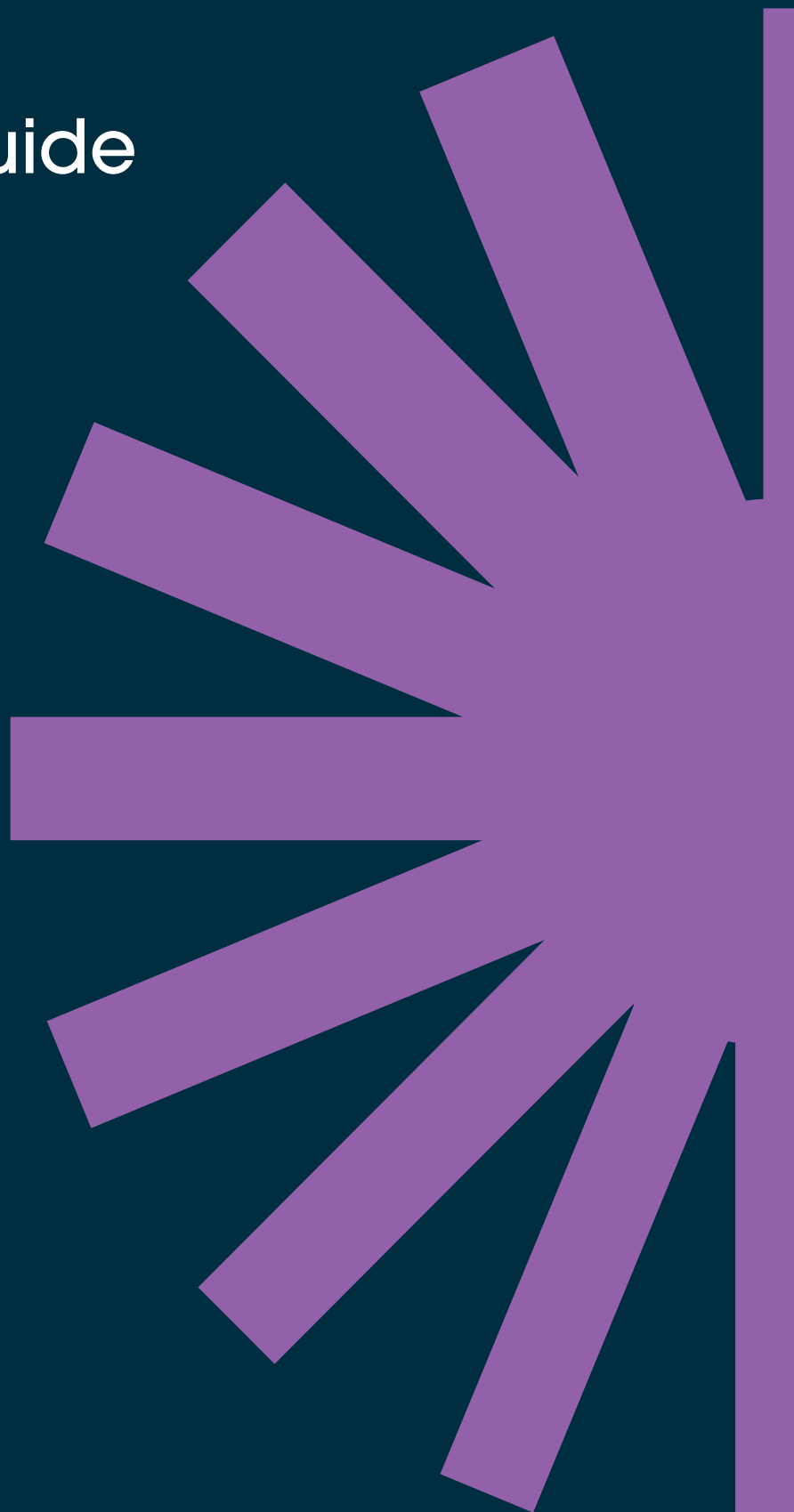




Mandatory Climate Reporting: A Practical Guide



With the introduction of mandatory climate-related disclosure reporting in Australia, businesses are now required to report on critical business risks and opportunities that may have previously been overlooked.

