

Sustainable Finance Unit
Climate and Energy Division
The Treasury

Submission via email: sustainablefinanceconsultation@treasury.gov.au

30 November 2023

RE: Consultation on Australia's proposed Sustainable Finance Strategy

Rio Tinto welcomes the opportunity to make a submission to the Treasury on its proposed Sustainable Finance Strategy with a particular focus on *Pillar 1: Improve transparency on climate and sustainability*.

The Consultation Paper outlines the potential for a Sustainable Finance Strategy to help mobilise the private investment needed to finance Australia's transition to net zero. Rio Tinto supports government measures which help deliver investment at the pace required to meet Australia's emissions reduction commitments.

It is vital that the overall objective of the Sustainable Finance Strategy is to support the achievement of Australia's emissions reduction commitments. To this end, we would encourage Treasury to adopt a pragmatic approach that balances providing investors with key information, complementing and where possible utilising existing national reporting requirements (e.g. AASB, NGER, ASIC, ASX) and which aligns with existing global frameworks and standards (e.g. TCFD, ISSB).

Rio Tinto recognises the importance of transparency and providing key disclosures to investors and other stakeholders on how climate and sustainability-related matters impact our business, and dedicates significant resources to identifying, assessing, managing these risks and opportunities. We encourage Treasury to continue to ensure all disclosure frameworks promote transparency of material information and risks, enable comparability, enhance competitiveness, encourage best practice adoption, and support decision-making by internal and external stakeholders. This needs to be balanced with minimising the compliance burden which could divert organisational resources from the critical task of delivering emissions abatement projects.

With reference to the key principle of the Sustainable Finance Strategy that *New requirements should be as simple and useable as possible for a wide range of actors*, we take this opportunity to flag a potential issue relating to the proposed ASRS 2 Climate-related Financial Disclosures that could have an unnecessary and disproportionate burden on large corporate groups. ASRS 2 requires disclosures by all entities that meet prescribed size thresholds and are required to lodge financial reports under Chapter 2M of the *Corporations Act 2001* (Cth). In order to avoid sub-optimal outcomes for Australian companies and the investor community, we urge the Treasury to exclude the operation of Chapter 2M for climate disclosures for entities within a large corporate group where consolidated climate disclosures are made in accordance with IFRS S2, and allow subsidiary entities to satisfy the climate disclosure requirements by cross-referencing their parent's consolidated reporting.

A well-designed Sustainable Finance Strategy that draws on internationally aligned frameworks and standards has the potential to enhance the competitiveness of Australian businesses and projects in the global market, help to attract international investment and accelerate the Australian economy's transition. We thank the Treasury for the opportunity to engage on the proposed Sustainable Finance Strategy and look forward to

continuing to engage with you around the development and implementation of climate and sustainability transparency initiatives.

We would welcome the opportunity to discuss this submission with you further. In the interim, if you have any questions, please contact Rachel Storrs (Rachel.storrs@riotinto.com).

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'JM', with a long horizontal stroke extending to the right.

Jonathon McCarthy
Chief decarbonisation officer