



Australian Government
Department of Finance

Climate Action in Government Operations

Commonwealth Climate Disclosure

Indicative Year 2 and Year 3 Reporting Provisions
Tranche 1 and Tranche 2



Introduction

This document sets out the Indicative Year 2 and Year 3 Requirements for Stream 2, Tranche 1 and Tranche 2 under the Commonwealth Climate Disclosure Initiative.

These are not the final Requirements and should not be interpreted as such.

This document is to provide Tranche 1 and Tranche 2 entities with an indication of what their upcoming climate disclosure provisions are likely to involve. The Indicative Requirements are based on the Australian Sustainability Reporting Standard AASB S2: *Climate-related Disclosures*. The Department of Finance is continuing to refine and tailor the Indicative Requirements from this Standard to reflect the legislative, regulatory and policy environments that Commonwealth entities and Commonwealth companies may be subject to. Further consultation with entities will take place in 2025.

The final Year 2 and Year 3 Requirements will be published in advance of when reporting commences for entities.

Tranche 1:

Year 2 commences in FY2025-26

Year 3 commences in FY2026-27

Tranche 2:

Year 2 commences in FY2026-27

Year 3 commences in FY2027-28

Please refer to the [Commonwealth Climate Disclosure Policy](#) webpage for further information on the policy architecture.

Guide to navigating this document

This document is divided into two sections:

- Indicative Year 2 Requirements, including:
 - General Requirements
 - Core Requirements
- Indicative Year 3 Requirements, including:
 - General Requirements
 - Core Requirements
 - Appendix A: Proposed list of investment entities to report financed emissions.

The General Requirements sections provide a high-level indication of additional reporting provisions from the General Requirements section of the Year 1 Requirements. The Year 1 Requirements can be found on the [Commonwealth Climate Disclosure Requirements](#) webpage. The bracketed and bolded text **[NEW]** used in the Core Requirements indicates where a reporting provision is additional from the previous year.

Indicative Year 2 Requirements

General Requirements

The General Requirements will include additional reporting provisions for:

- Reporting periods
- Comparative information
- Correction of previous statements and amounts.

Core Requirements

Objective

- a) The objective of the Commonwealth Climate Disclosure Requirements (the Requirements) for climate-related disclosures is to set out the requirements for in-scope Commonwealth entities and Commonwealth companies (entities) to disclose information about their climate-related risks and opportunities that is useful to annual report users.
- b) The Requirements require an entity to disclose information about climate-related risks and opportunities that have, or may have, a significant impact on the entity, its ability to deliver public policy and/or its financial prospects.
- c) For the purposes of the Requirements, these risks and opportunities are collectively referred to as 'meaningful information about the entity's climate-related risks and opportunities'.

Governance

G0 The objective of climate-related disclosures on governance is to enable annual report users to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.

G1 To achieve the objective in paragraph G0, an entity shall disclose information about:

- a) the accountable authority responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify the accountable authority, as defined under section 12 of the PGPA Act, and disclose information about:
 - i) how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions or other related policies and/or legislation applicable to the accountable authority;
 - i) how the accountable authority determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;

- ii) how and how often the accountable authority is informed about climate-related risks and opportunities;
 - iii) how the accountable authority takes into account climate-related risks and opportunities when overseeing the entity's strategy and risk management processes and related policies, and when making decisions in relation to major transactions and the prioritisation of funds, where applicable;
 - iv) how the accountable authority oversees the setting of climate-related targets and monitors progress towards those targets (see paragraphs M5-8), including targets related to emissions reduction and any other climate-related risk and opportunity management targets; and
 - v) whether, and to what extent, risk oversight is deputised to a specific management-level position or management-level committee (assignee) and how oversight is exercised over that position or committee; and
- b) the role and responsibilities the assignee and other senior management and governance committees play in the oversight and administration of governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:
- i) whether the assignee uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.

G2 In preparing disclosures to meet the requirements in paragraph G1:

- a) entities shall have regard to The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026 when describing processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities; and
- b) NCEs shall have regard to the Net Zero in Government Operations Strategy and Commonwealth Risk Management Policy. CCEs and Commonwealth companies may choose to refer to the Net Zero in Government Operations Strategy and Commonwealth Risk Management Policy as a matter of good practice.

Strategy

S0 The objective of climate-related disclosures on strategy is to enable annual report users to understand an entity's strategy for managing climate-related risks and opportunities.

S1 To achieve the objective in paragraph S0, an entity shall disclose information to enable annual report users to understand:

- a) material information about the entity's climate-related risks and opportunities (see paragraphs S2-3);
- b) the current and anticipated effects of those climate-related risks and opportunities on the entity's operational model (see paragraph S4);
- c) **[NEW]** the current and anticipated effects of those climate-related risks and opportunities on the entity's public policy delivery chain and its ability to delivery public policy (see paragraph S5);

- d) **[NEW]** the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its transition plan and/or Emissions Reduction Plan, for entities subject to the APS Net Zero by 2030 target (see paragraph S6); and
- f) **[NEW]** the climate resilience of the entity's strategy and its operational model to climate-related changes, developments and uncertainties, taking into consideration the entity's climate-related risks and opportunities identified through climate-related scenario analysis (see paragraphs S4-6 and S14).

