

RAB response to the Australian Treasury consultation on climate-related financial disclosure: exposure draft legislation

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Contact person:	RAB secretariat	E-mail:	international@insuranceeurope.eu
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The Insurance Europe Reinsurance Advisory Board (RAB) welcomes the opportunity to contribute to the Australian Treasury's consultation on its Exposure Draft legislation relating to climate-related financial disclosures. It equally welcomes the stakeholder engagement that the Australian Accounting Standards Board (AASB) has initiated, notably through the ongoing consultation on its Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information*. Such an engagement is essential in view of achieving a balanced outcome that appropriately accounts for both:

- the needs of investors and society for meaningful transparency regarding sustainability and,
- the feasibility of entities to report on sustainability exposures and risk metrics.

The RAB particularly welcomes the commitments made by the Australian Authorities to transpose the standards recently adopted by the International Sustainability Standards Board (ISSB). The ISSB standards were established as a global baseline for sustainability reporting, with the ultimate objective of supporting global consistency and comparability. As climate change is a global challenge, it makes perfect sense to work towards a global approach for sustainability-related reporting and we thus fully support the Australian authorities' decision to adopt the ISSB standards.

However, the RAB is concerned that the Treasury's Exposure Draft legislation does not allow Australian subsidiaries of global groups to rely on their foreign parent's consolidated sustainability reports. This is an option which has either been adopted or is being proposed in other jurisdictions such as the European Union, Singapore, and Bahrain.

Global groups do not address climate change on a local basis – be it in terms of advocacy, insurance solutions or of managing their own footprints. Group-level disclosures are thus a much more relevant and accurate reflection of the sustainability performance of global groups. There would therefore be much greater value for Australian users of climate-related financial disclosures to receive information that reflects the entirety of group initiatives, rather than the subset that occurs in that market.



In view of the global nature of the challenge at hand, and acknowledging that standalone disclosures in each jurisdiction would defeat the very purpose of the ISSB standards as a global baseline, the RAB urges the Australian Treasury to include a reporting exemption for Australian subsidiaries if:

- their ultimate parent is preparing climate or sustainability reports broadly consistent with the prescribed non-financial disclosures in Australia, and if;
- the material activities of the Australian entities are considered in that parent's consolidated report.

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Through its member bodies, the RAB represents more than 50% of total worldwide reinsurance premium income. The RAB promotes a stable, innovative and competitive market environment. It further promotes a regulatory and trading framework that facilitates global risk transfer through reinsurance and other insurance-linked capital solutions.