

NSW Treasury

Reporting framework for first year climate-related financial disclosures

TPG24-33

October 2024

Acknowledgement of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

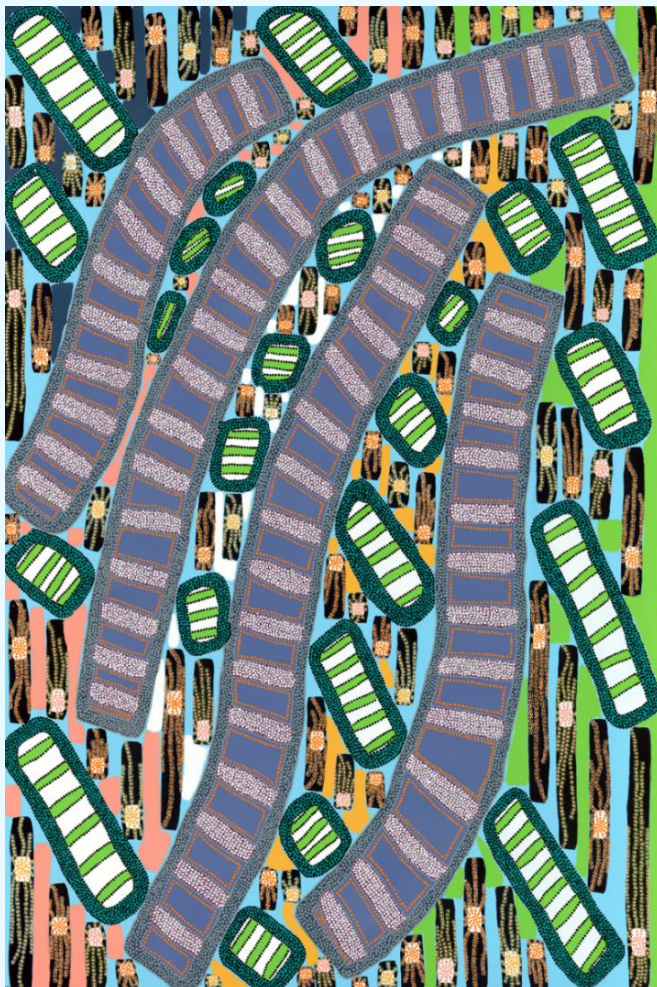
We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork:

Regeneration by Josie Rose



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2.0		Accounting Policy and Advisory Sustainable Finance and Policy	NSW Treasury Secretary	Updates to reflect outcomes of consultation with entities on draft reporting framework, including clarity on its practical application

Reporting framework for first year climate-related financial disclosures

Purpose

This reporting framework sets out the minimum content requirements for the first year of mandatory climate-related financial disclosures for an entity. It also provides suggestions on how entities should approach their disclosures.

The framework outlines the first step to achieve more comprehensive climate-related financial disclosures. This framework is primarily based on the Australian Accounting Standards Board (AASB)'s Australian Sustainability Reporting Standard (ASRS) – AASB S2 Climate-related Disclosures. For the purpose of this reporting framework, the title of 'ASRS' is adopted to refer to relevant Australian disclosure standards.

At this point, the NSW Government does not require entities to fully align with the ASRS. Implementation of this reporting framework will help test the application of the ASRS to the circumstances of NSW entities.

This reporting framework is modified for NSW circumstances where appropriate. Modifications reflect:

- the legislative requirements and policy decisions NSW entities are subject to
- entities' feedback on their current capability and capacity to deliver evidence-based disclosures.

A list of the key modifications and exclusions is provided in [Appendix A](#), along with the rationale underpinning them.

Background

The NSW Government is committed to achieving net zero carbon emissions by 2050 and making NSW more resilient to a changing climate.

Disclosure of public sector entities' material climate-related risks and opportunities – including actions taken to manage these risks and harness opportunities – provides transparency and helps drive climate action.

Disclosures will help meet the increasing demand for this type of information from community members, investors, lenders and other stakeholders.

Under [TPG23-10 Annual Reporting Requirements](#) and subsequent government decisions, NSW Government agencies, businesses and universities – collectively known as NSW entities – must commence climate-related financial disclosures.

The implementation of mandatory climate-related financial disclosures is phased over three years starting in the 2024–25 financial year, or the 2025 calendar year where applicable.

Scope

This reporting framework applies to entities making their first disclosures under the NSW Government's mandatory reporting requirement across all phases of implementation, starting from:

- 2024–25 financial year for phase 1 entities
- 2025–26 financial year for phase 2 entities

- 2026–27 financial year for phase 3 entities.

Phase 1 entities will be specified in a Treasurer’s Direction being issued in the first half of the 2024–25 financial year, with the list of entities to be consistent with previous NSW Treasury communications. The Treasurer’s Direction will be updated for phases 2 and 3.

Disclosures must be made either:

- within the entity’s annual report as part of the Sustainability chapter, with the climate-related financial disclosures clearly identified and demarcated from the rest of the chapter
- on a standalone basis, alongside annual reports for the same period.

Disclosures may reference relevant information contained in other documents, as long as the documents are publicly available at the time of annual report publication. Entities may choose to make voluntary disclosures in line with this framework prior to their mandatory commencement phase.

Exemptions

Entities are exempt from disclosing information if the law prohibits that information from being disclosed or if disclosure is not in the public interest. This may include commercially sensitive or Cabinet information.

Information on the public interest test can be found on the [Information and Privacy Commission NSW website](#).

Summary of requirements

Mandatory

When preparing first year climate-related financial disclosures, all NSW entities must meet:

- the key guiding principles described in section 2:
 - fair presentation
 - materiality
 - consolidated reporting
 - connected information.
- the specified disclosure requirements under the four pillars described in section 4:
 - governance
 - strategy
 - risk management
 - metrics and targets.

Recommendation

When preparing first year climate-related financial disclosures, all NSW entities should have regard to the considerations described in section 3:

- organisational context
- maturity

Recommendation
<ul style="list-style-type: none">• forward-looking• proportionality.

Next steps

NSW Treasury will consult with entities on the content requirements for second year climate-related financial disclosures prior to the commencement of the 2025-26 financial year. The first year of mandatory disclosures by NSW entities will not be subject to external assurance by the Audit Office of NSW (AO).

NSW Treasury is developing an assurance program for future years with the AO. If an entity would like to seek assurance on its disclosures prior to commencement of the mandatory assurance process, they should contact NSW Treasury.

2 Key guiding principles

Mandatory

- Entities must comply with the key guiding principles for drafting climate-related financial disclosures. Entities should consider the guiding principles holistically.

2.1 Fair presentation

Disclosures should provide a fair presentation of an entity's climate-related risks and opportunities¹ against the disclosure requirements.

All disclosure requirements set out in section 4 of this reporting framework must be addressed, unless an entity is unable to do so.

Where an entity is unable to make a disclosure, it must include an explanation of any missing information and outline the steps it is undertaking to meet the disclosure requirement(s) in the future.

Disclosures must present relevant information² and be **complete, neutral and accurate**.³

A **complete disclosure** means that the information must be sufficient to enable users to understand:

- the effects of climate-related risks and opportunities on the entity's prospects, including its financial outlook
- the entity's ability to achieve its objectives over the short, medium and long term.

Entities have the discretion to disclose more information than the minimum requirements, subject to availability of relevant capabilities and data. Additional disclosures should be aligned with, or informed by, the relevant ASRS requirements.

A **neutral disclosure** means the information is free from bias. The way the information is presented is not slanted, weighted, emphasised or deemphasised, or otherwise manipulated such that it could increase the probability of the disclosed information being received favourably or unfavourably by users.

An **accurate disclosure** means that the description of the disclosed information, as well as the processes used to produce this information, contain no material errors or omissions. It does not mean accurate in all respects, as this may not always be possible. The representation of an estimate can be faithful or free from material errors if all the following conditions are met:

- the amount is described clearly and accurately as being an estimate
- the nature and limitations of the estimating process are explained
- no errors have been made in selecting and applying an appropriate process for developing the estimate.

Relevant considerations about what constitutes 'accurate' include: ⁴

- descriptions are precise

¹ Paragraph 11, Appendix D, AASB S2, Australian Accounting Standards Board.

² Paragraph 13, Appendix D, AASB S2, Australian Accounting Standards Board.

³ Paragraph 2.13, Conceptual Framework for Financial Reporting, Australian Accounting Standards Board, 7 April 2022 and paragraph QC12, Framework for the Preparation and Presentation of Financial Statements, Australian Accounting Standards Board, 29 October 2021.

⁴ Paragraph D15, Appendix D, AASB S2, Australian Accounting Standards Board.

- estimates, approximations and forecasts are clearly identified
- assertions and inputs used in developing estimates are reasonable and based on information of sufficient quality and quantity
- information on judgements about the future faithfully reflects both those judgements and the information on which they are based.

