

# Attachment 1 to CP 380: Draft regulatory guide



**ASIC**  
Australian Securities &  
Investments Commission

REGULATORY GUIDE 000

## Sustainability reporting

November 2024

### About this guide

This guide is for entities required to prepare a sustainability report under Ch 2M of the Corporations Act. This may include companies (including registered corporations under the *National Greenhouse and Energy Reporting Act 2007*), registered schemes, registrable superannuation entities and retail corporate collective investment vehicles.

It explains how ASIC will exercise specific powers under legislation (primarily the Corporations Act), how ASIC interprets the law, the principles underlying ASIC's approach, and provides practical guidance to entities about complying with their sustainability reporting obligations.

### About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

**Consultation papers:** seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

**Regulatory guides:** give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

**Information sheets:** provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

**Reports:** describe ASIC compliance or relief activity or the results of a research project.

### Document history

This draft guide was issued in November 2024 and is based on legislation and regulations as at the date of issue.

### Disclaimer

This guide does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

Examples in this guide are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

DRAFT

# Contents

|          |   |           |
|----------|---|-----------|
| <b>A</b> | <b>Overview</b> .....   | <b>4</b>  |
|          | Sustainability reporting .....  | 4         |
|          | Objective of sustainability reporting .....   | 6         |
|          | ASIC's role .....   | 8         |
|          | Outline of regulatory guide .....   | 9         |
| <b>B</b> | <b>Preparing the sustainability report</b> .....  | <b>12</b> |
|          | Who must prepare a sustainability report .....  | 12        |
|          | Determining sustainability reporting thresholds .....                                       | 14        |
|          | Consolidated entities or group members of stapled groups .....                              | 15        |
|          | Non-reporting entities .....  | 15        |
|          | Obligation to keep sustainability records .....   | 16        |
|          | Directors' duties .....   | 17        |
|          | Modified liability settings .....   | 19        |
| <b>C</b> | <b>Content required in the sustainability report</b> .....                                  | <b>21</b> |
|          | Overview of required content .....  | 21        |
|          | Statements of no financial risks or opportunities relating to climate .....                 | 22        |
|          | Statements with forward-looking climate information .....                                   | 22        |
|          | Cross-referencing .....   | 24        |
|          | Labelling .....   | 24        |
|          | Notes to climate statements .....   | 26        |
|          | Proportionality mechanisms and exceptions under AASB S2 .....                               | 27        |
| <b>D</b> | <b>Sustainability-related financial disclosures outside the sustainability report</b> ..... | <b>29</b> |
|          | Overview of sustainability-related financial information .....                              | 29        |
|          | Sustainability-related financial information in the OFR .....                               | 31        |
|          | Sustainability-related financial information in disclosure documents under Ch 6D .....      | 34        |
|          | Sustainability-related financial information in PDSs .....                                  | 36        |
| <b>E</b> | <b>ASIC's administration of the sustainability reporting requirements</b> .....             | <b>40</b> |
|          | ASIC's power to grant sustainability reporting and audit relief .....                       | 40        |
|          | ASIC's general approach to sustainability reporting and audit relief .....                  | 41        |
|          | Legislative instruments granting relief for sustainability reporting .....                  | 42        |
|          | Individual relief .....   | 44        |
|          | Specific considerations for some applications .....   | 46        |
|          | How to apply for relief .....   | 48        |
|          | Review of sustainability reports .....  | 49        |
|          | <b>Key terms</b> .....  | <b>52</b> |
|          | <b>Related information</b> .....  | <b>58</b> |

DRAFT

## A Overview

### Key points

Under the sustainability reporting regime, entities must prepare and lodge a sustainability report if they:

- are required to prepare an annual financial report under Ch 2M of the *Corporations Act 2001* (Corporations Act); and
- meet the relevant sustainability reporting thresholds under s292A.

For these entities, sustainability reporting forms part of their annual reporting obligations.

The objective of sustainability reporting is to improve the quality, consistency and comparability of climate-related financial disclosures to enable users of that information to make informed decisions.

ASIC is responsible for administering and, where appropriate, enforcing the sustainability reporting regime.

Our focus is on ensuring users are provided with high-quality, decision-useful, climate-related financial disclosures that comply with the law and the sustainability standards.

This regulatory guide covers:

- the preparation of the sustainability report;
- specific issues about the contents of the sustainability report;
- sustainability-related financial disclosures outside the sustainability report; and
- ASIC's administration of the sustainability reporting requirements, including our surveillance program and the exercise of our relief powers.

## Sustainability reporting

RG 000.1 Under Ch 2M of the Corporations Act, entities must prepare a sustainability report:

- (a) if they are required to prepare an annual financial report under Ch 2M; and
- (b) meet one of the sustainability reporting thresholds under s292A (see RG 000.32–RG 000.40).

Note 1: In this guide, a 'sustainability report' refers to an annual sustainability report required under s292A.

Note 2: In this guide, a 'reporting entity' refers to an entity that must prepare a sustainability report: see also RG 000.36.

DRAFT

- RG 000.2 Reporting entities may include:
- (a) companies, including registered corporations under the *National Greenhouse and Energy Reporting Act 2007* (NGER Act);
  - (b) registered schemes;
  - (c) registrable superannuation entities (RSEs); and
  - (d) retail corporate collective investment vehicles (CCIVs).

- RG 000.3 A reporting entity's sustainability report for a financial year consists of:
- (a) climate statements;
  - (b) notes to the climate statements; and
  - (c) the directors' declaration about the climate statements and the notes (see s296A).

Note: For more information about notes to the climate statements, see RG 000.90–RG 000.91. For more information about the directors' declaration, see RG 000.54–RG 000.58.

- RG 000.4 The climate statements are those statements required by Australian Sustainability Reporting Standard [AASB S2](#) *Climate-related disclosures* made by the Australian Accounting Standards Board (AASB) under s336A.

Note: For some entities, the climate statement for a financial year is a statement that there are no material financial risks or opportunities relating to climate for the relevant entity. See s296B and RG 000.68–RG 000.71.

- RG 000.5 AASB S2 is based on the international sustainability standards [IFRS S1](#) *General requirements for disclosure of sustainability-related financial information* and [IFRS S2](#) *Climate-related disclosures*, issued by the International Sustainability Standards Board (ISSB).

Note 1: AASB S2 has been made by the AASB under s336A, by legislative instrument. Australian Sustainability Reporting Standard [AASB S1](#) *General requirements for disclosure of sustainability-related financial information* has been issued by the AASB as a voluntary sustainability standard. In this guide, AASB S1 and AASB S2 are collectively referred to as 'sustainability standards'.

Note 2: AASB S2 is based on IFRS S2 and the parts of IFRS S1 that are relevant for preparing climate-related financial disclosures.

- RG 000.6 Reporting entities must have the sustainability report audited in accordance with Div 3 of Pt 2M.3: see s301A. The audit requirements are being phased in between 1 January 2025 and 30 June 2030: see RG 000.173.

Note: The Australian Auditing and Assurance Standards Board (AUASB) is responsible for developing the timetable for phasing in these auditing requirements. The [AUASB website](#) contains further information about these developments.

DRAFT

- RG 000.7 The sustainability report for a financial year must be lodged with ASIC no later than:
- (a) three months after the end of the relevant financial year—for reporting entities that are disclosing entities, registered schemes, RSEs and registered schemes; and
  - (b) four months after the end of the relevant financial year—for all other reporting entities.

Note: Any member of the public can search ASIC's register to access a copy of a sustainability report lodged by a reporting entity.

- RG 000.8 If the reporting entity is a company, disclosing entity, RSE or registered scheme, it must provide the sustainability report and the auditor's report on the sustainability report to members: see s314(1)(a) and s314AA(1).

Note 1: For RSEs, see the definition of 'member' under s1017BB(6). For all other reporting entities, see the definition of 'member' under s9.

Note 2: If a reporting entity is a company limited by guarantee, and a member makes an election to receive a copy of the company's sustainability report or the auditor's report on the sustainability report for a financial year, the company must provide a copy of these reports to the member: see s314(1AAA), s316(5) and s316A.

- RG 000.9 If the reporting entity is a public company, it must lay the sustainability report and the auditor's report on the sustainability report before members at the reporting entity's annual general meeting (AGM): see Note 1 to s250N(3).
- RG 000.10 If a reporting entity is not required to provide the sustainability report to members, it must ensure that the sustainability report is publicly available on its website on and after the day on which the sustainability report is lodged with ASIC: see s316B(1).

## Objective of sustainability reporting

- RG 000.11 The objective of sustainability reporting is to improve the quality, consistency and comparability of climate-related financial disclosures of reporting entities. This facilitates confident and informed decision making by investors and other users of that information.

Note: The sustainability reporting requirements in the Corporations Act have been designed to establish an 'enduring framework for future sustainability-related financial disclosures'. At present the only mandatory component of a sustainability report is climate-related financial disclosures: see paragraph 4.12 of the [Explanatory Memorandum](#) for the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 (FMI Bill).

DRAFT

- RG 000.12 This objective is broadly reflected in s224 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act). It outlines that an objective of the sustainability standards is to facilitate:
- (a) financial and other related information that (among other things) is relevant and reliable, facilitates comparability, is easily understandable, and allows users to make and evaluate decisions about allocating scarce resources (see s224(a)); and
  - (b) the Australian economy, by reducing the cost of capital, enabling reporting entities to compete effectively overseas, and having sustainability standards that are clearly stated and easy to understand (see s224(b)).
- RG 000.13 This objective is also reflected in paragraph BC3 in the Basis for Conclusions accompanying [AASB S2](#) and paragraphs 4.9 and 4.10 of the [Explanatory Memorandum](#) to the FMI Bill.
- RG 000.14 AASB S2 was developed after consultation with stakeholders, including both preparers and users of the relevant information.
- RG 000.15 AASB S2 requires reporting entities to disclose information about climate-related risks and opportunities (if material) that is useful for primary users of general-purpose financial reports. Appendix A of AASB S2 defines these primary users as ‘existing and potential investors, lenders and other creditors’.
- RG 000.16 The Explanatory Memorandum for the FMI Bill at paragraph 4.4, also states that:
- [b]usinesses, investors, regulators and the public will have a clear and common understanding of obligations for entities to disclose climate-related financial risks or opportunities, in line with international standards

### **Climate-related risks and opportunities**

- RG 000.17 Climate change, and the response of governments, businesses and societies to it, may give rise to climate-related risks but may also present climate-related opportunities: see Table 1.

**Table 1: Climate-related risks and opportunities**

| Climate-related risks or opportunities | Definition in Appendix A of AASB S2  |
|--|--|
| Climate-related physical risks         | <p>Risks resulting from climate change that can be event-driven (acute physical risk) or from longer term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, droughts or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature, which could lead to sea-level rise, reduced water availability, biodiversity loss and changes in soil productivity.</p> <p>These risks could carry financial implications for an entity, such as costs, resulting from direct damage to assets or indirect effects of supply chain disruption. The entity's financial performance could also be affected by changes in water availability, sourcing and quality; and extreme temperature changes affecting the entity's premises, operations, supply chains, transportation needs and employee health and safety.</p> |
| Climate-related transition risks       | <p>Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks. These risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations. The entity's financial performance could also be affected by shifting consumer demands and the development and deployment of new technology.</p>  |
| Climate-related opportunities          | <p>The potential positive effects arising from climate change for an entity. Efforts to mitigate and adapt to climate change can product climate-related opportunities for an entity.</p>  |

RG 000.18 Climate change also presents systemic risks (both physical and transitional) to the financial system that regulators of financial stability risks (such as prudential regulators and central banks) need to manage.

Note: These financial stability risks were highlighted by the G20 Financial Stability Board at a meeting on the 24 September 2015, when it proposed a Taskforce on Climate-related Financial Disclosures, a precursor to the ISSB. Consideration of these financial stability risks has contributed to the demand for consistent and comparable climate-related financial disclosures. See also paragraph 4.8 of the [Explanatory Memorandum](#) for the FMI Bill.

## ASIC's role

RG 000.19 ASIC is responsible for administering, and where appropriate, enforcing, the sustainability reporting requirements under the Corporations Act.

RG 000.20 In administering this regime, our focus is on fostering high-quality, consistent and comparable climate-related financial disclosures to enable users of that information to make informed decisions. This facilitates fair and efficient capital markets.

