

09 February 2024

Climate Disclosure Unit, Climate & Energy Division

Treasury

Lodged Online

Dear Sir/Madam

RE: Climate-related financial disclosure - Exposure draft legislation

Standards Australia is pleased to provide a submission in response to the Australian Government's Exposure Draft legislation on climate-related financial disclosure. As the peak national standards body, Standards Australia (SA) holds the responsibility of overseeing the development of Australian Standards® and the adoption of International Standards through the International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC) to support the Australian economy. SA collaborates with industry, government, and academia to establish standards for all sectors through an open process of consultation and consensus. SA builds capacity and fosters economic integration in the region by maintaining close relationships with other National Standards Bodies and regional and international standards organizations.

Introduction

The ongoing threats of climate change pose numerous risks to global financial systems. Mitigating these risks requires a credible framework for organisations to disclose climate-related information in a comprehensive and transparent manner. The Australian Government's initiative to introduce requirements for large businesses to disclose climate-related risks is a transformative step in our approach to achieving net zero emissions. Standards Australia strongly welcomes this initiative to establish a national framework underpinned by international standards.

As Australia's peak national standards body and representative at the International Organization for Standardization (ISO), SA is well placed to support the Australian Government with the implementation of the national climate disclosure regime. ISO standards are important tools that support the promotion of clear, consistent, and comparable financial disclosure reporting. These

standards provide internationally recognised frameworks that allow for consistency and transparency. Any financial disclosure measures must be done in the context of a global economy, and in the context of Australian businesses operating globally. The use of, and connection of international standards is fundamental in supporting this work.

Recommendations

1. The Australian Government to leverage relevant ISO/IEC standards to support the implementation of climate disclosure standards.

Standards Australia recommends highlighting international standards that can support businesses to successfully plan and act in order to meet the national reporting requirements. Internationally recognised standards can help businesses comply with national climate disclosure requirements by providing a transparent, universally recognised framework. For example, the ISO 14000 series contains a range of practical environmental management tools used by companies worldwide. These standards help businesses align with climate reporting requirements by improving environmental performance, reducing their environmental footprint, and ensuring compliance with legal requirements. The importance of ISO standards in supporting international sustainable finance efforts is further highlighted by the [recent commitment](#) between ISO and the IFRS Foundation to collaborate and align on shared goals.

2. The Australian Government to work with Standards Australia to create, adopt and contribute to the development of guidance materials and resources to prepare businesses for climate reporting requirements.

Under the proposed legislation, a broad range of entities will be required to report their emissions on an annual basis. This will be a significant change for companies, especially small to medium enterprises (SMEs), many of whom will be reporting for the first time. Creating guidance materials and resources will significantly reduce the complexity and confusion surrounding measurement of greenhouse gas emissions, and ensure that businesses are well placed in the transition to mandatory reporting. Standards Australia would welcome the opportunity to work with the Australian Government and businesses to develop resources about relevant standards and how they can be applied. Developing standards-related guidance would help support Australian businesses and align

industries with international best practice. Standards Australia can assist in identifying and curating these standards to support the implementation of the disclosure framework.

3. The Australian Government to work with Standards Australia to design and develop a trusted data framework for climate reporting

Businesses will need practical tools that can accurately capture and record emissions data. Standards Australia is already looking to build these capabilities in the building and construction sector through the concept of a Common Data Model. As outlined in SA's series of [digital engineering whitepapers](#), the Common Data Model is a standardised data model that allows the exchange of data in a connected digital ecosystem. A trusted data framework that is internationally aligned will be critical to ensuring transparency and consistency in gathering verifiable emissions data. This framework would provide stakeholders with confidence and better inform companies in meeting their emissions goals. Given SA's existing expertise in this area, we would be pleased to work with the Australian Government to develop a trusted data framework for sustainability-related disclosures.

4. The Australian Government work with Standards Australia to support Australia's participation and influence in developing international environmental and sustainability standards.

We recommend that Standards Australia, industry experts, and government continue to work together to support Australia's participation in international standards setting. Contributing to the development of international environmental and sustainability standards aligns with our national interests by driving innovation, best practice and empowering Australian stakeholders. We recommend the Australian Government continue to support Australia's participation in standards setting internationally through SA's trusted and established processes.

Standards Australia supports the Australian Government's commitment to improving the quality of climate-related financial disclosures. We look forward to the opportunity to discuss the submission in further detail. Please contact Claire Ripley, Strategic Initiatives Manager, at Claire.ripley@standards.org.au.

Standards Australia Limited

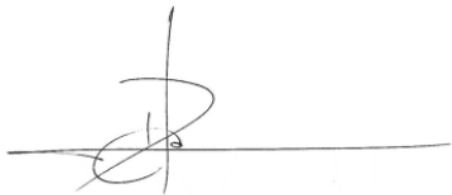
Exchange, Level 10, 20 Bridge Street, Sydney NSW 2000

GPO Box 476, Sydney NSW 2001

Telephone +61 2 9237 6000, Facsimile +61 2 9237 6010

www.standards.org.au

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Adam Stingemore', written over a horizontal line.

Adam Stingemore

General Manager Engagement and Communications