

EXPOSURE DRAFT

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Inserts for

Treasury Laws Amendment Bill 2024: Climate-related financial disclosure

Commencement information

Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. Schedule #	The day after this Act receives the Royal Assent.	

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Schedule #—Amendments

Part 1—Sustainability reporting

Australian Securities and Investments Commission Act 2001

1 Section 5 (after paragraph (c) of the definition of *books*)

Insert:

(ca) sustainability reports or sustainability records, however compiled, recorded or stored; and

Corporations Act 2001

2 Section 9 (after paragraph (c) of the definition of *books*)

Insert:

(ca) sustainability reports or sustainability records, however compiled, recorded or stored; and

3 Section 9

Insert:

climate statements means annual climate statements under sections 296A and 296B.

greenhouse gas has the same meaning as in the *National Greenhouse and Energy Reporting Act 2007*.

scope 1 emission of greenhouse gas has the same meaning as in the *National Greenhouse and Energy Reporting Act 2007*.

scope 2 emission of greenhouse gas has the same meaning as in the *National Greenhouse and Energy Reporting Act 2007*.

scope 3 emissions has the same meaning as in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, published by the World Business Council for Sustainable Development and the World Resources Institute, as existing on the commencement of this definition.

Note: The standard could in 2023 be viewed on the Greenhouse Gas Protocol website (<https://ghgprotocol.org>).

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1 *sustainability records* includes documents and working papers
2 needed to explain the methods, assumptions and evidence from
3 which climate statements, notes to climate statements, and
4 statements mentioned in paragraph 292A(1)(c) are made up.

5 *sustainability report* means an annual sustainability report required
6 under section 292A.

7 Note: Sections 296A and 296B deal with the contents of annual
8 sustainability reports.

9 **4 Subsection 250N(3) (note 1)**

10 After “annual financial report,” insert “sustainability report.”

11 **5 Paragraph 250R(1)(a)**

12 After “financial report,” insert “sustainability report.”

13 **6 Chapter 2M (heading)**

14 After “**Financial reports**”, insert “, **sustainability reports**”.

15 **7 Subsection 285(1)**

16 Repeal the subsection (not including the table), substitute:

17 *Obligations under this Chapter—companies, registered schemes,*
18 *registrable superannuation entities and disclosing entities*

19 (1) Under this Chapter:

- 20 (a) all companies, registered schemes, registrable superannuation
21 entities and disclosing entities must keep financial records
22 (see sections 286 to 291); and
23 (b) some must keep sustainability records (see section 286A);
24 and
25 (c) some must prepare financial reports and sustainability
26 reports.

27 All those that have to prepare financial reports or sustainability
28 reports have to prepare them annually; disclosing entities have to
29 prepare half-year financial reports as well.

30 (1AA) The following table sets out what is involved in annual financial
31 and sustainability reporting:

32 **8 Subsection 285(1) (table heading)**

33 After “**annual financial**”, insert “**and sustainability**”.

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1 **9 Subsection 285(1) (after table item 1)**

2 Insert:

3

- | | | | |
|----|-------------------------------|---------------|---|
| 1A | prepare sustainability report | s. 296A, 296B | The sustainability report includes the following: <ul style="list-style-type: none">• climate statements;• disclosures and notes;• statements required by legislative instrument;• directors' declaration. |
|----|-------------------------------|---------------|---|

4 **10 Subsection 285(1) (table item 4, column headed "steps")**

5 After "financial report", insert ", sustainability report".

6 **11 Subsection 285(1) (table item 5, column headed "steps")**

7 After "financial report", insert ", sustainability report".

8 **12 Subsection 285(1) (table item 6, column headed "steps")**

9 After "financial report", insert ", sustainability report".

10 **13 Section 285A (at the end of the table)**

11 Add:

12

- | | | | |
|---|--|--|---|
| 4 | Company limited by guarantee with annual revenue or, if part of a consolidated entity, annual consolidated revenue of \$1 million or more and which meets sustainability reporting thresholds in section 292A. | Must prepare a financial report.
Must prepare a sustainability report.
Must prepare a directors' report, although less detailed than that required of other companies.
Must have financial report and sustainability report audited.
Must give reports to any member who elects to receive them. | Sections 292, 292A, 296A, 296B, 298, 300B, 301, 301A, 307AB, 316A |
|---|--|--|---|

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14 Part 2M.2 (heading)

After “**Financial**”, insert “**and sustainability**”.

15 After section 286

Insert:

286A Obligation to keep sustainability records

(1) If an entity must prepare a sustainability report for a financial year, the entity must keep written sustainability records that correctly explain and record its preparation of the following parts of the sustainability report:

- (a) the climate statements;
- (b) any notes to the climate statements;
- (c) any statements mentioned in paragraph 292A(1)(c).

Note: Section 9 defines *sustainability records*.

Period for which records must be retained

(2) The sustainability records must be retained for 7 years after the sustainability report to which the records relate is completed.

Fault-based offence

(3) A person commits an offence if the person contravenes subsection (1) or (2).

Strict liability offence

(4) A person commits an offence of strict liability if the person contravenes subsection (1) or (2).

Note: For *strict liability*, see section 6.1 of the *Criminal Code*.

16 Subsections 287(1) and (2) and 288(1)

After “financial”, insert “and sustainability”.

17 Section 289 (heading)

Before “**records**”, insert “**financial**”.

18 After section 289

Insert:

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289A Place where sustainability records are kept

- (1) An entity may decide where to keep the sustainability records.

