



Australian Government

Climate Action
in Government Operations

Commonwealth Climate Disclosure Requirements

Full (Year 3) Reporting Provisions

FY2026-27 and onwards for Tranche 1 entities

FY2027-28 and onwards for Tranche 2 entities

Contents

1. Introduction	3
Who should use this document	3
Background	4
2. General Requirements	6
2.1 Scope	6
2.2 Exemptions	6
2.3 Commencement of disclosures	7
2.4 Voluntary participation	7
2.5 Progressive sequencing	7
2.6 Location of disclosures	8
2.7 Information included by cross-reference	8
2.8 Reporting periods	8
2.9 Comparative information	9
2.10 Consolidated reporting	9
2.1 Financial effects	9
2.12 Materiality	10
2.13 Connected information	10
2.14 Reasonable and supportable information	11
2.15 Operational constraints	11
2.16 Aggregation and disaggregation	12
2.17 Errors	12
2.18 Complementary policies	13
2.19 Guiding principles	13
3. Core Requirements Full (Year 3)	15
Objective	15
Governance	15
Strategy	16
Risk management	21
Metrics and targets	22
4. Key terms and definitions	27
Appendix A	32
Comparison with other climate-related disclosure standards	32
Appendix B	37
List of investment entities to report financed emissions	37

1. Introduction

Who should use this document

This document sets out the Full (Year 3) Requirements for Commonwealth entities and Commonwealth companies categorised as Stream 2, Tranche 1 and Tranche 2, in the Commonwealth Climate Disclosure Initiative.

Tranche 1 Commonwealth entities and Commonwealth companies will use the Year 1 Requirements in FY2024-25 reporting, the Year 2 Requirements in FY2025-26 and the Full (Year 3) Requirements in FY2026-27 and onwards.

Tranche 2 Commonwealth entities and Commonwealth companies will use the Year 1 Requirements in FY2025-26 reporting, the Year 2 Requirements in FY2026-27 and the Full (Year 3) Requirements in FY2027-28 and onwards.

The infographic below provides a summary of implementation for different Tranches. Please refer to the [Commonwealth Climate Disclosure Policy](#) webpage to determine your entity's Stream and Tranche classification, or email climateaction@finance.gov.au for information and support.

Commonwealth Climate Disclosure Requirements for use by Tranche 1 and 2 Requirements will be progressively sequenced-in over three years ----- Year 1: Commonwealth Climate Disclosure Pilot Guidance and additional criteria <i>Tranche 1: FY2024-25</i> <i>Tranche 2: FY2025-26</i> Year 2: Year 1 Requirements with additional criteria <i>Tranche 1: FY2025-26</i> <i>Tranche 2: FY2026-27</i> Year 3: Full Commonwealth Climate Disclosure Requirements <i>Tranche 1: FY2026-27</i> <i>Tranche 2: FY2027-28</i>	Simplified Commonwealth Climate Disclosure Requirements for use by Tranche 3 Requirements will be progressively sequenced-in over two years ----- Year 1: Simplified Requirements <i>Tranche 3: FY2026-27</i> Year 2: Year 1 Simplified Requirements with additional criteria <i>Tranche 3: FY2027-28</i>
Tranche allocations <i>Tranche 1:</i> Departments of State, large Commonwealth entities, NGER reporting entities, Specialist Investment Vehicles, the Future Fund Management Agency, and Commonwealth entities with responsibility for climate change or climate risk disclosure policy design or implementation <i>Tranche 2:</i> Medium-sized Commonwealth entities <i>Tranche 3:</i> All remaining Commonwealth entities and Commonwealth companies	
Application Guidance “How-to” guides on specific elements of the Requirements or Simplified Requirements	

Note: Commonwealth companies that are required to prepare a sustainability report under section 292A of the *Corporations Act 2001* (Corporations Act) are to report against Australian Sustainability Reporting Standard [AASB S2 Climate-related Disclosures](#) (AASB S2). These Commonwealth companies are categorised as Stream 1 of the Commonwealth Climate Disclosure policy architecture.

Guide to navigating this document

This document has been designed, the Department of Finance (Finance), to assist entities in preparing their climate disclosures by articulating what, when and how entities are to report. It contains:

- **General Requirements** which provide direction on how entities are to give practical effect to the Core Requirements. Entities are encouraged to familiarise themselves with the General Requirements first, before seeking to give effect to the Core Requirements.
- **Core Requirements** which set out the climate-related reporting provisions for entities and focus on 4 key categories:
 - **Governance** includes governance processes, controls and procedures in place to support climate risk management within an entity
 - **Strategy** includes strategic approaches an entity uses to manage climate-related risks and opportunities and reduce its emissions over time
 - **Risk management** includes the methods an entity uses to embed climate risk management practices across its organisation
 - **Metrics and targets** include processes and methodologies an entity uses to track its performance and meet its climate-related targets.

Notes for reading

Formatting styles have been used to identify Year 3 criteria in the General Requirements and Core Requirements for ease of reference. Criteria to commence in the third year of disclosure has the bracketed and **bolded [YEAR 3]** text. Where criteria are not marked with a bracketed and **bolded [YEAR 3]** text, criteria commenced in Year 1 or Year 2 reporting.

Background

Purpose of the Initiative

The Commonwealth Climate Disclosure Initiative (the Initiative) provides greater transparency, accountability and credibility in the way climate-related risks and opportunities are managed by Commonwealth entities and Commonwealth companies.

Key objectives of the Initiative include:

- Supporting the long-term resilience of public services and assets
- Providing greater transparency, accountability and credibility around Commonwealth entities and Commonwealth companies' climate risk management
- Demonstrating Australian Government commitment to climate disclosures for its own operations, to align with mandatory climate-related financial disclosures for Australia's large businesses and financial institutions under the Corporations Act
- Supporting the delivery of [Australia's emissions reduction targets under the Paris Agreement](#) and the Government's [APS Net Zero by 2030 target](#).

Capability building support is available to help entities meet their reporting provisions under the Initiative. Please refer to the [Commonwealth Climate Disclosure](#) webpage, or email climateaction@finance.gov.au for further information.

Key information

The Commonwealth Climate Disclosure Requirements (the Requirements) have been developed and implemented in stages. This allows time for capability uplift and climate risk maturity development within Commonwealth entities and Commonwealth companies. The Commonwealth Climate Disclosure Initiative includes:

- **Requirements for Stream 2, Tranche 1 and Tranche 2 entities.** The Full (Year 3) Requirements are set out in this document.
- **Simplified Requirements for Stream 2 Tranche 3 entities, not subject to the carve-out,** are set out in a separate document and can be found on the [Commonwealth Climate Disclosure Requirements](#) webpage.

The Requirements for are based on AASB S2, released in September 2024. The AASB S2 requirements have been tailored to reflect Commonwealth public sector considerations, including legislative, regulatory and policy environments that Commonwealth entities and Commonwealth companies may be subject to (for example, the [Net Zero in Government Operations Strategy](#)).

The Requirements are limited to climate-related information and do not extend to broader sustainability-related information.