Climate-related risks and opportunities

S2 An entity shall disclose information in accordance with the [progressive implementation schedule](#) that enables annual report users to understand [material information](#) about the entity's climate-related risks and opportunities. Specifically, the entity shall:

- a) provide the entity's material climate-related risks and opportunities in accordance with the progressive implementation schedule. Specifically:
 - i) the entity's organisational risks and opportunities; and
 - ii) **[NEW]** the entity's policy-related risks and opportunities;
- b) explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be predominantly a climate-related physical risk or climate-related transition risk;
- c) specify the time horizons—short, medium or long term—for which the effects of each climate-related risk and opportunity identified by the entity could reasonably be expected to occur; and
- d) explain how the entity defines 'short term', 'medium term' and 'long term' and the reasons these definitions were selected.

S3 In preparing disclosures to meet the requirements in paragraphs S1-2:

- a) there is an expectation that entities will have undertaken a climate risk and opportunity assessment. This expectation is set out in The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026. Specifically:
 - i) entities are encouraged to conduct their climate risk and opportunity assessment in adherence with the Climate Risk and Opportunity Management Program, where practicable; and
 - ii) where it is impractical for an entity to adopt the Climate Risk and Opportunity Management Program methodology in full, the entity shall:
 - 1) explain why it has adopted an alternate methodology; and
 - 2) ensure that its alternate methodology is robust and defensible.

Operational model effects

S4 An entity shall disclose information that enables annual report users to understand the current and anticipated effects of climate-related risks and opportunities on the entity's operational model, and changes made to the entity's operational model in response to those effects. Specifically, the entity shall disclose:

- a) a description of the current and anticipated effects of climate-related risks and opportunities on the entity's operational model;
- b) a description of where in the entity's operational model the current and anticipated effects of climate-related risks and opportunities are concentrated; and
- c) **[NEW]** a description of changes made to the entity's operational model to address climate-related risks and opportunities, where applicable.

[NEW] Public policy effects

S5 An entity shall disclose information that enables annual report users to understand the current and anticipated effects of climate-related risks and opportunities on the entity's public policy delivery chain and its ability to deliver public policy (public policy effects). Specifically, the entity shall disclose:

- a) a description of the current and anticipated effects of climate-related risks and opportunities on the entity's public policy delivery chain, including information about:
 - i) shared effects which cut across the responsibilities of other external parties or risk owners, where appropriate; and
 - ii) where in the entity's policy delivery chain the effects of climate-related risks and opportunities are concentrated, where appropriate;
- b) a description of the extent to which the overall effects of climate-related risks and opportunities identified in S5(a) could reasonably be expected to impact the entity's ability to deliver public policy;
- c) a description of changes made to the entity's approach to policy delivery to address climate-related risks and opportunities, where applicable; and
- d) further to paragraph S5(a), an entity need not provide information about public policy effects in instances where it is impractical for the entity to do so without undue cost or effort. This may include circumstances where:
 - i) climate-related risks and opportunities are highly devolved, span across multiple external parties and/or relate to shared capital investment pools; and
 - ii) an entity may not have reasonable access to information about climate-related risks because that information is held by other external parties or risk owners and does not form part of existing contractual reporting arrangements (for example, contractual reporting arrangements between an entity and its service provider).

[NEW] Strategy and decision-making effects

S6 An entity shall disclose information that enables annual report users to understand the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose:

- a) information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making. This includes how the entity considers climate-related risks and opportunities in public policy development, implementation and assurance, and how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law, regulation or policy. This

includes the targets set in Australia's Nationally Determined Contribution (NDC) under the Paris Agreement, such as the APS Net Zero by 2030 target. Specifically, the entity shall disclose information about:

- i) current and anticipated changes to the entity's public policy development, implementation and assurance;
- ii) any transition plan and/or Emissions Reduction Plan (for entities subject to the APS Net Zero by 2030 target) the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies;
- iii) how the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets disclosed in accordance with paragraphs M5-7, through planned mitigation efforts;
- iv) how the entity plans to reduce its exposure and/or vulnerability to climate-related risks, including:
 - 1) through the use of existing controls and additional actions, as well as broader adaptation plans, where relevant; and
 - 2) whether and how the entity plans to redeploy, repurpose, upgrade or decommission existing assets; and
- c) further to paragraph S6(a)(iii) and (a)(iv), an entity may refer to its transition plan and/or Emissions Reduction Plan (for entities subject to the APS Net Zero by 2030 target) when disclosing information about the entity's planned mitigation and adaptation efforts.