DRAFT



- RG 000.21 Our role does not generally extend to assessing the ambition or merit of an entity's climate-related strategy or targets. These are generally strategic matters to be determined by an entity's directors and management acting in the entity's best interests.
- RG 000.22 Users of the sustainability report will in turn assess these matters in their own decision making with respect to the entity. For example, decisions to invest in or lend to, or continue to invest in and lend to, an entity, and/or decisions in relation to the exercise of voting rights in that entity.
- RG 000.23 ASIC has the power to make orders granting relief from any or all requirements of Pt 2M.3 of the Corporations Act (including the sustainability reporting requirements), provided the relevant jurisdictional threshold is met: see RG 000.143–RG 000.146.
- RG 000.24 ASIC recognises that there will be a period of transition as reporting entities continue to build their capability, as reflected in the phasing in of requirements and the temporary operation of modified liability settings. Accordingly, we will take a proportionate and pragmatic approach to supervision and enforcement as the requirements are being phased in: see Table 2.
- RG 000.25 ASIC can also use its directions power if we consider that a statement made in a sustainability report is incorrect, incomplete or misleading in any way: see RG 000.193–RG 000.203.

## Outline of regulatory guide

- RG 000.26 This regulatory guide addresses:
- (a) at Section B, preparing the sustainability report, including:
    - (i) the entities that must prepare a report and when;
    - (ii) the obligation to keep sustainability records;
    - (iii) directors' duties; and
    - (iv) the temporary modified liability settings.
  - (b) at Section C, the content of a sustainability report, including:
    - (i) statements of no material climate-related financial risks or opportunities under s296B(1);
    - (ii) statements with forward-looking climate information;
    - (iii) cross-referencing other documents in a sustainability report;
    - (iv) labelling of reports and statements containing sustainability-related financial information;
    - (v) notes to the climate statements; and

DRAFT

- (vi) the proportionality mechanisms and exceptions under [AASB S2](#).
- (c) at Section D, how the sustainability reporting requirements interact with other reporting obligations and disclosures, including:
  - (i) the operating and financial review (OFR) requirement under s299A;
  - (ii) disclosure documents under Ch 6D; and
  - (iii) Product Disclosure Statements (PDS) under Pt 7.9.
- (d) at Section E, our role in administering the sustainability reporting requirements, including our approach to:
  - (i) relief from the sustainability reporting and audit requirements;
  - (ii) reviewing sustainability reports; and
  - (iii) exercising our directions power under s296E.

RG 000.27 This guide does not purport to provide exhaustive guidance on the preparation of, and content required in, a sustainability report. It explains our interpretation of the sustainability reporting requirements under the Corporations Act and how we will administer and enforce the sustainability reporting requirements.

RG 000.28 Preparers and users of sustainability reports should also refer to guidance from other sources. For example:

- (a) Appendix B of AASB S2 provides guidance on the application of the core content requirements in AASB S2;
- (b) the ISSB has published accompanying guidance and education materials to support the application of [IFRS S2](#). The accompanying guidance is accessible after [signing in as a registered user](#). These may also be useful for reporting entities in complying with AASB S2; and
- (c) the AASB and AUASB are considering developing guidance and education materials in relation to the sustainability reporting and assurance regime.

RG 000.29 Reporting entities should also, where required, consider seeking professional advice to ensure compliance with the sustainability reporting requirements under the Corporations Act.

Note: However, a reporting entity's auditor should not provide this advice. The auditor must be independent from the reporting entity it audits: see Div 3, 4 and 5 of Pt 2M.4.

RG 000.30 This guide is for preparers of sustainability reports and their advisers. This includes current reporting entities and those entities required to report in the future. The guide may also be relevant for:

- (a) users of sustainability reports and their advisers;

DRAFT

- (b) non-reporting entities that wish to provide voluntary sustainability-related financial information, such as climate-related financial disclosures, to stakeholders; and
- (c) entities raising capital through the issue or sale of securities under Ch 6D, preparing disclosures for the purposes of complying with Ch 6 or Pt 5.1, or preparing disclosures for the purposes of complying with Pt 7.9.

RG 000.31 The sustainability reporting requirements intersect with other key requirements in the Corporations Act—many of which are covered by existing regulatory guidance. This regulatory guide should be considered together with any other relevant regulatory guidance, as indicated throughout.

DRAFT

## B Preparing the sustainability report

### Key points

Under Ch 2M, entities must prepare a sustainability report and keep sustainability records:

- if they are required to prepare an annual financial report under Ch 2M; and
- meet one of the sustainability reporting thresholds under s292A.

Entities that are not required to prepare a sustainability report or keep sustainability records include:

- foreign companies registered under Div 2 of Pt 5B.2;
- entities that are not Ch 2M reporting entities, such as registered charities; and
- entities that have obtained relief from the requirement to prepare an annual financial report.

Directors should consider the extent that material climate-related risks, like all material risks, pose a foreseeable risk of harm to the interests of the entity.

For sustainability reports prepared for the financial years commencing between 1 January 2025 and 31 December 2027, modified liability settings apply to disclosures relating to:

- scope 3 greenhouse gas emissions (including financed emissions);
- scenario analysis; and
- transition plans.

For sustainability reports prepared for the financial year commencing between 1 January 2025 and 31 December 2025, modified liability settings apply to all forward-looking statements relating to climate.

### Who must prepare a sustainability report

RG 000.32 Entities must prepare a sustainability report if they are required to prepare an annual financial report under Ch 2M (Ch 2M entities) *and* if they meet one of the following sustainability reporting thresholds under s292A:

- (a) the corporate size threshold—the entity (and the entities it controls if any) meets two of the three corporate size thresholds for consolidated revenue, value of consolidated gross assets or the number of employees under s292A(3);
- (b) the emissions threshold—the entity is a registered corporation that has emissions reporting obligations under the NGER Act (see s292A(5)); or

DRAFT

- (c) the assets under management threshold—the entity is a registered scheme, RSE or retail CCIV and it (and the entities it controls if any) meet the criteria for the value of assets under s292A(6).

Note: A registered scheme, RSE or retail CCIV that does not meet the assets under management threshold may still be required to prepare a sustainability report if they meet the sustainability reporting thresholds under s292A(3) or s292A(5).

RG 000.33 Table 2 summarises the commencement date of sustainability reporting requirements for entities meeting various thresholds: see s1707B.

**Table 2: Commencement of sustainability reporting obligations**

| Commencement date   | Relevant thresholds   |
|---|---|
| For annual reporting periods commencing on or from 1 January 2025 to 30 June 2026 (Group 1) | <p>Entities, other than registered schemes, RSEs or retail CCIVs that meet at least two of the following three criteria:</p> <ul style="list-style-type: none"> <li>the consolidated revenue of the entity (and the entities it controls) is equal to or greater than \$500 million;</li> <li>the value of the consolidated gross assets at the end of the financial year of the entity (and the entities it controls) is equal to or greater than \$1 billion; and</li> <li>the entity (and the entities it controls) have at the end of the financial year, 500 or more employees.</li> </ul> <p>Entities, other than registered schemes, RSEs or retail CCIVs, that:</p> <ul style="list-style-type: none"> <li>are registered corporations under the NGER Act or required to make an application to be registered under s12(1) of the NGER Act; and</li> <li>meet a publication threshold in s13(1) of the NGER Act.</li> </ul>   |
| For annual reporting periods commencing on or from 1 July 2026 to 30 June 2027 (Group 2)    | <p>Entities that meet at least two of the following three criteria:</p> <ul style="list-style-type: none"> <li>the consolidated revenue of the entity (and the entities it controls) is equal to or greater than \$200 million;</li> <li>the value of the consolidated gross assets at the end of the financial year of the entity (and the entities it controls) is equal to or greater than \$500 million; and</li> <li>the entity (and the entities it controls) have at the end of the financial year, 250 or more employees.</li> </ul> <p>Entities that are registered corporations under the NGER Act or required to make an application to be registered under s12(1) of the NGER Act.</p> <p>Registered schemes, RSEs and retail CCIVs where the value of assets at the end of the financial year of the entity and the entities it controls is equal to or greater than \$5 billion.</p> <p>Note: For retail CCIVs, the \$5 billion threshold applies to the whole CCIV (that is, the sum of all assets under management in all sub-funds).</p> |
| For annual reporting periods commencing on or from 1 July 2027 (Group 3)                    | <p>Entities, including registered schemes, RSEs or retail CCIVs, which meet at least two of the following three criteria:</p> <ul style="list-style-type: none"> <li>the consolidated revenue of the entity (and the entities it controls) is equal to or greater than \$50 million;</li> <li>the value of the consolidated gross assets at the end of the financial year of the entity (and the entities it controls) is equal to or greater than \$25 million; or</li> <li>the entity (and the entities it controls) have at the end of the financial year, 100 or more employees.</li> </ul>   |

DRAFT

## Determining sustainability reporting thresholds

### Asset owners

- RG 000.34 RSEs, registered schemes or retail CCIVs must prepare a sustainability report, if they are Ch 2M entities and satisfy any of the sustainability reporting thresholds. This is because:
- (a) the assets under management threshold only applies to RSEs, registered schemes or retail CCIVs; however
  - (b) the corporate size threshold and the emissions threshold may also apply independently to RSEs, registered schemes or retail CCIVs.

Note 1: Paragraph 4.47 of the [Explanatory Memorandum](#) for the FMI Bill collectively refers to these entities as ‘asset owners’.

Note 2: Paragraph 4.44 of the [Explanatory Memorandum](#) for the FMI Bill states that an ‘entity that is an asset owner that meets the corporate size thresholds in s292A(3) must prepare a sustainability report, even if it does not meet the requirements of s292A(5) (regarding NGER registered corporations) or 292A(6) (regarding asset thresholds).’

- RG 000.35 RSEs, registered schemes and retail CCIVs may be required to prepare a sustainability report for the financial year commencing from:
- (a) 1 July 2026—if they satisfy the assets under management threshold under s292A(6), the emissions-related threshold under s292A(5), or the corporate size threshold in s296B(2) for ‘Group 2’ entities (see Table 2); or
  - (b) 1 July 2027—if they do not satisfy the assets under management threshold but satisfy the corporate size threshold under s292A(3) for ‘Group 3’ entities (see Table 2).

- RG 000.36 The sustainability reporting thresholds do not alter who is responsible for preparing a report under Ch 2M:
- (a) if an RSE is required to lodge a sustainability report for the financial year, its RSE licensee is responsible for preparing that sustainability report (see s285(3A));
  - (b) if a registered scheme is required to lodge a sustainability report for the financial year, the responsible entity of the registered scheme is responsible for preparing that sustainability report (see s285(3)); and
  - (c) if a retail CCIV is required to lodge a sustainability report in relation to its sub-funds for the financial year, the retail CCIV is responsible for preparing sustainability reports on behalf of each relevant sub-fund (see s1232C(1)(aa)).

Note: For example, an RSE licensee is required to prepare a sustainability report for each of its RSEs that are a Ch 2M entity and meet one of the sustainability reporting thresholds.

DRAFT

## Control

- RG 000.37 An entity must prepare a sustainability report if it is a Ch 2M entity, and the entity *and any entities it controls*, satisfies either the corporate size threshold or assets under management threshold.
- RG 000.38 In determining whether an entity controls another under s292A(3) or s292A(6), Australian Accounting Standard [AASB 10 Consolidated financial statements](#) should be considered. These are the accounting standards that determine this matter: see s292A(7)(a).
- RG 000.39 Under paragraph 7 of AASB 10, for an entity (investor) to have control of another entity (the investee), an investor must have:
- (a) power over the investee (see paragraphs 10–14 of AASB 10);
  - (b) exposure or rights to variable returns from its involvement with the investee (see paragraphs 15–16 of AASB 10); and
  - (c) the ability to use its power over the investee to affect the amount of the investor’s returns (see paragraphs 17–18 of AASB 10).
- RG 000.40 Appendix B of AASB 10 contains application guidance in applying paragraph 7 of AASB 10: see B1 to B75.

## Consolidated entities or group members of stapled groups

- RG 000.41 In certain circumstances, a subsidiary that is part of a consolidated entity or an entity that is part of a stapled group is not be required to prepare a sustainability report. This applies when:
- (a) a parent entity elects to prepare a sustainability report for the consolidated entity for the financial year and is also required by the accounting standards to prepare financial statements for the consolidated entity for the financial year (see s292A(2)); or
  - (b) a stapled entity in the stapled group prepares a sustainability report on behalf of the stapled group relying on [ASIC Corporations \(Reporting by Stapled Entities\) Instrument 2023/673](#).

Note: See Section E on sustainability reporting relief for further information on (b) and the relief granted to facilitate sustainability reporting for stapled entities.

## Non-reporting entities

- RG 000.42 Ch 2M entities that do not meet the sustainability reporting thresholds under s292A are not required to prepare a sustainability report.

DRAFT

- RG 000.43 Entities that do not have to prepare an annual financial report under Ch 2M are also not required to prepare a sustainability report. This includes:
- (a) foreign companies registered under Div 2 of Pt 5B.2 of the Corporations Act;
  - (b) registered charities who are not required to prepare an annual financial report under Ch 2M. These entities have separate financial reporting obligations under the *Australian Charities and Not-for-profit Commission Act 2012*; and
  - (c) entities that rely on relief granted by ASIC from the requirement to prepare an annual financial report under Ch 2M.

