

29 July 2022

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IFRS Sustainability Disclosure Standards

Cbus welcomes the opportunity to make a submission in respect of:

- IFRS S1 General Requirement for Disclosure of Sustainability-related Financial Information (Exposure Draft IFRS S1).
- IFRS S2 Climate Related Disclosures (Exposure Draft IFRS S2).

About Cbus

Cbus Super was established in 1984. Created by workers for workers. We are a proud industry super fund, representing those that help build Australia. Everything we do is to benefit our members, and only our members, so they can eventually enjoy the retirement they have worked hard for. We work hard to make sure that the super system is delivering for our members. As one of Australia's largest super funds, we provide superannuation and income stream accounts to more than 775,000 members and we manage over \$68 billion of our members' money (as at 31 December 2021)¹.

At Cbus, we believe investing responsibly for the long term is important for our members' returns and their quality of life in retirement. Cbus is both a user and producer of sustainability reports.

Cbus aims to be a leader in the reporting space commencing our sustainability reporting journey in 2013 against the GRI G3.1 disclosures and the updated version GRI G4 disclosures in 2014/2015. We are proud to be one of only two Australian industry funds who commenced utilisation of the International Integrated Reporting <IR> Framework in 2014/15, subsequently publishing our first Annual Integrated Report in 2015/16. We were also the first Australian Super Fund to introduce independent limited assurance over our report in 2018 and again took pride in being the first mover for independent limited assurance over our responsible investment supplement in 2021.

Cbus has been recognised for leadership in the reporting space, winning the Australian Institute of Superannuation Trustees best corporate reporting award in 2016, 2017 and 2019 for the Cbus Annual Integrated Reports. In addition, Cbus' 2017 report was one of eight commended out of 2,500 researched in the Global Responsible Investor awards. More recently, in 2021 and 2022, Chant West, a leading Australian ratings, research and data company for superannuation and financial advice, awarded Cbus Best Fund: Integrity. In doing so, Chant West stated:

¹ Media Super is now a division of Cbus, offering Media Super products. For more than 30 years Media Super has been the industry super fund for Print, Media, Entertainment and Arts, and broader creative industries. As at 31 December 2021 Media Super provided superannuation and retirement accounts to 72,000 members and managed \$7 billion.

...the Annual Report shows how it's going on meeting its sustainability goals together with all its PRI material. Its integrated annual report shows how the fund is delivering on its promises across areas such as member and employer satisfaction, member engagement, risk management, complaints and insurance claims. Metrics are shown for each area, along with targets, and where targets are not met these are highlighted.

Cbus supports the development of global sustainability disclosure standards

Cbus is supportive of the development of global sustainability disclosure standards because as a global investor who allocates capital internationally, the Exposure Draft Standards seek to:

- Provide clear, comprehensive, consistent and comparable disclosure of sustainability-related information which is key to a well-functioning global financial system and will lead to better long-term decision making and contribute to sustainable long-term returns.
- Allow companies to collect and report in a manner that serves both local and global requirements.
- Create a global baseline for capital markets that will help reduce cost, complexity, and confusion among reporting entities who operate and raise capital across national borders — increasing the useability, comparability of the information, while contributing to sustainable long-term returns.

We understand concerns regarding a **distinction between investors** and the interests of other **stakeholders** as two different approaches to determine materiality. However, we are of the view that such a distinction does not need to be drawn, in fact we believe that over the long-term, where entities have effective and mutually beneficial relationships with their stakeholders, they are more likely to be successful.

Notwithstanding this, in relation to the draft standards we would encourage and welcome:

- Clarity over the terms 'significant' and 'material' and how they differ in application.
- Explicit reference to materiality in financial terms.
- Increased focus on long term sustainability risks.

We also acknowledge concerns have arisen with respect to forward looking statements. However, we note that while this may appear challenging, companies already make forward looking statements in relation to provisions and when reporting against the TCFD. As an investor what we are looking for is clarity from companies about the limitations of their disclosures and would encourage regular updates regarding material changes to underlying assumptions.

Additionally, as a member of the Australian Council of Superannuation Investors (ACSI), we have been consulted and are supportive of their submission on this matter. We also reinforce our support for ACSI's position regarding the need for an appropriate transition period to allow preparers to develop systems and processes to support their disclosures.

I trust our comments are of assistance. Please contact myself or Ros McKay (Rosalind.mckay@cbussuper.com.au) should you require any further information.

Yours sincerely



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