[NEW] Climate-related scenario analysis

S14 An entity shall disclose information that enables annual report users to understand how climate-related scenario analysis was carried out as part of the entity's climate risk and opportunity assessment. The entity shall use a climate-related scenario analysis approach that is commensurate with the entity's circumstances (i.e. qualitative or quantitative). An entity shall carry out its climate-related scenario analysis against at least two plausible and distinct climate-related scenarios, one of which must align with the low global warming scenario set out in the *Climate Change Act 2022* (i.e. limiting global warming to 1.5°C) and one of which must align with a higher global warming scenario (i.e. an increase of 2.5°C or higher). Specifically, the entity shall disclose:

- a) how and when the climate-related scenario analysis was carried out, including:
 - i) information about the key inputs the entity used, including:
 - 1) which climate-related scenarios the entity used for the analysis and the sources of those scenarios;
 - 2) the time horizons the entity used in the analysis; and
 - 3) what scope of operations the entity used in the analysis (for example, the operating locations and divisional units used in the analysis);
 - ii) the key assumptions the entity made in the analysis, including assumptions (where relevant) about:

- 1) climate-related policies in the jurisdictions in which the entity operates, including (but not limited to) state and territory greenhouse gas emissions targets that may be more ambitious than corresponding national targets or APS targets;
 - 2) macroeconomic trends;
 - 3) national- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources);
 - 4) energy usage and mix; and
 - 5) developments in technology; and
- iii) the reporting period in which the climate-related scenario analysis was carried out.

Risk management

The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026 sets out the expectations for climate risk assessment and management by Commonwealth entities and companies. Under the Approach, entities are encouraged to conduct climate risk and opportunity assessments in adherence with the Climate Risk and Opportunity Management Program, where practicable.

In giving effect to the Risk management criteria set out below, entities may choose to refer to the Climate Risk and Opportunity Management Program and associated documentation in their disclosure, where applicable. Further information on these policies is available on the [Climate Risk and Opportunity Management Program](#) webpage.

R0 The objective of climate-related disclosures on risk management is to enable annual report users to understand an entity's processes to identify, assess, prioritise, manage and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.

R1 To achieve the objective in paragraph R0, an entity shall disclose information about:

- a) the processes and related policies the entity uses to identify, assess, prioritise, manage and monitor climate-related risks, including information about:
 - i) the inputs and parameters the entity uses (for example, information about data sources, the significant areas of uncertainty and the scope of operations covered in the processes);
 - ii) how the entity assesses the nature, likelihood and magnitude of the effects of those risks;
 - iii) whether and how the entity prioritises climate-related risks relative to other types of risk;
 - iv) how the entity manages climate-related risks;
 - v) how the entity monitors climate-related risks; and
 - vi) whether and how the entity has changed the processes it uses compared with the previous reporting period;
- b) the processes the entity uses to identify, assess, prioritise, manage and monitor climate-related opportunities; and

- c) the extent to which, and how, the processes for identifying, assessing, prioritising, managing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.

R2 In identifying the processes and related policies the entity uses to achieve the objective in R1:

- a) the entity may reference The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026 and describe whether and how it implements the processes outlined in the Climate Risk and Opportunity Management Program.

Metrics and targets

All entities are subject to the whole-of-Australian-Government emissions reporting requirements set out in the APS Net Zero Emissions Reporting Framework. The Framework is updated periodically over time to reflect expansions in emissions reporting.

The APS Net Zero by 2030 target applies to in-scope NCEs. CCEs and Commonwealth companies can declare they will meet the 2030 target or are encouraged to declare their own net zero or greenhouse gas emissions targets. The design of the APS Net Zero by 2030 target is set out in the Net Zero in Government Operations Strategy.

Where applicable, entities are to disclose information about the above centrally driven policies in accordance with the Metrics and targets criteria set out below. Further information on these policies is available on the [Climate Action in Government Operations webpage](#).

M0 The objective of climate-related disclosures on metrics and targets is to enable annual report users to understand an entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law, regulation or policy. This includes the targets set in Australia's Nationally Determined Contribution (NDC) under the Paris Agreement, such as the APS Net Zero by 2030 target.

M1 To achieve the objective in paragraph M0, an entity shall disclose:

- a) **[NEW]** information relevant to the cross-industry metric categories, if applicable (see paragraph M2);
- b) information relevant to greenhouse gases (see paragraph M3); and
- c) targets set by the entity, and any targets it is required to meet by law, regulation or policy, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the accountable authority or management to measure progress towards these targets (see paragraphs M5-9);
 - i) this includes (but is not limited to) the APS Net Zero by 2030 target, where applicable.

Climate-related metrics

[NEW] M2 An entity shall consider the applicability of disclosing information relevant to the cross-industry metric categories of:

- a) climate-related transition risks—the amount and percentage of assets or operational and service activities vulnerable to climate-related transition risks;
- b) climate-related physical risks—the amount and percentage of assets or operational and service activities vulnerable to climate-related physical risks;
- c) climate-related opportunities—the amount and percentage of assets or operational and service activities aligned with climate-related opportunities; and
- d) capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.