2.2 Materiality

Climate-related information is material if:

- it can be reasonably expected to affect the entity's prospects – for example, its financial outlook and the ability to achieve its objectives, including providing goods or services to the community
- omitting, misstating or obscuring that information could be expected to influence the decisions of the primary users of an entity's general purpose financial reports.⁵

Materiality judgements are specific to each entity. Entities should consider the characteristics of users and their own circumstances when assessing what constitutes material information.⁶ This reporting framework does not specify thresholds for materiality.

Entities can be informed by the relevant findings of their climate risk assessment, for example, through analysing and evaluating risk under the [Climate Risk Ready NSW Guide](#). This guidance provides a number of suggested considerations for assessing the materiality of a risk. Examples of primary users of NSW entities' general purpose financial reports and the decisions those users may make are outlined in Table 1. However, public interest in an entity can extend well beyond readers who may be decision-makers. Assessment of materiality should therefore consider carefully the broader public interest in an entity's prospects.

Table 1: Examples of primary users and the decisions they may make ⁷

Primary users	Decisions they may make
Recipients of goods and services (for example, community members)	<ul style="list-style-type: none"> • Deciding whether they can continue to rely on the provision of goods and services from the entity, or whether to seek alternative providers. • Deciding who should represent them in government.
Investors	<ul style="list-style-type: none"> • Deciding whether to buy debt instruments (for example, purchases of government bonds).
Donors	<ul style="list-style-type: none"> • Deciding whether to donate to an entity (for example, arts institutions that receive public donations as well as government funding).
Ministers and other members of Parliament	<ul style="list-style-type: none"> • Decisions on behalf of constituents relating to entities' funding.

⁵ Paragraph 18, Appendix D, AASB S2, Australian Accounting Standards Board.

⁶ Paragraph B16 and B19, AASB S2, Australian Accounting Standards Board.

⁷ Paragraph B14 and AusB14.1, AASB S2, Australian Accounting Standards Board.

In assessing whether information is material, an entity shall consider the following:⁸

- **Both quantitative and qualitative factors.** For example, an entity might consider the magnitude and nature of the effect of a climate-related risk or opportunity on the entity.
- **All pertinent facts and circumstances.** Information about a possible future event is more likely to be judged as being material if the potential effects are significant and the event likely to occur.
- **Cumulative impact of risks.** Whether information about low-probability and high-impact outcomes might be material either individually or in combination with information about other low-probability and high-impact outcomes. An entity might be exposed to several climate-related risks, and each could cause the same type of disruption – for example, supply chain disruptions. Information about an individual source of risk might not be material if disruption is highly unlikely to occur. However, information about the aggregate risk – the risk of supply chain disruptions from all sources – might be material.
- **Timing of a possible future event.** If a possible future event is expected to affect an entity's cash flow, but only many years in the future, information about that event is usually less likely to be judged material than information about a possible future event with similar effects expected to occur sooner.
- **High interest from the entity's primary users.** Climate-related risks and opportunities reasonably known to be of high interest to primary users of an entity's general purpose financial reports regardless of the magnitude of potential effects, likelihood or timing of occurrence. For example, if information about a particular climate-related risk or opportunity is highly scrutinised by primary users of an entity's general purpose financial reports.
- **Changed circumstances and assumptions.** Information in an entity's climate-related financial disclosures for prior periods might no longer be material due to changes in the entity's individual circumstances or the external environment. Conversely, information not previously disclosed might become material.

In practice, an entity may consider the following factors in assessing what constitutes material information for climate-related financial disclosures:

- impact on an entity's ability to meet its mandate, legislative obligations, policy commitments or performance targets
- impact on an entity's financial statements
- impact on an entity's service delivery (for example, frontline services) or asset management
- influence of or signalling to market participants
- interruption to business operation
- reputational risks
- contribution to NSW's greenhouse gas emissions levels
- history of climate-related exposures and costs
- impact of interconnected risks such as impacts on delivery of other related public services.

Refer to [Appendix B.1](#) for examples of published approaches to materiality assessment.

⁸ Appendix D Application Guidance, Paragraphs B21-B28 AASB S2, Australian Accounting Standards Board.

2.3 Consolidated reporting

Where entities include consolidated financial statements about the parent entity (that is, an entity generally presents consolidated financial statements) and its subsidiaries in their annual reports, one consolidated climate-related financial disclosure shall cover information about the parent entity and its subsidiaries as a single reporting entity.⁹

2.4 Connected information

Entities are required to provide information in a manner that enables users to understand the connections within different parts of the disclosure, and between disclosure content and other information reported by the entity.

Examples may include the connections between:¹⁰

- different climate-related risks and opportunities. For example, if an entity identified a trade-off between two climate-related risks it is exposed to, the disclosure should demonstrate or outline the relationship between those risks.
- different content within an entity's climate-related financial disclosure. For example, the entity should explain how it sets its strategy in response to the risks and opportunities it identifies within the disclosure. An entity may provide a description of the alternatives that it evaluated in setting its strategy in response to climate-related risks and opportunities, including a description of the trade-offs between those risks and opportunities that the entity considered.
- across the climate-related financial disclosure and financial statements. For example, if an entity pursued a climate-related opportunity and that resulted in an increase in the entity's revenue, connected information will show the relationship between the entity's strategy and the impact on its financial performance.

NSW Treasury's *Guidance on How to reflect the effects of climate-related matters in the financial statements* (released in March 2021)¹¹ covers recognition and measurement of assets, liabilities, revenue and expenses under the existing accounting standards of historical financial statements.

Climate-related financial disclosures include disclosures of additional material information. Data and assumptions used in preparing climate-related financial disclosures should be consistent with those used in preparing the related financial statements to the extent possible.¹²

⁹ Paragraph Aus 20.1 and AusB38.1, Appendix D, AASB S2, Australian Accounting Standards Board.

¹⁰ Paragraph 21, Appendix D, AASB S2, Australian Accounting Standards Board.

¹¹ This guidance is available at <https://www.treasury.nsw.gov.au/information-public-entities/accounting-policy/other-accounting-policy-publications>.

¹² Paragraph 23, Appendix D, AASB S2, Australian Accounting Standards Board.

3 Recommended considerations

Recommendation

- Entities are recommended to have regard to these considerations for drafting climate-related financial disclosures.

3.1 Organisational context

Preparation of climate-related financial disclosures requires collaboration across multiple parts of an entity. Strong leadership support for advocating and overseeing disclosures will help ensure that disclosures – and the work that underpins them – are decision-useful for users.

Accountable Authorities have the ultimate responsibility for annual reporting information including climate-related financial disclosures.

Chief Financial Officers, sustainability, risk, procurement and corporate service functions are all expected to play an important role in delivering climate-related financial disclosures.

3.2 Maturity

Sophistication of disclosures will evolve over time, beginning with a foundational level of maturity in the first year of reporting. An entity in the early stage of climate-related financial disclosures is expected to begin by developing an understanding of the material risks and opportunities it is exposed to.

Disclosures should become increasingly sophisticated as maturity and capability in climate-related financial disclosures develop. Entities are expected to progressively enhance their understanding of climate-related risks and opportunities and how they identify, assess and manage them over time, without undue cost or effort. This may mean:

- developing more quantitative information about the risks faced
- enhanced scenario analysis around the impact of that risk or opportunity under different abatement pathways
- more or better data and information.

3.3 Forward-looking

An entity may not be able to implement all the processes, protocols, arrangements and other particulars prescribed under this reporting framework for its first year disclosure. This may be due to data or capability constraints.

Where only partial implementation has been achieved, disclosures should outline the entity's efforts to meet the requirements in the future, including timeframes and steps to completion.

3.4 Proportionality

Disclosures should be proportionate to the size, prominence and climate exposure of each entity, taking into account the costs and benefits associated with the preparation of these disclosures. The costs and benefits must be re-assessed over time as the entity is likely to have greater access to the data, resources and expertise necessary to deliver more comprehensive disclosures.

Disclosures made by smaller or less materially exposed entities are not expected to be as comprehensive or sophisticated, except where smaller entities provide critical services or assets to the community which face potentially material climate-related exposure.

Table 2 summarises practical expedients proposed in the ASRS to support a proportional disclosure.

Table 2: Practical expedients to support a proportional disclosure

Practical expedient	Application
An entity shall use all reasonable and supportable information available at the reporting date without undue cost or effort	Relevant to the following requirements of this reporting framework: <ul style="list-style-type: none"> identifying climate-related risks and opportunities per disclosure requirement S1 in section 4.2.1 anticipated financial effects of a climate-related risk or opportunity
An exhaustive search is not required	Identifying climate-related risks and opportunities per disclosure requirement S1 in section 4.2.1

Guidance for making your disclosure

What is ‘reasonable and supportable information’?

Reasonable and supportable information used in an entity’s climate-related financial disclosure is information that both:

- covers factors specific to the entity (for example, information generated from the entity’s risk management processes) as well as general conditions in the external environment (for example, industry or peer group experience)
- includes information about past events, current conditions and projected future conditions.

