



TELLUS

HAZARDOUS WASTE LIABILITY REGIME AND LIABILITY REDUCTION
THROUGH TELLUS SERVICES

TECHNICAL DATA SHEET



LIABILITY REDUCTION

LIABILITY REGIME FOR GENERATORS OF HAZARDOUS WASTE

Environmental standards are being enforced across the globe; generally increasing the standard of care expected of generators of hazardous waste or creators of environmental pollution. Alongside these increasing standards, associated reporting frameworks are reflecting increased community demands for responsibility, transparency and positive action to manage environmental risks.

With an ever-increasing focus on minimising the impact on the environment and human health comes amplified scrutiny from multiple stakeholders on impacts, solutions and costs. Legislation is tightening in most jurisdictions, resulting in broadening responsibility (including personal liability of management and directors) and increasing penalties to ensure that issues are disclosed; estimated costs are calculated appropriately; and adequate funds are available for proper attention to these matters. In turn, many companies are significantly increasing their estimated future costs associated with environmental and human health liabilities.



Liability reduction

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Cost reduction

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Client satisfaction

Under Australian laws, generators of hazardous waste have a “cradle to grave” responsibility for the waste. International and Australian Accounting Standards (IAS 37 and AASB 137) require a waste producer to maintain an accounting provision equal to **its best estimate of the future cost of properly disposing of that waste.**

This provision represents a liability of the waste generator and a burden on its financial standing. It must be maintained until it is no longer probable that there will be any further cost involved in dealing with the waste. Further, the provision must be reviewed periodically to ensure that it is adequate and adjusted if necessary.

TELLUS CAN REDUCE YOUR COMPANY'S ENVIRONMENTAL LIABILITY

Simply contractually selling title in hazardous waste is insufficient in the eyes of the law to absolve a generator of future responsibility of that waste.



A generator of waste has a responsibility to protect human health and the environment. To ensure a generator has no future liability in the waste, it should prove that it has permanently removed the waste from the biosphere. If such proof is not available, a generator may now (and in the future) be open to potential claims.

Further, merely outsourcing hazardous waste management without due enquiry as to the nature of the service, be it to a temporary or final destination of waste, is insufficient. An organisation's board and management must make due enquiry and satisfy themselves (essentially a 'reasonable person' test) that the waste is being managed appropriately.

An organisation should ensure that any company that has been contracted to accept hazardous waste is appropriately licensed and deals with waste in a manner consistent with all current legal obligations and best practices. Furthermore, if an organisation wishes to minimise future claims, they should ensure that the waste is permanently removed from the biosphere (i.e. by destruction or permanent isolation).

LIABILITY REDUCTION VIA TELLUS' SERVICES

Tellus is developing and will operate EPA approved licensed facilities capable of permanently isolating a broad range of hazardous wastes. Please see separate Tellus information on the company's website regarding Tellus Waste Acceptance Criteria. Services provided by Tellus meet statutory requirements for hazardous waste producers with respect to their waste stewardship obligations.

Due to Tellus' superior multi-barrier safety case comprising active (man-made barriers) and passive controls (natural barrier) and adequate assurance and insurance, our geological repositories can permanently isolate the waste from the biosphere, thus alleviating the risk of future claims.

Additionally, Tellus is the only company that can issue a valuable Permanent Isolation Certificate (Tellus PIC™).

A Tellus PIC™ may be accepted by the client's accountants and auditors as evidence that the client no longer has any probable future cost with respect to the disposal of that waste. Therefore, a client can derecognise any liabilities on its balance sheet concerning such waste and remove any note disclosures of contingent liabilities from its financial statements.

A Tellus PIC™ is similar in structure to leading certification systems currently available in many international jurisdictions.

PROVISIONS, RECOGNITION AND DERECOGNITION, AND CONTINGENT LIABILITIES

AASB 137 definitions

In Australia, the manner in which future costs are disclosed are governed by Australian Accounting Standards Board (AASB) 137.

AASB 137 paragraph 10 defines a liability as *“a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits”*.

A provision is further defined as ‘a liability of uncertain timing or amount’ and shall be recognised when:

- (a) an entity has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation” (AASB 137, paragraph 14).

