INSTITUTE OF PUBLIC ACCOUNTANTS®

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Companies & Small Business
Australian Securities and Investments Commission
GPO Box 9827
Melbourne VICTORIA 3001

Lodged via email: sustainable.finance@asic.gov.au

Dear Ms LaBouchardiere

ASIC Consultation Paper 380 *Sustainability Reporting*

The Institute of Public Accountants (IPA) welcomes the opportunity to provide comments on the above Consultation Paper.

General comment
Overall, IPA supports the proposals in the regulatory guidance contained in the Consultation Paper, as it provides practical guidance in assisting entities in complying with the sustainability reporting requirements. The guidance also explains ASIC's interpretations and expectations of the sustainability reporting requirements and its approach to administering and enforcing the sustainability reporting regime. All of which are useful in setting expectations and assist entities in complying with requirements, particularly in the areas of:

- Directors' declarations
- Modified liability settings
- Cross-referencing in a sustainability report
- Specific labelling for sustainability-related financial disclosures
- Notes to climate statements and
- ASIC's administration of the sustainability reporting requirements

However, while the proposals do provide some guidance, there are areas requiring further consideration and additional guidance, such as:

1. **Further guidance to specifically address how to assess whether a Group 3 entity has no material financial risks and opportunities**, an important starting point for Group 3 entities in determining the extent to which it prepares climate statements – as AASB S2 does not contain explicit guidance on how to assess if an entity has material financial risks and opportunities relating to climate. The guidance AASB S2 provides is peppered under different sections of the standard, and therefore convoluted and likely to be difficult for the Group 3 entities to navigate – a group for which sustainability reporting is likely to have the least resources and capabilities to understand and

comply with the requirements, in comparison with the larger entities in Groups 1 and 2. (Refer to our comment for C1).

2. **Proportionality mechanisms and exceptions under AASB S2** permit entities to take an approach to disclosing climate-related risks and opportunities that is "commensurate with the skills, capabilities or resources that are available to that entity" (RG 000.92). IPA thinks the AASB S2 requirements are more suited to larger entities, such as those in Groups 1 and 2. IPA members who operate in the small-to-medium enterprise (SME) sector are unlikely to have the skills, capabilities and resources to comply with the complex areas, such as Scope 3 emissions and scenario analysis. Consequently, the Group 3 entities may avail themselves to the exceptions in RG 000.92 that applying the AASB S2 would be impracticable after making every reasonable effort and the entities do not "have the skills, capabilities or resources to provide quantitative information about the financial effects of a climate related risk and opportunity" (RG 000.93(a) and (d)). The consequence of this is the non-disclosure of information required under AASB S2. (Refer to our comment for C7).

3. The **proposals use terms that are subjective and open to differing interpretations**, for example, "**adequate**" systems to assess whether an entity is required to prepare a sustainability report (in B2). To ensure consistent understanding and application, further guidance should be included (refer to our comment for B2). Other examples include:

- "**adequate**" in maintaining sustainability records (in RG 000.70)
- ….. "**reasonable**" steps to ensure the sustainability report … is in accordance with the Corporations Act." (RG 000.55, emphasis added) and
- "**robust** processes" to ensure an entity meets its sustainability reporting obligations (RG 000.71).

Specific comment

Our responses to the specific questions in the Consultation Paper are in Attachment 1.

For any questions relating to this submission, please contact [redacted], Group Executive Advocacy and Professional Standards, Institute of Public Accountants at [redacted].

Yours sincerely

[redacted]

Vicki Stylianou
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Institute of Public Accountants

Attachment 1 – IPA's responses to the Consultation Paper specific questions

Due to the large number of questions that the Consultation Paper seeks comment on, IPA has confined its comments to those relevant to its members who predominately work/advise in the small-to-medium enterprise (SME) sector. Consequently, we have not commented on matters that apply to prospectus issuers (D3), product disclosure statement (PDS) issuers (D4), and stapled entities (E2).

Entities that must prepare a sustainability report

B1 We propose to issue regulatory guidance about:

(a) the phasing in of sustainability reporting requirements for each cohort of reporting entity;

(b) how RSEs, registered schemes and retail CCIVs can determine whether they meet the sustainability reporting thresholds;

(c) the accounting standards that apply for reporting entities in determining whether an entity controls another for the purposes of s292A(3) and s292A(6);

(d) the intersection between the sustainability reporting requirements and entities that are part of a consolidated entity or group members of stapled groups; and

(e) entities that do not need to prepare a sustainability report.

