Responsible Investment Association Australasia

RIAA Submission: Productivity Commission inquiry – Business reporting requirements

14 October 2026

Overview

The Responsible Investment Association Australasia (RIAA) thanks the Productivity Commission (the Commission) for the opportunity to comment on its inquiry into the efficiency and value of non-financial business reporting requirements in Australia (the inquiry).

RIAA members, including Australia's largest institutional investors, engage with business reporting requirements in several capacities. They use investee company disclosures to inform investment, stewardship and risk-management decisions. Some members also prepare disclosures as asset owners, asset managers or reporting entities, or provide information to related entities, regulators and clients. This gives RIAA an interest in both the decision-usefulness of reported information and the efficiency and proportionality of its preparation.

RIAA supports practical reforms that reduce unnecessary burden, duplication and inefficiency for business reporting. The Commission should assess the purpose and impacts of reporting requirements across the whole reporting system, including the costs borne by preparers and the value of reported information to investors, regulators and other users. It should also consider whether removing or reducing public reporting would shift costs to users through requiring additional data acquisition, bilateral requests, estimation or due diligence.

Non-financial reporting is market infrastructure, not merely a compliance activity. An efficient and productive economy requires the availability of decision-useful information about business performance, risks, opportunities and impacts. This supports capital allocation, stewardship, regulatory oversight and the development of appropriate public policy. The Commission should therefore distinguish unreasonable reporting burden from material information that necessarily imposes a cost to produce. Reform should aim to improve net system value through proportionate requirements, aligned definitions, data reuse, digital interoperability and well-sequenced implementation. **The objective should be better reporting at lower total system cost, not simply less reporting.**

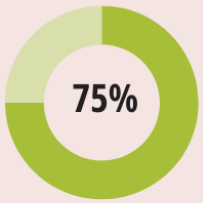
This approach is consistent with the Australian Government's emphasis on on adopting innovation, supporting investment, developing skills and delivering regulatory reforms that improve the efficient operation of the economy (p. xvi of the 2026 Intergenerational Report). It also builds on RIAA's previous position (Pillar 5 submission) that productivity analysis should consider the costs of delay and inaction, support coherent whole-of-government policy and recognise the value of reliable sustainability information. We apply those principles here to the design and reform of business reporting requirements.

For more information, please contact RIAA Policy at policy@responsibleinvestment.org.

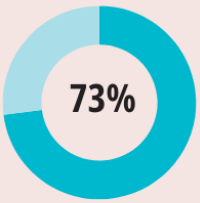
About RIAA

The Responsible Investment Association Australasia champions responsible investing and a sustainable financial system in Australia and Aotearoa New Zealand. It is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.

RIAA represents



professionally managed funds in Australia



professionally managed funds in New Zealand

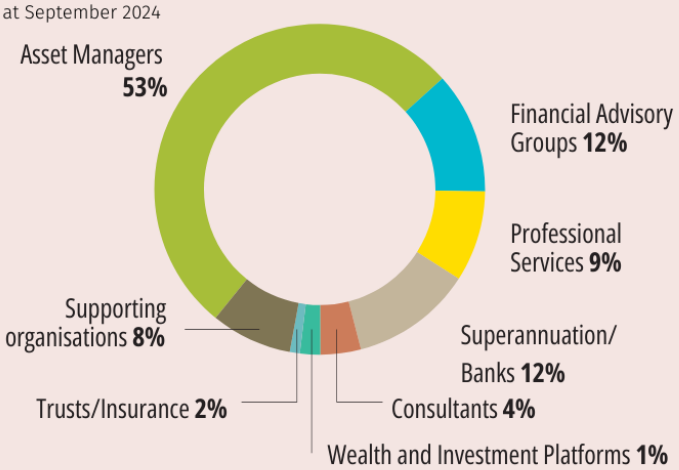
managed by our members in assets globally

World's longest running certification program for responsible investment products

