

1 October 2026

The Treasury
Langton Crescent
PARKES ACT 2600

Improving the efficiency of climate-related financial disclosures

Executive Summary

ASX welcomes the opportunity to provide feedback on the consultation 'Improving the efficiency of climate-related financial disclosures'. ASX supports the objectives of Australia's climate-related financial disclosure regime, including providing investors with consistent, comparable and decision-useful information which supports informed capital allocation and confidence in Australia's capital markets.

ASX also supports the Government's objective of improving the efficiency of the regime in a way that reduces unnecessary regulatory burden and delivers cost efficiencies for listed companies, including by:

- reducing unnecessary compliance costs
- providing greater clarity on key terms and concepts
- addressing the burden of information requests across supply chains
- maintaining the quality, credibility and international comparability of climate-related financial disclosures.

Independent assurance is an important component of a credible climate-related financial disclosure regime. Assurance can enhance the reliability, comparability and usefulness of climate-related information and support investor confidence in Australian capital markets.

ASX recognises that reasonable assurance may, over time, enhance confidence in certain categories of climate-related information, particularly historical and objectively verifiable disclosures where it is supported by mature systems, controls and data.

ASX considers that the current timetable for transitioning from limited to reasonable assurance is premature, given the relative immaturity of climate-reporting systems, controls and practices, the continuing evolution of reporting methodologies, the significant reliance on value-chain information that reporting entities cannot directly control or independently verify, and the need to assess whether assurance-market capacity and specialist capability are sufficient to support reasonable assurance at scale. Further reporting, assurance and market experience is also needed to determine whether the incremental investor benefits associated with reasonable assurance would outweigh the additional costs and implementation complexity in the Australian context.

In light of these considerations, ASX recommends that limited assurance remain the mandatory assurance standard until at least 31 December 2035, which ASX considers to be the earliest appropriate review point.

Any extension of limited assurance should be accompanied by a corresponding extension of the modified liability settings for directors. This would maintain coherence between assurance requirements and

liability exposure, and reduce the risk that directors respond to uncertainty by limiting decision-useful disclosures.

A 2035 review would allow the reporting, assurance and data ecosystem to mature before any decision is made on a materially more intensive assurance requirement. By that time, the regime would have operated across all reporting cohorts for several reporting cycles, providing a stronger evidence base to assess reporting maturity, data quality, assurance capability, investor outcomes and the availability of reliable value-chain information.

ASX acknowledges the statutory review expected in 2028–2030, which will be important in assessing the regime’s early operation. However, ASX considers that this review is likely to occur too early to determine whether reporting practices, data quality, assurance capability and market experience are sufficiently mature to support a mandatory transition to reasonable assurance.

[About ASX](#)

ASX is a listed exchange group that plays a critical role in Australia’s capital markets, efficiently facilitating capital formation, maintaining market integrity, and providing companies with a valuable source of funding that contributes to economic growth. ASX offers listings, trading, clearing, settlement, technical and information services, technology, data and other post-trade services. It acts as a market operator, clearing house and payments system facilitator. It oversees compliance with its operating rules, promotes standards of corporate governance among Australia’s listed companies and helps to educate retail investors.

ASX operates markets for a wide range of asset classes including equities, fixed income, commodities and energy. As an integrated exchange, ASX’s activities span primary and secondary market services, including the raising, allocation and hedging of capital flows, trading and price discovery, central counterparty risk transfer and securities settlement for both the equities and fixed income markets.

Summary of recommendations

ASX recommends that the Government:

1. **Retain limited assurance during implementation and defer the current transition timetable.**
Limited assurance should remain the mandatory assurance standard during implementation. The transition to reasonable assurance for financial years commencing on or after 1 July 2030 should be deferred until a formal review has assessed whether reasonable assurance is necessary, proportionate and practicable. If reasonable assurance is deferred, the modified liability settings for directors should be extended for the same period to maintain alignment between the assurance and liability frameworks.
2. **Apply a proportionate assurance model.**
Assurance requirements should be proportionate to the nature, maturity and verifiability of the information. Reasonable assurance should not apply uniformly across the sustainability report. Scenario analysis, climate-resilience assessments, transition plans, targets and other inherently forward-looking or judgement-based disclosures should remain subject to limited assurance unless and until fit-for-purpose assurance criteria and practices have matured and been tested.
3. **Recognise constraints affecting value-chain information.**
Reasonable assurance should not be mandated while reporting entities remain materially dependent on value-chain information that they cannot control, compel or independently verify.
4. **Provide clearer, industry-relevant guidance and transitional data support.**
Clear, coordinated guidance should address estimates, proxies, third-party information, materiality, forward-looking information and the meaning of reasonable and supportable information. Guidance should include examples relevant to financial services businesses, clarify when an entity may conclude that it has no material climate-related risks, and explain whether materiality is assessed by reference to financial effects or broader stakeholder expectations. The Government should also provide reliable, localised secondary emissions data and factors for a transitional period while Australian data availability and quality mature.
5. **Assess assurance-market capability.**
Assurance-market capacity, capability, competition and access to appropriate technical expertise should be assessed before any decision is made to introduce mandatory reasonable assurance.
6. **Remain internationally informed and aligned.**
Before introducing reasonable assurance, Australia's requirements should be benchmarked against comparable international markets. Materially more onerous requirements should only be introduced where additional investor and market benefits justify the resulting costs and complexity.
7. **Conduct a formal review in 2035.**
A formal review should commence in 2035 to determine whether reasonable assurance is necessary, proportionate and practicable. Completion of the review should not result in an automatic transition; any change should require a positive government decision supported by evidence, consultation and an appropriate legislative process.
8. **Ensure any future transition is targeted and phased.**
If reasonable assurance is introduced, any transition should be targeted, differentiated and phased rather than applied as a uniform whole-of-report requirement. Reasonable assurance should be limited, at least initially, to historical information that is directly controlled by the reporting entity, supported by mature systems and controls, prepared using well-established methodologies, capable of objective verification and that is able to be supported by sufficient appropriate evidence.

Limited assurance should remain the mandatory standard during current implementation

ASX supports the objective of reducing unnecessary compliance costs while preserving the quality, credibility and international comparability of climate-related financial disclosures. Retaining limited assurance during the current implementation phase would support that objective by maintaining independent scrutiny while allowing reporting systems, methodologies, data quality and assurance practices to mature. It would also avoid imposing additional costs before a commensurate investor benefit has been demonstrated, supporting cost efficiencies for listed companies and the Government's broader objective of reducing red tape.

Limited assurance is a substantive assurance engagement. It can identify weaknesses in reporting systems, methodologies and controls, promote stronger governance and documentation, improve the consistency and reliability of reported information, support the development of audit trails, and help entities address data limitations over time.

Reasonable assurance requires more extensive evidence gathering, risk assessment, control evaluation and detailed testing. ASX considers that the associated increase in cost and complexity should only be imposed where there is a sufficient basis to conclude that reasonable assurance would deliver a commensurate improvement in information quality, investor decision-making or market integrity.

Recommendation 1

ASX recommends that limited assurance remain the mandatory assurance standard during implementation, and that the current transition to reasonable assurance for financial years commencing on or after 1 July 2030 be deferred until a formal review has assessed whether reasonable assurance is necessary, proportionate and practicable. The modified liability settings for directors should be extended for the same period. Any subsequent change should require a positive government decision supported by evidence, consultation and an appropriate legislative process.

The modified liability settings recognise the uncertainty, judgement and reliance on estimates and third-party information inherent in climate-related disclosures during implementation. Allowing those settings to expire while limited assurance remains appropriate would create a mismatch between the maturity of the regime and directors' liability exposure, potentially encouraging more cautious and less decision-useful disclosure.

Assurance requirements should be proportionate to the nature and maturity of the disclosure

Climate-related financial disclosures encompass information with materially different evidentiary characteristics. Historical and directly measurable data, such as Scope 1 emissions supported by operational records, fuel-consumption data or invoices, is more readily verifiable than information that depends on estimates, assumptions, third-party data or forward-looking judgement, including Scope 3 emissions, scenario analysis, climate-resilience assessments, transition plans, targets and anticipated financial effects.

Applying a uniform reasonable assurance requirement across the sustainability report would not recognise these differences. It could apply assurance expectations developed for historical financial information to forward looking disclosures that are inherently conditional, uncertain or materially dependent on management judgement and external inputs.

ASX supports a proportionate "same information, same assurance outcome" approach. Disclosures with comparable evidentiary characteristics should be subject to comparable assurance expectations, while

disclosures involving higher levels of estimation uncertainty, third-party reliance or forward-looking judgement should not automatically be subject to the same assurance standard.

