

Climate-Disclosures Guidance for Red Meat Processors

Australian Meat Processor Corporation Ltd

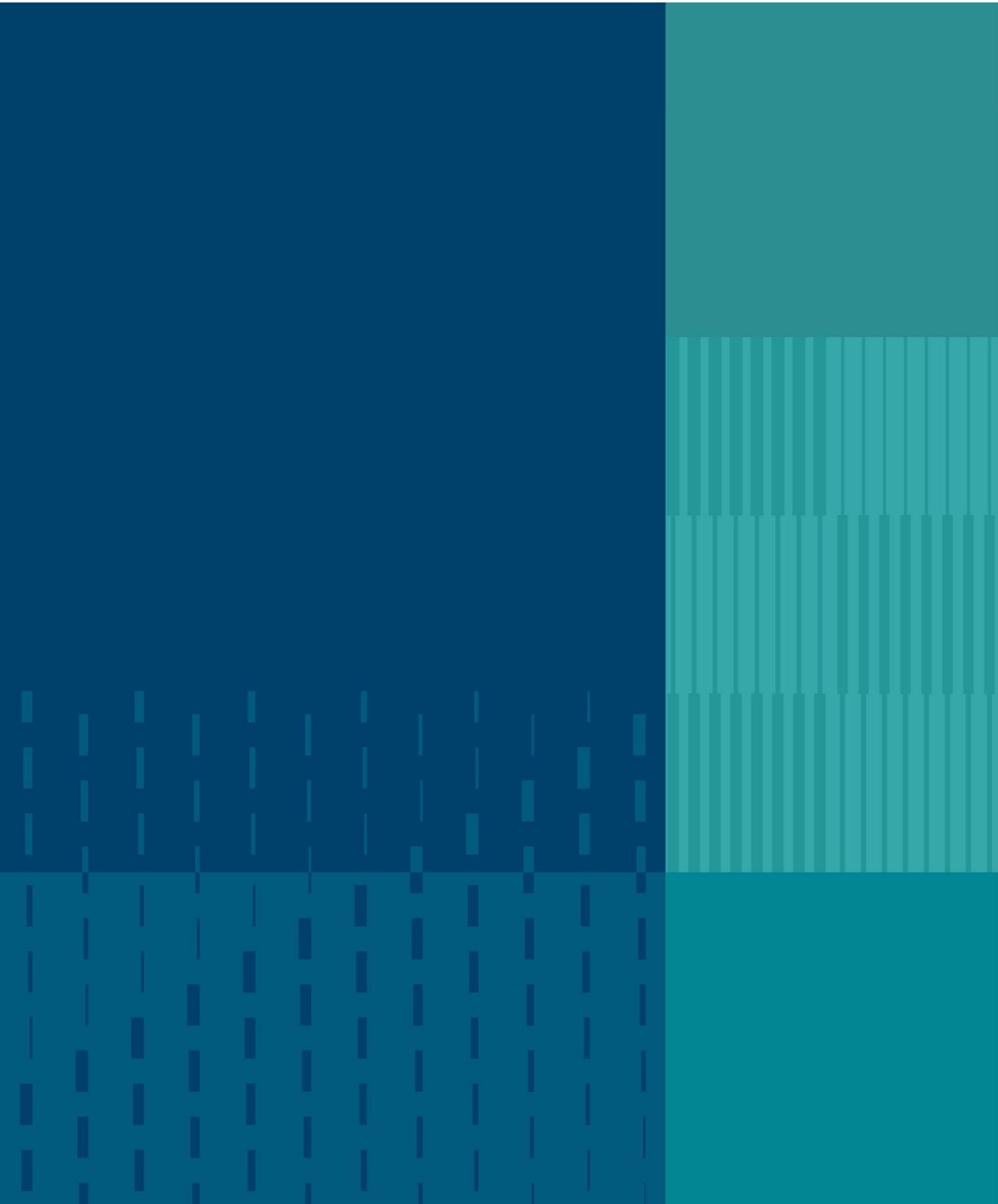
Project code
2025-1118

Prepared by
GHD

Date submitted
12/02/26

Published by
AMPC

Date published
XX/XX/XX



Contents

Contents	3
Acronyms	5
Definitions	7
1.0 Abstract	9
2.0 Executive summary	10
3.0 Introduction	12
3.1 Purpose of this guidance	12
3.2 Two key challenges	12
3.3 The opportunity – addressing both challenges proactively.....	14
3.4 Limitations of this guidance	14
3.5 Additional AMPC reference documents.....	16
4.0 Introduction to mandatory climate-disclosures	17
4.1 Statutory sustainability report.....	17
4.2 Australian Sustainability Reporting Standards (ASRS).....	18
4.3 Which entities must prepare statutory sustainability reports?	20
4.4 Assurance required	23
5.0 Overview of AASB S2 climate-related disclosures	25
5.1 Objective of climate-related disclosures	25
5.2 Principles based disclosure standard.....	25
5.3 Characteristics of decision useful information	26
5.4 Four disclosure Pillars	27
6.0 Guidance for addressing climate disclosure reporting requirements	28
6.1 Pillar 1: Governance.....	28
6.2 Pillars 2 and 3: Strategy and Risk Management.....	32
6.3 Pillar 4: Metrics and Targets	45
7.0 Feedback loop between processors and producers	50

8.0 Bibliography	51
9.0 Appendices	52
9.1 Appendix 1 – Example of Table of Contents	52

Acronyms

Term	Definition
AASB	Australia Accounting Standards Board
AASB S1	Australian Sustainability Reporting Standard AASB S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
AASB S2	Australian Sustainability Reporting Standard AASB S2 <i>Climate-related Disclosures</i>
Act	The Corporations Act 2001
ASSA 5000	Australian Standard on Sustainability Assurance ASSA 5000 <i>General Requirements for Sustainability Assurance Engagements</i>
ASSA 5010	Australian Standard on Sustainability Assurance ASSA 5010 <i>Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001</i>
AUASB	Auditing and Assurance Standards Board
AUD	Australian Dollar
AWI	Australian Wool Innovation
AMPC	Australian Meat Processor Corporation
ASIC	Australian Securities and Investments Commission
ASRS	Australian Sustainability Reporting Standards
BoM	Bureau of Meteorology
CO ₂ e	Carbon dioxide equivalent
CSIRO	Commonwealth Scientific and Industrial Research Organisation
ERM	Enterprise Risk Management
ESG	Environment, Social, and Governance
FTE	Full time equivalent
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
ISO	International Organisation for Standardisation
MLA	Meat and Livestock Australia
NGER	National Greenhouse and Energy Reporting
PPA	Power Purchase Agreement

Term	Definition
RCA	Registered Company Auditor (aka a financial auditor registered under the Act)
sLUC	Statistical land-use change

Definitions

Term	Definition
Climate-related risks and opportunities (CRROs)	<p>As defined in Appendix A of AASB S2:</p> <p>Climate-related risks refers 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 refers to the potential positive effects of climate change on an entity. Efforts to mitigate and adapt to climate change can produce climate-related opportunities for an entity.</p> <p>Refer also section 3.2 of this document.</p>
Climate resilience	<p>As defined in Appendix A of AASB S2:</p> <p>The capacity of an entity to adjust to climate-related changes, developments or uncertainties. Climate resilience involves the capacity to manage climate-related risks and benefits from climate-related opportunities, including the ability to respond and adapt to climate-related transition risks and climate related physical risks. An entity's climate resilience includes both its strategic resilience and its operational resilience to climate-related changes, developments and uncertainties.</p>
General purpose financial reports (of which climate-related discloses per AASB S2 form part)	<p>As defined in Appendix A of AASB S2:</p> <p>Reports that provide financial information about a reporting entity that is useful to primary users in making decision relating to providing resources to the entity. Those decisions involve decisions about:</p> <ol style="list-style-type: none"> Buying, selling or holding equity and debt instruments Providing or selling loans and other forms of credit, or Exercising rights to vote on, or otherwise influence, the entity's management's actions that affect the use of the entity's economic resources. <p>General purpose financial reports include – but are not restricted to – an entity's general purpose financial statements and sustainability-related financial disclosures.</p> <p>Refer also section 4.2 of this document.</p>
GHG Protocol	<p>The GHG Protocol provides a standardised framework for measuring, managing, and reporting on GHG emissions across an organisations (public or private) operations and supply chains.</p>
Materiality	<p>As defined in paragraphs 17 and 18 of Appendix D of AASB S2:</p> <p>An entity shall disclose material information about CRROs that could reasonably be expected to affect the entity's prospects.</p> <p>In the context of climate-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and</p>

Term	Definition
	<p>climate-related disclosures and which provide information about a specific reporting entity.</p> <p>In this document, materiality at times <u>also</u> refers to whether or not CRROs are material in respect of their actual or potential affect (or impact) on the entity's (business) prospects – whilst related to materiality as defined by AASB S2, it is also different to AASB S2's focus on whether information is material to primary users' decisions relating to the entity.</p>
Primary users (of climate disclosures per AASB S2)	<p>As defined in Appendix A of AASB S2: Existing and potential investors, lenders and other creditors. Refer also section 4.2 of this document.</p>
Prospects (or business prospects)	<p>As derived from paragraph 2 of AASB S2: Effects (from CRROs) to the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.</p>
Red meat processor	<p>A business that processes slaughtered livestock – primarily beef, veal, pork, lamb, and goat – into intermediate or finished food products.</p>
Scope 1 emissions	<p>As defined in Appendix A of AASB S2: Direct GHG emissions that occur from sources that are owned or controlled by an entity.</p>
Scope 2 emissions	<p>As defined in Appendix A of AASB S2: Indirect GHG 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 bought into an entity's boundary. Scope 2 GHG emissions physically occur at the facility where electricity is generated.</p>
Scope 3 emissions	<p>As defined in Appendix A of AASB S2: Indirect GHG emissions (not included in Scope 2 emissions) that occur in the value chain of an entity, including both upstream and downstream emissions. Scope 3 GHG emissions include the scope 3 categories in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).</p>
Transition planning	<p>"Climate-related transition plan is defined in Appendix A of AASB S2 as "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 GHG emissions".</p> <p><i>Transition planning</i> refers the strategic planning that delivers a climate-related transition plan.</p>

1.0 Abstract

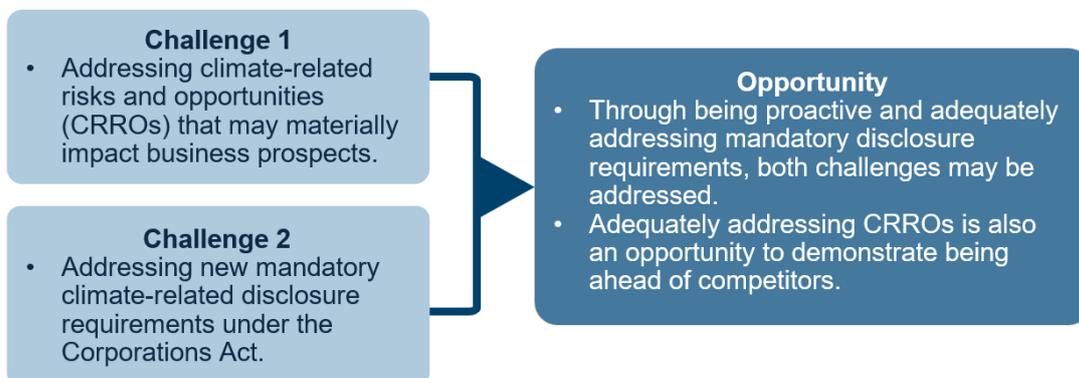
Recent amendments to the Corporations Act have introduced mandatory climate and sustainability disclosure requirements for entities across Australia. In response, the Australian Meat Processor Corporation (AMPC) has developed an introductory Guidance Document (this document) to assist red meat processors in understanding and addressing these new legislative obligations and the associated challenges and opportunities of climate change.

The Guidance focuses on the Australian Accounting Standards Board (AASB) S2 standard, which sets out climate-related reporting requirements under four Pillars: governance, strategy, risk management, and metrics and targets. AASB S2 applies to specified entities, with the first reporting period beginning on 1 January 2025, and reporting is required once defined thresholds are met.

This document provides red meat processors with an overview of the mandatory disclosure requirements for each Pillar, including the objectives, summary of requirements, key actions, and guiding questions. Compliance with these legislative requirements can build resilience and adaptability to climate change through initiatives such as investments in low-emission technologies, renewable energy, and climate-smart supply chain practices. These initiatives may help mitigate risks such as heat stress, water scarcity, and regulatory changes, while also delivering tangible co-benefits to processors and the broader industry.

