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Australian Accounting Standards Board

2025 Sustainability Research Forum

Explore the evolving
sustainability landscape





Australian Government

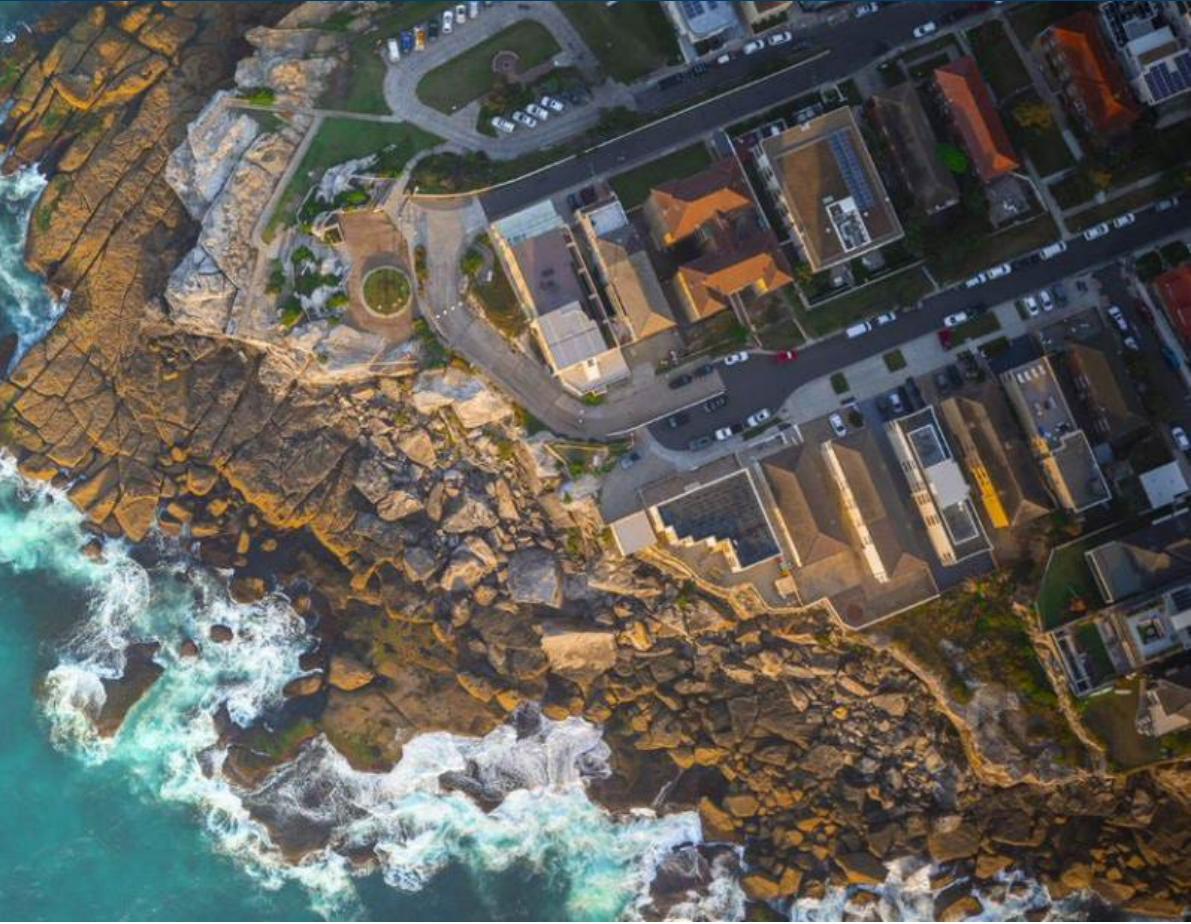
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Australian Climate Service

A changing environment

(based on information provided to
the National Climate Risk
Assessment)

Richard Matear (CSIRO)



Outline

- **National Climate Risk Assessment – what it considered**
- **Future climate and hazard products**
- **National Climate Risk Assessment – key findings**



The Australian Climate Service (ACS) is a partnership made up of world leading science, information and expertise from the Bureau of Meteorology, CSIRO, the Australian Bureau of Statistics, and Geoscience Australia.

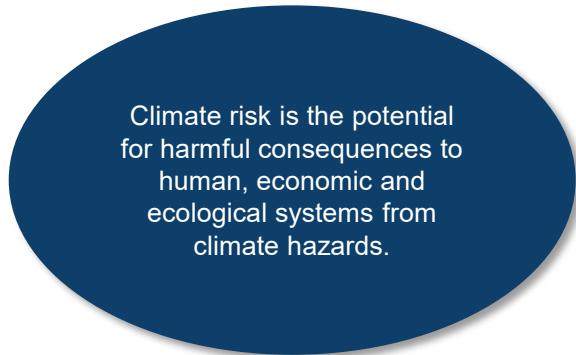


Together, we are working to **enable a safer, adaptive and prosperous Australia that is resilient and prepared for climate change.**



Australian Climate Service

Understanding climate risk



IPCC 2022 and Simpson 2021



Key functional systems

Australia's 8 key functional systems



Aboriginal and Torres Strait Islander Peoples



Communities – urban, regional and remote



Defence and national security



Economy, trade and finance



Health and social support



Infrastructure and the built environment



Natural environment



Primary industries and food

Priority hazards



Changes in temperature including extremes



Drought and changes in aridity



Bushfires, grassfires and air pollution



Extratropical storms



Convective storms including hail



Tropical cyclones



Riverine and flash flooding



Coastal and estuarine flooding



Coastal erosion and shoreline change



Ocean warming and acidification



Priority risks



Coastal communities and settlements



Real economy



Health and wellbeing



Critical infrastructure



Concurrency pressures in emergency response and recovery



Natural ecosystems



Primary industries



Regional and remote communities



Governance



Supply chains



Water security



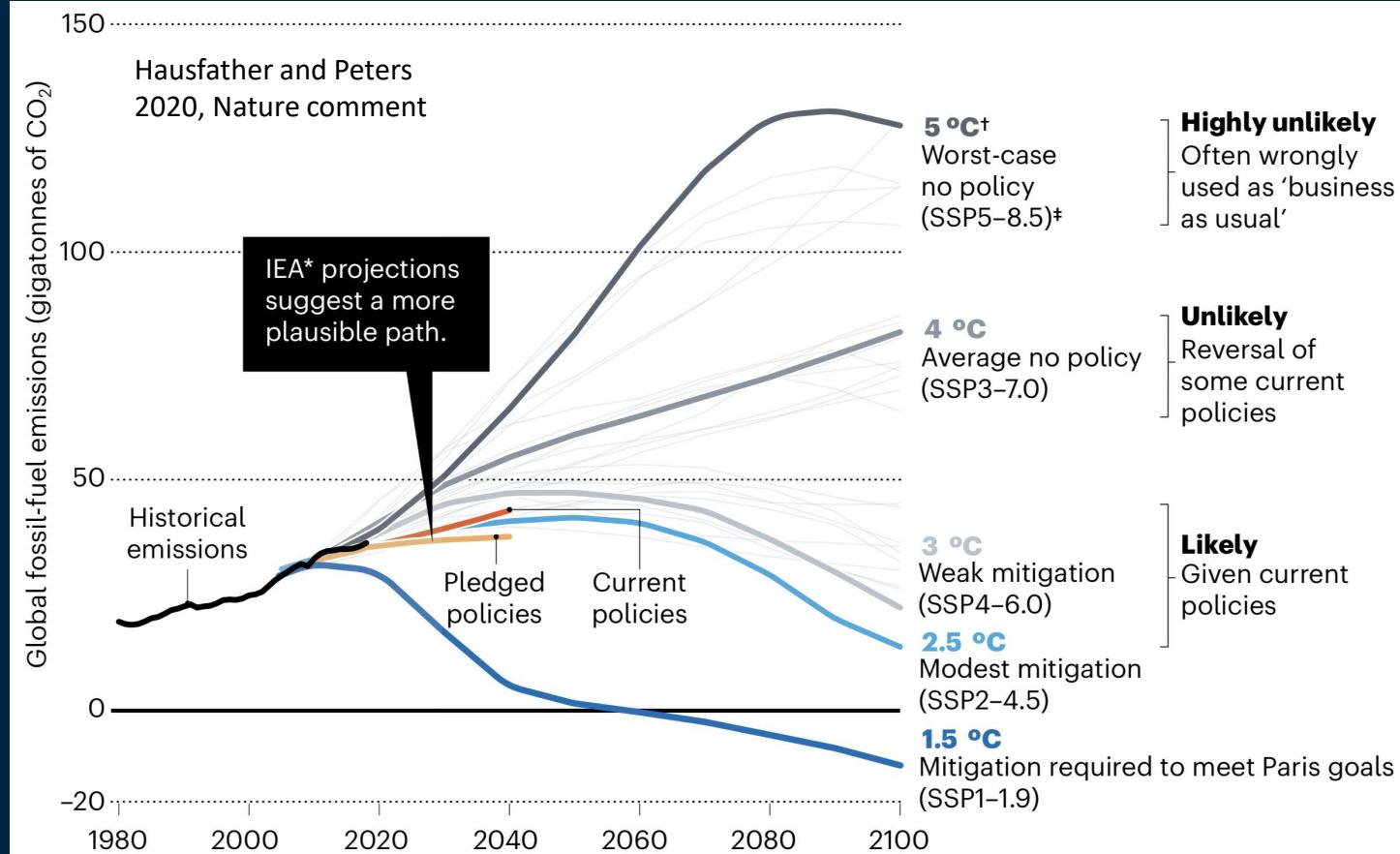
Future climate and hazards: approach



SSPs – Shared Socioeconomic Pathways

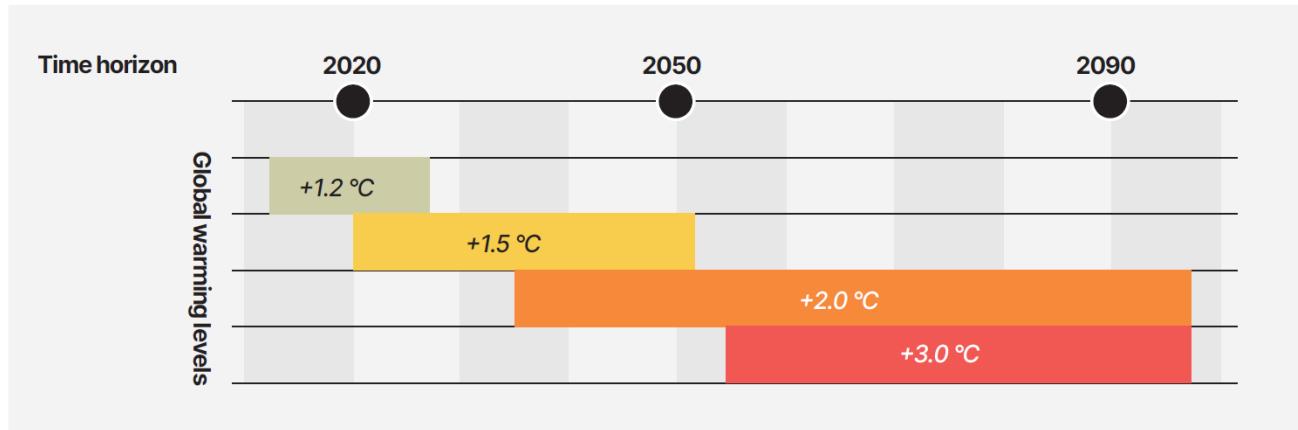
Regional Climate Model
Simulations:
SSP3-7.0
SSP1-2.6

