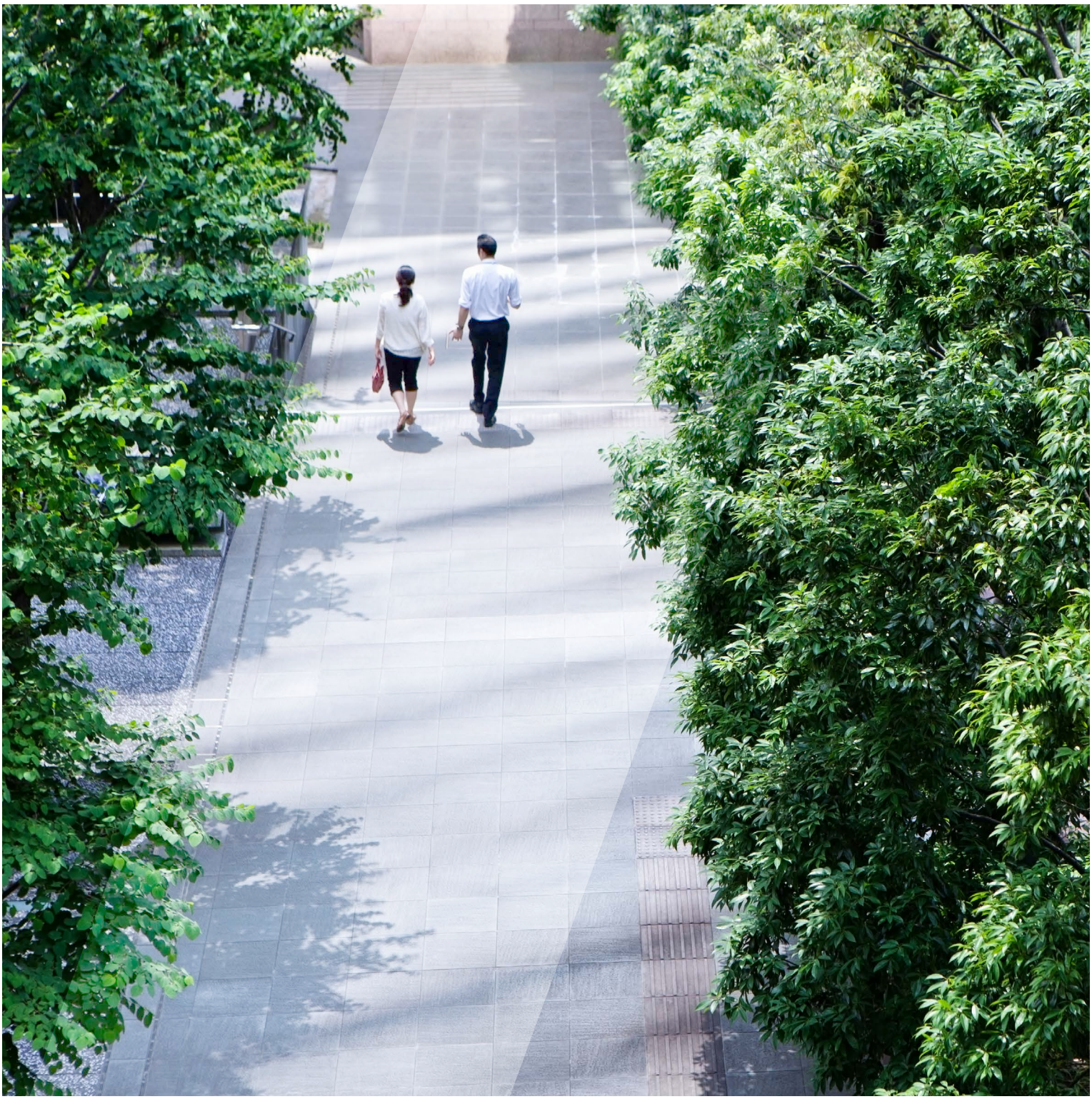

Preparing for climate reporting:

Insights from ASX small caps

forvis mazars

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Introduction

Climate reporting is becoming a buzzword around the world. In 2017, the Task Force on Climate-related Financial Disclosures (**TCFD**) framework was introduced and voluntarily applied by large companies around the world. In 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force and introduced specific climate disclosure requirements. The same year, the International Sustainability Standards Board issued IFRS S1 and S2 that are progressively endorsed by different countries around the world, including Australia.

Australia has introduced mandatory climate-related disclosures for a large number of companies in Australia, whether listed or unlisted. The Bill passed the Senate on 22 August 2024, with one amendment to be approved by the House of Representatives. For the companies meeting two of these three criteria (consolidated revenue ≥ $500 million, consolidated gross assets ≥ $1 billion, number of employees ≥ 500), the proposed reporting period would start as early as **1 January 2025** (see section 3 that presents the proposed regulation). This led us to investigate how prepared are these companies (Group 1) to report according to the proposed Australian climate-related disclosure standards AASB S2.

While Australian Securities Exchange (ASX) listed companies with the largest market capitalisation have often been the ones leading the way in terms of sustainability reporting, in this report, we wanted to focus on smaller listed companies – **beyond the top 200** – that are likely to be close to the reporting threshold requirements set for Group 1. **Are these companies in a good position to prepare and publish climate-related disclosures?**

Our research is based on the 2023 reporting (up to 10 January 2024) of 52 ASX listed companies with a **market capitalisation between $1 billion and $1.5 billion.**

Overall, our research shows that many ASX listed small cap companies have made progress on their climate reporting. However, the introduction of mandatory climate-related information disclosures in Australia will require many companies to step up their efforts, as also identified in Forvis Mazars C-Suite barometer. Importantly, companies need to:

1. **Build up climate capabilities and educate board members.**
2. **Identify gaps and develop a roadmap.**
3. **Involve key employees across multiple functions and clearly define responsibilities.**

In the last section of the report, we leverage the findings of our research and COSO principles to provide a list of key considerations to help companies prepare their climate reporting.

Dr. Damien Lambert
Head of Sustainability Services
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Key findings

57%

of the companies clearly identify or broadly mention climate-related risks.

33%

of the companies have set Net Zero targets for scope 1 and 2 GHG emissions.

11%

of the companies report in accordance with the eleven TCFD recommendations and 31% partially reporting on these recommendations.

71%

of the companies have calculated their scope 1 and 2 GHG emissions, but only 37% have calculated their scope 3 emissions.

23%

of the companies have performed a scenario analysis.

Climate change, a growing risk for Australian companies

Climate change is one of the most pressing issues of our time. It is a major threat to financial stability and Australia is already impacted. As per the Allianz Risk Barometer 2023[1], natural catastrophes topped the list of risks in Australia, and they continue to hold a prominent position in 2024[2], ranking as the second most significant risk. The World Economic Forum's 2024 Global Risks Report[3], for the first time, no longer considers climate change as a risk in itself, but as a systemic shift leading to the emergence of related risks. This change in perception is one of the markers of the evolving understanding of climate change. The report forecasts that in a decade, half of the top ten risks confronting individuals and organisations, particularly the foremost four, will be tied to environmental factors: extreme weather events, critical alterations to earth systems, biodiversity loss leading to ecosystem collapse, and shortages of natural resources.

The repercussions of climate-related risks have already begun to reshape Australia's economy. In 2023, the Australian Government created the Net Zero Authority to tackle the transformation toward a more sustainable economy. This is an important step as the effects of climate change are anticipated to strongly affect many sectors over the long term:

- The agricultural sector, particularly irrigated agriculture, faces significant disruption and potential decline[4]. Marine heatwaves threaten ocean-dependent industries.
- The tourism sector, including ocean[5] and snow sports industries are also jeopardised. Anticipated consequences include the retreat of sandy shorelines, the disappearance of the Great Barrier Reef, an increase in hostile conditions due to phenomena such as jellyfish proliferation and a decrease in snowmaking conditions in alpine regions.
- The gradual phase-out of fossil fuels, notably oil, gas, and coal, which constituted 37% of Australia's exports in 2022 according to the Department of Foreign Affairs and Trade[6], will instigate profound changes across the entire energy sector and fossil fuel-dependent value chains. This will present significant transition risks for many organisations.
- Essential services such as electricity and water are expected to face increased pressure. For instance, increased reliance on air-conditioning due to rising temperatures could lead to higher electricity demand and potential energy service failures. Water restrictions are also likely to become more frequent.
- Climate change is also increasing pressure on the healthcare sector, particularly due to the worsening of air quality and heatwaves that have negative impact on health.

Ultimately, all organisations will be affected by the impact of climate change on their workforce and assets. Population migrations are anticipated, and insurance for homes and workplaces may become increasingly unaffordable, excessively complex, or even unavailable[7] in large parts of Australia, especially in regional Australia and coastal zones with high erosion risk. The related increase in insurance premiums will impact the real estate industry and may have a collateral impact on banks, as they could be financially exposed if the collateral against which they are lending decreases in value due to climate change.