2.0 Executive summary

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



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, there may be climate-related opportunities, e.g., by proactively addressing climate-related 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:

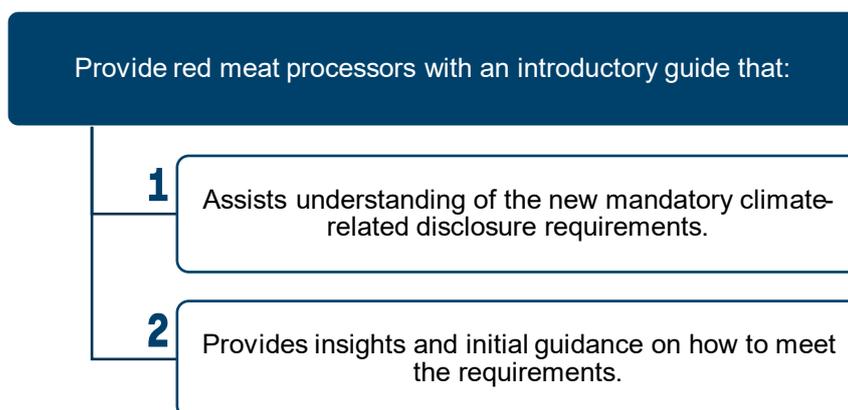


These mandatory climate-disclosure requirements are challenging, particularly those associated with Pillar 2 on Strategy and Pillar 4 on Metrics and Targets, where significant additional effort and judgement may be required. This includes aspects such as determining CRROs and how they may impact business prospects (e.g., the potential financial impact), assessing the climate resilience of the business model and strategy using climate scenario analysis, and determining a method 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.

Introductory climate-disclosures guidance for red meat processors

To support members address these challenges and leverage the opportunities associated with the new climate-related disclosure requirements, the Australian Meat Processor Corporation (AMPC) commissioned this introductory guidance, with the following purpose:



As an introductory guide it 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. Further, it introduces the objectives and principles of AASB S2 and provides guidance across the 4 Pillars with examples on how red meat processors may address the principles and requirements proactively to also address challenge 1.

This guidance document should be read in conjunction with AASB S2 as well as the relevant sections of the Act. Red meat processors (or any other reporting entity) cannot rely on this guidance document to provide anything other than general introductory guidance on how to get started – refer also the limitations set out in section 3.4.

3.0 Introduction

Following 2024 amendments to the Corporations Act 2001 (Act), red meat processors will be required to prepare annual climate-related disclosures as part of preparing the statutory annual report. The requirements can be challenging to address.

3.1 Purpose of this guidance

As the specialist research and development provider for the red meat processing industry, the Australian Meat Processor Corporation (AMPC) commissioned the development of an introductory guideline (this document) for the benefit of red meat processors. While this Guidance has been prepared and tailored for red meat processors, it may still be of relevance to other businesses in the red meat supply chain that also report under the Act including producers and downstream processors.

Figure 1 identifies the purpose of this introductory guideline.

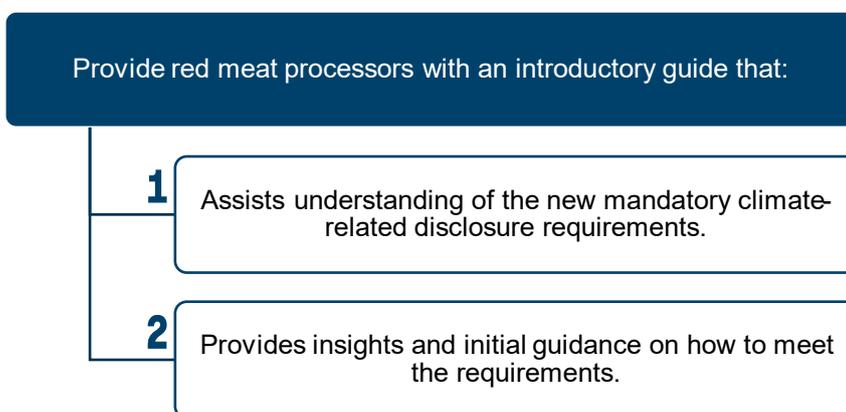


Figure 1 Purpose of this guidance document

It introduces key requirements in the Act and the disclosure standard required to be applied, including who should report, key disclosure requirements, what the reporting should focus on as well as guidance on how to address key requirements.

As an introductory guide it targets red meat processors that are yet to engage substantially with the new requirements. It is anticipated that red meat processors that have commenced addressing the requirements may also find this guidance useful as a benchmark or check on the approach they have taken.

Whilst some guidance will be generic (i.e., not sector specific), it also includes sector-specific examples to illustrate further how it may relate to red meat processors.

3.2 Two key challenges

Climate-related disclosures are related to two key challenges faced by Australia's red meat processing industry as shown in Figure 2 below. However, these challenges present a common opportunity.

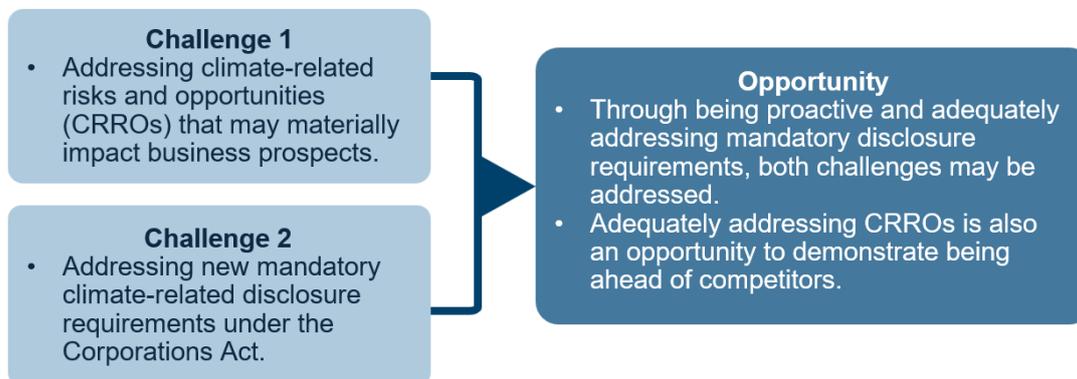


Figure 2 Opportunity: Addressing both challenges proactively

Climate-related risks and opportunities (CRROs)

The first challenge is that red meat processors are exposed to CRROs that may materially affect cash flows, access to finance or cost of capital (i.e., business prospects) – refer Figure 3.

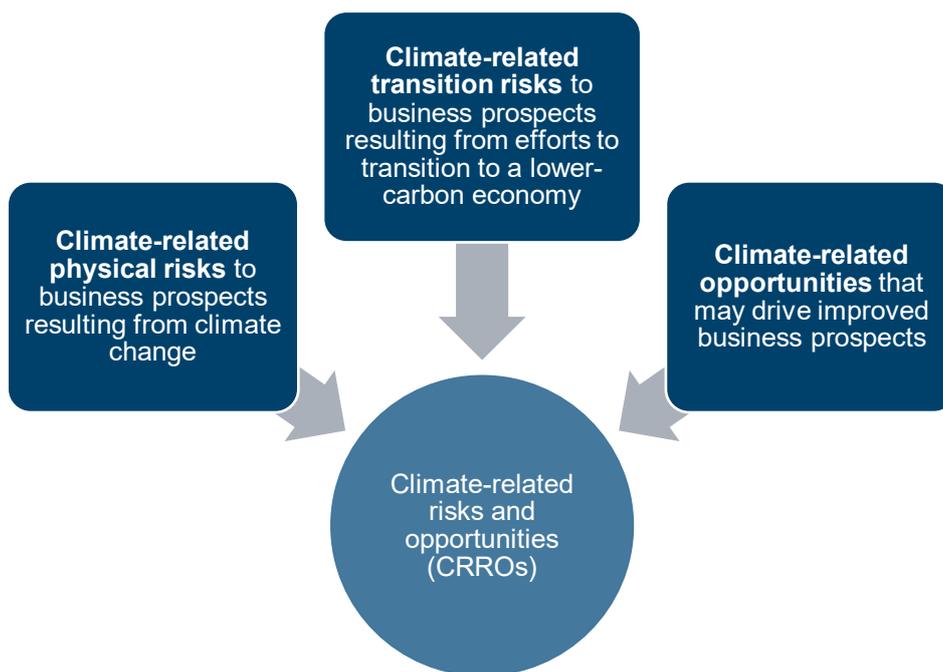


Figure 3 Climate-related risks and opportunities (CRROs)

Climate-related physical risks to business prospects resulting from climate change include either:

- **Acute** event driven risks, such as increased strength or intensity of storms or heavy rain if it adversely impacts livestock or operations.
- **Chronic** longer-term shifts in weather patterns – e.g., increased heat stress due to warmer weather, increased periods of drought leading to water scarcity, or heightened bio-security risks due to changed weather patterns – which may adversely impact livestock or operations.

These risks may threaten productivity and supply chain stability, which in turn may impact business prospects through reduced revenue and/or increased costs (impacting cash flows).

Climate-related transition risks to business prospects resulting from efforts to transition to a lower-carbon economy. These can be risks related to changes in **policy** and/or **legal** framework conditions, to **technology** required or available, **market** preferences / sentiment or **reputational** (broader stakeholder) sentiments. For example:

- Changes in policies or legal frameworks could require suppliers to reduce methane emissions, increasing supply costs
- Shifts in market preferences may raise customer expectations and affect sales opportunities
- Lenders' ESG (Environment, Social & Governance) criteria could limit financing options or increase capital costs.

These challenges are heightened by the sector's large greenhouse gas (GHG) footprint: in 2020, the red meat industry made up about 10% of national GHG emissions, with processing responsible for roughly 2% (MLA, 2022).

Climate-related opportunities such as meeting increasing expectations among customers earlier than the competition with the potential to increase market share, or by meeting lender's ESG criteria getting a lower cost of capital.

These CRROs may become increasingly material over the coming years, which may require red meat processors to have a strategic response to reduce or manage risk exposure and take advantage of opportunities.

Addressing the climate-related disclosure requirements

The second challenge involves meeting mandatory climate-related disclosure requirements, which means reporting on CRROs and their effects on red meat processors' business prospects, as well as actions taken.

3.3 The opportunity – addressing both challenges proactively

Tackling both challenges at once offers red meat processors a chance to turn compliance costs for mandatory disclosure into valuable investments. Being proactive in understanding and addressing CRROs can provide strategic insights, reducing the dedicated resources needed to meet disclosure requirements.

A solid reporting foundation helps the red meat processing industry show leadership in transparency and resilience. This strengthens investor trust, improves financing options, and builds credibility in global markets as sustainability standards rise. Proactive reporting lowers regulatory and reputational risks and positions processors to benefit from new opportunities in low-carbon products and climate-focused supply chains.

3.4 Limitations of this guidance

This introductory guidance document has been prepared for the Australian meat processing industry and provides general and introductory guidance only, as per the purpose outlined in section 3.1 above. Red meat processors (or any other reporting entity) cannot rely on this guidance document to provide anything other than general introductory guidance on how to commence addressing the climate disclosure requirements.

Mandatory climate-related disclosures are highly contextual to each individual reporting entity and requires significant judgement by management. To fully understand the requirements as they apply to each red meat processor, management must establish how the specific requirements of the Act and the required disclosure standard applies to their entity's specific circumstances and make appropriate judgements on that basis.

Nothing in this guidance document is authoritative legal or professional advice, and no warranty is provided that any courts, auditors or legal professionals will concur with the guidance set out in this document. Any reporting entity must consider the full commercial and legal implications considering its own specific circumstances and its own interpretation of the requirements prior to acting on any guidance set out in this document. This may require substantive advice from professional consultants or legal professionals considering the specific context and circumstances of the reporting entity – and which cannot be provided in this general and introductory guidance.

It has been prepared based on the Act and disclosure standard available at the time of preparing the document and has not been updated with any changes since then – reporting entities using this guidance document should check for any relevant updates that may have occurred since.

This introductory guidance should be read in conjunction with the relevant requirements of the Act¹, and the Australian Sustainability Reporting Standard AASB S2 *Climate-related disclosures* (AASB S2), as well as relevant pronouncements or guidance from the Australian Securities and Investment Commission (ASIC, the relevant Regulator), the Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB).

Additional guidance documents (hyperlinks)

Australian Securities and Investment Commission (ASIC)

[What should your sustainability report contain?](#)

[Relief from sustainability reporting requirements](#)

[Sustainability reporting and audit relief decisions register](#)

[Regulatory Guide 280 – Sustainability Reporting](#)

Auditing and Assurance Standards Board (AUASB)

[Climate and Sustainability Assurance Requirements](#)

Australian Accounting Standards Board (AASB)

[AASB S2 Standard](#)

[AASB S2 Knowledge Hub](#)

International Financial Reporting Standards (IFRS)

[IFRS Sustainability Disclosure Standards \(ISSB Standards\) – Application around the world – Jurisdictional profile – Australia](#)

¹ Especially sections 296A, 296B, 296C and 296D.