An entity may be able to get this information without undertaking an exhaustive search through internal and external data sources.

Possible data sources may include information used for an entity’s strategy setting, market-based data (for example, insurance claims), reports from external credit rating agencies and published statistics.

What is ‘undue cost or effort’?

Some entities, including many public sector entities, manage a high number of assets and deliver a range of services to the community. Therefore, the cost of identifying climate-related risks and opportunities, gathering necessary data and information and preparing climate-related financial disclosures has the potential to be high.

Assessment of what constitutes undue cost or effort depends on the entity’s circumstances. This assessment requires a balanced consideration of the costs and effort required to prepare the disclosure, and the benefits to users of the disclosure. This assessment is likely to change over time as circumstances and capability change.

Relevant factors include:

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

Information considered to be available to the entity without undue cost or effort includes the information used by an entity in:

- preparing its financial statements
- operating its business model
- setting its strategy
- managing its risks and opportunities (for example, insurance policies, asset management practices).

4 Disclosure content

The disclosure requirements in this section are mandatory.

4.1 Governance

The objective of climate-related financial disclosures on governance is to enable the users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities. Users include community members, investors, lenders, ministers and other members of Parliament.

Mandatory

To achieve this objective, an entity must disclose information about:

- G1. The governance body (or bodies) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body (or bodies) or individual(s) and disclose information about:
- How responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body (or bodies) or individual(s).
 - How the body (or bodies) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee actions designed to respond to climate-related risks and opportunities.
 - How and how often the body (or bodies) or individual(s) is informed about climate-related risks and opportunities.
 - How the body (or bodies) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body (or bodies) or individual(s) has considered trade-offs associated with those risks and opportunities.
 - How the body (or bodies) or individual(s) oversees the setting of targets related to climate-related risks and opportunities (if any), and monitors progress towards those targets.
- G2. Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:
- Whether the role is delegated to a specific management-level position or management level committee and how oversight is exercised over that position or committee.
 - Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.
- G3. In preparing disclosures to fulfil the requirements in G1. and G2, an entity shall avoid unnecessary duplication. For example, if oversight is managed on an integrated basis, the entity would avoid duplication by providing integrated governance disclosures for requirements G1 (a) to (e) and/or other sustainability-related risks and opportunities.

Guidance for making your disclosure

How to identify the entity's governance body (G1)

Entities should identify those having governance responsibilities for the entity. Entities can start by identifying their accountable authority under section 2.7 of the *Government Sector Finance Act 2018* and describe how this authority has oversight of climate-related risks and opportunities.

Entities can also identify any senior executive level committee that has or could have oversight of climate-related risks and opportunities.

An entity's governance structure may also include Cabinet, Cabinet committees, the Premier or ministers, depending on the nature of the entity's operations and governance structure.

Climate-related targets (G1)

Entities are not required to set climate-related targets for the purpose of making climate-related financial disclosures but should consider where such targets might be appropriate to support their strategy and risk management practices.

If an entity has climate-related targets under relevant legislation, regulations, government policies, or has set its own targets, it should disclose how the entity's governance body monitors progress towards these under G1(e) and report against these targets within their disclosures (MT6).

Who is 'management'? (G2)

The distinction and connection between the accountable authority level oversight and management accountabilities should be clearly set out.

The oversight role focuses on monitoring – which differs from day-to-day management of climate-related risks and opportunities.

Management can be interpreted as public sector senior executives having key responsibilities for climate-related risks and opportunities. Entities can describe how senior executives consider climate-related issues when:

- making decisions and managing risks to provide goods and services
- supporting ministers to develop and implement policies and legislation
- building and maintaining infrastructure and other assets
- managing resources and any other relevant activities (for example, providing recommendations to the board or equivalent on the entity's objectives, plans, strategy and policies).

Refer to [Appendix B.2](#) for a list of examples of published governance disclosures.

4.2 Strategy

The objective of climate-related financial disclosures on strategy is to enable users of general purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities.

4.2.1 Climate-related risks and opportunities

An entity must disclose information that enables users of general purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.

Mandatory

- S1. Describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.
- S2. Explain, for each climate-related risk and opportunity identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk.
- S3. Specify the time horizons – short, medium or long term – over which the effects of each of those climate-related risks and opportunities could reasonably be expected to occur.
- S4. Explain how the entity defines short term, medium term and long term, and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.

Guidance for making your disclosure

Identifying climate-related risks and opportunities (S1)

Climate-related risks refer to the potential negative effects of climate change on an entity. Note that 'climate' describes what the weather is like over a long period of time in a specific area. In contrast, 'weather' refers to short-term changes in the atmosphere.¹³ These risks are categorised as climate-related physical risks and climate-related transition risks.

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.

Table 3: Examples of climate-related opportunities

Opportunities	Description and examples
Resource efficiency	Operating cost reductions on energy usage, waste management, transport and fleets. For example, electric vehicles (EVs).
Energy source	Shifting energy usage towards low-emission energy sources that can help reduce energy costs. For example, solar PV installations and power purchase agreements.

¹³ Climate Risk Ready NSW Guide, Department of Planning, Industry and Environment, March 2021

Opportunities	Description and examples
Products and services	Shifting consumer needs and preferences resulting in increased patronage for environmentally sustainable government services and government support for those impacted by climate actions. For example, optimising job creation and employment transition opportunities.
Markets	Diversifying government activities in new markets, services or assets. For example, issuing green bonds, new revenue streams from carbon sequestration on public land, energy generation or EV charging infrastructure.
Resilience	Increasing efficiency and resilience across government assets, operations and networks, lowering costs over the long term or an investment's lifetime.

Entities are encouraged to use the [Climate Risk Ready NSW Guide](#) to identify, assess and improve the understanding of climate-related risks and opportunities. Examples of relevant tools in this guidance include:

- [Climate Risk Maturity Health Check Tool](#)
- [Climate Risk Assessment Tool](#).

For more information, please visit the AdaptNSW website.

When identifying climate-related risks and opportunities, an entity shall consider all reasonable and supportable information available to the entity at the reporting date without undue cost or effort. This includes the information about past events, current conditions and projected future conditions.

An entity does not need to undertake an exhaustive search for information to identify climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Refer to section 3.4 for a detailed explanation of these concepts.

Meaning of 'the entity's prospects' (S1)

The reference in disclosure requirement S1 to the entity's prospects considers the entity's cash flows, access to finance or cost of capital over the short, medium or long term. For public sector entities, an entity's prospects should also consider the entity's ability to further its objectives, in alignment with the information needs of users. Users of public sector financial reports may be concerned not only with the financial prospects of the entity but also the entity's service delivery and asset management.

In the public sector, we consider an entity's ability to further its objectives will have an inherent impact on the entity's financial prospects. Government for-profit entities (for example, State Owned Corporations) often have objectives in addition to their financial performance. Examples include delivery of community service, obligations and compliance with the principles of ecologically sustainable development. As a result, these entities may also wish to consider their ability to further their non-financial objectives as part of their prospects, where appropriate.

Climate-related physical risks (S2)

Climate-related physical risks are risks resulting from climate change that can be event driven (acute physical risks) or a result of longer term shifts in climatic patterns (chronic physical risks).

Acute physical risks arise from weather-related events such as storms, floods, drought 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.

These risks could carry financial implications for an entity, such as costs resulting from direct damage to assets or indirect effects of supply chain disruption.

A for-profit entity's financial performance and a not-for-profit entity's ability to further its objectives could be affected by changes in water availability, sourcing and quality, and extreme temperature changes affecting the entity's premises, operations, supply chains, transportation needs and employee health and safety.

Climate-related transition risks (S2)

Climate-related transition risks are risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal or liability, technological, market and reputational risks.

These risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations.

A for-profit entity's financial performance and a not-for-profit entity's ability to further its objectives could also be affected by shifting demands from recipients of its goods and services (for example, consumers) and the development and deployment of new technology.

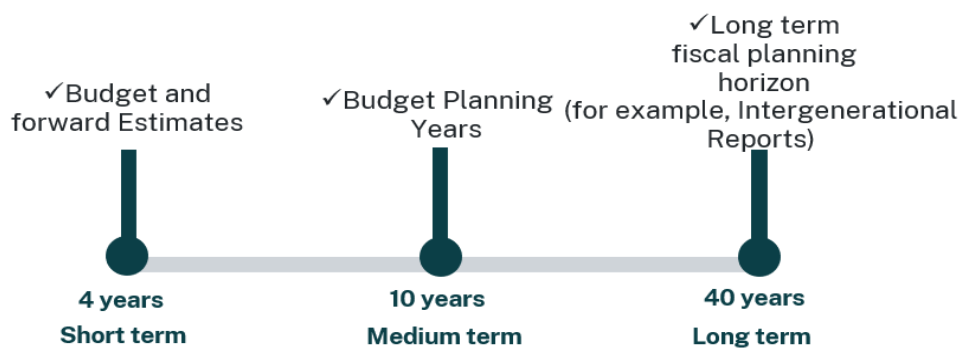
Determining time horizons (S3)

Short-, medium- and long-term time horizons can vary between entities and may depend on many factors including:

- sector-specific characteristics, such as cash flow, investment and business cycles
- the planning horizons typically used in an entity's sector for strategic decision-making and capital allocation plans
- the time horizons over which the information users conduct their assessments of entities in that sector.