Comms challenge:
People expect we are on
the highest scenario and
the low option is
impossible



Global warming levels and time horizons

Climate projections based on **global warming levels** (GWLs) describe the expected change that will be experienced in Australia when the world reaches particular levels of mean global warming compared to the preindustrial era (1850-1900)

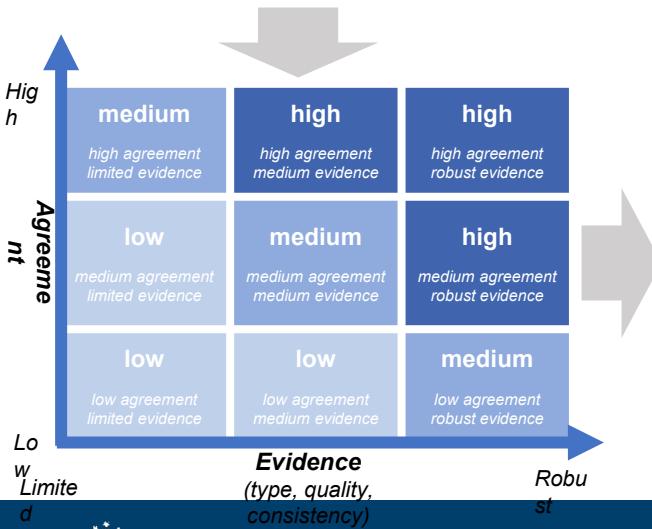


Windows for a high emissions scenario (SSP3-7.0)

We are likely to avoid reaching 2 or 3 °C under a low scenario (Paris Agreement compliant)



Confidence



Confidence	Examples	How to think about this
Statement of fact	The climate has warmed since 1850	A fact
Very High	Future increase in heat extremes, sea level extremes	Plan confidently for this outcome (but assess different magnitudes)
High	Increase in fire weather in the south	
Medium	Increased time in drought in the south	A guide best current estimate, but remain flexible
Low	Increase in Cat 4-5 tropical cyclones	Guide to which way to lean, not which way to jump
Changes unclear	Changes to large hail	Plan for various possibilities – do NOT assume no change

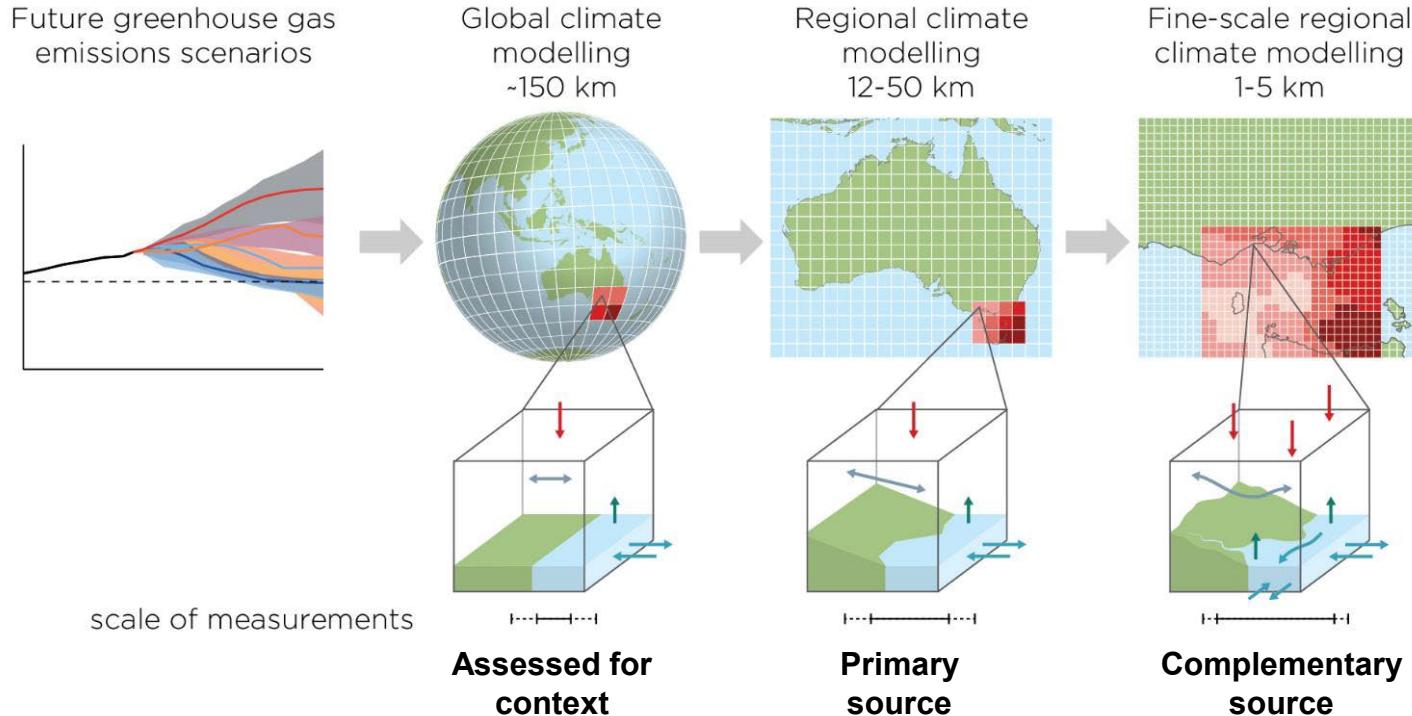
Confidence can be assessed for:

- Direction of change
- Magnitude of change

Confidence scale (adapted from IPCC AR5 and AR6) IPCC (2021)



Climate models



Future Climate and Hazard Products



Changes in temperature including extremes

- Australia's land **temperature has warmed by about 1.51°C since 1910**, and is projected to continue warming
- Warmer temperatures bring **more frequent and severe extreme heat events**
- **Increased health risks from rising temperatures**

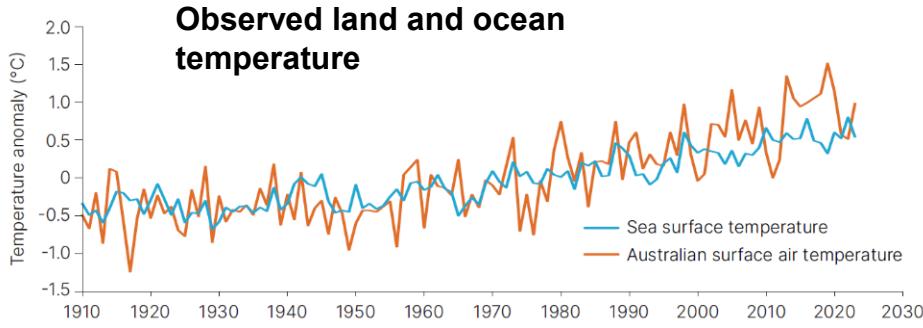
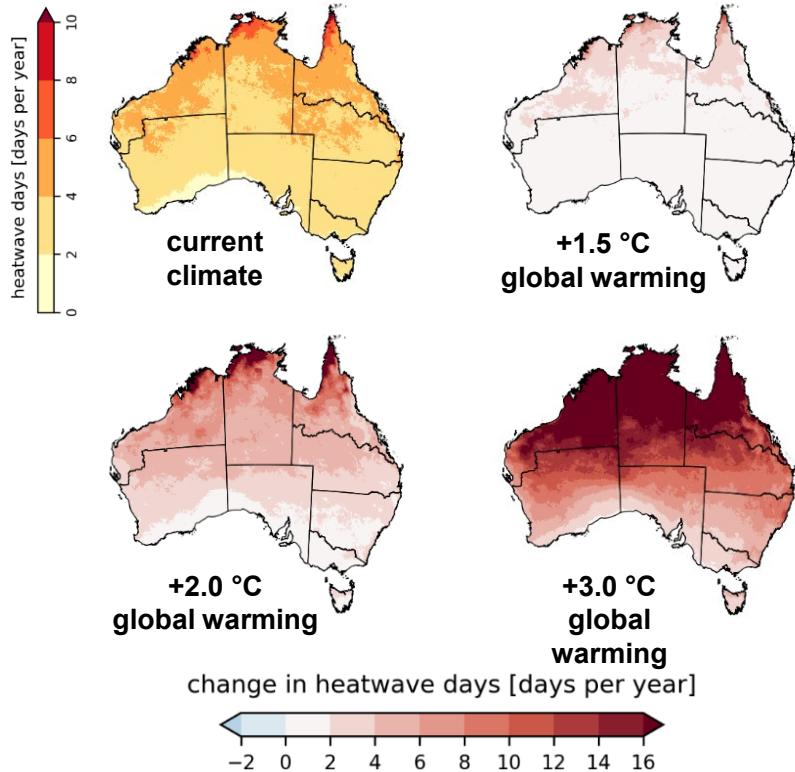