These new laws, effective from January 1, 2025, represent a significant step in the country's efforts to address emissions and climate change, mandating that over a three-year period many businesses and financial institutions are to prepare annual climate-related disclosures. This legislation aims to enhance transparency, comparability and accountability, helping businesses better understand and manage their climate-related risks and opportunities.

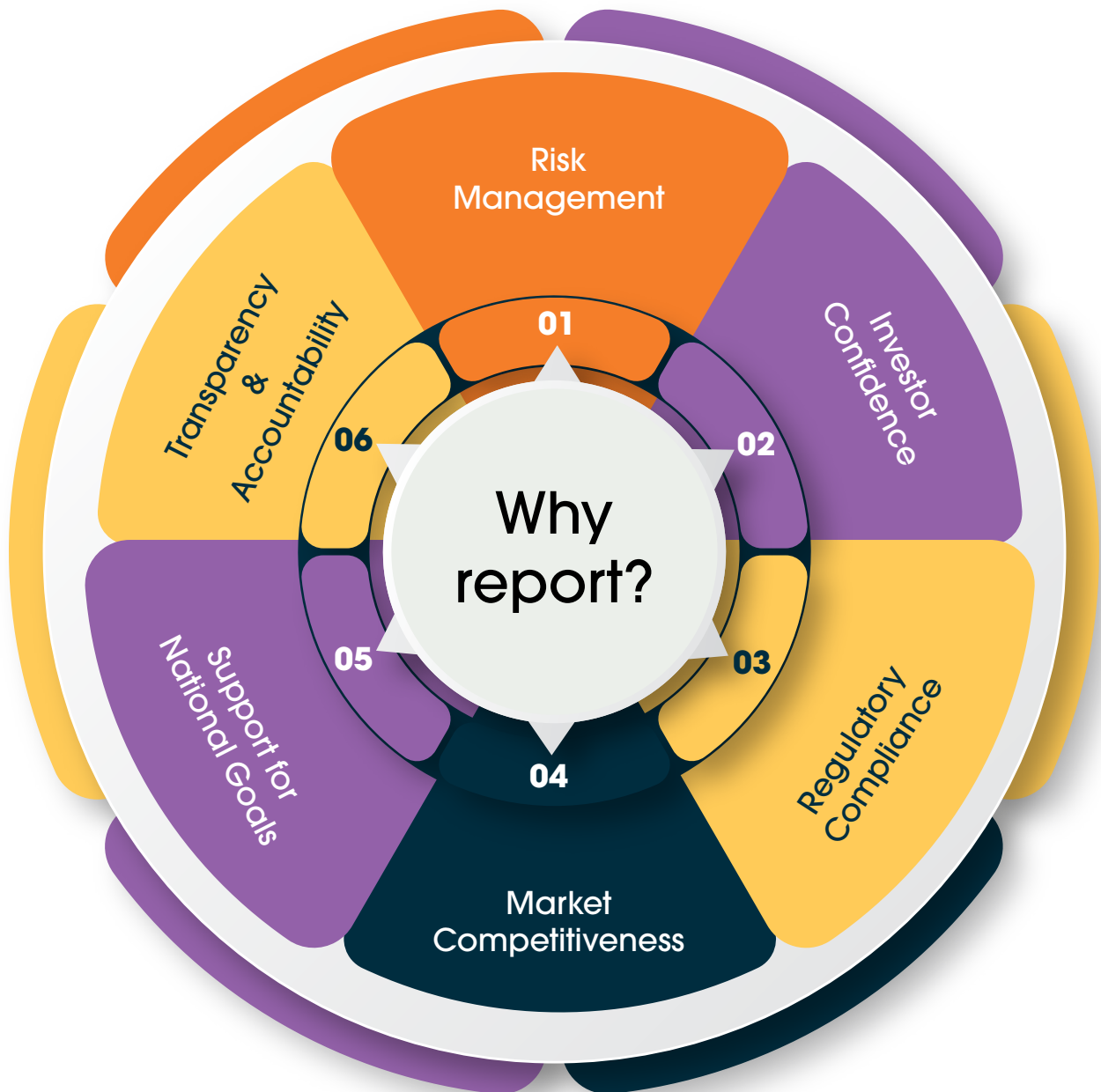
This ensures that Australia remains competitive in the global marketplace as both sustainability and climate reporting agendas rapidly evolves.



