



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

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Climate-related financial disclosure: exposure draft legislation

We refer to the Treasury's policy statement and exposure draft legislation on climate-related financial disclosure. We welcome the opportunity to continue contributing our perspective on the Australian climate disclosure regime, following our previous consultation responses.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investment manager with 2,234 billion AUD at year end 2023, 31.9 billion of which invested in the shares of Australian companies.

As a long-term, global investor, we consider our returns over time to be dependent on sustainable development in economic, environmental and social terms. We need consistent, comparable and reliable information from companies on social or environmental issues which are financially material to their business. We rely on information related to the current performance of a company, as well as information on drivers of value that might be predictive of its long-term performance. This information helps inform our investment decisions, our risk management processes and our stewardship activities.

We have a clear interest in this information being reported in a consistent and comparable manner across markets, and in disclosure regimes based on global standards. We strongly support the International Sustainability Standards Board (ISSB) and its mission of providing a global baseline for sustainability-related financial disclosures. The ISSB standards IFRS S1 and S2 build on existing frameworks and standards, such as the Taskforce on Climate-Related Financial Disclosures Recommendations (TCFD), and maintain its four-pillar structure around governance, strategy, risk management, and metrics and targets. Furthermore, the ISSB standards have been endorsed by the International Organisation of Securities Commissions (IOSCO) to support the integration of sustainability-related financial information in capital markets. We believe that global comparability and consistency of information can be best achieved by the alignment of jurisdictional regimes with the ISSB standards through the so-called "building blocks" approach, which allows standard setters to address any jurisdiction-specific policy objectives by adding on the global baseline.

We welcome the decision to align the scope of the mandatory climate reporting regime with the Corporations Act, which encompasses both listed and unlisted companies. We believe

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that this approach can ensure the level playing field between public and private companies. We similarly support the decision to phase in the implementation of the requirements over a four-year period, which incorporates proportionality by allowing smaller reporting entities to establish the necessary frameworks and systems for compliance. Similarly, we notice that the temporary relief from disclosing Scope 3 emissions is aligned with the International Sustainability Standards Board's decision to include this relief in the first year of reporting against IFRS S2.

For investors to be able to rely on this information, it is important that climate disclosures are subject to similar oversight and governance as financial information, with a final sign-off from the board. We therefore welcome the requirement to subject climate disclosures to similar assurance requirements to those currently in the Corporations Act for financial reports. We support the decision to phase-in these requirements over time, starting with a requirement for assurance of Scope 1 and 2 emissions disclosure, which we also include in our company expectations on climate change¹. We strongly welcome the intention by the Australian Auditing and Assurance Board to develop assurance standards in line with the final ISSA 5000 standard by the International Auditing and Assurance Standards Board. We believe adherence to this global standard can play a role in enhancing the quality and reliability of sustainability disclosures across jurisdictions.

Climate risk has long-term and systematic characteristics, and our investments are exposed to both physical and transition risks. We support global principles and standards that underpin an orderly climate transition, and have promoted the development of strong reporting frameworks for corporate climate risk disclosure for over a decade. Therefore, we support the Treasury's aim to introduce a mandatory regime for climate-related financial disclosures and acknowledge that the draft legislation is consistent with the intention to prioritise climate change for policy action.

However, information on risks and opportunities linked to other sustainability topics is equally important to investors, and the ISSB standards support the disclosure of such information beyond the topic of climate change. We strongly encourage the Treasury to develop a long term policy framework which would allow the Australian Accounting Standards Board's standards (ASRS 1 and ASRS 2) to be applied to a broader set of risks beyond climate. This could include committing to the full implementation of the General Requirements Standard IFRS S1, beyond what is required to give effect to climate disclosure standards, and could signal a clear timeframe towards this goal. By signalling a future date for broader sustainability reporting, the Treasury would enable businesses to invest in the necessary systems to support implementation.

Finally, we encourage Treasury to revisit and bring forward the requirement to use industry-based metrics for disclosure. The ISSB standards refer to SASB as a useful source for companies to both identify material sustainability issues, and material information to disclose on such issues. We believe that industry-specific disclosures are very relevant from an

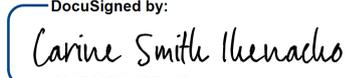
¹ [Climate change | Norges Bank Investment Management \(nbim.no\)](https://nbim.no)

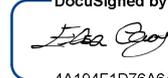


investor perspective and can guide companies in the identification of sustainability topics likely to be material for their specific business.

We thank you for considering our perspective and remain at your disposal should you wish to discuss these matters further.

Yours sincerely,

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