



Australian Government
Department of Finance

Climate Action
in Government Operations

Commonwealth Climate Disclosure Requirements

Year 1 Reporting Provisions

FY2024-25 for Tranche 1

FY2025-26 for Tranche 2

August 2026



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Document control

Version number	Date of issue	Brief description of change
1	December 2024	Initial release
2	August 2026	Updates to Location of Disclosure and Key Terms and Definitions

1. Introduction

Who should use this document

This document sets out the Year 1 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 these Requirements in FY2024-25 (2024-25) reporting, and Tranche 2 Commonwealth entities and Commonwealth companies in FY2025-26 (2025-26) reporting.

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. The infographic below provides a summary of the policy.

Commonwealth Climate Disclosure Requirements for use by Tranche 1 and 2 Requirements will be progressively sequenced-in over three years Final Requirements for Year 2 and Year 3 reporting will be published in Q3 2025 ----- 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 Simplified Requirements will be published in Q3 2025 ----- 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.

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 outcomes of the Initiative include:

- Supporting the long-term resilience of public services and assets.
- Demonstrating Australian Government leadership in enacting climate disclosures, as climate-related financial disclosures become mandatory 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 are being developed and implemented in stages. This will allow time for capability uplift and climate risk maturity development within Commonwealth entities and Commonwealth companies. The Commonwealth Climate Disclosure Requirements include:

- **Requirements for Stream 2, Tranche 1 and Tranche 2 entities.** The Year 1 Requirements are set out in this document. The Indicative Year 2 and Year 3 Requirements for subsequent reporting years can be found on the [Commonwealth Climate Disclosure Requirements](#) webpage.
- **Simplified Requirements for Tranche 3 entities not subject to the carve-out.** The Simplified Requirements are currently under development and are due to be released in Q3 2025.

Requirements for Stream 2, Tranche 1 and Tranche 2 entities (the Requirements), are based on AASB S2, released in September 2024. Tailoring has been made to reflect Commonwealth public sector considerations, including certain 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](#). The Requirements may also be updated periodically to account for changes in climate risk management practices as climate risk maturity evolves.

Guide to navigating this document

This document has been designed to assist entities in preparing their climate disclosures by articulating what, when and how entities are to report. It consists of:

- **General Requirements:** The General Requirements 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:** The Core Requirements set out the climate-related reporting provisions for entities and focus on 4 key categories:
 - **Governance:** This includes governance processes, controls and procedures in place to support climate risk management within an entity.
 - **Strategy:** This includes strategic approaches an entity uses to manage climate-related risks and opportunities and reduce its emissions over time.
 - **Risk management:** This includes the methods an entity uses to embed climate risk management practices across its organisation.
 - **Metrics and targets:** This includes processes and methodologies an entity uses to track its performance and meet its climate-related targets.

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 is being developed to complement the General Requirements and the Core Requirements. These documents will provide step-by-step guidance and illustrative examples for entities to consider in making their disclosures. The Application Guidance will be tailored for different entity types and sizes to allow the preparation of proportionate disclosures.

2.1 Scope

All entities in Stream 2, Tranche 1 and Tranche 2 of the Commonwealth Climate Disclosure policy architecture are expected to follow the Requirements set out in this document when preparing climate disclosures in their annual reports in their Year 1 climate disclosure.

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

Not in scope

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

- Commonwealth entities 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 material climate-related information to their parent entity to enable their parent entity to fulfill its consolidated reporting requirements under the Initiative (see [Consolidated reporting](#)).
- Commonwealth companies that are required to prepare a sustainability report under section 292A of the Corporations Act. This includes entities categorised as Stream 1 in the Commonwealth Climate Disclosure policy architecture, and certain Tranche 3 Commonwealth companies that face, or that are likely to face, material climate-related financial risks and opportunities. 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.

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 wish to 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 over a period of 3 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 Tranche 1 and Tranche 2 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.