Note: This is because only entities that are required to prepare an annual financial report under Ch 2M are required to prepare a sustainability report: see s292A(1)(a).

## Obligation to keep sustainability records

- RG 000.44 Entities required to prepare a sustainability report for a financial year must keep written sustainability records: see s285(1)(b) and s286A.

- RG 000.45 These are documents and working papers that explain the methods, assumptions and evidence from which the sustainability report (apart from the director's declaration) are made up: see definition of 'sustainability records' in s9 of the Corporations Act.

- RG 000.46 Sustainability records may include:
- (a) minutes of board or committee meetings;
  - (b) internal reports or analysis;
  - (c) reports commissioned by third parties, such as consultants or experts;
  - (d) greenhouse gas emissions inventories;
  - (e) source documentation and extracts from the general ledger evidencing climate-related impacts on the entity's financial position, performance and cash flows for the reporting period;
  - (f) working papers or documents evidencing inputs for, and assumptions used in, the sustainability report; and
  - (g) any assessment undertaken for the purposes of making the statement under s296B(1).

- RG 000.47 Reporting entities should ensure that the sustainability records:
- (a) support the entity's climate-related financial disclosures relating to governance, strategy, risk management and metrics and targets. This is the core content required under s296D(1) of the Corporations Act;
  - (b) include any financial records necessary to support the entity's disclosures described at RG 000.47(a);

DRAFT



- (c) document matters of fact and matters of judgement;
- (d) are available on request by ASIC. If we request the production of sustainability records to support a statement in the sustainability report, and they are not provided to ASIC, we may conclude that the reporting entity has not undertaken the work required to support that statement and the statement is unsubstantiated (in the absence of evidence to the contrary); and
- (e) are provided to auditors promptly RG 000.47(a) to support the auditor's report on the sustainability report.

RG 000.48 The sustainability reporting requirements crystallise at the end of the financial year balance date. Entities should establish adequate systems to assess whether they may be required to prepare a sustainability report at the end of a financial year, even if they do not meet the sustainability reporting thresholds at the commencement of that financial year. For example, an acquisition may complete, a corporate restructure may occur, or market or economic conditions may shift, resulting in a change to the entity's reporting status as at the end of the financial year.

## Directors' duties

### Duty of care and diligence

RG 000.49 Directors have a positive duty to exercise their powers with the care and diligence that a reasonable person would exercise in the circumstances.

Note 1: In this guide, 'directors' refers collectively to directors of companies, directors of responsible entities, directors of corporate directors of retail CCIVs and directors of RSE licensees.

Note 2: To refer to the specific obligations, see s180(1) for directors of companies, s601FD(1)(b) for directors of responsible entities, s180(1) (as modified by s1224C(1)) for directors of corporate directors of retail CCIVs, and s52A(2)(b) of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) for directors of RSE licensees.

Note 3: RSE licensees (see s52(2)(c) of the SIS Act), responsible entities (s601FC(1)(c)) and corporate directors (s1224D(1)(b)–(c)) also have a duty to act in the best financial interests of members.

RG 000.50 In discharging these obligations, directors should consider the extent that material climate-related physical and transition risks, like all other material risks, pose a foreseeable risk of harm to the interests of the entity:  
RG 000.17.

Note: For reporting entities that are RSEs, registered schemes or retail CCIVs, the directors of the entity required to prepare the sustainability report on their behalf should consider the matters described in this paragraph: see also RG 000.36.

DRAFT

RG 000.51 While these are matters that all directors should consider, for directors of reporting entities, these considerations will inform the directors' declaration in relation to any climate-related financial disclosures set out in the reporting entity's sustainability report.

RG 000.52 Directors of reporting entities should also:

- (a) ensure that they are regularly informed about the extent that a climate-related risk or opportunity may be material to the reporting entity, and the extent that any such material risk or opportunity may reasonably affect the reporting entity's prospects. It is important that these assessments are not confined to the annual reporting season, but are considered on an ongoing basis; and
- (b) ensure that the reporting entity has adequate systems to identify, assess, monitor, prioritise, disclose and respond to any material climate-related risks and opportunities. Timely and accurate information about material climate-related risks and opportunities (including any changes) will enable the board to make informed judgements about the extent of foreseeable harm to the interests of the reporting entity, as well as assist the reporting entity to comply with its sustainability reporting obligations.

RG 000.53 Directors may rely on the special knowledge or expertise of others in relation to sustainability reporting. This might include experts, advisers, and other suitably qualified persons. However, directors still need to make an independent assessment of the information or advice provided, using their own skills and judgement, and rely on such information or advice available at the time in good faith.

Note: See also Information Sheet 183 *Directors and financial reporting* ([INFO 183](#)) for further guidance in relation to financial reporting.

## Directors' declarations

RG 000.54 A director's declaration is required to be provided for a sustainability report.

Note: The directors providing the director's declaration are those of the entity that is required to prepare the sustainability report. For RSEs, registered schemes and retail CCIVs, these are the directors of the entity required to prepare the sustainability report on behalf of the RSE, registered scheme or retail CCIV: see RG 000.36.

RG 000.55 For the financial years commencing between 1 January 2025 and 31 December 2027, directors of reporting entities are only required to declare that, in their opinion, the entity has taken reasonable steps to ensure that the sustainability report (other than the directors' declaration) is in accordance with the Corporations Act.

RG 000.56 For the financial years commencing on or after 1 January 2028, directors of reporting entities are required to declare whether in the directors' opinion,

the sustainability report (other than the directors' declaration) is in accordance with the Corporations Act. In making their declarations, directors must consider whether the climate statements in the sustainability report comply with the disclosures required by s296D of the Corporations Act and [AASB S2](#).

- RG 000.57 The declaration must be made in accordance with a resolution of the directors, specify the date on which the declaration is made, and be signed by a director.
- RG 000.58 Directors will be well positioned to make these declarations if they:
- (a) maintain adequate sustainability records (including about the reporting entity's application of the proportionality mechanisms and exceptions under AASB S2, if applicable (see RG 000.92–RG 000.95); and
  - (b) engage in a robust process of identifying, assessing, prioritising and monitoring any material climate-related risks (see RG 000.49–RG 000.53).

## Modified liability settings

- RG 000.59 Under the modified liability settings, no legal action other than criminal action, or action by ASIC, can be brought in relation to 'protected statements' made in:
- (a) the sustainability report; or
  - (b) the auditor's report on the sustainability report.

For example, an investor may not bring a civil action alleging that a protected statement in a sustainability report is misleading or deceptive.

- RG 000.60 Table 3 sets out the protected statements and their modified liability periods.

**Table 3: Protected statements**

| Protected statement   | Statement is made in  |
|---|---|
| A statement relating to climate and, at the time it is made, is about the future  | Sustainability reports or accompanying auditor's reports prepared for financial years commencing between <b>1 January 2025 and 31 December 2025</b> . |
| Climate-related financial disclosures relating to: <ul style="list-style-type: none"> <li>• scope 3 greenhouse gas emissions;</li> <li>• scenario analysis; and</li> <li>• transition plans.</li> </ul> | Sustainability reports or accompanying auditor's reports prepared for financial years commencing between <b>1 January 2025 and 31 December 2027</b> . |

Note: For the definitions of items used in Table 3, see the Key terms.

- RG 000.61 Protected statements relating to climate, that at the time they are made are about the future, are likely to include those that are described at RG 000.73.
- RG 000.62 Protected statements about scope 3 greenhouse gas emissions, scenario analysis and transition plans are likely to include statements about the inputs and assumptions that inform these disclosures.
- RG 000.63 The modified liability settings also apply when a statement is *required to be made* under a Commonwealth law, and is:
- (a) the same as a protected statement; or
  - (b) differs from a protected statement only in so far as it contains updates or corrections to the protected statement (see s1707D(1)(b)).
- RG 000.64 For example, the modified liability settings would apply to:
- (a) a protected statement, and any updated or corrected version of the protected statement, that is required to be disclosed by a reporting entity in compliance with its continuous disclosure obligations under s674 and 675;
  - (b) a protected statement that is required to be included in a PDS under s1013D, such as where the relevant financial product has an investment component, and the protected statement is relevant to the environmental considerations taken into account in the selection, retention or realisation of the investment (see s1013D(1)(l)); and
  - (c) a protected statement that is required to be updated under a direction given by ASIC under s296E(1)(g).
- RG 000.65 The modified liability settings do not extend to statements voluntarily made outside a sustainability report. For example, where a protected statement is reproduced, quoted, or summarised in an investor presentation or in promotional material will not be covered by the modified liability settings, unless disclosure is required under a Commonwealth law such as under s674 or 675.

## C Content required in the sustainability report

### Key points

Climate statements must be prepared in accordance with s296D(1) and [AASB S2](#).

Forward-looking climate information in climate statements should be based on reasonable grounds.

Forward-looking climate information in climate statements must comply with Appendix D of AASB S2, which sets out the characteristics of useful climate-related financial information.

Reporting entities should also lodge with ASIC other reports that are cross-referenced in a sustainability report at the same time as the sustainability report.

Both the climate statements and sustainability reports required under law should be:

- clearly labelled; and
- easily distinguishable from other sustainability-related financial information provided voluntarily.

Reporting entities that lodge a climate statement under s296B(1) must:

- maintain adequate sustainability records; and
- establish robust processes to ensure that they can meet their statutory obligations under s296A(1) if required for a subsequent financial year.

### Overview of required content

RG 000.66 An entity's sustainability report for a financial year consists of the:

- (a) climate statements;
- (b) notes to the climate statements; and
- (c) directors' declaration about the climate statements and notes (see s296A).

Note: For more information about notes to the climate statements see RG 000.90–RG 000.91. For more information about the directors' declaration, see RG 000.54–RG 000.58.

RG 000.67 Unless s296B applies, the climate statements are those statements made under s336A.

Note: If s296B applies to a reporting entity, the climate statements for a financial year are a statement that there are no material financial risks or opportunities relating to climate for the relevant entity: see s296B and RG 000.68–RG 000.71.

DRAFT

## Statements of no financial risks or opportunities relating to climate

- RG 000.68 Reporting entities may lodge a climate statement under s296B(1) if they:
- determine that there are no material financial risks or opportunities relating to climate for a financial year;
  - are in ‘Group 3’ (see Table 2); and
  - are not registered corporations under the NGER Act, or RSEs, registered schemes, or retail CCIVs (see s296B(1)).
- RG 000.69 For these reporting entities, the climate statements are:
- a statement that there are no material financial risks or opportunities relating to climate for a financial year; and
  - a statement explaining how the entity determined that it had no material financial risks or opportunities relating to climate (see s296B(1)(c)–(d)).
- RG 000.70 Reporting entities that lodge a climate statement under s296B(1) must:
- assess, in accordance with [AASB S2](#), whether there are any material financial risks or opportunities relating to climate for a financial year (see s296B(6) and s296C(1));
  - undertake and document their assessment for each financial year that s296B(1) applies; and
  - maintain adequate sustainability records to substantiate the assessment that the entity has no material financial risks or opportunities for a financial year (see RG 000.44–RG 000.48).
- Note: Climate statements are contained in the sustainability report lodged with ASIC. Under s1308 it is an offence to make a false or misleading statement in a document lodged with ASIC.
- RG 000.71 Reporting entities that lodge a climate statement under s296B(1) should establish robust processes to ensure that they meet their sustainability reporting obligations under s296A(1) for any subsequent financial year that there are material financial risks and opportunities.

## Statements with forward-looking climate information

- RG 000.72 Material climate-related financial risks and opportunities may manifest for many reporting entities over the short, medium, and long term. An entity’s climate-related strategies, targets and plans may also apply over similar timeframes.
- RG 000.73 Section 296D(1) of the Corporations Act requires a reporting entity to disclose a range of information in the climate statements that may include, or constitute, forward-looking information. For example:
- material financial risks and opportunities relating to climate;

DRAFT

- (b) climate-related strategies;
- (c) climate-related risk management; and
- (d) climate-related metrics and targets.

RG 000.74 Notwithstanding that representations about the future are often inherently more uncertain than representations about the past, this forward-looking information is nevertheless:

- (a) required by the Corporations Act;
- (b) decision useful for existing and potential investors, lenders and other creditors, and other users of this information (see RG 000.11); and
- (c) supports regulators in considering the future financial stability implications of climate change (see RG 000.18).

RG 000.75 Under the Corporations Act and the ASIC Act, some representations about future matters will be taken to be misleading unless there are reasonable grounds for making the representations, see s769C of the Corporations Act and s12BB of the ASIC Act.

Note: See also Regulatory Guide 170 *Prospective financial information* ([RG 170](#)).

RG 000.76 Forward-looking information in climate statements must comply with Appendix D of [AASB S2](#), which sets out both the fundamental and enhancing qualitative characteristics of useful climate-related financial information. These are:

- (a) relevance and faithful representations (fundamental characteristics at D4 to D15); and
- (b) comparability, verifiability, timeliness, and understandability (enhancing characteristics at D16 to D33).

