Mandatory climate-related financial disclosure

Response to Commonwealth Treasury Consultation Paper

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CENTRE FOR POLICY DEVELOPMENT

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INTRODUCTION

CPD is an independent policy institute that focuses on critical long-term policy challenges, including impacts of climate change. For several years, CPD has been working to highlight the cross-cutting impacts of climate change across corporate governance, the economy and Australia's financial system.

Over many years, CPD has demonstrated the need for directors to consider the impact of foreseeable climate change risks on their organisations to avoid being potentially personally liable for breaching duty of due care and diligence.[1] More recently, CPD has been focussing on how these considerations apply to public sector organisations. The work has stressed the importance of both government-owned companies as well as other public sector entities making disclosures in line with international best practice.[2] CPD has explored the role the public sector could play as a leader in climate-related financial reporting and the governance and management of climate risks by examining disclosure by different institutions, including financial regulators and public investors.[3]

CPD welcomes the introduction of a mandatory climate-related financial disclosure framework in Australia as it plays an important role in supporting more coordinated responses to climate and other key systemic risks.

OVERVIEW OF RECOMMENDATIONS

This submission makes recommendations related to both the coverage and content of the framework. Overall,

1) Australia should align with international disclosure frameworks, such as the TCFD and the ISSB standards.

On coverage, CPD recommends:

For organisations covered by the Corporations Act 2001 (Cth):

2) The mandatory disclosure framework should go beyond large, listed entities and financial institutions and eventually apply to all organisations with current reporting requirements under section 292 of the *Corporations Act 2001 (Cth)*, as well as any *carbon-exposed* entities not covered by s292.
   a) The framework should first be applied to *large or carbon-exposed*[4] entities.
   b) Any size thresholds should align with existing regulatory thresholds, such as from the *Corporations Act 2001 (Cth)* or the *Modern Slavery Act 2018 (Cth)*.
   c) For all organisations covered by s292 of the *Corporations Act*, the government should set a timeline of 3-5 years to make climate-related financial disclosures a part of the standard financial disclosures.

For public sector organisations:

3) The framework should also apply to public authorities. For public authorities established under the *Corporations Act 2001 (Cth)*, the roll-out of the disclosure framework should follow the same timeline as for the private sector with the same thresholds being applied (e.g. starting with large entities). Eventually, the framework should apply to all *Corporations Act* public authorities.
4) For public sector entities covered by the *PGPA Financial Reporting Rule*, the roll-out should advance in three stages:
   a) There should be an initial pilot of 3-5 Commonwealth entities.
   b) In FY 2024-25, the framework should be extended to all Commonwealth entities that are required to apply tier 1

reporting requirements under the *PGPA Financial Reporting Rule (2015)*.

c) The disclosure framework should eventually apply to all Tier 2 public entities that are covered by the *PGPA Financial Reporting Rule*.

On content, we further recommend:

5) "Full" disclosure should include scope 1, 2 and 3 emissions as well as transition plans. Scope 1 and 2 emissions could form a common baseline framework, or a "floor", for mandatory disclosure.
6) As we have proposed very broad eventual coverage, the requirement for disclosure of scope 3 emissions and transition plans could be restricted to *large or carbon-exposed* entities as well as all tier 1 and large tier 2 public entities.
7) The framework should require that organisations clarify how much of any reduction in its reported emissions is due to purchased offsets; ideally the framework would specify how this is to be presented.
8) Given the ongoing revision of the definition of "materiality" by the International Sustainability Standards Board, the Commonwealth Government should signal its intent to align with any final ISSB guidance but develop its own interim definition of "materiality" that takes enterprise value as a starting point and builds upon it by also considering non-financial matters.
9) The government should publish at least one central scenario that reporting organisations must disclose against.

Table 1: Summary of recommendations on timing and coverage of reporting requirements for organisations

		Scope 1 and 2 emissions	Scope 1, 2 & 3 emissions and transition plan
Corporations Act 2001	Large companies and financial institutions	First tranche	Final state
	Other carbon-exposed companies	First tranche	Final state
	Other s292 companies that are not carbon-exposed (e.g. remaining small publicly-listed companies)	Final state	n/a
	Companies that are not s292 and not carbon-exposed (e.g. small privately held companies)	n/a	n/a
PGPA Financial Reporting Rule 2015	Public entity (PGPA tier 1)	First tranche	First tranche
	Large public entity (PGPA tier 2)	Final state	Final state
	Small public entity (PGPA tier 2)	Final state	n/a

