

Strategy Year 1 Guidance

Commonwealth Climate Disclosure

This document has been developed to support you in implementing the Strategy criteria of your climate disclosure. It is not mandatory to use this Guidance, and you should consider how it relates to your entity's individual circumstances.

Although all climate disclosure criteria should be addressed, the format for how these are disclosed is flexible (provided it meets the [General Requirements](#)). When your climate disclosure refers to different sections of an annual report, we recommend using an [index](#).

We recommend that you use this document alongside the examples and other resources published on the [Application Guidance website](#).

Guide to making your disclosure

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, including:

- material information about the entity's climate-related risks and opportunities; and
- current and anticipated effects of the risks and opportunities on the entity's operational model.

The strategy section of your climate disclosure should provide a high-level description of how your entity is managing climate-related risks and opportunities. In the [Year 1 Reporting Provisions](#), the criteria for strategy covers S0, S1, S2, S3 and S4.

Note: S2, S3 and S4 criteria are covered in detail in this Guidance. S0 and S1 are delivered by addressing S2, S3 and S4 criteria.

It is important to note that the scope is limited to *organisational risks and opportunities* in your first year of disclosure and will expand over time.

The progressive implementation of criteria supports capability building and allows disclosures to become more detailed over time. The [indicative requirements](#) to be phased in over years 2 and 3, including policy-related risks and opportunities, are subject to change and are expected to be finalised in the later part of 2025.

Note: Organisational risks and opportunities include, but are not limited to, the climate-related risks and opportunities associated with the entity's operational model.

Organisational risks and opportunities in our progressive implementation strategy can be considered as 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. For example, risks to work, health and safety through increased intensity of extreme weather or opportunities with reducing emissions from the organisation's buildings.

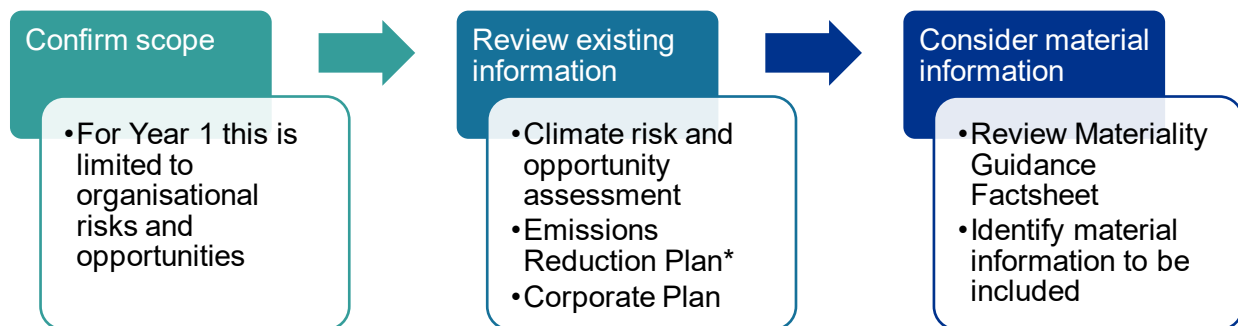
Getting started

After conducting your climate risk and opportunity assessment, you should confirm your scope, review existing information available and ensure you understand materiality and how it applies to climate disclosure.

Depending on your entity's individual circumstances, the climate risk and opportunity assessment undertaken using the Climate Risk and Opportunity Management Program (CROMP) may provide a large portion of the information to address the Year 1 Strategy criteria. Once you have considered CROMP's overlap with the Strategy category, it is recommended you engage with the [Materiality Guidance](#).

Tip: 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.

Figure 2: Suggested pathway for consideration of Strategy criteria



* Required under the APS Net Zero by 2030 target

Note: There is no need to duplicate relevant content detailed in other sections of the annual report or within other public documents (such as your Emissions Reduction Plan) within your climate disclosure section. You may wish to reference sections of your annual report and include hyperlinks to these external documents in your index.

Tip: the Emissions Reduction Plans (ERPs) required by entities in scope of the [APS Net Zero 2030 Target](#) can be cross-referenced in your disclosure to demonstrate your strategy to manage material risks and opportunities. For example, if increasing operation costs associated with electricity were identified as a material risk, the ERP could be cross-referenced to demonstrate the actions in place to reduce energy usage through efficiency measures.

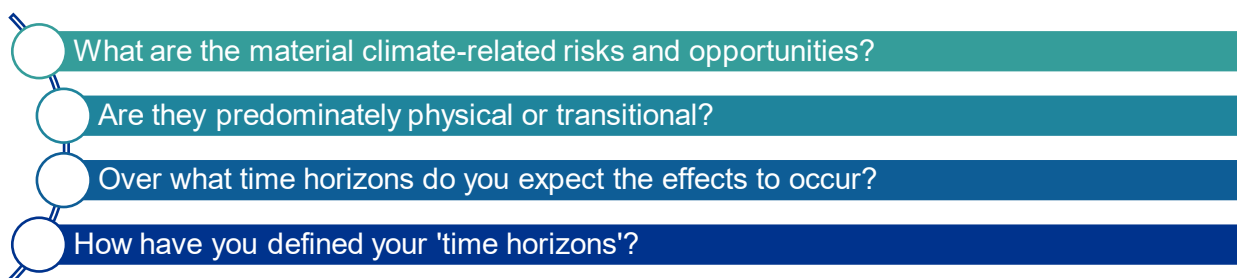
Tip: Not all climate-related risks and opportunities identified in your entity's climate risk and opportunity assessment will necessarily be significant enough to include in your climate disclosure. You should focus on climate-related risks and opportunities that are both relevant and consequential to annual report users.

