

1 March 2024

Australian Accounting Standards Board (AASB) Submitted via website

Dear Sir/Madam,

Exposure Draft - ED SR1 Australian Sustainability Reporting Standards - Disclosure of Climate-related Financial Information

About ACSI

Established in 2001, ACSI exists to provide a strong voice on financially material environmental, social and governance (ESG) issues. Our members are Australian and international asset owners and institutional investors with over AU\$1 trillion in funds under management.

Through research, engagement, advocacy and voting recommendations, ACSI supports members in managing ESG investment risk and exercising active ownership to strengthen investment outcomes. Active ownership, including the management of climate-related risk, allows institutional investors to enhance the long-term value of retirement savings entrusted to them to manage.

This submission draws on ACSI's long-standing practice of engagement with listed companies in relation to climate-related risks and opportunities, as well as detailed research into market practice. ACSI is responding to this consultation with the perspective of both reporters (as many of our members would be required to report) and as the users of climate-related reporting (as produced by our members' investee companies).

Summary of ACSI's position

ACSI welcomes the introduction of mandatory climate reporting standards. An internationally aligned Australian reporting framework is a logical step. Climate-change risks are financially material, embedded across the economy and represent a substantial challenge for Australian companies and investors, including superannuation funds. This information will be used by investors in their investment analysis, risk assessment, stewardship activities and investment due diligence. The reporting requirements will underpin the overarching policy goal of supporting economy-wide decarbonisation and meeting the goals of the Paris Agreement. This reporting framework should serve as one policy lever among the combination of legislation and regulation required to support and encourage decarbonisation.

We support the broadened application of the mandatory climate reporting regime to unlisted superannuation funds. ACSI notes that the Exposure Draft – ED SR1 Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information ('Exposure Draft') is based on ISSB standards which were designed to support reporting by issuers of capital. Consequently, potential modifications or additions to the Exposure Draft are required for not-for-profit entities. Modifications to the standard and sector-specific guidance will also be required for unlisted superannuation entities who, like not-for-profit entities, are not issuers of capital. For example, the Exposure Draft's definition of users of reporting does not incorporate the average superannuation fund member, who will be a primary user of superannuation fund climate reporting. Including a definition of users specific to superannuation entities will also support a clear understanding of the purpose of reporting and consequential materiality judgements for these reporters. The interaction with existing regulation for superannuation funds, such as CPG 220 Climate Change Financial Risks, should also be carefully considered.



Our responses to the consultation questions are contained in Appendix A. A detailed response to Question 21 is included in Appendix B.

I trust our comments are of assistance. Please contact me or Kate Griffiths, Executive Manger – Research and Policy (kgriffiths@acsi.org.au) should you require any further information.

Yours faithfully

Louise Davidson AM

Chief Executive Officer



APPENDIX A: ANSWERS TO CONSULTATION QUESTIONS

Note: ACSI has answered the following questions as a representative of both investors (users of the proposed climate-related financial disclosures) and of superannuation fund reporters (producers of the proposed climate-related financial disclosures). Our responses below are from the investor perspective unless otherwise indicated with the heading, 'Comments on unlisted superannuation fund reporting.'

Consultation question

1 Presenting the core content of IFRS S1 in [draft] ASRS Standards

Do you prefer Option 1, 2, 3 or a different approach in respect of presenting the core content disclosure requirements of IFRS \$1?

ACSI response

The approach taken to presenting the core content IFRS S1 in the Exposure Draft is confusing. We consider that this presentation reduces the readability of disclosure requirements for prospective reporters, making the identification of obligations unnecessarily complex. In addition, the limited adoption of IFRS S1, with the replacement of sustainability matters with climate, could impede the smooth adoption of additional sustainability standards as they are developed. Finally, one of the main reasons for adopting ISSB standards is to implement internationally comparable disclosure requirements. The substantial alterations in the Exposure Draft will make it less aligned with international adoptions of ISSB standards.

