

MEMO# 35381

July 20, 2023

ICI Global Submits Response to Australian Treasury Second Climate-Related Financial Disclosure Consultation

[35381]

July 20, 2023

TO: ICI Global Members

Asia Regulatory and Policy Committee SUBJECTS: ESG

International/Global RE: ICI Global Submits Response to Australian Treasury Second Climate-Related Financial Disclosure Consultation

ICI Global submitted the attached response to the Australian Treasury on its second consultation on climate-related financial disclosure framework.[\[1\]](#)

The proposed framework would require entities (including financial institutions) lodging financial reports under Chapter 2M of the Corporations Act 2001, and which meet certain revenue, assets and/or employee threshold criteria, to disclose climate-related information aligned with the standards developed by the International Sustainability Standards Board (ISSB). The requirements would be phased in over three years, with full application of the mandatory reporting for all groups of reporting entities from the 2027-28 reporting year onwards.

Consistent with ICI Global's response to the previous Treasury consultation in February 2023,[\[2\]](#) as well as our response to the ISSB consultation in July 2022,[\[3\]](#) the letter reiterates two key positions:

- Scope 3 greenhouse gas (GHG) emission disclosures should not be required at this time, except for companies that have publicly announced a target or goal to reduce Scope 3 emissions; and
- To the extent that asset managers become subject to the climate-related financial disclosure framework in Australia, they should not be required to include managed assets in any mandatory entity-level Scope 3 reporting, nor required to disclose Scopes 1, 2, and 3 GHG emissions attributed to assets under management in any sector-specific requirements.

Additionally, the letter supports the Treasury's proposal to align its assurance standards over time with the global sustainability assurance standards being developed by the International Auditing and Assurance Standards Board (IAASB). However, it cautions against moving forward with the proposed timeline to reasonable assurance at this time, given that the IAASB's assurance standards are in an early stage of development and have not yet been released for public consultation, and encourages the Treasury to repropose its phased approach to reasonable assurance once the IAASB has finalized its assurance standards.

Lisa Cheng
Senior Research Analyst
ICI Global

Notes

[1] Climate-related financial disclosure: Second consultation ("Consultation Paper"), June 2023, available at <https://treasury.gov.au/consultation/c2023-402245>.

[2] See ICI Memorandum [34966], dated February 21, 2023, available at <https://www.ici.org/memo34966>. See Also Climate-related financial disclosure Consultation Paper, December 2022, available at <https://treasury.gov.au/consultation/c2022-314397>.

[3] See ICI Memorandum [34244], dated August 8, 2022, available at <https://www.ici.org/memo34244>.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.