Australian Industry Greenhouse Network

24 September 2025

Department of the Treasury
Sustainable Finance Division
SustainableFinanceConsultation@treasury.gov.au

Subject: Consultation on climate-related transition planning guidance

The Australian Industry Greenhouse Network (AIGN) welcomes the opportunity to provide comment on the Treasury's consultation paper on developing guidance detailing best practice for climate-related transition planning.

This submission makes the following key recommendations:

- **Effective climate policy:** A principled and streamlined policy framework will support the transition to a low-emissions economy and build investment certainty.
- **Climate-focus approach:** a climate-focus approach will support alignment with other countries' approaches, provide clarity, and help elucidate systemic climate risks in the economy. Other elements of sustainability reporting could be phased in gradually, and careful consideration should be given to global developments in related areas (e.g., nature-related disclosures, just transition principles). Care should also be taken to manage the reporting burden on companies.
- **Balanced and consistent transition planning:** Well-designed transition planning guidance must strike the right balance between specificity and flexibility, so that it provides useful and decision-relevant information while being capable of reflecting the unique needs and circumstances of companies. It should be sufficiently detailed to promote a consistent approach while allowing for different operating structures, risk exposures, and business models to be accurately reflected.
- **Iterative broad consultation framework**: A coordinated, iterative approach would enhance stakeholder engagement and deliver more effective policy outcomes by enabling feedback and revision to achieve guidance objectives.

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About AIGN

AIGN is a network of industry associations and corporations that provides a forum for discussion on key climate change issues, as well as information and analysis on national and international climate change policy, and the role industry can play in the transition to net-zero emissions by 2050.

We are committed to supporting cohesive, efficient, and predictable climate policies that align with Australia's Paris Agreement targets.

AIGN members represent a substantial portion of entities with obligations under current climate policies and have a strong record of compliance and voluntary reporting in Australia.

The transition to a net-zero economy is complex and ambitious, requiring collaborative management and open dialogue. AIGN corporate members are on the front line of this transition; association members are valuable sources of expertise on the specific needs and challenges of their respective industry sectors as they move towards a net-zero future.

A strong climate policy framework

AIGN members recognise the importance of effective climate policy in supporting the transition to a low-emissions economy and preparing for the physical impacts of climate change. We are committed to working constructively with government and support a climate policy framework that is:

- Predictable and stable, to support investment certainty
- Internationally aligned, to position Australian operations to transition effectively, realise new opportunities, and safeguard competitiveness
- Well-designed, so that policies work seamlessly together and are not duplicative
- Equitable, to ensure the costs of this transition are shared across the economy
- Technology-neutral, to enable innovation across all decarbonisation pathways
- Developed consultatively, to ensure smooth implementation of policies that achieve their objectives.

Transition planning guidance to facilitate consistency

AIGN supports the Government's intention to strengthen Australia's resilience to climate-related risks, identify and realise climate-related opportunities, and improve transparency through consistent disclosure.

In this context, well-designed guidance can serve as a practical reference tool for companies, supporting consistency in reporting and clarity on the interpretation of climate risk and other concepts, as well as alignment with international disclosure standards.

This guidance can help enable comparability across sectors, supporting investor confidence and ensuring reporting obligations result in practical, decision-relevant information.

Balancing consistency with flexibility

Climate risks manifest in diverse ways, ranging from supply chain disruptions to asset exposure, as well as market and policy risks.

Effective guidance must strike the right balance between specificity and flexibility. It should be sufficiently detailed to promote consistent reporting across companies and sectors, while also remaining capable of reflecting the diverse operating structures, business models, and risk exposures of entities across the economy.

Where guidance is intentionally open to interpretation or designed to highlight the spirit and intent of reporting requirements, this should be made explicit within the guidance material. Clear signalling of where companies have discretion to choose how best to reflect their transition approach will help to avoid open-ended guidance being interpreted as mandatory or prescriptive.

This will ensure transition plans can be comparable and relevant, while allowing companies to provide information that best reflects their unique operating circumstances and considerations.

Building a trusted disclosure framework

As transition plans are subject to different requirements than the broader climate-related financial disclosure framework, AIGN agrees that the guidance for transition plans should be voluntary. As transition plans are not a mandatory regulatory requirement, the associated guidance must not be viewed as prescriptive. Likewise, this guidance should not be applied to assess against compliance with the AASB S2 Climate-Related Disclosures standard.

Climate-first approach

A climate-focused approach supports alignment with other countries' approaches, provides clarity for investors, and delivers value in terms of understanding systemic risks to the economy.

Other elements of sustainability reporting can and should be considered in a structured and strategic manner once the climate framework is embedded and operational experience has been gained. A phased approach to integrating sustainability elements into the framework will support orderly development and implementation, and provide the time needed to build capability.

Careful consideration should be given to global developments in related areas, including nature-related disclosures, just transition principles, and broader sustainability standards. Ensuring Australia's framework is interoperable with emerging international approaches will help to harmonise requirements across jurisdictions. Equivalence with leading global standards, wherever practicable, will also support Australian companies in accessing international capital markets and enhancing the effectiveness of their disclosure.

A constructive path to stronger consultation (and better outcomes)

AIGN notes the detailed consultation program for the next several months, with many consultation processes overlapping. This includes the Productivity Commission inquiries, the NEM Review of wholesale market settings, consultations on the Guarantee of Origin Scheme, parliamentary inquiries, and state consultations. This convergence stretches the capacity of stakeholders to engage effectively.

AIGN advocates for a coordinated, iterative, and multi-stakeholder consultation process to:

- Enhance engagement,
- Streamline consideration of cross-cutting issues, and
- Foster robust, effective policy outcomes.

Conclusion

AIGN supports the Government's intention to strengthen Australia's resilience to climate-related risks and to improve transparency through disclosure. To support this objective, the transition planning guidance should be carefully balanced to meet the information needs of investors while accommodating the diverse operational structures and priorities of reporting entities.

We are committed to constructive engagement with the Treasury and welcome the opportunity to participate in further discussions.

Thank you for your time and consideration.

Kind regards,

Susie Smith | Chief Executive