



21 July 2023

Climate Disclosure Unit
Market Conduct and Digital Division
The Treasury

Lodged by email: climatereportingconsultation@treasury.gov.au

Dear Sir/Madam,

Response to Climate-related financial disclosure – second consultation paper

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Climate-related financial disclosure, second consultation paper.

Origin is a large Australian integrated energy company with activities in energy retailing, power generation, natural gas production and LNG export. Origin also has recent experience in exploring new product offerings and has focused on areas such as solar & storage, connected homes, electric vehicles (EVs) and future fuels including hydrogen.

Origin has produced an annual Sustainability Report since 2001. We incorporate various international reporting standards including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate related Financial Disclosures (TCFD). In 2022 we published our first Climate Transition Action Plan, which outlined our strategy and ambition to lead the energy transition.

We are broadly supportive of the proposal to improve the climate-related financial disclosures in Australia. The various proposed positions contained in the second consultation paper are generally sound and appear workable. We acknowledge that much of the detail of the content of the reports is yet to be finalised through the Australian Accounting Standards Board (AASB) process.

However, one aspect we wish to highlight is the proposed coverage of corporations from 1 July 2024. Given that key details have yet to be finalised, we suggest that this proposed timeline is ambitious. Consideration should be given to making the first scheme year voluntary, or in delaying the implementation by a year to allow reporters, regulators and assurers sufficient time to upskill and establish the processes required to meet the proposed disclosure standards.

We provide responses to specific consultation paper proposals in the attached table.

If you wish to discuss any aspect of this submission further, please contact [REDACTED].

Yours sincerely

[REDACTED]

[REDACTED]
Manager Green and Future Energy Policy
Origin Energy Limited

Attachment A: Responses to specific consultation paper proposals

No	Page	Issue	Proposal/summary	Comment
1	6	Reporting entities	<ul style="list-style-type: none"> That all entities that meet prescribed size thresholds and that are required to lodge financial reports under Chapter 2M of the Corporations Act would be required to make climate-related financial disclosures 	<ul style="list-style-type: none"> We support a phased implementation. However, we suggest that covering a large number of corporations from 1 July 2024 may be too ambitious, especially as key details of the proposal have yet to be finalised and legislated. Whilst some companies may be well advanced as they already make voluntary disclosures, many are not and will need time to scale up their capability. Further, there will be constraints on access to assurance providers, as discussed further below. We suggest that consideration be given to making the first scheme year (2024-25) voluntary, or in delaying all implementation phases by a year. We recommend that duplication of reporting should be kept to a minimum across related entities. Where subsidiary data has been reported in an Australian parent's consolidated report, we suggest that the subsidiaries can reference that reporting but are exempt from stand-alone climate reporting. Further consideration should also be given to more complex reporting structures beyond a parent/subsidiary relationship and consider how key decision makers in the business manage climate strategies, risks and opportunities which may be at a higher level than a legal corporate structure. This will also enable better integration of climate and financial reporting.
2	11	Materiality	<ul style="list-style-type: none"> Principles of financial materiality would apply. 	<ul style="list-style-type: none"> Origin supports principles of materiality being applied to the new framework.
3	12	Governance	<ul style="list-style-type: none"> From commencement, companies would be required to disclose information about governance processes, controls and procedures used to monitor and manage climate-related financial risks and opportunities. 	<ul style="list-style-type: none"> We support information about governance matters being included.

4	13	Scenario analysis	<ul style="list-style-type: none"> From commencement, reporting entities would be required to use qualitative scenario analysis to inform their disclosures, moving to quantitative scenario analysis by end state. 	<ul style="list-style-type: none"> We support information about scenario analysis being included. Treasury may also wish to consider the appropriate cadence for updating the required scenario analysis, for example, whether updates are required annually or updated to reflect developments over some longer period - for example every 3 years. Mandated annual updating may impose an undue regulatory burden on some corporations.
5	13	Climate resilience assessment	<ul style="list-style-type: none"> From commencement, reporting entities would be required to disclose climate resilience assessments against at least two possible future states, one of which must be consistent with the global temperature goal set out in the Climate Change Act 2022. 	<ul style="list-style-type: none"> We support climate resilience assessments being included. Climate scenarios and clear guidelines and methodologies should be provided by the Government to ensure consistency of approach, that they reflect latest available science, are comparable and reasonably available to all covered entities. As per our comment above, we suggest that this should not need to be updated every year.
6	14	Transition plans	<ul style="list-style-type: none"> From commencement, transition plans would need to be disclosed, including information about offsets, target setting and mitigation strategies. 	<ul style="list-style-type: none"> Origin supports information about transition planning being included. Again, we would suggest that such plans are not required to be updated annually as a company's strategy normally does not change year on year. We also suggest that the disclosure is allowed to be made in a separate document and referred to as part of the general climate disclosures in the annual report. The consultation paper references 'internationally aligned transition plans'. Guidance is requested on what this will involve. Assurance of transition plans is proposed to be checked off against 'established best practice'. Guidance is requested on how this will be defined.
7	14	Targets	<ul style="list-style-type: none"> From commencement, all entities would be required to disclose information about any climate-related targets (if they have them) and progress towards these targets. 	<ul style="list-style-type: none"> Origin supports this requirement. We note companies would be required to disclose how their targets compare to global temperature goals. Comparing to such goals is reasonable but we do not consider it also necessary to compare company targets to Australia's nationally determined contribution.

