware of any jurisdiction-specific requirements that would make it difficult for an entity to provide the information required by the Exposure Draft despite the proposals on location?*
- (c) *Do you agree with the proposal that information required by IFRS Sustainability Disclosure Standards can be included by cross-reference provided that the information is available to users of general purpose financial reporting on the same terms and at the same time as the information to which it is cross-referenced? Why or why not?*
- (d) *Is it clear that entities are not required to make separate disclosures on each aspect of governance, strategy and risk management for individual sustainability-related risks and opportunities, but are encouraged to make integrated disclosures, especially where the relevant sustainability issues are managed through the same approach and/or in an integrated way? Why or why not?*

QUESTION 11 – COMPARATIVE INFORMATION, SOURCES OF ESTIMATION AND OUTCOME UNCERTAINTY, AND ERRORS



Paragraphs 63–65, 79–83 and 84–90

[...]

- (a) *Have these general features been adapted appropriately into the proposals? If not, what should be changed?*
- (b) *Do you agree that if an entity has a better measure of a metric reported in the prior year that it should disclose the revised metric in its comparatives?*
- (c) *Do you agree with the proposal that financial data and assumptions within sustainability-related financial disclosures be consistent with corresponding financial data and assumptions used in the entity's financial statements to the extent possible? Are you aware of any circumstances for which this requirement will not be able to be applied?*

QUESTION 12 – STATEMENT OF COMPLIANCE



Paragraphs 91-92

The Exposure Draft proposes that for an entity to claim compliance with IFRS Sustainability Disclosure Standards, it would be required to comply with the proposals in the Exposure Draft and all of the requirements of applicable IFRS Sustainability Disclosure Standards. Furthermore, the entity would be required to include an explicit and unqualified statement that it has complied with all of these requirements.

The Exposure Draft proposes a relief for an entity. It would not be required to disclose information otherwise required by an IFRS Sustainability Disclosure Standard if local laws or regulations prohibit the entity from disclosing that information. An entity using that relief is not prevented from asserting compliance with IFRS Sustainability Disclosure Standards. Do you agree with this proposal? Why or why not? If not, what would you suggest and why?

QUESTION 13 – EFFECTIVE DATE



Appendix B

The Exposure Draft proposes allowing entities to apply the Standard before the effective date to be set by the ISSB. It also proposes relief from the requirement to present comparative information in the first year the requirements would be applied to facilitate timely application of the Standard.

- (a) 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, those using the sustainability-related financial disclosures and others.*
- (b) Do you agree with the ISSB providing the proposed relief from disclosing comparatives in the first year of application? If not, why not?*

QUESTION 14 – GLOBAL BASELINE



IFRS Sustainability Disclosure Standards are intended to meet the needs of the users of general purpose financial reporting to enable them to make assessments of enterprise value, providing a comprehensive global baseline for the assessment of enterprise value. Other stakeholders are also interested in the effects of sustainability-related risks and opportunities. Those needs may be met by requirements set by others, including regulators and jurisdictions. The ISSB intends that such requirements by others could build on the comprehensive global baseline established by the IFRS Sustainability Disclosure Standards.

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?

QUESTION 15 – DIGITAL REPORTING



The ISSB plans to prioritise enabling digital consumption of sustainability-related financial information prepared in accordance with IFRS Sustainability Disclosure Standards from the outset of its work. The primary benefit of digital consumption as compared to paper-based consumption is improved accessibility, enabling easier extraction and comparison of information. To facilitate digital consumption of information provided in accordance with IFRS Sustainability Disclosure Standards, an IFRS Sustainability Disclosures Taxonomy is being developed by the IFRS Foundation. The Exposure Draft and [draft] IFRS S2 Climate-related Disclosures Standards are the sources for the Taxonomy.

It is intended that a staff draft of the Taxonomy will be published shortly after the release of the Exposure Draft, accompanied by a staff paper which will include an overview of the essential proposals for the Taxonomy. At a later date, an Exposure Draft of Taxonomy proposals is planned to be published by the ISSB for public consultation.

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)?

QUESTION 16 - COSTS, BENEFITS AND LIKELY EFFECTS



The ISSB is committed to ensuring that implementing the Exposure Draft proposals appropriately balances costs and benefits.

- (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?*
- (b) Do you have any comments on the costs of ongoing application of the proposals that the ISSB should consider?*

QUESTION 17 – OTHER COMMENTS



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Do you have any other comments on the proposals set out in the Exposure Draft?



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