RG 000.77 Reporting entities must maintain adequate sustainability records that explain the methods, assumptions and evidence for all forward-looking information in the climate statement (see RG 000.44–RG 000.48). This will enable the reporting entity to:

- (a) demonstrate the information and evidence available at the time to support the statement; and
- (b) provide further detail about, or background to, the inputs and assumptions used, if requested by the auditor of the sustainability report or ASIC, particularly for areas of significant estimation uncertainty and judgement.

RG 000.78 Reporting entities that are disclosing entities must comply with their continuous disclosure obligations, including for forward-looking information in the climate statement, when relevant facts or circumstances change: see s674 and 675. Reporting entities that are not disclosing entities should also provide an update to the market when these relevant facts or circumstances change.

## Cross-referencing

- RG 000.79 [AASB S2](#) permits a reporting entity's sustainability report to cross-reference to information in another document prepared by the reporting entity, if it complies with paragraphs 63 and B45–B47 of Appendix D of AASB S2.
- RG 000.80 In these circumstances, the reporting entity is strongly encouraged to lodge the other document with their sustainability report (if it has not already been lodged with ASIC).
- RG 000.81 This is because:
- (a) information included by cross-reference is taken to form part of the complete set of climate-related financial disclosures (see paragraph B46 of Appendix D of AASB S2);
  - (b) information included by cross-reference must be available on the same terms and at the same time as the climate-related financial disclosures (see paragraph B45 of Appendix D of AASB S2); and
  - (c) users of the sustainability report, both present and future, should have access via ASIC's register to both the sustainability report and any cross-referenced document.

## Labelling

- RG 000.82 Under the sustainability reporting regime, a sustainability report has a *precise* meaning:
- (a) an annual sustainability report required under s292A (see definition of 'sustainability report' in s9 of the Corporations Act);
  - (b) a report that consists of the contents required under s296A(1). The contents of the sustainability report currently include a climate statement, notes to the climate statement, and director's declaration about the climate statement and notes (see RG 000.66 and RG 000.90–RG 000.91);
  - (c) a report that must be audited in accordance with Div 3 of Pt 2M.3 (see s301A);
  - (d) the only report that is the subject of transitional modified liability settings under s1707D, other than the limited circumstances described in s1707D(1)(b) (see RG 000.63–RG 000.64);
  - (e) a report that must be lodged with ASIC (see s319); and
  - (f) the only report that is the subject of ASIC's directions power under s296E.



- RG 000.83 The sustainability report (required under s292A) should be distinguished from other reports that may have also, due to historical market practice in Australia, been labelled as ‘sustainability reports’. These other reports:
- (a) only contain voluntary sustainability-related information; and
  - (b) have been provided to investors and other stakeholders with the annual report, released on the ASX’s market announcements platform and/or made available on the entity’s website.

Note: In this guide, ‘sustainability-related information’ refers to information about sustainability. It is not limited to sustainability-related financial information under AASB S1 or AASB S2 and may include sustainability-related information that is not relevant or useful in assessing the entity’s prospects. It may also include sustainability-related information disclosed under other sustainability reporting standards (other than AASB S1 or AASB S2) or frameworks.

- RG 000.84 Entities may wish to disclose voluntary sustainability-related financial information in a range of contexts to meet the information needs of users. For example:

- (a) non-reporting entities may wish to disclose climate-related financial information by voluntarily applying all, or parts of, [AASB S2](#); or
- (b) entities may wish to voluntarily disclose sustainability-related financial information, other than climate-related financial information, by applying all, or parts of, [AASB S1](#).

Note: In this guide, ‘sustainability-related financial information’ refers to information disclosed under either AASB S1 or AASB S2. This is sustainability-related information that is relevant and useful for assessing the entity’s prospects, including cash flows, access to finance or cost of capital over the short, medium and long term.

- RG 000.85 Investors and other users of sustainability-related financial information will benefit from the clear labelling of reports and statements containing sustainability-related financial information. Clear labelling:

- (a) enables users of sustainability-related financial information to distinguish when the information is required by law (see RG 000.82) and when that information is provided voluntarily;
- (b) reduces the risk that users of sustainability-related financial information are misled, if sustainability-related financial information cannot be clearly distinguished; and
- (c) supports the objectives of the sustainability reporting regime, by facilitating consistent and comparable climate-related financial disclosures (see RG 000.11).

Note: Investors may have higher confidence in a sustainability report than in voluntary sustainability-related financial information because the sustainability report is lodged with ASIC and subject to greater regulatory oversight.

- RG 000.86 Table 4 outlines our recommendation for the labelling of reports or statements containing sustainability-related financial information.

**Table 4: Our recommendation for the labelling of reports or statements containing sustainability-related financial information**

| Name  | Usage  |
|---|--|
| Sustainability report   | Refers exclusively to a sustainability report prepared under s292A, consisting of the information required by s296A(1).<br><br>The term 'sustainability report' is defined under s9 and s292A of the Corporations Act.   |
| Climate statements  | Refers exclusively to climate statements prepared under paragraph 296A(1)(a), consisting of the information required by s296A(2) or s296B (as applicable).<br><br>The term 'climate statement' is defined under s9, and s296A and s296B (as applicable) of the Corporations Act. |
| Voluntary sustainability statements ( <a href="#">AASB S1</a> ) | Refers to statements prepared by applying all or parts of AASB S1, containing sustainability-related financial information other than climate-related financial information. AASB S1 is currently a voluntary sustainability standard.   |
| Voluntary climate statements ( <a href="#">AASB S2</a> )        | Refers to statements prepared by voluntarily applying all or parts of AASB S2. They may be prepared on behalf of non-reporting entities for a relevant financial year.   |

- RG 000.87 Reporting entities may include a range of sustainability-related disclosures in an annual report. For example, a reporting entity may wish to include a voluntary sustainability statement with the annual report.
- RG 000.88 However, the sustainability report (including the climate statement and director's declaration about the climate statement) should be clearly distinguished and presented separately from other information in the annual report.
- RG 000.89 Entities that prepare sustainability-related information under other reporting standards or frameworks should clearly distinguish this information from sustainability-related financial information prepared under AASB 1 or AASB S2.

## Notes to climate statements

- RG 000.90 The sustainability report for a financial year consists of (amongst other things) the notes to the climate statements: see s296A(1)(b). Under s296A(3), the notes to the climate statements must include:
- any disclosures that the Minister may require, by legislative instrument, regarding the preparation and content of the climate statement (see s296A(3)(a) and s296A(4));
  - any notes required by the sustainability standards made for the purposes of s296A(3)(b) in relation to the preparation and content of the climate statement or other matters concerning environmental sustainability; and

DRAFT

- (c) any notes containing other information necessary to ensure that the statement and notes together meet the requirements under s296D (see s296A(3)(c)).

RG 000.91 However, we do not expect that reporting entities will need to include notes to climate statements in a sustainability report. This is because:

- (a) the Minister has not made, by legislative instrument, any requirements to include notes to statements relating to financial matters concerning environmental sustainability;
- (b) [AASB S2](#) does not currently require any notes in relation to the preparation and content of the climate statement or other matters concerning environmental sustainability; and
- (c) climate statements that are prepared in accordance with AASB S2 will generally be sufficient to meet the requirements under s296D.

## Proportionality mechanisms and exceptions under AASB S2

RG 000.92 [AASB S2](#) contains proportionality mechanisms that ensure that reporting entities of various sizes are able to apply the standard. These mechanisms include:

- (a) the concept (which applies to aspects of AASB S2) of ‘reasonable and supportable information available to the entity at the reporting date without undue cost or effort’;
- (b) the ability for a reporting entity to take an approach to climate-related scenario analysis that is ‘commensurate with its circumstances as at the time the entity carries out the analysis’;
- (c) the ability for a reporting entity to take an approach to disclosing the anticipated financial effects of a climate-related risk or opportunity that is ‘commensurate with the skills, capabilities, and resources that are available to the entity’; and
- (d) transitional relief for a reporting entity from the requirement to disclose scope 3 greenhouse gas emissions and comparative information in its first annual reporting period under the sustainability reporting regime.

Note: See paragraphs 11, 18, 22 and 30 of AASB S2; paragraphs B1–B2, B8–15, B17, B36 and B39 of Appendix B of AASB S2; and paragraph C3 and C4(b) of Appendix C of AASB S2.

RG 000.93 AASB S2 also contains exceptions to the application of certain specified requirements. In limited circumstances, these include where:

- (a) applying it would be impracticable (i.e. if the entity cannot apply it after making every reasonable effort);

DRAFT

- (b) there is measurement uncertainty (i.e. when amounts reporting the climate-related financial disclosures cannot be measured directly but only estimated);
- (c) the current or anticipated financial effects of a climate-related risk or opportunity are not separately identifiable; and
- (d) the reporting entity does not have the skills, capabilities or resources to provide quantitative information about the anticipated financial effects of a climate-related risk or opportunity.

Note: See paragraphs 19 and 20 of AASB S2; the definition of 'impracticable' in Appendix A of AASB S2; paragraph B57 of Appendix B of AASB S2; and paragraphs 77–81, 83, B51–B54, B58, B59 and D15 of Appendix D of AASB S2.

RG 000.94 Reporting entities should take particular care to ensure adequate sustainability records are kept that substantiate the reporting entity's application of these aspects of [AASB S2](#) (if applicable). Given their subjectivity, we may scrutinise the approach of reporting entities in this area.

RG 000.95 We may, by written notice, direct a reporting entity to provide information or documents that could support or substantiate a statement in a sustainability report, if we consider that statement is incorrect, incomplete or misleading in any way: see s296E(1)(f) and RG 000.193–RG 000.203.

## D Sustainability-related financial disclosures outside the sustainability report

### Key points

All entities should consider, and be informed by, the sustainability standards when disclosing sustainability-related financial information outside the sustainability report.

Reporting entities should ensure that the use or reproduction of climate-related financial disclosures from a sustainability report is relevant and faithfully represented. The selective use or reproduction of this information outside the sustainability report increases the risk that these disclosures are misleading.

A listed entity must disclose sustainability-related financial information in the operating and financial review (OFR), if this is information that members reasonably require to make an informed assessment of the entity's operations, financial position, business strategies and prospects for future financial years: see s299A.

For reporting entities that are listed, the OFR plays an important role in providing an overarching narrative and analysis for the disclosures in both the financial report and the sustainability report.

An issuer must disclose sustainability-related financial information in a prospectus if investors and their professional advisers would reasonably require this information to make an informed assessment under s710.

A PDS must include sustainability-related financial information if a person would reasonably require this information in making a decision (as a retail client), or if this information would have a material influence on a reasonable person (as a retail client), whether to acquire the financial product: see s1013D and 1013E.

### Overview of sustainability-related financial information

- RG 000.96 The introduction of sustainability reporting obligations under Ch 2M represents a significant shift in periodic corporate reporting obligations in Australia: see RG 000.1–RG 000.10.
- RG 000.97 Reporting entities that are required to prepare sustainability reports under the Corporations Act are likely to influence the practices of non-reporting entities that may decide to disclose other sustainability-related financial information. We consider that, over time:
- (a) accounting, sustainability and audit professionals (both current and future) will undertake and maintain training in the interpretation and

DRAFT

application of the sustainability standards, including its conceptual foundations and defined terms;

- (b) the application of the sustainability standards will become common practice across the financial and corporate sector;
- (c) investors and lenders will reasonably expect that sustainability-related financial information, including climate-related financial information, is provided in a consistent and comparable way in accordance with the sustainability standards;
- (d) private sector reporting and information management systems should be developed to align to, and support compliance with, the sustainability standards; and
- (e) the public sector and other agencies will report under a variation of the sustainability standards.

RG 000.98 Therefore, all entities should consider, and be informed by, the sustainability standards when preparing climate-related financial information, and other sustainability-related financial information, for users of the information outside the sustainability report. This may apply in relation to disclosures in:

- (a) annual reports, including the OFR (see RG 000.107–RG 000.120);
- (b) disclosure documents under Ch 6D (see RG 000.121–RG 000.129);
- (c) PDSs under Pt 7.9 (see RG 000.130–RG 000.142);
- (d) investor presentations, including for AGMs and annual member meetings; and
- (e) other market disclosures directed to investors.

RG 000.99 Entities that consider, and are informed by, the sustainability standards in disclosing sustainability-related financial information outside the sustainability report reduce the risk that these disclosures may be misleading or deceptive.

RG 000.100 ASIC supports the preparing of voluntary climate statements and voluntary sustainability statements where:

- (a) the information supports confident and informed investors; and
- (b) the entity determines that it is in its interests and those of its stakeholders to do so.

RG 000.101 Over time, the widespread integration of the sustainability standards in Australia's capital markets will enable reporting entities to provide higher quality sustainability-related financial disclosures.