Note: See draft RG 000.32—RG 000.43.

B1Q1 Do you agree with our proposed guidance?

B1Q2 What further guidance could we provide to help entities determine whether they are required to prepare a sustainability report?

B1Q3 What additional guidance should we provide to clarify how the s292A thresholds apply to RSEs, registered schemes and retail CCIVs?

IPA agrees with the proposed guidance, as they are largely clear and succinct. However, we think that it would be useful to include guidance stating that, in determining if an entity is within Groups 1, 2 or 3, the relevant AASB accounting standards and pronouncements should be applied for the terms of "revenue" and "assets". This would ensure that the relevant thresholds are determined on the same basis and in accordance with s1707B(5), thereby ensuring the sustainability reports are consistent and comparable over time and across entities. This would also be consistent with the proposed RG 000.38 of considering AASB 10 *Consolidated Financial Statements* when determining whether an entity controls another entity.

Sustainability records, directors' duties and modified liability

B2 We provide guidance on:

(a) the sustainability records that the reporting entity must keep;

(b) how material climate risks broadly intersect with directors' duties, including for directors of entities required to prepare a sustainability report; and

(c) the modified liability settings that apply until 31 December 2028, in relation to sustainability reporting.

Note: See draft RG 000.44—RG 000.65.

B2Q1 Does our proposed guidance help you understand the sustainability record that must be kept?

B2Q2 What further guidance should we provide on keeping sustainability records?

IPA supports the proposed guidance on sustainability reporting records. IPA notes that in RG 000.48 states that:

> "… 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. …" (emphasis added).

IPA thinks while this proposal does provide some guidance, the term "adequate" is however subjective and open to differing interpretations. We think that further guidance should be provided for this important area, as its assessment determines the extent an entity prepares a sustainability report. To ensure consistent understanding and application, further guidance should include that the system to assess if an entity meets the sustainability reporting thresholds need not be exhaustive. However, for the system to be adequate, it should capture the methodology/approach of the assessment (including documentation) that is supportable and withstands the scrutiny of auditors and regulators and is consistently applied from one reporting period to another.

B2Q3 Does our proposed guidance help you understand our expectations for directors in complying with their sustainability reporting requirements?

B2Q4 Are there any aspects of the sustainability reporting requirements where further ASIC guidance would be helpful for directors?

IPA supports the proposed guidance, as they assist in understanding the expectations for directors in complying with their sustainability reporting requirements. In particular, the proposals (in RG 000.53) make clear that the onus is on the directors, when relying on special knowledge or expertise, to make an independent assessment of the information or advice provided by such experts, advisers or other qualified persons.

IPA also supports the pragmatic approach (in RG 000.55 and 56) for directors' declarations that is:

- more lenient in the few first years (ie financial years commencing between 1 January 2025 and 31 December 2027) of requiring the directors to declare, "in their opinion, the entity has taken **reasonable** steps to ensure the sustainability report … is in accordance with the Corporations Act." (RG 000.55, emphasis added). However, IPA thinks additional guidance for the subjective term of "reasonable" should be provided to reduce the differing interpretations for similar reasons as those provided to B2Q1 and B2Q2 above. Guidance, for example, could be documenting the steps that underpinned or enabled the directors to make their declarations and that the steps taken would be supportable and withstand the scrutiny of auditors and regulators.
- more fulsome in subsequent years (ie financial years commencing on or after 1 January 2028) of requiring the directors to declare, in their opinion, whether the sustainability report **is in accordance with** the Corporations Act (in RG 000.56).

B2Q5 Does our proposed guidance on the modified liability settings clarify how these settings apply to statements made in sustainability reports and other documents or communications?

B2Q6 What further guidance should we provide about the modified liability settings?

IPA supports the proposed guidance on the modified liability settings, as they clarify how these settings applied to the statements made in sustainability reports and other documents. IPA finds the proposals in the following useful:

- Table 3 (in RG 000.60) listing of the protected statements and their modified liability periods and
- the exclusions and inclusions of protected statements and the application of the modified liability settings in RG 000.61 to 65.

Statements about no climate risks and opportunities

C1 We propose to provide guidance that reporting entities to whom s296B(1) may apply must assess, in accordance with AASB S2, whether for a financial year there are no material financial risks or opportunities relating to climate.

Note: See draft RG 000.70(a)

C1Q1 Are there other issues relevant to reporting entities' assessment of whether there are no material financial risks or opportunities?

