

26 September 2025

Green Bonds and Transition Guidance Unit
Climate and Energy Division
The Treasury
Langston Crescent
PARKES ACT 2600



Submitted via email

Climate-related Transition Planning Guidance: Consultation Paper

The Australian Financial Markets Association (AFMA) is responding to Treasury's climate-related transition planning guidance consultation paper.

AFMA is the leading industry association representing Australia's wholesale financial markets - including the capital, credit, derivatives, foreign exchange, energy, carbon, and other specialist markets, including sustainability-linked and related markets. AFMA represents over 130 leading financial market participants, from the major and regional Australian banks, leading international banks, global brokers, all government treasury corporations to Australian super funds, asset managers, large energy firms, carbon marketers, and critical legal and market infrastructure providers. The majority of AFMA members disclose climate-related information under the mandatory regime and have existing transition plans in place.

1. Role of transition planning guidance

AFMA welcomes Treasury's transition planning guidance, while, as mentioned above, most large, and global institutions have established plans relying on existing global standards, we note this is not the case economy-wide or for the whole of the supply chain. We therefore believe this guide will be of value and use to small-to-medium-sized corporates. This is likely to aid consistency, credibility, and comparability in plans for this cohort. This is important to many AFMA members who are key investors and lenders in the economy.

2. Voluntary approach and international operability

AFMA believes that voluntary, rather than mandatory guidance, is the most appropriate approach, and supports the non-prescriptive direction taken to the proposed guidance. We believe this strikes the right balance between providing government support and setting robust expectations while permitting organisations to leverage any existing work, global approach, and commensurate with an entity's scale and footprint. Maintaining this approach will minimise industry costs and burden, reduce complexity, and avoid any confusion or conflation with the mandatory climate reporting regime. Voluntary approaches allow companies to keep their transition plans or transition plan-related information ambitious and sufficiently flexible, allowing them and their clients to adapt and pivot depending on the changing commercial landscape. It also avoids imposing additional burdens on those companies for which it is not material. This enables transition plans to remain decision-useful to investors, which should contribute to a healthier market.

Businesses must feel able to set out their strategy without undue concern over incurring legal liability or reputational risk, which could potentially reduce the level of ambition and/or detail provided. Flexibility is required where circumstances change, particularly where these are outside the control of the business. Businesses must also balance comprehensive disclosure with competition and confidentiality concerns, as they do with financial reporting.

Australian Financial Markets Association

ABN 69 793 968 987

Level 18, 45 Clarence Street Sydney NSW 2000 Tel: +612 9776 7905 Facsimile: +612 9776 4488
Email: info@afma.com.au Web: www.afma.com.au

It is also important to note that global firms take a global approach to transition planning. Multinationals operating as subsidiaries away from their home office will need to rely on their group level plan. Therefore, Australia's voluntary guide should seek to prioritise international operability and support the use/reliance on group level reports. This will promote the overall goal of cohesive and effective transition strategies.

3. Material challenges, metrics, and targets

As AFMA has consistently highlighted, there remains a significant gap in accessible and uniformed data as well as the experienced human capital needed to support credible disclosures and reporting. Whilst supportive of this consultation paper's initiative, we also urge government to prioritise addressing these material challenges to support its sustainable finance initiatives and ensure their success. As the Government is aware, data gaps remain one of the key ongoing implementation challenges of the climate reporting regime that requires urgent address (currently Priority 7). AFMA recommends that Treasury publish its response to the Council of Financial Regulators' advice to the Government on options to address sustainability data gaps and challenges and begin engaging industry on solutions.

Furthermore, credible transition plans will rely on such data and technical staff support, and it is particularly important that small- to medium-sized organisations are able to access this and receive the necessary support to ensure they can deliver credible and harmonised plans. It is also important as financial institutions in turn, will require the information contained within a client's transition plans to potentially help inform their own plans and other related disclosures.

While AFMA appreciates the proposed climate-first but not only approach, we caution that methodologies and metrics surrounding nature and biodiversity are in a state of infancy when compared with climate-based and lack reliable metrics and international agreement. It is important that plans are based upon credible data and metrics that are in line with international pace and standards. We therefore support focusing guidance on climate at this stage.

Noting the intent to endorse and align with the TPT disclosure framework, the framework itself sets a high bar for companies and includes a significant number of detailed requirements. As such, alignment with the TPT disclosure framework is only appropriate on a voluntary basis as it requires the ability to retain its status as a guide to allow firms the flexibility to apply its principles in a manner proportionate to their business model and transition strategy, while supporting high quality and decision-useful disclosures.

4. Comparability of transition plans and sector specific support

AFMA considers consistency and comparability across transition plans to be important to ensure that disclosures are decision-useful for investors, lenders, and other stakeholders. Current practices can vary across entities in particular, in relation to the treatment of Scope 3 emissions and the selection, and application of climate scenarios. While flexibility in approaches is important, such variability can create utility challenges and present difficulties for financial institutions seeking to aggregate or assess climate-related risks across portfolios. AFMA encourages Treasury to consider how its guidance can support greater alignment in these areas, while preserving the necessary flexibility for entities to tailor their approach to their specific operations and risk profiles. For example, AFMA notes industry-specific and led attempts to promote consistency in the energy sector has led to the production of practical resources such as the [Scenario Analysis Practice Guide](#) and [Emissions Reporting Guide](#). AFMA supports Treasury referencing such sector-led initiatives as examples of good practice and encourages further efforts to harmonise approaches across specific industries to support robust and comparable transition planning in Australia's major industries.

AFMA also believes that additional guidance for the setting of commitments would be beneficial to prompt greater standardisation and increase best practice. In particular, we think it would be useful

to provide clearer guidance on the language used, i.e. what is a target vs an ambition and likewise, approach to setting and disclosing targets such as setting boundaries, use of carbon offsets, metrics etc. In addition, we also see benefit in providing sector-specific guidance and advice on using offsets within transition plans and that reference to specific standards would be useful. The level of specificity would of course require the necessary balance with flexibility, as expressed above.

AFMA would welcome the opportunity to discuss this submission further and would be pleased to provide further information or clarity as required. Please contact Monica Young at myoung@afma.com.au or 02 9776 7917.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Monica', with a stylized, flowing script.

Monica Young

Policy Manager