DRAFT

## Selective use or reproduction of information contained in a sustainability report

- RG 000.102 The Corporations Act and [AASB S2](#) provide the framework for the disclosure of climate-related financial information to users of general-purpose financial reports. For example, Appendix D of AASB S2 sets out how climate-related financial disclosures can be relevant and faithfully represented (D4–D15).
- RG 000.103 Reporting entities should ensure that any climate-related financial information disclosed outside the sustainability report adheres to the principles in Appendix D of AASB S2.
- RG 000.104 Reporting entities that selectively reproduce or use information from a sustainability report:
- (a) increase the risk of compromising the objective of the sustainability reporting regime (see RG 000.11); and
  - (b) increase the risk that these disclosures may be misleading.
- RG 000.105 Examples of the selective reproduction or use of information from a sustainability report that may be misleading include:
- (a) using a climate-related target in the headline of an investor presentation without disclosing or referencing the target’s accompanying inputs, assumptions and contingencies that are disclosed in the sustainability report. This increases the risk that the nature and scope of those targets are misrepresented without this additional context; and
  - (b) summarising information from the sustainability report in other corporate documents in a manner that distorts the balance, tenor or prominence of the information disclosed in the sustainability report.
- Note: ASIC’s reviews of sustainability disclosures will extend to information from sustainability reports reproduced in other corporate documents. We will likely carefully scrutinise information that selectively includes or references information from a sustainability report.
- RG 000.106 Further information about our approach in this area can be found in Information Sheet 271 *How to avoid greenwashing when offering or promoting sustainability-related products* ([INFO 271](#)).

## Sustainability-related financial information in the OFR

- RG 000.107 A directors’ report must contain comply with the general disclosure requirements under s299.

DRAFT

- RG 000.108 For listed entities, the directors' report must also contain information that members would reasonably require to make an informed assessment of the entity's:
- (a) operations (see s299A(1)(a));
  - (b) financial position (see s299A(1)(b)); and
  - (c) business strategies, and prospects for future financial years (see s299A(1)(c)).
- RG 000.109 The part of the directors' report containing the information required under s299A is known as the OFR. ASIC has issued detailed guidance on the OFR in Regulatory Guide 247 *Effective Disclosure in an operating and financial review* ([RG 247](#)).
- RG 000.110 The objectives of the OFR requirements are to provide members with an overarching narrative and analysis that supplements the financial report and (where required) the sustainability report. It assists members in understanding the operations, financial position, business strategies and prospects of an entity.

### **Sustainability-related financial information in the OFR—general**

- RG 000.111 Listed entities must disclose sustainability-related financial information, including climate-related financial information, if it would be reasonably required by members in making an informed assessment of the entity's operations, financial position, business strategies and prospects for future financial years: see s299A.

Note: A Ch 2M entity must also disclose sustainability-related financial information if this is information required by s299.

- RG 000.112 If s299A requires this disclosure, the listed entity should:
- (a) consider, and be informed by, [AASB S2](#) in disclosing any climate-related financial information required by s299A in the OFR; and
  - (b) consider, and be informed by, [AASB S1](#) in disclosing any other sustainability-related financial information required by s299A in the OFR.

Note: These principles are useful for Ch 2M entities, if they must disclose any sustainability-related financial information required to comply with s299.

### **Sustainability-related financial information in the OFR—reporting entities**

- RG 000.113 A sustainability report is a separate report to both the directors' report and annual financial report under s314(1)(a). Therefore, the sustainability report



cannot form part of a directors' report, including the OFR under s299A(1)(c).

Note 1: See also para 4.22 of the [Explanatory Memorandum](#) for the FMI Bill.

Note 2: Some reporting entities are not listed entities and are not required to prepare an OFR.

RG 000.114 Sustainability reports must be laid before members at the listed reporting entity's AGM, alongside the annual financial report and directors' report: see Note 1 to s250N(3) and s317.

Note: In this guide, a 'listed reporting entity' refers to a reporting entity that is also a listed entity.

RG 000.115 This reflects a legislative intention that the financial report, sustainability report and directors' report are provided to members together as part of a reporting entity's annual reporting.

RG 000.116 For listed reporting entities that are required to prepare both a sustainability report and an OFR, we consider that the OFR requirements must be read in the context of the expanded suite of statutory materials that form part of the annual reporting to which the OFR relates.

### **Strategy, risk and opportunity disclosure**

RG 000.117 The Corporations Act requires a listed reporting entity to disclose strategy, risk and opportunity-related information in both the OFR and sustainability report. This is because the disclosure of:

- (a) business strategies and prospects for future financial years, including opportunities and material business risks to prospects, is required under s299A(1)(c): also see RG 247.67;
- (b) information about climate-related financial risks and opportunities is required under s296D(1)(a); and
- (c) information about the climate-related strategy of the reporting entity in relation to those risks and opportunities and climate-related metrics and targets is required under s296D(1)(c)(i).

RG 000.118 Therefore, the OFR plays an important and expanded role in situating the specific climate-related strategies, climate-related risks and climate-related opportunities disclosed in a listed reporting entity's sustainability report within the broader context of the listed reporting entity's corporate strategy (including risks and opportunities) and prospects for future financial years.

RG 000.119 For example, a listed reporting entity may disclose detailed information about climate-related strategies, material climate-related financial risks and opportunities in the sustainability report. However, while these matters may be material, they may not be the most critical factors relevant to the listed

reporting entity's prospects, when balanced against other strategies, risks and opportunities for the listed reporting entity.

- RG 000.120 In these circumstances, the listed reporting entity should ensure that the OFR explains how significant these climate-related strategies, climate-related financial risks and opportunities are within the broader context of the listed reporting entity's corporate strategy and prospects.

Note: This is particularly important information for users who are unaccustomed to reading financial reports and sustainability reports and may otherwise place disproportionate weight on the detailed risk or opportunity information in the sustainability report.

## Sustainability-related financial information in disclosure documents under Ch 6D

- RG 000.121 A prospectus prepared under s710 (s710 prospectus) must:
- (a) comply with the general disclosure requirements under s710;
  - (b) comply with the specific disclosure requirements under s711;
  - (c) be clear, concise and effective under s715A; and
  - (d) not be misleading or deceptive (see s728).
- RG 000.122 We provide guidance about preparing disclosures in s710 prospectuses in:
- (a) Regulatory Guide 228 *Prospectuses: Effective disclosure for retail investors* ([RG 228](#)); and
  - (b) Regulatory Guide 254 *Offering securities under a disclosure document* ([RG 254](#)).

### Requirement to include or reference sustainability reports for certain issuers of disclosure documents under Ch 6D

- RG 000.123 A reporting entity that is an issuer of a transaction-specific prospectus must comply with the disclosure requirements under s713. The prospectus must either inform people of their right to obtain a copy of the most recently lodged sustainability report with ASIC, or include, or be accompanied by, a copy of that sustainability report: see s713(4)(a)(ia) and s713(4)(b).
- RG 000.124 A reporting entity that is an issuer of an offer information statement (OIS) must comply with the disclosure requirements under s715. The OIS must:
- (a) include a copy of the most recently prepared sustainability report with the OIS (see s715(1)(ia)). This should be the most recently prepared sustainability report that has been lodged with ASIC; and
  - (b) this sustainability report must comply with [AASB S2](#) and be audited (see s715(2A)).

DRAFT

## Issuers of s710 prospectuses—general

RG 000.125 An issuer must disclose sustainability-related financial information in an s710 prospectus if investors and their professional advisers would reasonably require this information to make an informed assessment of:

- (a) the rights and liabilities attaching to the securities offered; and
- (b) the assets and liabilities, financial position and performance, profits and losses and prospects of the entity issuing the securities (see s710(1)).

RG 000.126 If s710 requires this disclosure:

- (a) the issuer should consider and be informed by [AASB S2](#) in preparing any climate-related financial disclosures required under s710. For example, any climate-related strategies, material climate-related risks or climate-related targets required to be disclosed under s710 should be informed by the relevant defined terms, disclosure requirements and application guidance under AASB S2;
- (b) the issuer should consider disclosing any sustainability-related financial information required under s710 in the body of the prospectus itself (rather than merely as an annexure) to facilitate clear, concise and effective disclosure under s715A;
- (c) the issuer should consider providing an overarching narrative and analysis in the investment overview section explaining the significance of this sustainability-related financial information within the broader context of the issuer's corporate strategy, business model and prospects. Investors and their professional advisers will benefit from understanding how sustainability-related financial information required under s710 affects or is likely to affect the entity's prospects, when balanced against other matters required to be disclosed under s710; and
- (d) the issuer should consider disclosing any sustainability-related financial disclosures required under s710 in further detail in the business model and investment risk sections of the s710 prospectus.

RG 000.127 The sustainability standards have been developed after consultation with both users and preparers of that information. Accordingly, there is strong evidence that the conceptual foundations, defined terms, and information architecture of the sustainability standards are an appropriate proxy for determining what information is 'reasonably required' under s710 by investors and their professional advisers.

## Issuers of s710 prospectuses—reporting entities

RG 000.128 If s710 requires an issuer to disclose climate-related financial information, and the issuer is a reporting entity that has lodged a sustainability report with ASIC for the most recent financial year, the issuer should:

- (a) include a statement of this fact in the s710 prospectus. Investors and their professional advisers can refer to that sustainability report if they require further information. This also facilitates clear, concise and effective disclosure (see s715A); and
- (b) summarise any climate-related financial information from the sustainability report in the s710 prospectus with regard to the matters described at RG 000.125–RG 000.127. The issuer should not distort the balance, tenor or prominence of the climate-related financial information disclosed in the sustainability report (see also RG 000.102–RG 000.106).

RG 000.129 The principles described at RG 000.125–RG 000.129 are also useful in preparing disclosures in a bidder’s statement lodged with ASIC under s633 or s635, or in an explanatory statement registered under s412(6), particularly if securities are offered for consideration to target securityholders: see s636(1)(g).

## Sustainability-related financial information in PDSs

RG 000.130 A PDS prepared under Pt 7.9 must:

- (a) comply with the main content requirements in s1013D;
- (b) comply with the general disclosure obligation under s1013E, subject to s1013C(2), s1013F and s1013FA;
- (c) comply with any other content requirements under Subdiv C of Pt 7.9 (as applicable) (see s1013C(1)(a)(iii));
- (d) be clear, concise and effective under s1013C(3); and
- (e) not be misleading or deceptive (see s1041H).

RG 000.131 We provide guidance about preparing disclosures in PDSs, including in:

- (a) Regulatory Guide 168 *Disclosure: Product Disclosure Statements (and other disclosure documents)* ([RG 168](#));
- (b) Regulatory Guide 66 *Transaction-specific disclosure for PDSs* ([RG 66](#)); and
- (c) Regulatory Guide 65 *Section 1013DA disclosure guidelines* ([RG 65](#)).

Note 1: Issuers that utilise the shorter PDS regime under Schs 10D to 10F of the *Corporations Regulations 2001* (Corporations Regulations) should refer to Information Sheet 155 *Shorter PDSs—Complying with requirements for superannuation products, simple managed investment schemes and simple sub-fund products* ([INFO 155](#)). For example, issuers of superannuation products often utilise the shorter PDS regime.

Note 2: In this regulatory guide, a ‘superannuation product’ has the same meaning as superannuation product under s9.

DRAFT

## Requirement to include, reference, or provide a copy of, sustainability reports for certain PDSs

- RG 000.132 A PDS relating to managed investment products that are ED securities must comply with additional disclosure requirements under s1013I. A PDS that is issued in relation to a registered scheme that is a reporting entity must either:
- (a) include a statement informing people of their right to obtain a copy of the sustainability report most recently lodged with ASIC; or
  - (b) include, or be accompanied by, a copy of the most recently lodged sustainability report with ASIC (see s1013I(3)(a)(ia) and s1013I(3)(b)).

Note: In this guide, 'ED securities' has the same meaning as under s111AD.

- RG 000.133 A transaction-specific PDS for a continuously quoted security does not have to disclose any climate-related financial information required under s1013D–1013F if:
- (a) climate-related financial information required by s1013D–1013F is included in the most recent sustainability report lodged with ASIC by the issuer on behalf of a reporting entity (see s1013FA(2)(a)(ia)); and
  - (b) the PDS informs people of their right to obtain a copy of this sustainability report (see s1013FA(2)(b)(ii)).

- RG 000.134 An issuer of a superannuation product must, on request in writing by a person who is a concerned person, provide them with:
- (a) a copy of a sustainability report prepared on behalf of the RSE for a specified financial year (if one has been prepared); and
  - (b) a copy of the auditor's report on that sustainability report (see s1017C(3AA)).

Note: In this regulatory guide, a 'concerned person' has the same meaning as under s1017C(9).