8	15	Risks and opportunities	<ul style="list-style-type: none"> From commencement, entities would be required to disclose information about material climate-related risks and opportunities to their business, as well as how the entity identifies, assess and manages risks and opportunities. 	<ul style="list-style-type: none"> We support this requirement.
9	16	Scope 1 & 2 disclosures	<ul style="list-style-type: none"> From commencement, scope 1 and 2 emissions for the reporting period would be required to be disclosed. 	<ul style="list-style-type: none"> We support this requirement and alignment with NGER reporting.
10	16	Scope 3	<ul style="list-style-type: none"> Disclosure of material scope 3 emissions would be required for all reporting entities from their second reporting year onwards. Scope 3 emissions disclosures made could be in relation to any one-year period that ended up to 12 months prior to the current reporting period. 	<ul style="list-style-type: none"> We support this requirement. Origin is a shareholder in Australia Pacific LNG which has international customers for whom Australia-specific emissions factors may not be relevant. Consideration should be given to the use of international emissions factors where available and relevant.
11	17	Industry-based metrics	<ul style="list-style-type: none"> By end state, reporting entities would be required to have regard to disclosing industry-based metrics, where there are well established and understood metrics available for the reporting entity. 	<ul style="list-style-type: none"> It is unclear what this requirement may mean for our industry. Further guidance is required.
12	27	Liability and enforcement	<ul style="list-style-type: none"> Climate-related financial disclosure requirements would be drafted as civil penalty provisions in the Corporations Act. The application of misleading and deceptive conduct provisions to scope 3 emissions and forward-looking statements would be limited to regulator-only actions for a fixed period of three years. 	<ul style="list-style-type: none"> We do not believe the proposal to limit the ability for third parties (but not regulators) to take action under misleading and deceptive conduct provisions in respect of scope 3 emissions and forward-looking statements for a fixed period of 3 years is sufficient to address the risks/concerns identified on page 8 of the consultation paper, noting that: <ul style="list-style-type: none"> The imposition of mandatory reporting obligations significantly impedes the current ability of corporations and directors to manage risk in relation to forward looking statements, for example by deciding not to make a future statement or by limiting its content or scope. This impact is particularly acute where, as acknowledged in the consultation paper, there are

				<p>likely significant data availability issues, at least in the short term.</p> <ul style="list-style-type: none"> • Under the proposed modified liability approach, corporations will still face potential regulator action in respect of forward-looking statements with the potential for significant financial penalties. • The ability of a person to successfully invoke ss 1317S and 1318 of the Corporations Act is untested in these circumstances and is uncertain, at best. Further, even if successful, it will not alleviate the potential litigation cost or reputational impact of any action by regulators. • The fact that regulators may have a range of enforcement options open to them in the face of potential non-compliance does not provide corporations or directors any greater certainty when managing the risks at the point of making required forward looking statements. • We recommend that Treasury consult further on this point, including with legal experts.
13	20	Timing of lodgement	<ul style="list-style-type: none"> • Disclosures would need to be sent to members by the earlier of four months after financial year end or 21 days before the next AGM. They must also give the ASX a copy no later than three months after the end of the accounting period, in line with Listing Rule 4.5. • To ensure consistency, companies should report the same emissions and energy data in their company reports as they do in their NGER reporting (due 31 October). 	<ul style="list-style-type: none"> • As a listed company, we currently report our Annual Report in August at the time of year-end financial results. The requirement to publish data consistent with NGERs would require us to delay the publishing of our Annual Report as currently NGERs data is not finalised until late October. Harmonising data between the Annual Report and NGERs will pose significant problems for many listed companies.
14	22	Requirement to publish	<ul style="list-style-type: none"> • All covered entities would be required to make climate disclosures in the annual report available to the public. • All annual financial reports can be accessed through the ASIC register for free. 	<ul style="list-style-type: none"> • It is unclear whether non-public, non-disclosing entities, who currently have their financial reports available for a fee through the ASIC register, would be required to make their climate disclosures in their annual report available for free.

15	23	Assurance	<ul style="list-style-type: none"> • In summary, limited assurance moving to reasonable assurance over time, by different parts of the report content. • Assurance to be carried out by a qualified provider, led by a financial auditor. 	<ul style="list-style-type: none"> • We query whether there is sufficient time to enable all covered entities to upskill, implement new processes and practices to enable the assurance requirements to be met by end state. • We also question whether there will be sufficient suitably qualified and experienced assurance practitioners to undertake the assurance required for all covered entities.
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