



# Sustainability Reporting in Australia

**Webinar**

Wednesday 9 October 2024





# Acknowledgement of Country

**KPMG acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia. We pay our respects to Elders past, present, and future as the Traditional Custodians of the land, water and skies of where we work.**

At KPMG, our future is one where all Australians are united by a shared, honest, and complete understanding of our past, present, and future. We are committed to making this future a reality. Our story celebrates and acknowledges that the cultures, histories, rights, and voices of Aboriginal and Torres Strait Islander People are heard, understood, respected, and celebrated.

Australia's First Peoples continue to hold distinctive cultural, spiritual, physical and economical relationships with their land, water and skies. We take our obligations to the land and environments in which we operate seriously.

Guided by our purpose to 'Inspire Confidence. Empower Change', we are committed to placing truth-telling, self-determination and cultural safety at the centre of our approach. Driven by our commitment to achieving this, KPMG has implemented mandatory cultural awareness training for all staff as well as our Indigenous Peoples Policy. This sincere and sustained commitment has led to our 2021-2025 Reconciliation Action Plan being acknowledged by Reconciliation Australia as 'Elevate' – our third RAP to receive this highest level of recognition. We continually push ourselves to be more courageous in our actions particularly in advocating for the Uluru Statement from the Heart.

We look forward to making our contribution towards a new future for Aboriginal and Torres Strait Islander peoples so that they can chart a strong future for themselves, their families and communities. We believe we can achieve much more together than we can apart.



# Agenda

- 01** Opening remarks
- 02** Climate-related disclosures
- 03** Assurance considerations
- 04** Unpacking readiness: how our clients are preparing
- 05** Q&A



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Partner in Charge  
Climate Change &  
Sustainability