For forward-looking disclosures, including scenario analysis, climate-resilience assessments, transition plans, targets and anticipated financial effects, the appropriate focus of assurance is whether the entity has followed an appropriate process, properly described and consistently applied its methodology, used assumptions with a reasonable basis, disclosed material limitations and uncertainties, and ensured the disclosure is not materially inconsistent with other relevant information.

A higher assurance threshold for forward-looking disclosures may have unintended consequences for disclosure quality. Entities may respond to heightened assurance and liability risks by providing less specific, more conservative or more standardised disclosures. This could reduce the provision of entity-specific and useful information.

ASX acknowledges that reasonable assurance may become appropriate for certain categories of climate-related information over time, particularly where methodologies, systems, controls, data and assurance practices are mature. However, ASX considers that forward-looking or judgement-based disclosures should remain subject to limited assurance unless and until fit-for-purpose assurance criteria and practices have matured and been tested.

Recommendation 2

Assurance requirements should be proportionate to the nature, maturity and verifiability of the information. Reasonable assurance should not apply uniformly across the sustainability report, and scenario analysis, climate-resilience assessments, transition plans, targets and other inherently forward-looking or judgement-based disclosures should remain subject to limited assurance unless and until fit-for-purpose assurance criteria and practices have matured and been tested.

Value-chain information remains the principal practical constraint

Reducing the burden of information requests across supply chains has been identified as a key focus of the consultation. In ASX's view, the availability and reliability of value-chain information remains a significant practical consideration in determining the appropriate future pathway for assurance requirements.

The key policy issue is not whether reporting entities should continue to improve the collection and assessment of value-chain information, but whether that information is currently sufficiently available, consistent and reliable to support a mandatory transition to reasonable assurance across the reporting population.

This is a material practical constraint because climate-related disclosures, particularly Scope 3 emissions and transition-related assessments, often depend on information from suppliers, customers, contractors, data aggregators and specialist modelling providers.

Reporting entities may have limited contractual or practical ability to compel those third parties to provide information, assess its completeness and accuracy, test the systems and controls supporting it, obtain source documentation, reconcile inconsistent methodologies or secure assurance over information prepared in other jurisdictions.

Where primary data is not reasonably available, entities may need to rely on industry averages, emissions factors, expenditure-based estimates, proxy information, modelled data or other reasonable estimation

techniques. While this information may be relevant and decision-useful, it may not provide a sufficiently robust evidentiary basis for reasonable assurance.

Mandating reasonable assurance in these circumstances could increase costs and burdens across the supply chain, including for smaller suppliers and specialist data providers, and may lead to modified assurance conclusions where sufficient evidence is unavailable.

It may also encourage entities to narrow reporting boundaries where permitted, or to place undue emphasis on verifiability at the expense of relevance, reducing the usefulness of disclosures for investors.

Recommendation 3

Reasonable assurance should not be mandated while reporting entities remain materially dependent on value-chain information that they cannot control, compel or independently verify.

ASX considers it would be beneficial for clear, coordinated guidance to be provided on the following matters:

- when estimates and proxies may appropriately be used
- what constitutes reasonable and supportable information
- expectations for assessing third-party information
- circumstances in which primary data is not reasonably available
- the application of materiality to value-chain information requests
- appropriate disclosure of assumptions, uncertainty and limitations
- how assurance practitioners should assess good-faith estimates and reasonable reliance on third-party information.

Clearer guidance would improve efficiency and consistency

ASX supports the consultation proposal for the provision of clearer guidance on key terms and concepts.

ASX's considers that it would be beneficial if more industry-specific guidance was provided. Much of the available practical guidance and many worked examples are directed to emissions-intensive sectors, particularly mining. Entities operating in financial services sector have different business models, emissions profiles, value chains and climate-risk pathways. Guidance incorporating examples relevant to financial-services businesses would reduce interpretation costs and support more consistent, decision-useful reporting across sectors.

ASX also strongly supports the Government making reliable, Australian and appropriately localised secondary emissions data and factors available during implementation. ASX currently relies in some areas on United Kingdom emissions factors for activities such as business travel and freight because sufficiently reliable local data may not be as readily available. Approximately 60 per cent of ASX's emissions are expected to fall within Scope 3, making access to credible secondary data particularly important to efficient compliance and assurance.

This support could be transitional rather than permanent. For example, the Government could maintain a reliable secondary dataset for approximately five years, subject to review, while the reporting regime drives greater availability, consistency and reliability of primary and market-provided data. A time-limited measure of this kind would improve efficiency during the period of greatest implementation difficulty without displacing the longer-term development of higher-quality data sources.

