

# Mandatory sustainability reporting: Are you ready for 1 July 2024?



**John Vagenas**

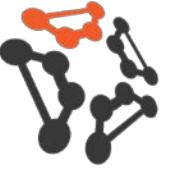
*BEng (Hons) FAusIMM*

**Managing Director**

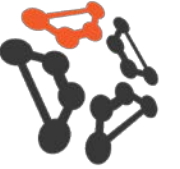
Metallurgical Systems

Elemental Engineering

Industrial Sustainability Solutions



# Why is reporting important?

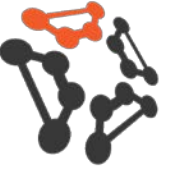


 Carbon offsets

# \$29,066,499,825

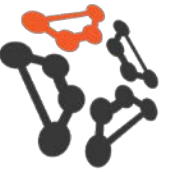
This price will be \$75/tCO<sub>2</sub>-e in 2023-24, increasing with CPI plus 2% annually.

# What is happening in Australia?




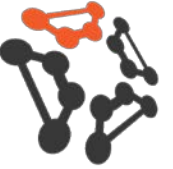
- In October 2023, the Australian Accounting Standards Board (AASB) has released “Exposure draft ED SR1 Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information”
- Aligned to IFRS S1 and IFRS S2 and builds on the global baseline for investor focused sustainability reporting in Australia, with a climate-first approach
- 120 day comment period submissions due by 1 March 2024
- For some entities (Group 1), proposed to apply to annual reporting periods on or after 1 July 2024
- Following the release by the AASB, Treasury has released on 12 January 2024 its final Climate-related financial disclosure exposure draft legislation
- The proposed legislation will require entities in scope to disclose their climate-related plans, financial risks and opportunities, in accordance with the Australian Sustainability Reporting Standards made by the AASB
- Safeguard Mechanism reform
- Australian CBAM has been proposed

# What is happening internationally?



The 'big' 3 frameworks due to their broad geographic reach that covers many global markets and therefore many organisations. Large enterprises are likely to be impacted by one, two or all three of these frameworks:

Frameworks	 International Sustainability Standards Board (ISSB) IFRS S1 and IFRS S2	 Corporate Sustainability Reporting Directive (CSRD) ESRS 1, ESRS 2, ESRS E1 E5, ESRS S1 – S4, ESRS G1	 US Securities Stock Exchange (SEC) Proposed rule, amendments under the Securities Act of 1933
Geographic reach	<ul style="list-style-type: none"> <li>• UK</li> <li>• Australia</li> <li>• Canada</li> <li>• Japan</li> <li>• Singapore</li> <li>• Nigeria</li> <li>• Chile</li> <li>• Malaysia</li> <li>• Brazil</li> <li>• Egypt</li> <li>• Kenya</li> <li>• South Africa</li> </ul>	<ul style="list-style-type: none"> <li>• EU companies (large and all EU listed companies)</li> <li>• Some non-EU companies with significant operations in the EU</li> <li>• Estimated to be nearly 50,000 companies</li> </ul>	<ul style="list-style-type: none"> <li>• Applies to nearly all US SEC registrants, including some foreign private issuers</li> </ul>
Effective date	1 January 2024 Adopted by the jurisdiction	1 January 2024 Sector specific standards delayed to 2026	Waiting – set to formally announce rules in 2024



# Overarching themes across all the frameworks



- ◉ Climate and nature disclosures – risks and opportunities
- ◉ Calculation of all emissions (by scope and by component category), energy and water consumption
- ◉ Calculation of all nature and biodiversity metrics and targets
- ◉ Transition planning, target setting, forward looking statements, and decarbonisation plans
- ◉ Scenario analysis – test scenarios that align with international agreements
- ◉ Digital taxonomy – machine readable format

# Accounting & Reporting by Scope & Climate & Nature Related Disclosures



## Scope 1

- Stationary combustion
- Mobile Emissions
- Process Emissions
- Fugitive Emissions



## Scope 2

### Energy Purchased

- Electricity
- Steam
- Heat
- Cooling

### Emissions Factors

- Location based method  
Regional or subnational emission factors  
National production emission factors
- Market-based method



## Scope 3

### Upstream

- Purchased goods and services
- Capital goods
- Fuel-and energy-related activities
- Upstream transportation and distribution
- Waste generated in operations
- Business travel
- Employee commuting
- Upstream leased assets

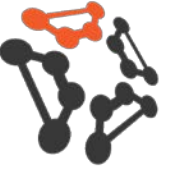
### Downstream

- Downstream transportation and distribution
- Processing of sold products
- Use of sold products
- End-of-life treatment of sold products
- Downstream leased assets
- Franchises
- Investments