See the [Materiality Guidance](#) for practical guidance on determining material information for your entity.

S2 Climate-related risks and opportunities

It is expected that entities will have undertaken a climate risk and opportunity assessment, for example using the CROMP Framework. After reviewing this assessment, entities can review the [Materiality Guidance](#) to decide which climate-related risks and opportunities are material will provide you with the climate-related risks and opportunities to be included under S2. This criterion narrows the focus to organisational climate-related risks and opportunities, how they are categorised (as predominantly a physical risk or transition risk) and the timeframes in which the climate-related risk or opportunity is expected to occur.

Figure 1 Prompting S2 questions to identify material information



The table below provides examples on how to address prompting questions 1-4 in Figure 1 above.

Table 1: Example of disclosing material climate-related risks and opportunities

Risk or Opportunity Statement	Risk/Opportunity	Risk type
Risk of climate change events impacting staff health and safety	Risk	Physical
Risks to the safe and reliable access to infrastructure and assets during extreme events, impacting business continuity	Risk	Physical
Opportunity to use new technology to improve hybrid work, and support business continuity during climate events	Opportunity	Transition
Opportunity to reduce costs and emissions associated with operations, due to access to low emissions technology such as electric vehicles.	Opportunity	Transition
Opportunity to transition to net zero ahead of the 2030 target and improve stakeholder relations and reputation of the department.	Opportunity	Transition

To meet S2(d), include the definition of short, medium and long term for the effects of each climate-related risk and opportunity and the rationale for these definitions. The rationale can utilise relevant horizons identified in related policy. Where appropriate, you should use the recommendation in the CROMP [Organisation Application Guide](#) of using 2030, 2050 and 2090 as the short, medium and long term time horizons respectively. This could be done in the body of the report (where risks and opportunities are discussed), in the climate statement appendix which specifically discusses the entity's climate-related risk and opportunities, or in the index (template index available on the [Application Guidance website](#)).

In addressing S2(d) you can consider when the risks or opportunities identified in your disclosure are likely to manifest, and how they may change over the timeframes considered in your climate risk and opportunity assessment. For example, whether a climate risk is already occurring and is expected to increase in future, or whether an opportunity will only be realised under certain timeframes.

Tip: timeframes and scenarios

Looking at your risk or opportunity statement through different timeframes (present day, 2030, 2050 and 2090) creates a picture of how the risk or opportunity may change over time.

For example, a (physical) risk of extreme weather events on staff wellbeing and safety may initially be rated as minor in the present day and 2030. However, by 2050 and 2090 this may change to extreme as the frequency and severity of the extreme weather events increases and it becomes harder to care for staff wellbeing and safety.

Alternately, a transition risk may follow a different trajectory. High ratings may be seen in the shorter term (e.g. financial strain due to initial costs of adopting new technology for emissions reduction), but lower risk ratings in 2050 and 2090 (e.g. prior adoption of new technology leads to operating in line with emissions reduction goals).

While disclosure of climate scenarios is not required in the Year 1 Strategy Requirements, both timeframes and scenarios will be considered as part of your climate risk and opportunity assessment, and included in the CROMP Framework.

Scenarios provide information on projected climate changes and using them to assess risks – alongside timeframes – can support stronger risk management. They are a key component of climate risk assessments in the [Climate Risk Digital Tool](#) by the Department of Climate Change, Energy, the Environment and Water.

The Climate Risk Digital Tool also provides examples of climate-related risks and opportunities.

S3 Climate risk and opportunity assessment

As set out in [The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026](#), entities are expected to have undertaken a climate risk and opportunity assessment. It is encouraged that this assessment aligns with the CROMP methodology, which has been developed specifically for public sector applications and which includes resources and tools which will support Commonwealth entities and companies in undertaking a climate risk and opportunity assessment.

