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23 September, 2009

CDSB Secretariat
The Carbon Disclosure Project
40 Bowling Green Lane
London EC1R 0NE
United Kingdom
Email: info@cdsb-global.org

Dear Sir/Madam,

Re: Amcor Ltd feedback on the Climate Disclosure Standards Board (CDSB) Reporting Framework.

Thank you for the opportunity to provide formal comment on the Climate Disclosure Standards Board (CDSB) Reporting Framework. Amcor Ltd (Amcor) views the document as an important step in the promotion and advancement of climate change-related disclosure. Please find our feedback on the 11 questions posed in the Framework document below.

CDSB Questions:

Introductory questions:

1. **Do you agree that a single global framework for climate change-related disclosure in mainstream reports is necessary and/or possible, notwithstanding the background of different national developments? If not, please explain why.**

Yes – a single global framework is necessary for climate change reporting in annual accounts for the following reasons:

- This approach would be consistent with the move of current traditional accounting reporting requirements away from regional reporting (for eg, AGAAP) to the convergence to global accounting standards (AIFRS).

- Where climate change disclosure is required to be included in mainstream reports, they must adhere to similar guidelines to ensure information is both transparent and comparable.

- The effect of climate change is a global one and does have the potential of impacting company performance, therefore to allow shareholders/investors to make informed decisions; climate change reporting is needed and the best way of communicating this to the maximum number of investors is by inclusion in the annual accounts which is received by individual shareholders and easily accessed by potential investors.

2. **Do you agree with CDSB's overall approach of aligning its Guiding Principles to existing relevant principles and objectives of financial reporting so as to elicit information of value primarily for investors? If not, please explain why and share with us your ideas for a new/different approach to climate change –related reporting.**

Yes, we agree with the overall approach because:

- As a publicly listed company on the Australian Stock Exchange (ASX) we are simply custodians of the company's assets for its shareholders and therefore we need to be able to provide accurate, 'decision-useful' information to them. Therefore, it is correct to focus disclosure on the expected requirements of shareholders to assist them in making decisions about their investment.

- In order to provide decision-useful information, it is logical for the CDSB to align its Guiding Principles to financial reporting principles as this ensures there are both consistencies to the basis of all disclosed data, especially if this data is contained within the annual accounts, and to a certain degree, rigour around the accuracy of what is being reported.

However, Amcor feels it is unlikely that there are many shareholders who would wish to cope with the level of detail proposed. Shareholders are more likely to expect that:

- Management will deal with the issues without reporting excessive and lop-sided detail,
- Governments might require specific reporting direct to government,
- Analysts might pursue the commercial sensitivities if it is worth their time.

Some detailed comments on the draft Guiding Principles:

- 6.23 Faithful representation - Reporting organisations may struggle to meet this requirement given the degree of uncertainty in climate change disclosures. Some guidance on reasonable steps to 'explicitly disclose the degree of uncertainty in the reported information' may be useful.
- 6.29 Comparability – This is a critical Guiding Principle and must be the focus of continuous improvement efforts. There should be an expectation that the Reporting Templates will be completed as fully and accurately as practicable.

3. **At the current stage in its development, the CDSB Reporting Framework, including the Reporting Templates, are designed for general**

use by all companies within the stated scope of applicability. Do you agree that further work is required to develop the Reporting Framework, including the Reporting Templates, to take account of particular sector-specific issues related to climate change? If so, please provide your recommendations, referring to particular sector specific climate change-related initiatives if possible.

Given the complexity surrounding the nexus of climate change and its impact on specific sectors, we feel we can only comment on how the framework applies to our industry.

With some exceptions, the framework, in its current form, can be broadly complied with, and we are, to a certain extent, already disclosing relevant information in our Sustainability Report. The exceptions include:

- Reporting Template 1 – Strategic analysis: The degree of detail suggested in explaining risks and opportunities against the company's business strategy may need to be tempered by the risk of divulging too much detail to our competitors.

- Reporting Template 1 – Future Outlook section: There appears to be a strong thread of requiring "forward-looking" reporting, that is, a "forecast" of what might happen. Such forecasts are rarely done by companies because of the legal implications of making forecasts that may not come true. Amcor is wary of committing to, or being obliged to, forecast the impact of climate change on the business. There are a number of other factors that affect the prospects of a company, such as changes in the economy, technological changes, war, etc. Amcor is not obliged, nor do we undertake, to make forecasts of the impact of these things. It may, therefore, be unbalanced and potentially seriously misleading to provide Future Outlook commentary (i.e. forecasts) of the impact of one such factor (i.e. climate change) while ignoring the rest.