Why do we need to report? Australia needs mandatory climate-related disclosures for several important reasons:

- **Transparency and accountability:** These disclosures ensure that businesses provide clear and comparable information about their climate-related risks and opportunities. This transparency helps regulators and other stakeholders make informed decisions and hold companies accountable for their environmental impact.
- **Risk management:** By identifying and disclosing climate-related risks, companies can better manage and mitigate these risks, enhancing resilience to climate change impacts.
- **Investor confidence:** Mandatory disclosures provide financiers and investors with the information they need to assess the long-term sustainability of their investments. This can attract more capital to companies that are effectively managing their climate risks.
- **Regulatory compliance:** Aligning with international standards, such as those set by the International Sustainability Standards Board (ISSB), ensures that Australian companies meet global expectations and avoid potential regulatory penalties.

- **Market competitiveness:** As global markets increasingly prioritise sustainability, mandatory disclosures help Australian companies remain competitive by demonstrating their commitment to managing climate-related risks and opportunities.
- **Support for national goals:** These disclosures support Australia's commitments to reduce greenhouse gas emissions and achieve net-zero emissions by 2050, contributing to global efforts to combat climate change. Ultimately, it's about working together to ensure a sustainable future for all industries within Australia.





Who needs to report

Both listed and unlisted entities, that are required to prepare and lodge annual reports under Chapter 2M of the 2001 Corporates Act will be required to provide climate related disclosures within their annual report.

The rollout of mandatory climate disclosure reporting in Australia is being implemented in phases in accordance with the following table:

First annual reporting periods starting on or after	Entities (and controlled entities) meeting at least <i>two of three</i> criteria:		
	Financial year (FY) consolidated revenue	End of FY consolidated gross assets	End of FY full time equivalent employees
1 Jan 2025 Group 1 (Y/E 2026)	≥ \$500 million	≥ \$1 billion	≥ 500
1 July 2026 Group 2 (Y/E 2027)	≥ \$200 million	≥ \$500 million	≥ 250
1 July 2027 Group 3 (Y/E 2028)	≥ \$50 million	≥ \$25 million	≥ 100

Figure 1: Australian Accounting Standards Board (AASB) tiered framework

Entity classification under the mandatory climate disclosures is determined by meeting at least two of the following three thresholds:

- Number of employees,
- Consolidated gross assets, and
- Consolidated revenue.

While the tiered approach is designed to provide businesses with a transitional period to adapt to the new reporting requirements, our experience indicates that entities classified within Group 1 or Group 2 must act swiftly to ensure timely and accurate compliance with their disclosure obligations.



What disclosures will be required?

The Australian Accounting Standards Board (AASB) has issued the Australian Sustainability Reporting Standards (ASRS) that are aligned with the internationally recognised International Sustainability Standards Board (ISSB), that provides standardised reporting disclosures for businesses to follow.

For climate-related disclosures, entities must disclose material climate-related activities relevant to their operations. These disclosures include:

- Governance body(s) responsible for climate oversight
- Identification, assessment and financial impact of climate-related risks and opportunities to a business
- Strategic shifts resulting from climate-related risks and opportunities
- Climate resilience analysis under two mandatory scenarios:
 - A global temperature increase, limited to 1.5°C above pre-industrial levels
 - A scenario where the increase significantly exceeds 2°C
- Climate-related targets, and transition plans
- Scope 1 and Scope 2 greenhouse gas (GHG) emissions, with Scope 3 value chain emissions required to be reported from the second year onward

Each financial year, entities must submit this information in an Annual Climate Report comprising:

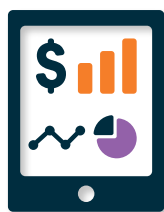
- **Climate statements:** Detailing climate-related risks, opportunities, and emissions data
- **Notes to the climate statements:** Providing supporting assumptions, methodologies, and explanatory information
- **Directors' declaration:** Confirming the accuracy and completeness of disclosures in line with legal and regulatory obligations



Financial
Report



Directors'
Report



Auditor's
Report



Sustainability
Report

Figure 2: Inclusion of climate reports in EoY Financial reports.¹

¹ ey-mandatory-climate-related-disclosures-update.pdf

Disclosures will also be required to pass audit requirements, with the Auditing and Assurance Standards Board (AUASB) setting out a phased approach, ending with reasonable assurance of all climate-related financial disclosures required from 1 July 2030 onwards

Assurance timeline

Years	Year 1 *	Year 2	Year 3	Year 4	Year 5	Year 6
Governance	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Strategy/Climate Related Risks & Opportunities (CRRO)**	Limited ***					
Climate Resilience	No assurance					
Transition Plans						
Risk Management						
Metrics & Targets						
Scope 1 and 2 Emissions	Limited					
Scope 3 Emissions	Disclosure not required					

Figure 3: Auditing and Assurance Standards Board's (AUASB) phased approach

* Group 1 entities with years commencing 1 January to 30 June will be subject to the Year 1 provisions twice (e.g. years commencing 1/1/25 and 1/1/26). Reporting of Scope 3 emissions is required for years commencing 1/1/26 to 30/6/26 for these Group 1 entities.

** The phasing for assurance on statements where there are no material climate-related risks and opportunities would be the same as for 'Strategy – Risks and Opportunities'.

*** Only subparagraphs 9(a), 10(a) and 10(b) of AASB S2.

Australian Security Investment Commission (ASIC) will enforce mandatory climate-related disclosures using its existing financial reporting powers, adopting a pragmatic approach during the initial years to allow entities time to build necessary systems. To support this transition, recent legislative amendments (as of January 2025) have introduced modified liability protections, offering limited immunity for good-faith disclosures. This encourages early adoption while maintaining ASIC's focus on serious or misleading conduct and ensuring compliance with legal obligations.



When will disclosures be required

The lodgement timing of the Climate Report aligns with existing requirements under Section 319 of the Corporations Act 2001 for annual financial reporting:

- **Disclosing entities and registered schemes** must lodge their reports within **three months** after the end of the financial year.
- **All other entities** must lodge within **four months** after the end of the financial year.

This alignment is designed to integrate financial and non-financial reporting cycles, reinforcing that climate-related risk is a material financial issue—not just an environmental concern.



How Boyce can help you with your reporting obligations

We understand that each business has a unique relationship with climate—one that brings both opportunity and responsibility. With the introduction of mandatory ASRS reporting requirements, we recognise the need for specialised, practical, and tailored sustainability strategies that reflect the realities of your business.

Boyce Sustainability was established by a team of experienced consultants with a shared vision: to provide bespoke sustainability support to our clients. We've partnered with a diverse range of organisations to deliver strategies and climate reports that are meaningful, value-adding, and aligned with both global frameworks and local regulatory expectations.

Our team brings deep expertise in climate-related financial disclosures and is highly familiar with the structure and technical requirements of ASRS 1 and ASRS 2. We've successfully supported numerous clients through the end-to-end preparation of sustainability reports that align not only with ASRS expectations but also integrate seamlessly into broader financial reporting packages to support consistency, audit-readiness, and stakeholder confidence.

Whether you're preparing your first climate report or looking to enhance the quality and credibility of your climate disclosures, we can guide you through each step—ensuring your data, governance structures, risk assessments, and climate resilience meet the new legal and market benchmarks.

Choosing the right partner for your climate reporting obligations is critical. Let us help you streamline the process, enhance your compliance posture, and deliver reporting that adds strategic value to your business.



Get in touch

Our experienced team is prepared to support you on your sustainability journey. Contact us today to discuss how we can help you stay ahead of the market and enhance the value of your assets, both now and in the future.