The Requirements will evolve over time to align with domestic and international policy and regulatory developments, including developments in the [Australian Accounting Standards Board Australian Sustainability Reporting Standards](#) and the [International Public Sector Accounting Standards Board Sustainability Reporting Standards](#) (IPSASB SRS). The Requirements may also be updated periodically to account for changes in climate risk management practices as climate risk maturity evolves.

2. General Requirements

Commonwealth entities and Commonwealth companies in Stream 2, Tranche 1 and Tranche 2 (entities) are to have regard to the following General Requirements when preparing their climate disclosures. The General Requirements provide high-level direction on when and how entities are to commence their disclosures, and how entities are to give practical effect to the Core Requirements. The General Requirements have the same authority as the Core Requirements.

A suite of [Application Guidance](#) documents has been developed to complement the General Requirements and the Core Requirements. These documents provide step-by-step guidance and examples for entities to consider in making their disclosures. The Application Guidance is tailored for different entity types to allow the preparation of proportionate disclosures.

2.1 Scope

Entities in Stream 2, Tranche 1 and Tranche 2 of the Commonwealth Climate Disclosure Initiative are expected to follow the Requirements set out in this document when preparing the Full (Year 3) and onwards climate disclosures in their annual reports.

Not in scope

The following Commonwealth entities and Commonwealth companies are not subject to the Requirements set out in this document:

- Government bodies that are not subject to annual reporting provisions under the [Public Governance, Performance and Accountability Act 2013](#) (PGPA Act). However, these entities may be required to provide climate-related information to their parent entity to enable their parent entity to prepare an aggregated disclosure (see [Consolidated reporting](#)).
- Commonwealth companies that are required to prepare a sustainability report under section 292A of the [Corporations Act 2001](#). These companies are categorised as Stream 1 in the Commonwealth Climate Disclosure policy architecture. Please refer to the Australian Securities and Investments Commission's [Sustainability Reporting](#) webpage for further information.
- Commonwealth entities and Commonwealth companies in Stream 2, Tranche 3 (including those subject to the [carve-out](#)).

2.2 Exemptions

Entities must not disclose information if the disclosure of that information is likely to pose a meaningful risk to the national interest, organisations or individuals. This includes instances where information is, or is likely to be, subject to any legislative secrecy provisions, such as the *Criminal Code Act 1995*, where a security classification has been applied to that information and it has not been approved for public release, where information is commercial-in-confidence, and where the disclosure of information (on its own or in the aggregate) is likely to be prejudicial to the effective working of government.

Activities that take place outside of Australia or its territories, including international air and marine travel, are exempt from disclosure and are excluded from greenhouse gas emissions calculations. However, entities may voluntarily disclose any actions they are taking to reduce the climate impacts of their overseas operations. Entities may take action, as appropriate, to reduce their emissions in the relevant local context as an aspirational goal for the Australian Government to demonstrate leadership and advance Australia's climate diplomacy objectives (as per the [Net Zero in Government Operations Strategy](#)).

Entities should also be aware that their international activities may be subject to separate climate disclosure legislation, regulation or policy that may be brought into effect in those jurisdictions.

2.3 Commencement of disclosures

Commencement of climate disclosures is being phased in over a period of three years. Following commencement, entities are to continue reporting as per their Tranche allocation on an ongoing, financial year basis. Please refer to the [Commonwealth Climate Disclosure Policy](#) webpage for disclosure commencement timeframes.

Note: An entity may produce its annual report on a calendar year basis rather than a financial year basis. Where this occurs, the entity should align the commencement of its climate disclosure with the timing of its related annual report. For example, a Tranche 1 entity reporting on a calendar year basis would be expected to produce its first climate disclosure as part of its 2025 annual report, which could be published in the 2026 calendar year.

2.4 Voluntary participation

Entities may voluntarily disclose climate-related information in advance of their Tranche's scheduled commencement. The Full (Year 3) Requirements represent the ongoing Requirements for Tranche 1 and Tranche 2 entities.

2.5 Progressive sequencing

The Year 1 Requirements were built on the Commonwealth Climate Disclosure Pilot Guidance and pre-existing obligations under the Net Zero in Government Operations Strategy and [The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026](#). Entities were permitted to voluntarily report additional information beyond the Year 1 Requirements in their first year of disclosure.

More complex disclosure requirements have been progressively sequenced-in over the second and third reporting years. Such disclosure requirements have included those relating to climate-related scenario analysis, financial effects and financed emissions (for certain entities only).

Note: The Full (Year 3) Requirements represent the full set of Requirements for Tranche 1 and Tranche 2 entities.

2.6 Location of disclosures

Disclosures should be provided as a climate statement as an appendix to the annual report or as a climate statement embedded within a sustainability report as an appendix to the annual report.

If one or more of the Core Requirements are met within the body of the annual report, an entity need not duplicate this information in their climate statement. Where this occurs, the cross-reference of information to the body of the annual report should be made clear in the entity's climate statement. Finance has developed an index template for this purpose.

It is important that disclosures are prepared in a manner that enables annual report users to readily locate and understand the information. An entity may include an index table within its annual report to facilitate clear navigation of its climate disclosure.

2.7 Information included by cross-reference

Entities are permitted to cross-reference relevant information contained in other publicly available documents within their climate disclosure. These documents must be publicly available at the same time and on the same terms as the climate disclosure. Examples of relevant information an entity may reference in its climate disclosure includes information outlined in its Emissions Reduction Plan (under the Net Zero in Government Operations Strategy) or its Action Plan (developed through the Climate Risk and Opportunity Management Program). Entities are to clearly identify the relevant documents in the cross-reference and explain how to access them.

When referencing external documents, it is important for an entity to ensure that the referenced material, when viewed holistically alongside the entity's annual report, clearly covers off on all climate-related criteria outlined in the Core Requirements in accordance with the General Requirements. It is also important for an entity to ensure its climate disclosure is clearly identifiable and is still easy to understand where information is cross-referenced.

2.8 Reporting periods

Entities are to provide their climate disclosure at the same time as their annual report. An entity's climate disclosure shall cover the same reporting period as the annual report with the following exceptions:

- **Strategy:**
 - In adherence with criteria set out under [Strategy](#) in the Core Requirements of this document, entities are required to disclose their climate-related risks and opportunities, their associated effects and their climate-related risks and opportunities under various climate-related scenarios. In addition, entities are required to disclose their plans to meet climate-related targets and reduce their greenhouse gas emissions over time. This information will be forward-looking and extend beyond the reporting period for annual reports.
- **Incomplete information:** Where information is unavailable or incomplete at the time of reporting, entities will be required as part of their disclosure to outline the steps they are

taking to address any information deficits and the expected timeframes for completing these steps. This information will also be forward-looking and extend beyond the reporting period for annual reports.

- **[YEAR 3] Financed emissions:** In adherence with the criteria set out under [Metrics and targets](#) in the Core Requirements of this document, investment entities are required to disclose information about their financed emissions. Due to the complexities in obtaining financed emissions data, entities are permitted to use financed emissions information obtained from their portfolio for a period that differs from the reporting period, provided the entity uses the most recent data available and the length of reporting periods is the same.
- **Metrics and targets:** When preparing the disclosure in accordance with the [Metrics and targets](#) criteria set out in the Core Requirements of this document, entities must align their disclosure with the reporting periods specified in the Climate Action in Government Operations Emissions Reporting Framework.
- **Disclosure period:** Where an entity provides their climate disclosure for a period longer or shorter than 12 months, the entity shall disclose the period covered by the climate disclosure, the reason for using a longer or shorter period, and the fact that the information disclosed is not entirely comparable.