350+ RIAA certified products

*as at September 2025

RIAA membership by organisations
(excludes individual members)
*as at September 2024



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largest super funds by no. members / assets under management in Australia are RIAA members

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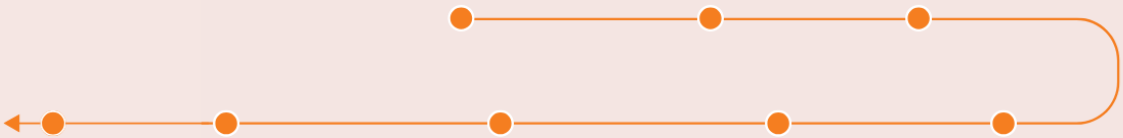
largest KiwiSaver Funds by no. members are RIAA certified products

Our journey so far



- Formation of RIAA **Year 2000**
- Benchmark report launch **Year 2002**
- Establishment of RI product labelling program **Year 2005**
- RI Academy launched **Year 2010**
- Global Sustainable Investment Alliance **Year 2020**
- Australian Sustainable Finance Institute established **Year 2021**
- Sustainability Classifications Initiative launched **Year 2024**
- Index Certification launched **Year 2025**

Summary of recommendations

Recommendation 1: Assess the net system value of reporting requirements, including preparer costs, user benefits and any costs that would be shifted to investors, regulators or other information users.

Recommendation 2: Prioritise harmonisation, interoperable digital reporting and a genuine "tell us once" approach, including consistent definitions, entity identifiers and reporting periods where policy objectives align.

Recommendation 3: Protect material, decision-useful information and data continuity where user value is established or plausible, while simplifying or removing requirements that are demonstrably little used relative to their cost.

Recommendation 4: Preserve international interoperability and improve the accessibility, navigability and connectivity of reported information, including through structured digital formats and clear cross-referencing.

Recommendation 5: Preserve reliable assurance outcomes and minimise transition costs through proportionate, well-sequenced implementation, practical guidance and adequate lead time.

Recommendation 6: Avoid duplicating or pre-empting legislated reviews of the climate-related financial disclosure regime, while addressing cross-regime interactions and implementation inefficiencies within this inquiry.

Recommendation 7: Apply a full productivity lens that includes the financial and economic costs of climate-related risk, delayed action on adapting to climate change and nature loss and the loss of information needed to identify, price and manage those risks.

General submissions

The inquiry should focus on better reporting, not simply less reporting

RIAA supports reducing regulatory cost where reporting objectives can be achieved more efficiently. However, removing widely accessible information may shift rather than eliminate costs if investors, lenders, regulators or other users must source it somehow, for example, by recreating it through bilateral requests, third-party datasets, estimates or additional due diligence. The Commission should therefore test carefully whether any proposed reform reduces total system cost or transfers cost to users while reducing comparability or reliability.

This approach would be consistent with the inquiry's terms of reference which recognise that non-financial reporting enables investment to be directed towards businesses that align with stakeholder interests and manage risks holistically. They also require the Commission to consider the value of data to workers, directors, investors and broader stakeholder groups.

High-quality sustainability information supports capital allocation and market integrity

Investors need high-quality, comprehensive and comparable information to assess material risks and opportunities, inform valuation and stewardship and make capital-allocation decisions. RIAA continues to support reporting frameworks that improve consistency, reliability and comparability of this information and align Australia with credible international standards.

Australia's statutory climate-related financial disclosure regime provides a current example: the Australian Government has acknowledged that the mandatory climate-related financial disclosure regime supports greater transparency about Australia's largest companies' exposure to material climate-related financial risks and opportunities. It also states that stronger risk management will require forward-looking analysis and climate-adjusted data because historical trends are no longer reliable indicators of future conditions (p. 74, Intergenerational Report 2026). ASIC's first review of the regime (REP 839) observed that the quality, quantity and consistency of climate-related information increased compared with voluntary disclosures. ASIC also observed examples of entities revisiting governance structures and risk-management processes, while identifying areas where reporting quality should improve.