The exemption for Group 3 reporting entities that do not have material financial risks and opportunities relating to climate from preparing a sustainability report is particularly important and relevant for IPA members, who operate in the SME sector. These entities' climate statements, instead, are a statement that there are no material financial risks and opportunities relating to climate along with explanations of how the entity has made such a determination. RG 000.68-69 essentially states this. While RG 000.70 proposes that the assessment of whether an entity has any material financial risks and opportunities relating to climate is to be done in accordance with AASB S2 *Climate-related Disclosures*. AASB S2, as the title suggests, focuses on the disclosures for entities that are exposed to climate-related risks and opportunities and explicitly states that:

> "Climate-related risks and opportunities that could not reasonably expected to affect an entity's prospects are outside the scope of this Standard." (paragraph 4).

Consequently, AASB S2 does not contain explicit guidance on how to assess if an entity has material financial risks and opportunities relating to climate. AASB S2 does provide some guidance on climate-related risks and opportunities. However, the guidance is peppered under different sections of the standard. For example:

- "Strategy" section – paragraphs 9 and 10 outline the disclosures that would enable users to understand an entity's strategy in managing climate-related risks and opportunities.
- "Risk management" section – paragraphs 24 to 26 outline the disclosures that would enable users to understand an entity's processes to identify, assess, prioritise and monitor climate-related risks and opportunities.
- Appendix B Climate resilience – paragraphs B4 and B5 provide application guidance that relates to climate-related scenario analysis.
- Appendix D elaborates on the "materiality" concept (paragraphs 18, B13, B19 and B21).

The above guidance is convoluted and likely to be difficult for the Group 3 entities to navigate – a group for which sustainability reporting is likely to have the least resources and capabilities to understand and comply with the requirements, in comparison with the larger entities in Groups 1 and 2.

IPA therefore, thinks that further guidance, either by ASIC and/or the AASB is required to specifically address how to assess whether an entity has material financial risks and opportunities, an important starting point for Group 3 entities for climate reporting. This could form part of the framework for the Group 3 entities' sustainability reporting requirements that the AASB currently is exploring in its "AASB S2 Proportionality" project.

C2 We propose to provide guidance that reporting entities that consider they have no material financial risks or opportunities under s296B(1) must:

(a) maintain adequate sustainability records; and

(b) establish robust processes to ensure that they meet the sustainability reporting requirements under s296A(1) for any subsequent financial year that there are material financial risks or opportunities.

Note: See draft RG 000.70(b)–RG 000.71.

C2Q1 Do you agree with our proposed guidance? If not, why not?

IPA agrees with the proposed guidance. However, IPA thinks additional guidance for the subjective term of "adequate" in maintaining sustainability records (in RG 000.70) and "robust processes" (in RG 000.71) should be provided to reduce the differing interpretations for similar reasons as those provided to B2Q1 and B2Q2 above.

Statements with forward-looking information

C3 We propose to issue guidance about statements with forward-looking climate information in the sustainability report. Notably:

(a) reporting entities must comply with paragraphs D1–D33 of Appendix D of AASB S2 (the qualitative characteristics of useful climate-related financial information) in preparing statements with forward-looking climate information;

(b) in doing so, reporting entities must disclose the basis for those forward-looking statements, including the underlying methods and assumptions used to produce that information; and

(c) reporting entities must also maintain adequate sustainability records that explain the methods, assumptions and evidence for all forward-looking information in the climate statement.

Note: See draft RG 000.72–RG 000.78.

C3Q1 Do you agree with our proposed guidance?

C3Q2 Should we issue more guidance about the facts or circumstances that are more likely to constitute reasonable grounds for forward-looking information in climate statements? If you consider that we should issue more guidance, please explain:

(a) what it should cover beyond the application guidance in Appendix D of AASB S2;

(b) how you consider that guidance would impact information disclosed under the sustainability standards in Australia, compared to information disclosed under the comparable international standards; and

(c) if there is any resultant inconsistency, how this can be reconciled with the context and purpose of the reforms, which cite international alignment of sustainability reporting to be a key priority.

IPA supports the proposed guidance and is of the view that climate statements will contain forward-looking information that are inherently more uncertain. However, entities are already disclosing forward-looking information, especially those that are disclosing some form of climate information. As per RG 000.75, the representations of future matters are taken as misleading if there are no reasonable grounds for making the representations under s769C of the Corporations Act and s12BB of the ASIC Act. IPA is of the view that the current legislative and reporting frameworks may be sufficient on the proviso that the forward-looking information complies with the guidance set out in RG 000.76 to RG 000.78, ie the information is made on reasonable grounds and supportable. Additionally, the modified liability settings (in RG 000.59 to RG 000.65) would enable the implementation of sustainability reports to be monitored over the next few years and assess if additional guidance and/or amendments are warranted.