Table 2. Summary of recommendations against the questions in the Treasury's consultation paper

Question	Short response	Rec.
Q1.2: What are the costs and benefits of Australia not aligning with international practice and in particular global baseline standards for climate reporting?	• Yes, align with international standards	1
Q2: Should Australia adopt a phased approach to climate disclosure, with the first report for initially covered entities being financial year 2024-25?	• Pilot with 3-5 PGPA tier 1 public entities in 2023-24 • Start with the first broad tranche of *large or carbon-exposed* entities in 2024-25	2, 3, 4
Q3.1: What size thresholds would be appropriate to determine a large, listed entity and a large financial institution, respectively?	• Use existing size thresholds (e.g. aligning with Corporations Act or Modern Slavery Act)	2, 3, 4
Q3.2: Are there any other types of entities (that is, apart from large, listed entities and financial institutions) that should be included in the initial phase?	• Start with entities that are *large or carbon-exposed* as well as PGPA tier 1 public entities • Eventual coverage should be very broad and include all companies that report under s292 of the *Corporations Act*, other carbon-exposed companies, and all public sector entities that report under the *PGPA Financial Reporting Rule 2015*	2, 3, 4
Q7: What considerations should apply to materiality judgements when undertaking climate reporting, and what should be the reference point for materiality (for instance, should it align with ISSB guidance on materiality and is enterprise value a useful consideration)?	• Given the ISSB is reviewing their guidance, signal intent to align with their eventual definitions	8
Q9: What considerations should apply to requirements to report emissions (Scope 1, 2 and 3) including use of any relevant Australian emissions reporting frameworks?	• "Full" disclosure should include scope 1, 2 and 3 emissions as well as transition plans • Scope 3 emissions reporting could be restricted to *large or carbon-exposed* companies as well as PGPA tier 1 and large tier 2 public entities	5, 6
Q10: Should a common baseline of metrics be defined so that there is a degree of consistency between disclosures, including industry-specific metrics?	• All reporting entities should be required to publish at least scope 1 and 2 emissions	5
Q11: What considerations should apply to ensure covered entities provide transparent information about how they are managing climate related risks, including what transition plans they have in place and any use of greenhouse gas emissions offsets to meet their published targets?	• The requirement to publish transition plans could be restricted to *large or carbon-exposed* entities as well as PGPA tier 1 and large tier 2 public entities • It must be clear what role offsets are playing in reported emissions	6, 7
Q14: Regarding any supporting information necessary to meet required disclosures (for instance, climate scenarios), is there a case for a particular entity or entities to provide that information and the governance of such information?	• The government should publish a central scenario	9

ALIGNMENT WITH INTERNATIONAL STANDARDS IS CRITICAL FOR SUCCESS

Australia's export trade partners are increasingly taking actions towards a net zero economy, with more than three quarters (by export volume) of Australia's top trading partners having made commitments to reach net zero emissions by 2050.[5] Around the world, countries are adopting carbon pricing policies and considering border adjustment tariffs on carbon-intensive goods. Firms, financial institutions, and investors are increasingly considering climate-related risks and opportunities as a mainstream and material financial issue in their decision making and taking steps to optimise their risk profile and expected returns.

Without substantial policy-driven action, such developments could imply considerable increases in the cost and reductions in the availability of capital and opportunities to participate in global markets for Australian corporations and governments. As a small, export-oriented economy, Australia is heavily reliant on foreign investment. Credible long-term market signals and strong political consensus are needed to avoid capital flight from Australia.[6] Steps by Australian regulators to identify and respond to climate-related risks within their established mandates are necessary, proportionate and consistent with actions taken by their global counterparts.

The exposure of individual directors to climate change litigation in both the public and private sectors is rapidly increasing over time. Both the United Kingdom and New Zealand, have or are in the process of introducing regulations around disclosure of climate change risks for some sectors including large, listed companies and financial institutions.[7,8] And the US Securities and Exchange Commission has proposed a new rule to require companies to disclose information about climate-related risks.[9]

These countries are all major two-way trade and investment partners of Australia. It is critical that disclosure by Australian firms meets the expectations and standards of global capital markets. This is best achieved by using international disclosure frameworks – such as those produced by the Taskforce on Climate-Related Financial Disclosures (TCFD) and the International Sustainability Standards Board (ISSB) – as a baseline for Australian disclosure. Aligning with international standards enables like-for-like comparisons of the ways in which organisations are responding to and understanding the impacts of climate change.