Climate change presents a material and systemic financial risk across investment portfolios. financial risk facing investments today. Investors need access to comparable information that shows how companies are navigating this risk. Reporting on climate change financial risks should not be seen as "non-financial reporting" as climate disclosures are core to understanding the information needed to understand an entity's financial position and prospects and not purely a compliance obligation. Any changes or improvements to Australia's climate-related financial disclosure regime should be considered in the context of the legislated 2028 review, and RIAA looks forward to contributing to this review.

The direct costs of producing reporting should be considered alongside the consequences of inadequate, inaccessible or unreliable information. For investors, these consequences may include:

- mispricing of material risks and opportunities;
- weaker capital-allocation and stewardship decisions;

- additional expenditure on third-party data, estimation and due diligence;
- difficulty assessing compliance with applicable obligations; and
- delayed identification of climate, nature, workforce, supply-chain and other material risks.

The Commission should consider these user-side and system-wide consequences when assessing whether individual reporting requirements impose a net burden or provide sufficient value.

RIAA recognises the Commission's focus on understanding the costs of reporting as an important way to understand how businesses interact with reporting obligations and to ensure the costs are proportionate to the benefits of having the information available. As the Commission considers these costs, it is important to acknowledge the significant risks associated with investors *not* having access to sound information on areas such as climate, nature, modern slavery to inform investment decisions. For investors, these consequences may include:

- Financial loss and increased volatility
- Regulatory sanctions in other jurisdictions such as the EU
- Stranded assets
- Misjudged exposure to risks such as climate change, nature loss, regulatory risks relating to issues such as deforestation and modern slavery.

The Commission should consider these user-side and system-wide consequences when assessing whether individual reporting requirements impose a net burden or provide sufficient value.

Efficiency should come from coherent architecture and data reuse

Reporting efficiency should be pursued through coherent architecture and data reuse. RIAA supports:

- common definitions, classifications, entity identifiers and data standards where reporting objectives align;
- secure reuse of information already provided to government;
- appropriate data sharing between regulators;
- interoperable digital reporting formats; and
- better alignment of reporting periods and implementation timetables.

The Australian Government's long-term productivity analysis in the Intergenerational Report 2026 identifies regulatory reform as a key contributor to productivity growth, alongside innovation, investment and skills development (p. xvi). The suggestions above can reduce duplicated effort while preserving the value of information.

RIAA has heard from members that unnecessary burden can be a result of identified fragmentation, inconsistent approaches and misaligned reporting cycles. For investors, reform should target these sources of avoidable cost rather than reduce access to material information needed for investment decisions.

International interoperability is a productivity issue

Australian entities operate in international capital markets and global value chains. Reforms should not reduce domestic compliance cost while increasing the cost of preparing additional information for international investors, counterparties or parent entities. Aligning with credible international standards can improve comparability and reduce duplicate reporting.

RIAA recommends that material proposals affecting sustainability reporting be assessed for international interoperability, including whether they would require Australian entities to prepare additional information for global investors, counterparties or parent entities. Australia should align with credible international baselines where alignment supports comparability and reduces duplication, while retaining Australian requirements where necessary to preserve decision-useful information, market integrity and effective risk governance.

Usability, integration and guidance should be priority reforms

The usefulness of non-financial information depends not only on the information disclosed but also on its accessibility, structure and connection to financial reporting. RIAA supports clear cross-referencing, navigational tools such as index tables, consistent terminology, connected financial and sustainability information, and practical guidance.

This has been reflected in the Intergenerational Report 2026 which has observed that effective management of climate-related risks will increasingly require forward-looking analysis and climate-adjusted data because historical trends may no longer provide reliable indicators of future conditions (p.74). This highlights the importance of reporting frameworks that deliver consistent, accessible and decision-useful information rather than focusing solely on reducing reporting volumes.