3.5 Additional AMPC reference documents



AMPC sustainability program funded projects

Sustainability Reporting Uplift | AMPC Project No: 2024-1013

- This research project co-funded by the AMPC, Australian Wool Innovation (AWI) and the Department of Agriculture, Fisheries and Forestry involved the development of a data framework to enable state-level reporting of product carbon footprints for beef, and introduces national estimates of land-use and statistical land-use change (sLUC) emissions attributable to beef, sheep meat and wool.
- This work involved the development of new indicators, such as freshwater consumption for sheep and carbon footprints for boxed beef and sheep meat at the commodity level.
- In summary, this work provides product-specific emissions results needed for benchmarking value chains, complementing the national inventories' net emission accounting methodology.

International Carbon Management | AMPC Project No: 2023-1037

- This project conducted an analysis and assessment of an Australian processing company's carbon account (scopes 1, 2, and 3) and the carbon footprint of its major products.
- The project objectives included developing a sustainability framework and emissions reduction strategy, determining the carbon inventory and carbon footprint through to the end customer, developing a net emission reduction strategy and trial options to reduce net emissions, gathering consumer insights to inform the development and commercialisation of new low/ no carbon products and developing a reporting platform and strategy to communicate outcomes.
- The project used the GHG Protocol, ISO and National Greenhouse Gas (GHG) Inventory methods to meet Australian and international reporting requirements.

Carbon Supply Chain Program Development | AMPC Project No: 2021-1246

- JBS Farm Assurance partnered with AMPC to complete Australia's largest grass-fed, grass-finished beef cattle carbon emissions baseline.
- This partnership is intended to increase transparency throughout the beef value chain, from cattle producers to consumers.
- The survey is based on an interstate and varied sample of 176 carbon footprints from farms implementing regenerative agricultural practices.
- The initiative established a carbon emissions baseline of 11.6kg Co2e/kg Live Weight, approximately 12% below the national Australian average of 13.1 Co2e/kg Live Weight

4.0 Introduction to mandatory climate-disclosures

4.1 Statutory sustainability report

Following changes to the Act made in 2024, some entities (usually companies) are required to include a statutory “sustainability report” within their annual report. This is mandated by Chapter 2M of the Act.

Contents of the statutory sustainability report

The key content of the new statutory sustainability report comprises:

- Climate statements for the year
- Any notes to the climate statements
- The Directors’ declaration as to whether, in the director’s opinion, the substantive provisions of the sustainability report are in accordance with the Act, including:
 - Complying with the relevant Australian Sustainability Reporting Standards (ASRS)
 - Disclosure requirements per the Act.

The Minister (i.e., the Treasurer) has devolved powers to make legislative instruments that require reporting on other environmental sustainability-related financial disclosures. It is a devolved power intended to be used once the Government determines that it is time to go beyond the “climate-first, but not only” policy approach adopted. At this stage, no known legislative instruments have been made going beyond climate-disclosures.

Act’s disclosure requirements for the 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
 - Scope 3 reporting is required from year 2 of mandatory reporting – i.e., an entity is not required to provide scope 3 GHG emissions reporting in the first year of mandatory reporting.
- Information derived from climate scenario analysis. The analysis is to be performed using a minimum of at least the following two scenarios:
 - **High-warming scenario:** one that “well exceeds” 2°C (supplemental guidance recommends 2.5°C or above).
 - **Low-warming scenario:** one consistent with the most ambitious 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 relevant Australian Sustainability Reporting Standards (ASRS).

4.2 Australian Sustainability Reporting Standards (ASRS)

The ASRS are developed and issued by the Australian Accounting Standards Board (AASB). They establish a framework and requirements for preparing *sustainability-related financial disclosures*. They are prepared in accordance with the Act (refer Figure 4).

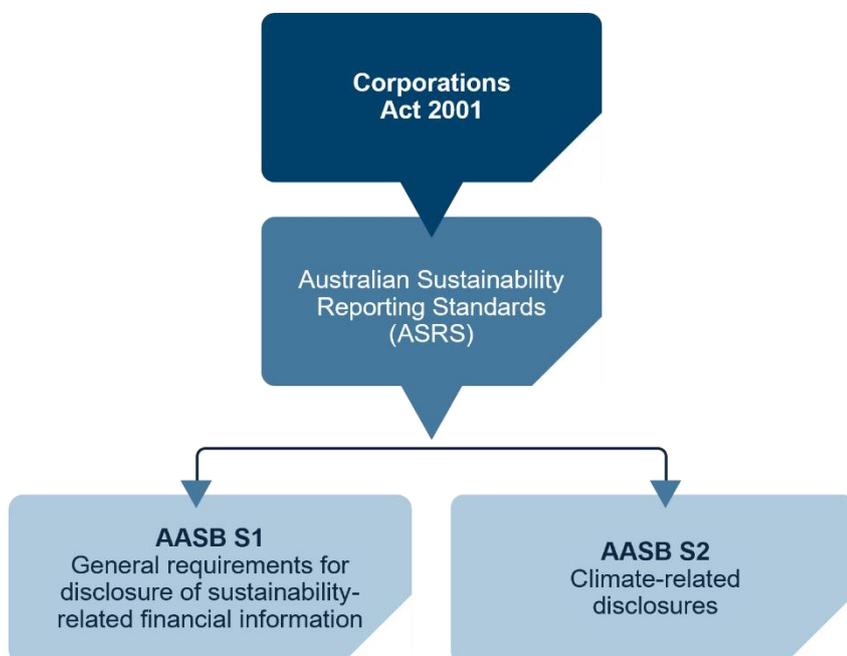


Figure 4 Hierarchy of sustainability reporting requirements in Australia.

Two ASRS have been issued so far, broadly aligned with recently issued International Financial Reporting Standards (IFRS) for sustainability-related financial disclosures:

- *Voluntary AASB S1 – General Requirements for Disclosure of Sustainability-related Financial Information* sets overarching principles and information required for preparing sustainability-related financial reporting. At present, AASB S1 remains voluntary, however, aligned with the government’s “climate first, but not only” policy, it is anticipated that it may become mandatory in the future.
- *Statutory AASB S2 – Climate-related Disclosures*, which as per the Act is required to be applied when preparing the climate statement within the statutory sustainability report. It sets out the requirements for preparing climate-related financial disclosures and also incorporates the key principles of preparing sustainability-related financial disclosures as set out in the voluntary AASB S1 standard.

Additional ASRS are planned to be issued over time, for example, work on an international standard relating to *Nature-based disclosures* has commenced. For the time being, all the other ASRS standards, except for AASB S2, will remain voluntary.

Objective of the ASRS: supporting investor and creditor decisions

The objective of ASRS is to inform investors and creditors in their investment and lending decisions. The requirements as per ASRS and within the Act targets *sustainability-related financial disclosures* only, rather than all types of sustainability reporting. The Act’s current focus is climate-related financial disclosures as per AASB S2 only. This implies a focus on providing financial-related disclosures that are useful for *primary users* in making decisions relating to providing resources (e.g., capital) to the entity. Figure 5 highlights what these decisions involve:



Buying, selling or holding equity (e.g., shares) and debt instruments (e.g., corporate bonds).



Providing or selling loans and other forms of credit



Exercising rights to vote on, or otherwise influence, the management actions of the entity that affect the use of the entity's economic resources (e.g., proxy voting at annual general meetings).

Figure 5 Primary users' decisions relating to providing resources to the entity

These are effectively decisions by investors and creditors (i.e., primary users), with the objective of better informing them about sustainability-related aspects that may impact the financial prospects of the entity.

As AASB S2 (and all ASRS) are principles-based, this objective should be kept in mind to inform determinations on how to prepare disclosures in accordance with them. This could include how much information may be required across different aspects to meet the specific disclosure requirements. These may vary according to the specific circumstances for the entity, e.g., the same sustainability aspect may affect the financial prospects of different entities differently. Also, each entity may have different primary users with different information needs – i.e., the who, how many, and the nature of *primary users* and their information needs may vary substantially across entities.

Red meat processors that must prepare reporting should consider and ideally document who the primary users of its reporting is likely to be (i.e., actual or potential investors and creditors). To inform their decision making, processors should also consider what climate-related or sustainability information the primary users may ordinarily be interested in obtaining through annual reporting going forward.

Other sustainability reporting not covered

Since ASRS centres on *sustainability-related financial* disclosures mainly for investment and credit decision-making, both the Act and ASRS do not encompass every aspect of sustainability reporting. Accordingly, sustainability-related reporting that is not covered could include (but not necessarily limited to):

- Other mandatory sustainability-related reporting remaining unaltered – e.g.:
 - National Greenhouse and Energy Reporting (NGER)
 - National Pollution Inventory
 - Modern Slavery Reporting.
 - Other mandatory sustainability-related reporting, such as under other jurisdictions – e.g., if a red meat processor's parent company is a foreign entity that may be subject to other mandatory sustainability-related reporting requirements in the parent company's jurisdiction, those requirements are unaffected by the new statutory sustainability report.

- Other ASRS reporting that is not mandatory – such as disclosures per AASB S1, or any use of ASRS for entities not required to prepare the statutory sustainability report.
- Other (voluntary) sustainability reporting, for example AMPC’s voluntary sustainability reporting, or reporting per the GRI Standards² on broader sustainability impacts of the business, or any requirements that other stakeholders (e.g., customers) may request (GRI, 2025). Noting the GRI Standards provide methods and criteria for reporting many different aspects of sustainability.

The Act’s statutory sustainability report does not replace any other mandatory requirements. Red meat processors captured by any other mandatory sustainability-related reporting requirements must continue to report per those mandatory requirements. However, coordinating and synergising reporting processes with these requirements where relevant should be encouraged e.g., in respect of preparing scope 1 and 2 greenhouse gas (GHG) emissions reporting for the statutory sustainability report and for NGER Reporting.

Accordingly, red meat processors may need to continue to provide other sustainability-related reporting, and may also experience that other stakeholders (e.g., customers) may require reporting on aspects that ASRS does not cover. Where red meat processors may have different types of sustainability reporting, including voluntary application of ASRS, ASIC has clarified the need to make sure that the statutory sustainability reporting provided per the Act is clearly labelled. This is to ensure that users understand what reporting is covered by the Act’s requirements, and therefore by ASIC’s regulatory oversight as well as the mandatory assurance requirements (refer Section 4.4).

4.3 Which entities must prepare statutory sustainability reports?

Certain entities that are required to prepare financial reports under Chapter 2M of the Act are also required to prepare an annual statutory sustainability report. The Act includes a phased approach for implementation of the new requirement across three cohorts (groups) of entities. The phased implementation applies across corporate reporting years commencing on 1 January 2025 and extends to 1 July 2027.

Accordingly, red meat processors need to establish which entity (if any) in its Group of companies are required to prepare the sustainability report and by when. Below is some general guidance in this regard; however, the exact determination of which entity needs to report (including whether reporting thresholds are met) are technical and legal in nature. Red meat processors that are in doubt about whether they meet thresholds should obtain appropriate technical and legal advice to make an appropriate determination.

Thresholds and timing for statutory reporting per group of entities

Table 1 provides a summary of the thresholds and timing for determining when different types of entities must prepare the statutory sustainability report.

² The Global Reporting Initiative (GRI) issue the most globally recognised sustainability reporting standards, the GRI standards – refer also www.globalreporting.org.

Table 1 Summary of reporting thresholds for different entities³

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	Asset owners – e.g., Registered Schemes, registrable superannuation entities, etc.
	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	N/A
1 July 2026 <i>Group 2</i>	\$200m or more	\$500m or more	250 or more	All other NGER reporters	\$5b of consolidated assets or more
1 July 2027 <i>Group 3</i>	\$50m or more	\$25m or more	100 or more	N/A	N/A

The reporting thresholds are generally determined as follows:

- Accounting numbers (i.e., consolidated revenue, consolidated gross assets etc) are to be decided in accordance with the relevant accounting standards applied in preparing the entity’s consolidated financial statements.
- Full-time employee (FTE) count for the consolidated entity should take into consideration part-time employees as an appropriate fraction of an FTE.
- NGER publications thresholds are stipulated in section 13 of the NGER Act, effectively implying that any “Controlling Corporation” required to register to reported under that Act gets captured for the statutory sustainability reporting even if not captured by the other thresholds.

An entity can belong to one group in one year, and another group the next year– for example if it is growing (or through mergers), it may grow from a group 3 to a group 2 entity, or from a group 2 to a group 1 entity. It is the group it belongs to in a given year that counts, so being proactive in identifying such a change may be critical to meeting the requirements. Therefore, red meat processors should clarify whether they are likely to change grouping over the years, and consider the implications if they do (e.g., starting preparation earlier if risk of changing to a group with earlier or higher requirements).

³ Adapted from Treasury’s policy statement (2024) summarising the phasing of the reporting requirement – the exact thresholds can be found in the Act, which overrides any ambiguity in this guiding table.