Recommendation 1
Australia should align with international disclosure frameworks, such as the TCFD and the ISSB standards.

THE REGIME SHOULD COVER AS MUCH OF THE ECONOMY AS POSSIBLE

Considering and disclosing climate risks is required under existing Australian law, as CPD has demonstrated through our research stream on the duties of directors in both the private and public sectors.[10] Company directors of corporations and financial services have "duty of care and diligence" obligations under the *Corporations Act 2001 (Cth)*[11]. Obligations to consider climate risk stem from the fact that such risks are foreseeable and material to the interests of the company. Treasury's mandatory disclosure framework should take into account that all entities already have an obligation to disclose material risks.

SECTION 292 OF THE CORPORATIONS ACT 2001 IS THE BEST LOCUS FOR FINANCIAL REPORTING REQUIREMENTS

CPD recommends that the mandatory disclosure framework should go beyond large, listed entities and financial institutions – as are discussed in Treasury's consultation paper – and eventually apply to all organisations with current reporting requirements under section 292 of the *Corporations Act 2001 (Cth)*. These organisations are: all "disclosing entities"; public companies; large proprietary companies; and registered schemes.[12]

The framework should also apply to any non-s292 reporting companies that have a particularly high degree of exposure to transition-related risks (throughout this submission we use the term "*carbon-exposed*" to refer to these companies). The concept of a "carbon-exposed" company could be defined as being any public or private sector entity that meets any of the following criteria:

1. They have especially high scope 1 and 2 emissions themselves – e.g. the approximately 200 companies regulated under the Safeguard Mechanism.
2. There are significant downstream emissions from the immediate use of their products – e.g. companies in certain sectors, or simply where more than 10 percent of revenue comes from the sale of fossil fuels.
3. Their business relies on highly carbon-intensive immediate inputs – e.g. companies in certain sectors (e.g. construction) or companies that use over a set threshold of inputs such as steel, cement, aviation services (kilometres of air travel), and aluminium.

Our view is that ultimate coverage should be quite broad. Section 292 of the *Corporations Act 2001* includes most companies apart from small privately held companies.

It does not make sense to exempt large privately held or foreign-owned companies. This would create one set of rules for Qantas and another for Virgin Australia; one rule for Fortescue Metals and another for Hancock Prospecting; one for Lendlease and another for Hansen Yuncken. This could incentivise private equity to take carbon-exposed businesses behind a veil of limited reporting – limiting the ability of other market participants, and society as a whole, to understand and manage collective climate risks. Further, their scope 1 and 2 emissions disclosures are also necessary to inform the scope 3 disclosures of other companies.

It also does not make sense to exempt small companies that are publicly traded or particularly carbon-exposed. In both cases, there are strong arguments that disclosure is necessary to inform investors of risks, create a level playing field, and avoid distorting market behaviour. Later in this submission, in recommendations 5 and 6, we discuss how a different (lower) standard of mandatory disclosure could be required of smaller or non-carbon-exposed firms.

Recommendation 2
The mandatory disclosure framework should go beyond large, listed entities and financial institutions and eventually apply to all organisations with current reporting requirements under section 292 of the *Corporations Act 2001 (Cth)*, as well as any *carbon-exposed* entities not covered by s292.

The build-up in coverage for climate risk disclosure could occur over a few years, commencing in FY 2024-25 with an initial first tranche of firms. CPD recommends that the mandatory disclosure framework should first apply to large financial institutions, as well as large or carbon-exposed companies (as discussed above). Larger and more risk-exposed firms should be the best placed to absorb the increase in compliance costs: large firms already have reporting teams with a high degree of sophistication, and highly carbon-intensive firms can be reasonably expected to already have a good understanding of their climate risks. These are also the firms where disclosure will provide the most benefit to investors. Ideally, this first tranche would include unlisted firms as well as listed firms.

> **Recommendation 2a**
> The framework should first be applied to *large or carbon-exposed* entities.