Records kept outside this jurisdiction

- (2) If sustainability records about particular matters are kept outside this jurisdiction, sufficient written information about those matters must be kept in this jurisdiction to enable sustainability statements that make the disclosures required by section 296D to be prepared. The entity must give ASIC written notice in the prescribed form of the place where the information is kept.

- (3) ASIC may direct an entity to produce specified sustainability records that are kept outside this jurisdiction.

- (4) The direction must:

- (a) be in writing; and
- (b) specify a place in this jurisdiction where the records are to be produced (the place must be reasonable in the circumstances); and
- (c) specify a day (at least 14 days after the direction is given) by which the records are to be produced.

- (5) The entity must comply with the direction.

Offences

- (6) An offence based on subsection (2) or (5) is an offence of strict liability.

Note: For *strict liability*, see section 6.1 of the *Criminal Code*.

19 Subsections 290(1) and (2)

After “financial”, insert “and sustainability”.

20 Part 2M.3 (heading)

After “Financial”, insert “and sustainability”.

21 Division 1 of Part 2M.3 (heading)

After “Annual financial reports”, insert “, sustainability reports”.

22 After section 292

Insert:

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292A Who has to prepare annual sustainability reports

- 1
2 (1) Subject to subsection (2), an entity must prepare a sustainability
3 report for a financial year if subsection (3), (6) or (7) applies to the
4 entity for the financial year.

5 Note: For financial years commencing before 1 July 2027, only certain
6 entities are required to prepare a sustainability report: see Part 10.75.

- 7 (2) Despite subsection (1), if:

8 (a) the accounting standards require an entity (the *group head*)
9 to prepare financial statements in relation to a consolidated
10 entity for the financial year; and

11 (b) the group head elects to prepare a sustainability report for the
12 consolidated entity for the financial year;

13 then:

14 (c) the group head is the only entity in the consolidated entity
15 that must prepare a sustainability report for the financial year;
16 and

17 (d) the sustainability report must be prepared as if the
18 consolidated entity is a single entity.

Thresholds for sustainability reports

- 19
20 (3) This subsection applies to an entity for a financial year if it satisfies
21 at least 2 of the following paragraphs:

22 (a) the consolidated revenue for the financial year of the entity
23 and the entities it controls (if any) is the following amount or
24 more:

25 (i) the amount determined under paragraph (4)(a);

26 (ii) if no amount is determined—\$50 million;

27 (b) the value of the consolidated gross assets at the end of the
28 financial year of the entity and the entities it controls (if any)
29 is \$25 million or more;

30 (c) the entity and the entities it controls (if any) have the
31 following number of employees or more at the end of the
32 financial year:

33 (i) the number determined under paragraph (4)(b);

34 (ii) if no number is determined—100.

- 35 (4) The Minister may, by legislative instrument, determine:

36 (a) an amount for the purposes of subparagraph (3)(a)(i); or

37 (b) a number for the purposes of subparagraph (3)(c)(i).

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- 1 (5) In counting employees for the purposes of subsection (3), take
2 part-time employees into account as an appropriate fraction of a
3 full-time equivalent.
- 4 (6) This subsection applies to an entity for a financial year if it is:
5 (a) a registered corporation under the *National Greenhouse and*
6 *Energy Reporting Act 2007* at the end of the financial year;
7 or
8 (b) required to make an application to be registered under
9 subsection 12(1) of that Act in relation to the financial year.
- 10 (7) This subsection applies to an entity for a financial year if the value
11 of assets at the end of the financial year of the entity and the
12 entities it controls (if any) is the following amount or more:
13 (a) the amount determined under subsection (8);
14 (b) if no amount is determined—\$5 billion.
- 15 (8) The Minister may, by legislative instrument, determine an amount
16 for the purposes of paragraph (7)(a).
- 17 *Matters worked out in accordance with standards*
- 18 (9) For the purposes of this section:
19 (a) the question whether an entity controls another entity is to be
20 decided in accordance with accounting standards made for
21 the purposes of paragraph 295(2)(b); and
22 (b) consolidated revenue, the value of consolidated gross assets
23 and the value of assets are to be calculated in accordance
24 with accounting standards in force at the relevant time;
25 (even if the standards do not otherwise apply to the financial year
26 of some or all of the entities concerned).

23 After section 296

28 Insert:

29 296A Contents of annual sustainability report

30 *Basic contents*

- 31 (1) The sustainability report for a financial year consists of:
32 (a) the climate statements for the year; and
33 (b) any notes to the climate statements; and
34 (c) any statements required under subsection (3); and
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1 (b) the directors' declaration about the statements and the notes.

2 *Climate and other statements*

3 (2) Subject to section 296B, the climate statements for the year are the
4 climate statements in relation to the entity required by the
5 sustainability standards.

6 (3) For the purposes of paragraph (1)(c), the Minister may, by
7 legislative instrument, require a sustainability report to include
8 statements relating to matters concerning environmental
9 sustainability.

10 *Notes to climate statements*

11 (4) A sustainability report must include the following notes to the
12 climate statements:

- 13 (a) any disclosures required under subsection (5);
14 (b) any notes required by the sustainability standards in relation
15 to:
16 (i) the preparation of the climate statements; or
17 (ii) anything included in the climate statements; or
18 (iii) other matters concerning environmental sustainability;
19 (c) notes containing any other information necessary to ensure
20 that the climate statements and notes together make the
21 disclosures required by section 296D.