2.9 Comparative information

Entities must include data from the previous year if it helps users better understand the current climate disclosure, for example, to help track progress of emissions reduction. Entities should also include previous-year narrative or descriptive climate-related information, if it helps users better understand the current climate disclosure.

2.10 Consolidated reporting

Entities' climate disclosures, unless otherwise agreed with Finance, shall be for the same reporting entity as the related financial statements.

Where an entity has a specific consolidated reporting arrangement in place with Finance, it will report in accordance with that arrangement and make clear in its disclosure which entities are covered.

The following provisions apply to entities that include consolidated financial statements in their annual report, which provide information about the parent entity and its subsidiaries as a single reporting entity:

- An entity may choose to extend its disclosure to include aggregated information about the parent entity and its subsidiaries.
- Where an entity provides aggregated information as a single reporting entity, the entity is to make this clear in its disclosure by naming the subsidiaries covered by its disclosure.

2.1 Financial effects

Climate-related risks and opportunities have the potential to impact an entity's financial position, financial performance and cash flows (financial effects). For example, this could

occur through the impairment write-down of an asset, a change in the useful life or valuation of an asset, a rise in the cost product and/or service delivery affecting impairment calculations, or an increase in legal and insurance liabilities and premiums.

[YEAR 3] Entities are to disclose the current and anticipated financial effects of their climate-related risks and opportunities from the third reporting year onwards. Guidance will be made available to assist in the preparation of information on financial effects for inclusion in climate statements.

Note: In accordance with AASB 101 *Presentation of Financial Statements*, entities are required to consider material financial effects of climate-related risks and opportunities in the preparation of their financial statements.

2.12 Materiality

Climate disclosures are intended to provide annual report users with material information about an entity's climate-related risks and opportunities. Materiality is the key criterion an entity will use in assessing which information should be included in its disclosure. For entities reporting under the Initiative, the definition of materiality is as follows:

An entity shall disclose meaningful information about its climate-related risks and opportunities. Information is considered meaningful where it concerns climate-related risks or opportunities that have, or may have, a significant impact on the entity, its ability to deliver public policy and/or its financial prospects.

Under sections 17AC(1), 17BD(1) and 28D(1) of the [Public Governance, Performance and Accountability Rule 2014](#) (PGPA Rule), the annual report of a non-corporate Commonwealth entity, corporate Commonwealth entity or Commonwealth company 'must be prepared having regard to the interest of Parliament and any other persons who are interested in the annual report.' Consequently, each entity will need to carry out an assessment to determine which of its climate-related risks and opportunities identified through a climate risk and opportunity assessment are sufficiently meaningful to warrant inclusion in its climate disclosure.

Materiality determinations are specific to the circumstances of the entity. For this reason, it is not possible to specify universal thresholds to predetermine what information would be meaningful for any entity in any particular situation. Accordingly, each entity will need to apply judgement that is adapted to its specific circumstances.

The [Materiality Guidance](#) provides entities with assistance in establishing the significance of climate-related risks and opportunities identified through [The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026](#) or a similar risk assessment and management framework. The Materiality Guidance articulates a minimum baseline for disclosure by entities under the Initiative.

2.13 Connected information

An entity shall provide information in a manner that enables annual report users to understand the following types of connections:

- a) the connections between the items to which the information relates, such as connections between various 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; and
- b) the connections between information provided by the entity:
 - i) within its climate disclosure, such as connections between information on Governance, Strategy, Risk management and Metrics and targets; and
 - ii) across its climate disclosure and its related financial statements.

An entity shall identify the financial statements to which the climate disclosure relates.

Data and assumptions used in preparing climate disclosures should be consistent with those used in preparing the related financial statements to the extent possible.

2.14 Reasonable and supportable information

Entities are to use all reasonable and supportable information available to them at the reporting date without undue cost or effort. Reasonable and supportable information used by an entity in preparing its climate disclosure shall cover factors that are specific to the entity as well as general conditions in the external environment. In some cases, such as in identifying material information about the entity's climate-related risks and opportunities, reasonable and supportable information will include information about past events, current conditions and forecasts of future conditions.

Entities may use various sources of data that may be both internal and external to their organisation. Information that is used by an entity in preparing its financial statements, conducting its operations, setting its strategy and managing its risks and opportunities is considered to be available to the entity without undue cost or effort.

Entities need not undertake an exhaustive search for information to identify material climate-related risks and opportunities relevant to their operations, ability to deliver public policy and/or financial prospects. The assessment of what constitutes undue cost or effort depends on the entity's specific circumstances. It requires a balanced consideration of the costs and efforts for the entity, and the benefits of the resulting information for annual report users. This assessment can change over time as circumstances change.

Relevant factors include:

- Resource constraints – the cost of investing in and operating the systems and processes needed to enable disclosure is higher for some entities
- Data availability – high-quality internal data is less available for some parts of the disclosure
- Specialist availability – skills or expertise are less available to some entities.

2.15 Operational constraints

Commonwealth entities and Commonwealth companies, in contrast to their private sector counterparts, are subject to a unique set of governance arrangements which can constrain their ability to make decisions independently from Government. These operational constraints can limit or delay actions undertaken by entities to mitigate climate-related risks

and/or pursue climate-related opportunities in some circumstances. The breadth and scale of operational constraints can vary considerably, depending on the individual circumstances of the entity.

Accordingly, it is acknowledged that there may be little latitude to modify an entity's operations or its approach to public policy delivery in the short to medium term. In such instances, entities are encouraged to disclose that fact, along with any interim or partial actions they may be undertaking to respond to climate-related risks and opportunities. It is further noted that coordination with other Commonwealth entities and companies, and decision-makers may be required for an entity to achieve its intended change.

2.16 Aggregation and disaggregation

An entity shall consider all facts and circumstances and decide how to aggregate and disaggregate information in its climate disclosures. The entity shall not reduce the understandability of its climate disclosure by obscuring material information with immaterial information, or by aggregating material items of information that are dissimilar to each other.

2.17 Errors

If an entity's annual report contains an error, the entity should correct the error in one of the following ways, as determined by its accountable authority:

- a) correct, supplement or replace the annual report that contains the error in line with the [Tabling Guidelines](#); or
- b) correct the error in the next annual report in line with section 17AH(1)(e) of the PGPA Rule as it applies to non-corporate Commonwealth entities (NCEs).

In line with the Tabling Guidelines, it will be up to the entity to determine when the error needs to be corrected having regard to the materiality of the error, parliamentary and public interest. The entity will need to decide if it is possible to correct the document or if it needs to be supplemented or replaced. A correction would normally be made where a minor change is required. If information needs to be added, but the addition is only minimal, an addendum may be tabled. A replacement would be required if more substantial changes are necessary.

Under section 17AH(1)(e) of the PGPA Rule, NCEs are required to include information correcting the record in their annual report, where 'a previous annual report for the entity contains any significant statement on a matter of fact which has proved to be wrong in a material respect'. This correction should be presented in an appendix to the annual report. Although section 17AH(1)(e) of the PGPA Rule only applies to NCEs, it is considered good practice for CCEs and Commonwealth companies to follow the same approach.