[1] Allianz Risk Barometer 2023

[2] Allianz Risk Barometer 2024

[3] The Global Risks Report 2024, World Economic Forum

[4] Climate change impacts and adaptation on Australian farms | Australian Government – Department of Agriculture, Fisheries and Forestry

[5] Code Blue: Our Oceans In Crisis | Climate Council

[6] Australia's goods and services by top 25 exports 2022 | Australian Government – Department of Foreign Affairs and Trade

[7] Uninsurable Nation: Australia's Most Climate-Vulnerable Places | Climate Council

Focus on the proposed mandatory climate-related disclosure standard

Global regulatory landscape

The regulatory sustainability reporting landscape is rapidly changing, and an increasing number of companies, including banks and other financial institutions, will have to report climate-related information. This trend first started as a voluntary initiative with the issuance in 2017 of the Task Force on Climate-related Financial Disclosures (TCFD) framework. Building upon this framework, the International Sustainability Standards Board (ISSB) founded by the IFRS Foundation, has released Sustainability Disclosure Standards (IFRS SDS) in June 2023. Specifically, **IFRS S2 Climate-related Disclosures extends TCFD recommendations** and requires companies to provide more granular information on their climate-related disclosures. Countries such as the UK[8], Brazil[9], Singapore[10] or Australia are considering enforcing (a modified version of) these standards. In the US, the State of California decided in October 2023 to enforce mandatory climate-related disclosures[11] and at a Federal level, the Securities and Exchange Commission (SEC) climate-related disclosure rules have been approved on 6 March 2024[12].

In the European Union, the Corporate Sustainability Reporting Directive (CSRD) also requires information on climate-related risks and opportunities. Specific requirements are set in European Sustainability Reporting Standards (ESRS) E1 climate change[13].

Australian regulatory landscape

In Australia, the government introduced the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 into Parliament on 27 March 2024. The Bill passed the House of Representatives on 6 June 2024 and and the Senate on 22 August 2024 with one amendment. It requires Australian companies meeting specific criteria (see Figure 1) to prepare and lodge a sustainability report[14] that will be included in the company's annual report. In this sustainability report, companies will need to prepare a climate statement in accordance with the **Australian Sustainability Reporting Standards (ASRS)**, and specifically AASB S2 Climate-related Disclosures**,** developed by the Australian Accounting Standards Board (AASB).

Ultimately, the sustainability report will be subject to an independent assurance performed by the financial auditor with the support of climate and sustainability experts. The Auditing and Assurance Standards Board (AUASB) has been tasked with defining the modalities for the assurance requirements and issued a consultation on 20 March 2024. Attachment 1 in the consultation document highlights possible assurance phasing, with limited assurance as a first step and then reasonable assurance would be required.

8 IFRS S1 and IFRS S2 in the UK | ICAEW

9 IFRS - Brazil adopts ISSB global baseline, as IFRS Foundation Trustees meet in Latin America

10 Singapore to Introduce Mandatory Climate Reporting Beginning 2025 - ESG Today

11 California enacts major climate-related disclosure laws (harvard.edu)

12 SEC.gov | SEC Adopts Rules to Enhance and Standardise Climate-Related Disclosures for Investors

13 Download (efrag.org)

14 It is possible for the group head to prepare a consolidated sustainability report, with individual entities in the scope of consolidation being exempt from preparing an individual sustainability report.

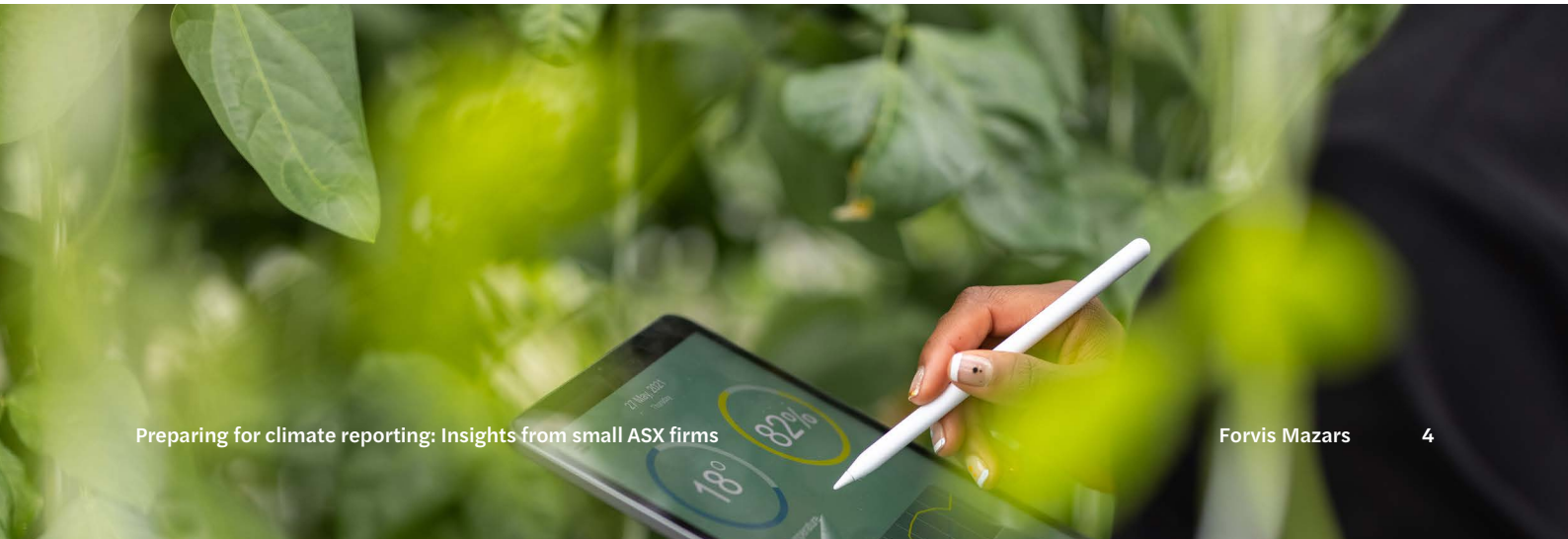


Figure 1 – Scope and timing of mandatory climate-related disclosures

First annual reporting periods starting on or after	Large entities and their controlled entities meeting at least two of three criteria:			National Greenhouse and Energy Reporting (NGER) reporters	Asset owners
	Consolidated revenue	EOFY consolidated gross assets	EOFY employees		
1 January 2025 Group 1	$500 million or more	$1 billion or more	500 or more	Above NGER publication threshold	N/A
1 July 2026 Group 2	$200 million or more	$500 million or more	250 or more	All other NGER reporters	$5 billion assets under management or more
1 July 2027 Group 3	$50 million or more	$25 million or more	100 or more	N/A	N/A

***Exemptions**

- Small and medium businesses, below the relevant size thresholds companies will be exempt.
- Entities that are exempt from lodging financial reports under Chapter 2M of the Corporations Act, including where exemptions have been made through ASIC class orders or where the entity is registered with the Australian Charities and Not-for-profits Commission, will not be required to make climate-related disclosures.

The Australian Sustainability Reporting Standards (ASRS)

In October 2023, the AASB issued the draft ASRS - ED SR1 (ASRS, 2023[15]) on disclosure of climate-related financial information. These draft ASRS build upon the IFRS SDS and its four-pillar structure **(Governance, Strategy, Risk Management, Metrics and Targets)**, with some specific amendments to reflect the Australian business and political context. After reviewing the feedback provided by stakeholders, the AASB has revised the draft standard and increased the alignment with IFRS SDS.

We highlight hereafter some of the key differences of the draft ASRS with IFRS SDS.

- AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information builds upon IFRS S1 but it will be a voluntary standard in Australia.
- AASB S2 Climate-related Disclosures builds upon IFRS S2 with adaptations for Australia:
  - » As per the Bill introducing mandatory climate reporting, two climate scenarios shall be considered, including a high global warming scenario (2.5°C or higher) and a low global warming scenario (1.5°C above pre-industrial levels).
  - » Incorporates parts of AASB S1 in Appendix D to make AASB S2 a standalone mandatory standard.

[15] ASRS (2023) - Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information, October 2023. Available at: https://www.aasb.gov.au/admin/file/content105/c9/AASBED_SR1_10-23.pdf (last accessed 1 March, 2024)

How many companies mention "climate-related risks" in their reporting?

What is climate change?

The United Nations Framework Convention on Climate Change (UNFCC) - a foundational international treaty signed by 165 countries[16] – defines climate change as "a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods."[17]. Specifically, the **increasing concentration of greenhouse gas (GHG) emissions** linked to human activity is one of the key factors driving climate change. Therefore, international efforts are targeted at curbing GHG emissions, with a specific focus on "six main greenhouse gases: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF6)" (GHG protocol, p. 6)[18].

How climate change affects companies?

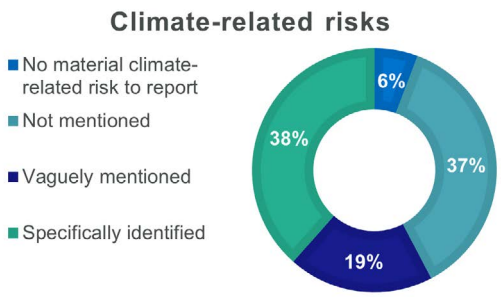
Through their activities and operations, companies contribute to climate change, but climate change may also have negative and positive effects for companies. These negative (respectively positive) effects of climate change are referred to as **"climate-related risks"** (respectively "climate-related opportunities") in the AASB S2. Specifically, AASB S2 focus on climate-related risks and opportunities "that could reasonably be expected to affect an entity's cash flows, access to finance and cost of capital, over the short, medium and long term." (AASB S2, para 2).