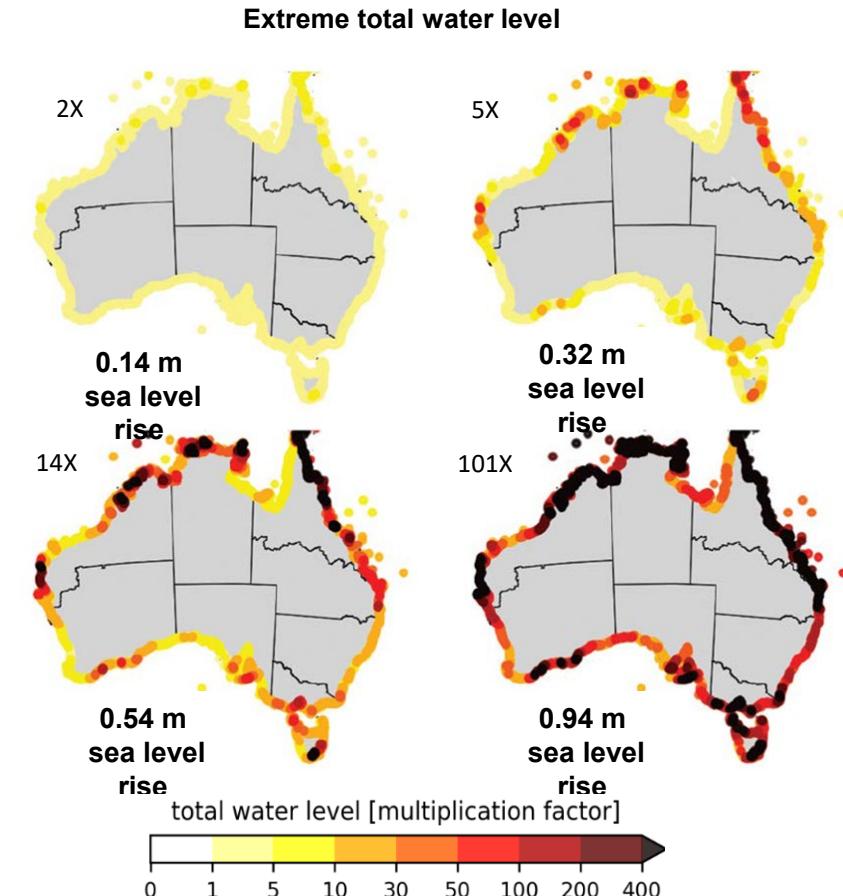
Figure adapted from State of the Climate (2024)

Severe or extreme heatwave days



Impacts of coastal hazards

- **Extreme total water level** varies regionally due to the interaction of **tides, storm surge, waves and sea level rise**
- **Multiplication factor** – scaling applied to flood frequency of future extreme total water levels
- Extreme total water levels are used to estimate coastal inundation using local topography information



Climate and Hazard Products –rigorous and authoritative

- GWLs 1.2, 1.5, 2.0, 3.0 °C
- 14 Regional Climate Model simulations (SSP370 and SSP126)

Essential Climate Variables



- Temperature - daily maximum surface temperature and monthly averaged SST
- Rainfall – annual, seasonal and wettest day
- Sea Level Rise – multi-model mean regional sea level rise
- Ocean Acidification – monthly pH and Aragonite Saturation State (plus many others)

Hazards



- Hottest day and extreme heatwave days (EHF)
- Time spent in drought (SPI), and rainfall deficit
- FFDI > 25 and 50 and Fire classes
- Frequency of extra-tropical lows
- Tropical cyclone frequency (not all GWLs)
- Maximum daily runoff and annual total 90th % runoff
- Annual maximum 1-day and 5-day rainfall
- Coastal flood days, extreme water levels multiplication factor, coastal inundation maps for AEP=0.01
- Marine heatwaves and degree heating weeks

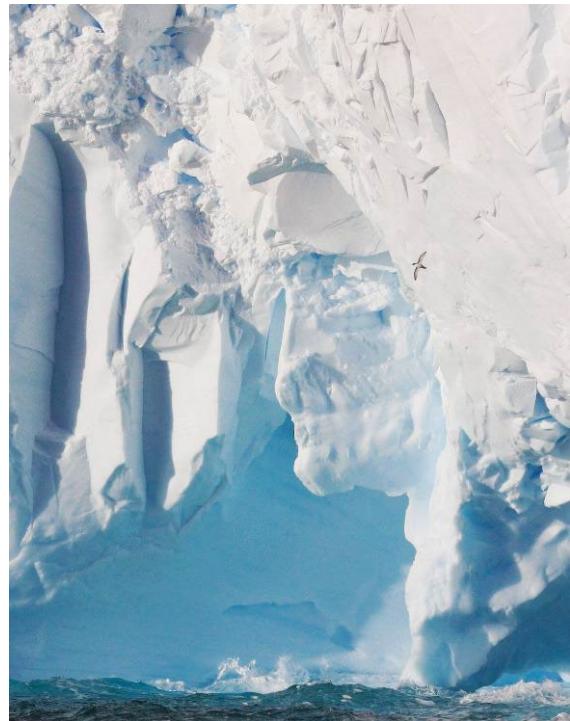
Compounding hazards

- **More compounding, concurrent and consecutive** hazards, together with non-climate disruption creating **cascading impacts**
- Compound events can have **severe impacts across sectors**
- **Impacts to disaster preparation and response**, including escalating costs



Known unknowns in climate projections

- **Global climate models capture only some aspects of tipping points or abrupt changes**
- **Risk of multiple abrupt changes increases with every increase in global warming** including:
 - **Ice sheet losses** in West Antarctica and Greenland
 - **Slow down / shut down** of the Atlantic and Southern Ocean overturning circulations
 - Australian **monsoon changes**
 - A 'regime shift' in the atmospheric circulation and storm tracks over the Southern Ocean
 - Water catchment behaviour changes



- National Climate Risk Assessment – key findings



National Climate Risk Assessment – key findings



Increase in extreme and compound hazard events



Coastal communities face intensifying risks from sea level rise and extreme events



Regional and remote communities are vulnerable to disruption and economic decline



Extreme heat is emerging as a widespread and systemic risk



Australia's natural environment under pressure, with cascading consequences



Economic systems are being eroded by climate-related pressures

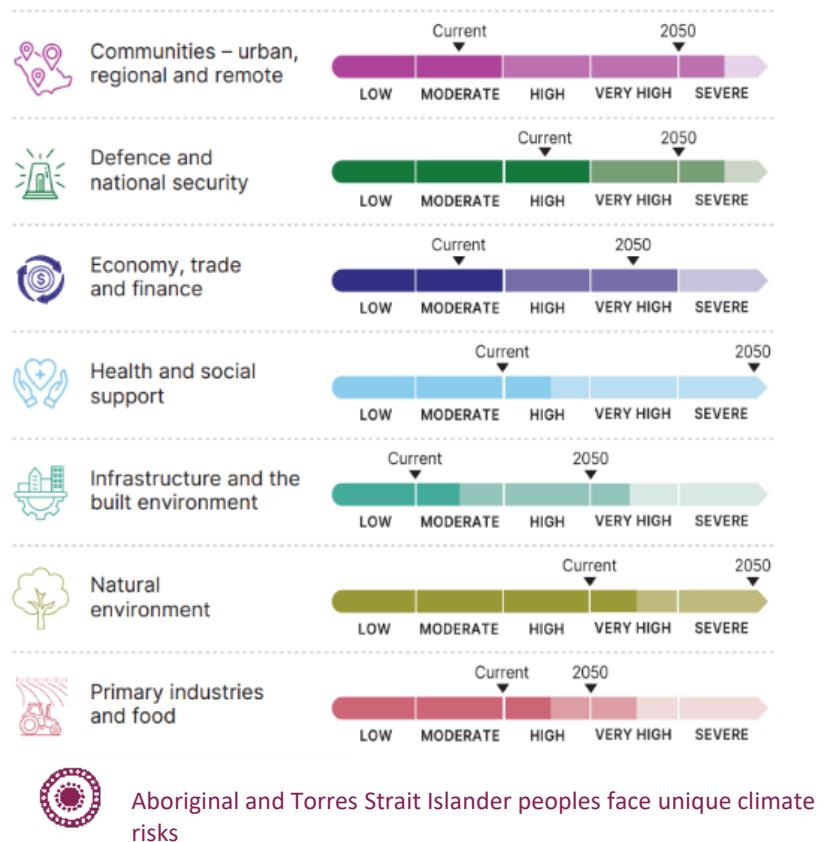


Understanding drivers of risk provides options in responding to climate risk



What does the National Assessment tell us

- Climate change is not an over-the-horizon issue.
- Every Australian is already being impacted by climate change
- Impacts to Australian society and the systems that underpin them will worsen over time



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Australia's National Climate Risk Assessment: An Overview

Other supporting technical resources such as:

- Climate Risks to Aboriginal and Torres Strait Islander Peoples
- Technical reports and data resources



Australia's National Climate Risk Assessment Report



Australia's Future Climate and Hazards Report

Find the National Climate Risk Assessment

on the

Australian Climate Service website

acs.gov.au



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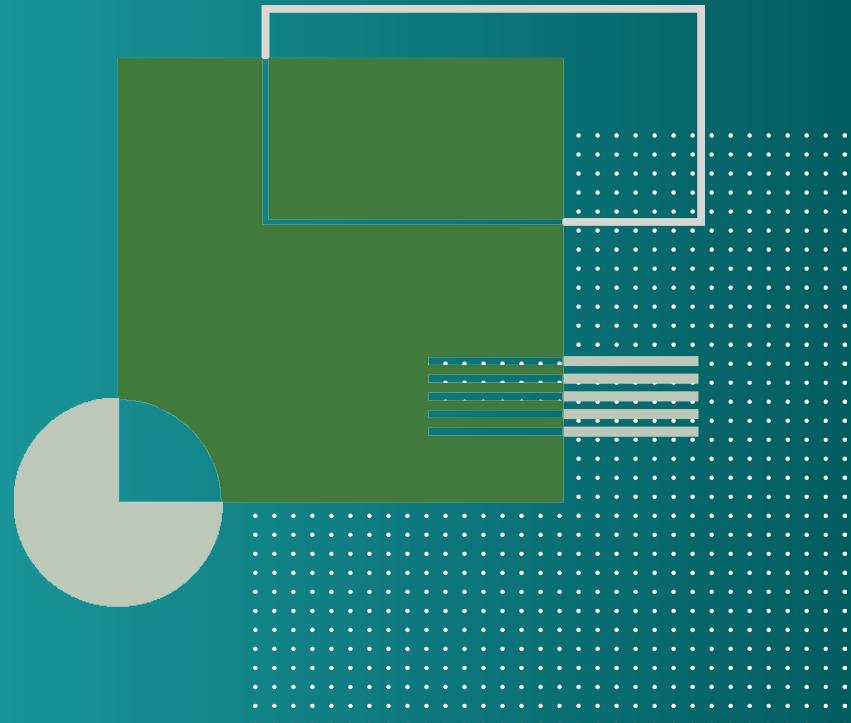


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AASB Sustainability Reporting Update: One Year In