In the context of climate disclosure, errors are omissions from and misstatements in the entity's climate disclosures for one or more prior periods. Such errors arise from a failure to use, or the misuse of, reliable information that:

- a) was available when the climate disclosures for that period(s) were authorised for issue; and
- b) could reasonably be expected to have been obtained and considered in the preparation of those disclosures.

Examples of such errors include the effects of mathematical mistakes, mistakes in applying the definitions for metrics or targets, oversights or misinterpretations of facts, and fraud.

2.18 Complementary policies

The Requirements draw on, and integrate with, related policies and work underway across Government to build more climate resilient and sustainable Commonwealth entities and Commonwealth companies. This includes (but is not limited to) the [Net Zero in Government Operations Strategy](#), [Climate Action in Government Operations Emissions Reporting Framework](#), [Commonwealth Risk Management Policy](#) and [The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026](#).

There is an expectation that entities will refer to these Government policies and frameworks when preparing their disclosures, where applicable.

Please refer to the [Commonwealth Climate Disclosure Policy](#) webpage for further information on how these policies work together.

2.19 Guiding principles

There are six guiding principles that entities are to consider when preparing climate disclosures against the Requirements.

Fair presentation

Disclosures are to be relevant, comparable, verifiable, timely and understandable. They are to provide a fair presentation of an entity's material climate-related risks and opportunities.

To achieve fair presentation, entities are to provide a complete, neutral and accurate depiction of the 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, in accordance with [materiality](#) requirements.

Completeness

Disclosures are to address all non-discretionary criteria set out under [Governance](#), [Strategy](#), [Risk management](#) and [Metrics and targets](#) in of this document. Where an entity is unable to address one or more criteria, the entity is to make this clear in their disclosure. Where information is unavailable or incomplete at the time of reporting, entities should outline the steps they are taking to address any information deficits, where relevant.

Accountability

The accountable authority (Commonwealth entities) or the governance body (Commonwealth Companies) has a duty to establish and maintain appropriate systems of risk oversight and management and internal control for the entity. In alignment with this legislative obligation, disclosures should clearly identify the accountable authority or governance body or individual responsible for oversight of the entity's climate-related risks and opportunities.

Maturity

It is expected that the sophistication of disclosures will evolve as climate risk capability and an understanding of best practice climate disclosure is developed over the initial year(s) of the Initiative.

In the first year of disclosure, entities were expected to consider climate-related risks and opportunities (and the effects of these) within the limits of their organisation. As entities build capability over time, they are expected to gradually extend their disclosure of climate-related risks and opportunities (and their effects) to include those associated with their ability to deliver public policy.

These expectations are set out in the below progressive implementation schedule. Note, entities are not prevented from voluntarily reporting additional information in advance of this schedule.

Table 1: Progressive implementation schedule for the disclosure of climate-related risks and opportunities under paragraph S2 of the Core Requirements.

Entity reporting year	Scope of climate-related risks and opportunities to be disclosed
Year 1	Organisational risks and opportunities: This includes (but is not limited to) the climate-related risks and opportunities associated with the entity's main business operations and people, assets or other infrastructure the entity relies on to maintain business continuity.
Year 2 and ongoing	Year 1 plus: Policy-related risks and opportunities: This includes the climate-related risks and opportunities associated with the entity's ability to deliver public policy.

Forward-looking

Some information contained within a climate disclosure will be forward-looking in nature. This includes information about how an entity plans to manage its climate-related risks and opportunities over the short, medium and/or long term.

Proportionality

Disclosures should be proportionate to the size, prominence and the climate-related risk profile of the entity. It is expected that disclosures made by entities with larger geographical footprints and higher levels of risk exposure will, over time, be more comprehensive and sophisticated. This includes entities with operations that are geographically dispersed or particularly sensitive to climate-related physical risks and/or climate-related transition risks. In comparison, entities with smaller geographical footprints that engage in a narrower range of activities and have lower levels of risk exposure will be less complex.

3. Core Requirements Full (Year 3)

Note: Criteria to commence in the third year of disclosure has the bracketed and **bolded [YEAR 3]** text. Where criteria are not marked with a bracketed and **[YEAR 3]** text, criteria are the same as for Year 1 reporting or Year 2.

Objective

- a) The objective of the Commonwealth Climate Disclosure Requirements (the Requirements) for climate-related disclosures is to set out the requirements for Commonwealth entities and Commonwealth companies in Stream 2, Tranche 1 and Tranche 2 (entities) to disclose information about their climate-related risks and opportunities that is useful to annual report users.
- b) The Requirements obligate an entity to disclose meaningful 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. This is defined as material information.

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 (Commonwealth entities) or governance body (Commonwealth companies) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that accountable authority or body, 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 or governance body;
 - ii) how the accountable authority or governance body determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;
 - iii) how and how often the accountable authority or governance body is informed about climate-related risks and opportunities;
 - iv) how the accountable authority or governance body 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;
 - v) how the accountable authority or governance body 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
- vi) for Commonwealth entities, 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.
- c) for Commonwealth companies, management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:
 - i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and
 - ii) whether management 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 ability to deliver 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);
- e) **[YEAR 3]** 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) how climate-related scenario analysis was carried out as part of the entity's climate risk and opportunity assessment (see paragraph 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) 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 a 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/or '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. 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; and
- b) a description of where in the entity's operational model the current and anticipated effects of climate-related risks and opportunities are concentrated.

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 ability to deliver public policy. Specifically, the entity shall disclose:

- a) a description of the current and anticipated effects of climate-related risks and opportunities on the entity's ability to deliver public policy;
- b) a description of where the current and anticipated effects of climate-related risks and opportunities are concentrated; and
- c) further to paragraph S5(a) and (b), an entity shall:
 - i) use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort; and
 - ii) use an approach that is commensurate with the skills, capabilities and resources that are available to the entity for preparing those disclosures.

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 monitoring, 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 operational model to address climate-related risks and opportunities, where applicable;
 - ii) current and anticipated changes to the entity's public policy delivery, including development, implementation and/or monitoring;
 - iii) 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;

- iv) 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;
- v) how the entity plans to monitor and reduce its exposure and/or vulnerability to climate-related risks and harness climate-related opportunities, 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) **[YEAR 3]** 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.

Financial position, financial performance and cash flows effects

[YEAR 3] S7 An entity shall disclose information that enables annual report users to understand:

- a) **[YEAR 3]** 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) **[YEAR 3]** 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).

[YEAR 3] S8 Specifically, an entity shall disclose qualitative and quantitative information, where appropriate (see paragraphs S12-13), about:

- a) **[YEAR 3]** how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period, including consideration of departmental accounts, where applicable;
- b) **[YEAR 3]** 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) **[YEAR 3]** 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) **[YEAR 3]** 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.

[YEAR 3] S9 In providing quantitative information, an entity may disclose a single amount or a range.

[YEAR 3] S10 In preparing disclosures about the anticipated financial effects of a climate-related risk or opportunity, an entity shall:

- a) **[YEAR 3]** use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort; and
- b) **[YEAR 3]** use an approach that is commensurate with the skills, capabilities and resources that are available to the entity for preparing those disclosures.