## Climate and Nature

- Water
- Waste
- Recycling
- Air quality
- Stack Emissions
- Soil pollutants
- Ecosystem and other resources



# Is sustainability reporting really that difficult?



# The link between sustainability, financial reporting and production accounting

## Production accounting



Measured activity data



Delivery



Inventory



Consumption



Production



Calculated activity data

Feed



Product

Waste

Machine Learning

Validated activity data

## Emissions accounting



Validated activity data

X

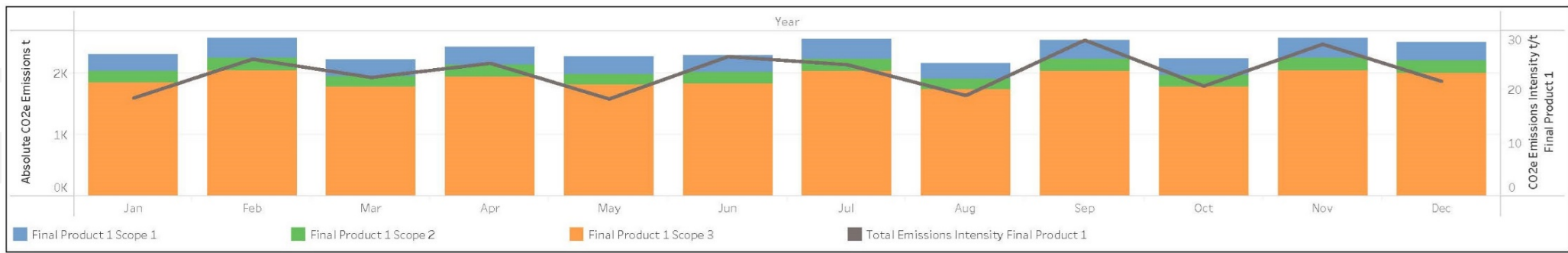


Emissions factors

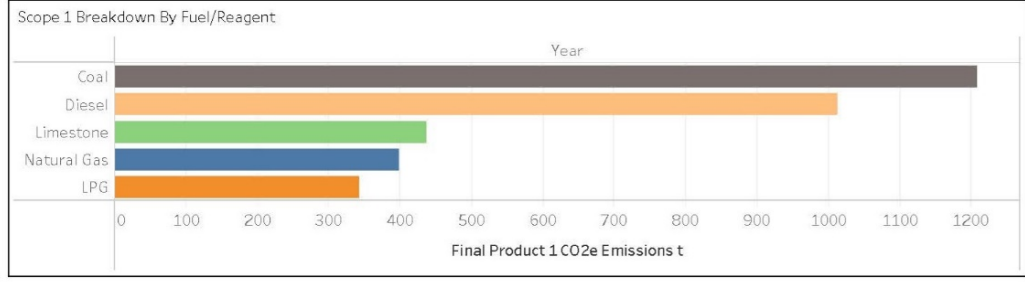
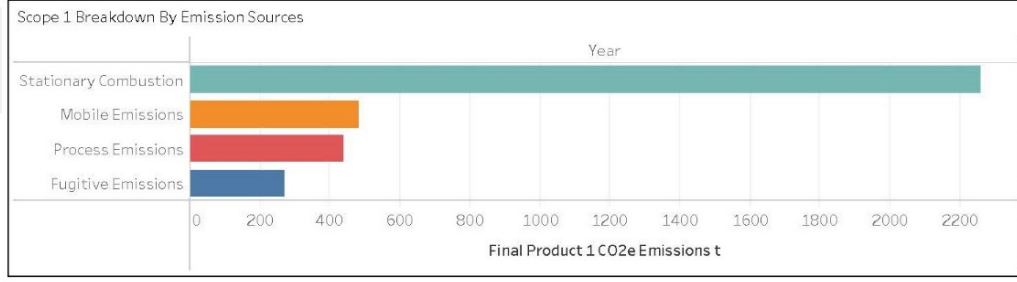
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Emissions