22 (5) The Minister may, by legislative instrument, require a
23 sustainability report to include specified disclosures in relation to:
24 (a) the preparation of the climate statements; or
25 (b) anything included in the climate statements; or
26 (c) other matters concerning environmental sustainability.

27 *Directors' declaration*

28 (6) The directors' declaration is a declaration by the directors of the
29 following:

- 30 (a) if the entity has included in the notes to the climate
31 statements, in compliance with the sustainability standards,
32 an explicit and unreserved statement of compliance with
33 international sustainability reporting standards—that this
34 statement has been included in the notes to the climate
35 statements;

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1 (b) whether, in the directors' opinion, the climate statements, the
2 statements mentioned in paragraph (1)(c), and the notes to
3 the climate statements are in accordance with this Act,
4 including sections 296C (compliance with sustainability
5 standards etc.) and 296D (climate statement disclosures).

- 6 (7) The declaration must:
- 7 (a) be made in accordance with a resolution of the directors; and
 - 8 (b) specify the date on which the declaration is made; and
 - 9 (c) be signed by a director.

10 Note: Section 1228 deals with directors' resolutions for CCIVs.

11 **296B Contents of annual sustainability report—statements about** 12 **having no climate risks or opportunities**

- 13 (1) Despite subsection 296A(2), if, for a financial year:
- 14 (a) the entity:
 - 15 (i) does not face material climate risks; and
 - 16 (ii) does not have material climate opportunities; and
 - 17 (b) none of subsections (2), (4) and (5) of this section apply to
18 the entity;
- 19 the climate statements for the year are a statement of the matters
20 mentioned in paragraph (a) of this subsection.

21 *Entities to which subsection (1) does not apply*

- 22 (2) This subsection applies to an entity for a financial year if it satisfies
23 at least 2 of the following paragraphs:
- 24 (a) the consolidated revenue for the financial year of the entity
25 and the entities it controls (if any) is \$200 million or more;
 - 26 (b) the value of the consolidated gross assets at the end of the
27 financial year of the entity and the entities it controls (if any)
28 is \$500 million or more;
 - 29 (c) the entity and the entities it controls (if any) have 250 or
30 more employees at the end of the financial year.
- 31 (3) In counting employees for the purposes of subsection (2), take
32 part-time employees into account as an appropriate fraction of a
33 full-time equivalent.
- 34 (4) This subsection applies to an entity for a financial year if it is:

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- 1 (a) a registered corporation under the *National Greenhouse and*
2 *Energy Reporting Act 2007* at the end of the financial year;
3 or
4 (b) required to make an application to be registered under
5 subsection 12(1) of that Act in relation to the financial year.
- 6 (5) This subsection applies to an entity for a financial year if the value
7 of assets at the end of the financial year of the entity and the
8 entities it controls (if any) is \$5 billion or more.
- 9 (6) For the purposes of this section, the question whether an entity
10 does or does not face material climate risks or have material
11 climate opportunities for a financial year is to be decided in
12 accordance with the sustainability standards.
- 13 (7) For the purposes of this section:
14 (a) the question whether an entity controls another entity is to be
15 decided in accordance with accounting standards made for
16 the purposes of paragraph 295(2)(b); and
17 (b) consolidated revenue, the value of consolidated gross assets
18 and the value of assets are to be calculated in accordance
19 with accounting standards in force at the relevant time;
20 (even if the standards do not otherwise apply to the financial year
21 of some or all of the entities concerned).

22 **296C Compliance with sustainability standards etc.**

- 23 (1) The climate statements, the notes to the climate statements and the
24 statements mentioned in paragraph 292A(1)(c) must comply with:
25 (a) the sustainability standards; and
26 (b) any further requirements determined under subsection (2) of
27 this section.
- 28 (2) For the purposes of paragraph (1)(b) of this section, the Minister
29 may, by legislative instrument, determine requirements in relation
30 to climate statements, notes to climate statements or statements
31 mentioned in paragraph 292A(1)(c).

32 **296D Climate statement disclosures**

- 33 (1) The climate statements for a financial year, and the notes to the
34 climate statements, must together disclose all of the following:

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- 1 (a) the material climate risks the entity faces and the material
2 climate opportunities the entity has for the financial year (if
3 any);
4 (b) any metrics and targets of the entity for the financial year
5 related to climate that are required to be disclosed by the
6 sustainability standards, including metrics and targets
7 relating to scope 1, 2 and 3 emissions of greenhouse gas;
8 (c) any governance policies of the entity related to the matters
9 mentioned in paragraphs (a) and (b) (if any) that are required
10 to be disclosed by the sustainability standards;
11 (d) the quantity of scope 3 emissions for the entity for:
12 (i) if the sustainability standards specify a period for the
13 purpose of this paragraph in relation to the climate
14 statements—that period; or
15 (ii) otherwise—the financial year.

16 Note: If the climate statements and notes prepared in compliance with the
17 sustainability standards would not require these disclosures, additional
18 information must be included in the notes to the climate statements
19 under paragraph 296A(4)(c).

- 20 (2) For the purposes of this section, the question of whether something
21 is a material climate risk the entity faces or a material climate
22 opportunity the entity has is to be worked out in accordance with
23 the sustainability standards.
- 24 (3) Paragraph (1)(d) does not apply if the financial year is the first
25 financial year for which the entity is required to prepare a
26 sustainability report.
- 27 (4) This section does not apply if subsection 296B(1) applies for the
28 financial year.