AASB Sustainability Research Forum
November 2025





Structure

1

**AASB S2
Implementation
support**

2

**IFRS S2/AASB S2
proposed targeted
amendments**

3

Looking ahead



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ASRS Journey

IFRS S1 and S2

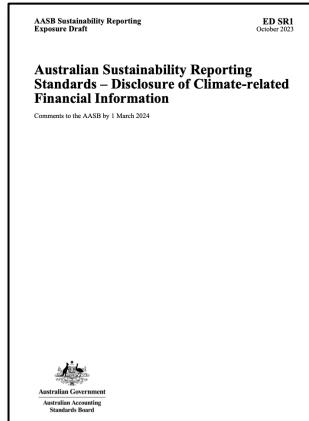
June 2023

AASB ED SR 1

Oct 2023

AASB S1 and S2

Sep 2024



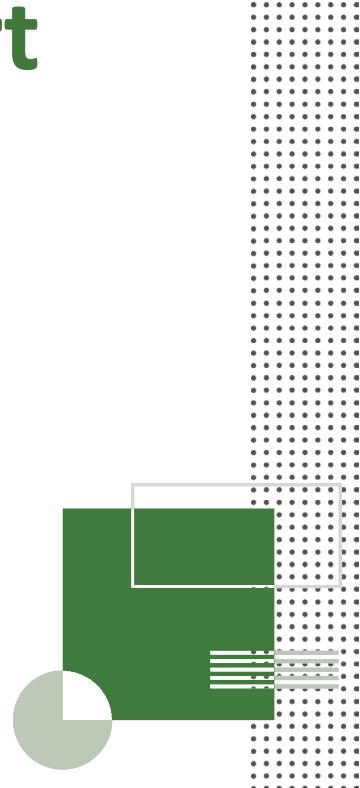
AASB No.	Title
AASB S1	General Requirements for Disclosure of Sustainability-related Financial Information [voluntary]
AASB S2	Climate-related Disclosures



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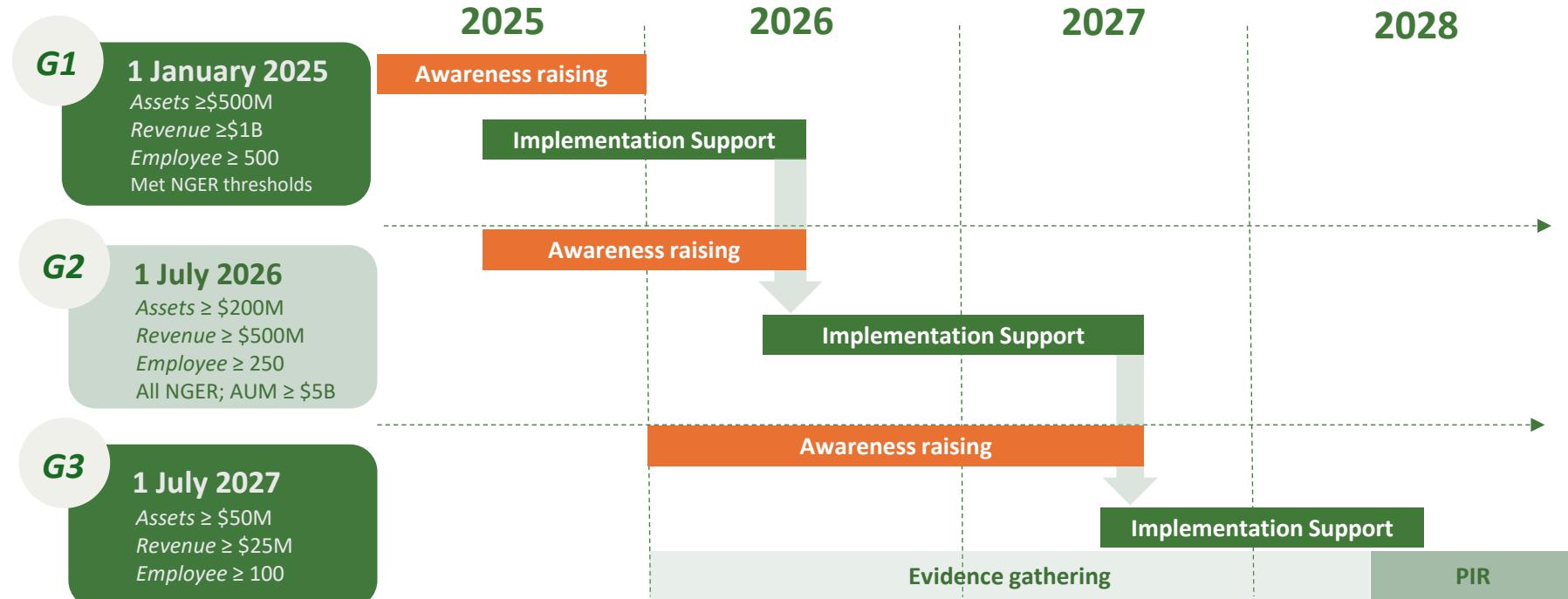
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AASB S2 Implementation support



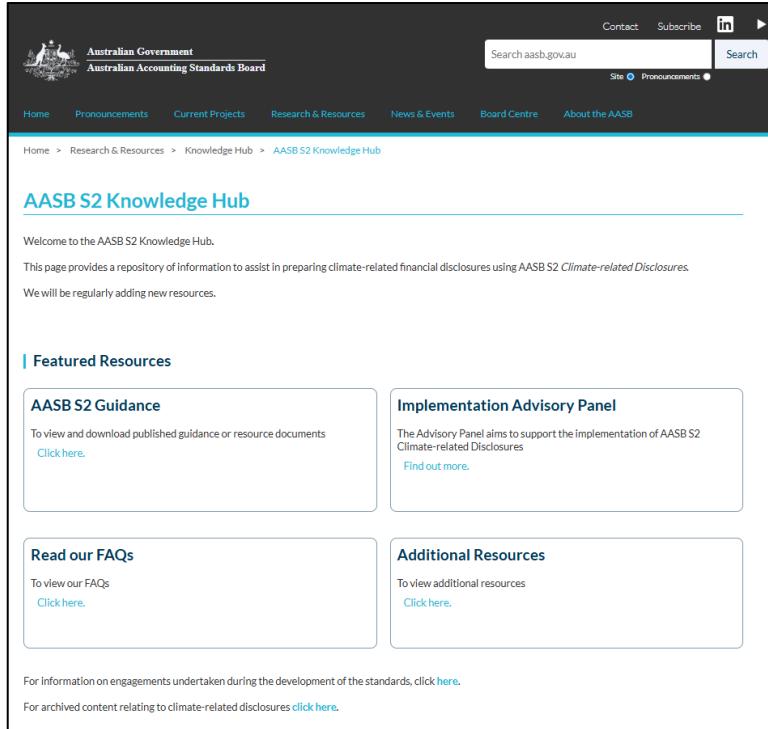


AASB S2 – Implementation timeline





AASB S2 Knowledge Hub



The screenshot shows the homepage of the AASB S2 Knowledge Hub. The header includes the Australian Government crest, the AASB logo, and navigation links for Contact, Subscribe, and social media (LinkedIn, YouTube). A search bar is at the top right. Below the header, the AASB logo is displayed again, followed by a navigation menu with Home, Pronouncements, Current Projects, Research & Resources, News & Events, Board Centre, and About the AASB. A breadcrumb trail shows Home > Research & Resources > Knowledge Hub > AASB S2 Knowledge Hub. The main content area features a heading 'AASB S2 Knowledge Hub' with a subtext: 'Welcome to the AASB S2 Knowledge Hub. This page provides a repository of information to assist in preparing climate-related financial disclosures using AASB S2 *Climate-related Disclosures*. We will be regularly adding new resources.' Below this, a 'Featured Resources' section is shown with four boxes: 'AASB S2 Guidance' (with a link to 'Click here.'), 'Implementation Advisory Panel' (with a link to 'Find out more.'), 'Read our FAQs' (with a link to 'Click here.'), and 'Additional Resources' (with a link to 'Click here.'). At the bottom, there are links for 'Engagements' and 'Archived content relating to climate-related disclosures'.

A repository of curated information
to assist in preparing climate-related
financial disclosures using AASB S2



<https://aasb.gov.au/research-resources/knowledge-hub/aasb-s2-knowledge-hub/>



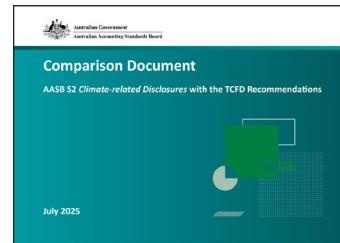


AASB S2 Guidance

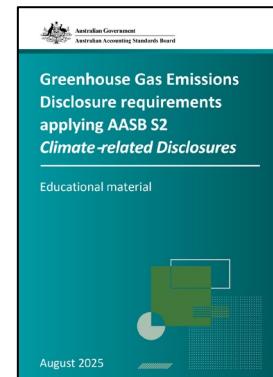
Overview of Requirements April 2025



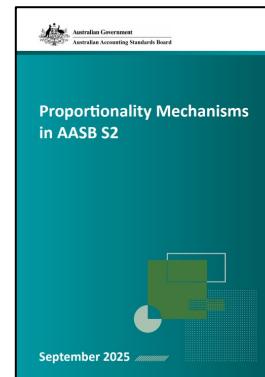
AASB S2 to TCFD July 2025



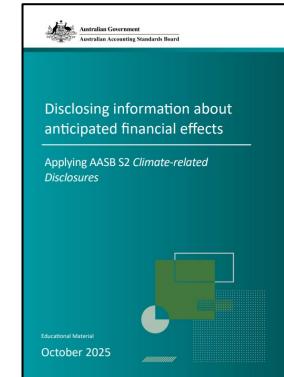
GHG Disclosures August 2025



Proportionality September 2025



Anticipated financial effects October 2025





Additional resources

Frequently asked questions

General FAQs

Scope, application and regulatory context

Technical FAQs

AASB S2-specific issues

Third-party resources

ASIC - Sustainability reporting website

FAQs and administrative information on the interaction between AASB S2 and the regulatory regime.

[Click here to access.](#)

ASIC - Regulatory Guidance

Key detailed information on the administration of the climate-related financial disclosure regime, interaction with AASB S2 and ASIC's approach to enforcement.

[Click here to access.](#)

Australian Climate Service

Offers resources on climate hazards, exposure and vulnerability and risk assessment tools to provide advice on climate-related risks and impacts.

[Click here to access.](#)

Australian Climate Service - National Climate Risk Assessment

This report explores 11 significant climate risks facing Australia at a system level, highlighting potential vulnerabilities to people, infrastructure, economy and the environment. The assessment can be used to help identify climate-related risks and opportunities relevant to reporting entities.

[Click here to access.](#)

DCCEEW - National Adaptation Plan

This plan outlines a framework for Australia to adapt to nationally significant physical climate risks at a system level. The plan can be useful to help identify climate-related risks and opportunities relevant to reporting entities.