2.5 Progressive sequencing

The Year 1 Requirements include foundational criteria under Governance, Strategy, Risk management and Metrics and targets, and are set out in part 3 of this document. The Year 1 Requirements build 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 are permitted to voluntarily report additional information beyond the Year 1 Requirements in their first year of disclosure.

More complex disclosure requirements will be progressively sequenced-in over the second and third reporting years. Such disclosure requirements include those relating to climate-related scenario analysis, financial effects and financed emissions (for certain entities only). While the Year 2 and Year 3 Requirements have yet to be finalised, expectations of what these Requirements are likely to entail can be found on the [Commonwealth Climate Disclosure Requirements](#) webpage. These indicative Requirements will be reviewed and updated in the future to reflect alignment with international and domestic climate disclosure developments, where appropriate, and to reflect the further development of technical aspects of the Requirements. Finance will consult entities on the Year 2 and Year 3 Requirements in advance of their finalisation in 2025.

Note: The Full Requirements, when finalised, will represent the final set of Requirements for Tranche 1 and Tranche 2 entities.

2.6 Location of disclosures

Non-corporate Commonwealth entities are required to reference their climate disclosure in an appendix to their annual report (due to subsection 17AH(2) of the PGPA Rule). It is best practice for Corporate Commonwealth entities and Commonwealth companies to also align with this convention.

As such, climate disclosures should be published as a standalone report that is referenced in the appendix of your annual report (under other legislative requirements) and published on the Transparency Portal using the Digital Annual Reporting Tool. The climate disclosure is to be published concurrently with the annual report. Entities may also continue to publish climate disclosures on their own websites.

Emissions inventories, which are included in the climate disclosure, are also to be published as a dataset on the Transparency Portal, consistent with other reporting datasets.

If one or more of the Core Requirements are met within the body of the annual report, an entity does not need to duplicate this information in its climate disclosure. Where this occurs, the climate disclosure should clearly cross-reference the information to the body of the annual report (for example, through the inclusion of an index).

2.7 Information included by cross-reference

Entities are permitted to cross-reference relevant information contained in other publicly available documents within their climate disclosures. However, these documents must be publicly available at the same time and on the same terms as the climate disclosures. Examples of relevant information an entity may wish to reference in its annual report 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 disclosures are clearly identifiable and not obscured by additional information.

2.8 Reporting periods

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

- **Strategy:** In adherence with the criteria set out under [Strategy](#) in part 3 of this document, entities are required to disclose their climate-related risks and opportunities, as well as their associated effects and plans to manage them. These disclosures, by virtue of their nature, will be forward-looking and will 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 to outline the steps they are taking to address any information deficits and the expected timeframes for completing these steps, as part of their disclosure. These disclosures will also be forward-looking and extend beyond the reporting period for annual reports.
- **Metrics and targets:** When preparing disclosures in accordance with the [Metrics and targets](#) criteria set out in part 3 of this document, entities must also align their disclosures with the reporting periods specified in the APS Net Zero Emissions Reporting Framework.
- **Disclosure period:** Where an entity provides a climate disclosure for a period longer or shorter than 12 months, the entity shall disclose the period covered by the climate disclosures, the reason for using a longer or shorter period and the fact that the amounts disclosed in the climate disclosures are not entirely comparable.

2.9 Consolidated reporting

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:

- Subject to any agreed entity-specific implementation arrangements, 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 their disclosure by providing the subsidiaries covered by their disclosure.

Note: In an entity's third reporting year, there will be a requirement to disclose material information about the climate-related risks and opportunities of the entity's subsidiaries.

2.10 Financial effects

Climate-related risks and opportunities have the potential to impact an entity's financial position, financial performance and cash flows (financial effects). This can occur, for example, 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.

Requirements for an entity to disclose the financial effects of its climate-related risks and opportunities are to come into effect in the entity's third reporting year. Guidance will be made available to assist in the preparation of information on financial effects for inclusion in climate disclosures.