M3 An entity shall disclose information relevant to greenhouse gases following the APS Net Zero Emissions Reporting Framework. An entity shall:

- a) disclose its gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO₂ equivalent, classified as:
 - i) scope 1 greenhouse gas emissions;
 - ii) scope 2 greenhouse gas emissions; and
 - iii) scope 3 greenhouse gas emissions, for select scope 3 greenhouse gas emissions as per the APS Net Zero Emissions Reporting Framework;
- b) disclose the approach, inputs, assumptions and methodologies set out in the APS Net Zero Emissions Reporting Framework that are used to measure its greenhouse gas emissions, including any changes from the previous reporting period;
- e) for scope 2 and scope 3 greenhouse gas emissions disclosed in accordance with paragraph M3(a)(ii) and (a)(iii), include its location-based and market-based scope 2 and scope 3 greenhouse gas emissions for its electricity-related greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's market-based scope 2 and scope 3 greenhouse gas emissions; and
- f) for scope 3 greenhouse gas emissions disclosed in accordance with paragraph M3(a)(iii), and with reference to the APS Net Zero Emissions Reporting Framework, disclose:
 - i) the categories included within the entity's measure of scope 3 greenhouse gas emissions.

Climate-related targets

M5 An entity shall disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law, regulation or policy, including any greenhouse gas emissions targets. This includes (but is not limited to) the APS Net Zero by 2030 target, where applicable. For each target, the entity shall disclose:

- a) the metric used to set the target;
- b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives;

- c) the part of the entity to which the target applies (for example, whether the target applies to the entity in its entirety or only a part of the entity, such as a specific divisional unit or specific geographical region);
- d) the period over which the target applies;
- e) the base period from which progress is measured;
- f) any milestones and interim targets;
- g) if the target is quantitative, whether it is an absolute target or an intensity target; and
- h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.

M6 An entity shall disclose information about its approach to setting and reviewing each target identified in paragraph M5, and how it monitors progress against each target, including:

- a) whether the target and the methodology for setting the target has been validated by a third party;
- b) the entity's processes for reviewing the target;
- c) the metrics used to monitor progress towards reaching the target; and
- d) any revisions to the target and an explanation for those revisions.

[NEW] M7 An entity shall disclose information about its performance against each climate-related target (beyond the APS Net Zero by 2030 target) set in paragraphs M5-6 and an analysis of trends or changes in the entity's performance. Where applicable, an entity may refer to its transition plan and/or Emissions Reduction Plan (for entities subject to the APS Net Zero by 2030 target).

M8 For each greenhouse gas emissions target disclosed in accordance with paragraphs M5-7, an entity shall disclose:

- a) which greenhouse gases are covered by the target;
- b) whether scope 1, scope 2 or scope 3 greenhouse gas emissions are covered by the target;
- c) whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target; and
- d) whether the target was derived using a sectoral decarbonisation approach.

M9 In preparing disclosures to meet the requirements in paragraphs M5-8, an entity that has adopted the APS Net Zero by 2030 target, either on a voluntary or mandatory basis, shall:

- a) disclose information on the APS Net Zero by 2030 target (set out in the Net Zero in Government Operations Strategy), as well as any other obligatory or voluntary targets set out in the entity's Emissions Reduction Plan, including:
 - i) the renewable energy targets of 80% by 2028 and 100% in 2030; and
 - ii) the fleet target of 75% of new passenger vehicle orders to be low emission vehicles by 2025, with a preference for zero emission vehicles.

Indicative Year 3 Requirements

General Requirements

The General Requirements will include additional reporting provisions for:

- Consolidated reporting [mandatory]
- Connections with financial statements

Core Requirements

Objective

- a) The objective of the Commonwealth Climate Disclosure Requirements (the Requirements) for climate-related disclosures is to set out the requirements for in-scope Commonwealth entities and Commonwealth companies (entities) to disclose information about their climate-related risks and opportunities that is useful to annual report users.
- b) The Requirements require an entity to disclose information about climate-related risks and opportunities that have, or may have, a significant impact on the entity, its ability to delivery public policy and/or its financial prospects.
- c) For the purposes of the Requirements, these risks and opportunities are collectively referred to as 'meaningful information about the entity's climate-related risks and opportunities'.

Governance

G0 The objective of climate-related disclosures on governance is to enable annual report users to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.

