Comment letter: [Draft] IFRS S2 Climate-related Disclosures

29 July 2022

Overview

The Responsible Investment Association Australasia (RIAA) thanks the International Sustainability Standards Board (ISSB) for the opportunity to comment on [Draft] IFRS S2 Climate-related Disclosures.

RIAA strongly supports the ISSB’s mission of establishing a comprehensive global baseline for climate disclosures, building on established standards including the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD).

The ISSB Standards will significantly improve the extent and accuracy of climate-related information in our markets. It will enable investors and others to more accurately gauge the risks and value of companies, and to make better-informed decisions. It will ultimately boost efforts towards improving sustainability outcomes globally, including our commitments to the Paris Agreement goal and net zero targets.

While we are broadly supportive of proposed S2, this submission makes a number of recommendations that could improve disclosures from the perspective of investors.

Recommendations

1. Require disclosures of an assessment of board skills and competencies in climate change.
2. Remove ‘significant’ from S2 and require an entity to identify material information with investors.
3. Define short, medium and long-term time horizon ranges to improve comparability of time horizons.
4. Require entities to describe their value chain.
5. Require disclosure of interim targets and governance structures/line of responsibility to enable investors to understand how a company is implementing its transition plan.
6. Require entities to disclose the methodologies used in disclosures on the effects of climate risks and opportunities on financial position and performance and cash flows.
7. Require entities to undertake scenario analysis to assess their climate resilience.
8. Provide more detailed guidance on how to prepare disclosures on management of opportunities, as well as risks.
9. In the cross-industry metrics, require disclosure of the location of the main assets, facilities, operations and suppliers in areas at risk of extreme weather events.
10. Require entities to disclose methodologies for calculating scope 3 emissions.
11. Clarify in the standard that the definition of ‘materiality’ focuses on long term view and a consideration of a company’s impacts and dependencies on people, the planet and the economy as an important element of S2.
Response to questions

IFRS S2 Climate-related Disclosures

Question 1—Objective of the Exposure Draft
(a) Do you agree with the objective that has been established for the Exposure Draft? Why or why not?
(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?
(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?

RIAA supports the objective of the S2 Exposure Draft. In our view, the requirements set out in Exposure Draft S2 broadly meet the objective.

Climate-related disclosures should enable investors to not only assess the impacts of climate-related risks and opportunities on an entity, but importantly to understand the entity’s strategy and how it is placed to respond and adapt. This information is critical to investors when assessing the effects of climate-related risks and opportunities on the entity’s enterprise value. The type of information disclosed under S2 is immediately useful to investors, and will become more important over time, as the impacts of climate change increase and change.

The proposed S2, in creating a comprehensive global baseline for climate-related disclosures, will play an important role in providing investors with comprehensive, relevant, comparable and reliable information on which to base their decisions. The type of information disclosed under S2 will be particularly valuable given the medium to long term horizons investors operate within. Over time, the proposed S2 has the potential to improve the quality and availability of critical data and information available to investors, and enhance investment strategies.

Question 2—Governance
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?

RIAA broadly supports the disclosure requirements under the governance pillar, in particular:
• how often the board is informed about climate-related risks and opportunities (paragraph 5(b)), and
• whether climate-related performance metrics are included in remuneration policies (paragraph 5(f)).

Reliable and comparable information on remuneration is important for investors to understand the incentives driving an entity’s strategy and actions.

Disclosures under this pillar could be further enhanced by requiring, in addition to 5(c), an assessment of board members’ skills and competencies in climate change, through, for example, a skills matrix.

Recommendation 1: Require disclosures of an assessment of board skills and competencies in climate change.
Question 3—Identification of climate-related risks and opportunities
(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?
(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?
RIAA agrees with these proposed requirements. While overall the proposed requirements to identify and disclose a description are clear, the disclosures could be clearer to investors if S2 were amended as follows:

- Remove the term 'significant'. This term is not clearly defined and, from discussions we have had, is causing confusion. We recommend that instead, entities be required to disclose material information, and work with investors to identify what should be considered material.
- Define ranges for short, medium and long-term time horizons, for example, as is the case in EFRAG Exposure Draft ESRS E1 Climate change (paragraph AG 18). Consistency in time horizons would improve the comparability and clarity of this information for investors.

Recommendation 2: Remove 'significant' from S2 and require an entity to identify material information with investors.
Recommendation 3: Define short, medium and long-term time horizon ranges to improve comparability of time horizons.

Question 4—Concentrations of climate-related risks and opportunities in an entity’s value chain
(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?
(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?
RIAA broadly supports these proposed requirements. Provided entities define their value chain clearly, the proposed requirements should give investors a clear and comprehensive picture of where in an entity’s business and time horizon its climate-related risks and opportunities lie.