Parent entities must report at consolidated level

The Act (Subsection 292A(2)) clarifies that for corporate groups it is the parent entity that must prepare the statutory sustainability report on a consolidated basis for the whole group, as if the consolidated entity is a single entity. This implies:

- Any subsidiary of a parent entity that may otherwise meet the thresholds for reporting is not obliged to prepare the statutory sustainability report, provided an Australian parent entity prepares it at the Group / consolidated level.
- The Australian parent entity does not need to report on the level of any company in the Group, whether that be the parent entity or any other entity within the Group – it needs to consider the whole group as one entity, and focus on the material information to report in that context.
- Any foreign activities owned or controlled by the Australian reporting entity must be included in the statutory sustainability report – i.e., red meat processors that may own or control companies abroad will need to include those activities in its reporting.

Establishing which entity may be required to report can be complex, including determining whether an entity is owned or controlled by another entity in ways that implies it has no reporting obligation. For some corporate groups, there may even be more than one Australian parent entity that must prepare the statutory sustainability report at the level of its corporate group.

Working through this may also be important to establish the level of consolidated entity (or entities) to report upon as the level of material information required to report may differ substantially based on the scope of activities covered (including what foreign companies or activities must be included).

All Australian parent entities meeting the thresholds – regardless of ownership

The reporting requirement applies for any type of parent entity meeting the thresholds and preparing annual reporting under Chapter 2M of the Act. This includes both listed and unlisted Australian entities, including foreign-owned Australian entities.

Accordingly, red meat processors that may be foreign owned or controlled must prepare the statutory sustainability report if the Australian parent entity meets the thresholds for reporting. This is irrespective of whether the foreign owner prepares similar reporting. In this case, the Directors of the Australian parent entity are accountable for ensuring that the entity meets the annual reporting requirements of the Act, including the statutory sustainability report.

Simplified climate statement for Group 3 reporters without material CRROs

If a Group 3 entity does not have any material CRROs, its mandatory climate statement can be simplified to a statement of having no material CRROs and how that applies to the entity for the financial year. The simplified statement will still be subject to audit. To achieve this, red meat processors in Group 3 with no material CRROs will need to substantiate why that is the case. This will require some substantive and documented assessment to determine that there are no material CRROs, performed in accordance with how that is to be established per AASB S2.

Group 3 entities with material CRROs must provide the full climate statement. Entities below the Group 3 threshold are not required to prepare any statutory sustainability reporting.

4.4 Assurance required

The statutory sustainability report is subject to a mandatory sustainability audit. This requirement is applicable to all entities that must prepare the statutory sustainability report i.e., whether listed or not, and whether in Group 1, 2 or 3.

Separate audit report to new assurance standard

The audit will result in a separate audit report, providing the auditor's conclusion relating to the statutory sustainability report.

The audit is to be an assurance engagement performed in accordance with a new sustainability assurance standard⁴ (AUASB, 2025a). This standard requires the auditor to review, assess and (if necessary) test the audited entity's reporting processes and controls to a higher level of scrutiny than required by previous assurance standards used for sustainability reporting.

For red meat processors this implies that a high degree of diligence and documentation for preparing and substantiating the information to be disclosed will be required.

Phased implementation – but with assurance required from year 1 of reporting

The audit will ultimately be *reasonable assurance* of the entire statutory sustainability report – including whether the contents are in accordance with the Act and has been prepared in accordance with AASB S2. Reasonable assurance is similar to the assurance obtained through audits of financial statements.

However, this level and scope of assurance will only be required by the entity's 4th year of reporting. The phased approach for assurance required during the first 3 years of reporting⁵ applies *limited assurance*, which is a substantially lower level of assurance compared to that of reasonable assurance (AUASB, 2025b). Limited assurance is similar to the assurance obtained through auditor's independent reviews of financial statements.

Table 2 below summarises the assurance phasing:

Table 2 Assurance Phasing

Year of reporting	Scope of audit	Level of assurance
Year 1*	Selected disclosures only: <ul style="list-style-type: none"> - Governance disclosures per paragraphs 5-7 of AASB S2 - Descriptions of the CRROs that could reasonably be expected to affect the entity's prospects, and for climate-related risks, whether they are physical or transition risks per sub-paragraphs 9(a) and 10(a) and (b) of AASB S2. - Scope 1 and 2 GHG emissions per relevant parts of paragraph 29 of AASB S2. 	Limited

⁴ Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) – an assurance standard aligned with an equivalent international assurance standard (ISSA 5000)

⁵ The assurance phasing is set out in Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*.

Year of reporting	Scope of audit	Level of assurance
Years 2 & 3	The entire statutory sustainability report, including: <ul style="list-style-type: none"> - Governance disclosures - Strategy disclosures, including CRROs, climate resilience assessment using scenario analysis and transition plans. - Risk management disclosures - Climate-related metrics (including scope 1, 2 and 3 emissions) and targets 	Limited
Year 4	The entire statutory sustainability report (as per above).	Reasonable

* For Group 1 entities with financial years commencing 1 January to 30 June, the year 1 assurance requirement will occur twice before progressing to the more advanced assurance requirements.

Note: For Group 3 entities that provide the simplified climate statement due to no material CRROs, the assurance phasing is the same but pertains only to the matter of the auditor assessing the statement that there are no material CRROs.

Who can provide the sustainability audit?

The audit must be provided by a Registered Company Auditor (RCA) registered by ASIC under the Act. RCAs are financial statement auditors. It will default to the entity's existing financial statement RCA (firm or person) unless the entity makes an active choice to appoint another RCA to provide the sustainability audit. This potential choice is only available for entities that are companies or registered schemes, not to registered superannuation entities – so, presumably available to all red meat processors.

There are several good reasons to allow the entity's existing financial statement RCA perform the audit rather than appoint another RCA – including:

- There should be synergies between the financial statement audit and the sustainability audit – because there should be some level of connections between the financial statements and the information in the sustainability report, and some of the underlying reporting systems and processes should be the same.
- It should simplify the coordination between the entity and auditors, noting also the requirement of auditors to communicate with the Directors and ultimately be available at a company's annual general meeting.

However, these reasons could be negated if the financial statement RCA:

- Lacks sufficient competence or capacity to perform a cost-effective sustainability audit at an appropriate quality, or
- Charges unreasonably high fees to perform the sustainability audit.

Red meat processors are encouraged to engage with their financial statement RCA early to understand how they will perform the sustainability audit, including their capability and capacity to perform it, and what fees they are intending to charge. Additionally, early engagement should be used to understand what the RCA will be reviewing and testing to enable better preparation for the audit requirement.

If the financial statement RCA cannot provide satisfactory information, then red meat processors should consider whether offers from alternative RCAs should be procured.

5.0 Overview of AASB S2 climate-related disclosures

The mandatory climate statement (per the Act) must be prepared using the AASB S2 standard on climate-related disclosures.

5.1 Objective of climate-related disclosures

AASB S2 is based on an international standard, the IFRS Sustainability Disclosure Standard S2 *Climate-related Disclosures*. Aligning to the international standard was done per an overall policy objective of Australian disclosures encouraging international capital to invest in Australian entities. While it aligns with the international standard some Australian modifications have been made.

As a principles-based standard, keeping AASB S2's overall objective in mind is key in determining how to address its disclosure requirements. Per paragraph 1:

The objective of AASB S2 [...] is to require an entity to disclose information about its CRROs that is useful to primary users [...] in making decisions relating to providing resources to the entity.

This aligns with the overall objective of ASRS, as outlined in section 4.2 – noting, primary users include investors and creditors, and their decisions relating to providing resources to the entity (i.e., typically investment and credit decisions).

To achieve this, the standard requires red meat processors to determine which disclosures about its specific CRROs could reasonably be expected to affect cash flow, access to finance or cost of capital (i.e., the business prospects of the red meat processor) over the short, medium, or long term. This implies that what and how much should be disclosed will inherently vary among different entities / red meat processors.

5.2 Principles based disclosure standard

Generally, AASB S2 sets out high-level disclosure objectives and core disclosure principles, rather than prescribing detailed, rules-based checklists. This is challenging as it requires judgement on how to meet the different requirements for the specific entity, refer Figure 6:



Must apply judgement to determine what is required for the specific reporting entity to address different requirements to meet the disclosure objectives.



Must prepare disclosures that are specific to the entity, including in terms of the extent of information to disclose about different aspects – rather than boiler-plate based on any guidance or what others are disclosing.



Must focus on decision-useful disclosures – i.e., information that is likely to be material to investors' and creditors' resource allocation decisions.

Figure 6 Contextual judgement required for each reporting entity.

Whilst the Act requires entities to comply with AASB S2, such compliance cannot be achieved by using a rules-based mindset where each requirement is addressed in a box-tick / checklist exercise. That would undermine the quality and decision usefulness of the disclosures, thereby running counter to the objective of the standard. Rather, compliance is achieved through applying judgement on the entity specific CRROs and information required to meet the standard's disclosure objectives and principles.

5.3 Characteristics of decision useful information

To apply the principles, the Standard outlines some key considerations to keep in mind, to enable climate-related financial information that is relevant and faithfully represents what it aims to represent. This includes the following fundamental qualitative characteristics of useful climate-related financial information, refer Figure 7.



Fair presentation – complete disclosures shall present fairly all relevant CRROs, i.e., those that could reasonably be expected to affect an entity's business prospects. This requires relevant information about the CRROs and faithful representation of them.



Materiality – material information shall be disclosed about the relevant CRROs. Information is material if omitting, misstating or obscuring the information could reasonably be expected to influence the decisions the primary users make on the basis of them.



Reporting entity – the climate-related disclosures should be for the same reporting entity as the related financial statements – e.g., the parent company's consolidated financial statements in case of a Group of companies, as if the Group of companies is one entity.



Connected information – the disclosed information shall enable users to understand relevant connections, such as connections between relevant CRROs, the CRROs and the different types of disclosures (e.g., across the Pillars of AASB S2) and with the related financial statements.

Figure 7 Fundamental qualitative characteristics of useful climate-related financial information.

To achieve this also requires complete, neutral and accurate depiction of the CRROs. Disclosed information is further enhanced if it is comparable, verifiable, timely and understandable. All this requires entities to be able to substantiate disclosed information and how the information fairly represents the relevant CRROs.

Achieving these characteristics of the disclosed information is not always straightforward. For example, considerations of whether information could reasonably be expected to influence the decisions of primary users requires considerations of the characteristics of those users and of the entity's own circumstances – judgements about what information is material is therefore inherently entity specific and may also differ over time. Add to it that AASB further clarifies that an entity is not required to disclose otherwise required information if the information is not material. This makes the determination for materiality challenging requiring entity specific judgements to be made and documented.

5.4 Four disclosure Pillars

AASB S2 is divided into four Pillars – governance, strategy, risk management, and metrics and targets – each with its own disclosure objective and supporting requirements. Refer Figure 8 for a summary, including considerations of the challenge to address the Pillar’s requirements, and the opportunity it brings through proactive adoption.



Figure 8 Summary of the four Pillars and their requirements under AASB S2.

6.0 Guidance for addressing climate disclosure reporting requirements

This section provides an introduction on how to address the mandatory climate disclosure requirements under each of the four Pillars. It is presented for each of the Pillars, where Pillars 2 and 3 (Strategy and Risk Management) have been combined due to the connected nature of them in initially addressing the requirements.

For each of the Pillars, the following information has been provided:

- Objective of the Pillar
- Summary of the disclosure requirements
- Key actions to address disclosure requirements
- Questions for processors to consider when undertaking the assessment.

To supplement this and to provide further structure around reporting, an example Table of Contents (ToC) for the Sustainability Report has been provided in Appendix 1 (Section 9.1).

6.1 Pillar 1: Governance

Objectives of the ‘Governance’ Pillar

Paragraph 5 of AASB S2 sets out the objective of the governance Pillar:

The objective of climate-related financial disclosures on governance is to enable users [...] to understand the governance processes, controls and procedures an entity uses to monitor, manage, and oversee CRROs.

‘Governance’ disclosure requirements

The specific disclosure requirements are set out in paragraph 6 of AASB S2, requiring disclosures on aspects such as:

- The board’s role in monitoring and managing climate issues and CRROs – including formal responsibilities, roles, and policies – as well as the skills and competences of individuals overseeing strategies to address CRROs, and how it is being overseen.
- Management’s responsibilities and processes for implementing climate strategies to address CRROs – including how this is organised.

It is a short paragraph, with paragraph 7 providing some additional guidance. Red meat processors preparing the disclosures should read it in full to understand the requirements.

In preparing the governance disclosures, red meat processors should consider the overall objective for the Pillar. This Pillar generally requires disclosure of the climate governance that occurs and is focused on presenting what is actually in place rather than determining whether the governance procedures are good or bad.

Director's declaration

The Act sets out that the statutory sustainability report must include a declaration by the directors as to whether, in the directors' opinion, the substantive provisions of the sustainability report is in accordance with the Act. This includes the application of AASB S2 in preparing the climate statement, and the Act's requirements in respect to the contents of the climate statement⁶.