ACSI considers that the best option, to maximise readability, as well as support the implementation of future standards and international alignment, would be to retain ASRS 1 as a general sustainability standard, like ISSB 1. ASRS 1 can be introduced as a voluntary standard, with ASRS 2 replicating the elements of ASRS 1 that are mandatory. This would allow for the easier introduction of new sustainability-related standards, would be less confusing for reporters trying to understand their disclosure obligations and would maximise international comparability.

If it is not possible to introduce a voluntary general sustainability ASRS 1 standard, Option 2 is the optimal outcome of the three options provided. Option 2, more than Option 1 or 3, would retain a similar structure to ISSB 1 and 2, and support readability and clarity in the application of the standards.

2 Conceptual frameworks

Do you agree with the AASB's approach to make references to its Conceptual Framework for Financial Reporting (in respect of for-profit entities) and the Framework for the Preparation and Presentation of Financial Statements (in respect to not-for-profit entities) instead of duplicating definitions and contents of these Frameworks in [draft] ASRS 1 and [draft] ASRS 2?

In general, we are comfortable with the references to the Conceptual Framework for Financial Reporting. However, ACSI does not support referencing paragraph 1.2 of the Conceptual Framework for Financial Reporting to define users of superannuation fund reporting. This is discussed more fully in our response to Question 21 and in Appendix B.



3 No material climate risks and opportunities.

Do you agree with the proposed requirements in [draft] ASRS 1 paragraph Aus6.2 and [draft] ASRS 2 paragraph Aus4.2?

ACSI supports this requirement and notes that the Exposure Draft of the Treasury Laws Amendment Bill 2024: Climate-related financial disclosure section 296B limits the ability to make this statement to Group 3 companies.

Climate-related risks are financially material risks economy-wide. Reporters who do not consider that they are subject to material climate risks should explain why.

4 Sources of guidance and references to Sustainability Accounting Standards Board (SASB)

Do you agree with the AASB's views noted in paragraph BC39-BC41?

We note that IFRS S1 does not require a reporting entity to apply SASB standards, they are only required to "refer to and consider the applicability of SASB standards." Adopting this obligation into the Draft does not appear to require reporters to disclose against SASB standards, rather just consider whether they are applicable. ACSI also notes that the ISSB has recently updated the SASB standards to enhance their international applicability.¹

As IFRS provides flexibility to reporters to consider whether SASB standards are applicable to their reporting, ACSI recommends that these references are retained in the Exposure Draft. Retaining this provision will have the added benefit of supporting the international comparability of Australia's adoption of ISSB standards.

5 ANZSIC

Do you agree with the AASB's view that if an entity elects to make industry-based disclosures, the entity should consider the applicability of well-established and understood metrics associated with particular business models, activities, or other common features that characterise participation in the same industry, as classified in ANZSIC?

ACSI does not agree that ANZSIC codes should be used when making industry-based disclosures. The intention is to enable the provision of relevant industry-based metrics, and restricting consideration to ANZSIC codes may have the unintended consequence of limiting the industry-based metrics disclosed.

It would be more appropriate to leave the original ISSB provisions unchanged and instead provide guidance on the range of industry classifications that can be used. We note that a key benefit of adopting ISSB standards in Australia will be the international comparability of reporting. Consequently, it would be more appropriate to use metrics associated with the Global Industry Classification Standard (GICS). This standard, albeit imperfect, is used by most investors to identify the industry of listed companies (i.e. the issuers of capital for which the ISSB standards are intended) and, as a global standard, will support the comparability and comprehensibility of entity disclosures. If the use of ANZSIC codes is mandated, it would be appropriate to require the ANZSIC codes to be mapped to the relevant GICS codes.

¹ IFRS - New and updated resources to help companies apply IFRS S1 and IFRS S2 from 2024



6 Other frameworks

Do you consider the ASRS Standards should expressly permit an entity to also provide voluntary disclosures based on other relevant frameworks or pronouncements (e.g. the SASB Standards)?

