

Turning up the heat on climate disclosures

Companies can access tools, insight and advice to ensure climate disclosures are robust and defensible, argues Energetics general manager Dr Peter Holt GAICD.



Businesses need to understand how their statements on emissions reduction correlate with the underlying scientific data for different global warming scenarios, says Peter Holt GAICD, general manager at climate adaptation and energy management consultancy Energetics. They will need to have auditable evidence bases for their climate disclosures, from the initial source data right through to the claims they make based on this data.

“Organisations really need to understand how their forward-looking data and information under different scenarios correlate with underlying scientific data,” says Holt. “That’s going to be a challenge, because a lot of businesses rely on some black box modelling to translate scientific information into a financial metric of some sort.”

The Australian Competition and Consumer Commission (ACCC) and Australian Securities and Investments Commission (ASIC) have both signalled

that they will start to pay much closer attention to companies’ climate claims this year, to ensure they are not “greenwashing” — making inflated claims about their carbon reduction. In fact, ASIC has already issued infringement notices to Tlou Energy and to investment manager Vanguard Investments Australia.

Net zero is the minimum expectation of investors looking to allocate capital, and companies that haven’t set this target “don’t even have the licence to come to the table”, says Holt.

At the same time, the level of robustness on climate disclosures that is required by regulators in Australia will increase when the government introduces mandatory climate-related disclosure from next year. These will be based on the Task Force on Climate-related Financial Disclosures (TCFD) regime, but more comprehensive and wide-ranging.

Companies will need to outline their trajectory for net zero from a scientific

perspective, and also show how they align with the organisation’s strategy. “How can you continue growing whilst decoupling and reducing your emissions?” asks Holt.

Companies must also be transparent about what they are claiming when they use terms such as “net zero”, “carbon neutral”, “green” or “sustainable”.

“Businesses need to be very clear about what that means,” he says. “What are you actually doing? What actions have you taken and how do they align with the science?”

Energetics can help businesses understand the science behind their climate change targets and how it can map onto their strategy, says Holt.

For more information, go to
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