Recommendation 7.4 of the ASX Corporate Governance Principles and Recommendations (4th Ed)

Disclosing climate-related financial risks is already something familiar for listed ASX companies. In 2019, the ASX Corporate Governance Council issued its 4th Edition of Corporate Governance Principles and Recommendations.
These non-mandatory principles and recommendations aim to encourage listed companies to adopt best practice in corporate governance. Recommendation 7.4 in particular touches upon climate-related risks by stating that "a listed entity should **disclose whether it has any material exposure to environmental or social risks** and, if it does, how it manages or intends to manage those risks". The notion of material exposure relates to short, medium, or long-term risks over the financial value of the company from the perspective of investors. Besides, environmental risks encompass risks related to "adding to the carbon levels in the atmosphere" (p. 35) and climate change[19].

Key findings

In our research, we investigated whether ASX listed small cap companies disclose climate-related risks and found that **38% of the companies clearly identified specific-related risks**. Other companies either vaguely mentioned these risks (19%), report that they have no material climate risk to disclose (6%) or simply don't mention these risks (37%).



Overall, our results highlight that many companies will need to **step up their efforts to identify and disclose climate-related risks**. As per the regulation, companies in Group 3 that do not have material climate-related risks and opportunities can make a statement to that effect rather than preparing a full climate statement in accordance with AASB S2. However, this statement of no material climate-related risks and opportunities will need to be audited. Therefore, these companies will have to conduct additional analysis of their potential climate-related risks and opportunities to support their claim.

[16] UNTC

[17] https://unfccc.int/resource/docs/convkp/conveng.pdf, p. 3

[18] Corporate-Value-Chain-Accounting-Reporing-Standard_041613_2.pdf (ghgprotocol.org)

[19] cgc-principles-and-recommendations-fourth-edn.pdf (asx.com.au)

How many companies report according to the TCFD recommendations?

What is the TCFD framework?

The Task Force was initiated by the Financial Stability Board in 2015 to help companies provide climate-related risks information that meet the needs of investors[20]. The Task Force comprises experts from banks, insurance companies, accounting and consulting firms and published in 2017 a set of 11 recommendations categorized along 4 main pillars: Governance, Strategy, Risk Management and Metrics and Targets (see Figure 2).

Many companies around the world have voluntarily decided to report their climate-related risks in accordance with the TCFD recommendations. In Australia, the recommendation 7.4 of the ASX Principles and Recommendations issued in 2019 encourages companies to consider disclosing their climate-related risks according to the TCFD recommendations.[22]

What is the relationship between the TCFD and the ISSB?

The TCFD framework has also provided strong foundations for the development of the IFRS SDS. Ultimately in October 2023, the Task Force was disbanded with TCFD monitoring responsibilities transferred to the ISSB[23]. For companies already disclosing in accordance with the TFCD recommendations, complying with AASB S2 requirements will only represent an incremental change, with more granular information being requested.

Figure 2 – TCFD recommendations and supporting recommended disclosures

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	**Recommended Disclosures**	**Recommended Disclosures**	**Recommended Disclosures**
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	a) Describe the organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	b) Describe the organization's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

(From TCFD Recommendations 2017, p. 14[21])

[20] About | Task Force on Climate-Related Financial Disclosures (TCFD) (fsb-tcfd.org)

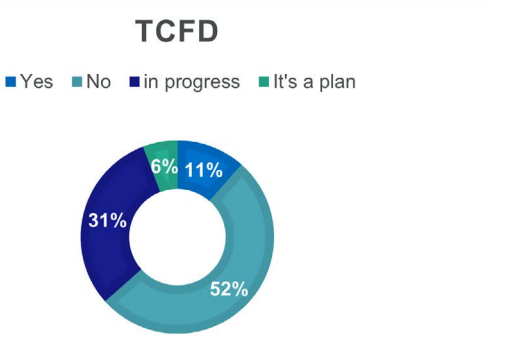
[21] Final-2017-TCFD-Report.pdf (bbhub.io)

[22] cgc-principles-and-recommendations-fourth-edn.pdf (asx.com.au)

[23] IFRS - ISSB and TCFD

Key findings

Our research shows that a majority of the ASX listed small cap companies (58%) haven't started to disclose according to the TCFD recommendations. For those companies, complying with the AASB S2 requirements will require significant work. While nearly 75% of ASX 200 listed companies report or plan to report according to the TCFD recommendations as per the Australian Council of Superannuation Investors (ACSI)'s research[24], we find that this figure is only 48% for ASX listed small caps. This suggests that ASX listed small caps companies are not as prepared as their larger counterparts when it comes to climate-related disclosures. Consistent with Deakin Integrated Reporting Centre's report[25], we find that **only a limited proportion (11%) of ASX listed small caps fully report according to the eleven TCFD recommendations**. We also find that a third of the companies (31%) are currently making progress to fully align with the TCFD recommendations and often present a roadmap for the next 2 or 3 years, thereby suggesting that achieving maturity in regard to climate reporting takes time.



Further insights - The Taskforce on Nature-related Financial Disclosures (TNFD)

Building upon the success of the TCFD, a similar initiative was launched with a specific focus on disclosing nature-related dependencies, impacts, risks and opportunities. The TNFD recommendations were issued in September 2023 and 184 companies across the world have already committed to publish TNFD-aligned disclosures for the financial year 2024 or earlier[26], including 7 companies headquartered in Australia. In our research on ASX listed small cap companies, we found that 4 companies mentioned their interest for the TNFD recommendations and will consider implementing them.

[24] Promises-Pathways-Performance-Climate-reporting-in-the-ASX200-August-2023.pdf (acsi.org.au)

[25] Sustainability Reporting and Assurance by ASX 300 Companies (deakin.edu.au)

[26] TNFD Early Adopters – TNFD (accessed 13 Feb 2024)

How companies report on their carbon emissions?

What are scope 1, 2 and 3?

As per the AASB S2 requirements, companies need to disclose climate-related metrics, including absolute gross greenhouse gas emissions along three main categories: scope 1, 2 and 3.

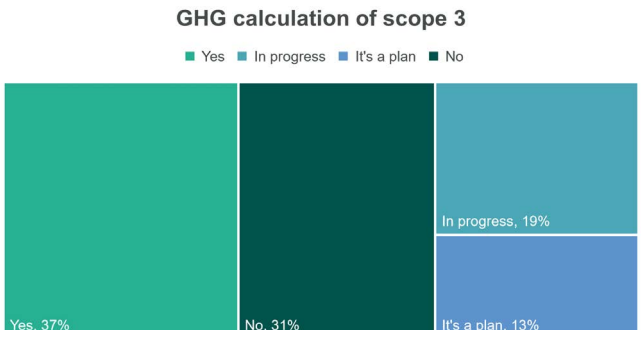
Scope 1 relates to the direct emissions of the companies such as emissions from vehicles owned by the company. Scope 2 relates to the energy indirect emissions of the companies and include mostly the electricity purchased and consumed. Scope 3 includes emissions related to upstream and downstream activities.

GHG Protocol vs NGER

The GHG Protocol corporate accounting and reporting Standard provides principles, requirements and guidance to calculate GHG emissions. It is widely used internationally and referenced by ESRS E1 Climate change[27] and IFRS S2 Climate-related Disclosures. In Australia, the NGER scheme legislation sets specific rules for calculating scope 1 and 2 GHG emissions. As per AASB S2, an entity shall calculate scope 1 and 2 GHG emissions in accordance with the GHG protocol (preferred option) or the National Greenhouse and Energy Reporting legislation scheme (if required by law to do so) and disclose the absolute gross value of these emissions. As for scope 3 emissions, these emissions are not covered by the NGER scheme legislation so Australian companies can use the GHG protocol standards.

Key findings

In our research, we found that a large majority of companies **(71%) report on their scope 1 and 2** GHG emissions and this practice seems well-established with current GHG emissions being compared to the baseline year. Among the remaining companies, about half of them are in the process or plan to calculate their scope 1 and 2 emissions and the other half don't mention it.

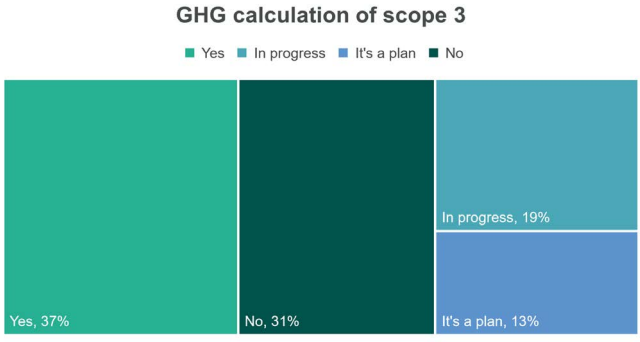


We also investigated which carbon accounting rules were referenced by the companies reporting on their scope 1 and 2 emissions and found that 40% of them mentioned the NGER scheme legislation while 33% mentioned the GHG protocol. Other either don't mention the standards used or mention other standards such as the Measuring Emissions Guide 2022 issued by The New Zealand Ministry for the Environment. Overall, both NGER reporters using the NGER Scheme legislation and companies using the GHG protocol will be compliant with the AASB S2.