G1 To achieve the objective in paragraph G0, an entity shall disclose information about:

- a) the accountable authority responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify the accountable authority, as defined under section 12 of the PGPA Act, and disclose information about:
 - i) how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions or other related policies and/or legislation applicable to the accountable authority;
 - i) how the accountable authority determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;
 - ii) how and how often the accountable authority is informed about climate-related risks and opportunities;

- iii) how the accountable authority takes into account climate-related risks and opportunities when overseeing the entity's strategy and risk management processes and related policies, and when making decisions in relation to major transactions and the funds, where applicable;
 - iv) how the accountable authority oversees the setting of climate-related targets and monitors progress towards those targets (see paragraphs M5-8), including targets related to emissions reduction and any other climate-related risk and opportunity management targets; and
 - v) whether, and to what extent, risk oversight is deputised to a specific management-level position or management-level committee (assignee) and how oversight is exercised over that position or committee; and
- b) the role and responsibilities the assignee and other senior management and governance committees play in the oversight and administration of governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:
- i) whether the assignee uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.

G2 In preparing disclosures to meet the requirements in paragraph G1:

- a) entities shall have regard to The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026 when describing processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities; and
- b) NCEs shall have regard to the Net Zero in Government Operations Strategy and Commonwealth Risk Management Policy. CCEs and Commonwealth companies may choose to refer to the Net Zero in Government Operations Strategy and Commonwealth Risk Management Policy as a matter of good practice.

Strategy

S0 The objective of climate-related disclosures on strategy is to enable annual report users to understand an entity's strategy for managing climate-related risks and opportunities.

S1 To achieve the objective in paragraph S0, an entity shall disclose information to enable annual report users to understand:

- a) material information about the entity's climate-related risks and opportunities (see paragraphs S2-3);
- b) the current and anticipated effects of those climate-related risks and opportunities on the entity's operational model (see paragraph S4);
- c) the current and anticipated effects of those climate-related risks and opportunities on the entity's public policy delivery chain and its ability to delivery public policy (see paragraph S5);
- d) the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its transition plan and/or Emissions

Reduction Plan, for entities subject to the APS Net Zero by 2030 target (see paragraph S6); and

- e) **[NEW]** the effects of those climate-related risks and opportunities on the entity's financial prospects for the reporting period, and their anticipated effects on the entity's financial prospects over the short, medium and/or long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning (see paragraphs S7-13); and
- f) the climate resilience of the entity's strategy and its operational model to climate-related changes, developments and uncertainties, taking into consideration the entity's climate-related risks and opportunities identified through climate-related scenario analysis (see paragraphs S4-6 and S14).

Climate-related risks and opportunities

S2 An entity shall disclose information in accordance with the [progressive implementation schedule](#) that enables annual report users to understand [material information](#) about the entity's climate-related risks and opportunities. Specifically, the entity shall:

- a) provide the entity's material climate-related risks and opportunities in accordance with the progressive implementation schedule. Specifically:
 - i) the entity's organisational risks and opportunities;
 - ii) the entity's policy-related risks and opportunities;
 - iii) **[NEW]** the entity's procurement-related risks and opportunities; and
 - iv) **[NEW]** the consolidated entity's risks and opportunities;
- b) explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be predominantly a climate-related physical risk or climate-related transition risk;
- c) specify the time horizons—short, medium or long term—over which the effects of each climate-related risk and opportunity identified by the entity could reasonably be expected to occur; and
- d) explain how the entity defines 'short term', 'medium term' and 'long term' and the reasons these definitions were selected.

S3 In preparing disclosures to meet the requirements in paragraphs S1-2:

- a) there is an expectation that entities will have undertaken a climate risk and opportunity assessment. This expectation is set out in The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026. Specifically:
 - i) entities are encouraged to conduct their climate risk and opportunity assessment in adherence with the Climate Risk and Opportunity Management Program, where practicable; and
 - ii) where it is impractical for an entity to adopt the Climate Risk and Opportunity Management Program methodology in full, the entity shall:
 - 1) explain why it has adopted an alternate methodology; and
 - 2) ensure that its alternate methodology is robust and defensible.

Operational model effects

S4 An entity shall disclose information that enables annual report users to understand the current and anticipated effects of climate-related risks and opportunities on the entity's operational model, and changes made to the entity's operational model in response to those effects. Specifically, the entity shall disclose:

- a) a description of the current and anticipated effects of climate-related risks and opportunities on the entity's operational model;
- b) a description of where in the entity's operational model the current and anticipated effects of climate-related risks and opportunities are concentrated; and
- c) a description of changes made to the entity's operational model to address climate-related risks and opportunities, where applicable.

Public policy effects

S5 An entity shall disclose information that enables annual report users to understand the current and anticipated effects of climate-related risks and opportunities on the entity's public policy delivery chain and its ability to deliver public policy (public policy effects). Specifically, the entity shall disclose:

- a) a description of the current and anticipated effects of climate-related risks and opportunities on the entity's public policy delivery chain, including information about:
 - i) shared effects which cut across the responsibilities of other external parties or risk owners, where appropriate; and
 - ii) where in the entity's policy delivery chain the effects of climate-related risks and opportunities are concentrated, where appropriate;
- b) a description of the extent to which the overall effects of climate-related risks and opportunities identified in S5(a) could reasonably be expected to impact the entity's ability to deliver public policy;
- c) a description of changes made to the entity's approach to policy delivery to address climate-related risks and opportunities, where applicable; and
- d) further to paragraph S5(a), an entity need not provide information about public policy effects in instances where it is impractical for the entity to do so without undue cost or effort. This may include circumstances where:
 - i) climate-related risks and opportunities are highly devolved, span across multiple external parties and/or relate to shared capital investment pools; and
 - ii) an entity may not have reasonable access to information about climate-related risks because that information is held by other external parties or risk owners and does not form part of existing contractual reporting arrangements (for example, contractual reporting arrangements between an entity and its service provider).

