

# Climate-Disclosures Summary Guidance for Red Meat Processors

Australian Meat Processor Corporation Ltd

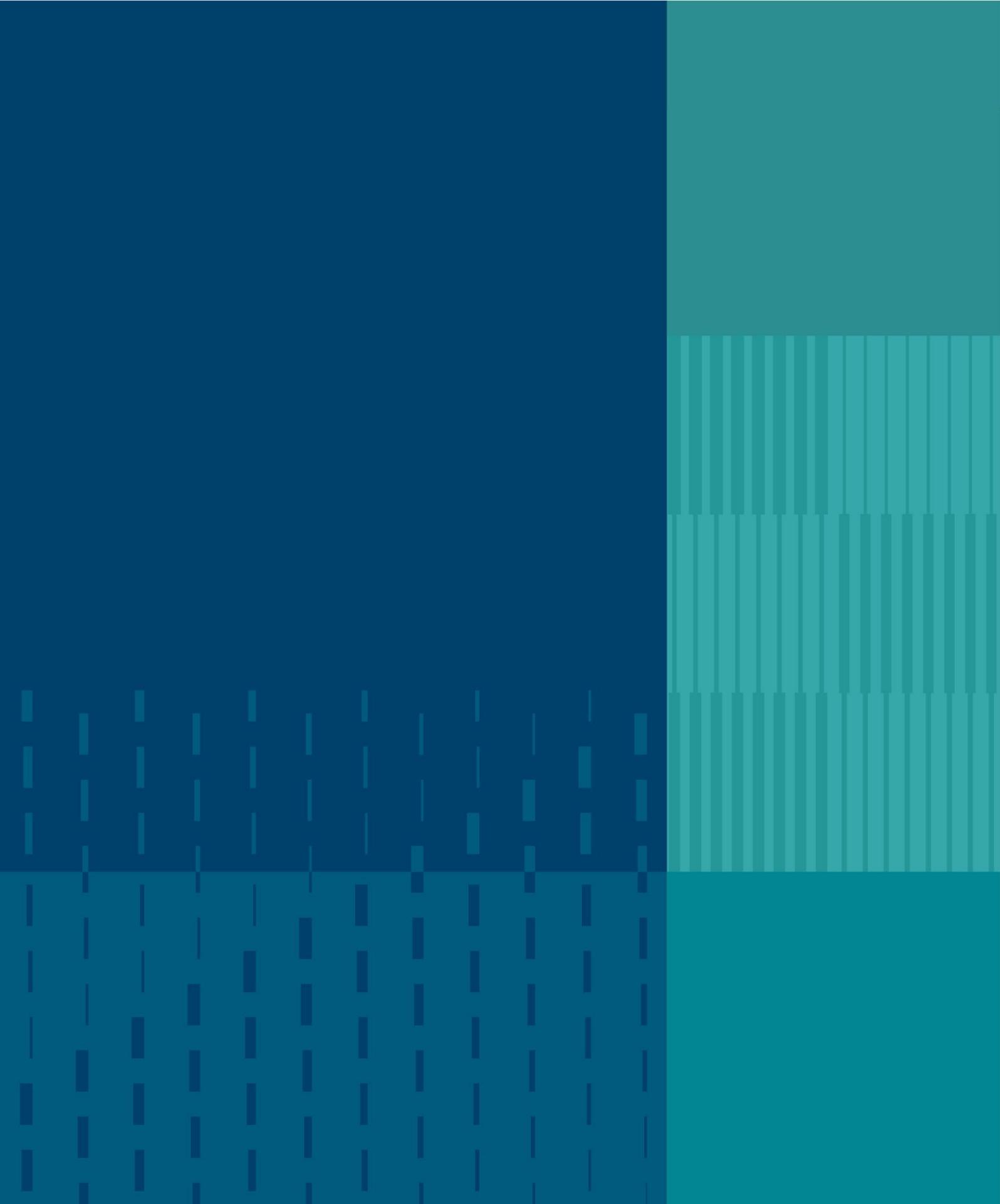
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# Climate-Disclosures Summary Guidance for Red Meat Processors