If the framework differentiates between firms of different sizes, it would make sense to align with existing regulatory thresholds; of which there are at least two options. The first option, under the *Corporations Act 2001 (Cth)* is that a "large proprietary company" is any proprietary company that satisfies at least two of the following criteria: consolidated revenue above $50 million, gross assets above $25 million, or more than 100 employees.[13,14] The second option would be to employ the definition under the *Modern Slavery Act 2018 (Cth)*: a "large" firm is one that has annual consolidated revenue above $100 million.[15]

> **Recommendation 2b**
> Any size thresholds should align with existing regulatory thresholds, such as from the *Corporations Act 2001 (Cth)* or the *Modern Slavery Act 2018 (Cth)*.

As accounting practices develop and data availability improves, the cost of compliance should rapidly decrease, and CPD recommends that the government set a timeline of 3-5 years to make climate-related financial disclosures a part of the standard financial disclosures for all firms under s292 of the *Corporations Act*.

> **Recommendation 2c**
> For all organisations covered by s292 of the *Corporations Act*, the government should set a timeline of 3-5 years to make climate-related financial disclosures a part of the standard financial disclosures.

PUBLIC AUTHORITIES AND STATUTORY BODIES SHOULD ALSO BE COVERED BY ANY MANDATORY DISCLOSURE FRAMEWORK

Given their importance for the economy and their potential to act as leaders on disclosure, CPD recommends that Treasury's mandatory disclosure framework should also apply to public sector organisations.

Like the private sector, mandatory disclosure requirements under Treasury's new climate risk framework should also be rolled out to public authorities and statutory bodies in a gradual manner. For those authorities established under the *Corporations Act 2001 (Cth)*, the roll-out should follow the same timeline as for the private sector with the same thresholds being applied. Government-owned *Corporations Act* entities should not be given a carve-out simply because they have few shareholders and are not publicly traded. Every Australian has a stake in government entities, and they should be held to the same standards as other companies with reporting requirements under s292 of the *Corporations Act*.

Recommendation 3
The framework should also apply to public authorities. For public authorities established under the *Corporations Act 2001 (Cth)*, the roll-out of the disclosure framework should follow the same timeline as for the private sector with the same thresholds being applied (e.g. starting with large entities). Eventually, the framework should apply to all *Corporations Act* public authorities.

For Commonwealth entities for which the *PGPA Financial Reporting Rule 2015* (FRR) applies (i.e. that do not make disclosures under the *Corporations Act*), CPD recommends that the roll-out advance in three stages.

First, there should be a pilot with 3-5 Commonwealth entities, commencing immediately in FY 2023-24. The New South Wales Government recently piloted the publication of climate disclosure statements by three government agencies: Essential Energy, the Environment Protection Authority and NSW National Parks and Wildlife Service.[16] The Commonwealth Government could follow a similar approach, commencing with tier-1-reporting government enterprises with a diversity of risk exposures.[17] Three such enterprises could be the Future Fund Management Agency, the Australian Postal Corporation, and Defence Housing Australia.

In FY 2024-25, the framework should be extended to all Commonwealth entities that are required to apply AASB tier 1 reporting requirements under the *PGPA Financial Reporting Rule 2015*.[18,19] Eventually, all public sector reporting entities should be covered by the mandatory disclosure framework. As with private sector companies, it may be useful to specify a different (lower) standard of disclosure for smaller, non-tier-1 FRR entities, which we discuss in recommendations 5 and 6.

Recommendation 4
For public sector entities covered by the *PGPA Financial Reporting Rule*, the roll-out should advance in three stages:

a) There should be an initial pilot of 3-5 Commonwealth entities.
b) In FY 2024-25, the framework should be extended to all Commonwealth entities that are required to apply Tier 1 reporting requirements under the *PGPA Financial Reporting Rule (2015)*.
c) The disclosure framework should eventually apply to all Tier 2 public entities that are covered by the *PGPA Financial Reporting Rule*.

THE CONTENT OF DISCLOSURES MUST BE USEFUL TO MARKETS

FULL DISCLOSURES SHOULD INCLUDE SCOPE 1, 2 AND 3 EMISSIONS AS WELL AS TRANSITION PLANS

Common metrics are essential to ensure comparability between disclosing entities. The default standard – as is emerging internationally – should be to report scope 1, 2, and 3 emissions, as well as transition plans. This should be considered the components of “full” disclosure under a new mandatory disclosure regime.