29 **24 Division 4 of Part 2M.3 (heading)**

30 After “Annual financial”, insert “and sustainability”.

31 **25 Section 314 (heading)**

32 After “Annual financial”, insert “and sustainability”.

33 **26 After subparagraph 314(1)(a)(i)**

34 Insert:

- 35 (ia) the sustainability report for the year;

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27 After paragraph 314(2)(a)

Insert:

- (aa) the sustainability report for the year; and

28 After paragraph 314AA(1)(a)

Insert:

- (aa) if the registrable superannuation entity is required to prepare a sustainability report for the year—the sustainability report;

29 Subsection 316(1)

After “full financial report”, insert “, sustainability report (if one is required to be prepared)”.

30 Subsection 316(3)

After “full financial report”, insert “, sustainability report”.

31 After subsection 316A(3)

Insert:

(3A) If the company prepares a sustainability report for a financial year, the company must send a copy of the report, free of charge, to each member who has made an election for that financial year by the earlier of:

- (a) 21 days before the next AGM after the end of the financial year; and
- (b) 4 months after the end of the financial year.

Note: For the deadline for holding an AGM, see section 250N.

32 Subsection 316A(5)

After “subsection (3)”, insert “, (3A)”.

33 After section 316A

Insert:

316B Annual sustainability reporting to the public by other entities

(1) If:

- (a) an entity is required to prepare a sustainability report for a financial year; and
- (b) the entity is not required by this Division to provide the sustainability report to members;

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1 the entity must make the sustainability report publicly available on
2 the entity’s website on the day after the report is lodged with ASIC
3 under section 319.

4 (2) An offence based on subsection (1) is an offence of strict liability.

5 Note: For *strict liability*, see section 6.1 of the *Criminal Code*.

6 **34 After paragraph 317(1)(a)**

7 Insert:

8 (aa) the sustainability report (if one is required to be prepared);
9 and

10 **35 Subsection 318(1)**

11 After “annual financial report”, insert “, sustainability report (if one is
12 required to be prepared)”.

13 **36 Paragraph 318(2)(b)**

14 After “financial report”, insert “, sustainability report (if one was
15 required to be prepared)”.

16 **37 Section 322 (heading)**

17 Omit “**financial statements**”, substitute “**financial reports,**
18 **sustainability reports**”.

19 **38 Subsection 322(1) (heading)**

20 After “*Financial reports*”, insert “, *sustainability reports*”.

21 **39 Subsection 322(1)**

22 After “financial report”, insert “, sustainability report”.

23 **40 Subsection 322(2A) (heading)**

24 After “*financial report*”, insert “, *sustainability report*”.

25 **41 Paragraph 322(2A)(a)**

26 After “financial report”, insert “, sustainability report”.

27 **42 Division 6 of Part 2M.3 (heading)**

28 After “**financial**”, insert “**and climate**”.

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1 **43 Subsection 323(1)**

2 After “has to prepare consolidated financial statements”, insert “or has
3 to prepare climate statements”.

4 **44 At the end of subsection 323(1)**

5 Add “or to prepare the climate statements”.

6 **45 Subsection 323B(1)**

7 After “financial report that includes consolidated financial statements”,
8 insert “or has to prepare a sustainability report as if a consolidated entity
9 is a single entity”.

10 **46 Section 323C**

11 After “preparation or audit of a financial report”, insert “or
12 sustainability report”.

13 **47 Section 323C**

14 Omit “whose financial report is being prepared or audited”, substitute
15 “whose reports are being prepared or audited”.

16 **48 After subparagraph 713(4)(a)(i)**

17 Insert:

- 18 (ia) if the body has lodged with ASIC a sustainability
19 report—the most recently lodged sustainability report;

20 **49 After paragraph 715(1)(i)**

21 Insert:

- 22 (ia) if the body has prepared a sustainability report—include a
23 copy of the most recent sustainability report;

24 **50 After subparagraph 1013FA(2)(a)(i)**

25 Insert:

- 26 (ia) if the issuer of the product has lodged with ASIC a
27 sustainability report—the most recently lodged
28 sustainability report;

29 **51 After subparagraph 1013I(3)(a)(i)**

30 Insert:

- 31 (ia) if the scheme has lodged with ASIC a sustainability
32 report—the most recently lodged sustainability report;

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52 After paragraph 1017C(3AA)(a)

Insert:

- (aa) if the entity prepared a sustainability report for a specified financial year—a copy of the sustainability report; and

53 Part 8B.4 (heading)

Omit “and financial reporting”, substitute “, financial reporting and sustainability reporting”.

54 Division 4 of Part 8B.4 (heading)

After “Financial reports”, insert “, sustainability reports”.

55 Subsection 1232(1)

After “financial reports”, insert “, sustainability reports”.

56 Subdivision C of Division 4 of Part 8B.4 (heading)

After “financial”, insert “and sustainability”.

57 After paragraph 1232C(1)(a)

Insert:

- (aa) in a case in which subsection 292A(1) requires the CCIV to prepare a sustainability report for a financial year—that subsection requires the CCIV to prepare a sustainability report for each of its sub-funds for the financial year; and

58 Paragraph 1232C(2)(a)

After “financial report”, insert “, a sustainability report”.

59 After paragraph 1232C(2)(b)

Insert:

- (c) the documents of which the sustainability report consists under subsection 296A(1);

60 At the end of section 1232D

Add:

- (4) A sustainability report for a sub-fund referred to in subsection 1232C(1) must comply with any further requirements prescribed by regulations made for the purposes of this subsection.