The declaration must be made by a resolution. To support this, directors should have substantive evidence to make the declaration – noting, they could face director liability if inappropriately approving the declaration⁷. This implies that the directors should as a minimum be involved in the governance on how the climate disclosures are prepared in accordance with the Act and AASB S2.

The Act provides for a modified director liability (limited immunity) for certain statements in the statutory sustainability report for the first 3 years of the new reporting requirement. This means reporting entities and its directors (until 31 December 2027) have protection from suits or actions for incorrect or misleading disclosures relating to scope 3 emissions, scenario analysis and transition plans⁸. ASIC still has regulatory powers to take regulatory action. This implies that entities are required to report on those matters (with scope 3 emissions from year 2 of reporting), but with some protection from potential incorrect or misleading reporting. Entities and their directors wishing to rely on this may wish to obtain competent legal counsel.

Governance driving effective climate-action

Good climate-governance is key to adequately addressing the rest of the AASB S2 requirements. This includes proactively addressing CRROs in ways that may yield strategic insight leading to actions that can improve business prospects. It is especially the case in addressing the challenging Pillar 2 on "Strategy" but also in working through how to respond to CRROs in Pillar 3 on "Risk Management" and managing and controlling reporting processes to drive Pillar 4 on "Metrics and targets".

As a minimum, it is recommended that the directors of red meat processors consider appointing an appropriate senior manager (e.g., an executive manager) to take charge of driving the understanding and response to CRROs as well as the preparation of climate-related disclosures. This should include sufficient resources being made available to drive the effort and with regular updates to be provided to the board. Exactly what that may look like may differ from entity to entity e.g., it could be that a cross-functional working group with sufficient time to work through matters should be mobilised, but other approaches may also be appropriate.

Key actions for the 'Governance' Pillar

The flow chart below provides further ideas on how to do climate-governance well.

⁶ Act subsection 296A(6).

⁷ Further discussions on director liability is outside the scope of this guidance. Entities should seek competent legal advice if required.

⁸ Act section 1707D.

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 CRROs.

AASB paragraph 5



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
---	---	--	---

KEY ACTIONS

Review current board/committee/management responsibilities for climate oversight.	Assess current climate-related skills and identify any gaps e.g. via a skills matrix.	Review how climate is integrated into board/committee agendas, policies, and management structures.	Review how climate-related targets are set and monitored.
Update charters, policies, and role descriptions as needed to clarify responsibilities.	Plan and implement targeted training or recruit expertise as needed.	Enable regular and structured reporting to the board on climate matters.	Assess whether achievement of climate targets is linked to executive remuneration.
	Document skills and development plans in governance documents.	Confirm climate is considered in strategy, risk management, and major decisions.	Update processes as needed to strengthen oversight and accountability.

OUTCOME

Clear, documented accountability for climate governance	Board and management have, or are developing, the necessary climate-related expertise	Climate governance is embedded in policies and decision-making	Progress on climate targets is monitored and incentivised
---	---	--	---

Pillar 1 Governance questions for processors to consider

Questions for consideration: <i>Note: these questions are provided as a guide only. Answering these questions does not ensure the requirements of the Pillar have been met.</i>	Notes:
<p><i>Do you have clearly assigned responsibility for CRROs at both board and management levels, and is this reflected in your governance documents? For example:</i></p> <ul style="list-style-type: none"> <i>• Is there an accountable Director (or Board committee) exercising active oversight over climate governance and the preparation of climate related disclosures?</i> <i>• Is there a responsible executive manager taking charge of driving the understanding and response to CRROs as well as the preparation of climate-related disclosures – and has sufficient resources been allocated (e.g., supported by cross-functional committee and/or sufficient time allocation to people having to perform tasks)?</i> 	
<p><i>Do you ensure your board and management team have the necessary knowledge of CRROs specific to red meat processing, or do you need targeted training or external expertise?</i></p>	
<p><i>Do you regularly review climate-related issues at board or management meetings, and is climate a standing agenda item?</i></p>	
<p><i>Do you integrate climate-related responsibilities and oversight into your existing risk and strategy processes, or do you need to update your policies and charters?</i></p>	
<p><i>Do you ensure that climate-related targets and progress are monitored and, where relevant, linked to executive performance or remuneration?</i></p>	
<p><i>Do you have a clear structure for management’s role in climate governance, and are controls and procedures for CRROs integrated with other business functions?</i></p>	

6.2 Pillars 2 and 3: Strategy and Risk Management

Why the ‘Strategy’ and ‘Risk Management’ Pillars are combined in this guidance

The ‘Strategy’ and ‘Risk Management’ Pillars have been combined in this document because, in practice, risk management is about managing the responses to the strategic priorities. For red meat processors starting to address mandatory climate disclosures this will often be easier done as a direct result of clarifying the CRROs that the strategy Pillar requires. As the entity progresses in its response to risk management, it may be useful to distinguish the Pillars further for specific responses (whilst remaining inherently connected to strategy).

Effective climate strategy relies on a robust understanding of material CRROs, while risk management processes are informed by the strategic objectives and actions the business sets in response to climate change. By integrating these Pillars, red meat processors can streamline their approach, avoid duplication, and assess that disclosures are decision-useful, cohesive, and reflect the reality of how CRROs are managed within the business.

Objectives of the ‘Strategy’ Pillar

Paragraph 8 of AASB S2 sets out the objective of the strategy Pillar:

The objective of climate-related financial disclosures on strategy is to enable users [...] to understand an entity’s strategy for managing CRROs.

This is the most challenging Pillar, addressing strategic perspectives on current and uncertain future challenges. It is also the Pillar that offers the highest potential value-add in pro-actively informing business strategy and decision making. To achieve it usually requires involvement of senior / executive management which links back to how the Governance Pillar is addressed.

‘Strategy’ disclosure requirements

Whilst meeting the Pillar’s objective may seem like simply having to disclose whatever “strategy for managing CRROs” an entity has in place, that is far from the case. The Act also has minimum requirements for the contents of the “climate statement” (section 296D) which includes the requirement to report on material CRROs and information derived from a minimum of two climate scenario analyses which must be performed.

AASB S2 sets out 5 different but related strategy disclosure areas that should be addressed, refer Figure 9.

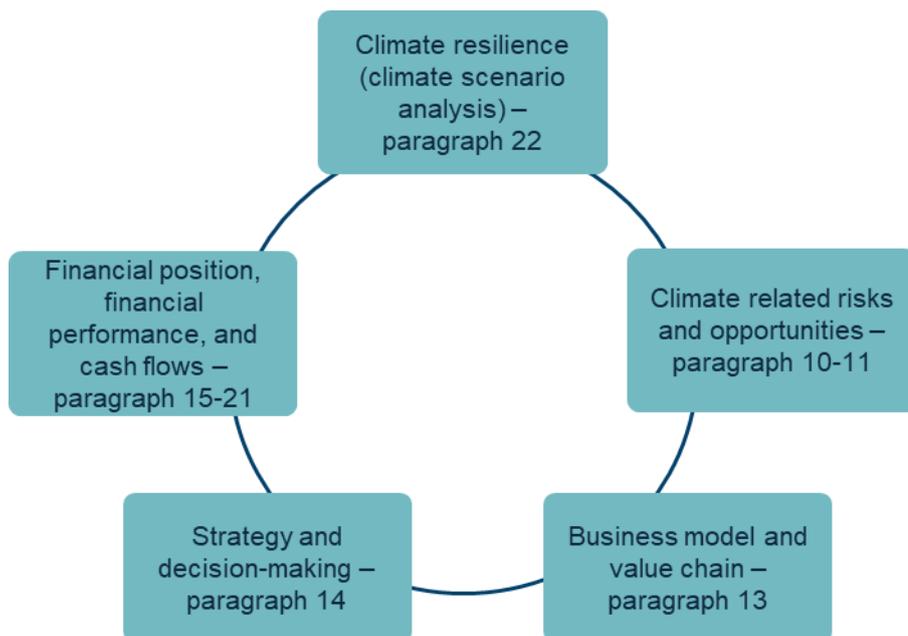


Figure 9 5 key disclosure areas for Strategy Pillar

AASB S2 starts each of these disclosure areas with a statement on what the disclosed information should help users understand.

Process to identify and assess CRROs required

At the core of the Strategy Pillar is the reporting on CRROs. To address it, red meat processors need to identify and assess relevant CRROs that may affect the entity's business prospects. The process must be documented, especially considering the directors declaration and given it needs to be audited. If no CRROs are deemed to materially affect business prospects, the required assessment to demonstrate this must be performed and documented.

Noting, for Group 3 entities where no material CRROs are identified, a simplified climate statement can be prepared under the Act. It must still be supported by a substantive assessment that the auditor has to review (refer Section 4.3).

CRROs must be classified as to whether they are climate-related physical risks, climate-related transition risks, and climate-related opportunities (refer Section 3.2 above). The time horizon for each CRRO whether short, medium or long term must also be disclosed. These time horizons are entity specific and should be determined based on the operational, business and strategic planning horizons of the entity e.g., time horizon for capital expenditures may be long-term (e.g., 10 or 20 years), whilst time horizon for operational planning may be short term (e.g., 1 or 2 years).



Examples of physical risk for the sector

Extreme heat and heatwaves may increase heat stress on livestock during transportation and lairage, affecting animal welfare and meat quality. It may also result in higher cooling and refrigeration costs at processing plants to maintain food safety standards.



Water scarcity during droughts may reduce water availability for cleaning, processing, and wastewater treatment on site. It may also increase costs associated with water sourcing and treatment.



Extreme rainfall resulting in floods may damage physical assets at processing facilities. It may cut off access and transportation roads disrupting supply chains.



Examples of transition risk for the sector

Regulatory and policy changes may introduce stricter methane reduction targets or alter current carbon pricing schemes.



Shifts in consumer market may reflect a growing demand for low-emission or plant-based protein alternatives reducing demand on traditional meat.



Pressure from investors may make it difficult to access capital if sustainability or climate performance is poor.



Examples of timeframes and likely risks, opportunities or actions to be considered.

Short term

- Immediate operational risks such as heat stress on livestock during transport and lairage.
- Rising energy costs and short-term regulatory compliance (e.g., initial emissions reporting requirements).
- Investments in energy efficiency and water recycling systems.

0-5 YEARS

Medium term

- Implementation of methane reduction technologies and renewable energy infrastructure.
- Increasing pressure from export markets for low-emission meat products.
- Potential introduction of carbon pricing or stricter emissions caps affecting profitability.

5-10 YEARS

Long term

- Significant shifts in global protein demand toward alternative proteins.
- Chronic climate impacts such as prolonged droughts and water scarcity affecting supply chains.
- Full decarbonisation targets (e.g., industry goal of carbon neutrality by 2030 and beyond).

10+ YEARS

CRROs required for all Strategy disclosures

The CRROs need to be considered for the remainder of the Strategy disclosures. The requirements include:

- Identify and describe material CRROs (physical and transition) that could be expected to affect the entity's prospects, specifying expected time horizons (short, medium, long term) and how these are defined for your business. Use all reasonable and supportable information available, including past events, current conditions, and forecasts to inform material risks and opportunities.
- Explain the current and anticipated effects of these CRROs on your business model and value chain, including where impacts are concentrated (e.g., geographies, facilities, asset types).
- Outline how CRROs influence your strategy and decision-making, including any transition plans, key assumptions, dependencies, and how you plan to achieve climate-related targets.
- Disclose how you are allocating resources to address CRROs, and report progress on plans disclosed in previous periods.
- Provide quantitative and qualitative information on the current and anticipated effects of CRROs on your financial position, performance, and cash flows, and how these are factored into financial planning.
- If quantitative information cannot be provided, explain why and provide qualitative details about affected financial statement line items.
- Assess and disclose the resilience of your strategy and business model to climate-related changes and uncertainties, using scenario analysis. Summarise the scenarios used, key assumptions (including policy, macroeconomic, technology, and resource trends), significant uncertainties, and your capacity to adapt your strategy and business model over time.

Red meat processors should review the requirements for Strategy disclosures set out in AASB S2 to understand the requirements in further detail.

Scenario analysis

Scenario analysis is one of the more challenging aspects of AASB S2 disclosures and forms a key part of the Strategy Pillar. It is a strategic exercise for which a strategic mindset is required to explore different plausible futures that may or may not occur to understand possible implications and impacts to business prospects.

The Act and AASB S2 sets out requirements and guidance for how the scenario analysis is to be performed, including aspects such as:

- **Scenarios** to apply, with the Act requiring at least the following two scenarios:
 - **High-warming scenario:** one that “well exceeds” 2°C (supplemental guidance recommends 2.5°C or above) – this is particularly useful to stress-test the resilience of the business to physical CRROs.
 - **Low-warming scenario:** one consistent with the most ambitious global temperature goal set in the Paris Agreement (~1.5°C) – this is particularly useful to stress-test the resilience of the business to transition CRROs.
- A stratified iterative approach is possible / allowed – e.g., whilst quantitative scenario analysis may be required in the future, appropriate informed qualitative scenario analysis may suffice initially. Though this may also vary depending on the nature of CRROs the entity is facing. The Act also requires appropriate timeframes for scenarios to be applied and disclosed as well as other key considerations.