Strategy and decision-making effects

S6 An entity shall disclose information that enables annual report users to understand the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose:

- a) information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making. This includes how the entity considers climate-related risks and opportunities in public policy development, implementation and assurance, and how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law, regulation or policy. This includes the targets set in Australia's Nationally Determined Contribution (NDC) under the Paris Agreement, such as the APS Net Zero by 2030 target. Specifically, the entity shall disclose information about:
- i) current and anticipated changes to the entity's public policy development, implementation and assurance;
 - ii) any transition plan and/or Emissions Reduction Plan (for entities subject to the APS Net Zero by 2030 target) the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies;
 - iii) how the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets disclosed in accordance with paragraphs M5-7, through planned mitigation efforts;
 - iv) how the entity plans to reduce its exposure and/or vulnerability to climate-related risks, including:
 - 1) through the use of existing controls and additional actions, as well as broader adaptation plans, where relevant; and
 - 2) whether and how the entity plans to redeploy, repurpose, upgrade or decommission existing assets;
- b) **[NEW]** information about the progress of plans disclosed in previous reporting periods in accordance with paragraph S6(a); and
- c) further to paragraph S6(a)(iii) and (a)(iv), an entity may refer to its transition plan and/or Emissions Reduction Plan (for entities subject to the APS Net Zero by 2030 target) when disclosing information about the entity's planned mitigation and adaptation efforts.

[NEW] Financial position, financial performance and cash flows effects

S7 An entity shall disclose information that enables annual report users to understand:

- a) the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects); and
- b) the anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and/or long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).

S8 Specifically, an entity shall disclose qualitative and quantitative information, where appropriate (see paragraphs S12-13), about:

- a) how climate-related risks and opportunities have affected its consolidated financial position, financial performance and cash flows for the reporting period (including consideration of departmental and administrative accounts, where applicable);
- b) the climate-related risks and opportunities identified in paragraph S8(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;
- c) how the entity expects its financial position to change over the short, medium and/or long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:
 - i) its investment and disposal plans, including plans the entity is not contractually committed to; and
 - ii) its planned sources of funding to implement its strategy; and
- d) how the entity expects its financial performance and cash flows to change over the short, medium and/or long term, given its strategy to manage climate-related risks and opportunities.

S9 In providing quantitative information, an entity may disclose a single amount or a range.

S10 In preparing disclosures about the anticipated financial effects of a climate-related risk or opportunity, an entity shall:

- a) use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort; and
- b) use an approach that is commensurate with the skills, capabilities and resources that are available to the entity for preparing those disclosures.

S11 An entity need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity if the entity determines that:

- a) those effects are not separately identifiable; or
- b) the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.

S12 In addition, an entity need not provide quantitative information about the anticipated financial effects of a climate-related risk or opportunity if the entity does not have the skills, capabilities or resources to provide that quantitative information.

S13 If an entity determines that it need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity applying the criteria set out in paragraphs S11-12, the entity shall:

- a) explain why it has not provided quantitative information;
- b) provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that climate-related risk or opportunity; and
- c) provide qualitative information about the combined financial effects of that climate-related risk or opportunity with other climate-related risks or opportunities and other factors, where appropriate.

Climate-related scenario analysis

S14 An entity shall disclose information that enables annual report users to understand how climate-related scenario analysis was carried out as part of the entity's climate risk and opportunity assessment. The entity shall use a climate-related scenario analysis approach that is commensurate with the entity's circumstances (i.e. qualitative or quantitative). An entity shall carry out its climate-related scenario analysis against at least two plausible and distinct climate-related scenarios, one of which must align with the low global warming scenario set out in the *Climate Change Act 2022* (i.e. limiting global warming to 1.5°C) and one of which must align with a higher global warming scenario (i.e. an increase of 2.5°C or higher). Specifically, the entity shall disclose:

- a) how and when the climate-related scenario analysis was carried out, including:
 - i) information about the key inputs the entity used, including:
 - 1) which climate-related scenarios the entity used for the analysis and the sources of those scenarios;
 - 2) the time horizons the entity used in the analysis; and
 - 3) what scope of operations the entity used in the analysis (for example, the operating locations and divisional units used in the analysis);
 - ii) the key assumptions the entity made in the analysis, including assumptions (where relevant) about:
 - 1) climate-related policies in the jurisdictions in which the entity operates, including (but not limited to) state and territory greenhouse gas emissions targets that may be more ambitious than corresponding national targets or APS targets;
 - 2) macroeconomic trends;
 - 3) national- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources);
 - 4) energy usage and mix; and
 - 5) developments in technology; and
 - iii) the reporting period in which the climate-related scenario analysis was carried out.