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1 **61 Subparagraph 1232H(1)(a)(i)**

2 After “financial report”, insert “, sustainability report”.

3 **62 Subparagraph 1232H(1)(a)(ii)**

4 Omit “the auditor’s report on the financial report”, substitute “the
5 auditor’s reports”.

6 **63 Section 1232M (heading)**

7 Omit “financial statements”, substitute “financial reports,
8 sustainability reports”.

9 **64 Section 1232M**

10 After “financial report”, insert “, sustainability report”.

11 **65 In the appropriate position in Schedule 3**

12 Insert:

13

Subsection 286A(3)	2 years imprisonment
Subsection 286A(4)	60 penalty units
Subsections 289A(2) and (5)	60 penalty units
Subsection 316B(1)	30 penalty units

14 **66 Schedule 3 (table item dealing with subsections 316A(3)**
15 **and (4), column headed “Provision”)**

16 After “(3)”, insert “(3A)”.

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1 **Part 2—Audit and assurance**

2 *Corporations Act 2001*

3 **67 Section 9 (definition of *audit*)**

4 Repeal the definition, substitute:

5 *audit* means:

- 6 (a) an audit conducted for the purposes of this Act; or
- 7 (b) without limiting paragraph (a)—a review of the following
8 conducted for the purposes of this Act:
 - 9 (i) a financial report for a financial year or a half-year;
 - 10 (ii) a sustainability report for a financial year.

11 **68 Section 9 (at the end of the definition of *auditor’s report*)**

12 Add:

13 ; or (c) an auditor’s report on an annual sustainability report required
14 by section 301A.

15 **69 Subsection 250N(3) (note 1)**

16 Omit “auditor’s report”, substitute “auditor’s reports”.

17 **70 Paragraph 250R(1)(a)**

18 Omit “auditor’s report”, substitute “auditor’s reports”.

19 **71 Paragraph 250RA(1)(a)**

20 Omit “the auditor’s report”, substitute “an auditor’s report”.

21 **72 Paragraph 250RA(3)(c)**

22 Omit “the auditor’s report”, substitute “an auditor’s report”.

23 **73 Subparagraph 250T(1)(a)(i)**

24 Omit “the audit”, substitute “audits”.

25 **74 Subparagraph 250T(1)(a)(ii)**

26 Omit “report”, substitute “reports”.

27 **75 After subparagraph 250T(1)(a)(iii)**

28 Insert:

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1 (iia) the policies adopted by the company in relation to the
2 preparation of any sustainability reports the company is
3 required to prepare; and

4 **76 Subparagraph 250T(1)(a)(iv)**

5 Omit “the audit”, substitute “audits”.

6 **77 Subsection 285(1) (after table item 1A)**

7 Insert:

8

1B	have the sustainability report audited and obtain auditor’s report	s. 301A, 307AB, 309A	Under s. 312, officers must assist the auditor in the conduct of the audit. ASIC may use its exemption powers under s. 340 and 341 to relieve large proprietary companies from the audit requirements in appropriate cases (s. 342(2) and (3)).
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9 **78 Subsection 285(1) (table item 4, column headed “steps”)**

10 Omit “auditor’s report”, substitute “auditor’s reports”.

11 **79 Subsection 285(1) (table item 5, column headed “steps”)**

12 Omit “auditor’s report”, substitute “auditor’s reports”.

13 **80 Subsection 285(1) (table item 6, column headed “steps”)**

14 Omit “auditor’s report”, substitute “auditor’s reports”.

15 **81 At the end of Division 1 of Part 2M.3**

16 Add:

17 **301A Audit of annual sustainability report**

18 An entity that is required to prepare a sustainability report for a
19 financial year commencing on or after 1 July 2030 must have the
20 sustainability report audited in accordance with Division 3 and
21 obtain an auditor’s report.

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301B Limited assurance of sustainability reports before 1 July 2030

(1) An entity that is required to prepare a sustainability report for a financial year commencing between 1 July 2024 and 30 June 2030 must have the sustainability report for the financial year reviewed.

(2) However, the review is only required to cover contents of the sustainability report that are climate statements relating to scope 1 emissions or scope 2 emissions of greenhouse gases.

Note: A review of a sustainability report must be conducted in accordance with the auditing standards: see section 307AC. An auditor that reviews a sustainability report must report to members: see subsection 309A(3).

82 Division 3 of Part 2M.3 (heading)

Repeal the heading, substitute:

Division 3—Audits and auditor's reports

83 Section 307 (heading)

Repeal the heading, substitute:

307 Audit of financial report

84 Section 307A (heading)

Repeal the heading, substitute:

307A Audit of financial report to be conducted in accordance with auditing standards

85 After section 307A

Insert:

307AB Audit of sustainability report

An auditor who conducts an audit of the sustainability report for a financial year must form an opinion about:

- (a) whether the sustainability report is in accordance with this Act, including sections 296C (compliance with sustainability standards etc.) and 296D (climate statement disclosures); and

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1 (b) whether the auditor has been given all information,
2 explanation and assistance necessary for the conduct of the
3 audit.

4 Note: This section applies to sub-funds of retail CCIVs in a modified form:
5 see section 1232G.

6 **307AC Audit of sustainability report to be conducted in accordance** 7 **with auditing standards**

8 (1) If an individual auditor, or an audit company, conducts an audit or
9 review of the sustainability report for a financial year, the
10 individual auditor or audit company must conduct the audit or
11 review in accordance with the auditing standards.

12 (2) If an audit firm, or an audit company, conducts an audit or review
13 of the sustainability report for a financial year, the lead auditor for
14 the audit or review must ensure that the audit or review is
15 conducted in accordance with the auditing standards.