## Sustainability-related financial information in PDSs—general

- RG 000.135 Under 1013D, a PDS must disclose sustainability-related financial information, if a person would reasonably require this information in making a decision, as a retail client, whether to acquire the financial product, including if this information is about:
- (a) any significant benefits to which a holder of the product will or may become entitled, the circumstances in which and times at which those benefits will or may be provided, and the way in which those benefits will or may be provided (see s1013D(1)(b));
  - (b) significant risks associated with holding the product (see s1013D(1)(c)); and

- (c) any other significant characteristics or features of the product or of the rights, terms, conditions and obligations attaching to the product (see s1013D(1)(f)).

RG 000.136 A PDS must also disclose sustainability-related financial information that might reasonably be expected to have a material influence on the decision of a reasonable person, as a retail client, whether to acquire the product: see s1013E, which is subject to s1013C(2), s1013F and s1013FA.

RG 000.137 If s1013D or s1013E requires this disclosure:

- (a) the issuer should consider and be informed by [AASB S2](#) in preparing any climate-related financial disclosures. For example, any climate-related investment strategies or material climate-related investment risks required to be disclosed under s1013E should be informed by the relevant defined terms, disclosure requirements and application guidance under AASB S2;

Note: Appendix B of AASB S2 contains application guidance for disclosing financed emissions from asset management activities: see B58 to B61.

- (b) the issuer should consider whether it is necessary to disclose any sustainability-related financial information in the PDS itself (see s1013C(3) and reg 7.9.15DA of the Corporations Regulations); and
- (c) the issuer should consider the extent that sustainability-related financial information should be disclosed in the investment strategy or investment risk sections of the PDS.

### **Climate-related financial information in PDSs—general, for investment products**

RG 000.138 If a product has an investment component, the PDS must include a statement about whether the issuer takes into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of the investment: see s1013D(1)(l) and reg 7.9.14C(a)–(b) of the Corporations Regulations.

Note: In this section, ‘investment products’ refer to financial products that have an investment component, such as superannuation products, managed investment products, CCIV sub-fund products and investment life products.

RG 000.139 If an issuer takes into account any of the considerations described at RG 000.138, the PDS must also include:

- (a) a statement about the standards that the issuer considers to be labour standards and those considerations that the issuer regards as environmental, social, or ethical standards (see regs 7.9.14C(c)(i) and 7.9.14C(d)(i)); and
- (b) a statement about the extent that labour standards, environmental, social or ethical considerations are taken into account in the selection,

DRAFT

retention or realisation of the investment (see s1013D(1)(l) and regs 7.9.14C(c)(ii) and 7.9.14C(d)(ii)).

Note 1: Section 1013D(1)(l) does not apply to PDS disclosures of general insurance products: see reg 7.9.15D and RG 168.130.

Note 2: For issuers utilising the shorter PDS regime, the statement described in this paragraph must be included in summary form: see Schs 10D–10F of the Corporations Regulations.

- RG 000.140 An issuer of an investment product must comply with guidelines developed by ASIC under s1013DA where the PDS makes a claim that labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of the investment: see [RG 65](#).
- RG 000.141 If an issuer of an investment product takes into account environmental considerations that are climate-related in the selection, retention or realisation of the investment:
- (a) the statement described at RG 000.139(a) should make this clear. This will facilitate consistent and comparable climate-related financial disclosures; and
  - (b) the statement described at RG 000.139(b) should summarise both the methodology applied, and the weighting given, in taking these climate-related considerations into account. It is likely that this will be necessary in providing the statement of the extent to which environmental considerations are taken into account.

### **Climate-related financial information in PDSs—reporting entities**

- RG 000.142 If s1013D or s1013E requires disclosure of climate-related financial information in the PDS, and the product issuer has lodged a sustainability report with ASIC for the most recent financial year in relation to a reporting entity to which the PDS relates:
- (a) the PDS should include a statement of this fact. Retail investors can refer to that sustainability report if they require further information. This also facilitates clear, concise and effective disclosure (see s1013C(3)); and
  - (b) the PDS issuer should consider the extent that it is appropriate to summarise any climate-related financial information from the sustainability report in the PDS, with regard to the matters described at RG 000.135–RG 000.141.

DRAFT

## E ASIC's administration of the sustainability reporting requirements

### Key points

ASIC has the discretion to grant relief from the sustainability reporting and audit provisions under Ch 2M of the Corporations Act. Our guidance in this section:

- explains our power to grant sustainability reporting and audit relief, the statutory preconditions that must be satisfied, and our general approach to assessing relief from the sustainability reporting and audit requirements;
- sets out relief available under ASIC legislative instruments in relation to sustainability reporting; and
- explains how applicants can seek individual relief, and provides guidance on some specific types of relief that may be sought.

In administering the regime, we may review sustainability reports and audit files to monitor compliance with the sustainability reporting and audit requirements under the Corporations Act.

ASIC may exercise a directions power if we consider that a statement made by an entity in a sustainability report is incorrect, incomplete or misleading. For example, we can direct entities to explain statements made in a sustainability report, provide information to substantiate the statement, and correct or amend the statement.

### ASIC's power to grant sustainability reporting and audit relief

RG 000.143 Under Pt 2M.6, we may grant relief to a reporting entity from the requirement to comply with its sustainability reporting and audit obligations under Pt 2M.2 *Financial and sustainability records*, Pt 2M.3 *Financial and sustainability reporting* and/or Pt 2M.4 *Appointment and removal of auditors* (other than Div 4).

RG 000.144 We may grant relief from these provisions:

- on a class basis via legislative instrument (s341(1)). An entity that meets the eligibility criteria under this legislative instrument may elect to rely on this relief; or
- on an individual basis (s340(1)), following an application for relief lodged on behalf of the entity with ASIC.

Note: ASIC may impose conditions on the relief it grants.

DRAFT



- RG 000.145 As set out in s342(1), our power to grant relief from the sustainability reporting and audit requirements is only available when we are satisfied that complying with the obligations would:
- (a) make the sustainability report or other report misleading;
  - (b) be inappropriate in the circumstances; or
  - (c) impose unreasonable burdens.
- RG 000.146 Even if we are satisfied that one of the statutory pre-conditions in s342(1) set out above is met, we may exercise our discretion not to grant relief.

## ASIC's general approach to sustainability reporting and audit relief

- RG 000.147 ASIC will consider the following when assessing whether to grant relief from the sustainability reporting requirements under Ch 2M:
- (a) the underlying policy objectives of the sustainability reporting regime (see Section A). These include improving the quality, consistency and comparability of climate-related financial disclosures to enable users of that information to make informed decisions about the climate-related risks and opportunities of reporting entities. We are unlikely to grant relief that is inconsistent with [AASB S2](#) as this would likely reduce the comparability of climate-related financial disclosures;
  - (b) the users of the sustainability report, their information needs, and how those users are likely to be impacted if relief is granted; and
  - (c) established policy and precedents in relation to financial reporting. This includes, but is not limited to, our regulatory guidance in:
    - (i) Regulatory Guide 51 *Applications for relief* ([RG 51](#));
    - (ii) Regulatory Guide 43 *Financial reports and audit relief* ([RG 43](#)); and
    - (iii) Regulatory Guide 115 *Audit relief for proprietary companies* ([RG 115](#)).
- RG 000.148 Where appropriate, we may also consider relief granted from the sustainability reporting requirements in other jurisdictions, provided our relief powers are enlivened.
- RG 000.149 However, we will not necessarily grant sustainability reporting relief merely because an entity has been granted, or has the benefit of, comparable financial reporting relief: see RG 000.184–RG 000.185. Applicants seeking sustainability reporting relief should specifically address why it is appropriate for ASIC to grant the sustainability reporting relief sought.

RG 000.150 Applications for relief from the sustainability reporting requirements must be submitted *prior to* the deadline for lodging the sustainability report, as our relief powers are prospective only and cannot be exercised after the due date for lodgement has passed.

### **Relief in the early years of the sustainability reporting regime**

RG 000.151 The sustainability reporting regime is new for Australia, and many entities required to prepare sustainability reports under the regime will not have done so before. Both market practice and policy developments relating to climate-related financial disclosures will also continue to evolve both domestically and internationally.

RG 000.152 While our regulatory policy develops and sustainability reporting practices are maturing, we expect to adopt the following approach in the early years of the sustainability reporting regime:

- (a) duration of relief—we are more likely to grant individual relief from the sustainability reporting obligations on a short-term basis. In most cases, any granting of individual relief is unlikely to exceed one reporting period in duration (i.e. 12 months); and
- (b) use of no-action letters—we will consider giving a no-action letter where appropriate, having regard to our existing approach as set out in Regulatory Guide 108 *No-action letters* ([RG 108](#)).

RG 000.153 We encourage applicants to seek relief as early as possible. During the early years of the sustainability reporting regime, applications for relief will often involve new policy or novel considerations. A longer processing time will generally apply for such applications: see RG 51. We may consider granting interim relief or a no-action letter during the processing period.

Note: See RG 51 for further guidance on new policy considerations.

## **Legislative instruments granting relief for sustainability reporting**

RG 000.154 ASIC has granted some relief from the sustainability reporting obligations in legislative instruments.

RG 000.155 Table 5 sets out some of the legislative instruments that provide sustainability reporting relief. This includes the extension of the scope of relief in one legislative instrument that relates to the preparation of financial reports for stapled entities.

DRAFT

**Table 5: Sustainability reporting relief available under an ASIC legislative instrument**

| Entity                            | ASIC instrument   |
|-----------------------------------|---|
| <b>Stapled entities</b>           | <p><a href="#">ASIC Corporations (Reporting by Stapled Entities) Instrument 2023/673</a> provides relief to facilitate the preparation of consolidated or combined financial reports by stapled entities.</p> <p>Note: References to ASIC Instrument 2023/673 in this guide are to the version in Attachment 2 to CP 380.</p> <p>The extension of the relief to sustainability reporting allows the stapled entity to prepare a sustainability report that includes climate-related financial disclosures on behalf of all the members of the stapled group. The relief applies where the sustainability report is prepared as if all the members in the stapled group are a single entity.</p> |
| <b>Listed disclosing entities</b> | <p><a href="#">ASIC Corporations (Electronic Lodgement of Financial Reports) Instrument 2016/181</a> allows entities listed on ASX, NSX, SIM VSE or SSX to lodge annual reports electronically with the relevant market operator without lodging separate reports with ASIC.</p> <p>The relief also applies to the lodgement of sustainability reports.</p>   |

### Stapled entities relief

- RG 000.156 [ASIC Instrument 2023/673](#) facilitates sustainability reporting for stapled entities. The instrument is relevant where a stapled entity or another member of the stapled group:
- relies on ASIC Instrument 2023/673 for financial reporting relief; and
  - is required to prepare a sustainability report under s292A.

Note: Please refer to ASIC Instrument 2023/673 for the definition of ‘stapled group’.

- RG 000.157 Under ASIC Instrument 2023/673, a stapled entity that elects to prepare a sustainability report on behalf of the stapled group, must do so on the basis that all members of the stapled group are a single entity. A stapled entity can make this election regardless of whether all of the other stapled entities in the stapled group meet the sustainability reporting thresholds under s292A.

Note: Where a stapled entity elects to prepare a sustainability report under [ASIC Instrument 2023/673](#), other members of the stapled group that would otherwise be required to prepare a sustainability report under s292A are relieved from that requirement.

- RG 000.158 The stapled entity that prepares the sustainability report must also keep sustainability records that explains the methods, assumptions and evidence in relation to the sustainability report: see s286A of the Corporations Act and RG 000.44–RG 000.48.

- RG 000.159 Given that interests in a stapled group can only be traded together, users of sustainability reports will benefit from a sustainability report prepared on behalf of the entire stapled group. If a stapled entity relies on ASIC Instrument 2023/673, each stapled issuer in the stapled group does not need to prepare an individual sustainability report.

DRAFT

## Individual relief

- RG 000.160 Before applying for individual sustainability reporting relief, reporting entities should consider the extent that sustainability reporting relief is available under an existing legislative instrument: see Table 5 for a non-exhaustive list.
- RG 000.161 An applicant proceeding to seek individual relief from any sustainability reporting or audit requirements must satisfy ASIC that requiring the applicant to comply with the relevant obligations would:
- (a) make the sustainability report or other reports misleading (see s342(1)(a));
  - (b) be inappropriate in the circumstances (s342(1)(b)); or
  - (c) impose unreasonable burdens (s342(1)(c)).
- RG 000.162 Our general approach to relief is set out at RG 000.147–RG 000.150. In considering individual relief, we will also take into account the relevant circumstances of the applicant, including for example, the entity’s size.
- RG 000.163 Specific guidance about how we may apply each of the statutory preconditions in the context of sustainability reporting is set out at RG 000.164–RG 000.171.

Note: Applicants should also refer to [RG 43](#), which provides guidance on the application of these preconditions in the context of financial reporting and audit relief.

