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Q1

Do you agree with Proposal 1 to extend Adoption Provisions 4, 5 and 7 for scope 3 GHG emissions disclosures from one accounting period to two accounting periods?

Yes,

Comment:

We agree with this Proposal 1 to delay mandatory scope 3 GHG emissions disclosure. However, we refer to our response below and to question 3 around the length of the delay. We agree with the reasoning raised in the Consultation Document to support this Proposal 1, namely around: • how “many CREs that have not previously reported scope 3 GHG emissions do not have appropriate systems and controls in place to disclose accurately in year 2”; and • “concerns regarding the availability of sufficiently accurate information on scope 3 GHG emissions from external data providers”. As the Consultation Document notes, scope 3 GHG emissions are “outside of [CREs’] control” and “reliable data and evidence for material emissions sources can be difficult to obtain” and therefore costly. This is true particularly in the case of CREs such as licensed fund managers, whose funds may have very small holdings of financial products issued by a wide range of issuers throughout the world, and little influence on their own in order to obtain better information. However, once other jurisdictions mandate climate-related financial disclosure, it is likely the issuers will shift their practice in terms of disclosure. Accordingly, we recommend that Proposal 1 be extended for at least one additional accounting period (and potentially more). In particular, the timing at which large Australian listed entities and large Australian superannuation funds come into their regime will be key. On that basis, we consider that additional time for CREs to build their systems and processes and for data reliability and availability to increase (and, accordingly, data cost to decrease) would be beneficial.

Q2

Do you agree with Proposal 2 to add a new Adoption Provision 8 that gives relief of one accounting period before scope 3 GHG emissions assurance is mandatory?

Yes,

Comment:

We agree with this Proposal 2 to delay mandatory scope 3 GHG emissions assurance. However, we refer to our response to question 3 below around the length of the delay. This is for broadly the same reasons as described for Proposal 1 above – it would be beneficial for relief to still be available for CREs that feel they could make the disclosures themselves but that they likely could not obtain sufficient assurance for that information.

Q3

Do you agree that a one-year delay for scope 3 GHG emissions assurance is sufficient to enable systems to mature to support the availability of sufficient reliable data and to enable increased consistency across the assurance market?

No,

Comment:

While we support the extension described in Proposal 2 above, we question whether one year would be sufficient. We would additionally go further than this Proposal 3 and suggest a similar extension in the delay period be incorporated into Proposal 1 as well. We see this as particularly an issue for managed funds invested in overseas debt and equity financial products, which appear to be finding it difficult to secure the necessary information. As the Consultation Document notes, there are some upcoming requirements in the European Union and Australia for periods commencing 1 January 2025. Extending this delay for two years would allow other regimes around the world, including these, to develop, which should in turn increase the number of downstream entities generating information and improve its availability and cost-effectiveness.

Q4

Do you agree with Proposal 3 to extend Adoption Provision 2 for anticipated financial impacts from one accounting period to two accounting periods?

Yes,

Comment:

We agree with this Proposal 3 to delay anticipated financial impact disclosure, for the reasons described in the Consultation Document. As international best practice and user expectations are evolving (and rapidly), there is little guidance for CREs to work with. This is compounded by the complexities and uncertainties around the relevant data, which CREs are only beginning to understand. This risks inconsistent approaches between CREs, which will make comparability between them difficult. We agree that an extension would allow CREs to build both an understanding of what their primary users need and the internal processes they will need to effectively gather the relevant information (and to take into account next year's intended guidance).

Q5

Do you agree with Proposal 4 to extend Adoption Provision 3 for transition planning from one accounting period to two accounting periods?

Yes,

Comment:

We agree with this Proposal 4, for broadly the same reasons as Proposal 3.

Q6

Please provide your contact details:

Name

Lloyd Kavanagh/Sam Short

Company

MinterEllisonRuddWatts

Email Address

Phone Number