16 *Fault-based offence*

17 (3) A person commits an offence if the person contravenes
18 subsection (1) or (2).

19 *Strict liability offence*

20 (4) A person commits an offence of strict liability if the person
21 contravenes subsection (1) or (2).

22 Note: For *strict liability*, see section 6.1 of the *Criminal Code*.

23 **86 Section 307B (heading)**

24 Repeal the heading, substitute:

25 **307B Working papers for audit of financial or sustainability report** 26 **to be retained for 7 years**

27 **87 Subparagraph 307B(1)(b)(ii)**

28 Omit “and”, substitute “or”.

29 **88 At the end of paragraph 307B(1)(b)**

30 Add:

31 (iii) an audit or review of the sustainability report for the
32 financial year; and

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89 Subparagraph 307B(3)(a)(ii)

Omit “and”, substitute “or”.

90 At the end of paragraph 307B(3)(a)

Add:

(iii) an audit or review of the sustainability report for the financial year; and

91 After paragraph 307C(1)(b)

Insert:

or (ba) an audit or review of the sustainability report for the financial year;

92 After paragraph 307C(3)(b)

Insert:

or (ba) an audit or review of the sustainability report for the financial year;

93 Subsection 307C(5A)

After “financial report for a financial year or half-year”, insert “, or in relation to a sustainability report for a financial year,”.

94 Paragraph 307C(5A)(c)

After “financial report”, insert “or sustainability report”.

95 After section 309

Insert:

309A Auditor’s report on sustainability report

Audit of sustainability report

(1) An auditor who audits the sustainability report for a financial year must report to members in accordance with subsections (2), (5), (6) and (7) on whether the auditor is of the opinion that the sustainability report is in accordance with this Act, including:

(a) section 296C (compliance with sustainability standards etc.); and

(b) section 296D (climate statement disclosures).

If the auditor is not of that opinion, the auditor’s report must say why.

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-
- 1 (2) The auditor's report must describe:
2 (a) any defect or irregularity in the sustainability report; and
3 (b) any deficiency, failure or shortcoming in respect of the
4 matters referred to in paragraph 307AB(b).

5 *Review of sustainability report*

- 6 (3) An auditor who reviews the sustainability report must report to
7 members in accordance with subsections (4), (5), (6) and (7) on
8 whether the auditor became aware of any matter in the course of
9 the review that makes the auditor believe that the sustainability
10 report does not comply with Division 1.

- 11 (4) A report under subsection (3) must:
12 (a) describe any matter referred to in subsection (3); and
13 (b) say why that matter makes the auditor believe that the
14 sustainability report does not comply with Division 1.

15 *Requirements for reports*

- 16 (5) The auditor's report must include any statements or disclosures
17 required by the auditing standards.
- 18 (6) If the sustainability report includes additional information under
19 paragraph 296A(4)(c), the auditor's report must also include a
20 statement of the auditor's opinion on whether the inclusion of that
21 additional information was necessary to make the disclosures
22 required by section 296D.
- 23 (7) The auditor's report must specify the date on which it is made.

24 *Offences*

- 25 (8) An offence based on subsection (1) or (3) is an offence of strict
26 liability.

27 Note: For *strict liability*, see section 6.1 of the *Criminal Code*.

28 **96 At the end of paragraph 314(1)(a)**

29 Add:

- 30 (iv) the auditor's report on the sustainability report for the
31 year;

32 **97 After paragraph 314(2)(d)**

33 Insert:

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1 (da) the auditor’s report on the sustainability report for the year;
2 and

3 **98 At the end of subsection 314AA(1)**

4 Add:

5 ; (d) the auditor’s report on the sustainability report.

6 **99 After subsection 316A(3A)**

7 Insert:

8 (3B) If the company obtains an auditor’s report on the sustainability
9 report, the company must send a copy of the report, free of charge,
10 to each member who has made an election for that financial year
11 by the earlier of:

12 (a) 21 days before the next AGM after the end of the financial
13 year; and

14 (b) 4 months after the end of the financial year.

15 Note: For the deadline for holding an AGM, see section 250N.

16 **100 Subsection 316A(5)**

17 Before “or”, insert “, (3B)”.

18 **101 Paragraph 317(1)(c)**

19 Omit “report”, substitute “reports”.

20 **102 Paragraph 318(2)(b)**

21 Omit “auditor’s report”, substitute “auditor’s reports”.

22 **103 Subsection 323A(1)**

23 After “financial report that includes consolidated financial statements”,
24 insert “or a sustainability report that includes consolidated climate
25 statements”.

26 **104 Subsection 336(3)**

27 After “financial reports”, insert “or sustainability reports”.

28 **105 At the end of section 336**

29 Add:

30 (5) If:

31 (a) the AUASB makes an auditing standard; and

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- 1 (b) the standard applies to sustainability reports in relation to
2 particular periods under subsection (3); and
3 (c) an auditor is conducting an audit of a sustainability report in
4 relation to a period that occurs before the start of the earliest
5 of those periods;
6 the auditor may elect to apply the auditing standard to that audit
7 unless the standard says otherwise. The election must be recorded
8 in the auditor's report.

9 **106 Paragraph 1017C(3AA)(c)**

- 10 Repeal the paragraph, substitute:
11 (c) a copy of the auditor's report on the financial report; and
12 (d) a copy of the auditor's report on the sustainability report.