AASB S2 sets out that it must at a minimum assess the climate resiliency of the strategy and business model under different exploratory future scenarios – however, a lot more value and strategic insight can be gained by using it for a broader scope, refer Figure 10. Red meat processors should consider how to best apply scenario analysis to drive mandatory disclosures as well as strategic insights.

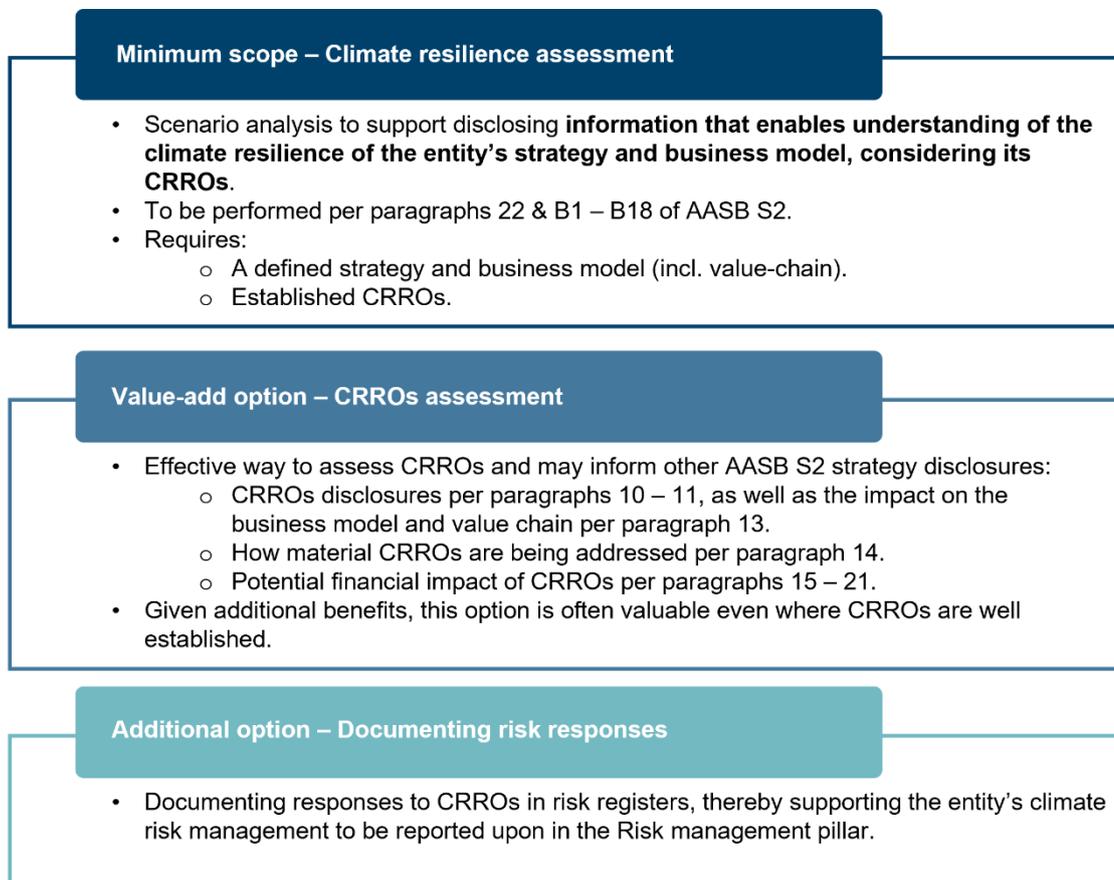


Figure 10 Scenario analysis scope options

Another aspect to consider is the sophistication of the scenario analysis required. The Act makes no specific requirements but there is significant guidance presented in AASB S2. A lot of it is not definitive and requires significant judgement as to how to use it. It specifically allows an iterative process to explore resilience and CRROs using scenario analysis – for example over several years.

A key question for processors to consider is what analysis suffices initially, e.g., to support disclosures in year 1 of reporting. Table 3 provides some guidance on initial analysis options.

Table 3 Scenario analysis options

Analysis option	Physical scenario(s)	Transition scenario(s)	Key considerations
High-level qualitative	Summarising trends, e.g., at regional or national level, to explore a range of potential changes and considering how this may impact on business model, strategy or value-chain, or identify and gauge CRROs.		<p>Less effort required to gauge climate challenges, creating buy-in.</p> <p>May not be sufficient for compliant AASB S2 disclosures, especially where CRROs are material.</p>

Analysis option	Physical scenario(s)	Transition scenario(s)	Key considerations
Evidence-based quantitative and qualitative	Includes climate projection data for relevant climate hazards for specific locations material to the business model, strategy and/or value-chain.	Includes more specific information aligned to organisation's CRROs, including, where relevant, projections on price and demand.	Useful for evidence-based qualitative climate resilience assessment or CRRO assessment. May consider financial impacts qualitatively – to prioritise next steps. May be sufficient for first year AASB S2 disclosures for many entities.
Detailed financial analysis	Targeted financial impact analysis for specific CRROs or impacts. Typically requires more organisational data to determine appropriate assumptions and build into scenario data.		Often done through integration into the entity's organisational planning, especially to justify key decision-making or actions on material CRROs.

Most red meat processors, especially among Group 1 and 2 companies, should assume that the evidence-based scenarios are likely the minimum analysis required for first year reporting – and with more advanced analysis to be considered, especially in following years. This is also the recommended scenario analysis to use as a key lever to address the broader aspects of the Strategy Pillar (refer Figure 10), as well as to use it effectively to gain strategic insights that may drive improved business prospects in future.

To perform such evidence-based scenario analysis requires capable climate scenario professionals. Red meat processors may consider whether to procure such assistance from capable consultants whilst building up the capability.

Objectives of the 'Risk Management' Pillar

Paragraph 24 of AASB S2 sets out the objective of the risk management Pillar:

The objective of climate-related financial disclosures on risk management is to enable users [...] to understand an entity's processes to identify, assess, prioritise and monitor CRROs, including whether and how those processes are integrated into and inform the entity's overall risk management process.

This Pillar generally requires disclosure of the climate risk management that occurs – whether good or bad, it is about describing “what is”. However, good climate risk management can proactively drive and protect value creation.

This objective supports the ongoing management of CRRO's alongside other business risks and ensures regular review and adaptation of risk management practices in response to evolving conditions and regulatory requirements.

Risk Management' disclosure requirements

The specific disclosure requirements are set out in paragraph 25 of AASB S2, requiring disclosures on aspects such as:

- Description of risk identification and prioritisation process, including how scenario analysis may have been used to identify CRROs, and how their nature, likelihood and magnitude have been assessed.

- Integration of climate risk into overall risk management, including how CRROs are monitored and inform the entity's overall risk management process.

It is a short paragraph, with paragraph 26 providing some additional guidance. Red meat processors should read it in full to understand the requirements.

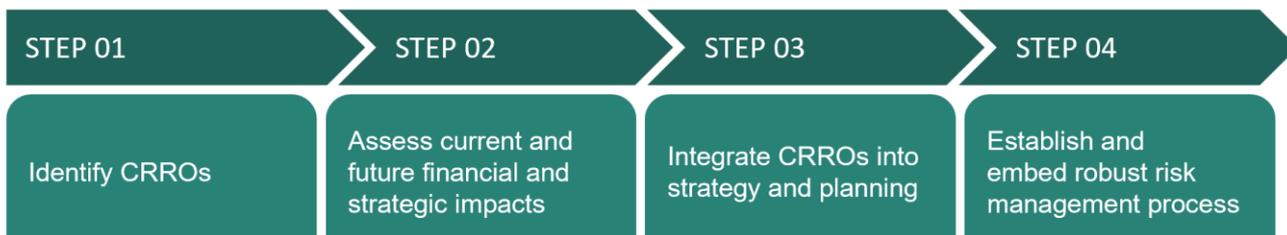
Key actions for the 'Strategy' and 'Risk Management' Pillars

The flow chart below provides further ideas / guidance on how to do the Strategy and Risk Management Pillars well.

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.



PURPOSE

Build a comprehensive understanding of the CRROs (physical and transition) relevant to your business.	Understand how CRROs affect your business model, strategy, financials now and in the future.	Enable business strategy to actively address climate-related risks and leverage opportunities, including transition planning (if relevant).	Determine if CRROs are systematically identified, assessed, managed, and monitored as part of overall risk management framework.
---	--	---	--

KEY ACTIONS

Gather all reasonable and supportable information available to identify CRROs.	Assess current impacts on financial position, performance, cash flows using actual operational and financial data.	Outline how CRROs influence strategy/ decision-making.	Describe processes/ policies for identifying, assessing, prioritising, and monitoring CRROs.
Map risks and opportunities across your value chain (upstream, operations, downstream).	Conduct scenario analysis to estimate future impacts on your business model, strategy, and financials.	Disclose how resources are allocated to address CRROs, and report progress on plans from previous periods	Explain how scenario analysis informs risk identification and management.
Assign time horizons (short, medium, long term) and assess materiality.	Identify/document business areas exposed to climate risks and potential financial impact of opportunities.	Regularly update strategy to reflect new information, changing circumstances, and progress on climate-related actions.	Outline management processes and integrate into overall risk management framework, how they are reviewed and updated.

OUTCOME

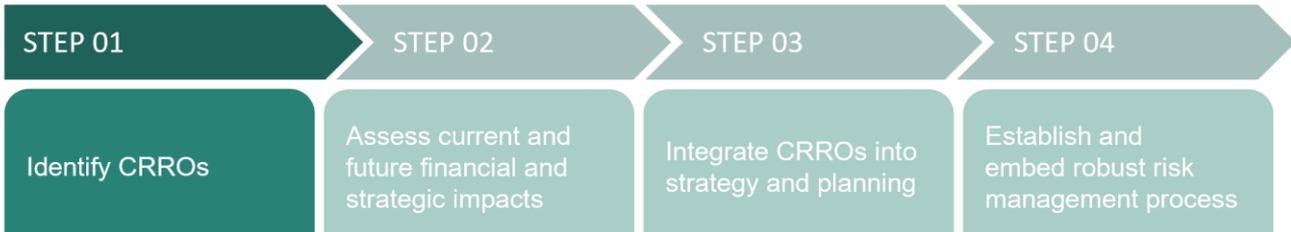
A clear, up-to-date register of CRROs	Evidence-based understanding of business resilience and areas for strategic adaptation	A strategy responsive to CRROs, with clear mitigation, adaptation, and transition actions	Effective, embedded risk management processes that support ongoing identification and management of CRROs.
---------------------------------------	--	---	--

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.



PURPOSE

Build a comprehensive understanding of the CRROs (physical and transition) relevant to your business.	Understand how CRROs affect your business model, strategy, financials now and in the future.	Enable business strategy to actively address climate-related risks and leverage opportunities, including transition planning (if relevant).	Determine if CRROs are systematically identified, assessed, managed, and monitored as part of overall risk management framework.
---	--	---	--

ACTIONS

Gather all reasonable and supportable information available to identify CRROs.	Engage the leadership team and relevant experts within the organisation to workshop potential risks and opportunities. Asset operators and managers with detailed knowledge of daily operations can provide insights into how past climatic events have impacted the business. Supplement this with external research by reviewing climate science literature (such as CSIRO and BOM reports), industry publications (from AMPC, MLA, or similar organisations), and government or regulatory updates to understand climate risks and opportunities relevant to the meat processing industry and your region.
Map risks and opportunities across your value chain (upstream, operations, downstream).	Identify where each risk or opportunity could arise within your supply chain, processing operations, and distribution channels. For example, a physical risk such as flooding may impact upstream livestock supply, while a transition opportunity such as increased demand for low-carbon products may arise downstream with customers. Document these risks and opportunities in a table or diagram to clearly show their location in the value chain.
Assign time horizons (short, medium, long term) and assess materiality.	For each identified risk or opportunity, determine the expected timeframe for impact—short term, medium term, or long term—ensuring these timeframes align with your business’s own planning cycles. Clearly explain your reasoning for assigning each time horizon and the specific timelines used. Assess materiality by evaluating the likelihood and potential significance of each item, prioritising those with the greatest potential to affect your business. Materiality refers to the importance of a risk or opportunity in terms of its potential to influence business decisions, financial performance, or strategic direction.