[YEAR 3] 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) **[YEAR 3]** those effects are not separately identifiable; or
- b) **[YEAR 3]** the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.

[YEAR 3] 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.

[YEAR 3] 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) **[YEAR 3]** explain why it has not provided quantitative information;
- b) **[YEAR 3]** 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) **[YEAR 3]** 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 is a low global warming scenario which must align with 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 Commonwealth companies. In line with this, 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 paragraph 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 Commonwealth entities and Commonwealth companies are subject to the whole-of-Australian-Government emissions reporting requirements set out in the Climate Action in Government Operations Emissions Reporting Framework. The Framework is updated periodically.

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 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 initiatives in accordance with the Metrics and targets criteria set out below. Further information on these initiatives 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:

- a) may opt-in to disclose information relevant to the cross-industry metric categories, if it determines that such information is useful for annual report users and that such

information is available to the entity at the reporting date without undue cost or effort (see paragraph M2);

- b) shall disclose information relevant to greenhouse gases (see paragraph M3); and
- c) shall disclose 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 Further to paragraph M1(a), an entity may opt-in to disclose 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) **[YEAR 3]** internal carbon prices—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 Climate Action in Government Operations 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 Climate Action in Government Operations Emissions Reporting Framework;
- b) identify whose greenhouse gas emissions are encompassed within its aggregated disclosure, if an entity's greenhouse gas emissions identified in M3(a) cannot be separated from another entity's greenhouse gas emissions without undue cost or effort;
- c) disclose the approach, inputs, assumptions and methodologies set out in the Climate Action in Government Operations Emissions Reporting Framework that are used to

measure its greenhouse gas emissions, including any changes from the previous reporting period;

- d) 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
- e) for scope 3 greenhouse gas emissions disclosed in accordance with paragraph M3(a)(iii), and with reference to the Climate Action in Government Operations Emissions Reporting Framework, disclose:
 - i) the categories included within the entity's measure of scope 3 greenhouse gas emissions; and
 - ii) **[YEAR 3]** 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 B.

[YEAR 3] M4 In preparing disclosures to meet the requirements in paragraph M3(e)(ii), the investment entity shall disclose:

- a) **[YEAR 3]** its gross financed emissions, disaggregated by scope 1, scope 2 and scope 3 greenhouse gas emissions;
- b) **[YEAR 3]** 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) **[YEAR 3]** 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.
- d) **[YEAR 3]** further to paragraph M4(a), (b) and (c), an entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort.

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) when providing an update.

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; and
- e) **[YEAR 3]** 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 the methodology used to generate the carbon credit; 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.

4. Key terms and definitions

Absolute target	An absolute target is expressed as a total amount of greenhouse gas emissions or a change in the total amount of greenhouse gas emissions.
Accountable authority	Under sections 12 and 16 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), the accountable authority is identified as the person or body responsible for establishing and maintaining an appropriate system of risk oversight and management for a Commonwealth entity.
Annual report	Annual reports inform the Parliament and the public about the achievements, non-financial performance and financial position of Commonwealth entities and Commonwealth companies at the end of each reporting year.
Annual report users	Under sections 17AC(1), 17BD(1) and 28D(1) of the PGPA Rule 2014 , the annual reports of Commonwealth entities and Commonwealth companies 'must be prepared having regard to the interests of the Parliament and any other persons who are interested in the annual report.' For the purposes of Commonwealth Climate Disclosure, annual report users are taken to include parliamentarians, taxpayers, investors, donors and users of goods and services.
APS	The Australian Public Service (APS) comprises entities that employ their staff under the Public Service Act 1999 (PS Act).
Assignee	The subordinate individual(s) or body(s) with deputised responsibilities for monitoring, managing and overseeing climate-related risks and opportunities, wherein said responsibilities have been deputised by the accountable authority.
Australian Accounting Standards Board	The Australian Accounting Standards Board is an independent non-corporate Commonwealth entity of the Australian Government that develops, issues and maintains accounting standards and develops sustainability standards applicable to entities in the private and public sectors of the Australian economy.
Australian Securities and Investments Commission	The Australian Securities and Investments Commission (ASIC) is Australia's integrated corporate, markets, financial services and consumer credit regulator. ASIC is an independent Australian Government body set up under the Australian Securities and Investments Commission Act 2001 (ASIC Act) and carries out most of its work under the Corporations Act 2001 .
Australian Sustainability Reporting Standards	Refers to the Australian Accounting Standards Board's AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information and AASB S2 Climate-related Disclosures that were released in September 2024.
Climate Change Act	The Climate Change Act 2022 sets out Australia's greenhouse gas emissions reduction targets. It also requires the Minister for the Department of Climate Change to prepare an annual climate change statement based on independent advice from the Climate Change Authority. The object of the Act is to advance an effective and progressive response to the urgent threat of climate change drawing on the best available scientific knowledge.
Climate disclosure	Climate disclosure is the process of making climate-related activities by an organisation known to the public.
Climate-related opportunities	Climate-related opportunities refer to the potential positive effects arising from climate change for an entity. Efforts to mitigate and adapt to climate change can produce climate-related opportunities for an entity.
Climate-related risk and opportunity management targets	Targets that seek to limit or reduce an entity's exposure to material climate-related risks and opportunities over time.
Climate-related risks	Climate-related risks refer to the potential negative effects of climate change on an entity. These risks are categorised as climate-related physical risks and climate-related transition risks.
Climate-related physical risks	Risks resulting from climate change that can be event-driven (acute physical risks) or from longer-term shifts in climatic patterns (chronic physical risks). Acute physical risks arise from weather-related events such as storms, floods, droughts or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in