The Commission should retain a full productivity lens

In many cases, the medium or longer-term costs of inaction far outweigh the immediate costs of action. This submission builds directly on assertions set out in RIAA's Pillar 5 submission (informed by consultation through RIAA's significant member base of large institutional investors) that productivity analysis should not assess the cost of action without proportionate consideration of the costs of delay and inaction. In this inquiry, that principle applies to the information infrastructure through which investors, businesses and governments identify, price and manage material risks and opportunities. Reducing or delaying decision-useful reporting may create wider economic costs if risks are identified later, compared less reliably or managed less effectively.

The significant direct productivity and fiscal impacts of climate change have already been identified by the Australian Government: higher temperatures will reduce worker productivity, while increasingly frequent and severe natural disasters are expected to cause lost economic activity, infrastructure damage, higher insurance costs and rising government expenditure. Investment in disaster-risk reduction and resilience will be critical to reduce losses, improve insurance affordability and support faster recovery (Intergenerational Report 2026 pp. 69-70).

The modelling by the Government highlights that climate-related risks have measurable economic consequences, including reduced labour productivity, infrastructure damage, higher insurance costs

and increased public expenditure associated with natural disasters (Intergenerational Report 2026, pp. 68-70). Reliable information does not eliminate these consequences, but it supports earlier identification, more effective pricing and better management of the underlying risks.

The Commission should therefore assess whether reducing or delaying decision-useful reporting could create wider economic costs by causing material risks to be identified later, compared less reliably or managed less effectively.

Response to Information Requests

Information Request 2: Sustainability and environmental reporting

RIAA addresses this issue from both preparer and investor-user perspectives.

What are the main costs?

As stated above, direct costs of producing reporting must be weighed against the cost of not having, or being able to access this information.

Reporting entities can incur direct upfront and ongoing costs associated with developing capability, establishing systems and controls, sourcing and maintaining data, preparing disclosures and obtaining assurance. Such upfront costs are being borne at the present time by those entities that are reporting climate-related financial information for the first time.

These costs can include:

- Upskilling
- Personnel time
- Costs associated with access to third-party data
- Technology resources
- Consulting and assurance costs.

Costs may be exacerbated where requirements use inconsistent definitions, entity boundaries, classifications or reporting periods, or require similar information in different forms.

RIAA does not presently have a sufficiently robust evidence base to quantify these costs. It recommends that the Commission distinguish:

- one-off implementation expenditure;
- efficient recurring compliance expenditure;
- additional cost caused by duplication or inconsistencies; and
- costs caused by gaps in common data infrastructure, guidance or capability.

The Commission should also consider costs incurred by investors and other users where information is unavailable, fragmented or difficult to compare. These may include expenditure on third-party data, bilateral information requests, estimation and additional due diligence.

What changes could reduce compliance costs and duplication?

- Harmonise definitions, classifications, reporting periods and organisational boundaries where policy objectives align.
- Enable secure reuse of data already supplied to government and improve regulator data-sharing.
- Develop common and interoperable digital data standards.
- Align with credible international baselines where alignment supports comparability and reduces duplication, while retaining Australian requirements where necessary to preserve

decision-useful information, market integrity and effective risk governance. Use clear cross-referencing to avoid reproducing identical information across reports.
- Provide timely, practical guidance and proportionate transitional arrangements.
- Avoid unnecessary simultaneous changes to multiple regimes and avoid pre-empting scheduled specialist reviews.

How is reported information used?

Corporate sustainability information is crucial for good investment decision-making. Investors use sustainability information to understand material risks and opportunities, inform valuation and stewardship, compare entities and meet their own governance and reporting obligations. High-quality reporting can also improve internal company understanding of risks and opportunities and support regulatory and policy assessment.