Risk management

The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026 sets out the expectations for climate risk assessment and management by Commonwealth entities and companies. Under the Approach, entities are encouraged to conduct climate risk and opportunity assessments in adherence with the Climate Risk and Opportunity Management Program, where practicable.

In giving effect to the Risk management criteria set out below, entities may choose to refer to the Climate Risk and Opportunity Management Program and associated documentation in their disclosure, where applicable. Further information on these policies is available on the [Climate Risk and Opportunity Management Program](#) webpage.

R0 The objective of climate-related disclosures on risk management is to enable annual report users to understand an entity's processes to identify, assess, prioritise, manage and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.

R1 To achieve the objective in paragraph R0, an entity shall disclose information about:

- a) the processes and related policies the entity uses to identify, assess, prioritise, manage and monitor climate-related risks, including information about:
 - i) the inputs and parameters the entity uses (for example, information about data sources, the significant areas of uncertainty and the scope of operations covered in the processes);
 - ii) how the entity assesses the nature, likelihood and magnitude of the effects of those risks;
 - iii) whether and how the entity prioritises climate-related risks relative to other types of risk;
 - iv) how the entity manages climate-related risks;
 - v) how the entity monitors climate-related risks; and
 - vi) whether and how the entity has changed the processes it uses compared with the previous reporting period;
- b) the processes the entity uses to identify, assess, prioritise, manage and monitor climate-related opportunities; and
- c) the extent to which, and how, the processes for identifying, assessing, prioritising, managing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.

R2 In identifying the processes and related policies the entity uses to achieve the objective in R1:

- a) the entity may reference The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026 and describe whether and how it implements the processes outlined in the Climate Risk and Opportunity Management Program.

Metrics and targets

All entities are subject to the whole-of-Australian-Government emissions reporting requirements set out in the APS Net Zero Emissions Reporting Framework. The Framework is updated periodically over time to reflect expansions in emissions reporting.

The APS Net Zero by 2030 target applies to in-scope NCEs. CCEs and Commonwealth companies can declare they will meet the 2030 target or are encouraged to declare their own net zero or greenhouse gas emissions targets. The design of the APS Net Zero by 2030 target is set out in the Net Zero in Government Operations Strategy.

Where applicable, entities are to disclose information about the above centrally driven policies in accordance with the Metrics and targets criteria set out below. Further information on these policies is available on the [Climate Action in Government Operations webpage](#).

M0 The objective of climate-related disclosures on metrics and targets is to enable annual report users to understand an entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law, regulation or policy. This includes the targets set in Australia's Nationally Determined Contribution (NDC) under the Paris Agreement, such as the APS Net Zero by 2030 target.

M1 To achieve the objective in paragraph M0, an entity shall disclose:

- a) information relevant to the cross-industry metric categories, if applicable (see paragraph M2);
- b) information relevant to greenhouse gases (see paragraph M3); and
- c) targets set by the entity, and any targets it is required to meet by law, regulation or policy, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the accountable authority or management to measure progress towards these targets (see paragraphs M5-9);
 - i) this includes (but is not limited to) the APS Net Zero by 2030 target, where applicable.

Climate-related metrics

M2 An entity shall consider the applicability of disclosing information relevant to the cross-industry metric categories of:

- a) climate-related transition risks—the amount and percentage of assets or operational and service activities vulnerable to climate-related transition risks;
- b) climate-related physical risks—the amount and percentage of assets or operational and service activities vulnerable to climate-related physical risks;
- c) climate-related opportunities—the amount and percentage of assets or operational and service activities aligned with climate-related opportunities;
- d) capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities; and
- e) **[NEW]** internal carbon prices—the entity shall disclose:
 - i) an explanation of whether and how the entity is applying a carbon price in decision-making; and
 - ii) the price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions.

M3 An entity shall disclose information relevant to greenhouse gases following the APS Net Zero Emissions Reporting Framework. An entity shall:

- a) disclose its gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO₂ equivalent, classified as:
 - i) scope 1 greenhouse gas emissions;
 - ii) scope 2 greenhouse gas emissions; and