Climate-related transition risks	precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity. Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks.
Climate-related scenario analysis	A process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty.
Climate Risk and Opportunity Management Program	The Climate Risk and Opportunity Management Program supports capability uplift in climate risk management across the Commonwealth. The Program provides tools, guidance and services to enable Commonwealth entities and Commonwealth companies to assess and manage climate-related risks and opportunities, and achieve other deliverables outlined in The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026 . Further guidance on Program implementation is set out in the following Climate Risk Management Guides : Organisation Application Guide, Program, Project and Policy Application Guide, and the Technical Guidance.
Climate statement	A climate statement sets out the entity's response to the Requirements within the annual report.
CO2 equivalent (CO ₂ -e)	The universal unit of measurement to indicate the global warming potential of each greenhouse gas, expressed in terms of the global warming potential of one unit of carbon dioxide. This unit is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.
Global warming potential	A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given greenhouse gas relative to one unit of CO ₂ .
Commonwealth Risk Management Policy	The Commonwealth Risk Management Policy sets out the principles and mandatory requirements for effectively managing risk. The policy supports section 16 of the PGPA Act which requires accountable authorities of all Commonwealth entities to establish and maintain appropriate systems of risk oversight, management and internal control for the entity. This policy is mandatory for all non-corporate Commonwealth entities and recommended as good practice for corporate Commonwealth entities and Commonwealth companies.
Contractual instruments	Contractual instruments are any type of contract between an entity and another party for the sale and purchase of energy bundled with attributes about the energy generation or for unbundled energy attribute claims (unbundled energy attribute claims relate to the sale and purchase of energy that is separate and distinct from the greenhouse gas attribute contractual instruments).
Corporations Act	The Corporations Act 2001 provides for the regulation of corporations, financial markets and products and services, including in relation to licensing, conduct, financial product advice and disclosure. Chapter 2M of the Corporations Act sets out the comprehensive legislative requirements for financial reporting and auditing, including that all public companies and large propriety companies provide audited annual financial reports to the Australian Securities and Investments Commission (ASIC). Section 292A of the Corporations Act requires entities that meet certain thresholds to prepare a sustainability report for a financial year, if they also prepare a financial report for the financial year.
Disclosure	Disclosure is the process of making information known to the public. Both positive and negative information is disclosed to assist investors and other stakeholders to make decisions.
Entity	Refers to all Commonwealth entities and Commonwealth companies in Stream 2, Tranche 1 and Tranche 2 of the Commonwealth Climate Disclosure policy architecture.
Existing controls and additional actions	Existing controls are the current measures taken to regulate the likelihood or consequence of a risk. Additional actions may be undertaken to reduce a risk where it has been agreed that the risk is outside of the entity's tolerance, and the controls in place are insufficient.
Financed emissions	The portion of gross greenhouse gas emissions attributable to the recipient or counterparty of a loan or investment made by the entity or counterparty.
Governance Body	Governance body can include a board, committee or equivalent body charged with governance.

Greenhouse gases	The seven greenhouse gases listed in the Kyoto Protocol—carbon dioxide (CO ₂); methane (CH ₄); nitrous oxide (N ₂ O); hydrofluorocarbons (HFCs); nitrogen trifluoride (NF ₃); perfluorocarbons (PFCs) and sulphur hexafluoride (SF ₆).
Gross greenhouse gas emissions target	Gross greenhouse gas emissions targets reflect the total changes in greenhouse gas emissions planned within the entity's defined scope.
Defined scope	Defined scope are those greenhouse gas emission sources included in target where an entity or government can responsibly quantify and set achievable targets. This includes those within the Net Zero in Government Operations Strategy that form part of the APS Net Zero by 2030 target, and any additional greenhouse gas emission sources identified by an entity that form organisation specific goals or sub-targets.
Intensity target	An intensity target is expressed as a ratio of greenhouse gas emissions, or a change in the ratio of greenhouse gas emissions, to a business or economic metric. Emission intensity is expressed as the volume of greenhouse gas emissions per unit of GDP.
Internal carbon price	Price used by an entity to assess the financial implications of changes to investment, production and consumption patterns, and of potential technological progress and future emissions-abatement costs. An entity can use internal carbon prices for a range of business applications. Two types of internal carbon prices that an entity commonly uses are: a) a shadow price, which is a theoretical cost or notional amount that the entity does not charge but that can be used to understand the economic implications or trade-offs for such things as risk impacts, new investments, the net present value of projects and the cost and benefits of various initiatives; and b) an internal tax or fee, which is a carbon price charged to a business activity, product line or other business unit based on its greenhouse gas emissions (these internal taxes or fees are similar to intracompany transfer pricing).
International Public Sector Accounting Standards Board	The International Public Sector Accounting Standards Board (IPSASB) is the global independent board that develops International Public Sector Accounting Standards (IPSAS) for use by governments and other public sector entities around the world. The IPSASB's operations are facilitated by the International Federation of Accountants (IFAC).
Investment entity	For the purposes of Commonwealth Climate Disclosure, investment entity refers to Specialist Investment Vehicles, the Future Fund Management Agency and other entities listed in Appendix B.
IPSASB SRS ED 1	Refers to the International Public Sector Accounting Standards Board Sustainability Reporting Standard Exposure Draft (IPSASB SRS ED) 1, Climate-related Disclosures .
Location-based and market-based emissions	Location-based emissions refer to the emissions generated through the consumption of power at building and/or operational sites. These are calculated using the average emission intensity of the local power generation from which power is sourced. Market-based emissions are associated with the energy purchased through various instruments or contracts, including through whole-of-Australian-Government purchasing arrangements. Both location-based and market-based emissions reporting apply to scope 2 and scope 3 emission categories (see scope 1, 2 and 3 emissions below).
Nationally Determined Contribution	Under the Paris Agreement, Australia must submit emissions reduction commitments known as Nationally Determined Contributions (NDCs). The latest NDC submission was made in 2022, committing Australia to a reduction in emissions to 43% below 2005 levels by 2030. In Australia's Nationally Determined Contribution Communication 2022 , the Australian Government committed to reduce the emissions of Commonwealth Government agencies to net zero by 2030 (excluding defence and security agencies). This commitment gives effect to the APS Net Zero by 2030 target, as detailed in the Net Zero in Government Operations Strategy.
Net greenhouse gas emissions target	Net greenhouse gas emissions targets are the entity's targeted gross greenhouse gas emissions minus any planned offsetting efforts (for example, the entity's planned use of carbon credits to offset its greenhouse gas emissions).
Carbon credit	

	An emissions unit that is issued by a carbon crediting program and represents an emission reduction or removal of greenhouse gases. Carbon credits are uniquely serialised, issued, tracked and cancelled by means of an electronic registry.
Net Zero in Government Operations Strategy	The Net Zero in Government Operations Strategy describes the approach for implementing the Australian Government's commitment to achieve net zero in government operations by 2030. It sets out the activities, emission sources and Commonwealth entities that are included in the APS Net Zero by 2030 target and reporting, and action required by entities.
Emissions Reduction Plans	The Net Zero in Government Operations Strategy outlines entities' obligations to develop long term Emissions Reduction Plans. These plans define the priorities and actions that each entity will take to support the APS Net Zero by 2030 target and are to be signed off by the accountable authority.
Climate Action in Government Operations Emissions Reporting Framework	The Climate Action in Government Operations Emissions Reporting Framework provides a consistent approach to emissions reporting across the APS. It is designed to help the Commonwealth meet its reporting obligations as outlined in Australia's Nationally Determined Contribution under the Paris Agreement.
NGER Scheme legislation	National Greenhouse and Energy Reporting (NGER) Scheme legislation is Australia's national framework for reporting and publishing company information about greenhouse gas emissions, energy production and energy consumption.
Operational model	The system of transforming inputs through its activities into outputs and outcomes that aims to further the entity's objectives over the short, medium and/or long term.
Parent entity	Definition as per AASB 10 <i>Consolidated Financial Statements</i> : an entity that controls one or more entities.
Subsidiary	Definition as per AASB 10 <i>Consolidated Financial Statements</i> : an entity that is controlled by another entity.
PGPA Act	The Public Governance, Performance and Accountability Act 2013 (PGPA Act) establishes governance and accountability requirements for Commonwealth entities and Commonwealth companies. The PGPA Act applies to non-corporate Commonwealth entities, corporate Commonwealth entities and Commonwealth companies. It establishes rules for financial management and for the broader governance, performance and accountability of government entities.
PGPA Rule	The Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) and other legislative instruments establish the requirements and procedures necessary to give effect to the governance, performance and accountability matters covered by the PGPA Act. The PGPA Rule applies to non-corporate Commonwealth entities, corporate Commonwealth entities and Commonwealth companies.
Public policy	Public policy refers broadly to any type of public policy intervention. This includes (but is not limited to) the development, implementation and enforcement of public policy through: the delivery of goods and services; the provision of policy advice; legislation; regulations and standards; voluntary agreements; guidelines; programs; grants; procurements and expenditures; taxes, subsidies and other fiscal measures; financing and investment; research and development; and/or public asset and infrastructure projects. For the purposes of Commonwealth Climate Disclosure, public policy does not include policies internal to the organisation that have little or no outward effect on the broader Australian public.
Scope 1, 2 and 3 (emissions)	Definition as per the Net Zero in Government Operations Strategy: Scope 1 emissions reflect emissions from sources owned or controlled by Government, including the stationary combustion of fuels (boilers, generators) and transportation (vehicle fleet). Scope 2 emissions are indirect emissions which occur because of the activities that generate electricity, which is consumed by an entity, but is generated outside that entity's boundaries. They are physically produced by the burning of fossil fuels by the generator of the electricity. Scope 3 emissions reflect other indirect emissions produced through Government activities.

