



# Climate-related Financial Disclosure

## *Circular Energy Group Submission*

### Who are we?

Circular Energy Group (CEG) is an Australian company helping accelerate the world to a decentralised sustainable energy future.

The **Circular Energy Group** has developed the **Sustainable Energy Commitment** which is a *certified standard through which organisations make a commitment to plan, implement and verify their progress to 24/7 Sustainable Energy and to become a sustainable asset on the energy network.*

The **24/7 Sustainable Energy Commitment Standard** has been developed to contribute to, and align with, a global network of businesses and communities that embrace, rather than compete with, energy transition and hence create valuable assets that will accelerate the shift to a lower cost and reliable sustainable energy future.

The standard is guided by the **United Nations 24/7 Carbon-free Energy (CFE) 5 Principles** (<https://gocarbonfree247.com/>), and will support connection between technical energy transition challenges and the alignment with broader sustainability standards such as the **International Sustainability Standards Board (ISSB)**, the **Taskforce for Climate-related Financial Disclosures (TCFD)**, and other relevant international jurisdictional frameworks and regulatory guidance.

The vision for the 24/7 Sustainable Energy Commitment is a comprehensible standardised approach to provide a pathway to a world where affordable and sustainable energy is accessible to all. We have identified five fundamental building blocks to measure progress towards achieving 24/7 Sustainable Energy at both an individual organisational level and more broadly at an energy system level. These are referred to as the 24/7 Sustainable Energy Pillars.

1. **Energy Resilience:** The ability of an organisation to adjust and thrive in a changing and challenging energy market.
2. **Carbon-free Energy (CFE):** Satisfying the full energy demand of an organisation with verified clean energy sources energy hour of every day.
3. **Social Equity:** Programs connecting the clean energy needs for organisations, stakeholders, suppliers and community and leveraging the benefits of the sustainable energy transition for all.
4. **Digitisation:** Energy made visible, manageable and integrated internally and externally through systems that allows sustainable energy to be traced, timestamped and accounted for.
5. **Energy Sustainability:** Transparency, authenticity and a long-term ethical approach to decisions around human rights issues in the supply chain of energy related products and the wider interrelations between climate and human health.

## Standing

We stand in support of the implementation of mandatory climate-related financial disclosures, and we are a facilitator of decarbonisation efforts.

We believe businesses want to move to a more sustainable future, reduce their emissions and reduce their energy costs, yet they need a credible reliable framework they can readily report against and a timeline and pathway that is achievable for them. We advocate to all governments to leverage the sustainability standards including ours (the 24/7 SEC) and to implement supporting policy and incentivisation that encourages business and consumers to take cohesive and meaningful action.

## Our Priorities

**Question 1: What are the costs and benefits of Australia aligning with international practice on climate-related financial risk disclosure (including mandatory reporting for certain entities)? In particular:**

### **1.1 What are the costs and benefits of meeting existing climate reporting expectations?**


By aligning with a global standard, there is potential for Australian economy to thrive, both within global and national trade. Transparency through climate disclosure will allow for Australian businesses and individuals to invest more safely into businesses and projects expected to remain stable and grow within the transition to a decarbonised company. This allows for attraction from global investment as well as the economic safety of Australian investments.

### **1.2 What are the costs and benefits of Australia not aligning with international practice and in particular global baseline standards for climate reporting?**

If Australia's climate inaction continues we are at risk of losing \$129 billion per year by 2100, through the increase of climate disasters and disruption of economic activity. Climate action is desperately necessary in order to reduce this number. It is estimated the cost to transition to a low carbon economy in Australia would amount to roughly \$35.5 billion by 2030. Climate disclosure standards are the beginning of a long journey and commitment to the environment and to economic and social stability.

As a relatively trade-exposed economy, Australia is particularly vulnerable to global economic trends and relies heavily on our international trade agreements. As such, it is vital we stay ahead of these trends and maintain a high global standard in order to support our international relations. Australian trade partners, such as the EU, have already transitioned much more effectively to dramatically lower their GHG emissions, partaking in global disclosure agreements and implementing more effective climate mitigation measures. Climate risk is an ever-growing concern for businesses and investors. Without proper transparency, Australian businesses cannot showcase their position regarding these risks, therefore potentially losing capital and investment. This is not an issue for future businesses to tackle, the lack of climate relation policy has already put Australian business at risk as they fall increasingly further behind the global movement to a greener economy.

While the implementation of mandatory climate disclosures is necessary, transparency should only be seen as a supportive measure for real climate action. Risk analysis is only beneficial if showing stability within Australian businesses, and this will not come without effecting policy. The climate action by the EU, if followed by South Korea, China and G7 has the potential to result in GDP losses of more than \$4million.