Recent changes to the Corporations Act 2001 (Act) imply that certain red meat processors must prepare climate-related disclosures as part of the statutory annual report. To assist, the Australian Meat Processor Corporation (AMPC) commissioned an introductory guidance document, with the following purpose:

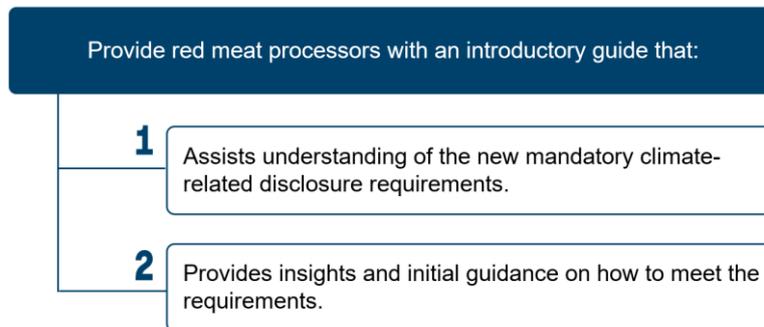


Figure 1 Purpose of the guidance document

The introductory guide targets red meat processors that are yet to engage substantially with the new requirements. It introduces the mandatory disclosure requirements, including what they are, who must prepare the disclosures and what the assurance requirements are. This guidance document should be read in conjunction with the relevant requirements set out in the Act and the relevant standard it refers to (refer further below).

Red meat processors, or any other reporting entity, cannot rely on the guidance document to provide anything other than general introductory guidance on how to get started. Refer also the limitations set out in the guidance document. This summary document extracts a number of key messages from that guidance document to provide a high-level overview of the climate-disclosures requirements and the challenges and opportunities they present.

## Two climate-related challenges – an opportunity

Australian red meat processors are exposed to two key climate-related challenges:

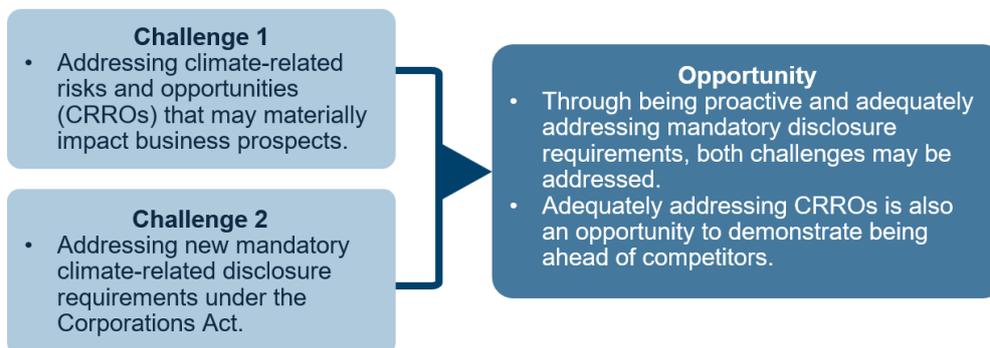


Figure 2 Opportunity: Addressing both challenges proactively

## Challenge 1: Climate-related risks and opportunities (CRROs)

Red meat processors are exposed to climate change impacts, such as increased extreme weather events, biosecurity risks, heat stress and water scarcity (climate-related physical risks), which may materially threaten productivity and supply chain stability. These challenges are compounded by the sector’s significant greenhouse gas (GHG) footprint, which may drive material climate-related transition risks such as regulation curbing GHG emissions, or if markets change in favour of less carbon-intensive food options. In addition to this however, there may also be climate-related opportunities, e.g., by proactively addressing the risks ahead of competitors.