- Reporting Template 4 – Greenhouse Gas (GHG) Emissions: Possible flexibility in recording GHG intensity by reference to unit of production rather than the company's revenue? The former is reported in our Sustainability Report as justified in Question 6.

- Reporting Template 4 – Further work is required to ensure consistent reporting of Scope 3 emissions both within and across sectors. The potential for variability is high given the broad base it is trying to encapsulate.

Characterising decision-useful information:

4. **Do you agree with the principles and characteristics of decision-useful information that CDSB recommends for making judgements on the information to be disclosed under CDSB's Reporting Framework? If not, what additional principles or characteristics are required, or which ones suggested in the Framework would you change?**

Fundamentally, these are sound guiding principles as a means of providing a reference to what company's should include in their annual account disclosures. However, points of concern are:

- While the preparation of the annual accounts is based, to a certain extent, on accounting estimates and assumptions when assessing the reported amounts of assets, liabilities, income and expenses, they are still quantifiable as the calculated amounts must be properly supported. While it appears climate change disclosures will, by its inherent nature, be based on certain assumptions and estimates, they must not be to the point they bear no resemblance to the facts. Hence, the key questions in reporting amounts for climate change are:

- Will the information truly be a 'faithful representation' of what the company is purported to be emitting? ie, how accurate really are the measures? How easy is it to skew figures given the use of assumptions, to give a non-neutral result, ie, can a method be used to give a favourable result? Is there only one methodology in calculating Greenhouse gas (GHG) output, for eg, or are there several ways, providing different output levels?

  The Exposure Draft provides a type of caveat for company's to be able to extensively use estimates for climate change-disclosure given that disclosure is generally made under conditions of uncertainty by noting this must be explicitly explained in the commentary. However, given this potential level of estimation, this information should be separated from the core annual accounts. Particularly while the calculation methods are constantly improving and changing year-on-year as we gain more experience in this new phenomena for disclosure as it may be questionable that the disclosure is a faithful representation of data which would be inconsistent with the disclosure of the core annual accounts.

- Comparability between company's within sectors must be a key objective as given climate change is a global issue, comparison's between company's climate impact provides both a guide to investors and management on how well the company's strategy is limiting it's carbon footprint in the particular sector it is in, which is especially relevant if the sector is in a 'climate-impact challenged' sector.

5. **Do you agree that the CDSB characteristics of decision-useful information are practical for companies to apply and sufficient to limit the amount of information disclosed to the most relevant content for users? If not, what additional guidance or information do you suggest CDSB include?**

The CDSB characteristics categorised as Fundamental/Enhancing and Constraining appear to be practical in their application except for:

- Comparability – between periods for the company's reported disclosure emissions are frequently amended whilst all company's are struggling to arrive at the best method of calculation

- Timeliness – systems will need to change if we need to meet annual account deadlines as collection of data is currently a long and cumbersome process.

- Reporting Template 3 - Physical Risks - There is a degree of uncertainty in assessing these risks. Extra guidance here may be useful.

- Appendix 1 (3b) – Reporting organisations may not have the maturity of assessment processes to report financial impacts with reasonable certainty.

- Appendix 2 (1.3) – Amcor would be unlikely to disclosure detailed risk assessment processes, as illustrated in this section. Consider providing further guidance on the level of detail expected.

Content:

6. **Do you agree with the content that CDSB recommends for potential inclusion in disclosures under the CDSB Reporting Framework? If not, what additional areas would you recommend or which types of information in the Reporting Templates would you change?**

- Possibly data should be as an addendum to the annual accounts as:

    - This could replace preparing the Sustainability Report as this report appears to reiterate a lot of annual account details and by isolating it as an addendum it acts as a self-contained document that can be distributed to those interested/currently receiving the sustainability report, thereby maintaining the same stream of communication this document currently serves.

    - Isolating the climate disclosure highlights that it is not prepared in accordance with accounting standards therefore is disclosing quite distinct information unrelated to accounting. However, when we start accounting for the Carbon Trading Scheme the disclosure discussed may tie neatly into this section, depending on how this scheme evolves.