OUTCOME

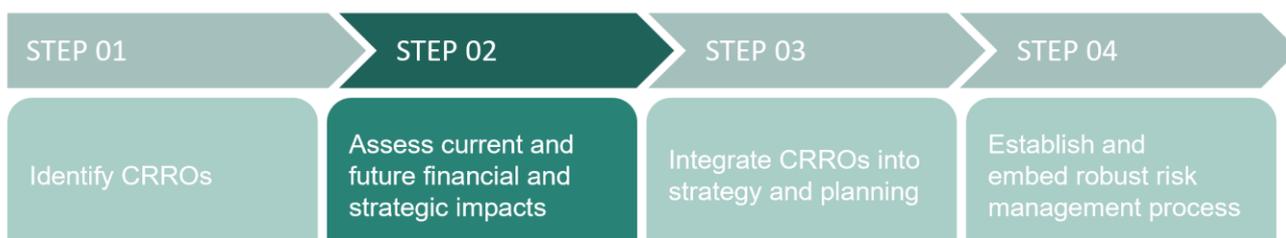
A clear, up-to-date register of CRROs

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.



PURPOSE

Build a comprehensive understanding of the CRROs (physical and transition) relevant to your business.	Understand how CRROs affect your business model, strategy, and financials now and in the future.	Enable business strategy to actively address climate-related risks and leverage opportunities, including transition planning (if relevant).	Determine if CRROs are systematically identified, assessed, managed, and monitored as part of overall risk management framework.
---	--	---	--

ACTIONS

Assess current impacts on your financial position, performance, and cash flows using actual operational and financial data.	Review recent financial statements, operational records, and incident reports to identify how climate-related events (such as extreme weather, supply chain disruptions, or regulatory changes) have already affected costs, revenues, asset values, or business continuity. This assessment provides a baseline for understanding your current exposure to CRROs.
Conduct scenario analysis to estimate future impacts on your business model, strategy, and financials.	Use scenario analysis to explore how different plausible climate futures (e.g., a 1.5°C scenario and a >2°C scenario) could impact your business. Start by selecting at least two scenarios and defining the assumptions and parameters (e.g., climate projections, policy/regulatory environment, market and technology changes). For each scenario, assess how the identified CRROs could affect your operations, supply chain, strategic decisions, and financial outcomes. Document both qualitative impacts (such as strategic implications) and quantitative estimates (such as changes in revenue, costs, or asset values) and explain any significant uncertainties or limitations in your analysis.
Identify and document business areas exposed to climate risks and potential financial impact of opportunities.	Analyse the scenario results to pinpoint business areas most exposed to climate risks and to estimate the potential financial impact of identified opportunities. Document specific vulnerabilities (such as assets or processes at risk), adaptation measures that may be required (for example, infrastructure upgrades or changes to operations), and areas where the business could benefit or grow (such as new markets, products, or efficiency improvements). Clearly identify any significant risks of material adjustment to assets or liabilities as a result of CRROs. Link these findings directly to your strategic planning and financial decision-making, explaining how they inform resource allocation and future actions.

OUTCOME

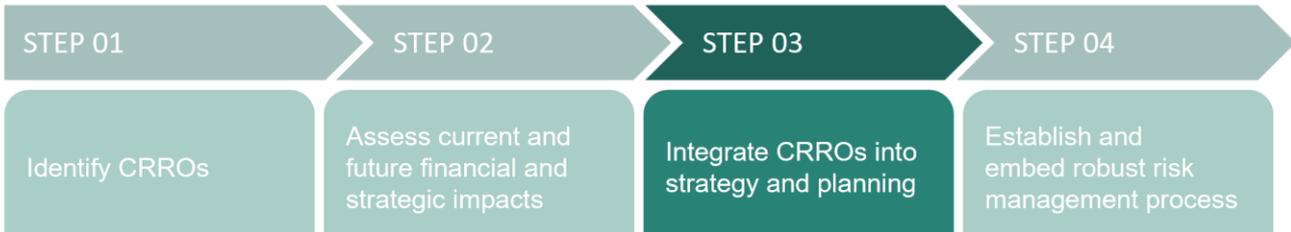
Evidence-based understanding of business resilience and areas for strategic adaptation

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.



PURPOSE

Build a comprehensive understanding of the CRROs (physical and transition) relevant to your business	Understand how CRROs affect your business model, strategy, and financials now and in the future.	Enable business strategy to actively address climate-related risks and leverage opportunities, including transition planning (if relevant)	Determine if CRROs are systematically identified, assessed, managed, and monitored as part of overall risk management framework
--	--	--	---

ACTIONS

Outline how CRROs influence strategy/ decision-making	Develop and embed actions to address identified CRROs from scenario analysis into strategic planning, investment decisions, and operations. These actions are informed by both qualitative and quantitative scenario analysis results, and document how they align with business objectives and risk management processes. Where relevant, highlight any anticipated changes to the business model, resource allocation, or operational practices (e.g., investing in cooling systems, adjusting operational hours, or diversifying supply chains). Clearly explain how these actions support achievement of climate-related targets and regulatory requirements.
Disclose how resources are allocated to address CRROs, and report progress on plans from previous periods	Describe how resources (financial, human, and operational) are allocated to implement climate-related actions and achieve targets. Report on progress against previously disclosed plans, including any changes to resource allocation, milestones achieved, and challenges encountered. Clearly communicate how resource allocation decisions are made in response to evolving climate risks and opportunities, and how progress is tracked and reported to relevant stakeholders.
Regularly update your strategy to reflect new information, changing circumstances, and progress on climate-related actions	Regularly review and update your strategy to reflect new information, changing circumstances, and progress on climate-related actions. Establish a process for periodic review to assess the effectiveness of implemented measures, incorporate lessons learned, and adjust your approach as CRROs evolve. Updates are communicated to the board, management, and external stakeholders, and document any significant changes to strategy, resource allocation, or risk management processes.

OUTCOME

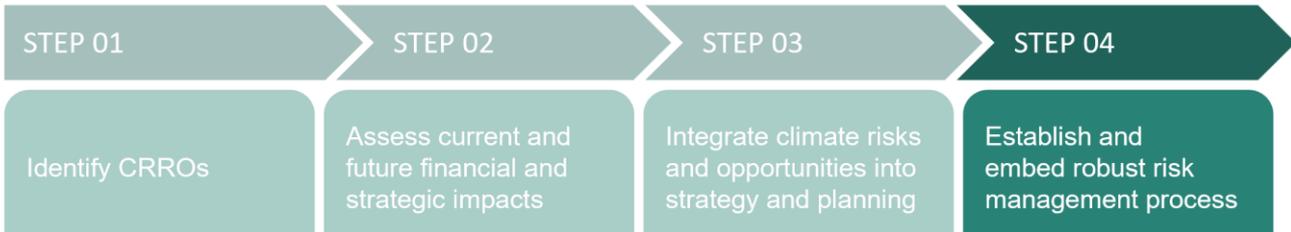
A strategy that is responsive to CRROs, with clear mitigation, adaptation, and transition actions

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.



PURPOSE

Build a comprehensive understanding of the CRROs (physical and transition) relevant to your business	Understand how CRROs affect your business model, strategy, and financials now and in the future.	Enable business strategy to actively address climate-related risks and leverage opportunities, including transition planning (if relevant)	Determine if CRROs are systematically identified, assessed, managed, and monitored as part of overall risk management framework
--	--	--	---

ACTIONS

Describe processes/policies for identifying, assessing, prioritising, and monitoring CRROs.	Establish clear procedures for identifying, assessing, prioritising, and monitoring CRROs. Regularly review operational data, incident reports, and industry trends, and use structured methods such as risk workshops, checklists, or surveys to gather input from relevant staff. For each risk or opportunity, assess the nature, likelihood, and magnitude of potential impacts, and determine appropriate management responses (e.g., mitigation, adaptation, or risk transfer). Document any changes to these processes compared to previous reporting periods.
Explain how scenario analysis informs risk identification and management.	Integrate insights from scenario analysis into your enterprise risk management (ERM) systems and reporting, ensuring climate risks are tracked alongside other business risks. Discuss scenario analysis results in risk committee meetings and consider them in decision-making for investments, operations, and strategic planning.
Outline how risk management processes are integrated into the overall risk management framework and how they are reviewed and updated.	Integrate climate-related risk management processes into your organisation's overall risk management framework. Set a regular schedule (e.g., annually or after major climate events) to review and update risk registers and procedures, reflecting new scientific findings, regulatory changes, and lessons learned. Seek feedback from staff and stakeholders to identify gaps or areas for improvement, and ensure that changes are documented and communicated to those responsible for managing climate risks.

OUTCOME

Effective, embedded risk management processes that support ongoing identification and management of CRROs.

Pillar 2 Strategy and Pillar 3 Risk management questions for processors to consider

Questions for consideration: <i>Note: these questions are provided as a guide only. Answering these questions does not ensure the requirements of the Pillar have been met.</i>	Notes:
<i>Do you have clearly assigned responsibility for CRROs at both board and management levels, and is this reflected in your governance documents?</i>	
<i>Do you identify all material CRROs relevant to your operations, supply chain, and customers (e.g., livestock supply, processing, distribution)?</i>	
<i>Do you define time horizons for CRROs (short, medium, long term) and align them with your business planning cycles?</i>	
<i>Does your current business strategy and any transition plan address the specific climate risks and opportunities facing red meat processors (e.g., methane reduction, water use, energy transition)?</i>	
<i>Do you document key assumptions, dependencies, and uncertainties underpinning your scenario analysis and strategic planning, and are these relevant to the red meat sector?</i>	
<i>Do you allocate resources (capital, people, technology) to address CRROs, and do you track and report progress?</i>	
<i>Do you test and review the resilience of your strategy and business model to climate-related changes, such as shifts in consumer demand, regulatory changes, or extreme weather events?</i>	
<i>Do you have processes in place to identify, assess, prioritise, and monitor CRROs specific to red meat processing (e.g., supply chain disruptions, biosecurity, regulatory risks)?</i>	
<i>Do you regularly review and update your risk management processes to reflect new climate science, industry trends, or regulatory changes?</i>	
<i>Do you assess the likelihood and impact of climate-related risks, and do you prioritise these relative to other business risks?</i>	
<i>Do you use scenario analysis to inform your risk identification and management, and does it reflect the realities of the red meat sector?</i>	

<p><i>Do you integrate CRROs into your overall risk management framework, and are they discussed in risk committee meetings and considered in investment and operational decisions?</i></p>	
<p><i>Do you incorporate lessons learned from past climate events or near misses into your risk management processes?</i></p>	

6.3 Pillar 4: Metrics and Targets

Objectives of the ‘Metrics and Targets’ Pillar

Paragraph 27 of AASB S2 sets out the objective of the Metrics and Targets Pillar:

The objective of climate-related financial disclosures on metrics and targets is to enable users [...] 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.

This Pillar is challenging for most entities, requiring significant upgrades to business and reporting processes. If done well, it also offers potential for better intelligence to drive and manage the business.

‘Metrics and Targets’ disclosure requirements

The specific disclosure requirements are set out in paragraphs 28 - 36 of AASB S2, requiring disclosures on aspects such as:

- Disclose absolute gross GHG emissions for Scope 1 and Scope 2, measured using the Greenhouse Gas Protocol or NGER (if applicable to the entity).
- Disclose Scope 3 GHG emissions, outlining the categories included per the 15 categories in the GHG Protocol Corporate Value Chain standard (World Resources Institute & World Business Council for Sustainable Development, 2013) and measured using the AASB S2 measurement framework – though, per the Act, Scope 3 GHG emissions not required in year 1 of reporting.
- Report the amount and percentage of assets or business activities vulnerable to climate-related transition risks and physical risks and aligned with climate-related opportunities.
- Disclose capital deployment towards CRROs (e.g., capex, financing, investment), as well as any internal carbon pricing applied (e.g., whether and how it is applied, and the price per metric tonne carbon dioxide equivalent, CO₂e).
- Disclose how climate-related considerations are factored into executive remuneration and the percentage of remuneration linked to climate-related considerations.
- Disclose any quantitative and qualitative climate-related targets (including regulatory and GHG emissions targets).

Red meat processors should review the requirements for Metrics and Targets disclosures set out in AASB S2 to understand the requirements in further detail.

Scope 1 and 2 emissions

The starting point for scope 1 and 2 emissions reporting is that they must be prepared using the Greenhouse Gas Protocol. This is an international framework for greenhouse gas estimation and reporting. For red meat processors reporting under NGER, the NGER framework is allowed to be applied – though, it must be at the consolidated entity level. If the entity has foreign activities, the GHG performance of those activities also must be reported using the Greenhouse Gas Protocol.

For red meat processors not applying NGER this will require new reporting processes to be set up, using the Greenhouse Gas Protocol. Noting, scope 1 emissions for meat processors may involve wastewater emissions, which can be complex to estimate.

The Greenhouse Gas Protocol allows for different reporting boundaries to be set. NGER uses “operational control”, but it may not be the best approach for this type of reporting. To meet the objective of climate-related disclosures it may be better to consider reporting on an equity basis. However, this may not be straight-forward to achieve, as it may require information to be obtained from other entities. As a result, where NGER reporting may already be in place, it may be tempting to simply use it for reporting, especially initially.