ACSI supports the ability for reporters to provide additional voluntary disclosures based on other reporting frameworks.

Reporters should provide clear and transparent information about the frameworks they are using to disclose additional voluntary information.

Part of this permission should clarify what industry metrics are within scope for assurance and that voluntary disclosures beyond this are not subject to assurance.

7 Location of disclosures

Instead of requiring a detailed index table to be included in the general purpose financial reports, the AASB added paragraph Aus60.1 to [draft] ASRS 1 to propose requiring an entity to apply judgement in providing information in a manner that enables users to locate its climate-related financial disclosures.

ACSI supports this approach. A range of entities will be disclosing against the Exposure Draft. Consequently, reporters should be able to apply their own judgement regarding the location of information. It remains important that the location is clear to users of the reporting. ACSI notes that a detailed index table may be the clearest way to disclose the location of the relevant disclosures.

8 Interim reporting

Do you agree with the proposed omission of IFRS \$1 paragraphs 69 and B48?

Paragraph 69 of IFRS S1 does not *mandate* interim reporting, rather it notes that local authorities can decide the degree to which this requirement is mandated. ACSI considers it would be more appropriate to respond to reporter confusion by retaining the paragraphs on interim reporting while being clear that interim updates are voluntary and entities need only consider whether an update to the market is appropriate in the circumstances, such as when there is a significant change. We note that continuous disclosure obligations continue to apply.

9 Scope of ASRS 2

Do you agree with the proposal in [draft] ASRS 2 paragraph Aus3.1 to clarify the scope of the [draft] Standard?

ACSI supports the proposal to clarify the scope of the Exposure Draft to climate-related risks and opportunities related to climate change. However, it may be more appropriate to locate this clarification in the Explanatory Statement rather than in ASRS 2 itself, to avoid unnecessary changes to the Standard.



10 & 11 Climate resilience

Do you agree with the proposal in [draft] ASRS 2 paragraph Aus22.1? Please provide reasons to support your view.

Do you agree with the AASB's view that it should not specify the upper-temperature scenario that an entity must use in its climate-related scenario analysis?

General comments

As noted in the ACSI <u>submission</u> to Treasury's Second Consultation on Climate-related Financial Disclosures, we support the inclusion of requirements for at least two scenarios. One of these scenarios should be aligned with the Paris Agreement. It would be appropriate for the second scenario to be based on current warming trajectories, with the degree warming that is identified in the requirements based on latest projections if no effective policy action is taken (around 3-4 degrees) to assess the resilience of the reporting entities under betterand worse-case conditions.

Comments on unlisted superannuation fund reporting

ACSI notes that there are substantial differences, in terms of purpose, methodology, limitations and outcomes, between scenario analysis performed by an unlisted superannuation fund with investments that reflect the whole of the economy, and issuers of capital that are in, or predominantly in, one sector.

Disclosure requirements for scenario analysis should reflect these differences and therefore it will be important to develop sector-specific guidance for scenario analysis along with other elements of reporting.

12 Cross-industry metric disclosures

Do you consider the cross-industry metric disclosures set out in paragraphs 29(b)–29(g) of IFRS S2 (and [draft] ASRS 2) would provide useful information to users about an entity's performance in relation to its climate-related risks and opportunities?

General comments

These disclosures provide useful information to investors on issuers of capital's exposure to climate risks and opportunities and their response.

Comments on unlisted superannuation fund reporting

At a high level, ACSI considers that there is a lack of clarity around how these disclosure requirements apply to unlisted superannuation fund activities as the provisions are designed for an issuer of capital operating in a limited number of sectors.

For example, 29 (c) requires disclosures around "the amount and percentage of assets or business activities vulnerable to climate-related physical risks." This question appears to be designed for issuers of capital in a limited number of sectors. It is unclear what level of detail is expected from superannuation funds who are generally universal owners with investments across the global economy, given physical risks are generally location based. ACSI considers that guidance should be developed that specifies an appropriate level of disclosure, for example sector-level reporting, for unlisted superannuation funds.