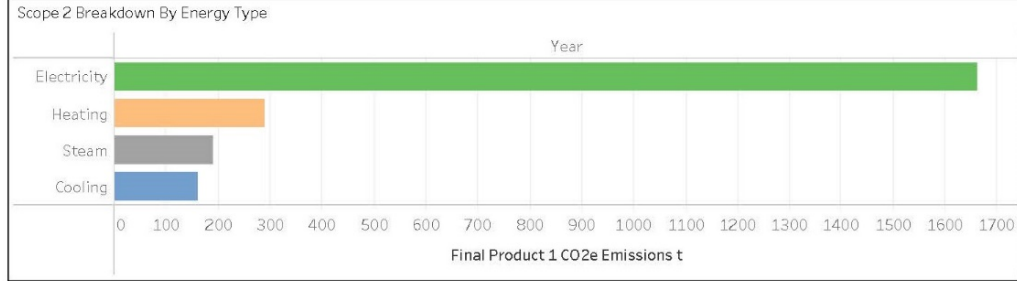




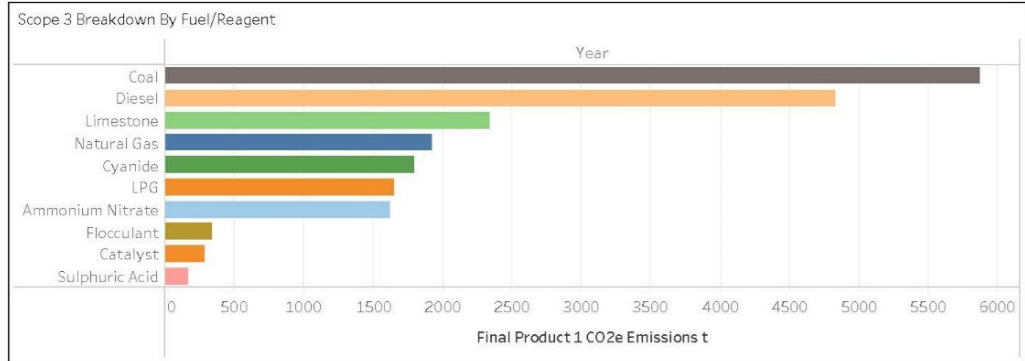
**Scope 1**

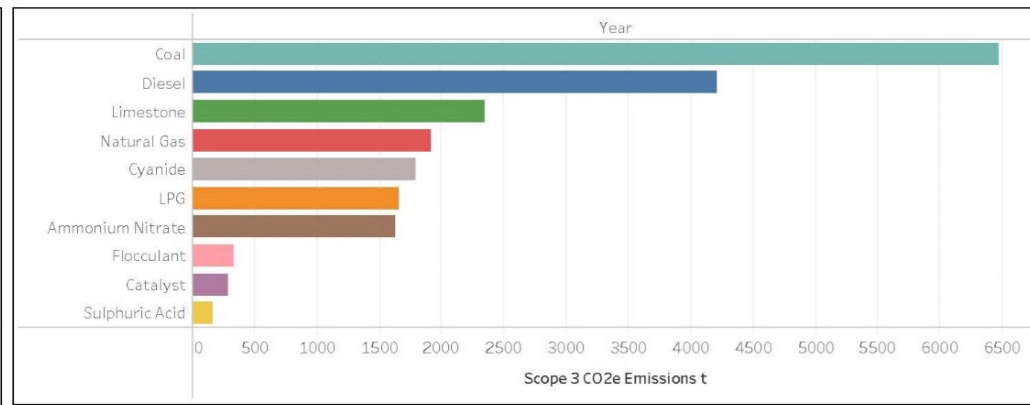
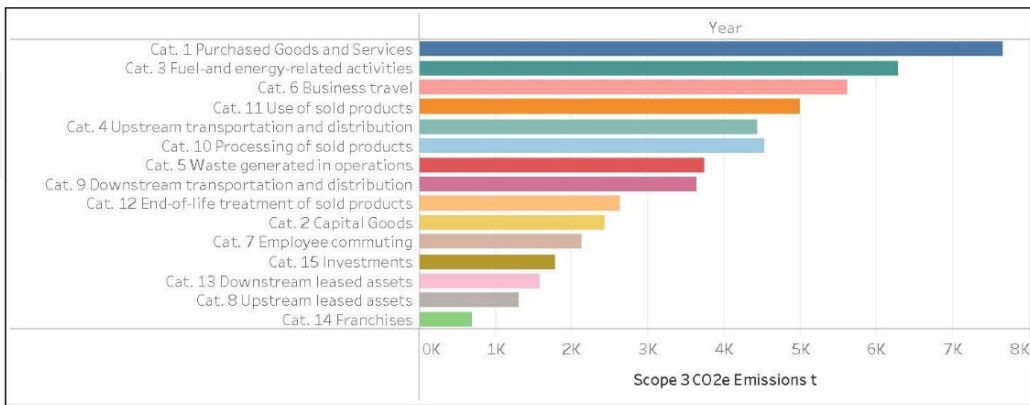
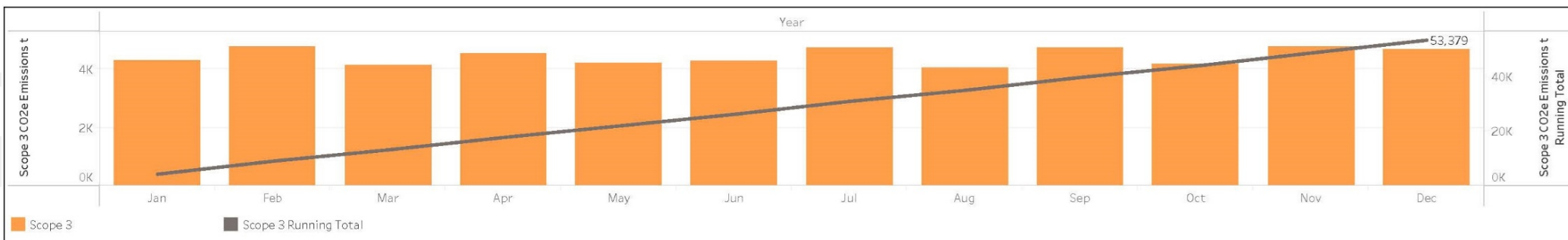