Cross-referencing in a sustainability report

C4 We propose to issue guidance about information included by crossreference in a sustainability report (under paragraph 63 of Appendix D of AASB S2). Our proposed guidance is that entities should lodge the cross-referenced document with ASIC at the same time as the sustainability report (unless that document has already been lodged with ASIC).

Note: See draft RG 000.79–RG 000.81

C4Q1 Do you agree with our proposal? If not, why not?

IPA agrees with the proposals on cross-referencing in a sustainability report.

Labelling

C5 We propose to issue guidance recommending how entities should label reports and statements containing sustainability-related financial information. Our proposed guidance includes that:

(a) the term 'sustainability report' should be used when referring to the statutory sustainability report defined in s9 and s292A(1);

(b) the term 'climate statements' should be used when referring to the statutory statements defined in s296A(2) and/or s296B (as applicable);

(c) the term 'voluntary sustainability statements' should be used for sustainability-related information other than climate-related financial disclosures, prepared voluntarily by applying all or parts of AASB S1; and

(d) the term 'voluntary climate statements' should be used for climate-related financial disclosures prepared voluntarily by applying all or parts of AASB S2.

Note: See draft RG 000.82–RG 000.89.

C5Q1 Do you agree with our proposal to encourage specific labelling for sustainability-related financial disclosures?

C5Q2 If not, what guidance (if any) should we provide to:

(a) ensure that users of sustainability-related financial information are not misled by unhelpful or inappropriate labels; and

(b) support investor comprehension and the consistency of information provided across the market?

C5Q3 If you currently prepare voluntary reports covering sustainability, are there other ways to achieve the outcomes our guidance seeks to achieve?

IPA agrees with the proposals for specific labelling for sustainability-related financial disclosures. We also support the recommendations in Table 4 (in RG 000.86) for the usage of the names for "sustainability report", "climate statements", and "voluntary sustainability statements" prepared in accordance with AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and AASB S2. This approach ensures that the sustainability report (including the climate statements and directors' declaration) is clearly distinguished and presented separately from other information in the annual report. This would also achieve the other benefits in RG 000.85 of reducing the risks that users will be misled and supporting the objectives of the sustainability reporting regime, by facilitating consistent and comparable climate report financial disclosures.

Notes to climate statements

C6 We propose to issue guidance that we do not consider that notes to the climate statements currently need to be included in a sustainability report.

Note: See draft RG 000.90–RG 000.91.

C6Q1 Do you agree with our proposed guidance? If not, why not?

IPA supports the proposed guidance on the type of notes that must to included or excluded (in RG 000 .90and RG 000.91 respectively) as part of the climate statements is sufficient.

Proportionality mechanisms and exceptions under AASB S2

C7 We propose to issue guidance that reporting entities should take particular care to ensure adequate sustainability records are kept that substantiate the reporting entity's application of the proportionality mechanisms under AASB S2.

Note: See draft RG.000.92–RG 000.95.

C7Q1 Do you agree with our proposed guidance? If not, why not?

IPA agree with the proposed guidance that entities should take care to ensure adequate sustainability records are kept that substantiate the entity's application of the proportionality mechanisms under AASB S2. This is pragmatic and consistent with those for preparing annual financial statements.

Additionally, IPA is of the view that the AASB S2 requirements are more suited for larger entities, such as those in Groups 1 and 2. IPA members that fall within the Group 3 threshold will also need to prepare mandatory sustainability reports in accordance with AASB S2. However, IPA members who operate in the SME sector are unlikely to have the skills, capabilities and resources to do so, particularly in areas such as Scope 3 emissions and scenario analysis. Consequently, the Group 3 entities may avail themselves to the exceptions in RG 000.92 that applying the AASB S2 would be impracticable after making every reasonable effort and the entities do not "have the skills, capabilities or resources to provide quantitative information about the financial effects of a climate-related risk and opportunity" (RG 000.93(a) and (d)). The consequence of this is the non-disclosure of information required under AASB S2 possibly in perpetuity. To avoid this and ensure that the RG000.93 exceptions are applied as intended, we encourage ASIC to monitor the IPA and other stakeholders' advocacy for the Australian Accounting Standards Board to monitor the implementation of the requirements for Groups 1 and 2 entities and modify the requirements so they are proportionate to the Group 3 entities' size and complexity. For example, the AASB may simplify the reporting requirements for Group 3 as part of AASB S2 proportionality project.