[Click here to access.](#)

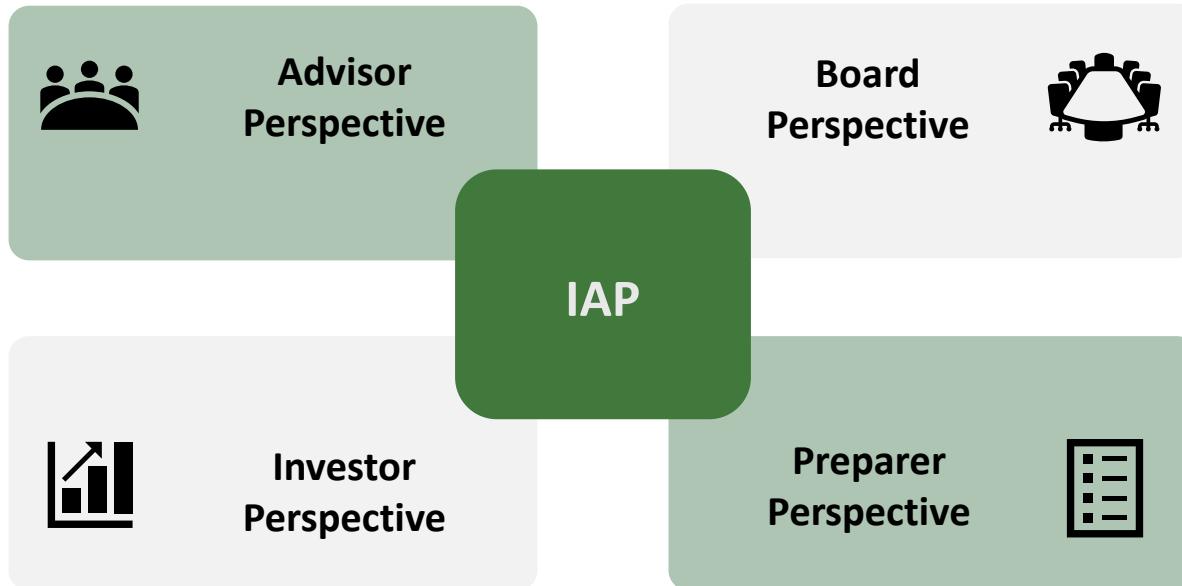
CSIRO - State of the Climate

Report published biennially by CSIRO and the Bureau of Meteorology that presents the latest scientific observations and projections on Australia's changing climate.

[Click here to access.](#)



AASB S2 Implementation Advisory Panel





Responding to implementation submissions

The IAP received a question regarding whether particular climate-related targets are required to be disclosed under AASB S2.



Published an FAQ in the S2 Knowledge Hub detailing what climate-related targets are under AASB S2, and providing a fact pattern of where disclosures may be required.



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Events (and more events)

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 IFRS Sustainability

AASB S2 Technical Training: Two-Day Workshop

 Sue Lloyd
Vice Chair, IASSB
Training Facilitator

In partnership with the IFRS Foundation, the AASB is delivering a technical training program designed to support large entities in applying AASB S2. This **In-person** program will offer a mix of expert-led training, Q&A, breakout sessions and networking opportunities.

12 - 13 August **Sydney** **In-person only**

Training topics include:

- ✓ AASB S2 and Related Materials
- ✓ Voluntary AASB S1
- ✓ Conceptual Foundations
- ✓ Core Content: Governance, Strategy, Risk Management, and Metrics & Targets
- ✓ Assessing Materiality
- ✓ Scenario Analysis
- ✓ GHG Emissions (including Scope 3)
- ✓ General Requirements and Judgements, Uncertainties & Errors

Who should attend?

- ✓ Professionals from large entities, accounting firms, and organisations involved in AASB S2 implementation or training
- ✓ Sustainability or ESG reporting professionals

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2mo

<https://lnkd.in/gNJAVzsb>

 Finance Leaders Forum | 3 September 2026 | Sydney
392 followers
2mo

A big thank you to Dr **Keith Kendall**, Chair of the Australian Accounting Standards Board for his powerful keynote on Climate Disclosures and Emerging Directions.

Keith shared critical insights on the evolving landscape of climate-related reporting, what finance leaders need to prepare for, and how disclosure standards are shaping the future of transparency and accountability.

An essential session for leaders navigating the intersection of finance, governance, and sustainability.



 Australian Accounting Standards Board
34,214 followers
4mo

Dr. **Eric C.T. Lee**, **#AASB** Research Director, **Doug Niven**, **#AUASB** Chair, and **Nimash Bhikha CA** **#XRB** Technical Director - Accounting, exchanged ideas about key standard-setting projects at the **Accounting and Finance Association of Australia and New Zealand** conference. This was followed by a panel discussion moderated by AASB Senior Manager **Tom Frick** "Climate-related Disclosures – where we are at and what's next," featuring Dr. **Lachlan McDonald-Kerr**, AASB Principal and Co-Lead Sustainability, **Doug Niven**, **Karen Tipper**, XRB Technical Director - Assurance and Associate Professor **Terence Jeyaretnam**. **#AFAANZ**





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Governmental collaboration

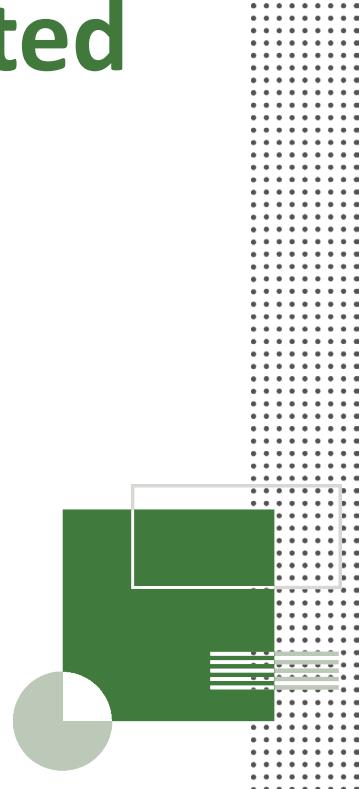




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IFRS S2/AASB S2 proposed targeted amendments





What disclosure requirements do the proposed amendments relate to?

1

Measurement and disclosure of Scope 3 Category 15 GHG emissions

2

Use of Global Industry Classification Standard (GICS) for specific financed emissions disclosures

3

Jurisdictional relief from using the GHG Corporate Protocol Standard*

4

Applicability of the jurisdictional relief for global warming potential (GWP) values

* The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) is referred to as the 'GHG Protocol Corporate Standard' for brevity



Timeline

ISSB and AASB
comment periods open

Release of ED SR2
*Amendments to
Greenhouse Gas
Emissions Disclosures*

ISSB and AASB
comment periods end

ISSB and AASB
consideration of
feedback

ISSB and AASB aim to
complete the project



April 2025



June 2025



July – October 2025



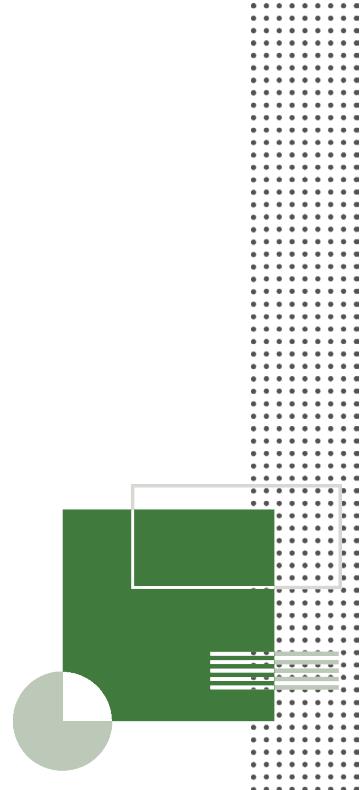
Q4 2025



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Looking ahead





Post-implementation review

Objective – Assess whether new Standards are working as intended by considering impacts on a range of stakeholders

Review relevant research



Extensive public consultation



Consider feedback and determine next steps





Post-implementation review – A useful starting place



June 2023

Effects Analysis

IFRS® Sustainability Disclosure Standards

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2 Climate-related Disclosures



Describes the likely costs and benefits of Standard

Benefits “develop over time and are often more subtle and implicit [than costs] ... the effects may need to be evaluated over the longer term”



2026 and beyond

Implementation activities

Updates to the AASB S2
Knowledge Hub

Implementation support
targeted at Groups 2 and 3

Ongoing
industry engagement

Understanding AASB S2
disclosure practices

Real-time implementation
monitoring

Preparing for AASB PIR



Research opportunities

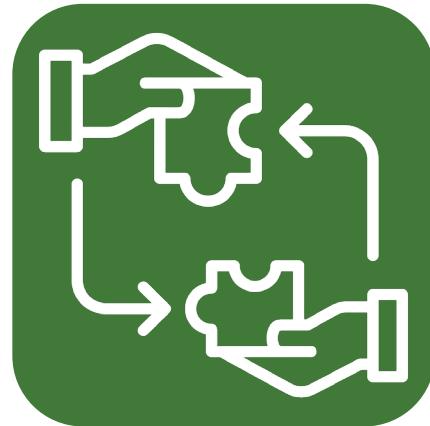
Uses of climate-related disclosures (capital markets + more)

Connectivity of financial reports and sustainability reports

Implementation insights

Systems + processes adaptation

Reach out to us early – We want to hear from you!





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Knowledge Hub



Tom Frick



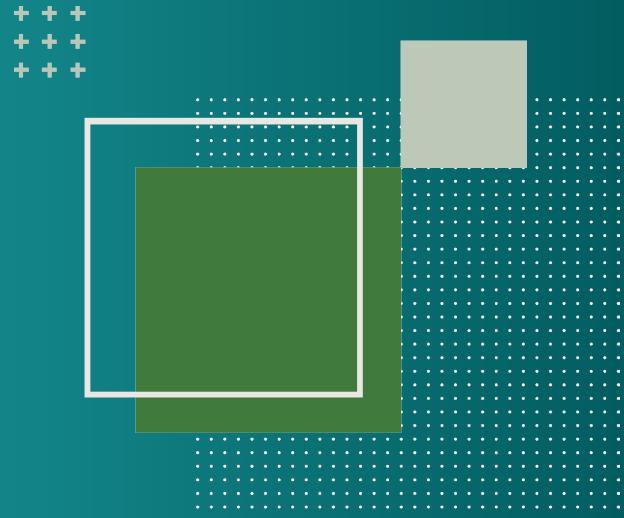
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Preparedness for Sustainability Reporting Requirements and Dealing with Evolving Expectations

AASB Sustainability Research Forum: November 2025

Roger Simnett (Deakin University & UNSW Sydney)

Stream of my activities examining preparedness (1)

My views are informed by a stream of activities.