## Challenge 2: New mandatory climate-disclosure requirements

The new disclosures must be prepared in accordance with a new ASRS – the Australian Sustainability Reporting Standard AASB S2 *Climate-related disclosures* (AASB S2). It requires Australian red meat processors to report on CRROs across 4 pillars, summarised below:

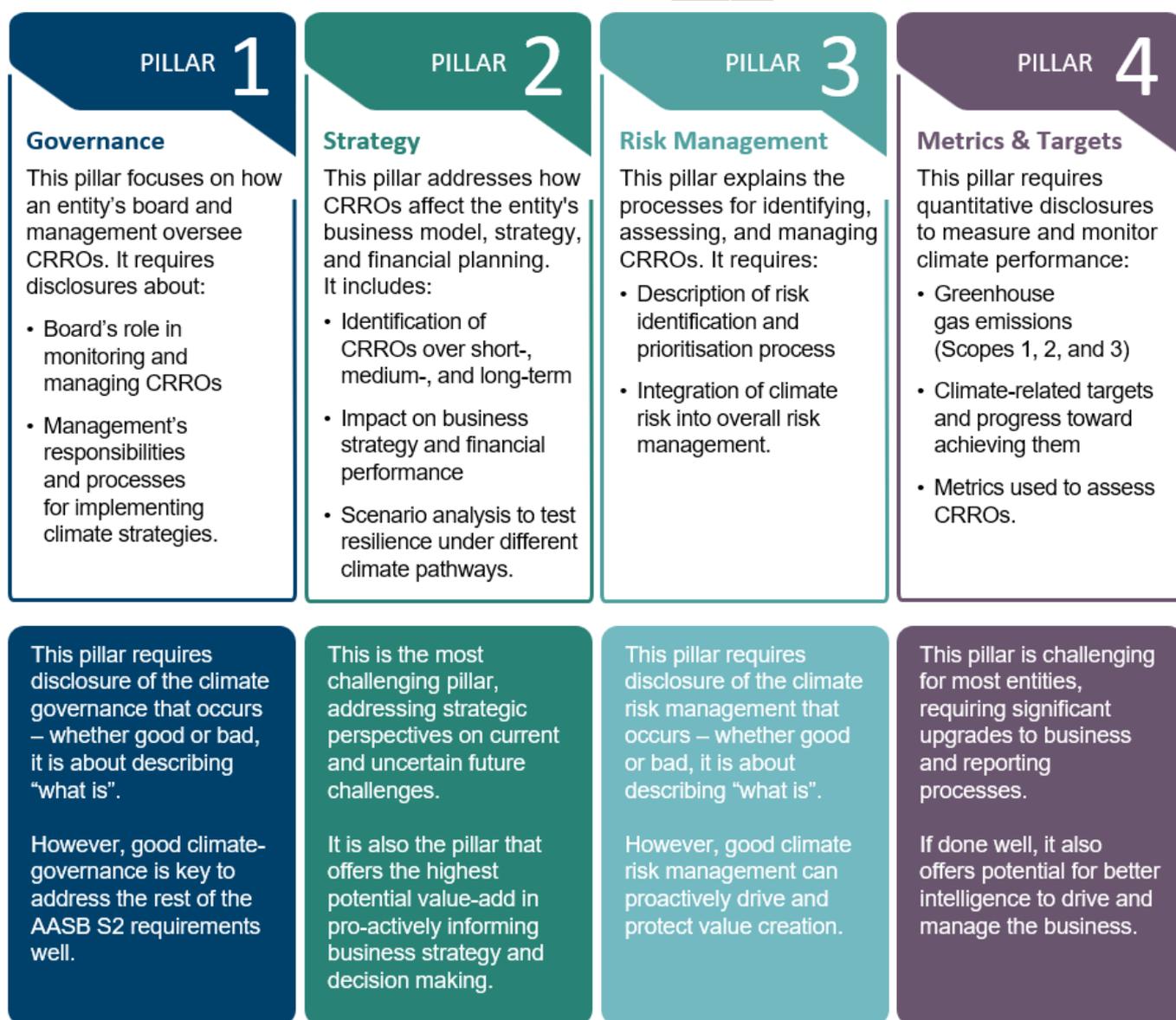


Figure 3 Summary of the four Pillars and their requirements under AASB S2

These mandatory climate-disclosure requirements are challenging, particularly those associated with pillar 2 on Strategy and pillar 4 on Metrics and Targets, where significant additional effort and judgement may be required. This includes aspects such as determining CRROs and how they may impact business prospects (e.g., the potential financial impact), using scenario analysis to assess the climate resilience of the business model and strategy, and working out how to measure and report scope 3 emissions reliably. The challenge is amplified by:

- **Principles-based standard requiring significant judgement** – whilst the Act requires entities to comply with AASB S2, such compliance cannot be achieved through a box-tick exercise / checklist. Compliance is achieved through applying judgement on the entity specific CRROs and information required to meet AASB S2's disclosure objectives, principles and requirements.
- **Director liability** – directors must sign-off on the disclosures being compliant to the requirements of the Act and AASB S2 – subject to director liability under the Act.
- **Assurance required** – climate disclosures are subject to mandatory third-party assurance, implying that a financial auditor must review evidence substantiating the disclosures and express an assurance conclusion upon them – with the assurance report being provided alongside the climate disclosures.