We also found that information on the carbon accounting methodology used was limited and often mentioned in footnotes. AASB S2 requires to "the measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions. (29(iii)(1)). Therefore, many companies will need to provide more granular information on the methodology used to calculate their GHG emissions.

As for reporting on scope 3 GHG emissions, companies will have a bit more time as AASB S2 provides a one-year relief. We found that **a majority of companies (56%) are reporting or in the process of reporting their scope 3 emissions**. As a best practice, we identified a number of companies that are transparent about their scope 3 calculation and acknowledge current limits and challenges encountered. These companies also disclose their plan to improve the granularity of the information collected to calculate their emissions. For instance, they would describe how they engage with suppliers to collect carbon footprint information and improve the accuracy of their scope 3 emissions "purchased goods and services".

It is also important to note that the requirement for large companies to calculate their scope 3 emissions will have implications for smaller companies. As a supplier of these large firms, smaller companies will have to calculate their GHG emissions to meet the information requests of their clients.



[27] Download (efrag.org)

How companies report on emission reduction targets and decarbonisation pathways?

AASB S2 requires "disclos[ing] quantitative and qualitative climate-related targets" set by the entity, "including any greenhouse gas emissions targets." (AASB S2, para 33). And companies around the world face pressures from their investors, their customers and public at large to set ambitious climate targets such as net zero commitments.

What is net zero?

Net zero is originally a **concept from physical climate science** and "refers to a **balance between the emissions we produce**, and the **emissions we can take out** of the atmosphere"[29] at the level of the planet. However, this scientific concept has been operationalised and is now broadly **applied to corporations**, with often some confusion. For instance, the concept of carbon neutral and net zero are often used interchangeably by ASX 200 listed companies[2]. However, these concepts are different. Achieving carbon neutrality does not require to make any reduction in GHG emissions and it can be achieved simply through purchasing carbon offsets such as Australian Carbon Credit Units (ACCUs). In contrast, **Net zero requires focussing on significantly reducing GHG emissions**, with carbon offsets only allowed for residual emissions. As such, a Net Zero commitment requires to develop a transition plan and decarbonisation roadmap with clear milestone and specific targets for scope 1, 2 and eventually scope 3 GHG emissions. It requires reflecting on one's current strategy, rethinking product design or service delivery, using sustainability nudges or engaging with suppliers to co-develop decarbonisation pathways.

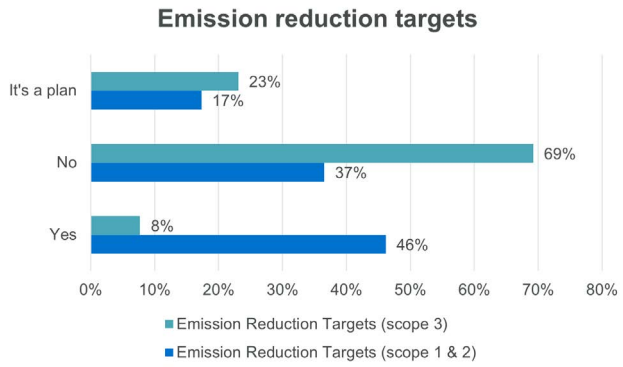
What is SBTi?

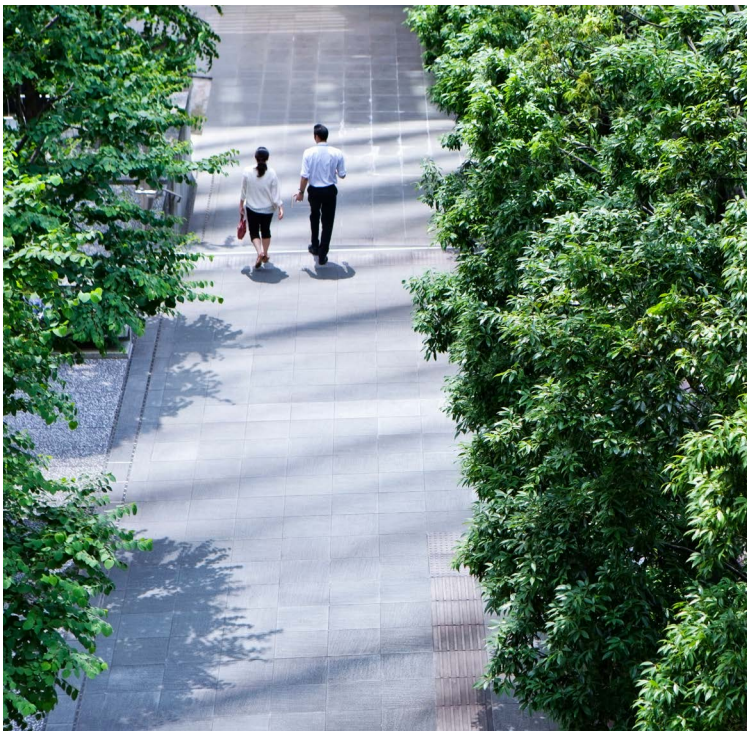
Worldwide, net zero is the preferred approach and is supported by initiatives such as the Science Based Targets initiative (SBTi). SBTi encourages companies to set ambitious science-based short-term targets (usually a 50% GHG emissions reduction by 2030) and long-term targets (usually a reduction by more than 90% of GHG emissions by 2050)[28] in accordance with its Net Zero standard[29]. Companies first start with a commitment, then develop their targets and ultimately can get their **targets officially validated by SBTi**[30].

Key Findings

GHG emissions reduction targets

In our research, we first investigated whether companies have set GHG emissions reduction targets. These targets could then be disclosed in accordance with AASB S2. We found that close to half of the companies reviewed **(46%) disclosed reduction targets for their scope 1 and 2** GHG emissions and almost of a fifth (17%) plan to do so. Companies seem however less prepared when it comes to **scope 3** emission reduction, with only **8% of companies with targets** and 23% planning to set targets. Overall, our results show that more than a third of companies under review haven't set any emission reduction targets. These companies may want to start considering developing specific reduction targets.

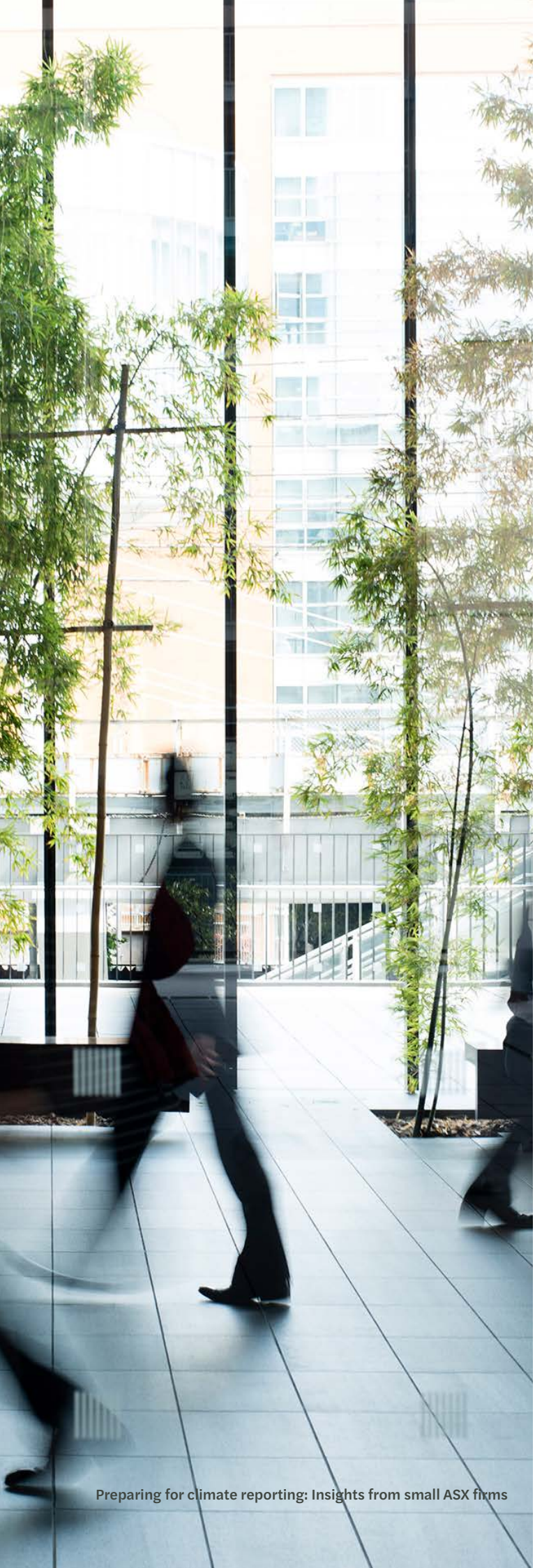




[28] The Corporate Net-Zero Standard - Science Based Targets

[29] Net-Zero-Standard.pdf (sciencebasedtargets.org)

[30] How to set a science-based target - a step by step guide - Science Based Targets



We then turned towards more demanding net zero targets and found that **33% of the companies set net zero commitments for their scope 1 and 2** emissions and 13% plan to set net zero targets in the future. These figures are however dropping significantly for scope 3 net zero targets, with 4% having net zero targets and 8% planning to do so. As for companies with SBTi validated targets, we found only one instance of a company in the process of getting its targets for scope 1 and 2 validated by SBTi. However, 5 companies (10% of the companies under review) have expressed their plan to have their targets validated by SBTi. Overall, these results highlight that for many ASX listed small cap companies, there is still room to set more ambitious climate targets.

