

What is the investment community seeking from climate-related financial disclosures under ASRS and ISSB? An opportunity for critical minerals as leading players in decarbonisation

M Stewart¹, J Hextall², B Young³

1. CEO, Energetics Pty Ltd, Sydney, NSW, 2060, Mary.Stewart@energetics.com.au

2. Regional Manager Western Australia, Energetics Pty Ltd, Perth, WA, 6000.

Joel.Hextall@energetics.com.au

3. Regional Manager, Queensland, Energetics Pty Ltd, Brisbane, Qld, 4000.

Brendan.Young@energetics.com.au

Keywords: Mandatory climate-related financial disclosures

ABSTRACT

The incoming mandatory climate disclosure requirements have been described as "the biggest changes to financial reporting and disclosure standards in a generation". Driven by the global investment community, this is reporting on the transition a company needs by 2050, including considerations of net zero, the impact climate risk will have on financial performance, and the opportunities these changes present.

The critical minerals industry will need to disclose. However, as a burgeoning industry featuring in the decarbonisation of economies, boards can leverage the Australian Sustainability Reporting Standard (ASRS) and International Sustainability Standards Board's (ISSB) requirements to drive engagement up and down value chains, and profile the industry's role and value.

New, broad and detailed – the insights investors need

Businesses will need to link scope 1, 2 and 3 emissions, a transition plan, a net zero plan, and climate resilience to financial outcomes out to 2030, 2040, and 2050. Boards require a transparent, evidence-based and auditable approach to calculating the financial impact of material climate risks and opportunities. The work encompasses directors, risk, finance, ESG, legal and operations.

The importance of your value chain

The boundary for reporting does not begin and end with a financial control boundary - the focus is on the value chain which, for many companies, remains challenging to manage.

However, quantification is not the end game. It is to reduce emissions and thereby risks, including costs and exposure to transition challenges. It is here that critical minerals have a huge opportunity, as suppliers to the technologies that will deliver a carbon reduced economy in 2050. Global mandatory disclosure will build the business case for critical minerals products.

We will discuss the reporting frameworks and highlight how critical minerals can best make input to these to leverage opportunities and manage risks.