Figure 1 provides an example of time horizons which entities could adopt based on NSW Government financial planning cycles.

Figure 1: Time horizons



Entities may also adopt other time horizons based on their circumstances. Other relevant factors may include:

- asset and infrastructure planning horizons informed by major strategic plans for their entity, for example, the State Infrastructure Strategy or Future Transport Strategy
- profile of identified climate-related risks and opportunities
- nature of an entity's operations, service delivery or asset management
- business planning cycle for an entity
- types of climate-related risks (for example, relevant time horizons may differ for physical and transition risks)
- timeframes for emissions reduction targets or other climate-related targets.

4.2.2 Business model

An entity must disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of climate-related risks and opportunities on the entity's business model.

Mandatory

S5. Describe the current and anticipated effects of climate-related risks and opportunities on the entity's business model.

S6. Describe where climate-related risks and opportunities are concentrated (for example, geographical areas, facilities, supply chains and types of assets).

Guidance for making your disclosure

Agencies can access **XDI NSW Globe** to support reporting climate risks to assets. This risk analysis tool helps decision-makers manage climate risks to critical infrastructure assets. The tool:

- integrates hazard information, asset vulnerability and exposure data to analyse and quantify risks and model asset responses
- quantifies the financial, asset and service impacts posed by climate change, supporting users in prioritising cost-effective adaptation investment.

The platform is available to NSW Government employees, including council and agency staff. To request access and instructions, email adaptation.practice@environment.nsw.gov.au.

A process is underway to identify and evaluate user needs for further decision-support tools and services to help entities manage climate risks to assets. This process will inform the potential design and procurement of future tools and service offerings.

4.2.3 Strategy and decision-making

An entity shall disclose information that enables users of general purpose financial reports to understand the effects of climate-related risks and opportunities on its strategy and decision-making.

Mandatory

Specifically, the entity shall disclose:

S7. Information about how the entity has responded to, plans to respond to, or both, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law, regulation or government policy. Specifically, the entity shall disclose information about:

- a. current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities (for example, these changes could include plans to manage or decommission carbon-, energy- or water-intensive operations; resource allocations resulting from demand or supply chain changes; resource allocations arising from business development through capital expenditure or additional expenditure on research and development; and acquisitions or divestments)
- b. current and anticipated direct mitigation and adaptation efforts (for example, through changes in service delivery, workforce adjustments or relocation of office sites)
- c. current and anticipated indirect mitigation and adaptation efforts (for example, through working with customers and service providers)
- d. any climate-related transition plans the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies
- e. how the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets, described in accordance with disclosure requirements MT6 to MT9.

S8. Information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with disclosure requirement S7.

Guidance for making your disclosure

Climate-related transition plan¹⁴ (S7)

A 'climate-related transition plan' is a plan in responding to the expected transition to a lower-carbon economy. It generally contains information on an entity's:

- actions to reduce its greenhouse gas emissions
- response to climate-related transition and physical risks
- efforts to create and benefit from opportunities related to the expected transition to a lower-carbon economy.

Some entities may not have a transition plan in place or are in the process of developing a transition plan. It is sufficient to meet the disclosure requirement (S7d) if an entity discloses information on its planned response to the transition to a lower-carbon economy.

¹⁴ Basis for Conclusions on Climate-related Disclosures, *IFRS 2 Climate-related Disclosures*, International Sustainability Standards Board, June 2023

4.2.4 Financial position, performance and cash flows

An entity shall disclose qualitative information that enables users of general purpose financial reports) to understand:

- the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects)
- the anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows, over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).

Mandatory

Specifically, an entity shall disclose qualitative information about:

S9. How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period.

S10. The climate-related risks and opportunities for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.

S11. How the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:

- a. its investment and disposal plans (for example, plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas, and asset retirements), including plans the entity is not contractually committed to
- b. its planned sources of funding to implement its strategy.

S12. How the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.

Guidance for making your disclosure

S9 to S12 of this reporting framework only requires an entity to disclose qualitative information.

Entities have the discretion to disclose quantitative information where the required capability and reliable data are available. If quantitative information is disclosed, entities can use this information to help identify and prioritise further quantitative data to develop for subsequent years.

Disclosures in relation to anticipated financial impacts (S11 and S12)

In preparing disclosures in accordance with disclosure requirements S11 and S12, entities are required to:

- clearly indicate the financial statement(s) to which the identified financial effects relate to and ensure data and assumptions are consistent between them, where applicable
- use all reasonable and supportable information available to the entity at the reporting date without undue cost or effort. Reasonable and supportable information includes information about past events, current conditions and projected future conditions. It covers both information from external sources, as well as information owned or developed internally

- use an approach that is commensurate with the skills, capabilities and resources available to the entity for preparing those disclosures. These skills, capabilities and resources might include both internal and external skills, capabilities and resources.

4.2.5 Climate resilience

An entity shall disclose information that enables users of general purpose financial reports to understand its capacity to adjust to the uncertainties arising from climate-related risks.

Mandatory

S13. An entity shall disclose a qualitative assessment of the resilience of its strategy and business model in relation to its climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. This includes information about how the assessment was carried out and its time horizon.

Guidance for making your disclosure

'Climate resilience' is the ability to anticipate, prepare for, respond and adapt to the acute and chronic impacts of climate change. This ensures the ongoing delivery of services and assets, as well as the fulfillment of community expectations.¹⁵

The climate resilience assessment is an assessment of a range of plausible but uncertain climate outcomes, considering:

- the implications for the entity's business model and strategy
- its capacity to adapt or respond.

Entities are encouraged to use the [Climate Risk Ready NSW Guide](#) to inform the assessment of their resilience to climate-related risks. Please visit [AdaptNSW](#) for more information.

Refer to [Appendix B.3](#) for a list of examples of published strategy disclosures.

¹⁵ Climate Risk Ready NSW Guide, Department of Planning, Industry and Environment, March 2021

4.3 Risk management

The objective of climate-related financial disclosures on risk management is to enable users of general purpose financial reports to understand an entity's processes to identify, assess, prioritise 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.

Mandatory

To achieve this objective, an entity shall disclose information about:

- R1. The processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about:
- a. the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes)
 - b. how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria)
 - c. whether and how the entity prioritises climate-related risks relative to other types of risk
 - d. how the entity monitors climate-related risks.
- R2. The processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities.
- R3. The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.
- R4. In preparing disclosures to fulfil the requirements in R1, an entity shall avoid unnecessary duplication. For example, an entity would avoid duplication by providing integrated risk management disclosures instead of separate disclosures for each climate-related risk and opportunity and/or other sustainability-related risks and opportunities if these risks and opportunities are managed on an integrated basis.

Guidance for making your disclosure

- [Climate Risk Ready NSW Guide](#) provides guidance on the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities. Please visit [AdaptNSW](#) for more information.
- [TPG20-08 Internal Audit and Risk Management Policy for the General Government Sector](#) outlines minimum standards for risk management. Under this TPG, climate-related risks should be considered when identifying types of risks that might impact an agency's ability to achieve its objectives. This type of risk should be considered as part of an agency's existing risk management framework and processes but may require additional considerations over and above a general risk assessment.
- [TPG24-27 NSW Treasury's Performance and Monitoring Policy](#) sets out the mandatory requirements and recommendations on risk management for government businesses. This policy provides clarity on environmental, social and governance reporting requirements.
- Refer to [Appendix B.4](#) for a list of examples of published risk management disclosures.

4.4 Metrics and targets

The objective of climate-related financial disclosures on metrics and targets is to enable users of general purpose financial reports to understand an entity's performance in relation to its climate-related risks and opportunities, including progress towards any targets the entity has set, and any targets it is required to meet by law, regulation or government policy.

4.4.1 Climate-related metrics

An entity shall disclose information relevant to greenhouse gases (GHG).

Mandatory

An entity shall disclose:

MT1. The following absolute gross GHG emissions generated during the reporting period, expressed as metric tonnes of CO₂ equivalent:

- a. scope 1 GHG emissions
- b. scope 2 GHG emissions.

MT2. The approach it uses to measure its GHG emissions including:

- a. the measurement approach, inputs and assumptions the entity uses
- b. the reason why the entity has chosen the measurement approach, inputs and assumptions it uses
- c. any changes the entity made to the measurement approach, inputs and assumptions under the relevant NSW Government methodology during the reporting period and the reasons for those changes.