- 2 AASB-AUASB research reports with Jean You (UNSW), on climate-related disclosures and assurance in annual reports, covering 2018-2023.
- Stage 1: Research stream on preparedness of Australian entities funded by AASB-AUASB-CAANZ, covering 2024.
- Contract Research undertaken for AASB on sustainability regimes impacting or likely to impact Australian entities
- Progress related to Stage 2 of research stream funded by AASB-AUASB-CAANZ: Implementation Readiness Snapshot of Australian reporting entities and Assurance providers under the mandatory climate-related reporting and assurance regime
- Academic research I have undertaken

2019-2025 Joint Research reports for AASB and AUASB (and CA ANZ in 2025)



This research stream resulted in AASB-AUASB research reports published in 2022 and 2023, and AASB-AUASB and CAANZ research report published in 2025

Refer: <https://aasb.gov.au/research-resources/research-centre/research-reports/>.

Methodology for AASB-AUASB (and CAANZ) research reports



Subjects:

- Nearly all ASX listed entities

Period:

- 2018-2024



Scope:

- Annual report (AR)
- Appendix 4G Corporate Governance Statement (CGS)
- Exclusion: standalone sustainability or climate report



Identification of climate-related disclosures:

- Search climate-related keywords in the AR and CSG

Climate-related keywords:

- ASIC report (2018)¹: "climate change" "global warming" "carbon emission(s)" "greenhouse gas" "climate risk" "carbon risk"
- "CO2" "climate(-) related" "climate strategy" "TCFD" "Climate Resilience" "climate active" "climate action" "GRI"

Overall trend of climate-related disclosures in the Annual Reports

Trend

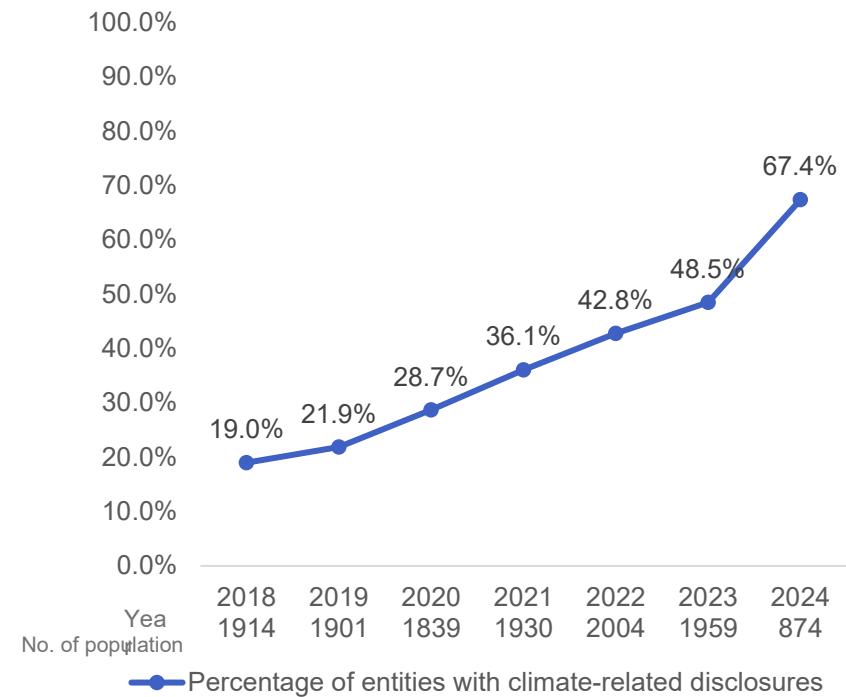
The overall increasing trend continues and is accelerating.

Implications

Many listed entities are not currently prepared for AASB S2.

Over 90% of group 1 disclosing entities are disclosing

Alignment with S2 disclosures increasing, e.g. in 2024 26% disclosing Scope 1 and 2 (2023 18%)



Climate-related disclosures in MR and FR

	2018		2019		2020		2021		2022		2023		2024	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Entities with climate-related disclosures in the Annual Reports	364	100%	416	100%	527	100%	696	100%	857	100%	947	100%	589	100%
Disclosures in the notes to Financial Reports	16	4.4%	31	7.5%	47	8.9%	73	10.5%	128	14.9%	166	17.5%	137	23.3%
Disclosures in Key Audit Matters	0	0	1	0.2%	5	0.9%	9	1.3%	14	1.6%	24	2.5%	17	2.8%

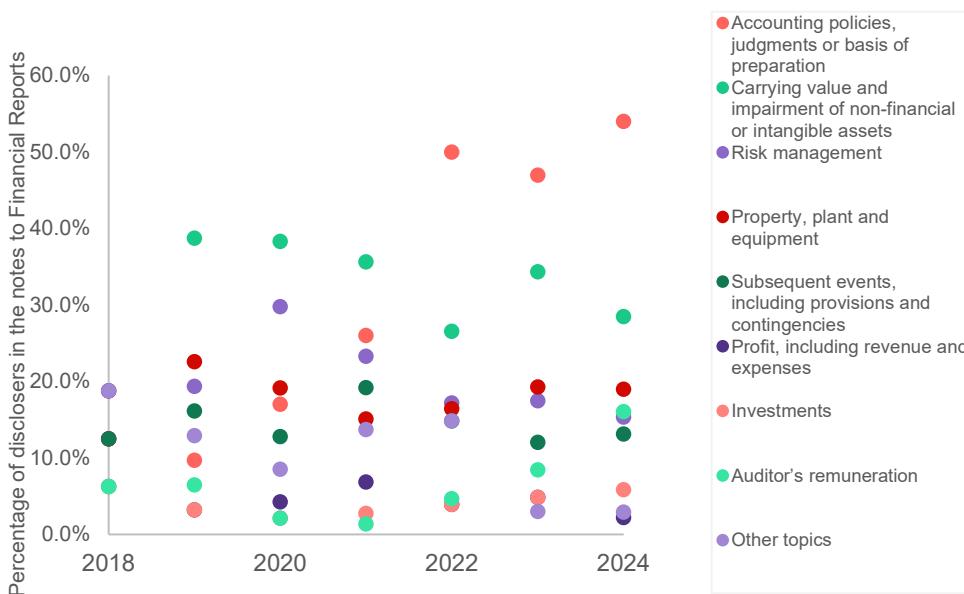
Observations

- All disclosing climate-related info are disclosing in the MR other information section
- A jump in disclosures in the FR (all in the Notes to the Financial Reports)

Australian entities are increasingly recognising the significance of sustainability and climate-related impacts on their financial position and performance.

Notes to Financial Reports

Topics of the Notes with climate-related disclosures in the Financial Reports



Topics ranking

- A large jump in
 - Accounting policies, Judgments or Basis of preparation (18.8% instances in 2018 to 54.0% in 2024)
 - Auditors' remunerations (6.3% instances in 2018 to 16.1% in 2024)
- The following common areas are:
 - Carrying value and impairment of non-financial or intangible assets
 - Risk management
 - Property, plant and equipment
 - Subsequent events, including provisions and contingencies.

But what about broader preparedness? (1)

Issue 1: Concentration on climate-related reporting does not reflect preparedness for broader sustainability reporting.

Process: Examined external databases where available, such as Refinitiv, responses to CDP questionnaires, NGERs website and websites of ASX 300 for other public reporting

Response: We found very few instances of broader sustainability reports that did not include climate-related reporting, meaning that failed to bring them into our identification scope.

Conclusion: Not a concern.

Issues of broader preparedness (2)

Issue 2: Concentration on annual report disclosure does not reflect specific disclosures in stand-alone reports.

Expectation: Companies with standard-alone reports would at least reference important disclosures in annual reports, bringing them into our identification scope, and include critical information

Findings: Looked at this from disclosing levels of Carbon emissions, 66.19% of observations have Scope 1 & 2 emissions data and 33.86% of observations have Scope 3 emissions data on Refinitiv/CDP/NGER that are not disclosed in annual reports.

Conclusion: More detailed disclosures sitting outside AR, meaning caution around conclusions on the more detailed information

Preparedness by Group

Reference: Simnett et al. (Abacus, 2025) doi:10.1111/abac.12363.

Table 9: Panel A : Descriptive statistics of Group 1, Group 2 and Group 3

	Group 1 N = 1,185	Group 2 N = 563	Group 3 N = 779	Control group N = 5201
	Mean	Mean	Mean	Mean
Disclosure	0.743	0.455	0.258	0.195
Financial_note	0.145	0.025	0.017	0.007
Scope 1&2	0.235	0.059	0.019	0.005
Scope 3	0.084	0.011	0.004	0.002

Contract research undertaken for AASB on sustainability reporting regimes

We examined the annual reporting and broader sustainability/climate-related reporting of Australian listed entities in 2023 to identify the disclosure regimes under which Australian entities reported, or have outlined an expectation to report against in the near future.

We also examined all disclosures for the largest 300 ASX companies , including to regulators and website, to identify reporting frameworks referenced.

Reporting frameworks identified by listed entities 2024.

Reporting frameworks	Annual report	Other reports
Task Force on Climate-Related Financial Disclosures (TCFD)	231	Yes
UN Sustainability Development Goals (UN SDGs)	167	Yes
Global Reporting Initiative (GRI)	139	Yes
ISO standards 14001//14040/14064-1/50001/45001	107	
Greenhouse gas (GHG) protocol	102	Yes
National Greenhouse and Energy Reporting Act 2007 (NGER)	96	Yes
Sustainability Accounting Standards Board (SASB)	64	Yes
International Council on Mining and Metals (ICMM)	53	Yes
United Nations Global Compact (UNGC)	47	Yes
ISSB IFRS S1 and/or IFRS S2	43	Yes

Implications for sustainability reporting standard setting

Many different reporting regimes referenced, but most voluntary.

Main required reporting is the NGER reporting requirements. Concerns of measurement inconsistency with S2 have been alleviated by those entities required to report under the NGERs will be able to use either the NGER measurement methodology or the GHG protocol for their AASB climate-related reporting.