13 Cross-industry remuneration disclosures

Do you agree with the proposed requirements in [draft] ASRS 2 paragraphs 29(g) and Aus29.1?

Executive remuneration should be designed to promote sustainable long-term performance and, where applicable, shareholder value creation. Increasingly, how an entity manages climate-related risks and opportunities is integral to long-term success. Therefore, where climate-related considerations are factored into executive remuneration it should be disclosed. Guidance should clarify that these remuneration arrangements are generally relevant only to variable remuneration components. The provisions should be consistent with existing disclosure requirements for executive remuneration.



14 Definition of greenhouse gases

Do you agree with the AASB's proposal to incorporate in [draft] ASRS 2 the definition of greenhouse gases from IFRS S2 without any modification?

The AASB's proposal is appropriate to support international comparability. At the same time, this indicates that there is a need to update the NGER Scheme legislation to reflect the greenhouse gases listed in the Kyoto Protocol.

15 Converting gas into CO2 equivalent

Do you agree with the AASB's view that an Australian entity should be required to convert greenhouse gases using GWP values in line with the reporting requirements under NGER Scheme legislation?

Many entities will already be disclosing climate-related information based on the latest IPCC assessment. Consequently, it may be more appropriate to leave the provision unchanged and incorporate an allowance for entities covered by NGERS reporting obligations to disclose against the older IPCC assessment. Similar to our response to Question 14, it reflects a need to update the NGER Scheme legislation and AASB standard so that they are able, but not beholden, to accommodate relevant updates in the IPCC reports.

16 Market-based scope 2 GHG emissions

Do you agree with the proposals set out in [draft] ASRS 2 paragraphs Aus31.1(f) and AusC4.2? ACSI supports this proposal as it aims to improve the accuracy of data disclosed on scope 2 emissions. The phase-in period should allow sufficient time for reporters to develop the capability to disclose market-based scope 2 emissions.

17 GHG Measurement

Do you agree with the proposals in [draft] ASRS 2 paragraphs Aus31.1(b) and AusB25.1?

We agree at a high level with the proposals, noting that for comparability and comprehensibility purposes, ACSI would expect reporters not already reporting emissions under NGER Scheme legislation to disclose emissions using GHG Protocol Standards. Similar to earlier comments, the NGER Scheme legislation should be aligned with globally recognised and adopted standards such as the GHG Protocol Standards to support the goal of comparability.

18 Scope 3 relief

Do you agree with the proposal in paragraph AusB39.1 of [draft] ASRS 28

General comments

The AASB's approach is appropriate.

Comments on unlisted superannuation fund reporting

ACSI supports this proposal. As noted in <u>previous submissions</u> to Treasury's consultations on Climate-related Financial Disclosures, superannuation funds, asset managers and other users of financial information will generally be aggregating data or using estimates. For example, investors will depend on the disclosures of their investees in order to calculate their financed emissions (which represents the bulk of their climate risk). This means that the most recent data available will generally be for the previous financial year.

It will be important for clear guidance to be developed before the introduction of reporting requirements. The guidance should outline that financed emissions reporting will grow over time how to appropriately build out financed emissions using the data hierarchy (outlined in the AASB Exposure Draft Appendix B Application guidance on the disclosure of scope 3 emissions B38-B57) ranging from verified data to estimates. Guidance should also be provided on the application of the 'undue cost and effort' principle.



19 Scope 3 emissions categories

Do you agree with the AASB's approach in [draft] ASRS 2 paragraph AusB33.1 to include the Scope 3 GHG emission categories in IFRS S2 as examples of categories that an entity could consider when disclosing the sources of its Scope 3 GHG emissions, rather than requiring an entity to categorise the sources of emissions in accordance with the categories of the GHG Protocol Standards?

