

19 December 2024



AUSTRALIAN
INDUSTRY
GREENHOUSE
NETWORK

Claire LaBouchardiere
Senior Executive Leader, Companies & Small Business
Australian Securities and Investments Commission
GPO Box 9827
Melbourne VIC 3001
sustainable.finance@asic.gov.au

Dear Ms LaBouchardiere,

Introduction

The Australian Industry Greenhouse Network (AIGN) appreciates the opportunity to comment on the proposals outlined in CP 380 Sustainability Reporting consultation paper and the associated RG 000 Draft Regulatory Guide and other attachments.

AIGN is a network of industry associations and individual businesses that provides a forum for discussion on key climate change issues. AIGN supports the Government's commitment to the Paris Agreement and to meeting its goals, recognising the need for increasing ambition to keep the 1.5°C warming goal within reach and to achieve carbon neutrality by 2050 or sooner.

AIGN members are committed to playing their part in this transition, as attested by the climate statements, goals and actions of our association and corporate members. These send a clear signal that Australia's private sector supports the implementation of the Paris Agreement. AIGN supports:

- an evidence and principles-based approach to climate policy development;
- one that prioritises environmental and social integrity, and economic efficiency;
- that focuses on developing enduring policies;
- that delivers broad coverage to ensure the responsibility of reducing emissions is equitably shared; and
- that creates an environment in which Australia's trade competitiveness is supported.

Australian Industry
Greenhouse Network
ABN 93 108 941 117

PO Box 4622
Kingston ACT 2604

T +61 2 6295 2166
E admin@aign.net.au
W www.aign.net.au

AIGN has a broad membership base with a range of expertise in various sectors of the economy. [Our policy principles](#) form the basis of our input into climate change policy development.

Timing challenges leave limited capacity to engage in this consultation

The extensive and detailed materials for this consultation process require significant time to analyse (the consultation paper and draft regulatory guide amount to upwards of 100 pages, in addition to other attachments).

The timing of this process has coincided with other important consultations, including the Australian Sustainable Finance Institute's (ASFI) sustainable finance taxonomy consultation, a review of Australian Carbon Credit Unit (ACCU) Scheme methods, the Clean Energy Regulator's consultation on carbon market infrastructure, and the Department of Climate Change, Energy, the Environment, and Water's Carbon Leakage Review.

AIGN and our members have also been engaged with state-based consultations and the international climate change negotiations and the consultations and briefings following the conclusion of negotiations.

Additionally for our corporate members, staff with expertise in sustainability reporting are currently occupied fulfilling mandatory reporting obligations such as the National Greenhouse and Energy Reporting Scheme (NGERS) and other end-of-year corporate reporting requirements. This overlap has limited members' ability to engage meaningfully with this consultation.

It should also be noted that several corporations are currently deep in preparation for reporting under AASB S2 as of January.

This consultation is perhaps rather late in terms of providing useful guidance to reporters, advisors and auditors. ASIC should address how this delay flows through to the development of a pragmatic and proportionate approach to enforcement for first reporters.

AIGN members have experienced such consultation bottlenecks at other times throughout the year as well. Resourcing for all these processes from industry stakeholders comes from the same small corporate teams, so it becomes untenable for us to deeply engage in all concurrent consultations.

A possible solution is for the Federal Government to adopt a coordinated approach where a timeline of related consultations (sustainability and climate change policy and reporting) is harmonised across agencies and published in advance through a central agency e.g., DCCEEW, or NZEA.



Industry is committed to positive policy outcomes and would like sufficient time and resources to provide more detailed feedback to these processes.

The principles of consistency and streamlining should guide reporting requirements

ASIC's sustainability reporting obligations should align with existing frameworks, including **IRFS S2 Climate-related Disclosures** and associated climate-related financial disclosure frameworks and the **Global Reporting Initiative** (GRI). Divergence between reporting frameworks creates unnecessary administrative burdens without contributing to the objective of the sustainability reporting regime to improve the quality, consistency and comparability of climate-related financial disclosures of reporting entities.

One significant area for improvement in reporting frameworks is harmonising data requirements. AIGN members report that **multiple frameworks require slightly different verification, presentation and formatting of the same data**, effectively resulting in duplicative reporting requirements and an increased administrative burden, as well as costly independent verification of the same data in several formats. This diverts resources away from decarbonisation activities to bureaucratic compliance processes.

It should be noted that in the first few years of reporting (aligned with limited liability requirements), companies are still determining appropriate reporting requirements with an associated increased resource burden.

Australian subsidiaries of international companies face additional challenges to reporting. The ability to cross reference to reports that are published by a parent company or in different jurisdictions would minimise duplication for a reporting entity while increasing transparency of activities (such as international research and development) that benefit the business in Australia despite not being undertaken by the reporting entity.

Transparency is a priority and relies on consistency and simplicity

Sustainability reporting should prioritise transparency and informed decision-making. Compliance processes that are overly prescriptive or rigid risk detracting from these objectives. A lack of consistency between reporting frameworks can result in misinterpretation of data and mistaken assumptions made by third parties.



As sustainability reporting obligations will add to the resources required to deliver existing obligations (e.g. NGERs, climate-related financial disclosures, Safeguard Mechanism), maintaining flexibility in timing and process would be supported. Companies have historically been afforded the flexibility to strategically align with broader corporate reporting cycles (e.g. as part of annual corporate reporting requirements). This supports compliance without unnecessary administrative load.

It may be useful for ASIC to publish a draft format or template for companies to consider using as they commence and continue reporting. A section on materiality in the ASIC sustainability reporting requirements would also be beneficial.

Consistency and simplicity will also need to be considered over time. For example, as companies increase their decarbonisation efforts and fall below the NGER reporting threshold, it is unclear whether they can continue to report under the NGER framework or if they must change their reporting (and all associated systems) to GHG Protocol.

Additional issues for non-listed entities include:

- There is a need for better clarity for reporting entities that are not disclosing entities when facts and circumstances change. If a reporting entity is not a listed company, the requirement to 'provide an update to the market' as directed under RG 000 is difficult to fulfil.
- It is unclear whether non-listed companies must comply with OFR requirements, and how section RG 000.19 would apply if non-listed companies are not required to publish an OFR.

Conclusion

ALIGN supports the overarching objectives of transparency and consistency in sustainability reporting. Ensuring these requirements are streamlined, flexible, and aligned with existing frameworks is essential to enable genuine progress toward climate goals.

We look forward to further engagement with ASIC as these standards are developed and implemented.

Kind regards,

Susie Smith | Chief Executive