MT3. For Scope 1 and Scope 2 greenhouse gas emissions disclosed in accordance with disclosure requirement MT1, disaggregate emissions between:

- a. the consolidated accounting group (for example, for an entity applying Australian Accounting Standards, this group would comprise the parent and its consolidated subsidiaries)
- b. other investees excluded from disclosure requirement MT3a (for example, for an entity applying Australian Accounting Standards, these investees would include associates, joint ventures and unconsolidated subsidiaries).

MT4. For scope 2 greenhouse gas emissions disclosed in accordance with MT1b, disclose its location-based Scope 2 greenhouse gas emissions.

MT5. If another metric has been developed by an entity, the entity shall disclose information about:

- a. how the metric is defined
- b. whether the metric is an absolute measure, a measure expressed in relation to another metric or a qualitative measure, such as a red, amber, green (RAG) status
- c. whether the metric is validated by a third party and if so which party
- d. the method used to calculate the metric and the inputs to the calculation, including the limitations of the method used and the significant assumptions made.

Guidance for making your disclosure

Calculating GHG emissions (MT1)

Department of Climate Change, Energy, the Environment and Water (DCCEEW), supported by NSW Treasury, expects to release the NSW Government guidance on the methodology for GHG emissions accounting and reporting in the first half of 2025. Once this methodology becomes available, entities will be required to apply the methodology set out in this guidance to measure their GHG emissions.

If an entity is unable to provide emissions data for the annual reporting period, the entity may use estimates for the relevant part of the reporting period where actual data is not available.

If an entity reports under the National Greenhouse and Energy Scheme Reporting (NGER) Scheme legislation, the entity should continue to measure its emissions by applying relevant methodologies, using Australian specific data sources and factors, to the extent practicable.

Carbon Zero Accelerator

DCCEEW provides a digital application to measure and monitor the historical emissions (scope 1 and 2 GHG emissions) starting from the 2018–19 financial year.

The Carbon Zero Accelerator collects data from whole-of-government contracts for energy, waste and water and allocates it to government agencies to build agencies' emissions profiles.

The emission factors in the tool are derived from National Greenhouse Accounts (NGA) Factors, NGER Determination 2008 and *IPCC Sixth Assessment Report, Physical Assessment Report*.

For more information, email government@environment.nsw.gov.au.

Scope 1 GHG emissions

Scope 1 emissions (direct emissions) are produced from sources within the boundary of an entity and as a result of that entity's activities. These are calculated at the point of emission release.

These emissions mainly arise from the following activities:

- generation of energy, heat, steam and electricity, such as fuel combustion in generators
- transportation of materials, products, waste and people, such as the use of vehicles owned and operated by the reporting entity
- intentional or unintentional GHG releases (fugitive emissions) such as methane emissions from coal mines, natural gas leaks from joints and seals, non-energy related industrial production and processes such as chemicals used in refrigerants and air conditioning
- solid waste disposal and wastewater treatment including on-site waste management or at a facility that is under the control of the reporting entity.¹⁶

Methane and nitrous oxide emissions generated from the agricultural or livestock owned by the entity are also characterised as scope 1 emissions.

For the first year of the disclosures, entities are required to report on material sources of scope 1 emissions where relevant data and expertise are available. Examples include energy- and transportation-related scope 1 emissions.

¹⁶ *Australian National Greenhouse Accounts Factors For Individuals and Organisations Estimating Greenhouse Gas Emissions*, Department of Climate Change, Energy, the Environment and Water, February 2023

If relevant data or expertise are not available, entities should disclose their efforts in reporting on those scope 1 emissions including next steps.

More guidance on determining how to set an entity's boundary for reporting on direct and indirect emissions will be provided in DCCEEW's emissions guidelines by the first half of 2025.

Location-based scope 2 GHG emissions (MT4)

Emissions from stationary energy released outside of a facility's boundary to produce electricity are characterised as scope 2 emissions. Scope 2 emissions are physically produced by the burning of fuels (such as coal or natural gas) at the power station to create electricity.

There are two methods for estimating electricity emissions:

- location-based method
- market-based method.

Reporting electricity emissions under both methods provides different perspectives of the emissions associated with an entity's electricity usage.

For the first year of climate-related financial disclosures, the **location-based approach** is required for reporting. Entities also have discretion to report using a market-based approach if the relevant data and processes are available.

The location-based method reports an entity's electricity emissions in the context of its location. It calculates the emissions from an entity's electricity consumption, reflecting the emissions intensity of electricity generation within the state or territory where it operates.

'Location' refers to the state or territory rather than the location of a facility in this context. For example, it captures an entity's emissions from its electricity consumption from the grid using average emission factors for NSW.¹⁷

The [Australian National Greenhouse Accounts Factors 2023](#) outlines emission factors from consumption of purchased or acquired electricity for Australian states and territories.

Once released, NSW Government guidance on the methodology for GHG emissions accounting and reporting will cover the approach and methodology for location and market-based emissions (to the extent feasible) measurement.

Climate-related metrics (MT5)

Entities are not required to set climate-related metrics for the purpose of making climate-related financial disclosures, but should consider where such metrics might be appropriate to support their strategy and risk management practices, and to meet entity level or government targets.

4.4.2 Climate-related targets

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 government policy, including any GHG targets.

If an entity has not set its own climate-related target(s), it should disclose its efforts in contributing to NSW Government net zero emissions targets under the *Climate Change (Net Zero Future) Act 2023*,¹⁸ and other relevant government policies and commitments.

¹⁷ *Australian National Greenhouse Accounts Factors 2023 For Individuals and Organisations Estimating Greenhouse Gas Emissions*, Department of Climate Change, Energy, the Environment and Water, August 2023

¹⁸ Section 9 of the *Climate Change (Net Zero Future) Act 2023*

Mandatory

MT6. For each target, the entity shall disclose:

- a. the metric used to set the target and to monitor progress towards reaching the target
- b. the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives)
- c. the specific quantitative or qualitative target the entity has set or is required to meet
- d. 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 business unit or specific geographical region)
- e. the period over which the target applies
- f. the base period from which progress is measured
- g. any milestones and interim targets
- h. if the target is quantitative, whether it is an absolute target or an intensity target
- i. how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.

MT7. An entity shall disclose information about its approach to setting and reviewing each target, 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
- d. any revisions to the target and an explanation for those revisions.

MT8. An entity shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the entity's performance.

MT9. For each GHG emissions target disclosed in accordance with requirements MT6 and MT7, an entity shall disclose:

- a. which GHGs are covered by the target
- b. whether scope 1 or scope 2 GHG emissions are covered by the target
- c. whether the target is a gross GHG emissions target. If the entity discloses a net GHG emissions target, the entity is also required to separately disclose its associated gross GHG emissions target
- d. the entity's planned use of carbon credits to offset GHG emissions to achieve any net GHG emissions target. In explaining its planned use of carbon credits, the entity shall disclose information including:
 - i. the extent to which, and how, achieving any net GHG emissions target relies on the use of carbon credits
 - ii. which third-party scheme(s) will verify or certify the carbon credits
 - iii. the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal

- iv. any other factors necessary for users of general purpose financial reports to understand the credibility and integrity of the carbon credits the entity plans to use (for example, assumptions regarding the permanence of the carbon offset).

Guidance for making your disclosure

Climate-related targets (MT6)

Entities are not required to set climate-related targets for the purpose of making climate-related financial disclosures, but should consider where such targets might be appropriate to support their strategy and risk management practices.

If an entity has climate-related target(s) under relevant legislation, regulations or government policies, or has set its own targets, it should report against these within their disclosures. This reporting should take into account the 'Key guiding principles' and 'Recommended considerations' under this reporting framework.

Examples of climate-related targets and associated metrics (both mitigation and adaptation) to measure progress against these targets could include:

- emissions or energy use reduction targets
- percentage of renewable energy procured
- installed renewable energy (solar PV and wind) capacity and generation
- installed battery capacity
- percentage of electric vehicles purchased
- annual energy consumption (electricity, natural gas, LPG and other fuels such as petrol and diesel)
- recycling and waste to landfill reduction targets
- annual water use and water efficiency targets
- proportion of assets (for example, property or infrastructure) in areas subject to climate-related risks (for example, flooding or bushfires) and amount of investment (for example, in infrastructure upgrades) deployed to manage these risks.

Absolute and intensity GHG emissions targets (MT6)

An **absolute target** is defined as a total amount of a measure or a change in the total amount of a measure.

An **intensity target** is defined as a ratio of a measure, or a change in the ratio of a measure, to a business metric.

Gross and net GHG emissions targets (MT9)

Gross GHG emissions targets reflect the total changes in GHG emissions planned within the entity's value chain.

Net GHG emissions targets are the entity's targeted gross GHG emissions minus any planned offsetting efforts (for example, the entity's planned use of carbon credits to offset its GHG emissions).

Carbon credits (MT9)

A carbon credit is defined as an emissions unit that is issued by a carbon crediting program and represents an emission reduction or removal of greenhouse gases.

In accordance with disclosure requirement MT9.d, an entity is required to disclose only its planned use of carbon credits. However, as part of this disclosure, the entity might also include information about carbon credits it has already purchased that the entity is planning to use to meet its net GHG emissions target.