13 **107 After subsection 1232D(2)**

- 14 Insert:
15 (2A) Despite subsection 1232C(2), subsection 301A(1) applies to a
16 CCIV referred to in subsection 1232C(1) in relation to the
17 sustainability report for each of its sub-funds.

18 **108 After paragraph 1232G(1)(a)**

- 19 Insert:
20 (aa) a sustainability report prepared as described in
21 subsection 1232C(1);

22 **109 Subparagraph 1232H(1)(a)(ii)**

- 23 Omit "the auditor's report on the financial report", substitute "the
24 auditor's reports".

25 **110 In the appropriate position in Schedule 3**

26 Insert:

27 Subsection 307AC(3)	2 years imprisonment
Subsection 307AC(4)	50 penalty units
Subsections 309A(1) and (3)	50 penalty units

28 **111 Schedule 3 (table item dealing with subsections 316A(3)** 29 **and (4), column headed "Provision")**

- 30 Before "and", insert ", (3B)".

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1 **Part 3—Sustainability and auditing standards**

2 *Australian Securities and Investments Commission Act 2001*

3 **112 After paragraph 227(1)(b)**

4 Insert:

5 (ba) to make sustainability standards under section 336A of the
6 Corporations Act for the purposes of the corporations
7 legislation (other than the excluded provisions); and

8 **113 Paragraph 227(1)(ca)**

9 After “sustainability standards”, insert “for other purposes”.

10 **114 Subsection 227(1) (notes 2 and 3)**

11 Repeal the notes, substitute:

12 Note 2: The standards mentioned in paragraphs (b) and (ba) are made and
13 have legal effect under the Corporations Act. The standards mentioned
14 in paragraphs (c) and (ca) do not have legal effect under the
15 Corporations Act but may be applied or adopted by some other
16 authority.

17 **115 Subsection 227B(1) (note 1)**

18 Repeal the note, substitute:

19 Note 1: The standards mentioned in paragraph (a) are made and have legal
20 effect under the Corporations Act. The standards mentioned in
21 paragraph (b) do not have legal effect under the Corporations Act but
22 may be applied or adopted by some other authority.

23 *Corporations Act 2001*

24 **116 Section 9 (definition of *commencement*)**

25 Repeal the definition, substitute:

26 *commencement*, in relation to an accounting standard or a
27 sustainability standard, means:

- 28 (a) in the case of an accounting standard or a sustainability
29 standard as originally in effect—the time when the
30 accounting standard or sustainability standard took effect; or
31 (b) in the case of an accounting standard or a sustainability
32 standard as varied by a particular provision of an instrument

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1 made under section 334 or 336A—the time when that
2 provision took effect.

3 **117 Section 9**

4 Insert:

5 *sustainability standard* means:

- 6 (a) a standard in force under section 336A; or
7 (b) a provision of such a standard as it so has effect.

8 **118 Part 2M.5 (heading)**

9 After “Accounting”, insert “, sustainability”.

10 **119 Subsection 334(1)**

11 After “purposes of this Act”, insert “or the ASIC Act”.

12 **120 Subsection 334(1)**

13 After “inconsistent with this Act”, insert “, the ASIC Act”.

14 **121 Subsection 336(1)**

15 After “purposes of this Act”, insert “or the ASIC Act”.

16 **122 Subsection 336(1)**

17 After “inconsistent with this Act”, insert “, the ASIC Act”.

18 **123 Section 336**

19 After “financial” (wherever occurring), insert “or sustainability”.

20 **124 After section 336**

21 Insert:

22 **336A Sustainability standards**

- 23 (1) The AASB may, by legislative instrument, make sustainability
24 standards for the purposes of this Act or the ASIC Act. The
25 standards must not be inconsistent with this Act, the regulations or
26 a legislative instrument made under this Act.
- 27 (2) A sustainability standard applies to:
28 (a) periods ending after the commencement of the standard; or

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1 (b) periods ending, or starting, on or after a later date specified in
2 the standard.

3 (3) A company, registered scheme, registrable superannuation entity or
4 disclosing entity may elect to apply the sustainability standard to
5 an earlier period unless the standard says otherwise. The election
6 must be made in writing by the directors.

7 **125 Section 337 (heading)**

8 Omit “**accounting and auditing**”, substitute “**accounting, auditing**
9 **and sustainability**”.

10 **126 Section 337**

11 Omit “accounting or auditing”, substitute “accounting, auditing or
12 sustainability”.

13 **127 Section 338 (heading)**

14 Omit “**accounting standard or auditing**”, substitute “**accounting,**
15 **auditing or sustainability**”.

16 **128 Paragraph 338(1)(a)**

17 Omit “334 or 336”, substitute “334, 336 or 336A”.

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1 **Part 4—Application**

2 *Corporations Act 2001*

3 **129 In the appropriate position in Chapter 10**

4 Insert:

5 **Part 10.75—Application provisions relating to**
6 **Schedule # of the Treasury Laws**
7 **Amendment Act 2024**
8

9 **1705 Application of amendments—sustainability reporting**

10 (1) Section 292A, as inserted by Part 1 of Schedule # to the *Treasury*
11 *Laws Amendment Act 2024*, applies to a person for a financial year
12 if:

13 (a) all of the following subparagraphs apply:

14 (i) the financial year commences between 1 July 2024 and
15 30 June 2026;

16 (ii) the person is an applicable entity;

17 (iii) subsection (3) or (5) of this section applies to the person
18 for the financial year; or

19 (b) all of the following subparagraphs apply:

20 (i) the financial year commences between 1 July 2026 and
21 30 June 2027;

22 (ii) the person is an applicable entity;

23 (iii) subsection 296B(2), (4) or (5) applies to the person for
24 the financial year; or

25 (c) the financial year commences on or after 1 July 2027.