Over time red meat processors should consider what reporting boundary and criteria may best suit the objective of climate-related disclosures and for tracking performance against relevant targets. AASB S2 also requires specifying the reported emissions for the consolidated accounting group reported in the financial statements.

Scope 3 emissions

Scope 3 emissions are exempt from first year reporting because it is acknowledged that they can be challenging to prepare. Red meat processors should therefore not delay starting scope 3 emissions estimates until after the 1st year of reporting. Rather, it is recommended to proactively aim to have a scope 3 estimate ready as early as possible; e.g., by 1st year of reporting for internal purposes and readiness assessment.

AASB S2 sets out separate scope 3 emissions measurement requirements which can be hard to understand. In practice, the minimum required is activity-based data multiplied by relevant scope 3 emissions factors. The activity-based data can be from internal sources, e.g., purchased material quantities, or from external sources, e.g., suppliers. Mapping out the different activities and data sources can be hard, especially for the first few iterations of scope 3 emissions reporting – which is why this task should not be underestimated. Red meat processors may consider whether to procure assistance from capable consultants whilst building up internal scope 3 capability.

Additionally, the red meat processors' upstream scope 3 emissions will include the upstream value-chain. This includes producers and their emissions, including methane emissions from livestock. This may present unique sector-specific challenges, both in relation to accurate emissions measurement as well as in setting and managing emissions reduction targets. Current measurements often use default emissions factors that do not enable meaningful emissions reduction targets to be set and emissions reductions to be measured.

For scopes 1-3 emissions, the measurement approach must be disclosed, including assumptions and justification for the approach applied.

CRRO related metrics

There are several CRRO-related metrics, such as the amount and percentage of assets or business activities vulnerable or aligned to CRROs. These CRRO-related metrics also require strong CRRO identification and assessment in the Strategy Pillar, as that will generally enable the CRRO-related metrics disclosures.

Climate-related targets

AASB S2 do not require any entity-specific climate-related targets to be set – only to report on those that are set and then track performance against targets each year. Obviously, setting targets may be a key part of responding to CRROs and driving transition plans to be reported upon in the Strategy Pillar.

Where there are relevant regulatory targets, it must be reported upon. For red meat processors this may include any climate-related environmental conditions set for operations. Noting, the Emissions Safeguard Mechanism (part of the NGER legislation) is not relevant to most red meat processors – but if or where it is, it would involve a relevant climate-related target to be reported upon.



Emission
reduction
initiatives

Direct emissions

- Biogas Capture: Install anaerobic digesters to capture methane from wastewater and use it for on-site energy.
- Fuel Switching: Replace diesel boilers with electric or renewable-powered systems.
- On-site Efficiency: Upgrade refrigeration and heating systems to reduce fuel combustion.

SCOPE
01

Purchased energy

- Renewable Energy Procurement: Purchase electricity from renewable sources or install solar panels on-site.
- Energy Efficiency Programs: Implement LED lighting, variable speed drives, and heat recovery systems.
- Power Purchase Agreements (PPAs): Secure long-term contracts for renewable energy supply.

SCOPE
02

Value chain

- Methane Reduction in Livestock: Support adoption of feed additives like 3-NOP or seaweed supplements to reduce enteric methane.
- Sustainable Feed Production: Source feed from low-emission suppliers.
- Transport Optimisation: Use low-emission vehicles and optimise logistics to reduce fuel use.
- Consumer Engagement: Promote low-carbon meat products and educate on sustainable consumption.

SCOPE
03

Key actions for the ‘Metrics and Targets’ Pillar

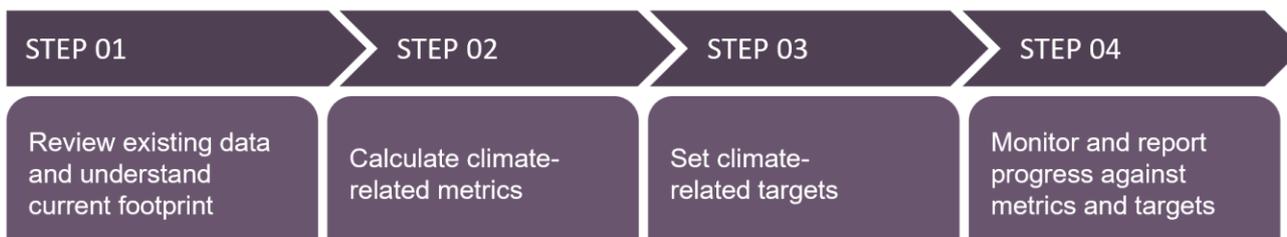
The flow chart below provides further ideas / guidance on how to do key parts of the Metrics and Targets Pillar well.

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.



PURPOSE			
Establish a foundation for climate-related metrics and targets by understanding your current climate impact and data availability.	Quantify your climate impact using recognised methods and meet reporting requirements.	Drive improvement and resilience through clear, measurable goals.	Track performance, support transparency, and enable continuous improvement.

KEY ACTIONS			
Review existing operational and environmental data sources to identify what climate-related information is already available.	Calculate Scope 1 and 2 greenhouse gas (GHG) emissions using recognised methodologies, document measurement approach.	Review calculated climate metrics to identify priorities for action.	Collect and review data regularly to monitor progress against targets.
Assess historical information, if relevant, to understand past performance and trends.	Calculate Scope 3 emissions, ensuring documentation of methods, assumptions, and sources as required by AASB S2.	Set climate-related targets (including regulatory targets) that are clear, quantifiable, and aligned with business, industry, and national goals.	Prepare transparent disclosures in line with AASB S2 requirements, including explanations for any deviations from targets.
Evaluate quality, completeness, reliability of data, including current assumptions, uncertainties, and judgments used.	Calculate other mandatory climate-related metrics required by AASB S2 (exposure to climate risks, internal carbon pricing).	Document the basis for each target and the metrics used to measure progress.	

OUTCOME			
A clear understanding of current climate impact, data gaps, and the reliability of your climate-related information	Credible climate-related metrics for tracking performance, informing decision-making of business resilience and areas for strategic adaptation	Clear, achievable targets that support climate action and compliance	Transparent, reliable reporting and ongoing improvement in climate performance

Pillar 4 Metrics and Targets questions for processors to consider

Questions for consideration: <i>Note: these questions are provided as a guide only. Answering these questions does not ensure the requirements of the Pillar have been met.</i>	Notes:
<i>Do you have robust data and systems in place to calculate and report Scope 1, Scope 2, and Scope 3 GHG emissions, considering the unique emissions profile of red meat processing (e.g., methane, energy use, transport)?</i>	
<i>Do you track all mandatory climate-related metrics required by AASB S2, such as exposure to climate risks, internal carbon pricing, and capital deployment?</i>	
<i>Are the CRROs from the strategy Pillar well enough defined and analysed to report on the amount of percentage of assets and business activities associated with them, and what capital is deployed towards them?</i>	
<i>Do you set clear, measurable climate-related targets (e.g., renewable energy targets, GHG emissions reduction targets), and do you have a process for monitoring and reporting progress?</i>	
<i>Do you document your measurement approaches, assumptions, and any changes for GHG emissions and other metrics, especially for Scope 3 emissions where supply chain data may be complex?</i>	
<i>Do you communicate performance against targets, and do you explain any deviations or changes to stakeholders, including customers and regulators?</i>	
<i>Do you factor climate-related considerations into executive remuneration and decision-making, and is this transparent to stakeholders?</i>	

7.0 Feedback loop between processors and producers

A feedback loop between processors and producers to support reporting refers to the continuous exchange of data and insights across the supply chain to improve the accuracy and completeness of climate-related disclosures under AASB S2. The feedback loop enables alignment of climate strategies across the value chain, enabling both processors and producers to meet regulatory requirements. It is anticipated that overtime producers' understanding, and calculation of emissions will become more accurate such that processors may be able to rely on this information rather than adopting assumptions based on industry standards.

Detailed below are key principles processors should take into consideration when undertaking their disclosure requirements. These considerations are intended to establish a structured method for ongoing exchange of climate-related data and insights between meat processors and livestock producers. This would enable more accurate reporting of Scope 3 emissions and supply chain climate risks by processors, aid producers in aligning with market and regulatory expectations and generally build trust across the supply chain.

Data sharing framework

- Processors provide producers with reporting requirements (e.g., Scope 3 emissions, methane reduction initiatives).
- Producers supply verified emissions data (livestock methane, feed production impacts) using agreed methodologies.
- Producers share CRROs to inform processors reporting.

Standardised templates and tools

- Processors may consider developing uniform data collection templates aligned with AASB S2 metrics.
- Use digital platforms for real-time data exchange and validation.

Regular communication

- Quarterly meetings to review data quality, discuss challenges, and update on regulatory changes.
- Annual workshops for training on emissions measurement and scenario analysis.

Scenario analysis collaboration

- Jointly assess climate scenarios (e.g., methane regulation, drought impacts) to inform both producer and processor strategies.

Continuous, iterative improvement loops

- Processors provide feedback on expectations, data gaps or inconsistencies.
- Producers adjust practices and reporting methods based on feedback.
- Document improvements for assurance and audit readiness.

Governance and accountability

- Assign responsible officers at both ends for data integrity.
- Include feedback outcomes in sustainability reports for transparency.

8.0 Bibliography

AUASB (Auditing and Assurance Standards Board), Australian Government. 2025a. *Standard on Sustainability Assurance ASSA 5000 – General Requirements for Sustainability Assurance Engagements*.

<https://www.auasb.gov.au/media/zjwnghou/assa5000.pdf>

AUASB (Auditing and Assurance Standards Board), Australian Government. 2025b. *Australian Standard on Sustainability Assurance ASSA 5010 - Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*. <https://www.auasb.gov.au/media/wf5frdj0/assa5010.pdf>

AASB (Australian Accounting Standards Board), Australian Government. 2024. *Australian Sustainability Reporting Standard (AASB S2) – Climate-related Disclosures*. <https://standards.aasb.gov.au/aasb-s2-sep-2024>

Corporations Act 2001 (Cth). No. 50 <https://www.legislation.gov.au/C2004A00818/latest/text>

GRI (Global Reporting Initiative). 2025. Global Reporting Initiative. <https://www.globalreporting.org/>

MLA (Meat and Livestock Association). 2022. *Greenhouse Gas Footprint of the Australia Red Meat Production and Processing Sectors 2020. B.CCH.2301*.

https://www.mla.com.au/contentassets/8033491508fe4028b1ac11c5a727a4e7/b.cch.2301-greenhouse-gas-footprint-of-the-australian-red-meat-production-and-processing-sectors-2020_.pdf

World Resources Institute & World Business Council for Sustainable Development 2004, *A Corporate Accounting and Reporting Standard, Greenhouse Gas Protocol (GHG Protocol)*. ghg-protocol-revised.pdf

World Resources Institute & World Business Council for Sustainable Development 2013, *Technical Guidance for Calculating Scope 3 Emissions (version 1.0), Greenhouse Gas Protocol (GHG Protocol)*. https://ghgprotocol.org/sites/default/files/standards/Scope3_Calculation_Guidance_0.pdf

9.0 Appendices

9.1 Appendix 1 – Example of Table of Contents

An example table of contents for the Sustainability Report to be included in an entity's Annual Report addressing AASB S2 requirements has been prepared below. It should be noted; there is no prescribed order or template for presenting the disclosures required by AASB S2 which is instead at the discretion of the reporting entity. The below example does not present the only method of preparing or presenting climate-related disclosures in alignment with AASB S2 requirements but rather shows one option for consideration.

1. Executive Summary

- Purpose of the report
- Key findings and highlights

2. Introduction

- Scope and boundaries of reporting
- Alignment with AASB S2 and general requirements
- Assumptions and limitations in the assessment

3. Governance

- Board oversight of climate risks and opportunities
- Managements roles and responsibilities
- Stakeholder engagement
- Integration into corporate governance framework

4. Strategy

- Climate-related risks and opportunities
- Short, medium, and long-term time horizons
- Impact on business model and financial planning
- Scenario analysis and climate resilience
- Transition plan (including emissions reduction roadmap)

5. Risk Management

- Processes for identifying and assessing climate risks
- Integration into enterprise risk management
- Management of risks and opportunities

- Monitoring and review mechanisms

6. Metrics and Targets

- Greenhouse gas emissions (Scope 1, 2, and 3)
- Climate-related performance metrics
- Emissions reduction targets and progress

7. Adaptation and Mitigation Initiatives

- Physical risk adaptation strategies
- Emissions mitigation actions

8. Data Quality and Assurance

- Data gathering methodology
- Assumptions
- Assurance approach
- Continuous improvement processes

9. Stakeholder Engagement

- Feedback loop between processors and producers
- Collaboration across the value chain