The publication of transition plans is an important component to demonstrate how the reporting entity aims to reduce their carbon exposure and will help to avoid greenwashing, particularly as more organisations release net zero commitments. From 2023, all UK-listed businesses and large regulated asset owners and asset managers will need to publish clear plans on how they will decarbonise and transition to net zero.[20] Net zero transition plans will need to include a company's targets to reduce greenhouse gas emissions and milestones along the way to 2050, as well as the actions it will take to achieve these targets. The UK Government has established the Transition Plan Taskforce to provide guidance on best practice transition plans.[21] Their work provides a good basis for transition plans in Australia.

However, it is also important to set a floor. As Scope 3 emissions, by definition, are generated in the value-chain, it is relatively more difficult to collect information on these emissions than on Scope 1 and 2 emissions, and thus it may not be worth calculating such emissions for all entities. In contrast, Scope 1 and 2 emissions should form a common baseline that almost all reporting entities can meet.

The "full" disclosures (which include scope 3 emissions and transition plans) could be required only for *large or carbon-exposed* companies. In terms of the public sector, this full disclosure should be required of tier 1 public sector entities and *large or carbon-exposed* tier 2 entities.[22]

These are the types of organisations that are most important for investors and/or that are most exposed to climate risks. Exempting some small or non-carbon-exposed entities from "full" disclosure (or giving them a delayed schedule for compliance) would be a suitable trade-off for a broader and faster roll-out of baseline scope 1 and 2 disclosures.

Over time, it may be sensible to implement different types of requirements based on the size of an organisation. For example, small, non-listed agencies may only be required to publish a paragraph statement to disclose the risks of climate change on their business models, while organisations that currently submit annual reports to ASIC or the relevant Minister may need to submit disclosure based on audited metrics.

Recommendation 5
"Full" disclosure should include scope 1, 2 and 3 emissions as well as transition plans. Scope 1 and 2 emissions could form a common baseline framework, or a "floor", for mandatory disclosure.

Recommendation 6
As we have proposed very broad eventual coverage, the requirement for disclosure of scope 3 emissions and transition plans could be restricted to *large or carbon-exposed* entities.

INVESTORS NEED TO BE ABLE TO COMPARE BETWEEN DISCLOSURES WITHIN AUSTRALIA AND INTERNATIONAL MARKETS

As more entities disclose their emissions, it must be clear how much of any reduction in reported emissions is due to offsets. This disclosure should not be left up to the disclosing entity; accounting standards should specify how it is to be presented. For example, the framework could mandate that emissions are reported both with offsets included, and as absolute emissions without including offsets. There are concerns about whether offset projects actually do reduce or remove carbon, whether the projects would have occurred regardless ("additionality" issues), and how the offsets are verified.

Recommendation 7
The framework should require that organisations clarify how much of any reduction in its reported emissions is due to purchased offsets; ideally the framework would specify how this is to be presented.

decisions on whether to include particular information in financial statements.

Given the ongoing revision of the definition of "materiality" by the International Sustainability Standards Board, CPD recommends against using it in its current form. Instead, the Commonwealth Government should signal its intent to align with any final ISSB guidance, but develop its own interim definition of "materiality" that takes enterprise value as a starting point and builds upon it by also considering non-financial matters, the impacts of which will likely be felt over a longer time than pure financial outcomes.

One example of this is the "double materiality" definition promoted by the Financial Stability Board: on the topic of climate change, both climate-related impacts on a company and impacts of a company on the climate should be considered as material.[23] This definition is now incorporated into the European Union's sustainable finance disclosure framework for financial firms and corporations.

> **Recommendation 8**
> Given the ongoing revision of the definition of "materiality" by the International Sustainability Standards Board, the Commonwealth Government should signal its intent to align with any final ISSB guidance, but develop its own interim definition of "materiality" that takes enterprise value as a starting point and builds upon it by also considering non-financial considerations.

Climate-related disclosures contain forward-looking information, even if it is only implicit in the assumptions that underlie whether or not a risk is considered material. Reporting organisations should be allowed to publish climate risk disclosure based on their own view of the future, however CPD also recommends requiring them to publish a risk assessment based on at least one central scenario published by the Commonwealth Government. The central scenarios would serve as benchmarks that all organisations must report against, even if they disagree with this outlook and base their own decisions on different expectations and assumptions (in which case, this can be made clear to investors).

A forward-looking central scenario would need to include key sector-specific parameters for industries exposed to particularly significant transition and physical risks. This could include assumptions about the future with regard to: energy price trajectories, global demand for Australian fossil fuel exports, prices for key industrial inputs, geographical incidence of physical risks and disasters, and the cost of capital.

