



18 December 2024

To Claire LaBouchardiere  
Senior Executive Leader  
Companies & Small Business  
Australian Securities and Investments Commission  
GPO Box 9827  
Melbourne VIC 3001

email: [sustainable.finance@asic.gov.au](mailto:sustainable.finance@asic.gov.au)

Dear Ms LaBouchardiere

## **ASIC CONSULTATION SUSTAINABILITY REPORTING**

The Australian Finance Industry Association (AFIA) is the only peak body representing the entire finance industry in Australia. We welcome the ASIC consultation on Sustainability Reporting and appreciate the opportunity to provide feedback.

AFIA represents over 150 members, including bank and non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry. We are the voice for advancing a world-class finance industry and our members are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia's future.

We collaborate with our members, governments, regulators and customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.

Our members are at the forefront of Australia's transition to a low carbon economy, creating and distributing on innovative finance products and project financing that power Australian consumers and businesses to adopt low carbon and zero carbon technologies.

Australian Finance Industry Association  
The Commons on George, Level 3, 388 George Street  
Sydney NSW 2000  
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AFIA welcomes ASIC guidance. We agree with ASIC proposals in relation to preparing the sustainability report, content required, the use of ASIC power and administration of the reforms. We appreciate and support ASIC's guidance addressing the matters below.

- **Global alignment**

A global approach to climate related disclosures which aligns with international architecture for the management of sustainability risks and opportunities. ASIC guidance provides that directors must consider whether the climate statements in the sustainability report comply with the disclosures required by AASB S2. This provides consistent, comparable, reliable and verifiable corporate reporting system for all stakeholders and gives a clear and accurate picture of an organisation's ability to create sustainable value over time. Australian Accounting Standard Board (AASB) developed AASB S2 based on IFRS S2, a disclosure standard issued by the International Sustainability Standards Board.

- **Phased approach**

The phasing in of sustainability reporting requirements under Part B of the draft Regulatory Guide. Larger entities will be included in the regime first under Group 1. Smaller entities under Groups 2 and 3 will be included in subsequent years. The reporting requirements has been appropriately phased-in in a gradual manner.

- **Forward-looking statements**

Guidance have been provided for forward-looking statements in climate statements to be based on reasonable grounds and must comply with AASB S2.

- **Materiality**

The use of financial materiality principles when making climate disclosures. The adoption of AASB S2 means that only disclosures of material climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects are required. An entity may prepare a simplified climate statement if they do not have material climate-related financial risks and opportunities for a financial year.

- **Scope 3 emissions**

The acknowledgement of AASB S2's proportionality mechanisms that ensure reporting entities of various sizes can apply the standard. In particular, the transitional relief for 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.

Finally, several AFIA members are Australian subsidiaries with parent entities based in foreign jurisdictions with a comparable sustainability reporting regime. These subsidiaries are diverse and can be large well-resourced companies or much smaller companies operating smaller businesses. Some may have complex structures and multiple subsidiaries and sibling relationships. One area where ASIC could support entities in complying with their legal obligations is to set out the matters to be considered when determining how the sustainability reporting regime could apply to the subsidiaries the foreign entities.

Please do not hesitate to contact me at [REDACTED] or at my mobile [REDACTED] if you require and assistance in relation to this matter.

Yours sincerely



Li Chang  
Policy Director