The Australian Government has recently reaffirmed the role of sustainability reporting in supporting capital allocation and investment decisions. The Intergenerational Report 2026 notes that the climate-related financial disclosure regime supports greater transparency regarding material climate-related risks and opportunities and forms part of broader initiatives intended to mobilise private sector investment for a sustainable economy (p. 74). This reinforces the value of decision-useful sustainability information for investors and other capital market participants. Early implementation from ASIC (REP 839) also indicates that mandatory reporting improved the quality, quantity and consistency of climate-related information and was associated with more meaningful engagement with climate risks and opportunities.

The following examples illustrate how publicly reported information may be used by an institutional investor to inform investment analysis, engagement and voting:

- “For material greenhouse gas emitters in a portfolio, an investor uses company climate disclosures to contribute to assessments of governance and oversight of climate-related risks and opportunities, transition strategy, climate-related targets, capital allocation and progress. The analyses assist to identify material gaps and issues for engagement and, where relevant, inform voting on the company's climate strategy. Subsequent/ongoing disclosure allows the investor to assess whether previously identified concerns have been/are being addressed.”
- “Investors use publicly reported governance information to assess board performance and to inform engagement and voting decisions. Information disclosed through annual reports, remuneration reports and other market disclosures enable investors to assess board performance, overall quality of the board and management, compare company performance and strategy across sectors, and assess the extent to which management is held to account for both financial and non-financial performance.”
- For investors, "safety disclosures can be an important indicator of a company’s approach to human capital management, i.e. the management of financially material workforce and operational risks. Relevant information can include fatalities and serious incidents, injury and severity measures, near misses, contractor safety outcomes, and information on governance, controls and remuneration consequences. This information help investors to assess trends in a company’s safety performance, the effectiveness of board and management oversight and risk management and is used to prioritise the engagement

activity, including to inform decisions about holding boards and management to account on safety performance."

How investors use reported information through intermediaries.

Investors do not only use reported information which is sourced directly from the reporting entity. Often, entity-level reported information is integrated by a market intermediary into its services. Many equity investors assess companies on a consolidated basis and may therefore seek information that is representative of the company's overall operations rather than activities in a single jurisdiction. Investors and data providers may also seek alignment between environmental, financial and other sustainability information to support consistent analysis and comparison. Where reported information does not align with these objectives, some data providers may supplement, adjust or choose not to incorporate certain disclosures within their analytical frameworks. This may limit the usefulness of such disclosures for some investor use cases, even where the underlying information has been reported in accordance with applicable reporting requirements.

EXAMPLE 1: USE OF CLIMATE INFORMATION

Investor A is a large asset owner and, as part of its public equity portfolio, holds shares in ASX-listed **Company B** and **Company C**.

Investor A wishes to analyse climate-related information for both companies. To support this analysis, Investor A subscribes to a third-party data provider that specialises in investor-relevant climate data and portfolio analytics. This enables Investor A to access and analyse climate-related information for Australian and global companies on a comparable basis, including more detailed forward-looking analysis covering areas such as carbon budget allocation, scenario alignment, physical risk and transition risk.

Company B has operations in Australia and overseas and has an annual financial reporting year ending 30 June. Company C operates solely in Australia and has an annual financial reporting year ending 31 December.

Both companies disclose greenhouse gas emissions information through Australia's National Greenhouse and Energy Reporting (NGER) scheme. Under NGER, greenhouse gas emissions are reported for Australian facilities on the basis of a reporting year ending 30 June. The data provider collects and reviews greenhouse gas emissions disclosures published by Company B and Company C.

However, Investor A observes that the data provider has not incorporated the reported greenhouse gas emissions disclosures from either company into its dataset and has instead used estimated values.

For Company B, the data provider determined that the reported emissions were not sufficiently representative of the company's consolidated operations for the purposes of its methodology. While the NGER disclosure covers the company's Australian facilities, it does not include emissions associated with its overseas operations. Because Investor A evaluates Company B at the consolidated company level, the data provider seeks information that reflects the company's overall operational footprint. In addition, financial metrics used to normalise emissions are reported for the consolidated group, which may create comparability challenges where environmental data and financial data are prepared on different coverage boundaries.