A provision that meets the requirements to be recognised is measured as ‘the best estimate of the expenditure required to settle the present obligation at the end of the reporting period’ (AASB 137, paragraph 36).

AASB 137 paragraph 59 stipulates that ‘Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed’.

A contingent liability, as defined in AASB 137, is either:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.’

Contingent liabilities are not recognised (AASB 137, paragraph 27), rather they are disclosed in the financial statements, unless the possibility of incurring expenditure or other resources is remote (AASB 137, paragraph 28).

The term remote is discussed in detail in independent advice provided to Tellus and is supported by the strength of the Tellus Safety Case including comprehensive risk assessments undertaken, and the independent technical and legal advice received.

Derecognition (or removal of disclosure) following issue of Tellus PIC™

Following the issue of a Tellus PIC™, the client may no longer have any future costs in relation to the disposal that would meet the criteria for the recognition or disclosure under AASB 137. Hence, the provision may be reversed or the note disclosure for contingent liability may be removed from the notes to the accounts.

Where the ultimate ‘all-in cost’ of Tellus services that is paid by the client is less than the previous amount provisioned, the reversal of the provision will result in a credit (net gain) through the profit and loss account of the client. **In layman's terms, a client may realise an accounting profit from the utilisation of Tellus services.**

Tellus has commissioned detailed advice from a leading global financial services advisory business covering both accounting and legal aspects. This advice explains the accounting aspects for a hypothetical client in detail (based on certain assumptions) and includes easy-to-understand examples and accounting journal entries from a hypothetical Tellus client perspective. This advice can be made available for Tellus clients to review (on a non-reliance basis) following execution of customary confidentiality undertakings. Each actual client's situation may differ from the hypothetical situation and may have specific issues to consider. Clients and their auditors should make their own assessment of these matters. Should clients want further information than this, they are encouraged to seek their own independent advice.

THE TELLUS SOLUTION

Tellus is currently developing storage, recovery, and permanent isolation infrastructure in the form of geological repository facilities supported by a “hub and spoke” logistics solution across Australia.



Tellus’ multi barrier safety case with active controls (man-made barriers) and passive controls (natural kaolin clay barrier) can permanently isolate the waste.

KEY CLIENT BENEFITS

Tellus offers simple, safe and cost-effective storage, treatment and permanent isolation (disposal) solutions for hazardous wastes.

Features and benefits include:

Quality	<ul style="list-style-type: none"> Australia’s first best practice permanent solution for legacy, production and emerging waste streams across all sectors. Due to Sandy Ridge’s superior site selection and multi-barrier safety case, waste is permanently isolated from the biosphere over geological time (millions of years). 	Functionality	<ul style="list-style-type: none"> Broad range of waste acceptance (hazardous waste and low level radioactive waste (LLW)). Can accept liquid, sludge and solid waste. Can provide one-stop-shop solution (facilitate pre-gate services with approved waste characterisation, packaging and transport providers).
	<ul style="list-style-type: none"> International Organization for Standardization (ISO) accreditation and compliance; ISO 14001 (environment), ISO 9001 (quality), AS 4801 (health and safety). 		Sandy Ridge availability and innovation
Commercial & risk transfer	<ul style="list-style-type: none"> Tellus is the only company that can issue a valuable Permanent Isolation Certificate (Tellus PIC™). A Tellus PIC™ certifies critical facts that provides a basis for derecognising a liability provision on financial statements under Australian Accounting Standard Board (AASB) accounting standard AASB 137. 	Regulatory approvals and licensing	<ul style="list-style-type: none"> Commonwealth, state and local government approvals and licensing for Sandy Ridge facility that support a near surface clay geological repository with unique site characteristics and a robust safety case. Tellus’ Sandy Ridge and Chandler geological repositories are the only waste facilities in Australia that have been awarded Major Project Facilitation (MPF) status by the Australian Government.
	<ul style="list-style-type: none"> Adequate assurance and insurance (agreed with the regulators and international peer reviewed). Risk and title transfer to Tellus on the issue of a waste acceptance notice. When waste is removed from a client’s site, benefits are also recognised in a reduction to health, safety, environmental, community and compliance risk. 		Price

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