



Boards should see ISSB as an opportunity for sustained profit, not merely compliance

Mandatory climate reporting will pose new challenges for many businesses, says Energetics CEO Dr Mary Stewart GAICD.

Climate disclosure is set to evolve in 2024. Since 2015, the benchmark for reporting climate disclosure has been the Taskforce for Climate-related Financial Disclosures (TCFD) framework. It's a voluntary framework endorsed by ASIC. However, this is set to change with the release of the Australian Treasury consultation paper indicating the proposed design of a globally aligned, mandatory, climate disclosure framework, that will be based upon the International Sustainability Standards Board (ISSB) S2 standard for climate disclosures.

As Dr Mary Stewart GAICD, CEO of climate risk and energy transition consulting firm Energetics, says, "It doesn't matter where your company is on its reporting journey, the new standards are going to bring new challenges. There's going to be greater responsibility for boards to make sure that companies are getting this right — and right means that you've taken a transparent, evidence-based and auditable approach to calculating the

financial impact of material climate risks and opportunities."

"Initially, there will be operational challenges, such as reporting being integrated into financial reporting; and consideration of scope 3 emissions, and climate risk up and down the supply chain. But the focus will increasingly be on climate risk and opportunity disclosure that gives confidence to investors," says Dr Stewart.

"Corporate Australia must be confident that their disclosures are based on robust data, transparent and defensible scenario analysis, and actionable transition plans and targets, that inform rather than greenwash the market."

Businesses that have embraced the TCFD are currently ahead of the curve, as Dr Stewart notes. "Already, for some of our climate risk clients, there has been a realisation that climate change is driving the emergence of a new world and that requires a fundamental change in strategy in order to protect profitability."

Energetics' position is that this legislation change is about more than just compliance. "There is real value for companies doing ISSB properly," says Dr Stewart. "It's about governing and developing climate-related strategies that ultimately deliver company success and value to investors as you transition to a low-carbon economy."

Energetics is well placed to help companies in reviewing ISSB disclosure requirements and work out what it means for them. Reporting start dates will be staggered, but companies, especially larger ones, need to prepare now.



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