We acknowledge the challenges that can arise in quantifying the climate-related risks and opportunities in different parts of the value chain. Further guidance on the broad categories on which to report may assist entities to make more consistent – and therefore useful – disclosures.

The requirement could be improved by requiring entities to describe their value chain, so that investors understand the extent of the business that has been considered in the disclosures.

Recommendation 4: Require entities to describe their value chain.
Question 5—Transition plans and carbon offsets
(a) Do you agree with the proposed disclosure requirements for transition plans? Why or why not?
(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.
(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?
(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?

RIAA supports the proposals for transition plans, as this information is critical for investors to assess the likely medium to long term value of an entity. Additional information that would be enable investors to better understand how a company is implementing its transition plan includes:
- interim targets, to set out and track the trajectory towards long term goals, and
- the governance structures and lines of responsibility to achieve the transition plan.

The proposed detail on carbon offsets (in paragraph 13(b)(iii)) should enable investors to understand how an entity is reducing emissions, and the credibility and integrity of the offset component. It is important information for an investor to assess an entity’s real progress on reducing its impact on climate change, as well as its performance against its transition plan and other aspects of its disclosures.

Recommendation 5: Require disclosure of interim targets and governance structures/line of responsibility to enable investors to understand how a company is implementing its transition plan.

Question 6—Current and anticipated effects
(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?
(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?
(c) Do you agree with the proposed disclosure requirements for the anticipated effects of climate-related risks and opportunities on an entity’s financial position and financial performance over the short, medium and long term? If not, what would you suggest and why?

RIAA agrees with the requirements for disclosing current and anticipated effects of climate-related risks and opportunities on financial position and performance and cash flows. In particular:
- Quantitative information is highly valuable in investor decision-making, however in absence of quantitative information, qualitative information is useful in decision-making. We expect that as data and methodologies develop over time, entities will disclose more and more quantitative information.
- The requirement to link climate-related risks and opportunities to financial performance and position and cash flows will provide tailored information to better enable investors to assess an entity’s financial outlook.
- Disclosures on the effects of climate risk and opportunities over the short, medium and long term should provide investors with an appropriate understanding of the how the entity will be placed over an investor’s time horizon, which is particularly important for long-term investor decision-making.
Entities should also be required to disclose the methodologies used in these disclosures, to better enable investors to compare information between entities and assess how robust the Information is, particularly forward-looking statements.

Recommendation 6: Require entities to disclose the methodologies used in disclosures on the effects of climate risks and opportunities on financial position and performance and cash flows.

Recommendation 7: Require entities to undertake scenario analysis to assess their climate resilience.
Question 8—Risk management
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?

We support these proposals. We recommend more detailed guidance on the requirements for opportunities disclosure, given there is less detail in this requirement than the equivalent requirements for risks. For investors to assess the likely future value of the business, they need to understand how an entity is managing its opportunities as well as risks.

Recommendation 8: Provide more detailed guidance on how to prepare disclosures on management of opportunities, as well as risks.

Question 9—Cross-industry metric categories and greenhouse gas emissions
(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?
(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.

It would be useful to investors to have data on the location of the main assets, facilities, operations and suppliers in areas at risk of extreme weather events. In countries such as Australia there have significant extreme weather events in recent years, including flood and wildfires heightening the physical risks of climate change on many businesses depending on their locations. There are locations which are increasingly at risk of ongoing damage and are at risk of being uninsurable or insurable at a prohibitive cost. This information is going to be increasing important to investors looking at not just long term but even short term horizons.

Recommendation 9: In the cross-industry metrics, require disclosure of the location of the main assets, facilities, operations and suppliers in areas at risk of extreme weather events.

(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?
(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))?
(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?
(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?

RIAA agrees with the proposal that scope 1, 2 and 3 emissions should be disclosed in accordance with the GHG Protocol. Given the GHG Protocol is a commonly-used standard for calculating emissions globally, it will ensure emissions data is clearer and more comparable for investors.
We also agree with the proposal that entities disclose emissions separately for the consolidated entity and for associates, joint ventures etc. This approach provides investors with detailed information that can be linked to the consolidated financial statement.

RIAA strongly supports the requirement to disclose material scope 3 absolute gross emissions. We note that this is in line with the October 2021 Annex to the TCFD Recommendations.

For investors, scope 3 emissions disclosures are critical in assessing the risks in a company’s value chain, for example, the company’s financed emissions. Scope 3 emissions can highlight where a company is vulnerable, particularly to physical risk and transition risk, and provide a clearer and more comprehensive picture of enterprise value. The requirement to disclose scope 3 emissions will align the market with the expectations of investors and their beneficiaries to be transparent about climate risks and opportunities, and, more broadly, the company’s impact on people and planet.