- iii) scope 3 greenhouse gas emissions, for select scope 3 greenhouse gas emissions as per the APS Net Zero Emissions Reporting Framework;
- b) disclose the approach, inputs, assumptions and methodologies set out in the APS Net Zero Emissions Reporting Framework that are used to measure its greenhouse gas emissions, including any changes from the previous reporting period;
- c) **[NEW]** for scope 1, scope 2 and select scope 3 greenhouse gas emissions disclosed in accordance with paragraph M3(a), disaggregate emissions between:
 - i) the consolidated accounting group;
- d) **[NEW]** further to paragraph M3(c):
 - i) disaggregation of emissions should occur only where it is practical for an entity to do so without undue cost or effort; and
 - ii) where an entity's emissions cannot be disaggregated without undue cost or effort, the entity must identify the subordinate entities whose emissions are encompassed within its aggregated disclosure;
- e) for scope 2 and scope 3 greenhouse gas emissions disclosed in accordance with paragraph M3(a)(ii) and (a)(iii), include its location-based and market-based scope 2 and scope 3 greenhouse gas emissions for its electricity-related greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's market-based scope 2 and scope 3 greenhouse gas emissions; and
- f) for scope 3 greenhouse gas emissions disclosed in accordance with paragraph M3(a)(iii), and with reference to the APS Net Zero Emissions Reporting Framework, disclose:
 - i) the categories included within the entity's measure of scope 3 greenhouse gas emissions; and
 - ii) **[NEW]** additional information about the entity's greenhouse gas emissions associated with its investments (financed emissions), where an entity is listed as an investment entity in Appendix A.

[NEW] M4 In preparing disclosures to meet the requirements in paragraph M3(f)(ii), the investment entity shall disclose:

- a) its gross financed emissions, disaggregated by scope 1, scope 2 and scope 3 greenhouse gas emissions;
- b) the percentage of the entity's total assets under management or gross exposure included in the financed emissions calculation, and an explanation of any exclusions; and
- c) the methodology the entity used to calculate its financed emissions, including the method of allocation the entity used to attribute its share of emissions in relation to the size of its gross exposure, or total assets under management.

Climate-related targets

M5 An entity shall disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to

meet by law, regulation or policy, including any greenhouse gas emissions targets. This includes (but is not limited to) the APS Net Zero by 2030 target, where applicable. For each target, the entity shall disclose:

- a) the metric used to set the target;
- b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);
- c) the part of the entity to which the target applies (for example, whether the target applies to the entity in its entirety or only a part of the entity, such as a specific divisional unit or specific geographical region);
- d) the period over which the target applies;
- e) the base period from which progress is measured;
- f) any milestones and interim targets;
- g) if the target is quantitative, whether it is an absolute target or an intensity target; and
- h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.

M6 An entity shall disclose information about its approach to setting and reviewing each target identified in paragraph M5, and how it monitors progress against each target, including:

- a) whether the target and the methodology for setting the target has been validated by a third party;
- b) the entity's processes for reviewing the target;
- c) the metrics used to monitor progress towards reaching the target; and
- d) any revisions to the target and an explanation for those revisions.

M7 An entity shall disclose information about its performance against each climate-related target (beyond the APS Net Zero by 2030 target) set in paragraphs M5-6 and an analysis of trends or changes in the entity's performance. Where applicable, an entity may refer to its transition plan and/or Emissions Reduction Plan (for entities subject to the APS Net Zero by 2030 target).

M8 For each greenhouse gas emissions target disclosed in accordance with paragraphs M5-7, an entity shall disclose:

- a) which greenhouse gases are covered by the target;
- b) whether scope 1, scope 2 or scope 3 greenhouse gas emissions are covered by the target;
- c) whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target;
- d) whether the target was derived using a sectoral decarbonisation approach;
- e) **[NEW]** the entity's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target, if applicable. In explaining its planned use of carbon credits, including carbon credits it has already purchased and plans to use

to meet its net greenhouse gas emissions target, the entity shall disclose information including:

- i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;
- ii) which third-party scheme(s) will verify or certify the carbon credits;
- iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and
- iv) any other factors necessary for annual report users to understand the credibility and integrity of the carbon credits the entity plans to use.

M9 In preparing disclosures to meet the requirements in paragraphs M5-8, an entity that has adopted the APS Net Zero by 2030 target, either on a voluntary or mandatory basis, shall:

- a) disclose information on the APS Net Zero by 2030 target (set out in the Net Zero in Government Operations Strategy), as well as any other obligatory or voluntary targets set out in the entity's Emissions Reduction Plan, including:
 - i) the renewable energy targets of 80% by 2028 and 100% in 2030; and
 - ii) the fleet target of 75% of new passenger vehicle orders to be low emission vehicles by 2025, with a preference for zero emission vehicles.

Appendix A

Proposed list of investment entities to report financed emissions

Portfolio	Entity
Agriculture, Fisheries and Forestry	Regional Investment Corporation
Climate Change, Energy, the Environment and Water	Australian Renewable Energy Agency
Climate Change, Energy, the Environment and Water	Clean Energy Finance Corporation
Finance	Future Fund Management Agency
Foreign Affairs and Trade	Export Finance and Insurance Corporation
Foreign Affairs and Trade	The Australian Infrastructure Financing Facility for the Pacific
Industry, Science and Resources	National Reconstruction Fund Corporation
Infrastructure, Transport, Regional Development, Communications and the Arts	Northern Australia Infrastructure Facility
Treasury	Housing Australia

Document control

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1	December 2024	Initial release

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