The work by AEMO and APRA on scenario analysis and vulnerability assessment has proven to be quite valuable in the energy and banking sectors, respectively. Extending their approaches would be a good place for the government to start in developing a central scenario. AEMO provides an outlook of the domestic energy market for firms to use in their own modelling and planning purposes.[24] And APRA's Climate Vulnerability Assessment of Australia's five largest banks used two future climate scenarios, themselves based on the scenarios developed by the Network for Greening the Financial System.[25]

> **Recommendation 9**
> The government should publish at least one central scenario that reporting organisations must disclose against.

ENDNOTES

[1] For instance, through the publication of legal opinions by Noel Hutley SC and Sebastian Hartford Davis in 2016, 2019, and 2021, and the convening of a series of roundtable discussions with senior legal experts, company directors, business leaders and union and public sector representatives.

[2] A Dibley, S Hurley and J Sheppard, *Discussion paper on public authority director's duties and climate change*, CPD, 2019; A Dibley, N Young and T Phillips, *Raising the bar: Managing climate change risk in public authorities*, CPD, 2022.

[3] T Arup, *Investing for Australia: Clarifying climate risk expectations of the Future Fund*, CPD, 2022; T Phillips, T Arup and M Hammerle, *Equipping the RBA for a dynamic climate risk and transition response*, CPD, 2022.

[4] "Large" entities should be defined by some pre-existing threshold (see rec. 2b). "Carbon-exposed" entities should be defined to include: companies (listed or unlisted) that have high scope 1 and 2 emissions, significant downstream emissions, or highly carbon-intensive immediate inputs.

[5] T Phillips, *Discussion paper for chasing the pack: Australia's prospects on green trade and climate diplomacy*, CPD, 2021.

[6] *Recent climate policy improves investment environment*, IGCC, 2022.

[7] 'UK introduces new climate-related disclosure regulations for UK companies and LLPs', Jones Day, 2022.

[8] 'Climate-related disclosures', External Reporting Board, 2022.

[9] *Proposed rule: The enhancement and standardization of climate-related disclosures for investors*, Securities and Exchange Commission, 2022.

[10] N Hutley and S Hartford-Davis, *Climate change and directors' duties*, CPD, 2016, 2019, and 2021; A Dibley, S Hurley and J Sheppard, op cit; A Dibley, N Young and T Phillips, op cit.

[11] 'Corporations Act 2001', Federal Register of Legislation, 2001.

[12] Ibid.

[13] Note that the definition of "large proprietary company" only applies, by definition, to privately held (proprietary) companies, but our suggestion would be to use the same thresholds to apply to all firms when identifying the first tranche of companies for mandatory disclosures.

[14] Corporations Amendment (Proprietary Company Thresholds) Regulations 2019 (F2019l00538), Commonwealth Numbered Regulations - Explanatory Statements, 2019.

[15] 'Modern Slavery Act 2018', Federal Register of Legislation, 2018.

[16] 'NSW Climate Change Disclosure Statements to boost investment and cut risks', NSW Government, 2022.

[17] It is important to select a range of entities with a diversity of risk exposure (e.g. physical risk, transition risk, operational risk) to rapidly build capability and expertise within the public sector.

[18] The following Commonwealth organisations are classified as tier 1 entities: Australian National University, Australian Office of Financial Management, Australian Postal Corporation, Comcare, Commonwealth Superannuation Corporation, Defence Housing Australia, Export Finance and Insurance Corporation, Future Fund Management Agency, and Reserve Bank of Australia.

[19] *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, Federal Register of Legislation. (This has too much capitalisation in the link. – I can't seem to change it – and title should be in apostrophes.

[20] 'What mandated net zero transition plans mean for UK-listed companies', EY, 2022.

[21] 'Background information regarding the Transition Plan Taskforce', Transition Plan Taskforce, 2023.

[22] When determining what constitutes a "large" public sector entity reporting under the *PGPA Financial Reporting Rule 2015*, the framework should adopt the same threshold used for *Corporations Act 2001* companies (discussed recommendation 2b). This threshold should be applied to the entity's annual *expenditure*, as a *revenue* threshold does not make sense for most public sector entities.

[23] M Täger, ''Double materiality': what is it and why does it matter?', The London School of Economics and Political Science, 2021.

[24] 'Current inputs, assumptions and scenarios', AEMO, 2022.

[25] *Information Paper: Climate Vulnerability Assessment Results*, APRA, 2022.

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