Sustainability-related financial disclosures outside the sustainability report

D1 We propose to issue guidance that all entities should consider, and be informed by, the sustainability standards when preparing sustainability-related financial disclosures outside the sustainability report.

Note: See draft RG 000.96–RG 000.106.

D1Q1 Do you agree with our proposed guidance? If not, why not?

D1Q2 Does our proposed guidance strike the right balance between facilitating other sustainability-related disclosures, especially while sustainability reporting requirements are being phased in for reporting entities?

IPA agrees with the proposed guidance that all entities should consider and be informed by the sustainability standards when preparing sustainability-related financial disclosures outside the sustainability report. IPA also thinks the proposed guidance strike the right balance between facilitating other sustainability-related disclosures, especially while sustainability reporting requirements are being phased in for reporting entities.

D2 We propose to provide guidance for listed entities that must comply with OFR requirements that:

(a) all listed entities should disclose sustainability-related financial information (including climate-related financial information) if it would be reasonably required by members to make an informed assessment of the entity's operations, financial position, business strategies and prospects for future financial years (see s299A); and

(b) reporting entities are that listed (listed reporting entities) should include an overarching narrative and analysis in the OFR that supplements both the financial report and the sustainability report.

This will help shareholders understand the operations, financial position, business strategies, and risks and opportunities affecting the prospects of the reporting entity overall.

Note: See draft RG 000.107–RG 000.120.

D2Q1 Do you agree with our interpretation of s299A(1)? If not, why not?

D2Q2 Do you agree with our proposed regulatory guidance? If not, why not?

IPA agrees with the proposed guidance for listed entities that must comply with an operating and financial review (OFR), as this will assist shareholders in understanding the operations, financial position, business strategies, and risks and opportunities affecting the prospects of the reporting entity.

ASIC's administration of the sustainability reporting requirements

E1 We propose to provide guidance about our approach to granting relief from the sustainability reporting and audit requirements, including that we will consider:

(a) the underlying policy objectives of the sustainability reporting regime;

(b) the users of the sustainability report, their information needs, and how those users are likely to be impacted if relief is granted;

(c) established policy and precedents from financial reporting relief, as these are relevant to our exercise of relief powers under s340 and 341;

(d) whether to provide individual relief on a short-term basis or a no-action letter during the early years of the regime; and

(e) in reviewing applications for relief, in which an applicant is claiming that preparing a sustainability report would impose an unreasonable burden, the proportionality mechanisms and exceptions that are available to the reporting entity under AASB S2.

Note: See draft RG 000.147–RG 000.185

E1Q1 Does our proposed guidance help you understand how we will approach and assess an application for relief from the sustainability reporting and audit requirements?

E1Q2 Do you have any feedback about any aspect of our proposed guidance on relief?

IPA supports the proposed additional guidance on how ASIC will approach and assess the applications for relief from sustainability reporting and audit requirements. IPA thinks the proposed guidance will assist entities in better understanding the basis for which ASIC will and will not grant relief, particularly:

- ASIC's approach in the early years of the sustainability reporting regime in RG 000.152.
- Examples of when the extension of time to lodge a sustainability report are likely and unlikely to be granted in RG 000.172 RG 000.176.

However, IPA finds the proposed guidance on granting relief when compliance would impose an unreasonable burden in RG 000.169 circular. The proposals in RG 000.169 provide general guidance that, a precondition for granting relief is, the entity must demonstrate complying with the sustainability requirements is burdensome because there is a burden associated with the compliance or a burden is likely to result from having complied with the requirements and the burden is unreasonable. We suggest ASIC amend and simplify the wording of this proposal.

E1Q3 **Are there additional policy considerations that we should address in our guidance to help entities understand when we are likely to exercise or not exercise ASIC's power to grant relief?**

E1Q4 **Are there any specific areas or kinds of relief that you anticipate will be commonly sought from the sustainability reporting and audit requirements? If so, please inform us what, if any, relief topics or types of applications we should provide further guidance on?**

E1Q5 **What additional guidance, if any, would help you:**

(a) consider whether to apply for relief from the sustainability reporting and audit requirements;

(b) prepare applications for relief; and

(c) understand how to lodge an application for relief?

IPA does not have further suggestions for E1Q3 to E1Q5.