Without proper mitigation policies and legislation, Australia still faces the risk of falling behind the global economic movement, subsequently impacting our global trade and business agreements.

**Question 2: Should Australia adopt a phased approach to climate disclosure, with the first report for initially covered entities being financial year 2024-25?**

Yes. Reporting climate related information will require upskilling and additional resources for companies, however the private sector is standing by ready to respond and support, so that shouldn't deter government from putting reporting standards in place sooner rather than later to make sure emission reduction targets are met. It should be noted that government bodies would benefit from being included in reporting. Indeed, government has the opportunity to be an exemplar in reducing emissions and implementing appropriate, transparent accounting standards. There is also the opportunity for government to lead the way and also offer incentives particularly for smaller businesses through grants or tax incentives to fast track their journey toward accounting for their emissions.

**2.1 What considerations should apply to determining the cohorts covered in subsequent phases of mandatory disclosure, and the timing of future phases?**

In order for any company to begin their climate disclosure process, adequate guidance and support will be necessary. Private companies, with support from government initiatives, have the ability to facilitate the transition to a simple and supported disclosure process. Australia's position on global climate action is progressing on a positive front however requires far more urgency and action across all industries. However, it is of the utmost importance to maintain a strong support structure to facilitate an easy transition and ensure accurate and reliable data without hindrance on company financial security.

**Question 4: Should Australia seek to align our climate reporting requirements with the global baseline envisaged by the International Sustainability Boards?**

Yes. Extensive work has been done and continues to be progressed at a global level. We fundamentally support the work of the ISSB and its inclusion of a modified TCFD framework. Australia must align with these evolving international reporting standards to ensure global investors will continue to look to Australia for future projects. A transparent accounting methodology will enable investors to assess projects at a global level giving Australia a clear opportunity to benefit from the associated economic uplift. The efficiencies of the international alignment to standards will also give growth opportunities to our financial sector through global accounting and reporting synergies.

**Question 5: What are the key considerations that should inform the design of a new regulatory framework, in particular when setting overarching climate disclosure obligations (strategy, governance, risk management and targets)?**

One key consideration is under which regulatory body (such as the AASB) this should sit. We do not have a position on this except we believe it should be an existing body rather than a new entity.

Through the mandating of transparency regarding not just broad targets, but the definitive action taken to reach such targets, a shift towards investment in real action can be made. It is clear the climate disclosure agreement is only a small part of the shift to a decarbonised economy, however it can be used as a way of shifting economic investments through clarity of business action. We believe investors and business owners will improve their transparency of their decarbonisation commitment, actions and progress.



**Question 9: What considerations should apply to requirements to report emissions (Scope 1, 2 and 3) including use of any relevant Australian emissions reporting frameworks?**

CEG strongly supports a legislative or regulatory framework that ensures standards are adopted. We understand that it is also important that government clearly outline a staged approach to accounting for scope 1 and 2 emissions before rolling into scope 3 accounting. Consideration should be given to incentivising organisations to help business and consumers fast track their progress. Our platform creates a user-friendly and practical way for scope 1, 2 and 3 data to be readily captured by any business.

**Question 10: Should a common baseline of metrics be defined so that there is a degree of consistency between disclosures, including industry-specific metrics?**

Energy needs its own baseline of defined metrics that specifically relate to the technical granular elements to accelerate the energy transition needs and maintain affordability and system stability. Importantly 24/7 SEC provides such key demand-side metrics to help business and governments fast-track their transition progress, and they also align with ISSB and TCFD metrics that sit above.

**Question 11: What considerations should apply to ensure covered entities provide transparent information about how they are managing climate related risks, including what transition plans they have in place and any use of greenhouse gas emissions offsets to meet their published targets?**

CEG believes carbon offsets should become a tool of last resort and the government should consider moving away from this model to best achieve the goal of reducing emissions by 43% by 2030 and to be net zero by 2050. CEG is a firm believer that the government should be targeting 24/7 CFE as a goal and helping businesses and organisations toward utilising Carbon-free Energy “every hour, every day, everywhere”.

Government has the opportunity to lead this change and we are keen to drive the change with business across Australia.

**Question 18: Should digital reporting be mandated for sustainability risk reporting? What are the barriers and costs for implementing digital reporting?**

Yes. We believe the government should look to make relevant data as open-source and readily available as possible to the private sector so they can help access information and provide solutions for companies. This would encourage reporting as close to real time as possible and on the most cost-efficient basis. Hence, we are highly supportive of digital reporting and the efficiencies it will bring to all involved.

**Signed,**

[Redacted signature]



**Circular  
Energy Group**