Note: In accordance with AASB 101 *Presentation of Financial Statements*, entities are currently required to consider material financial effects in the preparation of their financial statements. Please also refer to AASB ED 331 *Climate-related and Other Uncertainties in the Financial Statements* for further guidance.

2.11 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 PGPA Rule, the annual report of a non-corporate Commonwealth entity (NCE), corporate Commonwealth entity (CCE) 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 Climate Risk and Opportunity Management Program or a similar risk assessment and management framework. The Materiality Guidance articulates a minimum baseline for disclosure by entities under the Initiative.

2.12 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 disclosures 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, for example, would be considered 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. The assessment of what constitutes undue cost or effort depends on the entity's specific circumstances and 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.

2.13 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 policy and/or service 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 public sector entities and decision-makers may be required for an entity to achieve its intended change.

2.14 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 disclosures by obscuring material information with immaterial information or by aggregating material items of information that are dissimilar to each other.

2.15 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](#), [APS Net Zero 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.

2.16 Guiding principles

Set out below are the 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 part 3 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

Under section 16 of the PGPA Act, the accountable authority 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 as the governance body or individual responsible for oversight of the entity's climate-related risks and opportunities.

Maturity

It is an expectation 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 are 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 that are more widely identifiable across their public policy delivery chain and subsidiaries.

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	Year 1 plus: Policy-related risks and opportunities: This includes the climate-related risks and opportunities identified along the entity's public policy delivery chain.
Year 3	Year 2 plus: Procurement-related risks and opportunities: This includes the climate-related risks and opportunities arising from the entity's major procurement activities, such as the purchase of goods and services and associated contractual arrangements for their ongoing maintenance. Consolidated entity risks and opportunities: The climate-related risks and opportunities arising from the operations of the parent entity and its subsidiaries.

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 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. Entities with smaller geographical footprints that engage in a narrower range of activities and have lower levels of risk exposure will be less complex, in comparison.

3. Core Requirements (Year 1)

Objective

- a) The objective of the Commonwealth Climate Disclosure Requirements (the Requirements) for climate-related disclosures is to set out the requirements for in-scope Commonwealth entities and Commonwealth companies (entities) to disclose information about their climate-related risks and opportunities that is useful to annual report users.
 - b) The Requirements require an entity to disclose 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 (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 responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify the accountable authority, as defined under section 12 of the PGPA Act, and disclose information about:
 - i) how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions or other related policies and/or legislation applicable to the accountable authority;
 - ii) how the accountable authority determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;
 - iii) how and how often the accountable authority is informed about climate-related risks and opportunities;
 - iv) how the accountable authority takes into account climate-related risks and opportunities when overseeing the entity's strategy and risk management processes and related policies, and when making decisions in relation to major transactions and the prioritisation of funds, where applicable;
 - v) how the accountable authority oversees the setting of climate-related targets and monitors progress towards those targets (see paragraphs M5-8), including targets related to emissions reduction and any other climate-related risk and opportunity management targets; and
 - vi) whether, and to what extent, risk oversight is deputised to a specific management-level position or management-level committee (assignee) and how oversight is exercised over that position or committee; and
- b) the role and responsibilities the assignee and other senior management and governance committees play in the oversight and administration of governance processes, controls

and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:

- i) whether the assignee uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.

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

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

Strategy

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

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

- a) material information about the entity's climate-related risks and opportunities (see paragraphs S2-3); and
- b) the current and anticipated effects of those climate-related risks and opportunities on the entity's operational model (see paragraph S4).

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;
- 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 '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.

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. Under the Approach, entities are encouraged to conduct climate risk and opportunity assessments in adherence with the Climate Risk and Opportunity Management Program, where practicable.