- Reporting template 4 – GHG emissions intensity: should be based by reference to unit of production and not by reference to company's revenue as this is perceived to represent a better relationship cost of production and related GHG emissions.

- General comment – Appendix 2 (1.4) – Climate change may not be as commonly linked to remuneration as other indicators of sustainability performance such as health and safety.

7. **Does one or more of the jurisdictions in which you operate already have requirements for any of the content in the Reporting Templates to be disclosed according to local rules? If yes, are the requirements consistent with the proposed CDSB Framework including the Reporting**

Templates? If they are not consistent, what are the major areas of conflict or difference?

Amcor is a public company, listed on the Australian Securities Exchange (ticker is AMC) and as Eurobonds (81Bk) on the London stock exchange. In Australia, the ASX Principles of Good Corporate Governance and Best Practice Recommendations (Section 7) provide guidance to publicly listed companies regarding the recognition and management of risk.

8. **CDSB's proposed Reporting Framework requires companies to define and explain the performance measures and indicators they use to track and demonstrate their progress in responding to climate change. CDSB considers performance measures and indicators to be crucial elements of decision-useful information as they aid understanding and comparability over time, provided that consistent metrics are used year on year. Do you foresee particular challenges in setting and explaining performance measures and indicators, and using those metric on a consistent basis over time? If so, please explain those challenges.**

- Challenges include annual variation in climate change emission factors, the impact of acquisitions and divestments on reported Company emissions etc.

Practicalities:

9. **How do you anticipate information for compliance with the CDSB Reporting Framework will be collected in your organisation? If possible, please state whether in-house or proprietary software is likely to be used, which departments would be involved in the collection and review of information, and how long the annual information collection process is likely to take?**

- Amcor Ltd use proprietary software to collect this type of information. All Business Divisions participate in the collection, reporting and checking of the data, with central oversight and coordination provided by the Corporate Risk and Sustainability function. Annual information collection and verification takes approximately 12 - 14 weeks.

10. **What practical issues do you envisage when disclosing under the CDSB Reporting Framework? For example, constraints on the length of the mainstream report or particular requirements applicable in the jurisdiction in which you operate. What could CDSB do to limit any practical difficulties associated with reporting under the CDSB Reporting Framework?**

- Ability to meet annual accounts reporting deadline. Currently, our annual accounts must be completed by mid-August, whereas the Sustainability Report is completed by mid-October. Based on this, there will need to be a major review performed and assumedly system and process changes made in order to be able to meet the annual accounts deadline.

- Reporting Template 1 Strategy and Analysis - There may be limited appetite for reporting organisations to provide detailed strategy and analysis information on a topic that is (1) relatively new to the organisation and (2), is subject to a degree of uncertainty. This may particularly be the case for organisations submitting a Form 20-F to the US Securities and Exchange Commission.

- There will be extra cost of adding in an additional 20 or so pages estimated to be around at least $40,000.

11. Is there anything else of relevance you would like to raise?

- The Exposure Draft contains some worthy objectives such as:
  - Aiming for international comparability
  - Focusing on shareholder value-impact as well as regulatory reporting.

- It is Amcor's preference to avoid forecasts and excessive detail.
- Assurance (Section 8.0 - 8.3). Clarity should be provided on the requirements for assurance to ISAE 3000 and ISO 14064. Given that climate change disclosures are often already assured for SD Reporting or NGERs reporting (in Australia), is this adequate for climate change disclosures in the Annual Report or will the financial assurer need to conduct their own assessment (at duplicated cost to the reporting organisation). The commentary in Appendix 4 suggests that reasonable assurance to ISAE 3000 is required for climate change disclosures. This approach would be significantly more expensive that the current, general practice of achieving limited assurance.
- Eco-Products (Appendix 2, 1.5) – No definition is provided for 'eco-products'. This may create a comparability issue between similar organisations.

- It is unclear in the Exposure Draft how the disclosures discussed would form part of the audit opinion in the annual accounts. Would they rely on environmental experts or carry-out additional audit work, requiring more resources and client time?

Thank you for consideration of Amcor's comments. Please contact the undersigned if clarification is required.

Yours sincerely,

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