26 (2) For the purposes of this section, an *applicable entity* is a company,
27 disclosing entity, registered scheme or registrable superannuation
28 entity.

29 *Applicable entities with new reporting for a financial year*
30 *commencing between 1 July 2024 and 30 June 2026*

31 (3) This subsection applies to an applicable entity for a financial year
32 if it satisfies at least 2 of the following paragraphs:

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-
- 1 (a) the consolidated revenue for the financial year of the
2 applicable entity and the entities it controls (if any) is \$500
3 million or more;
- 4 (b) the value of the consolidated gross assets at the end of the
5 financial year of the applicable entity and the entities it
6 controls (if any) is \$1 billion or more;
- 7 (c) the applicable entity and the entities it controls (if any) have
8 500 or more employees at the end of the financial year.
- 9 (4) In counting employees for the purposes of subsection (3), take
10 part-time employees into account as an appropriate fraction of a
11 full-time equivalent.
- 12 (5) This subsection applies to an applicable entity for a financial year
13 if:
- 14 (a) it is:
- 15 (i) a registered corporation under the *National Greenhouse*
16 *and Energy Reporting Act 2007* at the end of the
17 financial year; or
- 18 (ii) required to make an application to be registered under
19 subsection 12(1) of that Act in relation to the financial
20 year; and
- 21 (b) its group meets a threshold for the financial year within the
22 meaning of subsection 13(1) of that Act.
- 23 *Matters worked out in accordance with standards*
- 24 (6) For the purposes of this section:
- 25 (a) the question whether an applicable entity controls an entity is
26 to be decided in accordance with accounting standards made
27 for the purposes of paragraph 295(2)(b); and
- 28 (b) consolidated revenue and the value of consolidated gross
29 assets are to be calculated in accordance with accounting
30 standards in force at the relevant time;
- 31 (even if the standards do not otherwise apply to the financial year
32 of some or all of the entities concerned).

1705A Application of amendments—material climate risks and opportunities

33
34
35 Subsection 296B(1) does not apply to an entity for a financial year
36 commencing between 1 July 2024 and 30 June 2027.

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1705B Application of amendments—limited immunity for statements in new sustainability reporting

(1) No action, suit or proceeding lies against a person in relation to a statement:

- (a) made in a sustainability report for a financial year commencing between 1 July 2024 and 30 June 2027 for the purpose of complying with a sustainability standard; and
- (b) about any of the following:
 - (i) scope 3 emissions;
 - (ii) scenario analysis (within the meaning given by the sustainability standards for the purposes of this subparagraph).

Note: This subsection does not apply to a statement made other than in a sustainability report (even if such a statement is also made in a sustainability report).

(2) Subsection (1) does not apply to an action, suit or proceeding if it is criminal in nature.

(3) Subsection (1) does not apply to an action, suit or proceeding (the **legal action**) if all of the following are satisfied:

- (a) the legal action is civil in nature;
- (b) the legal action is brought by ASIC;
- (c) either or both of the following are satisfied:
 - (i) the legal action relates to alleged contravention of a provision of a law of the Commonwealth that has a fault element;
 - (ii) the only remedy sought in connection with the legal action is an injunction or declaration.

1705C Application of amendments—ASIC directions

Giving directions

(1) If ASIC considers that a statement made by an entity in a sustainability report for a financial year commencing between 1 July 2024 and 30 June 2027 is:

- (a) incorrect; or
- (b) incomplete; or
- (c) misleading in any way;

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1 ASIC may, by written notice given to the entity, direct the entity to
2 do any of the following:

- 3 (d) confirm to ASIC that the statement is correct or complete;
4 (e) explain to ASIC the statement;
5 (f) correct, complete or amend the statement in accordance with
6 the direction.

7 (2) The entity must comply with the direction.

8 (3) Before giving a direction under subsection (1), ASIC must:

- 9 (a) hold a hearing with the entity; and
10 (b) give a reasonable opportunity to the entity to make oral or
11 written submissions to ASIC on whether the direction should
12 be given.

13 *Varying and revoking directions*

14 (4) ASIC may vary a direction given under subsection (1) in like
15 manner and subject to like conditions.

16 (5) ASIC may revoke a direction given under subsection (1) by written
17 notice given to the entity.

18 *Offences*

19 (6) An offence based on subsection (2) is an offence of strict liability.

20 Note: For *strict liability*, see section 6.1 of the *Criminal Code*.

21 **1705D Requirement to make auditing standards for review of** 22 **climate statements**

23 (1) The AUASB must make auditing standards under section 336 that
24 provide standards for reviews under subsection 301B(1).

25 (2) The first such auditing standards must be made before 1 July 2024.

26 **1705E Review of operation of laws**

27 (1) The Minister must cause a review of the operation of the
28 amendments made by Schedule # of the *Treasury Laws*
29 *Amendment Act 2024* to be conducted.

30 (2) The review must be conducted as soon as practicable after 1 July
31 2028.

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1 (3) The Minister must cause a written report of the review to be
2 prepared.

3 (4) The Minister must cause a copy of the report to be tabled in each
4 House of the Parliament within 15 sitting days of that House after
5 the report is given to the Minister.

6 **130 In the appropriate position in Schedule 3**

7 Insert:

8

Subsection 1705C(2)

60 penalty units

9