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BY Email to: climatereportingconsultation@treasury.gov.au

RE: Consultation on Climate-related financial disclosure: exposure draft legislation

Thank you for the opportunity to provide feedback on the policy design for corporate climate-related disclosure requirements as outlined in the policy statements to amend the *Australian Securities Commission Act 2001* and the *Corporations Act 2001*, requiring mandatory requirements for businesses to disclose climate-related risks and opportunities.

I previous made a submission in this process outlining my concern in regards to linking to 'standards' in development by the GHG Protocol group in respect to lands sector, where there is expert disagreement in regards to the accounting approaches being proposed under their GHG Protocol *Land Sector and Removals Guidance*.

Comment here is in regards to the definitions for emissions scopes proposed under Part 1, Section 1.19 of the exposure draft. It is believed the definitions should instead refer to the Australian Sustainability Reporting Standards (ASRS), as it is not ideal to refer to two different sources for the three scope definitions. Further the GHG Protocol does not use a consistent definition for Scope 3 across its documents. The GHG Protocol is also about to commence revisions of its standards, so the definitions could also change. Instead of relying on this external source, it would be better to state the definition to be used in the legislation, to remove any uncertainty around the boundary of scope 3 emissions especially.

In respect of scope 1 and scope 2 definitions: NGERs is not a suitable source, as the NGER Act refers specifically to a facility, not a reporting entity, these are very different. The *NGER Regulations 2008* Division 2.5 defines emission scopes as follows: -

Section 2.23 Meaning of *scope 1 emission*

For paragraph 10(1)(a) of the Act, scope 1 emission of greenhouse gas, in relation to a facility, means the release of greenhouse gas into the atmosphere as a direct result of an activity or series of activities (including ancillary activities) that constitute the facility.

Section 2.24 Meaning of *scope 2 emission*

For paragraph 10(1)(aa) of the Act, scope 2 emission of greenhouse gas, in relation to a facility, means the release of greenhouse gas into the atmosphere as a direct result of one or more activities that generate electricity, heating, cooling or steam that is consumed by the facility but that do not form part of the facility.

Whereas the ASRS includes suitable definitions for scope 1, 2 and 3 emissions in Appendix A as follows:

Scope 1 greenhouse gas emissions *Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity.*

Scope 2 greenhouse gas emissions *Indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by an entity. Purchased and acquired electricity is electricity that is purchased or otherwise brought into an entity's boundary. Scope 2 greenhouse gas emissions physically occur at the facility where electricity is generated.*

Scope 3 greenhouse gas emissions *Indirect greenhouse gas emissions (not included in Scope 2 greenhouse gas emissions) that occur in the value chain of an entity, including both upstream and downstream emissions.*

The purpose of the amendments is to implement climate-related financial disclosure according to the AASB sustainability standards, as such it is appropriate to refer to the ASRS definitions.

Thank you.

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