ACSI's preference is to retain the requirement to report against scope 3 GHG categories from IFRS S2, as this is a generally accepted global standard and supports the comparability and comprehensibility of disclosures. Information disclosed by scope 3 category is an important tool for investors to identify and focus on areas where the reporting entity:

- has some control across their supply chain; and
- has strategic risk, such as change in use of sold product emissions over time.

20 Financed emissions

Do you agree with the AASB's proposal to require an entity to consider the applicability of those disclosures related to its financed emissions, as set out in [draft] ASRS 2 paragraphs AusB59.1, AusB61.1 and AusB63.1, instead of explicitly requiring an entity to disclose that information?

General comments

We interpret this change to mean that the level of disaggregation of financed emissions reported is for an entity to consider and not intended to provide relief on the reporting of financed emissions in general. That is, if financed emissions are material to an entity they should be disclosed. We note that there has been confusion in the market on the intention of these changes. If they are to remain in the Exposure Draft, ASRS 2 should make it explicitly clear that material financed emissions are required to be disclosed and that the intention of the change is to allow more flexibility on how financed emissions reporting is disaggregated.

If ASRS 2 makes the requirement to disclose material financed emissions clear, ACSI is broadly comfortable with the proposed change to allow an entity to consider the applicability of disaggregated disclosures in its financed emissions reporting. However, we note that this change means that a range of methodologies can be used to disclose financed emissions, and this will reduce the usefulness of reporting to investors. Consequently, we strongly recommend that clear guidance on how to disclose financed emissions is developed well before the onset of reporting obligations to encourage the disclosure of information that is comparable across reporters. It would be appropriate to refer to global best practice such as Partnership for Carbon Accounting Financials' (PCAF) Global GHG Accounting and Reporting Standard for the Financial Industry² in this guidance.

Comments on unlisted superannuation fund reporting

Like IFRS S2, unlisted superannuation funds aren't considered in the examples of financed emissions disclosures included in the Exposure Draft. However, in the context of materiality, it is appropriate for unlisted superannuation funds to report their financed emissions. Consequently, additional guidance will be required for superannuation funds to support comprehensibility and comparability of their disclosures.

² The Global GHG Accounting and Reporting Standard for the Financial Industry (carbonaccountingfinancials.com)



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21 Superannuation entities

In your opinion, are there circumstances specific to superannuation entities that would cause challenges for superannuation entities to comply with the proposed requirements in [draft] ASRS 1 and [draft] ASRS 2?

Refer Appendix B for a detailed response to this question.

ACSI supports the inclusion of superannuation funds in the mandatory climate reporting regime.

The ISSB standards were developed for disclosures by issuers of capital, and this consequently creates challenges with the Exposure Draft's broader application (including to unlisted superannuation funds). A combination of changes to the [draft] standard and the development of guidance will be required to support a consistent approach to reporting.

ACSI considers that the main issues with applying the Exposure Draft to superannuation entities include:

- The users of reporting are unclear in relation to unlisted superannuation fund reporting. Users are defined as primary users of general-purpose financial reporting and the Exposure Draft (p.35, B17) includes the assumption that these users "have reasonable knowledge of business and economic activity." This definition of users does not readily apply to unlisted superannuation funds, who are reporting to their beneficiaries.
- The focus of the reporting standard on issuers of capital who are generally operating in a limited number of sectors is not fit for purpose for superannuation funds reporting on the climate risks and opportunities in their investments, which are generally global and across multiple sectors.
- As noted earlier in response to questions 10 and 11, disclosures around resilience (scenario analysis) do not recognise the difference between the purpose, methodologies, limitations, and outcomes of scenario analysis by superannuation funds as universal investors and issuers of capital operating in a limited number of sectors.

ACSI considers that an additional definition of "user" specific to superannuation funds will need to be incorporated in the Exposure Draft to reflect its broader application beyond issuers of capital. One potential response would be to incorporate the definition of users of reporting included in the AASB 1056 Superannuation Entities Standard, which refers to beneficiaries. The inclusion of a superannuation fund-specific definition of user will then have flow-on effects to the purpose of reporting and the application of materiality.