Refer [Appendix B.5](#) for a list of examples of published metrics and targets disclosures.

Appendix A: Modifications and exclusions to the ASRS disclosure content

This reporting framework is based on the Australian Accounting Standards Board's (AASB) Australian Sustainability Reporting Standard (ASRS) - AASB S2 Climate-related Disclosures. This appendix lists key modifications and exclusions from the ASRS and the rationale underpinning them.

A.1 Governance

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
4.1	5	The objective of climate-related financial disclosures on governance is to enable users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.	Inclusion with modification: clarity that 'users of general purpose financial reports' include 'community members, investors, lenders and members of Parliament' to cover the broad scope of information users of the disclosures made by government entities.
G1.e	6(a)(v)	How the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies.	Inclusion with modification: remove the reference to 'related performance metrics are included in remuneration policies' due to the limited scope of including related performance metrics in public sector remuneration policies at this point.

A.2 Strategy

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
4.2.2 S5 S6	13	<p>An entity shall disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain. Specifically, the entity shall disclose:</p> <ul style="list-style-type: none"> • A description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain; and • A description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). 	<p>Inclusion with modification:</p> <ul style="list-style-type: none"> • Change 'a description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain' to 'a description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model' tailoring to the objectives and circumstances of government entities. • Change 'a description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated' to 'a description of where climate-related risks and opportunities are concentrated' tailoring to the circumstances of government entities.

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
S7	14	Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation	<p>Inclusion with modification:</p> <ul style="list-style-type: none"> • Change ‘the entity has responded to, and plans’ to ‘the entity has responded to, plans to respond to, or both’ to manage the potential of an entity not yet responding to climate-related risks and opportunities in its strategy and decision-making. • Change ‘how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation’ to ‘how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation or government policy’ to capture targets, metrics or both set under government policies.
	14(c)	Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods	Exclusion because Phase 1 entities will be required to make disclosures based on this framework for the first time.
4.2.4	15	<p>An entity shall disclose information that enables users of general purpose financial reports to understand:</p> <ul style="list-style-type: none"> • The effects of climate-related risks and opportunities on the entity’s financial position, 	Inclusion with modification: change ‘An entity shall disclose information’ to ‘An entity shall disclose qualitative information’ as entities’ feedback indicates the lack of readiness to disclose quantitative information at this

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
		<p>financial performance and cash flows for the reporting period (current financial effects) and</p> <ul style="list-style-type: none"> The anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects). 	point.
S9 S10 S11.a and b S12	16 (a) – (d)	<p>Specifically, an entity shall disclose quantitative and qualitative information about:</p> <ul style="list-style-type: none"> How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period The climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. <p>How the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:</p> <p>(i) its investment and disposal plans (for example, plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas, and asset retirements),</p>	Inclusion with modification: remove the wording of 'quantitative' as entities' feedback indicates the lack of readiness to disclose quantitative information at this point.

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
		<p>including plans the entity is not contractually committed to</p> <p>(ii) its planned sources of funding to implement its strategy</p> <p>How the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.</p>	
	21	<p>If an entity determines that it need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity applying the criteria set out in paragraphs 19–20, the entity shall explain why it has not provided quantitative information</p>	<p>Exclusion because phase 1 entities would not be required to provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity for the first year of disclosures.</p>
	21	<p>If an entity determines that it need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity applying the criteria set out in paragraphs 19–20, the entity shall provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that climate-related risk or opportunity.</p>	<p>Exclusion because phase 1 entities would not be required to provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity for the first year of disclosures.</p>
	21	<p>If an entity determines that it need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity applying the criteria set out in paragraphs 19–20, the entity shall provide quantitative information about the combined financial effects of that climate-related risk or</p>	<p>Exclusion because phase 1 entities would not be required to provide quantitative information about the current or anticipated financial effects</p>

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
		opportunity with other climate-related risks or opportunities and other factors unless the entity determines that quantitative information about the combined financial effects would not be useful.	of a climate-related risk or opportunity for the first year of disclosures.
4.2.5 S13	22	An entity shall disclose information that enables users of general purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances (see paragraphs B1–B18). When providing quantitative information, an entity may disclose a single amount or a range.	Inclusion with modification: remove the wording related to 'scenario analysis and quantitative assessment/information' and 'When providing quantitative information, an entity may disclose a single amount or a range' as entities would not be required to disclose quantitative information nor conduct a scenario analysis for the first year of disclosures.
	22 (a)	The entity's assessment of its climate resilience as at the reporting date, which shall enable users of general purpose financial reports to understand: (i) the implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis (ii) the significant areas of uncertainty considered in the entity's assessment of its climate resilience (iii) the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term, including	Exclusion because entities' feedback indicates the lack of readiness to conduct a scenario analysis at this point. DCCEEW is developing initial guidance on scenarios use in relation to transition and physical risk assessments.

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
		<p>(1) the availability of, and flexibility in, the entity's existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate-related risks and to take advantage of climate-related opportunities</p> <p>(2) the entity's ability to redeploy, repurpose, upgrade or decommission existing assets</p> <p>(3) the effect of the entity's current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience.</p>	
	22 (b)	<p>How and when the climate-related scenario analysis was carried out, including:</p> <p>(i) information about the inputs the entity used, including:</p> <p>(1) which climate-related scenarios the entity used for the analysis and the sources of those scenarios</p> <p>(2) whether the analysis included a diverse range of climate-related scenarios</p> <p>(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks</p> <p>(4) whether the entity used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change</p> <p>(5) why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties</p>	<p>Exclusion because entities' feedback indicates the lack of readiness to conduct a scenario analysis at this point.</p> <p>DCCEEW is developing initial guidance on scenarios use in relation to transition and physical risk assessments.</p>

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
		<p>(6) the time horizons the entity used in the analysis</p> <p>(7) what scope of operations the entity used in the analysis (for example, the operating locations and business units used in the analysis)</p> <p>(ii) the key assumptions the entity made in the analysis, including assumptions about:</p> <p>(1) climate-related policies in the jurisdictions in which the entity operates</p> <p>(2) macroeconomic trends</p> <p>(3) national- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources)</p> <p>(4) energy usage and mix</p> <p>(5) developments in technology</p> <p>(iii) the reporting period in which the climate-related scenario analysis was carried out (see paragraph B18).</p>	

A.3 Risk management

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
	25(a)(ii) and (b)	<p>Whether and how the entity uses scenario analysis to inform its identification of climate-related risks.</p> <p>Whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.</p>	<p>Exclusion as entities' feedback indicates they are not in a position to conduct scenario analysis at this point.</p>
	25(a)(vi)	<p>Whether and how the entity has changed the processes it uses compared with the previous reporting period.</p>	<p>Exclusion because Phase 1 entities will be required to make disclosures based on this framework for the first time.</p>

A.4 Metrics and Targets

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
4.4	27	The objective of climate-related financial disclosures on metrics and targets is to enable users of general purpose financial reports to understand an entity's performance in relation to its climate-related risks and opportunities, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.	Inclusion with modification: change 'including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation' to 'including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation or government policy ' to capture targets and metrics under government policies including the Government Resource Efficiency Policy and any other relevant future policies.
	28 (a) 29 (b) – (e) Aus 37.1	An entity shall disclose information relevant to the cross-industry metric categories of: <ul style="list-style-type: none"> • climate-related transition risks – the amount and percentage of assets or business activities vulnerable to climate-related transition risks • climate-related physical risks – the amount and percentage of assets or business activities vulnerable to climate-related physical risks • climate-related opportunities – the amount and percentage of assets or business activities aligned with climate-related opportunities • capital deployment – the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities 	Exclusion subject to inclusion of NSW cross-government climate metrics (if ready). Note that exclusion is based on: <ul style="list-style-type: none"> • The need to scope or define what the subsection covers to ensure consistency and manage the potential risk of green washing. This will require a significant amount of work over a longer timeframe. • Different policy environment for NSW Government entities. The Commonwealth Government is

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
		<ul style="list-style-type: none"> • internal carbon prices – the entity shall disclose: <ul style="list-style-type: none"> (i) an explanation of whether and how the entity is applying a carbon price in decision making (for example, investment decisions, transfer pricing and scenario analysis); and (ii) the price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions; and <p>In identifying and disclosing the metrics used to set and monitor progress towards reaching a target described in paragraphs 33–34, an entity shall refer to and consider the applicability of cross-industry metrics (see paragraph 29)</p>	<p>committed to achieving net zero in government operations by 2030 thus cross-industry metrics can be used to measure the progress towards this target. NSW Government does not have net zero targets for its operation at this point.</p>
		<p>An entity shall disclose information relevant to the cross-industry metric category of remuneration – the entity shall disclose:</p> <ul style="list-style-type: none"> (i) a description of whether and how climate-related considerations are factored into executive remuneration (see paragraph 6(a)(v)) (ii) the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations. 	<p>Exclusion because of limited scope to include performance metrics in public sector remuneration policies at this point.</p>

