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

Via email: [climatereportingconsultation@treasury.gov.au](mailto:climatereportingconsultation@treasury.gov.au)

Dear Sir/Madam

## **SUBMISSION – CLIMATE-RELATED FINANCIAL DISCLOSURE: CONSULTATION PAPER**

We appreciate the opportunity to provide comment to Treasury on the Climate-related Financial Disclosure Consultation Paper (the Consultation Paper).

Pitcher Partners is an association of independent firms operating from all major cities in Australia. Firms in the Pitcher Partners network are full service firms and we are committed to high ethical standards across all areas of our practice. Our clients come from a wide range of industries and include listed and non-listed disclosing entities, large private businesses, family groups, government entities, not-for-profit entities and small to medium sized enterprises.

Overall, we support the Government commitment to applying standardized climate-related financial disclosure requirements to large businesses in order to meet the growing demand for disclosure by investors. Our support is based on the following:

- Adoption of consistent standards as that developed internationally by the International Sustainability Standards Board (ISSB) with any Australian modifications determined necessary.
- The introduction of a phased approach for climate-related financial disclosures that first targets larger listed entities with a plan to cover more entities over time subject to exceeding certain income thresholds.
- Initial focus should be on listed and disclosing entities over a certain income threshold (\$100 million was the threshold for the introduction of modern slavery reporting and may be an appropriate threshold to use in this case also).
- The disclosures would be best located as part of the material risks disclosure in the operating and financial review (applying to listed entities only) which is part of the directors' report, rather than be included as part of the financial report.
- The establishment of an appropriate regulatory framework along with an organisation responsible for development and issue of the standard, preferably a sister board of the AASB and included in the oversight of the Financial Reporting Council.

Darryn Rundell  
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The AUASB is the most experienced body in the creation of assurance frameworks, however, the nature of sustainability measures means that determining a single level of assurance i.e. reasonable or limited assurance may not be possible or desirable for each sustainability measure, and consequently careful consideration of the reporting framework and reporting format is required i.e. multiple reports may be required or a multiformat report similar to the concepts in GS022 Grant Acquittals and Multi-scope Engagements. Further any assurance reports on sustainability measures should be independent of the financial statement report in a manner similar to the director's remuneration requirements for listed entities i.e., a standalone report and conclusion.

With respect to assurance, independence is a core element of providing assurance and therefore, assurance of sustainability measures should operate in a manner similar to the independence requirements for a financial statement auditor. Similarly, the quality management standards should be comparable as assurance is being provided to the market in a manner similar to financial reporting. To permit lesser independence or quality management expectations would not be transparent or beneficial for users of the information.

While we support the concept of digital reporting, we do not consider that sustainability reporting in a digital way should be Australia's first foray into this area. First consideration should be given to this in financial report lodgments for the listed sector, given that major jurisdictions around the world already have introduced this for the listed sector. Subsequent to financial reporting lodgments being considered for digital reporting, consideration could be given to this type of reporting in the sustainability area.

We appreciate the desire to introduce disclosure requirements as soon as feasible once the international disclosure standards have been issued by the ISSB. However, it is critical that sufficient time is given to companies to mandatorily adopt the requirements. We recommend that any requirements introduced apply no earlier than 2 years from the date they are issued, providing the issuing body, professional bodies and other organisations sufficient time to roll out education and awareness initiatives and relevant guidance materials. These standards should also allow voluntarily early adoption ahead of the mandatory date for any companies that wish to do this.

Please contact [REDACTED] Director – Technical Standards [REDACTED] or [REDACTED] in relation to any of the matters outlined in this submission.

Yours sincerely

[REDACTED]

[REDACTED]  
Partner

[REDACTED]

[REDACTED]  
Director, Technical Standards