Sectoral decarbonisation approach	A sector-based target-setting methodology for entities to reduce greenhouse gas emissions in line with the latest scientific scenario that would limit global temperature rise to 2°C above pre-industrial levels.
Transition plan	An aspect of an entity's overall strategy that lays out the entity's targets, actions or resources for its transition towards a lower-carbon economy, including actions such as reducing its greenhouse gas emissions.

Appendix A

Comparison with other climate-related disclosure standards

AASB S2: *Climate-related Disclosures*

The Requirements are based on [AASB S2](#). However, there has been specific tailoring to account for the differences in the funding structures, objectives and functions of Commonwealth entities and Commonwealth companies and the legislative, regulatory and policy environments under which they operate.

For example, the Requirements incorporate modifications that reflect relevant targets and emissions reporting requirements set out in the Net Zero in Government Operations Strategy. The Requirements also include modifications that account for the non-financial climate-related risks and opportunities that are critical for Commonwealth entities and Commonwealth companies to consider in ensuring the long term, resilient delivery of public policy. Key modifications from AASB S2 have been outlined in Table 2 below.

Table 2: Key modifications from the Core content of AASB S2.

Modification	Rationale
Material climate-related risks and opportunities	AASB S2 requires consideration of climate-related risks and opportunities 'that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term'. To reflect the broader public good onus on Commonwealth entities and Commonwealth companies, the Requirements adopt a tailored approach to require consideration of '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'. This tailored approach makes a specific reference to the consideration of climate-related risks and opportunities associated with public policy delivery.
Use of the term 'accountable authority'	The term 'accountable authority' has the same meaning given to it under section 12 of the PGPA Act and is used throughout the Requirements to refer to the 'governance body(s) or individual(s) responsible for oversight of 'climate related risks and opportunities', as described in AASB S2. The rationale for adopting this term is to better assist entities in identifying the appropriate position, within their respective organisations, responsible for climate-related risk oversight in their organisations, while also serving to streamline the Requirements.
Measurement of greenhouse gas emissions	AASB S2 requires an entity to measure its greenhouse gas emissions in accordance with the <i>Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)</i> unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its greenhouse gas emissions (e.g. methodologies in NGER Scheme legislation). However, emissions reporting under the Net Zero in Government Operations Strategy requires all Commonwealth entities and Commonwealth companies to measure their greenhouse gas emissions using the Climate Action in Government Operations Emissions Reporting Framework. This obligation is reflected in the Requirements, which prescribe the use of emissions reporting methodologies set out in the Climate Action in Government Operations Emissions Reporting Framework. The Framework uses the same emission factors as NGER Scheme legislation to ensure consistency but further includes select scope 3 greenhouse gas emissions.
Scope 3 greenhouse gas emissions categories	AASB S2 requires an entity to disclose the sources of its scope 3 greenhouse gas emissions using the 15 categories in the <i>Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)</i>.

	The Requirements reference the scope 3 greenhouse gas emissions categories specifically identified for reporting purposes in the Climate Action in Government Operations Emissions Reporting Framework instead. The intention of the Climate Action in Government Operations Emissions Reporting Framework is to enable the Government to consistently estimate and report the widest range of emissions as is feasible, and to ensure that the underlying data is robust, defensible and transparent. The emissions boundary (i.e. the specific activities and emissions that are accounted for in the greenhouse gas emissions inventory) in the Climate Action in Government Operations Emissions Reporting Framework has been designed to enable expansion over time.
Reference to the APS Net Zero by 2030 target	As set out in the Net Zero in Government Operations Strategy, the APS Net Zero by 2030 target is the Australian Government's commitment to achieve net zero in government operations by 2030. The APS Net Zero by 2030 target applies to in-scope NCEs. CCEs and Commonwealth companies can declare they will meet the 2030 target. If not, they are encouraged to declare their own net zero or greenhouse gas emissions reduction targets. To reflect this Government policy, references to the APS Net Zero by 2030 target have been included within the Strategy and Metrics and targets criteria of the Requirements, set out in Part 3 of this document.
Reference to Emissions Reduction Plans	The Net Zero in Government Operations Strategy outlines obligations for NCEs to develop Emissions Reduction Plans. These plans define the priorities and actions each entity will take to support the APS Net Zero by 2030 target and are to be signed off by the accountable authority. These plans are voluntary, but encouraged, for CCEs and Commonwealth companies. To align with this Government policy, the Requirements include reference to Emissions Reduction Plans in both the Strategy and Metrics and targets criteria set out in Part 3 of this document.
Reference to The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026	The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026, supported by the Climate Risk and Opportunity Management Program, sets out a consistent framework for identifying, assessing, prioritising and managing climate-related risks and opportunities across Commonwealth operations. To reflect this whole-of-Australian-Government approach to risk management, the Requirements ask that entities consider the applicability of The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026 in the preparation of their climate disclosures. This requirement is set out in the Governance, Strategy and Risk management criteria in Part 3 of this document.
Exclusion of judgements and measurement uncertainty from the General Requirements	Appendix D of AASB S2 includes explanations relating how an entity shall disclose judgements and measurement uncertainty when preparing its climate-related financial disclosure. To streamline the Requirements, these explanations have been removed and are instead be included in the suite of Application Guidance documents.
Exclusion of executive remuneration	AASB S2 sets out requirements for entities to disclose information about how, and to what extent, climate-related considerations are factored into executive remuneration. In contrast to the private sector, remuneration settings for Commonwealth entities are often dependent on legislation and subordinate regulation and policies beyond their sphere of control. For example, under the <i>Public Service Act 1999</i>, Departments of State are required to follow the principles under the <i>Performance Bonus Guidance</i>. These principles set out the Australian Government's expectations that performance bonuses should only be used in limited circumstances for public benefit. Furthermore, remuneration arrangements for Secretaries of Departments are set by the Remuneration Tribunal and by a separate instrument under subsection 14(3) of the <i>Remuneration Tribunal Act 1973</i>. The amount of remuneration is fixed and reviewed from time to time by the Remuneration Tribunal or the President of the Remuneration Tribunal and the Australian Public Service Commissioner. On this basis, criteria for entities to disclose climate-related executive remuneration have been removed from the Requirements.