Avoiding greenwashing

During our research, we also noted a few instances where net zero targets were more aspirational commitments than actual targets supported by plans and ad hoc analysis. Shareholder activists[31] and regulators have lately scrutinised and voiced concerns over these aspirational targets, often perceived as mere greenwashing. To protect themselves against greenwashing risks, companies should ensure that they have performed an in-depth analysis and taken concrete steps to set and achieve their targets. In that regard, the guide issued by the Australian Competition & Consumer Commission (**ACCC**) "**Making environmental claims**"[32], and more specifically "Principle 8: Be direct and open about your environmental sustainability transition" provides useful advice for companies.

We also encourage companies to be specific in their communication rather than simply using concepts such as net zero or carbon neutral. Rather than mentioning a net zero commitment, a company could for instance mention that it has set targets to reduce by 50% its scope 1 and 2 emissions by 2030 and by 95% by 2050 for its scope 1, 2 and 3 emissions. Overall, by **being more transparent on their targets and progress made on their transition plan**, companies can **minimise greenwashing risks** and gain credibility and trust from investors and public at large.

[31] Climate activists target fossil fuel shareholders – DW – 06/19/2023

[32] Making environmental claims - A guide for business | December 2023 (accc.gov.au)

How do companies use scenario analysis and report their climate-related risks and opportunities?

What is meant by short, medium and long-term?

In line with TCFD recommendations on strategy, AASB S2 requires companies to disclose their climate-related risks and opportunities over the short, medium, and long term. Voluntarily, no specific definition of short, medium, and long term is provided in the standard to account for the fact that companies may be impacted by climate risks and opportunities at different time horizons. As part of AASB S2 requirements, the entity shall then "**explain how [it] 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." (AASB S2, para 10(d)). These time horizons need to be considered when explaining how climate-related risks and opportunities may affect the strategy of the entity and when conducting scenario analysis.

What is scenario analysis?

AASB S2 requires entities to conducting climate scenario analysis. The objective of scenario analysis is to assess how different plausible climate scenarios – which are "**hypothetical constructs**"[33] **about the future** – may affect in different ways an entity's business model, operations, finance. As such, this analysis is not intended to provide precise forecast but rather explore the implications of different futures. One of the key benefits of performing scenario analysis is to reflect on the strategy of the company and brainstorm on how the company would perform under different futures. As such, this is a key instrument for **building up climate resilience** and future-proofing the company as it enables senior executives to anticipate risks, especially long-term risks that are often forgotten.

Scenario analysis, stress-test or sensitivity analysis

There is often some confusion between scenario analysis and stress-testing or sensitivity analysis. **Stress testing** consists in focusing **on one extreme case** and "putting extreme values of a relevant variable or small number of variables into existing planning models". (TNFD Guidance 2023, p. 4) For example, testing banks' financial resilience if there is a financial market crash. **Sensitivity analysis** consists of varying important inputs within a **specific range** (e.g. + / - 5%) and assessing how the model output changes. In contrast to those techniques, in scenario analysis, the different scenarios considered have features that may greatly vary from one to another and so the "output" will be more open and diverse.

What are the different climate scenarios?

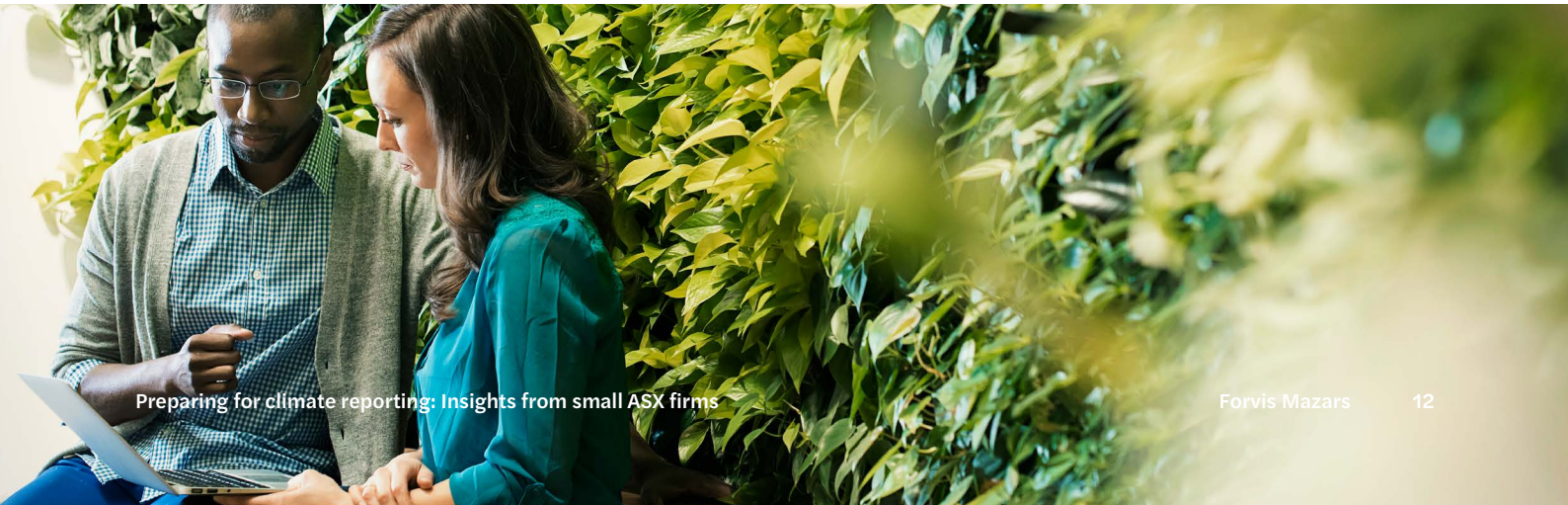
While AASB S2 provides some flexibility for companies to develop their own climate scenarios, some standard scenarios have already been developed to provide a useful basis for companies. Thus, the Intergovernmental Panel on Climate Change (**IPCC**) – "the international body for assessing the science related to climate change"[34] – issued its latest report, the IPCC Sixth Assessment Report, in 2021. This report presents **5 different scenarios** ranging from a very low GHG emissions scenario (called SSP1-1.9) to a very high GHG emissions scenario (called SSP5-8.5)[35]. Each climate scenario is associated with different levels in temperature increases compared to the period 1850 -1900, with the best estimate ranging from +1.4°C to +4.4°C for the period 2081-2100 (AR6, longer report, 2023, p. 68)[36].

[33] Final-2017-TCFD-Report.pdf (bbhub.io)

[34] AR6_FS_What_is_IPCC.pdf

[35] "The five illustrative scenarios are referred to as SSPx-y, where 'SSPx' refers to the Shared Socio-economic Pathway or 'SSP' describing the socio-economic trends underlying the scenario, and 'y' refers to the approximate level of radiative forcing (in watts per square metre, or W m−2) resulting from the scenario in the year 2100." (IPCC 2021, p. 12). Available at: IPCC_AR6_WGI_SPM_final.pdf

[36] IPCC_AR6_SYR_LongerReport.pdf



Each of these scenarios is also associated with specific narratives that include a range of socio-economic assumptions. For example, **SSP1 scenario is called "Taking the Green Road"** and is characterised by low challenges to mitigation and adaptation. Part of the associated narrative is that *"The world shifts gradually, but pervasively, toward a more sustainable path, emphasizing more inclusive development that respects perceived environmental boundaries." (Riahi et al., 2017, p. 157).* Table 1 below highlights a few features of each scenario.

Table 1. Overview of climate scenarios as IPCC climate change 2021 report

Scenario	Best estimate of long-term (2081-2100)[37] temperature increase (°C)[38]	Corresponding Shared Socio-economic Pathway (SSP) name[39]	Challenges for mitigation of climate change	Challenges for adaption to climate change
SSP1-1.9	1.4	Sustainability – Taking the Green Road	Low	Low
SSP1-2.6	1.8	Sustainability – Taking the Green Road	Low	Low
SSP2-4.5	2.7	Middle of the Road	Medium	Medium
SSP3-3.7	3.6	Regional Rivalry – A Rocky Road	High	High
SSP5-8.5	4.4	Fossil-Fueled Development	High	Low

As per the Bill introducing mandatory climate reporting, two climate scenarios shall be considered, including a high global warming scenario (2.5°C or higher) and a low global warming scenario (**1.5°C above pre-industrial levels**). Scenario SSP2-4.5, SSP3-3.7 or SSP5-8.5 are examples of high emission scenario while SSP1-1.9 would correspond to a low emission scenario. Companies shall also disclose information on the input used for the scenario and as well as the key assumptions underlying the scenario.

Getting started with scenario analysis

By considering both climate data projections and socio-economic assumptions, these scenarios provide a useful basis for companies to assess their climate physical and transition risks and opportunities. **Physical risks** are defined as "risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk)" (AASB S2, Appendix A). The resulting financial impacts could be direct (e.g., damage to assets) or indirect (e.g., supply-chain disruption). Companies can use databases and software solutions to assess how their assets at different geographical locations may be affected by floods or drought for example. In contrast, transition risks "arise from efforts to transition to a lower-carbon economy. **Transition risks** include policy, legal, technological, market and reputational risks" (AASB S2, Appendix A). A change in regulation such as the introduction of a carbon tax could increase operating costs.