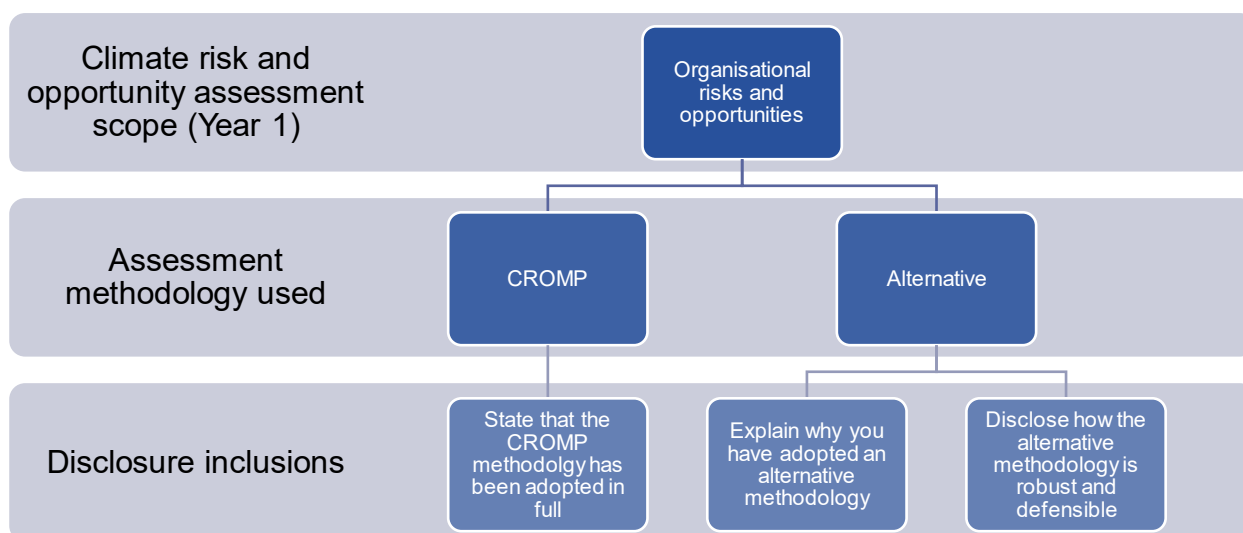
However, if it is impractical for your entity to adopt CROMP in full and you use an alternative methodology, you will need to provide an explanation of why you chose an alternate methodology, and how it is robust and defensible. Note that Departments of State are expected to use the CROMP framework.

EXAMPLE

Corporate Commonwealth entity using a pre-existing robust and defensible process for climate-related risks

Initial work to conduct a physical climate risk and opportunity assessment was completed in 2021-2022 using the [Climate Risk Ready NSW Guide](#). This year, we updated our assessment in response to the increased frequency and severity of extreme weather events and updates to climate information and projections that have occurred over recent years, and in consideration of [The Australian Government's Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026](#). While we used the same process this year to identify physical climate-related risks, we amended our process to include a review of the organisation's exposure to climate-related transition risks. We also expanded our scope to include the organisation's key purpose/outcomes and concessional loans program alongside our infrastructure, assets and operations. With these two amendments our process is more aligned with the steps in CROMP.

Figure 3: Referencing of CROMP and/or alternative methodology under Strategy criteria



S4 Operational model effects

This section supports annual report users to understand the current and anticipated effects of climate-related risks and opportunities. This includes descriptions of the **effects** of climate-related risks and opportunities on the entity's operational model (both current and anticipated) and where the climate-related risks and opportunities are concentrated.

The operational model is defined as the system of transforming inputs through its activities into outputs and outcomes that aim to further the entity's objectives over the short, medium and/or long term. For example, the operational model refers to the way in which the entity operates and conducts its activities to achieve outcomes that further its objectives.

When considering anticipated effects, entities may wish to use the same short-, medium-, and long-term from your climate risk assessment.

In this context, concentration refers to the clustering of climate-related risks and opportunities in geographical areas, facilities or types of assets. You should consider the extent or range of the climate-related risks and opportunities that your entity has identified, and the specific effects that your entity may be exposed to. For example, this may appear as the identification of risks and opportunities being assessed as particularly acute in specific locations (in one or more scenarios).

Note: It may not be appropriate to disclose the geographic location of climate-related risks and opportunities if doing so poses a significant security risk. Refer to 'Information exemptions' in the [Year 1 Reporting Provisions](#) for further information on security and other exceptions.

EXAMPLE

Non-corporate Commonwealth entity with notable geographical climate-related risk and opportunity concentration

The current effects of the material risks and opportunities identified in Table 1 include:

- Risks to staff health and wellbeing due to extreme events, including extreme heat.
- Reduced staff productivity due to extreme weather, such as extreme heat.
- Disruption to business continuity if extreme weather/natural disasters impact staff safely accessing office locations and required technology.
- Supply chain bottlenecks impacting access to new technology that supports our transition to net zero.

With the likelihood of increased frequency of extreme weather events associated with climate change we expect these impacts to increase in the future.

Although we operate nationally with our head office in Canberra, more than 70% of our staff are located within our Northern Australian Division. This created greater exposure to our northern Australia staff safety and business continuity from extreme heat, storms, floods and cyclones. Our Northern Australia Division has been included in our working group delivering our climate risk and opportunity assessment to ensure the geographical concentration of risks within the Division are incorporated into our program of work.

Document control

Version number	Date of issue	Brief description of change
1	17/04/2025	Initial publication

Contact

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