Reference to the progressive implementation schedule	The Requirements include reference to the progressive implementation schedule. The schedule sets out expectations for how entities are to gradually extend their disclosure of climate-related risks and opportunities to include those associated with their ability to deliver public policy. The progressive implementation schedule in the Requirements aligns with the Commonwealth Climate Disclosure policy architecture to facilitate capability and climate maturity uplift across Commonwealth entities and Commonwealth companies by progressively introducing requirements over 3 years. AASB S2 does not include reference to a progressive implementation schedule.
Removal of climate-related scenario analysis considerations from Risk management	AASB S2 sets out requirements for entities to disclose information about their climate-related scenario analysis under Risk management. Similar requirements are found under the Strategy criteria to limit duplication.
Comparative information	AASB S2 specifies that ‘an entity shall disclosure comparative information in respect of the preceding period for all amounts disclosed in the reporting period. If such information would be useful for an understanding of the climate-related financial disclosures for the reporting period, the entity shall also disclose comparative information for narrative and descriptive climate-related financial information.’ The Requirements instead require an entity to disclose comparative information for the previous period ‘if it helps users better understand the current climate disclosure.’ This avoids duplication of information from previous disclosures.
Consolidated reporting	AASB S2 specifies that ‘an entity’s climate-related financial disclosures shall be for the same reporting entity as the related financial statements, unless otherwise permitted by law’. Under the <i>Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024</i>, a parent entity has the choice of preparing a sustainability report for either the consolidated entity or the parent entity. The Requirements align with this Act on matters of consolidated reporting, stating ‘An entity may choose to extend its disclosure to include aggregated information about the parent entity and its subsidiaries.’
Reference to public policy activities	It is expected that a not-for-profit entity applying AASB S2 would consider climate-related risks and opportunities that could reasonably be expected to affect its ability to continue providing goods and services. However, AASB S2 does not make specific reference to public policy activities. The Requirements are found under the Strategy criteria, set out in Part 3 of this document, include specific requirements for public policy activities. For the purposes of Commonwealth Climate Disclosure, public policy does not include policies internal to the organisation that have little or no outward effect on the broader Australian public. In making specific reference to public policy activities in the Requirements, it is acknowledged that annual report users may be most interested in information about how public policy activities could be affected by climate-related risks and opportunities, and how the entity plans to mitigate and adapt to these risks.
Removal of value chain	AASB S2 requires an entity to disclose information about the current and anticipated effects of climate-related risks and opportunities on the entity’s value chain. The Requirements have removed the concept of a value chain for entities in the Commonwealth public sector. The value chain is much broader in a public sector environment and there are inherent difficulties with determining scope. Duplication of reporting could occur where multiple entities are responsible for the same public policy, and such information may be more meaningful when reported at the whole-of-Australian-Government level. The Requirements instead require an entity to disclose information about the current and anticipated effects of climate-related risks and opportunities on the entity’s ability to deliver public policy.
Prescription of climate-related scenarios	AASB S2 does not prescribe specific temperature outcomes for climate-related scenario analysis. However, the Requirements prescribe the use of at least two plausible and distinct climate-related scenarios, one of which must align with the low global warming scenario set out in the <i>Climate Change Act 2022</i> (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).

	The rationale for prescribing climate-related scenarios is to better align the Requirements with other Commonwealth legislation and frameworks, including the <i>Climate Change Act 2022</i>, <i>Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024</i> and the Climate Risk and Opportunity Management Program.
Adaptation of climate resilience	The Requirements adopt a tailored approach to AASB S2 paragraph 22 on climate resilience. The tailored approach focuses more on climate-related scenario analysis and less on the financial capacity of an entity to adjust or adapt its strategy and business model. These modifications were made to reflect the limited control Commonwealth entities have over their finance to respond to climate-related risks and opportunities. Where practicable, the climate-related scenario analysis requirements have been aligned to the Climate Risk and Opportunity Management Program to improve clarity on how the requirements relate to processes used by an entity in undertaking its climate risk and opportunity assessment. Other requirements from paragraph 22 of AASB S2 have been incorporated into the strategy and decision-making effects and Risk management criteria to streamline the Requirements.
Optional cross-industry metric categories	Disclosure of information relevant to the cross-industry metric categories (paragraph M2) is optional in these Requirements, as opposed to being required in AASB S2. This modification is a result of previous feedback from some entities that information about the amount and percentage of assets or operational and service activities vulnerable to climate-related risks and opportunities may not relate to public sector outcomes. Rather than being removed entirely, the paragraph has been retained with the reasoning that some entities, such as those comparable to the private sector, may determine information relevant to the cross-industry metric categories is useful to annual report users, and, where such information is available to the entity at the reporting date without undue cost or effort, it should be disclosed. It is up to the discretion of the entity to opt-in to report against the cross-industry metric categories or not on this basis.
Correction of errors	For the purposes of Commonwealth Climate Disclosure, errors have the same meaning as 'prior period errors' in AASB S2. The process for correcting errors in entities' annual reports has been tailored from AASB S2 to align with the Tabling Guidelines and requirements under section 17AH(1)(e) of the PGPA Rule. Section 17AH(1)(e) of the PGPA Rule requires NCEs to include information correcting the record in their annual report, where 'a previous annual report for the entity contains any significant statement on a matter of fact which has proved to be wrong in a material respect'. Although section 17AH(1)(e) only applies to NCEs, it is considered good practice for CCEs and Commonwealth companies to follow the same approach.
Criteria for financed emissions	AASB S2 has different disclosure requirements for information about financed emissions determined by whether an entity participates in financial activities of asset management, commercial banking or insurance. In these Requirements, only entities that are listed RMG-127 appear in Appendix B are required to disclose information about their financed emissions. The type of information required by paragraph M4 was determined by selecting common criteria from the additional disclosure requirements set out in paragraphs B58–AusB63.1 of AASB S2 for entities participating in financial activities of asset management, commercial banking and insurance.
Removal of disaggregated emissions between the consolidated accounting group and other investees	AASB S2 paragraph 29(a)(iv) requires an entity to disaggregate scope 1 and scope 2 greenhouse gas emissions between the consolidated accounting group and other investees (such as associates, joint ventures and unconsolidated subsidiaries). Paragraph 29(a)(iv) of AASB S2 is excluded from these Requirements due to the complex interactions of investees with entities in the Commonwealth public sector and the limited number of entities that would be affected by this requirement.
Criteria for carbon credits	AASB S2 requires an entity to disclose information about 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.' These Requirements require the disclosure of information about the type of carbon credit, including 'the methodology used to generate the carbon credit.' This requirement ensures the detail on the origin of the entity's carbon credits are disclosed, enhancing transparency while remaining technology neutral, consistent with Government policy.
--	--

Appendix B

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, Sport and the Arts	Northern Australia Infrastructure Facility
Treasury	Housing Australia

Document control

Version number	Date of issue	Brief description of change
1	October 2025	Initial release

Contact us

Department of Finance
Climate Action in Government Operations

Commonwealth Climate Disclosure

finance.gov.au/climateaction

climateaction@finance.gov.au