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
	29 (a) (i) (3)	An entity shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO2 equivalent (see paragraphs B19–B22), classified as scope 3 greenhouse gas emissions	Exclusion because entities' feedback indicates the lack of readiness to disclose scope 3 emissions at this point.
MT2.c		An entity shall disclose the approach it uses to measure its greenhouse gas emissions (see paragraphs B26–B29) including: (iii) any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes.	Inclusion with modification to enable an entity to disclose if it elects to deviate from NSW Government standardised approach. (iii) any changes the entity made to the measurement approach, inputs and assumptions required under the relevant NSW Government methodology during the reporting period and the reasons for those changes.
MT4		For scope 2 greenhouse gas emissions disclosed in accordance with paragraph (a)(ii), disclose its location-based scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's scope 2 greenhouse gas emissions (see paragraphs B30–AusB31)	Inclusion with modifications: remove the reference to 'and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's scope 2 greenhouse gas emissions (see paragraphs AusB30–AusB31)' due to the lack of readiness of some government entities to disclose market-based scope 2 emissions. Note that the whole-of-government electricity contract does not cover all

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
			the phase 1 reporting entities (for example, SOCs and universities).
	29 (a) (ii)	Measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) 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 (see paragraphs B23–B25)	Exclusion because DCCEEW is developing NSW Government methodology for emissions accounting and reporting (expected for release by the first half of 2025).
	29 (a) (vi)	<p>For Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(3), and with reference to paragraphs B32–B57, disclose:</p> <p>(1) the categories included within the entity’s measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and</p> <p>(2) additional information about the entity’s Category 15 greenhouse gas emissions or those associated with its investments (financed emissions), if the entity’s activities include asset management, commercial banking or insurance (see paragraphs B58–AusB63.1)</p>	Exclusion because phase 1 entities would not be required to disclose scope 3 emissions.

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
MT5	50	<p>If a metric has been developed by an entity, the entity shall disclose information about:</p> <p>(a) how the metric is defined, including whether it is derived by adjusting a metric taken from a source other than Australian Sustainability Reporting Standards and, if so, which source and how the metric disclosed by the entity differs from the metric specified in that source</p> <p>(b) whether the metric is an absolute measure, a measure expressed in relation to another metric or a qualitative measure (such as a red, amber, green – or RAG – status)</p> <p>(c) whether the metric is validated by a third party and, if so, which party</p> <p>(d) the method used to calculate the metric and the inputs to the calculation, including the limitations of the method used and the significant assumptions made.</p>	<p>Inclusion with modification: remove the reference to ‘including whether it is derived by adjusting a metric taken from a source other than Australian Sustainability Reporting Standards and, if so, which source and how the metric disclosed by the entity differs from the metric specified in that source’ as this reporting framework focuses on AASB’s proposed Australian Sustainability Reporting Standards.</p>
4.4.2 MT5	33 34	<p>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 or regulation, including any greenhouse gas emissions targets. For each target, the entity shall disclose:</p> <p>(a) the metric used to set the target (see paragraphs B66–AusB67.1)</p>	<p>Inclusion with modification: change ‘any targets it is required to meet by law or regulation’ to ‘any targets it is required to meet by law or regulation or government policy’ to capture targets and metrics under government policies including the Government Resource Efficiency Policy or any relevant future policies.</p> <p>Note that these two paragraphs have</p>

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
		<p>(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives)</p> <p>(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 business unit or specific geographical region)</p> <p>(d) the period over which the target applies</p> <p>(e) the base period from which progress is measured</p> <p>(f) any milestones and interim targets</p> <p>(g) if the target is quantitative, whether it is an absolute target or an intensity target</p> <p>(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.</p>	<p>been merged into a single paragraph in the reporting framework.</p>

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
MT8	36	<p>For each greenhouse gas emissions target disclosed in accordance with paragraphs 33–35, an entity shall disclose:</p> <p>(a) which greenhouse gases are covered by the target</p> <p>(b) whether scope 1, scope 2 or scope 3 greenhouse gas emissions are covered by the target</p> <p>(c) whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target. If the entity discloses a net greenhouse gas emissions target, the entity is also required to separately disclose its associated gross greenhouse gas emissions target (see paragraphs B68–B69)</p> <p>(d) whether the target was derived using a sectoral decarbonisation approach</p> <p>(e) the entity’s planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the entity shall disclose information including, and with reference to paragraphs B70–B71:</p> <p>(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits</p> <p>(ii) which third-party scheme(s) will verify or certify the carbon credits</p> <p>(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the</p>	<p>Inclusion with modification: remove the reference to ‘scope 3 greenhouse gas emissions’, ‘net greenhouse gas emissions target’ and ‘(d) whether the target was derived using a sectoral decarbonisation approach’.</p> <p>Modifications reflect the situation that a high number of entities do not currently consider calculating net GHG emissions. Further, development of a sectoral decarbonisation is unlikely to take place this year.</p>

NSW reporting framework reference	AASB S2 reference	ASRS requirement	Modification, exclusion and rationale
		<p>underlying offset is achieved through carbon reduction or removal</p> <p>(iv) any other factors necessary for users of general purpose financial reports to understand the credibility and integrity of the carbon credits the entity plans to use (for example, assumptions regarding the permanence of the carbon offset).</p>	

Appendix B: Examples of published disclosures

This appendix provides links to published climate-related disclosures. Most of these published disclosures are in alignment with the recommendations of the Task Force on Climate Related Disclosures (TCFD). These examples provide practical insights about how disclosures required under the ‘Disclosure content’ in Section 4 could be presented.

When reviewing these examples, please be aware that the required disclosures in Section 4 are similar to, but more comprehensive than, those under the TCFD recommendations.

B.1 Materiality

Entity	Document	Examples
British Land	Annual Report and Accounts 2023	Pages 88–89 and 93 provide an example of how to assess what constitutes material risk and opportunity. This reporting framework adopts the ‘single materiality’ principle which differs from British Land’s adoption of the ‘double materiality’ principle.
Victorian Government	Victorian Government Climate-related Risk Disclosure Statement 2022	The statement aligns with the TCFD recommendations, which focus on single materiality – assessing how climate-related risks and opportunities impact the financial performance and operations of the government.

B.2 Governance

Entity	Document	Examples
NSW Government entities		

Entity	Document	Examples
Essential Energy	2022-23 TCFD disclosure	An example of a NSW Government entity with a board and various sub committees. The disclosure clearly sets out the roles and responsibilities of the board and management.
NSW National Parks and Wildlife Service	NPWS Task Force on Climate-related Financial Disclosures Statement 2021-2022	An example of a NSW Government entity that aligns with governance reporting requirements by including the board's oversight, management's role in assessing and managing climate-related risks, and the integration of these risks in overall risk management.
Other entities		
ABN AMRO	Integrated Annual Report 2023	Pages 226-229 provide a more comprehensive disclosure under the new European Sustainability Reporting Standards (ESRS), which are more closely aligned to the proposed Australian Sustainability Reporting Standards (ASRS), on which the requirements in G1 and G2 are based.
BHP	Governance diagram	An example of how to present the information diagrammatically to show the interrelationships between the governing body, management and other relevant parties.
British Land Company	Annual Report and Accounts 2023	Pages 91-92 provide an example of how to present the information to show the respective roles and responsibilities and interrelationships between the governing body(s) and management in both graphic and contextual forms.
Nestlé	2022 Climate risk and impact report	Page 4 provides an example of how to present the information to show the respective roles and responsibilities and interrelationships between the governing body(s) and management in both graphic and contextual forms.

Entity	Document	Examples
Westpac Group	<u>2023 Climate Report</u>	Table 3 on page 10 provides an example of disclosure meeting the requirements of G2(a).
Transport for London (TfL)	<u>Annual Report and Statement of Accounts 2022-23</u>	Page 13 provides an example of how to present information about climate governance in a transport-specific context, at the local government level.

