

## MEDIA RELEASE

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# Climate Reporting Exposure Bill

The Australian Institute of Company Directors (AICD) has welcomed the Federal Government's Exposure Draft – Treasury Laws Amendment Bill 2024: Climate-related financial disclosure.

The shift to mandatory climate-related disclosures represents the biggest change to corporate reporting in a generation and the introduction of the Government's draft legislation is a major milestone in Australia's transition to a decarbonised economy.

The AICD strongly supports a climate disclosure framework that incentivises organisations to make high quality, comparable and useful climate disclosures based on the International Sustainability Standards Board's (ISSB) global standards.

The shift to ISSB-based mandatory climate reporting will require disclosures far in excess of current reporting practices and this will mean extensive up-skilling across boards, organisations and the economy as a whole.

AICD Managing Director and CEO Mark Rigotti said investors are searching for higher quality and more fulsome climate disclosures and directors fundamentally agree.

“To achieve this, the liability settings must be proportionate so that companies making disclosures on a good faith best endeavours basis are not the subject of litigation. Ultimately this is what the Government's legislation must be calibrated to achieve.

“We are pleased to see the government listening to market concerns and introducing a sensible period of regulator-only enforcement. We trust ASIC to take action based on the public interest.”

Reporting will not be perfect in year one and will evolve over time. The AICD encourages ASIC to take strong action where it sees bad practices or attempts at greenwashing.

The scale of the task ahead can't be overstated – this is an extremely complex and challenging regulatory reform and integrating climate disclosures into financial reporting needs to be carefully managed.

More than merely a compliance exercise, reporting can be a chance to integrate climate considerations into strategic decision-making, build organisational resilience, and drive sustainable practices.

*The Australian Institute of Company Directors is committed to strengthening society through world-class governance. We aim to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society. Our membership of more than 50,000 includes directors and senior leaders from business, government and the not-for-profit sectors*

The AICD will continue to work through the detail of the Government's Exposure Draft and looks forward to providing a submission.

**Media contact: Jane Braslin 0439 167 567**