Most other reporting frameworks voluntary:

- TCFD subsumed by S2
- UN SDGs. High level, principles based, not a concern
- GRI, broader sustainability, and may continue in practice. Main thing is that GRI continue to co-ordinate with IFRS

Current state of play – sustainability reporting IFAC/KPMG



International Federation of Accountants (IFAC) In May 2025 the International Federation of Accountants (IFAC) issued their fifth annual benchmarking study of global practice in sustainability disclosure and its assurance. Largest 50 companies examined

The survey highlighted the following in relation to sustainability assurance in Australia:

- 100% of the companies disclosed ESG information (100% in 2019)
- 6% disclosed in a separate sustainability report (72% in 2019), 76% in annual report (14% in 2019) and 18% Integrated report (14% in 2019)
- 98% referred to multiple reporting frameworks in 2023 (76% in 2019), main being SDG (88% from 62%), TCFD (84% from 54%) and GRI (82% from 70%)



Stage 2: Implementation Readiness Snapshot

- Stage 2 of research stream funded by AASB-AUASB-CAANZ in to undertake an Implementation Readiness Snapshot of Australian reporting entities and Assurance providers under the mandatory climate-related reporting and assurance regime.
- Our work to date suggests that Group 1 listed entities are reasonably prepared, while preparedness falls off a cliff for Group 2 and 3 listed entities (hard to be right up to date)
- Undertaking a survey of all entities we identify potentially impacted by reporting requirements, both listed and unlisted, as well as assurance firms with at least one potential impacted client

Stage 2: Implementation Readiness Snapshot (cont)

- Survey via Qualtrics sent out on Wednesday 12 November to
 - 4930 reporting entities, and
 - 430 assurance firms.
- The survey to reporting entities has five sections:
 - Section One - Entity Characteristics: General background information.
 - Section Two - Awareness and Readiness: Questions on your entity's readiness in implementing AASB S2.
 - Section Three - Climate-Related Assurance Considerations: Questions on your entity's readiness for the assurance requirements under ASSA 5000.
 - Section Four - Potential Support Mechanisms: Exploration of existing and potential support mechanisms to enhance readiness.
 - Section Five - Post-Survey Questions.

Stage 2: Some of the issues examined

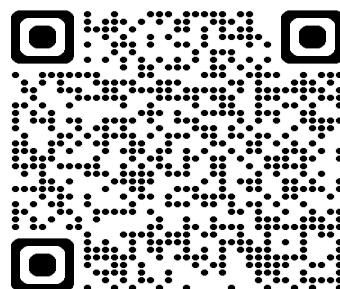
- Group 2 and 3 entities that meet the reporting thresholds may not have to report climate-related information that complies with AASB S2 — if they determine that climate-related risks and/or opportunities are not material to the entity's financial prospects. Treasury suggests that this may be up to 95% of Group 3 entities and can include Group 2 entities. We will collect where entities are at on this assessment, and where they are at on sign-off by assurance provider.
- **Governance:** Identification of governance processes, controls, and procedures in place to monitor, manage, and oversee climate-related risks and opportunities?
- **Strategy:** Does the entity integrate the management of climate-related risks and opportunities into your entity's strategy?

How entities can better prepare for climate-related disclosures

- **Step 1: Understand** if entity is required to report and if so, which group you belong to. If unsure, talk to financial statement auditor (in first place).
- **Step 2: Complete our questionnaire**

[https://business.sydney.edu.au/implementation-readiness-snapshot.](https://business.sydney.edu.au/implementation-readiness-snapshot)
OR google search “implementation readiness snapshot”

QR Code:



How entities can better prepare for climate-related disclosures

- **Step 3:** If required to report, identify and set up **governance processes**, controls, and procedures in place to monitor, manage, and oversee climate-related risks and opportunities
- **Step 4: Determine assurance provider.** Big 10 audit firms reasonably or well set up. Research suggests will use financial statement auditor, but many do not appear to well set up
- **Step 5:** Determine whether climate-related risks and/or opportunities are **material to the entity's financial prospects**. If not, sustainability report will be basis of determination and sign-off by assurance provider.
- Step 6: Initial assessment (gap analysis or pre-assurance engagement) to identify processes in place to identify, assess, prioritise, and monitor climate-related risks and opportunities?

How entities can better prepare for climate-related disclosures

- **Step 7: Identify appropriate climate-related metrics** to measure and report performance in relation to climate-related risks and opportunities
- **Step 8: Identify appropriate climate-related targets** for the entity to assess and report performance in relation to climate-related risks and opportunities?
- **Step 9: Identify appropriate Systems/Technology** the entity is using, or planning to use, for data collection and processing obligations?
- **Step 10: For disclosures, quality, specificity and connectedness** are more important than quantity. Also consider broader sustainability reporting in accordance with AASB S1.

How entities can better prepare for climate-related disclosures

- **Use every available resource, and take advantage of all the training courses available**
 - AASB S2 Knowledge Hub. <https://aasb.gov.au/research-resources/knowledge-hub/aasb-s2-knowledge-hub/>.
 - ASIC sustainability reporting. <https://www.asic.gov.au/regulatory-resources/sustainability-reporting/>.
 - AICD: Directors Guide:
<https://www.aicd.com.au/content/dam/aicd/pdf/tools-resources/director-resources/directors-guide-to-mandatory-climate-reporting-web.pdf>.
 - Professional bodies, have tools and courses
 - Accounting Firms, have support information available

Key takeaways and research opportunities

- We need evidence informed policy and standard-setting, so we need high quality research to inform
- Academics are the only ones appropriately trained and independent to do this
- Entities will adapt their disclosure behaviors. How? Reporting against GRI?
- 4 reports in annual report. Siloed reporting a possibility. How is connectivity supported?
- Impact of new information on report users' decision making?

A wide-angle photograph of a sky at sunset or sunrise. The lower half of the image is filled with large, billowing clouds bathed in a warm, orange, and yellow glow from the setting or rising sun. Above the clouds, the sky transitions into a cooler, pale blue. The overall atmosphere is one of a new beginning or a fresh start.

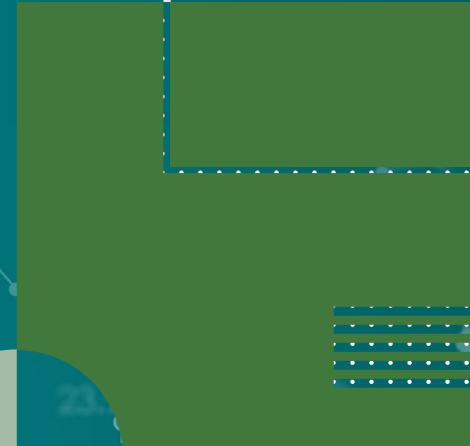
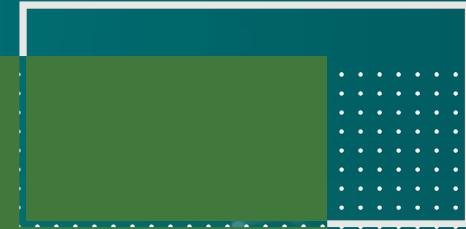
Thank you
with a new dawn for
climate-related reporting
and research opportunities



Industry Metrics Disclosures: *What, Why and How*

Dr Kevin Thai (RMIT)

Prof Kathleen Herbohn (UQ)





Outline



Regulatory background



Snapshot on the use of industry-based metrics in Australia



Issues for further consideration



1. Regulatory Background

- IFRS S2 *Climate-related disclosures* requires that entities “*shall refer to and consider the applicability*” of the SASB standards incorporated into the *Industry-based Guidance on Implementing IFRS S2*. (Can be a starting point, or completely applied)
- As an interim measure, the AASB removed this requirement from AASB S2 because of constituent pushback on the use of SASB standards due to the: **(1)** volume of disclosure requirements; **(2)** US-centric nature; and **(3)** Industry classification scheme
- Treasury Policy Position Statement on Mandatory climate-related financial disclosures (Jan. 2024) “*entities should only be required to disclose against well-established and understood industry-based metrics from 1 July 2030 onwards*”



1. Regulatory Background (cont.)



SASB standards

- Developed by the Sustainability Accounting Standards Board (SASB) in the US in 2011
- From August 2022, the International Sustainability Standards Board (ISSB) assumed responsibility
- Market-informed (i.e., extensive market consultation)
- Concept of financial materiality
- Intended users: investors, lenders and other creditors
- **Industry-specific**
- Sustainability Industry Classification System (SICS)
 - 11 sectors
 - 77 industries



Illustration

<<https://sasb.ifrs.org/find-your-industry/>>

Materiality Finder > Find Industry Topics > Airlines

Environment	Social Capital	Human Capital	Business Model and Innovation	Leadership and Governance
GHG Emissions ⓘ	Human Rights & Community Relations	Labour Practices ⓘ	Product Design & Lifecycle Management	Business Ethics
Air Quality	Customer Privacy	Employee Health & Safety	Business Model Resilience	Competitive Behaviour ⓘ
Energy Management	Data Security	Employee Engagement, Diversity & Inclusion	Supply Chain Management	Management of the Legal & Regulatory Environment
Water & Wastewater Management	Access & Affordability		Materials Sourcing & Efficiency	Critical Incident Risk Management ⓘ
Waste & Hazardous Materials Management	Product Quality & Safety		Physical Impacts of Climate Change	Systemic Risk Management
Ecological Impacts	Customer Welfare			
	Selling Practices & Product Labeling			

← 5 dimensions

← 26 disclosure topics

	Topic	Metric	Category	Unit of Measure
Greenhouse Gas Emissions	Gross global Scope 1 emissions		Quantitative	Metric tonnes (t) CO ₂ -e
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		Discussion and Analysis	n/a
	(1) Total fuel consumed, (2) percentage alternative and (3) percentage sustainable		Quantitative	Gigajoules (GJ), Percentage (%)

← Industry-based metrics

2. Research – the use of SASB standards in Australia

Methodology

Sample

65 Australian companies reporting the use of the SASB in 2024 (on SASB website)

Measurement

- Disclosure Index based SASB standards, adapted to focus on **climate-related** disclosure topics
- **Scope:** annual reports and stand-alone reports

Dimension #1: Environmental

- GHG emissions
- Energy management
- Water and wastewater management

Dimension #2: Business model and Innovation

- Product design & lifecycle management
- Business model resilience
- Materials sourcing & efficiency
- Physical impacts of climate change

Example: Disclosure Index scoring

Dimension		Environmental					
General Issue & Disclosure Topics		GHG Emissions		Energy Management		Water and Wastewater	
Category of disclosure		Quan	Qual	Quan	Quan	Quan	Quan
Within annual report	Location of reporting	Gross global Scope 1 emissions (mil)	Discussion of long-term and short-term strategy	Operational energy consumed	% renewable	Total water withdrawn	Number of incidents of non-compliance with water quality permits, standards, regulations
1	Approach to climate change	1.93	1 (pp.59-61)				
0	Sustainability Report					169.74 GL	0
0	Climate change report		2 (p.15, 17-19)				

The diagram illustrates the data collection process. It starts with 'SASB/TCFD guidance materials' on the left, which points to the 'Qual' column in the table. This column is then connected to a 'Keyword search' box. The 'Qual' column also points to a 'Metrics' box on the right. The 'Metrics' box is connected to the 'Operational energy consumed' and '% renewable' columns in the table. The 'Water and Wastewater' column in the table points to the 'Total water withdrawn' and 'Number of incidents' columns. The 'Operational energy consumed' and '% renewable' columns point to the 'Total water withdrawn' and 'Number of incidents' columns. The 'Total water withdrawn' and 'Number of incidents' columns are also connected to the 'Metrics' box.