As a starting point, AASB S2 allows companies to provide qualitative information on their assessment of their climate resilience under different scenarios. However, expectation is that companies moves towards more sophisticated techniques and quantitative analysis, especially if they have significant exposure to climate-related risks and opportunities (AASB S2, Appendix B).

[37] Compared to average temperature for the period 1850-1900

[38] As per IPCC report, Climate change 2021, The Physical Science Basis, Summary for Policymakers (IPCC_AR6_WGI_SPM_final.pdf).

[39] For further information on the five scenarios refer to The Shared Socioeconomic Pathways and their energy, land use, and greenhouse gas emissions implications: An overview - ScienceDirect and also GMD - The shared socio-economic pathway (SSP) greenhouse gas concentrations and their extensions to 2500 (copernicus.org).

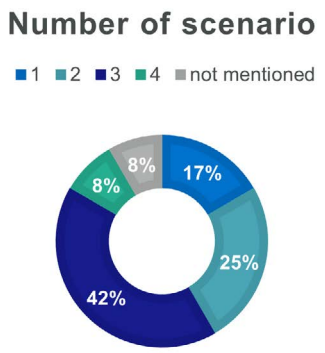
Key findings

In our research, we focused on the level of details provided by companies on their climate-related risks and associated financial consequences. We investigated whether companies report their climate-related risks over the short, medium, and long-term and found that only **27% of the companies report risks on the three time horizons**. One of the best practices noted is the use of specific icons to disclose for each climate-related risk whether it applies to the short, medium, or long-term or all of them for instance. We also found that only a small proportion of the companies (13%) disclose the geographical location of assets and business activities potentially impacted by climate-related risks.

As for the effects of climate-related risks, quantifying the financial impact of climate-related risks remain a challenge. Most of the time, the effects of climate-related risks were broadly discussed, and we did not identify a company that specifically quantify how climate-related risks would "reasonably be expected to affect the entity's cash flows, access to finance or cost of capital." (AASB S2, para 2). However, we found that **27% of the companies mentioned broadly which assets or business activities would be financially affected** by specific climate-related risks.

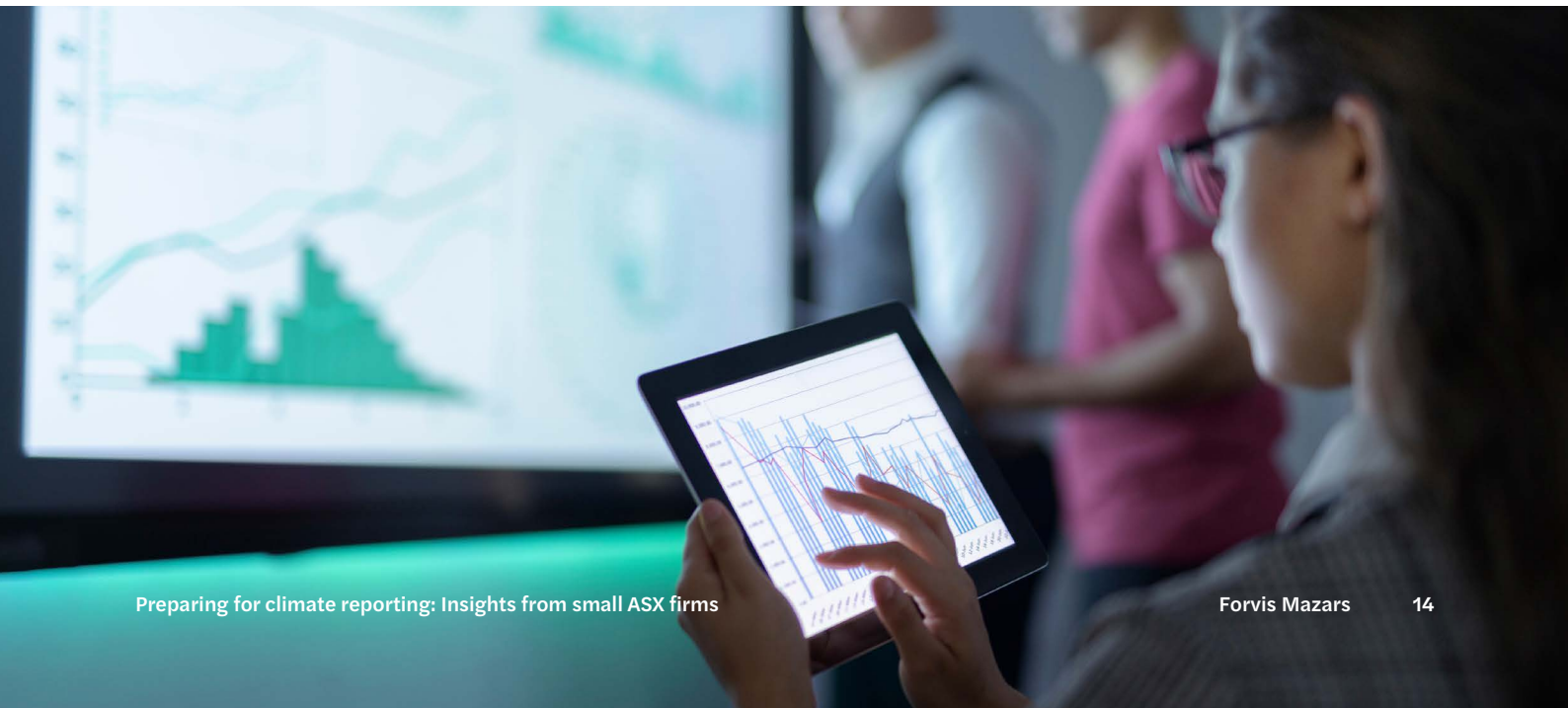
As for scenario analysis, we found that **23% of the companies conducted scenario analysis**.

Among these companies, the scenario considered were explained to different extents, with a quarter of the firms providing detailed explanation, a third highlighting key features and the remaining companies not providing explanations. The companies that disclosed scenario analysis mostly considered 3 scenarios (42%). Other companies considered 2 scenarios (25%) or a single scenario (17%). We noted that one company used 4 scenarios, and another did not clearly disclose the number of scenarios considered.



We also investigated whether companies were using the +1.5°C scenario required in the AASB S2 and found that 25% of the companies disclosing climate scenario analysis mentioned explicitly the use of such a scenario. Companies often used a +2°C scenario as recommended in the TCFD framework. Overall, our results highlight that a very limited number of companies (only two in our sample) would meet the legal scenario analysis requirements (minimum of two scenarios, including a +1.5°C scenario and a +2.5°C or above scenario, with explanations on the different scenarios considered).

Last, AASB S2 requires companies to disclose their "current and anticipated direct [and indirect] mitigation and adaptation efforts" (AASB S2, para 14 (a) (ii)). Among the companies disclosing climate-related risks, we found that **50% disclosed the mitigation actions** they have implemented or plan to implement and 57% mentioned that they have integrated climate-related risks as part of their Risk Management Framework. Counterintuitively, we noted several instances of companies disclosing very limited information on their climate-related risks but quite prompt to report that climate-related risks were considered as part of their Risk Management Framework.



How do companies report their sustainability information?

Global trends in sustainability reporting

Many companies around the world voluntarily issue sustainability reporting and current regulatory trends suggest that this practice will become even more common. In Europe, the CSRD requires many companies to prepare a "sustainability statement" that is clearly identifiable in the management report and connected to other parts of the report such as the financial statements. The CSRD sustainability statement covers a very broad range of sustainability topics such as climate change, pollution, water and marine resources, biodiversity and ecosystems, resource use and circular economy, workers in the value chain, affected communities, business conduct.

At the international level, the ISSB is already thinking of developing additional standards and requested stakeholder feedback on the prioritisation of the development of standards on a) biodiversity, ecosystems and ecosystem services; b) human capital; and c) human rights[40]. The Australian approach so far is to adapt standards issued by the ISSB to the Australian context, as in the case of AASB S2 that uses IFRS S2 as a baseline.