Uncertainty concerning the applicable reporting and assurance expectations can increase costs, contribute to inconsistent market practice and encourage unnecessary information requests. This is particularly relevant where entities and assurance practitioners must exercise judgement about whether information is reasonably available and supportable.

ASX considers that coordinated guidance would be beneficial in the following areas.

Estimates and proxies

The guidance should clarify:

- when the use of estimates, averages, emissions factors and proxy information is appropriate
- the steps entities are expected to take before concluding that primary data is not reasonably available
- the documentation needed to support the selected methodology
- the disclosures required concerning assumptions, limitations and estimation uncertainty.

Third-party information

The guidance should clarify:

- the extent to which entities are expected to validate information received from third parties
- the circumstances in which reasonable reliance on third-party information is permitted
- the implications where an entity cannot access a third party's underlying records, systems or controls
- how assurance practitioners should approach such information.

Materiality

It would be helpful for further guidance to be provided on how to assess materiality, including whether it is assessed principally by reference to the financial effects on the reporting entity, consistently with the financial-reporting context of the regime, or by reference to broader stakeholder expectations. This distinction can substantially change the scope and content of disclosures, as well as the approach taken by assurance providers. The guidance should also explain the circumstances, evidence and governance processes that may support a conclusion that an entity has no material climate-related risks. This is particularly relevant for entities such as ASX with a comparatively low operational emissions footprint, where a reasonable assessment may identify no material climate-related risks notwithstanding that a significant proportion of total emissions falls within Scope 3. The materiality framework should also discourage unnecessary or disproportionate value-chain information requests: reporting entities should not be expected to seek immaterial information solely to establish a more extensive assurance trail.

Recommendation 4

The Government and relevant standard setters should provide clear, coordinated and industry-relevant guidance on estimates, proxies, third-party information, materiality, conclusions that there are no material climate-related risks, forward-looking information and the meaning of reasonable and supportable information. The Government should also provide reliable, localised secondary emissions data and factors for a transitional period of approximately five years, subject to review as primary and market-provided data become more available and reliable.

Assurance-market capability and capacity should be assessed

ASX considers that any future decision to introduce reasonable assurance should consider the capability and capacity of the Australian assurance market. Climate-related financial reporting may require a combination of:

- financial reporting and assurance expertise
- sustainability-reporting knowledge
- emissions-accounting capability
- climate-modelling and scenario-analysis expertise
- data and systems capability
- sector-specific technical knowledge.

The Government should assess whether available assurance capacity, specialist sustainability expertise and technical capability are sufficient to support a broad transition to reasonable assurance. ASX suggests that this assessment consider the availability and distribution of appropriately qualified practitioners, access to relevant technical specialists, market competition and concentration, consistency in assurance methodologies and interpretation, the likely cost of reasonable assurance, and practitioners' capacity to deliver assurance at scale during annual reporting periods.

This is not intended to suggest that an assurance market capacity constraint has been established. Rather, ASX considers that market readiness should be assessed before a materially expanded requirement is imposed.

Recommendation 5

Assurance-market capacity, capability, competition and access to appropriate technical expertise should be assessed before any decision is made to introduce mandatory reasonable assurance.

Australia's framework should remain internationally informed and aligned

ASX is of the view that international alignment should be an important consideration, although not the sole determinant, in assessing the future direction of Australia's assurance framework.

European Union

Recent European Union reforms retained limited assurance under the Corporate Sustainability Reporting Directive and removed the European Commission's power to adopt standards for reasonable assurance. The reforms also introduced value-chain protections and form part of a broader simplification agenda directed at reducing administrative burdens while preserving the utility and credibility of sustainability reporting¹.

New Zealand

New Zealand currently requires assurance of GHG emissions disclosures, with limited assurance as the minimum required level². Broader components of climate statements may be assured voluntarily but are not generally subject to mandatory assurance.

Australia does not need to replicate every aspect of overseas regulation. However, a materially more onerous Australian framework should be supported by clear evidence that it would produce corresponding benefits for investors and market integrity. Unnecessary divergence could:

¹ [European Commission, Omnibus Package \(1 April 2025\)](#)

² <https://www.xrb.govt.nz/dmsdocument/5371/>

- increase reporting and assurance costs for reporting entities
- require multinational groups to maintain separate compliance processes
- result in different assurance treatment of equivalent information
- increase legal and liability risks
- disadvantage Australian-listed entities relative to overseas competitors and affect the relative attractiveness of Australian public markets.

