

WHERE ARE WE NOW?

- »»» Treasury consulting on exposure draft legislation
- »»» AASB consulting on exposure draft standards
- »»» Regime expected to commence for very large entities for financial years commencing 1 July 2024 (possibly 1 Jan 2025)

DRAFT LEGISLATION

WHO AND WHEN?

▶▶▶▶ Phased approach, commencing with largest

▶▶▶▶ Medium entities (excl NGER reports and asset owners with \geq \$5b assets) that do not have material climate risks and opportunities only required to state that

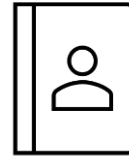
Entity	Thresholds at the end of the relevant financial year	Report from first FY commencing on/after
Very large	Any two of: <ul style="list-style-type: none">• Consolidated revenue of \$500m• Consolidated assets of \$1bn• 500 employees	1 July 2024
Large	Any two of: <ul style="list-style-type: none">• Consolidated revenue of \$200m• Consolidated assets of \$500m• 250 employees	1 July 2026
Medium	Any two of: <ul style="list-style-type: none">• Consolidated revenue of \$50m• Consolidated assets of \$25m• 100 employees	1 July 2027
Asset owners: registered schemes and RSEs	\$5 billion of assets	1 July 2026
National Greenhouse and Energy Reporting Act reporters	Main thresholds: <ul style="list-style-type: none">• 50kt of emissions, or• 200TJ of energy produced, or• 200TJ of energy consumed	1 July 2024
NGER reporters	All others	1 July 2026

WHAT AND HOW?

Contents for climate statements include:

- Material climate risks and opportunities
- Governance arrangements
- Scope 1 and 2 emissions
- Scope 3 emissions from second reporting year
- Impacts on cash flows, revenues and asset values (incl for long term)
- Scenario planning against at least 2 scenarios (one 1.5°C)

WHAT?



Climate statements and notes required by sustainability standards, and any additional statements required under Ministerial rules



Plus a directors' declaration declaring whether statements in accordance with Corporations Act

HOW?



In an annual sustainability report



Consolidated group may elect to prepare single report for group



Limited review for years commencing before 1 July 2030 (beginning with Scope 1 and 2 only); graduating to full audit from 1 July 2030



LIMITED IMMUNITY FROM SUIT



Proposed to apply only to statements made in sustainability reports about scope 3 emissions and scenario analysis



In reports prepared for FYs commencing on or after 1 July 2024 and before 1 July 2027



No immunity from criminal prosecutions or from civil actions brought by ASIC if the action involves a fault element and / or the only remedy sought is a declaration or injunction

CONSIDERATIONS FOR LISTED COMPANIES

CONTINUOUS DISCLOSURE

- The proposed mandatory reporting requirements are periodic, but listed companies will still need to comply with their continuous disclosure obligations
- The limited immunity will not apply to statements made outside the sustainability report, including continuous disclosure announcements

DIRECTOR DECLARATIONS

- Directors will need to make declarations without receiving CEO and CFO declarations, as they would for financial reporting
- And, until 1 July 2030, without a full audit

DISCLOSURE DOCUMENTS

- The limited immunity will not apply to statements made outside the sustainability report, including disclosure documents