B.3 Strategy

Entity	Document	Examples
NSW Government entities		
Essential Energy	<u>2022-23 TCFD disclosure</u>	Tables 5 and 6 provide an example of a disclosure in line with disclosure requirements S1 to S3.
NSW Environment Protection Authority	<u>2022 Climate Change, Impacts, Risks and Adaptation Statement</u>	Pages 9–10 provides an example of a disclosure for an entity in the NSW General Government Sector in line with disclosure requirements S1 to S2.
Other entities		

Entity	Document	Examples
British Land Company	<u>Annual Report and Accounts 2023</u>	Pages 93–95 provide an example of a disclosure in line with disclosure requirements S1 to S4. Note the graphical representation of risks and opportunities on page 93.
Sainsbury	<u>Annual Report 2023</u>	<ul style="list-style-type: none"> • Table on page 19 provides an example of a disclosure in line with the disclosure requirements of S1 to S3 as well as S13. • Table at top of page 20 sets out time horizons in line with disclosure requirements S4. • Table under ‘Strategy b)’ subheading on pages 20–21 provides an example of a disclosure in line with the disclosure requirements of S5 to S6. • Text under ‘Strategy c)’ subheading on pages 21–22 provides an example of a disclosure in line with the disclosure requirements of S13.
Stockland Corp	<u>Climate Transition Action Plan 2023</u>	Pages 26–27 discuss climate resilience assessments and may assist in preparing disclosures in line with the disclosure requirements of S13.
Unilever	<u>Annual Report 2023</u>	Table on pages 50–53 provides an example of a disclosure in line with the disclosure requirements of S1 to S3 as well as R1.
Ministry for the Environment – New Zealand	<u>Ministry for the Environment’s climate-related disclosure 2020/21</u>	Page 13 depicts how the guiding principle of ‘connected information’ can be integrated into a disclosure. The ministry integrates climate-related risks and opportunities with their overall strategy, risk management, and financial planning.
Aviva	<u>Aviva’s 2023 Climate related</u>	Page 11–12 provides an example of climate strategy in line with the disclosure requirements of S3, specific to the insurance industry.

Entity	Document	Examples
	<u>financial disclosure</u>	

B.4 Risk Management

Entity	Document	Examples
NSW Government entities		
Landcom	<u>FY23 Sustainability Report</u> (page 66) <u>2023 Annual Report</u> (page 45)	Provides an example of disclosure in line with disclosure requirements R1 and R3.
Other entities		
British Land	<u>Annual Report and Accounts 2023</u>	Page 99 provides an example of a disclosure in line with disclosure requirements R1 and R3.
J Sainsbury	<u>Annual Report 2023</u>	Page 24 provides an example of a disclosure in line with disclosure requirements R1 and R3.
Stockland Corp	<u>Climate Transition Action Plan 2023</u>	Pages 34–35 discuss climate risk management and may assist in preparing disclosures in line with the disclosure requirements of S13.

Entity	Document	Examples
Unilever	<u>Annual Report 2023</u>	Table on pages 50–53 provides an example of a disclosure in line with the disclosure requirements of S1 to S3 as well as R1.
Victorian State Government	<u>Climate-related Risk Disclosure Statement</u>	Page 21-31 provides an example of a disclosure in line with disclosure requirement R1 and R3.

B.5 Metrics and Targets

Entity	Document	Examples
NSW Government entities		
Essential Energy	<u>2022–23 TCFD disclosure</u>	Table 11 provide an example of a disclosure in line with disclosure requirement MT1.
Landcom	<u>Climate Active Public Disclosure Statement (pages 11–13)</u>	An example of information about carbon credits Landcom has purchased to meet its net GHG emissions target.
Other entities		
British Land Company	<u>Annual Report and Accounts 2023</u>	Refer the top of page 103 for an example of a disclosure in line with disclosure requirement MT1.
Sainsbury	<u>Annual Report 2023</u>	<ul style="list-style-type: none"> • Pages 115–116 provide an example of a disclosure in line with disclosure requirements MT1 and MT2. • Page 28 provides an example of a disclosure in line with disclosure requirements MT5a, e, f and h.
Westpac Group	<u>2023 Climate Report (pages 54–56)</u>	Provides an example of a disclosure in line with MT2 – Westpac’s approach to measuring scope 1 and 2 GHG emissions.

Entity	Document	Examples
Transport for London (TfL)	<u>Annual Report and Statement of Accounts 2022-23</u>	Page 15 details transport sector specific climate metrics and targets, including carbon emissions and net-zero targets, the entity has included in their disclosure.

Appendix C: Terms and definitions

Term	Definition ¹⁹
adaptation	Actions undertaken to manage or reduce the adverse consequences of climate change, as well as to harness any benefits or opportunities.
business model	<p>A for-profit entity's business model is the system of transforming inputs through its activities into outputs and outcomes that aims to fulfil the entity's strategic purposes and create value for the entity and hence generate cash flows over the short, medium and long term.</p> <p>A not-for-profit entity's business model is 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 long term.</p>
carbon credit	<p>An emissions unit that is issued by a carbon crediting program and represents an emission reduction or removal of greenhouse gases.</p> <p>Carbon credits are uniquely serialised, issued, tracked and cancelled by means of an electronic registry or otherwise are recognised under the Australian Carbon Credit Unit Scheme.</p>
climate resilience	The ability to anticipate, prepare for, respond and adapt to the acute and chronic impacts of climate change. This ensures the ongoing delivery of services and assets, as well as the fulfillment of community expectations.
climate-related financial disclosures	<p>For a for-profit entity, climate-related financial disclosures are a particular form of general purpose financial report that provides information about the reporting entity's climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance or cost of capital over the short, medium or long term, including information about the entity's governance, strategy and risk management in relation to those risks and opportunities, and related metrics and targets.</p> <p>For a not-for-profit entity, climate-related financial disclosures are a particular form of general purpose financial report that provides information about the reporting entity's climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance or cost of capital, and its ability to further its objectives, over the short, medium or long term, including information about the entity's governance, strategy and risk management in relation to those risks and opportunities, and related metrics and targets.</p>

¹⁹ Definitions sourced from AASB Sustainability Reporting Standard – AASB S2 and Climate Risk Ready NSW Guide

Term	Definition ¹⁹
climate-related physical risks	<p>Risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought 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.</p> <p>These risks could carry financial implications for an entity, such as costs resulting from direct damage to assets or indirect effects of supply-chain disruption. The entity's financial performance could also be affected by changes in water availability, sourcing and quality; and extreme temperature changes affecting the entity's premises, operations, supply chains, transportation needs and employee health and safety.</p>
climate-related risks and opportunities	<p>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.</p> <p>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.</p>
climate-related transition risks	<p>Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks. These risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations. The entity's financial performance could also be affected by shifting consumer demands and the development and deployment of new technology.</p>
climate-related transition plan	<p>An aspect of an entity's overall strategy that lays out the entity's targets, actions or resources for its transition towards a lower-carbon economy, including actions such as reducing its greenhouse gas emissions.</p>
CO ₂ equivalent	<p>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.</p> <p>This unit is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.</p>
financed emissions	<p>The portion of gross greenhouse gas emissions of an investee or counterparty attributed to the loans and investments made by an entity to the investee or counterparty. These emissions are part of Scope 3 Category 15 (investments) as defined in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).</p>
global warming potential	<p>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 CO₂.</p>
greenhouse gases (GHG)	<p>The seven greenhouse gases listed in the Kyoto Protocol: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs),</p>

Term	Definition ¹⁹
	nitrogen trifluoride (NF ₃), perfluorocarbons (PFCs) and sulphur hexafluoride (SF ₆).
impracticable	Applying a requirement is impracticable when an entity cannot apply it after making every reasonable effort to do so.
indirect greenhouse gas emissions	Emissions that are a consequence of the activities of an entity, but occur at sources owned or controlled by another entity.
latest international agreement on climate change	An agreement by states, as members of the United Nations Framework Convention on Climate Change, to combat climate change. The agreements set norms and targets for a reduction in greenhouse gases .
mitigation	Climate change mitigation includes actions taken globally, nationally and individually to limit changes caused in the global climate by human activities. Mitigation activities are designed to reduce greenhouse emissions and increase the amounts of greenhouse gases removed from the atmosphere by greenhouse sinks.
NGER Scheme legislation	For the purposes of this reporting framework, NGER Scheme legislation means: <ul style="list-style-type: none"> • the National Greenhouse and Energy Reporting Act 2007 • the National Greenhouse and Energy Reporting Regulations 2008 • the National Greenhouse and Energy Reporting (Measurement) Determination 2008.
scope 1 greenhouse gas emissions	Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity.
scope 2 greenhouse gas emissions	Indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by an entity. Purchased and acquired electricity is electricity that is purchased or otherwise brought into an entity's boundary. Scope 2 greenhouse gas emissions physically occur at the facility where electricity is generated.
scope 3 greenhouse gas emissions	Indirect greenhouse gas emissions (not included in scope 2 greenhouse gas emissions) that occur in the value chain of an entity, including both upstream and downstream emissions. Scope 3 greenhouse gas emissions include the Scope 3 categories in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).
value chain	The full range of interactions, resources and relationships related to a reporting entity's business model and the external environment in which it operates. A value chain encompasses the interactions, resources and relationships an entity uses and depends on to create its products or services from conception to delivery, consumption and end-of-life, including:

Term	Definition ¹⁹
	<ul style="list-style-type: none"><li data-bbox="480 223 1496 288">• interactions, resources and relationships in the entity's operations, such as human resources<li data-bbox="480 309 1443 409">• those along its supply, marketing and distribution channels, such as materials and service sourcing, and product and service sale and delivery<li data-bbox="480 429 1500 495">• the financing, geographical, geopolitical and regulatory environments in which the entity operates.

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