### The opportunity

Being proactive and adequately addressing mandatory disclosure requirements will enable red meat processors to understand and address CRROs that may materially impact their business and as well as publicly demonstrate their progress in this area, potentially differentiating them from their competitors.

## Introduction to mandatory climate-disclosures

### Act disclosure requirements

Following changes to Chapter 2M of the Act made in 2024, some entities are required to include a statutory “sustainability report” within their annual report which is to include a “climate statement”. The Act specifies the following disclosure requirements for the climate statement:

- Material climate-related financial risks and opportunities (CRROs)
- Information about the governance, strategy and risk-management of the entity relating to those CRROs.
- Metrics and targets for the entity, including reporting of scope 1, 2 and 3 greenhouse gas (GHG) emissions (with Scope 3 reporting required from year 2 of mandatory reporting).
- Information derived from climate scenario analysis which uses a minimum of the following two scenarios:
  - **High-warming scenario:** one that “well exceeds” 2°C
  - **Low-warming scenario:** one consistent with the global temperature goal set in the Paris Agreement (~1.5°C).

The Act specifies that all these disclosure requirements must meet the requirements of the relevant “sustainability standards”, i.e. the AASB S2 standard.

### Which entities must prepare statutory sustainability reports?

The below table provides a summary of the thresholds and timing for determining when different types of entities must prepare the statutory sustainability report.

Table 1 Summary of reporting thresholds for different entities<sup>1</sup>

First annual reporting periods starting on or after	Entities (and their controlled entities) meeting at least 2 of the 3 thresholds (criteria)			NGER Register entities
	Consolidated revenue (\$AUD) 	Consolidated gross assets (\$AUD) 	End of year employees (FTE) 	
1 January 2025 <i>Group 1</i>	\$500m or more	\$1b or more	500 or more	Above NGER publication threshold
1 July 2026 <i>Group 2</i>	\$200m or more	\$500m or more	250 or more	All other NGER reporters
1 July 2027 <i>Group 3</i>	\$50m or more	\$25m or more	100 or more	N/A

### Overview of requirements by pillar

The below graphics introduce the objectives and principles of AASB S2 and provide guidance across the 4 pillars with examples on how red meat processes may address the principles and requirements proactively to also address challenge 1. Refer to the complete introductory guidance for further detail, as well as ideas on how red meat processors can address the two challenges.

Governance
PILLAR 1



*The objective of climate-related 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.*

**AASB paragraph 5**

STEP 01

STEP 02

STEP 03

STEP 04

Review and document oversight arrangements

Review and enhance climate skills and competency

Review integration of climate into governance process

Review oversight of target setting and remuneration

**PURPOSE**

Provide clear and up-to-date assignment of responsibility for climate-related risks and opportunities (CRROs) at board and management level

Determine if the board and management have, or are developing, the necessary climate-related skills and knowledge

Determine if climate-related responsibilities are embedded in governance documents and decision-making processes

Establish robust processes for setting, monitoring, and incentivising progress on climate-related targets

<sup>1</sup> Asset owners will also be required to report but are excluded from this summary table as considered unlikely to be relevant for red meat processors. The exact thresholds can be found in the Act, which overrides any ambiguity in this guiding table.

## Strategy & Risk Management

## PILLARS 2&3



To assess whether CRROs are identified, assessed, and managed through integrated strategic planning and risk management processes, enabling the business to build resilience, adapt, and thrive in a changing climate.



## Metrics and Targets

## PILLAR 4



To enable users of general-purpose financial reports to understand an entity's performance in relation to its CRROs, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