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

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

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

- a) the processes and related policies the entity uses to identify, assess, prioritise, manage and monitor climate-related risks, including information about:
 - i) the inputs and parameters the entity uses (for example, information about data sources, the significant areas of uncertainty and the scope of operations covered in the processes);

- ii) how the entity assesses the nature, likelihood and magnitude of the effects of those risks;
 - iii) whether and how the entity prioritises climate-related risks relative to other types of risk;
 - iv) how the entity manages climate-related risks;
 - v) how the entity monitors climate-related risks; and
 - vi) whether and how the entity has changed the processes it uses compared with the previous reporting period;
- b) the processes the entity uses to identify, assess, prioritise, manage and monitor climate-related opportunities; and
- c) the extent to which, and how, the processes for identifying, assessing, prioritising, managing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.

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

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

Metrics and targets

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

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

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

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

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

- b) information relevant to greenhouse gases (see paragraph M3); and

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

Climate-related metrics

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

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

Climate-related targets

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

- a) the metric used to set the target;
- b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);
- c) the part of the entity to which the target applies (for example, whether the target applies to the entity in its entirety or only a part of the entity, such as a specific divisional unit or specific geographical region);

- d) the period over which the target applies;
- e) the base period from which progress is measured;
- f) any milestones and interim targets;
- g) if the target is quantitative, whether it is an absolute target or an intensity target; and
- h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.

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

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

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

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

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

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

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 <i>Public Governance, Performance and Accountability Act 2013</i> (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 the 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 <i>PGPA Rule 2014</i> , 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 <i>Public Service Act 1999</i> (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 <i>Australian Securities and Investments Commission Act 2001</i> (ASIC Act) and carries out most of its work under the <i>Corporations Act 2001</i> .
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 disclosure	Climate disclosures are the public documents that set out an entity’s responses to the Requirements.
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 precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.

<i>Climate-related transition risks</i>	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.
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.
<i>Global warming potential</i>	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.
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 <i>Corporations Act 2001</i> (Corporations Act) 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 proprietary 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 non-corporate Commonwealth entities (NCEs), corporate Commonwealth entities (CCEs) and Commonwealth companies under the PGPA Act Flipchart that are subject to the Commonwealth Climate Disclosure Requirements.
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.
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 defined scope of the entity's public policy delivery chain.
<i>Defined scope</i>	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.
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).
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).
<i>Carbon credit</i>	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.
<i>Emissions Reduction Plans</i>	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.
<i>APS Net Zero Emissions Reporting Framework</i>	The APS Net Zero 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.
<i>Subsidiary</i>	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.
Public policy delivery chain	From the policy owner to the end-user, the public policy delivery chain encompasses the key functions, activities and interactions associated with public policy delivery. It includes (but is not limited to) activities associated with program delivery, the supply and distribution of goods, financial disbursements and interactions with policy delivery providers, partners and end-users.
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.

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
Definition of materiality	In AASB S2, material climate-related risks and opportunities are defined as those ‘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 definition of materiality which includes 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 definition of materiality is likely to result in the disclosure of a wider range of climate-related risks and opportunities being identified beyond those that are financial, including in relation to 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 APS Net Zero Emissions Reporting Framework. This obligation is reflected in the Requirements, which prescribe the use of emissions reporting methodologies set out in the APS Net Zero 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 emission 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 emission categories specifically identified for reporting purposes in the APS Net Zero Emissions Reporting Framework instead. The intention of the APS Net Zero 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 APS Net Zero 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. In order to streamline the Requirements, these explanations have been removed and will 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 more widely identifiable across their public policy delivery chain. The progressive implementation schedule aligns with the Commonwealth Climate Disclosure policy architecture to facilitate capability and climate maturity uplift across Commonwealth entities 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 have been removed from the Risk management criteria of the Year 1 Requirements, with the intention that they be reintroduced under the Strategy criteria in the Year 2 Requirements. The Indicative Year 2 and Year 3 Requirements can be found on the Commonwealth Climate Disclosure Requirements webpage.

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