### Compliance would make the sustainability report or other reports misleading

- RG 000.164 To satisfy the statutory precondition in s342(1)(a), we must be satisfied that strict compliance would make the sustainability report or other reports misleading. The fact that the disclosure is uninformative or irrelevant is not of itself sufficient.

### Compliance would be inappropriate in the circumstances

- RG 000.165 The statutory precondition in s342(1)(b) will normally only apply when there is an anomaly in the law, or when compliance with the law gives rise to consequences not intended by the legislature: see *Re Mazda Australia Pty Ltd and ASC* (1992) 8 ACSR 613.
- RG 000.166 When assessing applications for relief, we will consider the features and policy objectives of the sustainability reporting regime that are relevant to the application: see RG 000.11.

DRAFT

RG 000.167 For example, the objectives of the sustainability reporting regime recognise the benefits of public disclosure of climate-related financial disclosures for entities that meet the sustainability reporting thresholds, being entities that:

- (a) have reached a size of economic significance to the Australian economy; or
- (b) are one of Australia's largest emitters of scope 1 and scope 2 greenhouse gas emissions and therefore likely to face high climate-related transition risks which could carry financial implications.

Note: See Appendix A of [AASB S2](#) for the definition of scope 1 and scope 2 greenhouse gas emissions.

RG 000.168 Accordingly, the 'inappropriate in the circumstances' precondition is unlikely to be satisfied to justify relief from sustainability reporting requirements merely when:

- (a) an entity that meets the s292A reporting thresholds is privately owned, closely held by only a small number of members, or has limited known external users; or
- (b) those who need the information that would be set out in a sustainability report already have access to it.

### **Compliance would impose an unreasonable burden**

RG 000.169 The statutory precondition for granting relief in s342(1)(c) is only satisfied when the entity seeking relief demonstrates that:

- (a) complying with the sustainability reporting requirements is burdensome because:
  - (i) there is a burden associated with complying with the relevant sustainability reporting requirement; or
  - (ii) a burden is likely to result from having complied with the sustainability reporting requirement; and
- (b) the burden is *unreasonable*. Applicants must demonstrate that the burden is out of all proportion to the value of the resultant disclosure to users of the sustainability report.

RG 000.170 We will carefully scrutinise any argument that the ordinary costs of complying with an entity's sustainability reporting obligations constitute an unreasonable burden: see also [RG 51](#). This is because:

- (a) the costs of preparing a sustainability report (including any costs from obtaining expert assistance), obtaining an audit of that report, and maintaining adequate sustainability records are all foreseeable administrative costs ordinarily incurred from complying with the regime. They are also ordinary costs that are presumed to have been

contemplated in the establishing of these sustainability reporting requirements;

- (b) [AASB S2](#) contains proportionality mechanisms that ensure that entities of various sizes are able to apply the standard (see RG 000.92);
- (c) AASB S2 contains exceptions to the application of certain specified requirements (see RG 000.93);
- (d) AASB S2 only requires disclosure of *material* climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects; and
- (e) if the applicant is an entity to which s296B(1) applies, the entity may prepare a simplified climate statement if they do not have material climate-related financial risks and opportunities for a financial year.

RG 000.171 Accordingly, an applicant operating its business on an ordinary commercial basis is unlikely to satisfy ASIC that the administrative costs of complying with the sustainability reporting requirements alone would impose an unreasonable burden.

## Specific considerations for some applications

### Extension of time to lodge a sustainability report

RG 000.172 We will only grant an extension of time to lodge a sustainability report in rare circumstances. This is consistent with our approach for financial reporting: see [RG 43](#).

RG 000.173 We expect that entities will implement sustainability reporting processes that enable the entity to meet its reporting deadlines under the Corporations Act. This includes ensuring that the external auditor has sufficient time to complete the audit.

Note: For financial years commencing before 1 July 2030, the sustainability report will be required to be reviewed or audited to the extent required by the AUASB. From 1 July 2030, the sustainability report will be required to be audited. See s301A, s1707E and s1707F.

RG 000.174 The following circumstances are examples where an extension of time is unlikely to be granted:

- (a) if directors are absent from Australia—suitable alternative arrangements should be made to enable the sustainability report to be authorised by a resolution of directors and signed by a director. In any event, any application would need to be signed by a director (see s340(3)(a) and (b));
- (b) if an auditor states it cannot complete the audit work within the timeframe set down in the Corporations Act;
- (c) if an entity has not had sufficient time to prepare its sustainability report due to inadequate planning or staff absences; and

- (d) if an entity wishes to await the outcome of future transactions or agreements before lodging its sustainability report.

RG 000.175 If we decide to grant an extension of time for lodgement of a sustainability report, the extension will generally only be for a short, discrete period and will take into account the impact on users of the sustainability report and the objectives of the regime.

RG 000.176 As our powers under s340 are prospective, we cannot grant retrospective relief and cannot grant an extension of time after the deadline for lodgement has passed.

Note: See [RG 51](#) and [RG 43](#) for further information about retrospective relief.

### **Consolidated sustainability reporting relief**

RG 000.177 Under 292A(2), a parent entity may elect to prepare a sustainability report for the consolidated entity if it is required by the accounting standards to prepare financial statements for the consolidated entity for the financial year.

RG 000.178 We have also provided relief to enable a stapled entity to prepare a sustainability report in relation to all stapled group members under ASIC Instrument 2023/673: see RG 000.156–RG 000.159.

RG 000.179 Where neither of the above paragraphs apply, an entity may seek individual relief from ASIC to prepare and lodge a consolidated sustainability report.

RG 000.180 Applications for individual relief to facilitate consolidated sustainability reporting should address:

- (a) the entities that would be included in the consolidated sustainability report if relief was granted;
- (b) why the entities are not entitled to rely on s292A(2) or any ASIC relief in respect of the relief sought (if relevant);
- (c) the rationale for a consolidated sustainability report;
- (d) how the information in the consolidated sustainability report is proposed to be presented; and
- (e) how the relief sought may affect the needs of users of the sustainability reports.

### **Audit relief**

RG 000.181 An entity that is required to prepare a sustainability report for a financial year must have the sustainability report audited and obtain an auditor's report: see s301A.

Note: For financial years commencing before 1 July 2030, the sustainability report will be required to be reviewed or audited to the extent required by the AUASB. From 1 July 2030, the sustainability report will be required to be audited. See s301A, s1707E and s1707F.

RG 000.182 Applications for relief from the audit requirements for a sustainability report must address the criteria in s342(1). We will not grant audit relief for a sustainability report merely because audit relief has been granted in relation to the entity's financial report.

RG 000.183 For proprietary companies applying for audit relief on the basis that the audit requirements impose an unreasonable burden, the criteria in s342(2)–(3) must also be addressed.

Note: See [RG 115](#) for further guidance on this topic.

### **Interaction with existing ASIC relief from the requirement to prepare a financial report**

RG 000.184 Entities that rely on relief from the requirement to prepare a financial report under an instrument are not required to prepare a sustainability report: see s292A(1)(a).

RG 000.185 However, if an instrument provides some other form of financial reporting relief (e.g. relief to defer financial reporting obligations for a financial year), sustainability reporting requirements will continue to apply unless relief in relation to those requirements is also granted.

## **How to apply for relief**

RG 000.186 Entities seeking to apply for sustainability reporting relief should:

- (a) refer to [RG 51](#) for information about the application process and what information needs to be included;
- (b) ensure that any application under s340(1) complies with the formality requirements under s340(3) to enliven ASIC's powers to consider the application;
- (c) submit their application for relief through the [ASIC Regulatory Portal](#); and
- (d) ensure that the relevant fee for considering the application for relief is paid as soon as practicable once the application is lodged.

RG 000.187 A fee is charged for each substantive matter raised in an application and for each entity affected. If you are applying for both financial reporting and sustainability reporting relief, this will generally involve separate substantive decisions and therefore a separate fee will be charged for each decision, for each entity.

DRAFT



## Review of sustainability reports

RG 000.188 We may review sustainability reports lodged with us on behalf of reporting entities.

RG 000.189 We may also review audit files prepared by an auditor of a sustainability report to monitor compliance with the Corporations Act and any assurance standards.

RG 000.190 This may include reviews undertaken:

- (a) proactively by way of thematic surveillance;
- (b) reactively as part of an investigation or in response to reports of misconduct we receive from users of the sustainability report or members of the general public; and/or
- (c) on any other basis we determine necessary to ensure compliance with the laws we administer and to support fair and efficient markets and confident and informed investors.

RG 000.191 If we identify non-compliance, we may consider taking enforcement action.

Note 1: For more guidance on our approach to enforcement during the early days of the regime, see RG 000.24.

Note 2: For more guidance on our general approach to enforcement, see Information Sheet 151 *ASIC's approach to enforcement* ([INFO 151](#))

RG 000.192 Our aim is to improve the quality of sustainability reporting and to ensure sustainability reports have been prepared in accordance with the law. We also aim to promote the improvement and maintenance of audit quality.

Note: See also Information Sheet 224 *ASIC financial reporting and audit surveillance* ([INFO 224](#)).

### ASIC's directions power

RG 000.193 If we consider that a statement in a sustainability report is incorrect, incomplete or misleading, we may direct the entity that has prepared the sustainability report to:

- (a) confirm that the statement is correct or complete;
- (b) explain the statement;
- (c) provide information or documents that substantiate or support the statement;
- (d) correct, complete or amend the statement; and/or
- (e) publish the corrected, completed or amended statement, or give the statement to specified persons, in accordance with the direction.

- RG 000.194 If relevant or required information has been omitted from the sustainability report, we may consider that one or more statements in the sustainability report are incorrect, incomplete or misleading.

### Hearings and submissions

- RG 000.195 Before we direct an entity to correct, complete or amend a statement in a sustainability report, or to publish or provide that statement to specified persons, we will provide the entity an opportunity to:
- (a) appear, or be represented, at a hearing before ASIC that takes place in private, and
  - (b) make submissions to ASIC on the matter (see s296E(4)).

Note 1: The entity may also choose to provide written submissions for the ASIC delegate to consider.

Note 2: If the entity has prepared the sustainability report on behalf of a reporting entity, ASIC may also invite the reporting entity to attend the hearing: see RG 000.36.

- RG 000.196 Hearings are conducted by an ASIC staff member with the appropriate delegation given under Div 6 of Pt 3 of the ASIC Act. Our delegate decides whether to exercise ASIC's powers after considering the evidence and submissions put by the entity that prepared the sustainability report, and other relevant matters.
- RG 000.197 For more information about how we conduct administrative hearings, see Information Sheet 1 *Administrative hearings* ([INFO 1](#)) and Regulatory Guide 8 *Administrative hearings: Principles and conduct* ([RG 8](#)).

### Compliance with a direction

- RG 000.198 ASIC will make its direction by written notice: see s296E(1).
- RG 000.199 The entity must comply with our direction within the time it specifies, which must be a reasonable time: see s296E(2)(a).
- RG 000.200 Our direction may set out certain conditions. For example, we may require a listed reporting entity to lodge a statement on the relevant market announcements platform, explaining the nature and circumstances of the change required by the direction.
- RG 000.201 Failure to comply with a direction is a strict liability offence: see s296E(8). If a reporting entity fails to comply, ASIC may consider taking other regulatory action, including enforcement.
- RG 000.202 We may vary or revoke a direction: see s296E(5) and (6). If so, we will provide written notice of the revocation to the entity that has prepared the sustainability report.

RG 000.203 If ASIC gives, varies or revokes a direction to an entity to correct, amend or complete a statement in a sustainability report, we must publish a notice of this action on our website as soon as practicable: see s296E(7).

