

17 February 2023

Climate Disclosure Unit
Market Conduct Division
The Treasury
Langton Crescent
Parkes ACT 2600

via email: climatereportingconsultation@treasury.gov.au

Dear Consultation Team,

Re: Climate-related financial disclosure – Consultation paper

The Australian Beverages Council Limited (ABCL) has been the leading peak body representing the non-alcoholic beverage industry for 75 years and is the only dedicated industry representative of its kind in Australia.

The ABCL represents around 95 per cent of the industry's production volume and Member companies range from some of Australia's largest drinks manufacturers to small and micro beverages companies whose drinks are enjoyed nationally and globally. Collectively, ABCL members contribute more than \$7 billion annually to the Australian economy and employ more than 46,000 FTEs. The industry pays over \$1.2 billion in taxation along its supply chain per annum. For every direct employee in the beverages manufacturing industry, there are an additional 4.9 jobs generated elsewhere in the Australian economy along its value chain.

The ABCL offers members a unified voice and presence to promote fairness in the standards, regulations, and policies concerning non-alcoholic beverages.

Previous engagement on Climate-related Disclosures

The ABCL previously provided comments to the Australian Accounting Standards Board (AASB) in mid-2022 for its ED 321 *Request for Comment on [Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and [Draft] IFRS S2 Climate-related Disclosures*. We are grateful for the opportunity to continue engagement on this topic through the Federal Treasury.

Disclosures should initially apply to large, listed entities

We appreciate the Treasury's understanding that historically, disclosures of this type have predominantly been undertaken by large, listed entities. We anticipate there will need to be an initial phased transition period, particularly with the International Sustainability Standards Board (ISSB)'s decision to include Scope 3 emissions in the international standard, with learnings from adoption by large, listed companies applied to later roll outs of the program. Further, for businesses adopting the standard, there will need to be an educational undertaking and government support for business capability to be able to collect data and prepare the disclosure reports in a way that ensures proper compliance, adds value to the business and properly informs relevant stakeholders. We appreciate the desire to roll out reporting standards quickly but hold concerns that a 2024–2025 initialisation would be too soon, particularly if there is the need to introduce new data tracking and reporting

processes throughout a business. We encourage the government to continue to explore this as the details and requirements of the program solidify.

The vast size differences in Australia's listed companies in both employee count and revenue also greatly varies the in-house compliance resources available to them. Reporting compliance such as modern slavery, Australian Packaging Covenant Organisation (APCO), and a variety of voluntary schemes such as Forest Stewardship Council, ISO, Global Reporting Initiative and BCorp are just a snapshot of the sustainability compliance frameworks undertaken by our members. Considering these factors, in particular the inclusion of Scope 3 emissions since the last consultation on this standard, we would recommend the Treasury initialise this program only with large, listed companies with revenue upwards of **\$500 million annually**.

Harmonisation and Alignment

We appreciate the Australian government's enthusiasm to align with the international development of IFRS S1 & S2, which will enable Australian companies to utilise this framework to support export competitiveness and attract international business investment. That said, to ease compliance burden and enable harmonisation across internal business units, we recommend the program harmonises to annual reports and existing domestic obligations, ensuring that climate related risk is integrated comprehensively into a company's reporting and business risks.

Finally, in relation to governance of the disclosures, we strongly discourage creating a new board to administer sustainability standards (potential structure 2) as we prioritise integrating new standards into existing frameworks and agencies. We support further exploring of structure 1 (AASB administered) and structure 3 (combining FRC, AASB and AUASB into one entity), which would allow for the greatest synergies with existing obligations.

Conclusion

We thank you for the opportunity to provide our comments to the consultation on behalf of the non-alcoholic beverages industry. Should you have any queries regarding the above, please do not hesitate to contact the ABCL Head of Corporate Affairs, [REDACTED] at [REDACTED] or [REDACTED]

Yours sincerely,

[REDACTED]

[REDACTED]
Chief Executive Officer