

9 February 2024

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

via email: climatereportingconsultation@treasury.gov.au

Dear Consultation Team,

Re: Climate-related financial disclosure – Exposure Draft Legislation

The Australian Beverages Council Limited (ABCL) is the leading peak body representing the non-alcoholic beverage industry for over 75 years, and is the only dedicated industry representative of its kind in Australia.

ABCL members constitute around 95 per cent of the industry's production volume and Member companies range from some of Australia's largest drinks manufacturers to small and micro beverages companies whose drinks are enjoyed nationally and globally. Collectively, ABCL members contribute more than \$7 billion annually to the Australian economy and employ more than 46,000 FTEs. The industry pays over \$1.2 billion in taxation along its supply chain per annum. For every direct employee in the beverages manufacturing industry, there are an additional 4.9 jobs generated elsewhere in the Australian economy along its value chain.

The ABCL offers members a unified voice and presence to promote fairness in the standards, regulations, and policies concerning non-alcoholic beverages.

Previous engagement on Climate-related Disclosures

The ABCL previously provided comments to the Australian Accounting Standards Board Request for Comment on Draft IFRS S1 and IFRS S2 in mid-2022, as well as Treasury's consultations on this topic in February and July 2023. We are grateful for the opportunity to continue engagement on this topic through the Treasury.

Phased adoption of requirements

We are pleased with the approach that Treasury has taken into the phasing in of requirements across companies by size. We do however still hold significant concerns about the timing for Group 1 obligations, given that aspects of the program are still unfinalised and legislation yet to be passed. While the ABCL supports a six-month extension to commencement for Group 1 companies, we believe it is more practicable to commence Group 1 obligations from 1 July 2025, which will account for transition time and any delays in the legislative process. This is still a tight timeframe to adopt a new assured and audited standard, particularly when some companies may not currently report at the country by country level.

We also bring to Treasury's attention the need to develop compliance guidance for companies that enter the market or grow into a reporting category between now and the statutory review in 2028-2029. Both newly established and rapidly growing companies will need to upskill staff, install new processes and take time to understand their operations and supply chains through the lens of this globally innovative standard. Industry needs clear rules on when companies are obligated to comply with the standard after qualifying for one of the reporting categories. We recommend a 24-month minimum transition time in this scenario. We encourage Treasury to extend modified liability to these

companies as they adopt this standard in their businesses.

Increased guidance for businesses new to reporting

The ABCL holds concerns that for businesses new to sustainability reporting, the path to adoption of this standard will be unclear and therefore unnecessarily inefficient. The proposed legislation introduces reporting requirements that for many companies are entirely new strategic and operational endeavours. They will need to quickly establish their employee, financial, and infrastructure needs in an area that is new to the business. There are multiple ways the Treasury could provide guidance in this regard.

To ensure businesses can begin preparing themselves, a skills gap analysis can be prepared by government alongside the Legislation. This will assist businesses in establishing the most efficient way to achieve the required standard, whether it be upskilling current staff, or attracting new talent. This would greatly aid in ensuring businesses have the right people on staff to achieve the Legislation's objectives.

In addition, to ensure businesses can budget future costs for compliant reporting, a robust implementation framework, including a qualitative breakdown of expected costs would be helpful for businesses to understand the future impact on their budget and operations. With such a limited timeframe to adopt the standard, SMEs will need all available transition time to implement processes throughout their operations. Any support the government can provide to help businesses understand the path to compliance will greatly increase the success of the Legislation.

Conclusion

We thank you for the opportunity to provide our comments to the consultation on behalf of the non-alcoholic beverages industry. Should you have any queries regarding the above, please do not hesitate to contact the ABCL Head of Corporate Affairs, Cathy Cook at cathy@ausbev.org or 0406 399 211.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Geoff Parker".

Geoff Parker

Chief Executive Officer