For companies already disclosing scope 3 emissions, this requirement under [S2] will better equalise markets by bringing competitors up to leading practices. For companies not already disclosing scope 3 emissions, it will prompt better understanding of climate risks and opportunities, and their ability to manage a range of physical, transitional, regulatory, reputational and other risks.

While there are challenges for entities in reporting scope 3 emissions – including institutional investors and other financial institutions – a complete picture of an entity’s emissions is important to investors as users of disclosures.

**Recommendation 10:** Require entities to disclose methodologies for calculating scope 3 emissions.

**Question 10—Targets**
(a) Do you agree with the proposed disclosure about climate-related targets? Why or why not?
(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?

RIAA agrees with the proposed disclosures about targets, with the following recommended changes:

- Closer alignment of S2 with the proposed [S1] on the requirements for comparability and verifiability and requirement to include the methodologies for calculations, including assumptions and limitation.
- A requirement to disclose the scope of targets, including any activities, locations or emissions that are excluded.
- Guidance on whether and how carbon offsets can be used by entities when setting net zero targets. For example, the PRI’s draft submission refers to EFRAG’s Exposure Draft ESRS E1 on Climate change (paragraph 24©) excludes greenhouse gas (GHG) removals, carbon credits and avoided emissions for the purposes of emissions reduction targets. Carbon offsets should be used sparingly and be reduced over time.

We do not have any suggestions about the definition. It will be useful in ensuring the S2 requirements keep pace with future developments.

**Question 11—Industry-based requirements**
(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 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?
(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?
(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?

(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?

RIAA supports the disclosure of financed and facilitated emissions. These emissions are a significant emissions source for financial institutions, including investors. Obtaining meaningful, reliable data on these emissions can be challenging for investors, and it is important in assessing investment risks and preparing their own disclosures.

(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?

RIAA does not offer comment on the details of this proposal.

(f) Do you agree with the proposed requirement to disclose both absolute- and intensity-based financed emissions? Why or why not?

RIAA agrees with this proposal, as it will provide investors with more comprehensive and comparable information relevant to their risk exposure. Both forms – absolute and intensity-based – are essential from an investor perspective to make both comparative analysis with peers, whilst also monitoring actual emissions trajectory over time.

(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?

(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?

RIAA agrees with the proposals as referred to in 11 (g) and (h) above. Disclosure of methodology will assist investors to verify the financed emissions disclosed. The proposal to require entities to use the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard but not prescribe a specific methodology balances investors’ need for consistent and comparable information with the need of some entities to adapt their reporting to comply with the S2 standard.

(i) In the proposal for entities in the asset management and custody activities industry, does the disclosure of financed emissions associated with total assets under management provide useful information for the assessment of the entity’s indirect transition risk exposure? Why or why not?

This information is useful to investors. Financed emissions relative to AUM provides some sense of the extent of an entity’s risk exposure.

(j) Do you agree with the proposed industry-based requirements? Why or why not? If not, what do you suggest and why?

RIAA supports the inclusion of specified industry-based requirements in IFRS Draft S2 Appendix B, based on the SASB Standards. The SASB Standards are increasingly used in Australia and New Zealand. Adopting the industry-based requirements from the international standard in Australia will improve the comparability of disclosures. However, to ensure the industry-specific standards are comprehensive and practical, the ISSB will have further work to do in field testing the standards globally, including identifying and addressing any gaps or lack of clarity.
(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.

(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?

While RIAA is broadly supportive of S2 specifying industry-based requirements, we do not have comments on the substance of the proposed requirements.

**Question 12—Costs, benefits and likely effects**

(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?

(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?

The ISSB Standards, as a comprehensive global baseline for sustainability-related disclosures, should significantly improve the consistency, reliability and comparability of sustainability related disclosures globally.

While a large number of companies are already reporting comprehensive climate-related information to markets, including in Australia and Aotearoa New Zealand, the global baseline will enable investors to better understand, compare and analyse disclosures. This will boost understanding of their investment risks, shape investment strategies and make more efficient decisions. It will also enable investors to meet their beneficiaries’ increasing expectations of sustainable and net zero-aligned investment approaches and transparency.

While S2 builds on the TCFD, SASB Standards and other standards which already exist in financial markets across the globe, the streamlining and updating of these requirements will improve the consistency of disclosures. This will improve the efficiency and accuracy of investor analysis. It will, in turn, inform asset owners’ and asset managers’ own disclosures to markets and their beneficiaries, leading to improved transparency and efficiency of financial markets.

From the perspective of reporting entities, a comprehensive global baseline would, over time, streamline reporting costs, lower transaction costs, facilitate smoother cross-border capital flows, reduce market segmentation and increase market confidence, and has the potential to improve internal understanding of risks and opportunities. It could inform more sustainable business opportunities and ventures. ‘Good’ reporting against the ISSB Standards will signal to investors that an entity is committed to improving the sustainability of its business, and is capably managing its related risks and opportunities.

