CLEVELAND&CO
External in-house counsel

2023 Consultation on Climate-Related Financial Disclosures

Background

On 27 June 2023, the Australian Treasury released a second consultation paper titled "Climate-related financial disclosure," building upon the previous discovery consultation. This initiative reflects the Australian Government's commitment to establishing standardised and internationally aligned reporting requirements for businesses to disclose governance, strategy, risk management, targets, and metrics. The reporting requirements would apply as early as 2024 for large businesses, with a phased approach for smaller businesses over the following three years.

Reporting Requirements

The Government proposes a three-stage approach for implementing mandatory climate-related reporting, splitting the phases into three groups. In each group, entities are required to submit financial reports under Chapter 2M of the Corporations Act 2001 (Cth) and meet two of the specified criteria for climate risk disclosure. Criteria ii) and iii) in each group apply to both the company and any entities it controls.

Group 1
2024 - 2025

1

i) The entity has over 500 employees;

ii) The value of the consolidated gross assets at the end of the financial year is $1 billion or more;

iii) The consolidated revenue for the financial year is $500 million or more.

Group 2
2026 - 2027

2

i) The entity has over 250 employees;

ii) The value of the consolidated gross assets at the end of the financial year is $500 million or more;

iii) The consolidated revenue for the financial year is $200 million or more.

Group 3
2027 - 2028

3

i) The entity has over 100 employees;

ii) The value of the consolidated gross assets at the end of the financial year is $25 million or more;

iii) The consolidated revenue for the financial year is $50 million or more.

Next Steps

Companies will need to disclose their governance processes, controls, and procedures used to monitor and manage climate-related financial risks and opportunities as stringent reporting requirements and regulations are set to be implemented in the near future. To ensure compliance, businesses should develop tailored strategies and establish internal structures, policies, and frameworks. We can assist firms in aligning their current reporting practices with the upcoming regime's disclosure requirements.

For more information, and any guidance or advice, Cleveland & Co External in-house counsel™, your specialist outsourced legal team, are here to help.

If you need any help or further information, please contact Tanja Listar:

Tanja Listar - Managing Director, General Counsel APAC
+61 466778482
tlistar@cleveland-co.com

https://cleveland-co.com/
https://uk.linkedin.com/company/cleveland-co