**DRAFT**

## Key terms

| Term                                   | Meaning in this document  |
|--|---|
| AASB                                   | Australian Accounting Standards Board   |
| AASB S1                                | <p>Australian Sustainability Reporting Standard AASB S1 <i>General requirements for disclosure of sustainability-related financial information</i>, which is a voluntary sustainability standard issued by the AASB</p> <p>Note: AASB S1 is based on IFRS S1, issued by the ISSB</p>  |
| AASB S2                                | <p>Australian Sustainability Reporting Standard AASB S2 <i>Climate-related disclosures</i>.</p> <p>AASB S2 is the sustainability standard made by the AASB under s336A of the Corporations Act</p> <p>Note: AASB S2 is based on IFRS S2, issued by the ISSB.</p>  |
| ASIC                                   | Australian Securities and Investments Commission  |
| ASIC Act                               | <i>Australian Securities and Investments Commission Act 2001</i>  |
| ASIC Instrument 2023/673 (for example) | An ASIC instrument (in this example numbered 2023/673)  |
| annual report                          | <p>A report lodged annually by an entity under Ch 2M. For reporting entities, the annual report generally includes:</p> <ul style="list-style-type: none"> <li>• an annual financial report;</li> <li>• a directors' report;</li> <li>• a sustainability report; and</li> <li>• auditor's reports on the financial report and on the sustainability report.</li> </ul> <p>For non-reporting entities, the annual report will not include a sustainability report or audit report on the sustainability report</p> |
| auditor's report                       | <p>Means:</p> <ul style="list-style-type: none"> <li>• an auditor's report on an annual financial report required under s308; or</li> <li>• an auditor's report on a half-year financial report required under s309; or</li> <li>• an auditor's report on an annual sustainability report required under s301A</li> </ul> <p>Note: This is the definition in s9 of the Corporations Act.</p>  |
| AUASB                                  | Australian Auditing and Assurance Standards Board   |

DRAFT

| Term   | Meaning in this document  |
|--|---|
| CCIV   | <p>A corporate collective investment vehicle—a company that is registered as a corporate collective investment vehicle under the Corporations Act</p> <p>Note: This is the definition in s9.</p>  |
| Ch 2M (for example)                                  | A chapter of the Corporations Act (in this example numbered 2M)   |
| climate-related financial disclosures or information | Information about an entity's climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term, including information about the entity's governance, strategy and risk management in relation to those risks and opportunities, and related metrics and targets  |
| climate-related metrics                              | <p>Cross-industry metrics in relation to greenhouse gases, climate-related transition risks, climate-related physical risks, climate-related opportunities, capital deployment, internal carbon prices and remuneration</p> <p>Note: See paragraph 29 of AASB S2.</p>   |
| climate-related opportunities                        | <p>The potential positive effects arising from climate change for an entity. Efforts to mitigate and adapt to climate change can produce climate-related opportunities for an entity</p> <p>Note: This is the definition in Appendix A of AASB S2.</p>  |
| climate-related physical risks                       | <p>Risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.</p> <p>These risks could carry financial implications for an entity, such as costs resulting from direct damage to assets or indirect effects of supply-chain disruption. The entity's financial performance could also be affected by changes in water availability, sourcing and quality; and extreme temperature changes affecting the entity's premises, operations, supply chains, transportation needs and employee health and safety</p> <p>Note: This is the definition in Appendix A of AASB S2</p> |
| climate-related risks                                | <p>The potential negative effects of climate change on an entity. These risks are categorised as climate-related physical risks and climate-related transition risks</p> <p>Note: This is the definition in Appendix A of AASB S2.</p>  |

| Term                               | Meaning in this document   |
|------------------------------------|--|
| climate-related targets            | <p>The quantitative and qualitative climate-related targets a reporting entity has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets</p> <p>Note: This reflects the definition in paragraphs 33 of AASB S2.</p>   |
| climate-related transition risks   | <p>Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks. These risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations. The entity's financial performance could also be affected by shifting consumer demands and the development and deployment of new technology</p> <p>Note: This is the definition in Appendix A of AASB S2.</p> |
| climate statements                 | Has the meaning given in s9 and s296A and 296B of the Corporations Act   |
| concerned person                   | <p>In relation to a superannuation product, means a person who is, or was within the preceding 12 months, a member of the superannuation entity, or is a beneficiary of the superannuation entity</p> <p>Note: This is the meaning under s1017C(9)(a) of the Corporations Act.</p>   |
| consolidated sustainability report | <p>A sustainability report:</p> <ul style="list-style-type: none"> <li>• that is prepared in relation to a consolidated entity under s292A(2); or</li> <li>• prepared in reliance on ASIC relief that permits the report to be prepared in relation to the reporting entity and other entities in the reporting entity's corporate group</li> </ul>  |
| continuously quoted securities     | <p>Includes securities that are in a class of securities that were quoted ED securities at all times in the three months before the date of the prospectus or PDS</p> <p>Note: See s9 of the Corporations Act for the precise definition.</p>  |
| Corporations Act                   | <i>Corporations Act 2001</i> , including regulations made for the purposes of the Act  |
| Corporations Regulations           | <i>Corporations Regulations 2001</i>   |
| directions power                   | ASIC's directions power in s296E(1) of the Corporations Act  |

DRAFT

| Term                     | Meaning in this document   |
|--------------------------|--|
| directors                | Refers collectively to directors of: <ul style="list-style-type: none"> <li>• companies;</li> <li>• responsible entities;</li> <li>• corporate directors of retail CCIVs; and</li> <li>• RSE licensees</li> </ul>                                |
| ED securities            | Enhanced disclosure securities—has the meaning given in s111AD of the Corporations Act   |
| financial report         | The documents referred to in s292, 293, 294, 294A, 294B or 302 of the Corporations Act—that is, financial statements, notes to the financial statements and the directors' declaration about the statements and notes                            |
| FMI Bill                 | Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024   |
| greenhouse gas emissions | Refers to scope 1 greenhouse gas emissions, scope 2 greenhouse gas emissions and scope 3 greenhouse gas emissions  |
| IFRS S1                  | IFRS S1 <i>General requirements for disclosure of sustainability-related financial information</i> , issued by the ISSB  |
| IFRS S2                  | IFRS S2 <i>Climate-related disclosures</i> , issued by the ISSB  |
| INFO 151 (for example)   | An ASIC information sheet (in this example numbered 151)   |
| investment product       | Financial products with an investment component, such as superannuation products and managed investment products   |
| ISSB                     | International Sustainability Standards Board   |
| NGER Act                 | <i>National Greenhouse and Energy Reporting Act 2007</i>   |
| non-reporting entity     | An entity that is not required to prepare a sustainability report under Ch 2M for a financial year   |
| OFR                      | An operating and financial review—the part of the directors' report that must contain the information required under s299A of the Corporations Act   |
| PDS                      | A Product Disclosure Statement—a document that must be given to a retail client in relation to the offer or issue of a financial product in accordance with Div 2 of Pt 7.9 of the Corporations Act<br><br>Note: See s9 for the full definition. |
| Pt 2M.3 (for example)    | A part of the Corporations Act (in this example numbered 2M.3) unless otherwise specified  |

DRAFT

| Term                             | Meaning in this document   |
|----------------------------------|--|
| reporting entity                 | An entity that must prepare a sustainability report for a financial year under Ch 2M<br><br>Note: In some cases, another entity may be responsible for preparing a sustainability report on behalf of a reporting entity.  |
| retail CCIV                      | A CCIV that satisfies the retail CCIV test in s1222K of the Corporations Act or is notified as a retail CCIV under s1222L of the Corporations Act<br><br>Note: This is a definition in s1222J.   |
| RG 43 (for example)              | An ASIC regulatory guide (in this example numbered 43)   |
| RSE                              | A registrable superannuation entity (e.g. a superannuation fund)   |
| RSE licensee                     | A registrable superannuation entity—has the meaning given in s10 of the SIS Act  |
| s292A (for example)              | A section of the Corporations Act (in this example numbered 292A), unless otherwise specified  |
| scenario analysis                | A process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty<br><br>Note: See Appendix A of AASB S1.   |
| scope 1 greenhouse gas emissions | Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity<br><br>Note: This is the definition in Appendix A of AASB S2.  |
| scope 2 greenhouse gas emissions | Indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by an entity.<br><br>Purchased and acquired electricity is electricity that is purchased or otherwise brought into an entity's boundary. Scope 2 greenhouse gas emissions physically occur at the facility where electricity is generated<br><br>Note: This is the definition in Appendix A of AASB S2. |
| scope 3 greenhouse gas emissions | Indirect greenhouse gas emissions (not included in scope 2 greenhouse gas emissions) that occur in the value chain of an entity, including both upstream and downstream emissions. Scope 3 greenhouse gas emissions include the scope 3 categories in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)<br><br>Note: This is the definition in Appendix A of AASB S2.               |
| SIS Act                          | <i>Superannuation Industry (Supervision) Act 1993</i>  |

DRAFT



| Term  | Meaning in this document   |
|---|--|
| superannuation product                                      | Has the same meaning as: <ul style="list-style-type: none"> <li>• a 'superannuation interest' in s10 the SIS Act; and</li> <li>• a 'superannuation product' in s9 of the Corporations Act</li> </ul>   |
| sustainability-related disclosures or information           | Information about sustainability. It is not limited to sustainability-related financial information under AASB S1 or AASB S2. It may include sustainability-related information that is not relevant or useful for assessing the entity's prospects. It may also include sustainability-related information disclosed under other sustainability reporting standards (other than AASB S1 or AASB S2) or frameworks |
| sustainability-related financial disclosures or information | Information disclosed under either AASB S1 or AASB S2. This is sustainability-related information that is relevant or useful for assessing the entity's prospects, including cash flows, access to finance and cost of capital over the short, medium and long term  |
| sustainability records                                      | Includes documents and working papers needed to explain the methods, assumptions and evidence from which the substantive provisions of sustainability reports are made up<br><br>Note: This is the meaning in s9 of the Corporations Act.  |
| sustainability report                                       | An annual report required under s292A of the Corporations Act<br><br>Note: This is the definition in s9.   |
| sustainability reporting thresholds                         | The thresholds set out in s292A(3), 292A(5) and 292A(6) of the Corporations Act  |
| sustainability standards                                    | AASB S1 (issued as a voluntary sustainability standard) or AASB S2 (made under s336A)  |
| transition plan   | An aspect of an entity's strategy that lays out the entity's targets, actions or resources for its transition towards a lower-carbon economy, including actions such as reducing its greenhouse gas emissions<br><br>Note: This is the definition in Appendix A of AASB S2.  |
| transaction-specific PDS                                    | A PDS prepared under s1013FA of the Corporations Act in relation to a continuously quoted security   |

## Related information

### Headnotes

climate-related financial disclosures, consolidated sustainability report, cross-referencing, directions power, director's duties, OFR, operating and financial review, labelling, modified liability, PDS, Product Disclosure Statement, prospectus, relief, stapled entity, sustainability records, sustainability report

### Regulatory guides

[RG 8](#) *Administrative hearings: Principles and conduct*

[RG 43](#) *Financial reports and audit relief*

[RG 51](#) *Applications for relief*

[RG 65](#) *Section 1013DA disclosure guidelines*

[RG 66](#) *Transaction-specific disclosure for PDSs*

[RG 108](#) *No-action letters*

[RG 115](#) *Audit relief for proprietary companies*

[RG 168](#) *Disclosure: Product Disclosure Statements (and other disclosure obligations)*

[RG 170](#) *Prospective financial information*

[RG 228](#) *Prospectuses: Effective disclosure for retail investors*

[RG 247](#) *Effective disclosure in an operating and financial review*

[RG 254](#) *Offering securities under a disclosure document*

### Information sheets

[INFO 1](#) *Administrative hearings*

[INFO 151](#) *ASIC's approach to enforcement*

[INFO 155](#) *Shorter PDSs—Complying with requirements for superannuation products, simple managed investment schemes and simple sub-fund products*

[INFO 183](#) *Directors and financial reporting*

[INFO 224](#) *ASIC financial reporting and audit surveillances*

[INFO 271](#) *How to avoid greenwashing when offering or promoting sustainability-related products*

## Legislative instruments and pro formas

[ASIC Corporations \(Electronic Lodgement of Financial Reports\) Instrument 2016/181](#)

[ASIC Corporations \(Reporting by Stapled Entities\) Instrument 2023/673](#)

Note: References to ASIC Instrument 2023/673 in this guide are to the version in Attachment 2 to CP 380.

## Legislation

*Australian Charities and Not-for-profit Commission Act 2012*

*Australian Securities and Investments Commission Act 2001*, Pt 3 Div 6; s12BB, 224

*Corporations Act 2001*, Chs 2M, 6, 6D and 7; Pt 2M.2, Pt 2M.3 Div 3, Pt 2M.4 Divs 3, 4 and 5, Pt 2M.6, Pt 5.1, Pt 5B.2 Div 2, Pt 7.9 Subdiv 7.9; s9, 111AD, 180, 250N, 285, 286A, 292A, 294B, 296A, 296A, 296B, 296C, 296D, 296E, 296D, 299, 299A, 301A, 302, 314, 314AA, 316, 316A, 317, 319, 319B, 336A, 340, 341, 342, 412, 601FC, 601FD, 633, 635, 636674, 675, 710, 711, 713, 715, 715A, 728, 769C, 1013C, 1013D–1013F, 1013FA, 1013I, 1017B, 1017BB, 1017C, 1041H, 1707D, 1707E, 1707F, 1224C, 1224D, 1232C, 1308

*Corporations Regulations 2001*, regs 7.9.14C, 7.9.15D, 7.9.15DA

[Explanatory Memorandum](#) for the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024

*National Greenhouse and Energy Reporting Act 2007*, s12, 13

*Superannuation Industry (Supervision) Act 1993*, s52, 52A,

## Standards

[AASB 10](#) *Consolidated financial statements*

[AASB S1](#) *General requirements for disclosure of sustainability-related financial information*

[AASB S2](#) *Climate-related disclosures*

DRAFT

[IFRS S1](#) *General requirements for disclosure of sustainability-related financial information*

[IFRS S2](#) *Climate-related disclosures*

DRAFT