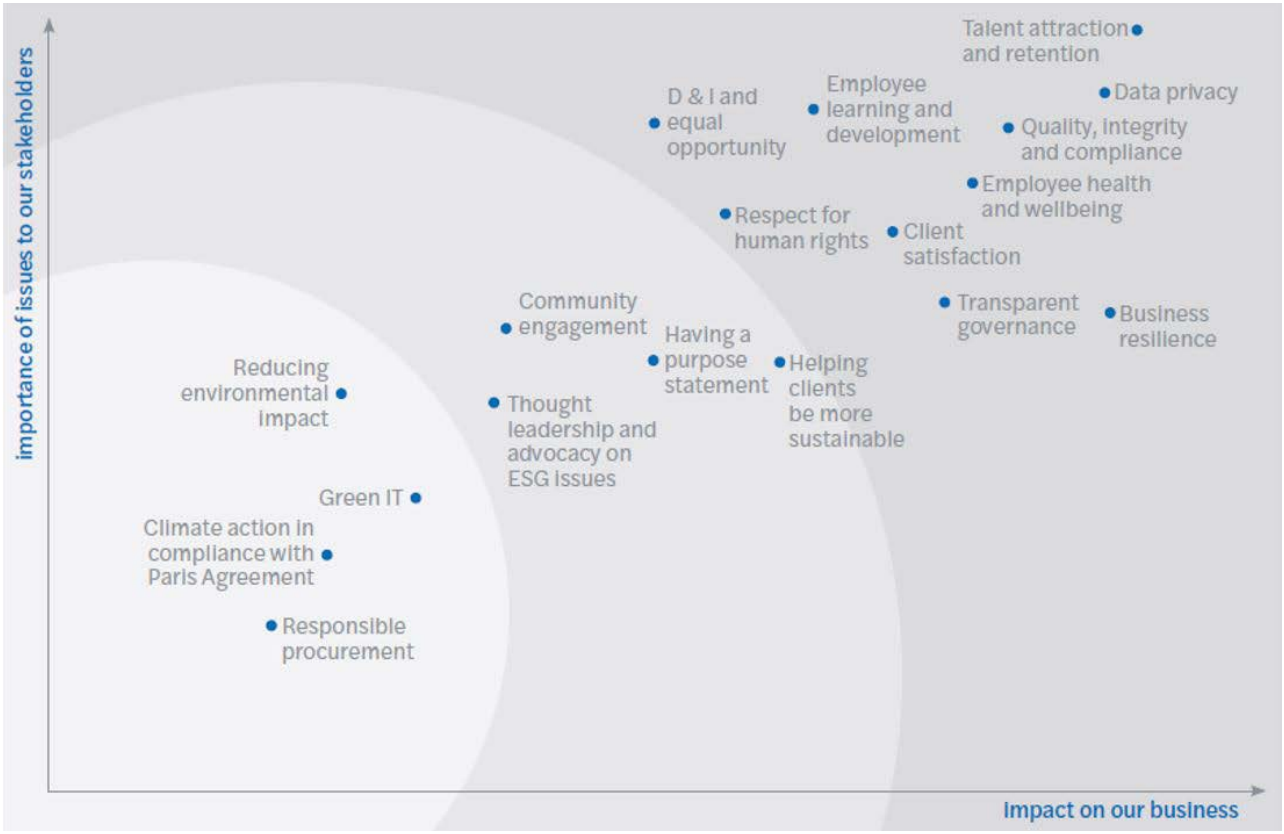
The current regulation requires the preparation and lodgement of a sustainability report that focuses only on climate change. In the **future, the Australian sustainability report will probably follow global regulatory trends and integrate additional sustainability topics**.

What is a materiality assessment?

A way to identify sustainability topics that **matter most to a business and its stakeholders** is to perform a materiality assessment. These material ESG topics can be mapped along two dimensions depending on the importance of the topics for the business (x-axis) and for its stakeholders (y-axis) to create a materiality matrix. As an example, the Forvis Mazars Group materiality matrix for 2022 is provided below.

Companies can also perform a doable materiality assessment. This practice aligns with the concept of double materiality that underlies the CSRD and the materiality approach in the Global Reporting Initiative (**GRI**) Standards[42]. Under this approach, "companies have to report not only on how sustainability issues might create financial risks for the company (**financial materiality**), but also on the company's own impacts on people and the environment (**impact materiality**)."[43]

(from Mazars sustainability report 2022)[41]



[40] IFRS - Request for Information and comment letters: Consultation on Agenda Priorities

[41] Sustainability report 2022 - Mazars Group

[42] GRI - Why double-materiality is crucial for reporting organisational impacts (globalreporting.org)

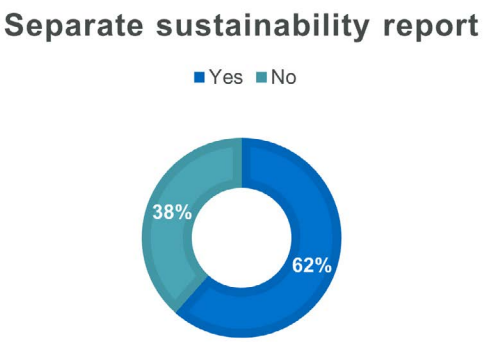
[43] Banking and finance - Sustainable finance (europa.eu)

The benefits of performing a materiality assessment

While IFRS SDS and ASRS follow a single financial materiality approach, there are benefits in applying a **double materiality approach** such as a more robust identification of financial matters or enhanced engagement with stakeholders[44]. Besides, a materiality assessment enables companies to have a more **holistic approach to sustainability.** A number of sustainability matters are interrelated. Therefore, a company that focuses only on one sustainability issue may then need to revisit its approach as other related sustainability issues were not properly considered. By performing a materiality assessment, companies can effectively and efficiently plan their sustainability actions and ensure they did not leave out important sustainability issues from their sustainability journey roadmap.

Key findings

Our analysis shows that **62% of the companies in our sample issued a separate sustainability report**. Among the remaining 38%, some companies include a section on sustainability information in their annual report. A few companies provide sustainability information in their corporate governance statement, or only on their website. A small minority doesn't provide sustainability-related information.



Companies disclosing sustainability information on their website need to carefully consider greenwashing risks. They may want to ensure that their communication respects the eight principles issued by the ACCC[45] to adequately manage greenwashing risks. They should also implement specific processes **to ensure consistency of their sustainability information across their various communication channels** (website, marketing documents, sustainability report, etc).

During our review, we also noted a few instances where companies were referencing prior year sustainability report to avoid repeating climate-related information (e.g., assumptions made previously). However, such a practice makes it more difficult to get a complete and holistic view of the sustainability performance of a company and it would be more convenient for users of the sustainability report to **have everything in a single report rather than cascading down** across several years of sustainability reports.

As for materiality assessment, our review shows that 60% of the companies have performed a materiality assessment and 4% are planning to do so, thereby demonstrating a commitment to holistically approach sustainability.

[44] For further insights, see griwhitepaper-publications.pdf (globalreporting.org)

[45] Making environmental claims - A guide for business | December 2023 (accc.gov.au)

Key considerations for climate reporting

Climate risks exhibit unique characteristics (**more forward looking, higher degree of uncertainty**) that demand a nuanced understanding and specific approach to identify, assess and mitigate these risks. However, these risks should be fully integrated into the risk management and compliance framework, just as you would with business risks.

Furthermore, the entire internal control system can be leveraged to achieve the sustainability reporting objective. This idea is echoed in the interpretive report issued by the Committee of Sponsoring Organisations of the Treadway Commission (**COSO**) in June 2023, the "Achieving Effective Internal Control Over Sustainability Reporting" (ICSR)[46] report. A key takeaway from the report is that the 5 Components and 17 Principles of the Internal Control-Integrated Framework (ICIF-2013)[47], traditionally applied to meet financial reporting objectives, can be **expanded to cover non-financial matters**. On top of that, the COSO states that sustainability reporting should not be an "annual and manual" activity, but rather, it needs to be **thoroughly integrated into processes** to be more automated, efficient, and continuous as it is generally the case for financial reporting. Drawing on these insights and the findings of our research, we present a set of key considerations to help companies prepare their climate reporting (see Table 2).

Table 2 – Key considerations for preparing climate-related disclosures

Components of the ICSR	Key Considerations
Control environment	1. Establish a "Tone at the Top" that mirrors your organisation's commitments and integrity regarding climate-related disclosures. 2. Equip and empower the Board of Directors and Top Managers with the necessary knowledge on the AASB S2 and its requirements. 3. Implement internal structures that delegate authority and responsibilities across your organisation. Enforce accountability. 4. Bring together teams such as Finance, HR, Sustainability, Marketing, Risk management, and Internal audit to address these challenges. 5. Enhance coordination within cross-functional teams for a consistent and holistic approach. 6. Cultivate or acquire resources to develop the necessary skill set for climate-related disclosures.
Risk assessment	7. Define your sustainable business and sustainability reporting objectives in line with your climate commitments. 8. Identify and analyse risks that could hinder these objectives. 9. Consider the risk of internal and external fraud regarding climate-related disclosures. 10. Update your risk taxonomy to include transition and physical climate risks. 11. Rely on your existing risk management process, adapt your risk appetite. 12. Consider the time horizons of climate-related risks and opportunities and ways to graphically display them across various time horizons. 13. Implement scenario analysis to test how climate resilient is your organisation. 14. Continually monitor internal and external changes and trends regarding sustainability reporting requirements, especially changes in regulations. 15. As for other business risks, determine your response to the identified risks: Accept, Avoid, Mitigate or Share.