E4 **We have proposed to extend some relief available for financial reporting under ASIC Instrument 2023/673 to sustainability reporting: see proposal E2. We are seeking feedback on whether any other ASIC legislative instruments that grant financial reporting or audit relief should also be extended to apply to sustainability reporting and the audit of sustainability reports. For example:**

(a) ASIC Corporations (Related Scheme Reports) Instrument 2015/839;

(b) ASIC Corporations (Investor Directed Portfolio Services Provided Through a Registered Managed Investment Scheme) Instrument 2023/668;

(c) ASIC Corporations (Audit Relief) Instrument 2016/784;

(d) ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191; and

(e) ASIC Corporations (Stapled Group Reports) Instrument 2015/838.

E4Q1 **Do you consider that we should extend the relief in any of the instruments listed in proposal E4 so that it applies to sustainability reporting or the audit requirements for a sustainability report? Please provide submissions about:**

(a) why the relief is necessary;

(b) how one of the statutory preconditions for providing relief in s342 would be satisfied in relation to the relevant sustainability reporting requirements;

(c) any relevant aspects of the relief, or relevant conditions—for example, if we extended the relief in ASIC Instrument 2015/839, how should climate statements of the related schemes be presented in the sustainability report?

IPA agrees with the rationale provided in CP 380 as to why relief is not likely to be required to facilitate sustainability reporting for ASIC Instruments such as Instrument 2016/19 and Instrument 2015/838.

E4Q2 **Are there any other legislative instruments that should be amended to extend relief so that it applies to sustainability reporting requirements? If so, please provide details, including:**

(a) which of the statutory preconditions for providing relief in s342 would be satisfied in relation to the relevant sustainability reporting requirements, and why; and

(b) why there is a current need for the relief to be extended to those requirements.

IPA is not aware of any other legislative instruments that should be amended to extend relief so that it applies to sustainability reporting requirements.

E5 **We propose to issue guidance on how we may exercise ASIC's directions power. The proposed guidance explains the scope of ASIC's directions power and our processes for issuing directions under s296E.**

Note: See draft RG 000.193–RG 000.203.

E5Q1 **Does our proposed guidance clarify how we may exercise ASIC's directions power under s296E? If not, why not?**

IPA thinks the proposed guidance clarifies how ASIC may exercise its directions power.

Other issues regarding disclosure of sustainability-related information

F1 **We are considering whether our guidance should address how to determine revenue, employees or assets for the purposes of applying the sustainability reporting thresholds.**

F1Q1 **Do you require guidance on how to determine revenue, employees and assets, for the purposes of applying the sustainability thresholds?**

F1Q2 **Do you consider that there are uncertainties or potential inconsistencies in how these tests might be applied in practice? What are they and how could they be addressed through guidance?**

IPA concurs with the rationale in CPA 380 (paragraph 92) of not proposing guidance on how to determine revenue, employees and assets for the purpose of applying the sustainability reporting thresholds. That is, the concepts of revenue, employees and assets are the same as those used in the longstanding tests for determining if a company is "large" or "small" for financial reporting purposes.

F2 **We are seeking feedback on how we could otherwise support entities in complying with their legal obligations within the scope of our regulatory mandate.**

F2Q1 **Are there any other areas of concern or uncertainty about complying with the sustainability reporting requirements that you consider ASIC could address through regulatory guidance? If so, please provide details.**

F2Q2 **Are there any other issues or additional information that you consider should be explained in draft RG 000 or future guidance? If so, please provide details.**

F2Q3 **Are there any other areas where we could help reporting entities develop their capabilities to meet the sustainability reporting requirements?**

As per IPA's comments to C7Q1, we are of the view that sustainability reporting and assurance obligations are likely to be onerous for Group 3 entities. IPA members who operate in the SME sector are unlikely to be currently involved in the preparation of sustainability reports and their assurance. This contrasts with the Group 1 entities that would currently be disclosing some form of climate/sustainability reporting that is assured in some form and have the resources to pivot to the new requirements. We have therefore advocated for the AASB and Australian Auditing and Assurance Standards Board to monitor the implementation of the sustainability reporting requirements for Groups 1 and 2 entities and modify the requirements so they are proportionate to the Group 3 entities. For example, the AASB may simplify the reporting requirements for Group 3 and the AUASB may consider a less onerous review and audit framework. We also encourage ASIC to monitor the developments and make any necessary amendments that will assist Group 3 entities in complying with the sustainability reporting and assurance requirements.