

27 September 2024

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Dear Sir/Madam,

RE: AASB ED 331 Climate-related and Other Uncertainties in the Financial Statements

Aware Super welcomes the opportunity to provide feedback on the invitation to comment from the Australian Accounting Standards Board (AASB) on the proposed AASB Exposure Draft, ED 331 *Climate-related and Other Uncertainties in the Financial Statements – Proposed illustrative examples* (ED 331).

We support AASB's proposal to adopt the same Exposure Draft as proposed by the International Accounting Standards Board (IASB) to maintain alignment of the reporting and disclosure requirements in AASB Accounting Standards to the International Financial Reporting Standards (IFRS).

However, we note that the International Sustainability Standards Board (ISSB) reporting standards (IFRS S1 and IFRS S2) to which the equivalent Australian Sustainability Reporting Standards (ASRS Standards) were based, were designed for reporting by profit-oriented entities that issue debt or equity to fund operations.

Therefore, we recommend that AASB to provide additional illustrative examples and more guidance of the application in the context of the Australian reporting environment, in particular for reporting entities that will be required to apply ASRS Standards (ASRS 1 and ASRS 2) that do not issue debt and/or equity, and which include not-for-profit entities, public sector entities, and Registrable Superannuation Entities (RSEs) that apply AASB 1056 *Superannuation Entities*.

The following recommendations are proposed in consideration of reporting by RSEs:

1. to clarify the alignment between financial statements and sustainability reports for RSEs, given the differences in the definition of 'primary users'¹ of financial reports provided by AASB 1056 *Superannuation Entities* as compared to the definition of 'users'² of sustainability reporting under ASRS 2 *Climate-related disclosures*.

1. AASB 1056.BC12, users of financial statements of superannuation entities are: (a) current and potential members and beneficiaries; (b) parties that act on behalf of members and beneficiaries, such as financial analysts, advisors, and unions; and (c) employer-sponsors.
2. ASRS 2 identified users as in the *Conceptual Framework for Financial Reporting* in respect of for-profit entities, CF 1.2 as: "... existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity. Those decisions involve decisions about: (a) buying, selling, or holding equity and debt instruments; or (b) providing or settling loans and other forms of credit; or (c) exercising rights to vote on, or otherwise influence management's actions that affect the use of the entity's economic resources. "

2. to clarify the application of a materiality judgement in relation to an RSE (the Fund), as well as for Service Entities of an RSE, which may be separate reporting entities that provide administration, payroll, and human resource functions to an RSE. In particular, elaborating on Example 2 – *Materiality judgements not leading to additional disclosure*, for entities where reporting on climate-related risks would not significantly influence the decision making of users of an RSE or Service Entities financial statements.

Should you require further information, please do not hesitate to contact Ming-en Wu, Senior Manager, Group Reporting - Financial and Regulatory reporting (email: ming-en.wu@ware.com.au) and/or James Osborn, Chief Financial Officer (email: james.osborn@aware.com.au).

Yours faithfully,

James Osborn
Chief Financial Officer

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* Zenith CW Pty Ltd ABN 20 639 121 403 AFSL 226872/AFS Rep No. 1280401 Chant West Awards issued 22 May 2024 are solely statements of opinion and not a recommendation in relation to making any investment decisions. Awards are current for 12 months and subject to change at any time. Awards for previous years are for historical purposes only. Full details on Chant West Awards at <https://www.chantwest.com.au/fund-awards/about-the-awards/>

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