There is clear value in the ISSB’s global baseline in a range of jurisdictions. For example, Aotearoa New Zealand is forging ahead on mandating climate-related disclosures, with its own standard now in development and due to commence in 2023. That process is happening in parallel with, and informed by, the ISSB Standards. Conversely, in Australia, reporting against the TCFD framework is currently recommended by regulators but not mandated. The prompt implementation of the ISSB’s comprehensive global baseline domestically will enable New Zealand, Australia, and other countries at a similar stage, to swiftly move forward with its regulation of disclosures, to be on par with other nations.
Question 13—Verifiability and enforceability
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.

RIAA has not reviewed this aspect of the proposed standard.

Question 14—Effective date
(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?

The two ISSB Standards should have the same effective date. This would better enable consistent and complete disclosures under the ISSB Standards from the beginning.

Broader sustainability risks and opportunities are not distinct from climate-related risks and opportunities. For example, it is important for investors to be able to assess whether a company’s transition plan is enacting or supporting a ‘just transition’ for the people most affected.

An aligned commencement date would provide a more comprehensive view of the risks and opportunities of entities, and how these are being managed, from the early stages of reporting against the ISSB Standards. It will provide investors with more useful, nuanced, connected information on which to base decisions. It should also set in place from the beginning processes and methods that give an accurate and complete picture of the entity.

(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.

The final Standard should come into effect as soon as possible after it is issued. As noted above, some jurisdictions such as Aotearoa New Zealand are moving to regulate climate-related disclosures now. In other countries, many companies are already reporting against the TCFD framework, including in Australia on the recommendation of domestic regulators. The ISSB Standards are building on current practices and momentum, and should be adopted as soon as possible.

(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 could be applied earlier and do you believe that some requirements in the Exposure Draft should be required to be applied earlier than others?

Many elements of the different pillars of S2 are closely related and required for an investor to form a complete assessment of the entity.

Full reporting against all aspects of the Standard from the beginning would prompt entities to pinpoint the strengths and gaps in their data and analysis. This would better place investors to assess how well an entity understands and is managing its risks and opportunities.

If any transitional arrangement are considered necessary on introduction of S2, these should only be applied at a national level, not implemented by the ISSB, and should be short-term and targeted only to a demonstrated need, all the while ensuring disclosures in the early stages remain useful to investors.

Question 15—Digital reporting
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)?

RIAA does not offer comment on this.
Question 16—Global baseline
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?

RIAA is not aware of any aspects of the proposals that would limit the ISSB Standards’ utility as a comprehensive global baseline. We note that S2 is strongly based on existing frameworks and standards which are widely used internationally.

Question 17—Other comments
Do you have any other comments on the proposals set out in the Exposure Draft?

We agree with the PRI’s comments in its Exposure Draft submission on S2 regarding the need for the ISSB Standards to support the ‘building blocks’ approach. That approach will enable entities to go beyond the ISSB Standards’ focus on ‘enterprise value’, meet the requirements of different jurisdictions’ regulations, or the Global Reporting Initiative and prepare for the baseline to be lifted in the future.

In particular, the definition of materiality encompasses a broad view of the risks and opportunities that may affect enterprise value. This includes ‘information about a company’s impacts and dependencies on people, the planet and the economy when relevant to the assessment of the company’s enterprise value’.

From an investor perspective, enterprise value encompasses the external impacts a company has on people, planet and the economy that will financially impact the company in the medium to long term. These would include external impacts that lead to consumer backlash, stranded assets, action by regulators, litigation, law reform or other potential consequences which will affect enterprise value. A long-term view of enterprise value is critical to investors as primary users of the disclosures under the proposed standards. This comprehensive interpretation of materiality on enterprise value – sometimes referred to as double materiality – is an important element of the standards that we recommend be further clarified by the ISSB.

We support the PRI’s comments that consistency and alignment is needed in conceptual frameworks and common disclosures.

Recommendation 11: Clarify in the standard that the definition of ‘materiality’ focuses on long term view and a consideration of a company’s impacts and dependencies on people, the planet and the economy as an important element of S2.

About RIAA and our members
RIAA champions responsible investing and a sustainable financial system in New Zealand and Australia and is dedicated to ensuring capital is aligned with achieving a healthy society, environment, and economy.

With approximately 500 members managing more than US$29 trillion in assets globally, RIAA is the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across New Zealand and Australia. RIAA’s membership includes superannuation funds, KiwiSaver default providers, fund managers, banks, consultants, researchers, brokers, property managers, community trusts, foundations, faith-based groups, financial advisers, financial advisory groups, and others involved in the finance industry, across the full value chain of institutional to retail investors.