In addition, guidance should be developed well before the onset of reporting obligations for areas in which it is unclear what unlisted superannuation funds should disclose against the provisions. This guidance should draw on industry expertise. ACSI would be happy to assist with this guidance development.

22 Carbon credits

Do you agree with the AASB's proposal to modify the definition of carbon credit in [draft] ASRS 2?

ACSI supports the proposal to modify the definition of carbon credits to encompass carbon credits issued under the Australian Carbon Credit Unit Scheme.

23-29 Not-for-profit (NFP) entities and NFP public sector entities

ACSI does not have a comment on the specific changes for NFP entities and NFP public sector entities.



30 Has the AASB Sustainability Reporting Standard-Setting Framework (September 2023) been applied appropriately?	Comments on unlisted superannuation fund reporting ACSI is broadly comfortable with the application of the AASB Sustainability Reporting Standard-Setting Framework, with the exception of the disconnect between the definition of "users" in the Exposure Draft and the "users" envisaged in the Standard-Setting Framework. This is discussed in Appendix B.
31 Are there any regulatory/other issues that may affect the implementation of the proposals including any issues relating to NFP entities and public sector entities?	General comments ACSI does not have comments regarding NFP entities and public sector entities. Comments on unlisted superannuation fund reporting There is existing regulation over superannuation fund activities and reporting that should be reviewed for consistency. These include: • Superannuation Performance Test, • APRA guidance, such as CPG 229 Climate Change Financial Risks, and • Product Disclosure Statements (PDS), such as the ASIC Regulatory Guide RG 168 Product Disclosure Statements. The interaction of this regulation and existing regulations should be carefully considered with the aim of consistency, efficiency and avoiding duplication.
32 Do these proposals create any auditing or assurance challenges?	The timetable for the phasing in of auditing and assurance requirements, as well as the sequencing and timing of uplift requirements from limited to reasonable assurance, should be carefully considered, to support the development of auditing/assurance expertise and reporting capability. We note that the legislation states that assurance requirements will be restricted to limited assurance of scope 1 and 2 emissions until 1 July 2030. ACSI considers that this arrangement is appropriate as it will allow for the development of an Australian Sustainability Assurance Standard based on the yet to be finalised ISSA 5000 General Requirements for Sustainability Assurance Engagements.
33 Would the proposals result overall in climate-related financial information that is useful to users?	General comments ACSI is very supportive of the introduction of internationally comparable and comprehensible climate-related financial reporting standards. As noted in our response to Question 1, the presentation of the Exposure Draft reduces the comparability, as well as comprehensibility, of the reporting requirements. Comments on unlisted superannuation fund reporting ACSI notes that the ISSB standard was not designed for unlisted superannuation fund reporting. This creates challenges in superannuation fund reporting, as discussed in our response to Question 21 and Appendix B.



34 Are the proposals in the best interest of the Australian economy?	ACSI strongly supports the introduction of mandatory climate reporting. Adopting the standard will align Australia with global practice, increasing investor confidence and promoting open markets. Substandard disclosures due to the absence of a standard will likely frustrate investors' ability to access useful information and provide barriers to investment in the transition to a lower carbon economy. Australia is a net importer of capital, and these disclosures will support our position as an attractive location for investment.
35 What are the costs and benefits of these proposals?	ACSI has outlined the substantial benefits of mandatory climate reporting in this submission (refer response to Question 34) and in our two:submissions to Treasury's consultations on Climate-related Financial Disclosures.
	ACSI considers that the design and implementation of the Exposure Draft will need to be carefully considered in order to support the benefits of the reporting framework. In particular, as noted above, any changes to the Exposure Draft to reflect the Australian context should be additive in order to maximise the ability to compare reporting with other jurisdictions. ACSI's response to Question 21 outlines other design challenges of the Exposure Draft that should be considered.