SASB/TCFD guidance materials → 0 = no disclosure
 1 = boilerplate
 2 = informative (entity-specific)

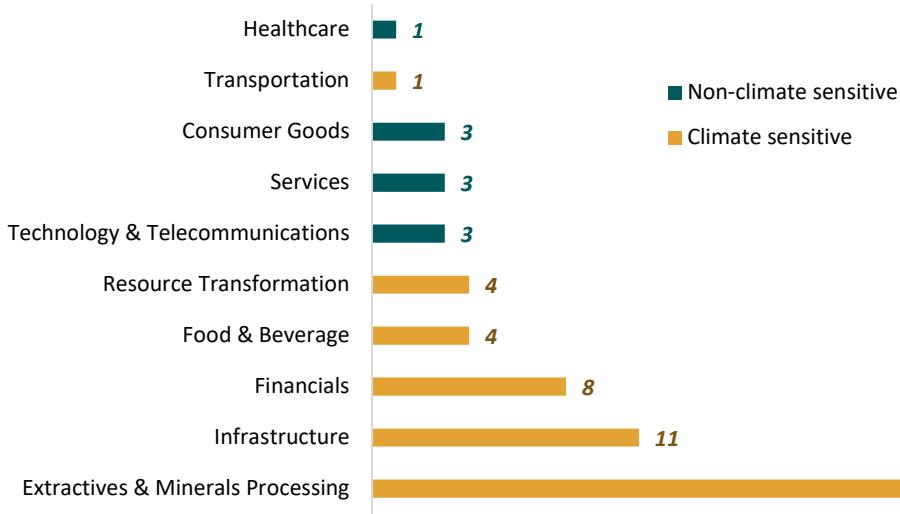
Keyword search

Metrics

Refer to SASB Technical protocol



Results – Sample distribution



Type of document including SASB information

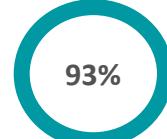
6% Annual Report

60% ESG/Sustainability Report

34% Data pack



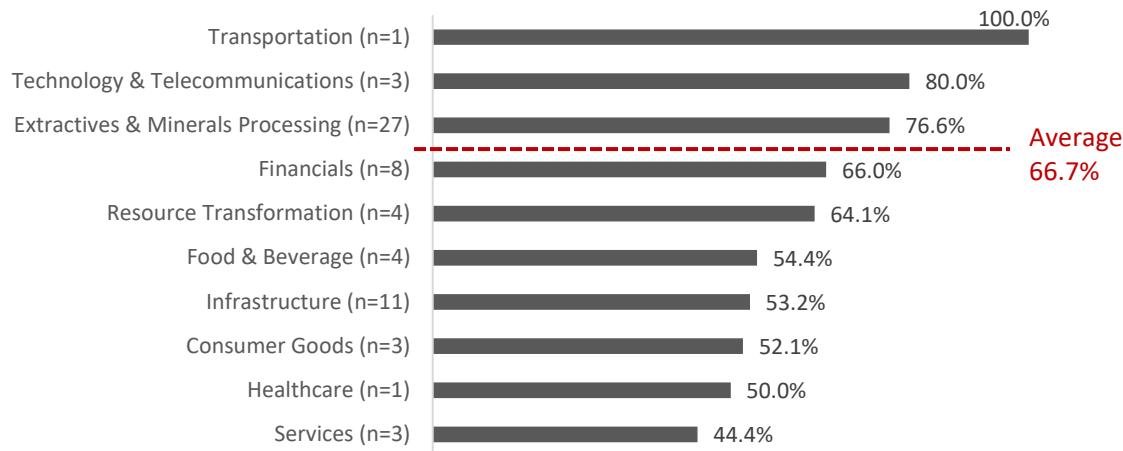
Recognising climate
risk within financial
statements



Recognising climate as
a material risk within
annual report

Results – 2024 Disclosure Score

Average Disclosure Score (n=65), by SICS sector



- By disclosure topic

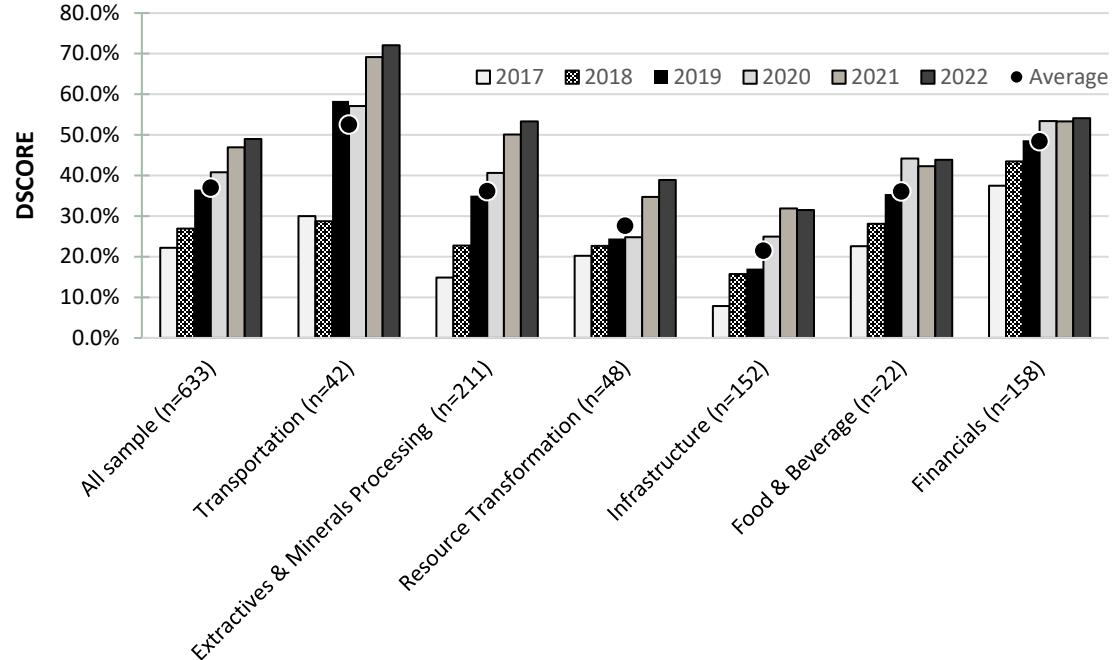


- By disclosure location

76% SASB information is outside annual reports

Results – Uptake Over Time

- Thai, Xu, and Herbohn (2025) evaluates 108-ASX listed companies in climate-sensitive industries from 2017 to 2022

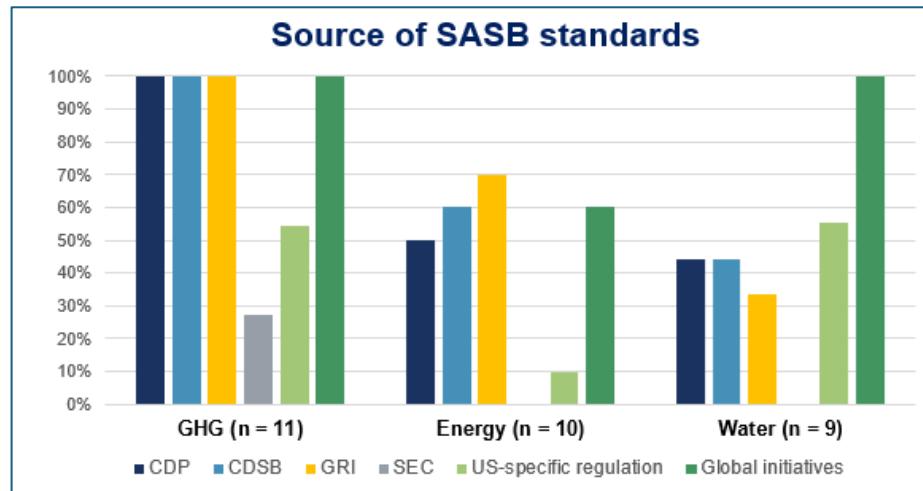




3. Issues for further consideration

a. Incremental usefulness of SASB reporting

A large number of SASB metrics are also required in other frameworks, such as GRI, CDP, CDSB



Example:

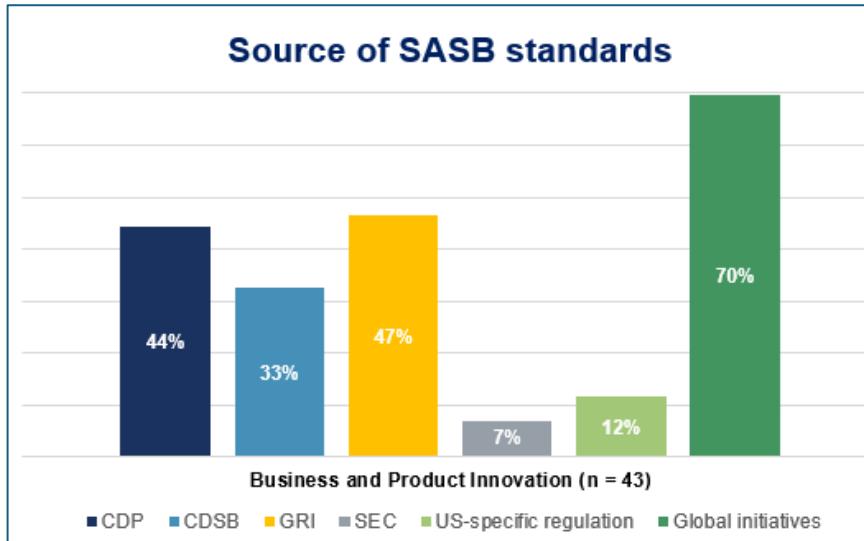
‘Climate-related’ SASB requirements of
Metal ands Mining industry:

- GHG (n=5)
- Energy (n=3)
- Water (n=3)



3. Issues for further consideration

a. Incremental usefulness of SASB reporting (cont.)



Example:

‘Climate-related’ SASB requirements of
Commercial Banks industry:

- Business Innovation (n=5)





3. Issues for further consideration

b. Principle-based versus rule-based

Number of quantitative metrics outnumber the number of qualitative metrics



3. Issues for further consideration (cont.)

c. Industry classification

- Misalignment between company's self-assessment and SASB's assessment (via SASB lookup tool)
- Companies spanning multiple industries
- Exclusion of material disclosure topics, by entity



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Closing Remarks



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