**Scope 2**



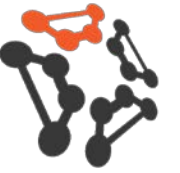
**Scope 3**





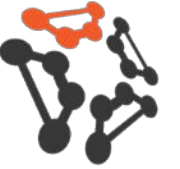
Category	Year												Grand Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Cat. 1 Purchased Goods and Services	565	623	607	656	624	641	627	542	730	612	774	652	7,653
Cat. 2 Capital Goods	203	202	204	206	189	200	213	189	211	173	232	211	2,433
Cat. 3 Fuel-and energy-related activities	520	588	476	527	497	530	565	463	559	470	529	553	6,276
Cat. 4 Upstream transportatio..	379	393	325	381	340	345	421	326	376	348	382	421	4,438
Cat. 5 Waste generated in operations	309	336	289	318	289	291	326	279	337	295	338	323	3,730
Cat. 6 Business travel	476	527	420	450	470	437	496	435	494	412	488	503	5,606
Cat. 7 Employee commuting	185	184	159	189	163	180	200	160	183	159	183	184	2,129
Cat. 8 Upstream leased assets	115	104	102	113	90	108	126	109	115	91	129	107	1,308
Cat. 9 Downstream transporta..	291	319	290	306	291	291	322	270	328	290	334	306	3,638
Cat. 10 Processing of sold products	361	403	356	378	361	359	402	341	404	358	408	397	4,529
Cat. 11 Use of sold products	405	451	391	415	399	391	446	371	440	395	437	444	4,984
Cat. 12 End-of-life treatment o..	212	231	206	225	210	213	230	192	239	198	233	236	2,624
Cat. 13 Downstream leased assets	141	141	113	134	130	130	140	115	129	116	141	142	1,572
Cat. 14 Franchises	56	63	62	47	60	59	49	51	53	60	51	68	679
Cat. 15 Investments	75	207	152	191	109	92	186	194	137	182	120	134	1,780

Fuel Type	Year												Grand Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Coal	572	625	417	556	546	513	466	574	583	564	576	480	6,472
Diesel	333	294	318	349	323	394	352	309	444	348	418	328	4,211
Limestone	93	228	267	219	113	218	362	137	33	43	272	355	2,340
Natural Gas	186	137	170	175	188	110	150	75	266	140	106	213	1,918
Cyanide	144	156	139	153	142	148	157	131	162	138	165	158	1,793
LPG	146	156	114	113	147	134	127	117	172	185	159	91	1,660
Ammonium Nitrate	130	141	126	138	129	134	143	119	147	125	150	144	1,627
Flocculant	27	29	26	28	26	27	29	24	30	26	31	29	332
Catalyst	23	24	22	24	22	23	25	21	25	22	26	25	282
Sulphuric Acid	13	14	13	14	13	14	15	12	15	13	15	15	166



## The case for modern digital tools for metallurgical accounting and sustainability reporting:

- ✓ The cost of safeguard reforms, carbon offsets and non-compliance is enormous
- ✓ The transition to corporate digital reporting will be mandatory
- ✓ Net Zero targets and pledges by resources companies will need to be justified
- ✓ Reasonable level of assurance – spreadsheets won't cut it

A large, faint, light gray graphic of a network structure, composed of interconnected nodes and lines, is positioned in the background on the left side of the slide.

Reporting standards are now mandatory in many jurisdictions, with financial penalties for noncompliance

Digital solutions enable us to meet our obligations and improve outcomes

Accurate transparent reporting is the key to ensuring evidence-based decision making



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