For Company C, all operations are located in Australia and are therefore covered by NGER reporting. However, NGER disclosures are reported for a period ending 30 June, while Company C's financial reporting period ends on 31 December. As a result, the emissions data and financial data relate to different reporting periods. For investors wishing to analyse emissions alongside financial metrics for the same reporting period, the reported greenhouse gas emissions data may not be directly comparable without additional adjustments or estimation techniques.

EXAMPLE 2: USE OF GENDER EQUALITY INFORMATION

Company D discloses workforce and gender pay gap information in accordance with multiple reporting requirements. In Australia, Company D reports under the Workplace Gender Equality Agency (WGEA) framework and, due to its corporate structure and operations, submits six separate employer reports. In addition, Company D publishes workforce-related information through a consolidated global sustainability report that aligns with its financial reporting boundaries and reporting period. The company also discloses gender pay gap information at a global consolidated level, for its consolidated Australian operations within the scope of WGEA requirements, and under applicable reporting frameworks in other jurisdictions.

Differences in definitions, workforce coverage, reporting boundaries and calculation methodologies across these reporting frameworks can result in different gender pay gap outcomes being reported for the same organisation. The gender pay gap metric reported for Company D's Australian operations is prepared using the methodology prescribed under WGEA requirements, while the global consolidated gender pay gap metric is calculated using a methodology developed for the company's global reporting framework.

As a result, the publicly disclosed information does not provide a single consolidated metric that can be consistently reconciled across global, jurisdictional and entity-level reporting outputs. An investor seeking to evaluate Company D's gender equality policies, targets and progress through gender pay gap information may therefore face challenges in understanding how the various reported metrics relate to one another and in comparing outcomes across jurisdictions, reporting entities and operational boundaries.

For investors seeking to assess workforce outcomes at both a consolidated and jurisdictional level, consistency in reporting boundaries, methodologies and disclosures may support more efficient comparison and analysis. Where multiple reporting frameworks apply and use different definitions or calculation approaches, additional interpretation may be required to understand how reported metrics relate to one another and what they represent.

Duplication may be reduced by identifying information that is reported in multiple places or formats, including governance information, and allowing clear cross-referencing or structured data reuse where the underlying reporting objective, boundary and assurance requirements are consistent.

Information Request 5: Significant interactions between reporting requirements

RIAA considers the following interactions particularly important for the inquiry's attention:

- identical or similar data requested by different regulators or reporting schemes;
- inconsistent terminology, thresholds, classifications and entity boundaries;
- misaligned reporting periods, implementation dates and assurance timetables;
- different treatment of parent entities, subsidiaries, asset owners and asset managers;
- domestic requirements that diverge unnecessarily from credible international standards; and
- supply-chain information requests generated where a reporting entity depends on data from entities outside the reporting perimeter.

RIAA recommends that the Commission map these interactions by data field and reporting objective, rather than only by legislative instrument. This would help distinguish genuine duplication from information that appears similar but is collected for a different purpose, applies to a different entity or period, or is subject to different assurance requirements.

Information Request 6: Ameliorating negative interactions

RIAA supports a genuine "tell us once" approach where the same information is collected for compatible purposes and is subject to equivalent definitions, reporting boundaries and quality requirements.

Such an approach should be supported by:

- common data dictionaries and agreed entity identifiers;
- interoperable digital taxonomies and standardised reporting interfaces;
- appropriate arrangements for inter-agency data sharing;
- cross-agency governance and clear accountability for data quality and stewardship; and
- legal, privacy, security and confidentiality safeguards.

RIAA recommends that reform be guided by four tests:

1. the information remains decision-useful;
2. data integrity and assurance outcomes are not weakened;
3. domestic changes maintain appropriate international interoperability; and
4. implementation costs, including transition costs, are proportionate to the expected benefits.