

Apr 29th, 2024

Office of Australian Accounting Standards Board

PO Box 204
Collins St West
VIC 8007
Australia

**Impax Asset Management
Hong Kong Limited**
Unit 15, 16th Floor
Nexus Building
41 Connaught Road
Central
Hong Kong

impaxam.com

By Platform:

Re: Consultation Paper on Assurance over Climate and Other Sustainability Information

Dear AUASB Officers,

Impax Asset Management is a company founded in 1998 that specialises in making sustainable investments in companies contributing to the transition to a more sustainable economy. Nowadays, we are one of the world's largest specialised asset managers in the sustainable investing field. We are also a long-term investor that has been investing in the Australian market for over two decades.

We are pleased to have this opportunity to comment on the new Consultation Paper on Assurance over Climate and Other Sustainability Information, issued on March 20, 2024. We would like to first congratulate you for issuing this consultation so timely since the Australian Government released its [Policy Position Statement](#) for the introduction of requirements for the reporting and assurance over climate-related financial information in January 2024. We believe this shows the commitment of AUASB to make a clean track record for Australian companies in issuing climate-related financial information that will be welcome by both domestic and international investors as well as other market participants in the market.

Firstly, we generally agree with the assurance phasing model in Attachment 1. That is, most information will be required with reasonable/limited assurance for the years commencing 1 July 2027 to 30 June 2028. However, we also think that reasonable assurance is encouraged since 2027 for scenario analyses and climate resilience assessments because these two are material information to help investors understand how issuers are better prepared for climate risks that could significantly lead to financial losses. In this sense, we believe that entities in Groups 1, 2 and 3 still needs to put more resources in the coming three years to develop and implement their systems and processes to sufficiently facilitate the assurance processes as outlined in the possible assurance phasing model. As a long-term investor of the Australian market, we are happy to contribute to wherever we can during this process.

Secondly, we are reassured to see a guidance in a local pronouncement would be provided to identify parts of ISSA 5000 that may not be relevant to assurance over information under the mandatory climate disclosure reporting in Australia. We want to point out that the term "sustainability matters" is difficult to define given the different uses and descriptions in sustainability reporting standards and numerous other sources. Similarly, sustainability reporting frameworks may refer to or describe "disclosures" about sustainability information in different ways. Regarding the specific disclosures that may be required, reporting

frameworks may address different topics (e.g., climate, biodiversity, labor practices, human rights) and aspects of those topics (e.g., governance, metrics, risks and opportunities).

The International Auditing and Assurance Standards Board (IAASB)'s proposals refer to disclosure(s) as the specific information provided by an entity about an aspect of a topic (e.g., disclosures about an entity's governance practices related to climate). Disclosures can be in various forms (qualitative information or quantitative information) and may be limited to a single paragraph or table or may span multiple pages in a sustainability report or other reporting mechanism. ED-5000 is intended to be framework neutral – in other words, capable of being used for sustainability information prepared under any established framework or other suitable criteria. Therefore, the definitions in ED-5000 are intentionally broad in order to be reflective of the current sustainability environment and the concepts embedded in various sustainability reporting frameworks. We would encourage AUASB to provide a more specific definition that fits local context to increase the comparability and credibility of information disclosed by Australian issuers.

For the local pronouncement, we reckon it is necessary to include material on applying aspects of the reporting framework in addition to that available in sustainability standards and material from other standard setters or regulators, such as reminding the auditors their obligations under ASA 720 to consider omissions of material non-climate sustainability risks and opportunities in the Operating and Financial Review. Guidance on reporting frameworks that could be referred to in that regard and on materials that might be referred to by the auditor in assessing disclosures (e.g. standards on Financed Emissions, Facilitated Emissions and Insurance-Associated Emissions at [The Global GHG Accounting and Reporting Standard for the Financial Industry](#)) would be welcome.

Finally, we agree with all other proposals and clarifications made by the AUASB in this consultation paper if not aforementioned in our letter. We would like to conclude our letter by sharing the view that we believe the proposals are generally in the best interests of the Australian economy and will make the market more attractive to international investors with a more credible information disclosure. We hope our comments above will make a constructive contribution to the ongoing development of the Australian capital market and economy. Thank you very much!

Yours truly,



Nana Li
Head of Sustainability & Stewardship, Asia-Pacific
Impax Asset Management