Recommendation 6

Before introducing reasonable assurance, the Government should benchmark Australia's requirements against comparable international markets. Materially more onerous requirements should only be introduced where the additional investor and market benefits are demonstrated to justify the resulting costs and complexity.

A formal review should commence in 2035

ASX recommends that a formal review commence in 2035 to assess whether reasonable assurance is necessary, proportionate and practicable. Although the 2028–2030 statutory review will be important in assessing the regime's early operation, it is likely to occur before sufficient evidence is available across all reporting cohorts on reporting maturity, value-chain data, assurance-market capability, investor outcomes and the practical costs and benefits of moving to reasonable assurance.

This would provide approximately ten years of reporting experience for Group 1 entities and approximately seven to eight years of reporting experience for entities in later reporting cohorts. It would create a more robust basis for assessing the costs and benefits of any future transition to reasonable assurance. The review should draw on evidence from multiple reporting and assurance cycles across all cohorts, sectors and business models. It should also consider regulatory activity, data quality, assurance practices and comparable international regimes. The review should determine whether reasonable assurance is necessary, proportionate and practicable and, if so, which disclosures it should cover. Suggested areas for consideration as part of the review are set out below.

- **Investor and market outcomes** - The review should assess whether limited assurance has provided sufficient confidence in climate-related disclosures and whether investors have identified material shortcomings attributable to the assurance level. It should also consider whether reasonable assurance would improve investment decisions, confidence and market integrity, and which disclosures would benefit from reasonable assurance.
- **Reporting maturity** - The review should assess the maturity of reporting systems and internal controls, the consistency of methodologies, and the availability of established criteria and benchmarks. It should also consider the quality and comparability of reported information and the incidence and nature of modified assurance conclusions.
- **Value-chain information** - The review should assess the availability and reliability of primary value-chain data, the maturity of Scope 3 methodologies and entities' ability to obtain supporting evidence. It should also consider reliance on estimates, proxies and external providers, and the impact of assurance requirements on smaller value-chain participants.
- **International developments** - The review should compare assurance requirements in major capital markets and jurisdictions implementing ISSB-based standards. It should assess the implications for cross-listed and multinational entities and whether Australian requirements remain internationally comparable.

- **Assurance-market capability and capacity** - The review should assess the availability of qualified practitioners, market competition and concentration, and consistency in assurance methodologies. It should also consider access to climate, scientific and technical expertise and the market's capacity to deliver reasonable assurance at scale.
- **Costs, regulatory burden, liability settings and competitive effects** - The review should assess direct and indirect assurance costs, including impacts on listed companies, smaller entities and value-chain participants. It should also consider whether directors' liability exposure remains aligned with the maturity of reporting and assurance requirements, as well as cross-jurisdictional duplication, the cost and availability of specialist support, whether the requirements minimise unnecessary regulatory burden and deliver cost efficiencies, and the competitiveness of Australian public markets.
- **Disclosure quality** - The review should assess whether reasonable assurance would improve the reliability and usefulness of disclosures or encourage more cautious, boilerplate reporting. It should also consider its effect on detailed forward-looking information and whether a differentiated assurance model would produce better outcomes than a uniform requirement.

Recommendation 7

The Government should provide for a formal review commencing in 2035 to determine whether reasonable assurance is necessary, proportionate and practicable. Completion of the review should not result in an automatic transition. Any change should require a positive government decision supported by evidence, consultation and an appropriate legislative process.

Any future transition should be targeted and phased

If the Government decides to proceed with implementing reasonable assurance, ASX considers that any transition should be targeted, differentiated and phased, rather than applied as a uniform whole-of-report requirement. Reasonable assurance should be limited, at least initially, to historical information that is directly controlled by the reporting entity, supported by mature systems and controls, prepared using well-established methodologies, capable of objective verification and able to be supported by sufficient appropriate evidence.

A differentiated approach would better align assurance requirements with the nature and maturity of the underlying information. Limited assurance may remain more appropriate for disclosures that are forward-looking, judgement-based or dependent on third-party data, where reasonable assurance may not yet be practicable or proportionate.

ASX would welcome the opportunity to continue engaging on the development of the assurance framework to support an efficient, credible and workable climate-related financial disclosure regime. In ASX's view, the framework should continue to balance investor confidence and comparability with proportionality, practical implementation considerations and the maturity of reporting and assurance practices.

Kind regards,

Diane Lewis

General Manager, Public Policy and Advocacy