[46] COSO Internal Control – Achieving Effective Internal Control Over Sustainability Reporting | Committee of Sponsoring Organisations of the Treadway Commission

[47] Internal Control-Integrated Framework | Committee of Sponsoring Organisations of the Treadway Commission

Components of the ICSR	Key Considerations
Control activities	16. Select, develop, and implement control activities based on your assessment of the sustainable business and sustainability reporting risks and determined responses. 17. Consider the time horizons for your response to climate-related risks. Short-term risks might require direct actions while medium term and long-term risks will often require ad hoc planning and changes to the business model and strategy of the organisation. 18. Similar to the financial reporting process, implement controls over climate-related disclosure data from both internal and external sources. 19. Leverage your IT system to develop these control activities, especially for the collection, processing, reporting and security of your non-financial information. Integrate them into your Governance, Risk and Compliance (GRC) system if one exists. 20. Develop policies, procedures, and training over these control activities.
Information & communication	21. Define the metrics to be calculated and reported internally and externally (e.g. GHG emissions scopes to be reported). Transparency, reliability and granularity of the information is crucial, keeping in mind that it will be audited in the near future. 22. Communicate internally and externally (as per AASB requirements) on your climate-related information and metrics. 23. Include information on the control activities effectiveness. 24. Acknowledge limits (e.g. quantification or scope 3 calculation) and disclose improvement plans. 25. Be mindful of the risk of greenwashing. Vague aspirational commitments that don't rest on solid foundations such as investments or concrete actions can expose the organisation to significant greenwashing risk.
Monitoring activities	26. Consider using your internal audit function to evaluate your internal control system over the preparation and reporting of climate-related disclosures. 27. Consider the use of external service providers to assist you in the deployment and assessment of your system (e.g. assurance services). 28. Monitor corrective actions over identified deficiencies.

Overall, these considerations can help companies get prepared for climate reporting, and the sooner the better **as demonstrating maturity on climate reporting takes time** as evidenced in our research. It is also important to keep in mind that beyond the objectives of reporting and compliance, the new regulation also offers a unique opportunity for companies to think about upcoming challenges and leverage them to their advantage. Companies that **proactively adapt their operations and value chain** to climate-related risks and opportunities, while striving to comply with sustainability reporting regulations, may find their efforts **yielding rewards** in the short term.

Appendix

A) Method and data

ASX listed companies with the largest market capitalisation have often more advanced and detailed sustainability reporting (You and Simnett, 2023[48]; Zamir, Carey and Lum, 2023[49]). In contrast, the aim of this report is to investigate how smaller companies – close to the reporting threshold for Group 1 as per the Australian Treasury's proposal – report on their climate-related risks. While the regulatory proposal also applies to unlisted companies, we chose to focus our data collection on ASX listed companies as information is publicly and easily available.

We first obtained the list of all ASX listed companies as of 10 January 2024. We focused our research on companies **beyond the top ASX 200** and specifically, selected all companies with a **market capitalisation** between **$1 billion and $1.5 billion**. For the **52 companies selected**, we collected their annual report, their sustainability report and other relevant information on their respective corporate websites (2023 reporting).

We then developed a **thematic coding scheme** based on key features of the draft ASRS. The coding scheme comprises 5 broad categories (ESG reporting, carbon footprint and targets, climate risks, climate scenario, and risk management) and a total of 22 subcategories. All documents collected were coded according to the thematic coding scheme displayed in Table A1.

Table A1 - Thematic coding

Category	Topic	Description
ESG Reporting	Sustainability report	Publish a separate sustainability report
	TCFD	Report in accordance with TCFD recommendations
	Materiality assessment	Disclose a materiality assessment of ESG risks
	TNFD	Plan to report in accordance with TNFD recommendations
Carbon footprint and targets	GHG inventory Scope 1 and 2	Disclose their scope 1 and 2 GHG emissions
	GHG inventory Scope 3	Disclose their scope 3 GHG emissions
	Carbon accounting standards	Disclose GHG emissions reduction target for scope 1 and 2
	Emission reduction targets (scope 1 & 2)	Disclose GHG emissions reduction target for scope 3
	Emission Reduction Targets (scope 3)	Disclose GHG emissions reduction target for scope 3
	Net zero roadmap (scope 1 & 2)	Disclose a net zero target or roadmap for scope 1 and 2
	Net zero roadmap (scope 3)	Disclose a net zero target or roadmap for scope 3
	SBTi registration	Disclose registration or intent to register net zero target with the Science Based Targets initiative (SBTi)
Climate risks	Climate risks	Report on climate risks
	Physical risks per location	Disclose physical risks per geographical location
	Risk short, medium and long term	Assess climate-related risks over the short, medium and long term
	Financial quantification	Quantify the financial impacts of climate risks
Climate scenario	Climate scenario analysis	Disclose climate scenario analysis
	Number of scenarios	Number of climate scenarios disclosed
	1.5°C scenario	Use a 1.5°C scenario
	Description of scenarios	Level of details provided on the different climate scenarios used
Risk management	Mitigation actions	Disclose mitigation actions for the different climate-related risks
	Integration of ESG risks into risk management framework	Disclose that ESG risk are integrated into the risk management framework

[48] AASB-AUASB Joint Research Report: Trends in climate-related disclosures and assurance in the Annual Reports of ASX-listed entities

[49] Sustainability Reporting and Assurance by ASX 300 Companies (deakin.edu.au)

Appendix

B) About Forvis Mazars

Forvis Mazars Group SC is an independent member of Forvis Mazars Global, a leading professional services network. Operating as an internationally integrated partnership in over 100 countries and territories, Forvis Mazars Group specialises in audit, tax and advisory services. The partnership draws on the expertise and cultural understanding of over 40,000 professionals across the globe to assist clients of all sizes at every stage in their development.

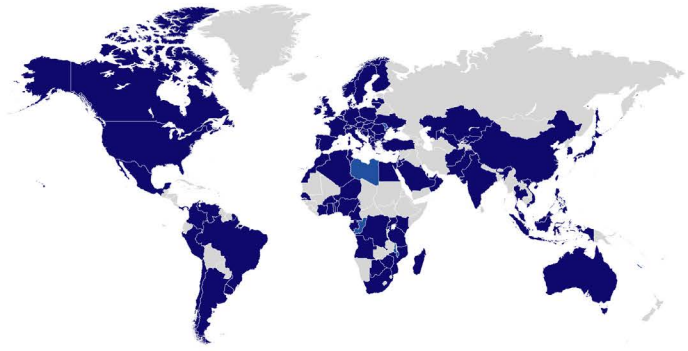
Forvis Mazars in Australia forms part of Forvis Mazars Group SC and draws on the expertise of 480+ professionals across 5 offices located in Brisbane, Melbourne, Sydney and Toowoomba. Our scale allows us to serve global and local clients throughout the world, while remaining agile and personal in our approach. Our team is driven to create quality outcomes and shared value for our clients of all sizes and at every stage of their development.

We adapt our services to the particular circumstances of each client and the market events affecting them. Our timely, flexible approach has made us the trusted advisor of many flourishing startups, small, mid-size and international businesses, as well as high-net-worth individuals and their families.

We believe that the foundation of excellent service is building strong relationships – because we listen. We gain understanding of our clients' goals, and help achieve them. We bring in the right local and international expertise, whether that's a teammate in another practice or a professional in another country. It's like having 40,000+ experts on call whenever you need them.

We promise quality, expertise, agility and understanding that delivers answers that are right for you, and, we are uniquely placed to fulfill this promise because of our foundational capabilities.

Forvis Mazars' global footprint, effective from 1 June 2024



As at 1 June 2024

- Forvis Mazars
- Correspondents of Forvis Mazars Group

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- Albania
- Algeria
- Angola
- Argentina
- Australia
- Austria
- Bahrain
- Belgium
- Benin
- Bermuda
- Bosnia and Herzegovina
- Botswana
- Brazil
- Bulgaria
- Burkina Faso
- Cameroon
- Canada
- Cayman Islands
- Chile
- China
- Colombia
- Congo
- Côte d'Ivoire
- Croatia
- Cyprus
- Czech Republic
- Democratic Republic of the Congo (DRC)
- Denmark
- Egypt
- Finland
- France
- Gabon
- Germany
- Ghana
- Greece
- Hong Kong
- Hungary
- India
- Indonesia
- Ireland
- Israel
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- Tanzania
- Thailand
- Togo
- Tunisia
- Türkiye
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- Uruguay
- Uzbekistan
- Venezuela
- Vietnam
- Zimbabwe

Sustainability services

Our approach

Sustainability creates exciting opportunities for companies. It can improve corporate resilience, create economic value and contribute to a healthy ecosystem and strong community. As more businesses embrace sustainability, organisations will need to implement higher standards of governance and gain a full understanding of their social and environmental impact in order to remain competitive.

A solid sustainability approach requires a clear strategy, good governance and quality corporate reporting that addresses the full gamut of environmental, social and governance (ESG) based issues. This will result in clear benefits: increased trust, a competitive edge, greater employee engagement, less waste through improved business processes and loyalty and support from stakeholders.

Depending on where your business is in its sustainability journey, we will assemble a team of area specialists that is focused on your unique needs and can offer solutions aligned with your goals. Whether it's supply chain awareness, carbon mapping, climate change risk assessments or diversity promotion, we have the expertise and experience to deliver solutions that will support companies for the long-term. We believe our bespoke approach means you'll always have the right experts for the right project.

How we can help

- **Sustainability reporting & assurance:** Providing assistance to implement climate reporting aligned with AASB S2 as well as audit and assurance solutions for sustainability, human rights reporting, and carbon reporting.
- **ESG strategy & transformation:** Assistance with developing and implementing strategies and business models aligned with best practice ESG principles, as well as due diligence services to ensure compliance.
- **Sustainable finance:** Supporting financial institutions to respond to regulatory expectations, adhering to sustainability principles, and more broadly, navigating the complex risks and making the most of opportunities emerging from the transition to a sustainable future.
- **Australian agricultural landholder initiatives:** Education and advisory for Agricultural landholders, intensive agriculture operators and corporations with emission offset targets. Environmental solution project management, implementation and monitoring and green finance.

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