APPENDIX B: RESPONSE TO QUESTION 21

Overview of main issues in analysis of AASB Standard

An overarching challenge in applying the AASB Standard to unlisted superannuation funds is that the envisaged primary users of the Standard, who underpin the objective and content of the reporting framework, do not reflect unlisted superannuation fund activities. References to 'primary users' appears throughout the Standard. ACSI's analysis of the challenge this poses to unlisted superannuation fund reporting and a proposed response is outlined in Table 1.

Table 1 Definition of 'users'

Topic	Challenge	Proposed response
Users	The definition of users of for-profit entities'	We note the Exposure Draft applies a
	reporting is designed for issuers of capital,	different, broader definition of "users" for
	which creates challenges when applying	non-profit entities that incorporates resource
	these reporting requirements to any other	providers, recipients of goods and services,
	type of entity. The Exposure Draft defines	and parties performing a review or oversight
	primary users as the primary users of general-purpose financial reports, i.e.	function. This is a sensible modification that acknowledges the differences between for-
	investors.	profit and not-for-profit entities.
	The assumed users are described in more	A similar modification should be applied to
	detail in paragraph 1.2 of the Conceptual	unlisted superannuation funds. It would be
	<u>Framework for Financial Reporting,</u> which	appropriate to adopt the definition of "users"
	describes users as, "existing and potential investors, lenders and other creditors in	located in AASB 1056 Superannuation Entities Standard, which refers to beneficiaries. BC12
	making decisions relating to providing	states that "current and potential members
	resources to the entity." ³ The Exposure	and beneficiaries" are among the most
	Draft adds more detail (refer p.35, B17),	prominent of the users of superannuation
	stating that disclosures are prepared for	funds' general-purpose financial statements.
	users "who have reasonable knowledge of	
	business and economic activities."	The insertion of a specific definition of user for
	This does not align with unlisted	unlisted superannuation funds will also clarify the purpose of reporting. The purpose
	superannuation fund disclosures, where	contained in the Exposure Draft refers to
	the users are fund beneficiaries, who	reporting useful to primary users of general-
	cannot generally be assumed to have	purpose financial reporting. The AASB 1056
	reasonable knowledge of business and	purpose for unlisted superannuation funds is
	economic activities (B17, p. 35 of the	reporting useful for their "current and
	Exposure Draft). The narrow definition employed in the Exposure Draft also	potential members and beneficiaries." The concept of material information will also be
	conflicts with the broader understanding	influenced by the definition of unlisted
	of users envisaged in the AASB Framework,	superannuation fund reporting users. It will be
	Setting Australian Sustainability Reporting	important to develop materiality guidance in
	Standards (para 8-10). This framework	the context of the users of unlisted
	describes users as potentially including	superannuation funds as well as investors.
	"existing and potential resource providers (such as investors, lenders, other creditors,	The outcomes of incorporating a definition of
	donors and taxpayers), recipients of goods	users from AASB 1056 will need to be carefully
	and services (such as customers and	considered. For example, even with the
	beneficiaries) and parties performing	inclusion of a definition of users that applies
	policymaking, review or oversight functions	to unlisted superannuation funds, guidance
	(such as advisers and members of	will be required to support linking the desired
	parliament)."	outcomes of this standard with the users of
		unlisted superannuation funds' reporting.

⁴ Compiled AASB 1056 (May 2019)



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³ Compiled Conceptual Framework (December 2021) (aasb.gov.au)

A second challenge appearing throughout the Standard is an assumption that the reporter is an issuer of capital operating within a limited number of sectors. It is unclear in many cases what information unlisted superannuation funds are expected to disclose against these provisions. Generally, further guidance will be required (rather than a separate reporting standard). Refer Table 2 for an overview of a handful of the challenges associated with the Standard's focus on issuers of capital and proposed responses. We would welcome the opportunity to go through these challenges listed below as well as additional ones identified.

Table 2 Examples of provisions' focus on issuers of capital

⁵ E20 More information on supplemental guidance for the financial sector.pdf (tcfdhub.org)



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