**Julie Locke**

Director  
Department of  
Professional Practice



**Adrian King**

Partner In Charge  
ESG Advisory & Assurance  
AASB Board Member



**Peter Trace**

Partner  
Finance Advisory



**Daniel Camilleri**

Partner  
Audit & Assurance



**Andrew King**

Partner  
Climate Change  
& Sustainability

01

# Opening remarks

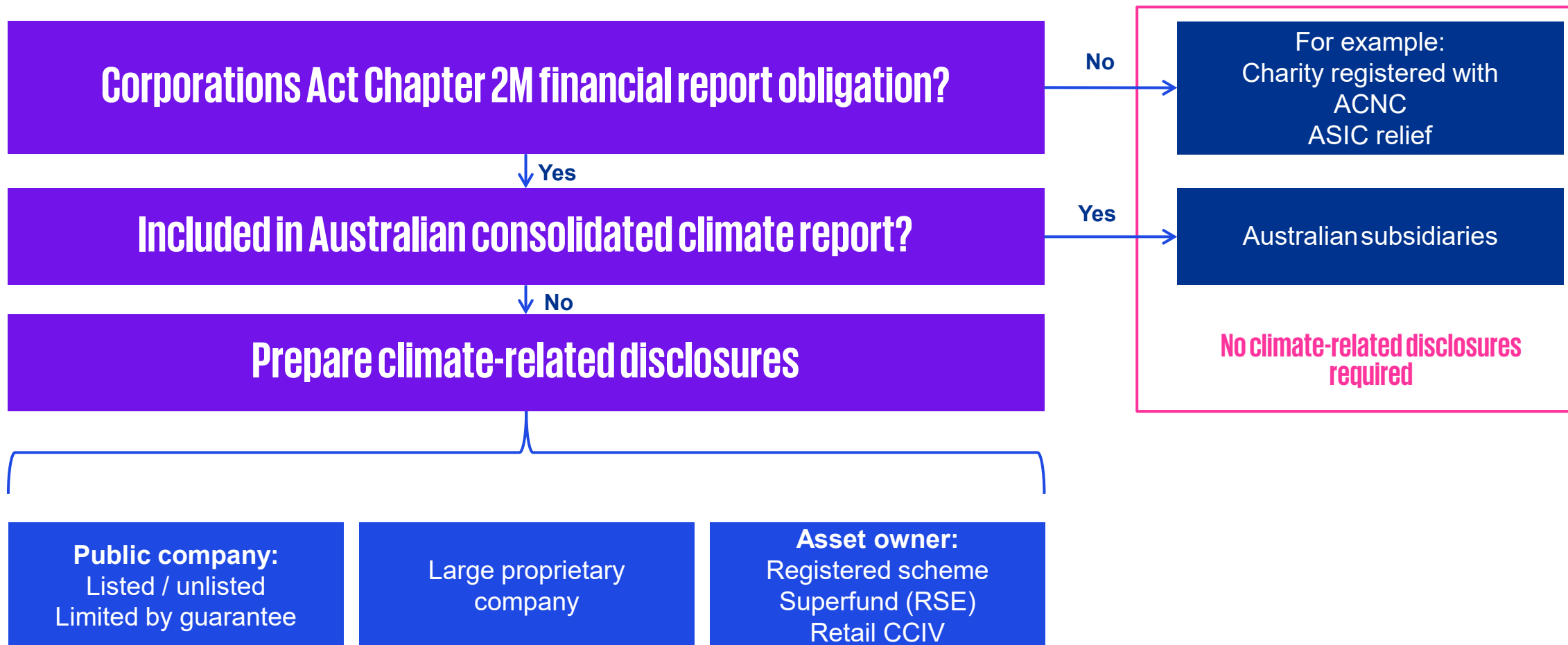
Julia Bilyanska

02

# Climate-related disclosures




Julie Locke and Adrian King

# Who must prepare climate-related disclosures?



# When must an entity report?

## THREE-PHASED APPROACH

Annual financial year ending	31 December 2025	30 June 2026	30 June 2027	30 June 2028
<p><b>Group 1</b></p> <p>Meet <b>two</b> of <b>three</b> thresholds:</p> <ul style="list-style-type: none"> <li>• Consolidated revenue <math>\geq</math> \$500m</li> <li>• Consolidated assets <math>\geq</math> \$1b</li> <li>• Employees <math>&gt;</math> 500</li> </ul> <p><b>OR</b></p> <p>NGER reporter above NGER reporting threshold (in s13(1)(a) of the NGER Act)</p>				
<p><b>Group 2</b></p> <p>Meet <b>two</b> of <b>three</b> thresholds:</p> <ul style="list-style-type: none"> <li>• Consolidated revenue <math>\geq</math> \$200m</li> <li>• Consolidated assets <math>\geq</math> \$500m</li> <li>• Employees <math>&gt;</math> 250</li> </ul> <p><b>OR</b></p> <p>NGER reporter not in Group 1</p> <p><b>OR</b></p> <p>Asset owner with Assets under management <math>\geq</math> \$5b</p>				
<p><b>Group 3</b></p> <p>Meet <b>two</b> of <b>three</b> thresholds:</p> <ul style="list-style-type: none"> <li>• Consolidated revenue <math>\geq</math> \$50m</li> <li>• Consolidated assets <math>\geq</math> \$25m</li> <li>• Employees <math>&gt;</math> 100</li> </ul>				

# Differences to the ISSB Standards?





# What disclosures are required?

**4** Core pillars

**15** Topic areas

**90+** Specific requirements

## Governance

- Who is responsible? Which governing body or individuals?
- What is their experience or competencies?
- How often do they meet?
- What is management's role in monitoring, managing and overseeing?
- How is the role delegated?

## Strategy

- What are your risks? How did you identify them?
- How do they impact your business model and value chain?
- What are the potential impacts? How will they affect you and your financial statements over time?
- How have you, or how will you, respond?
- How resilient is your business to uncertainties?

## Risk Management

- What data sources are used to identify, assess and monitor?
- How scenario analysis is used to identify risks and opportunities?
- How are nature / likelihood / magnitude are assessed?
- How is this integrated into the entity's overall risk management process?

## Metrics and Targets

- Greenhouse gas (GHG) emissions: Scope 1, Scope 2 & Scope 3
- How much (\$/%) of assets/revenue are vulnerable to risks?
- How much (\$/%) of assets/revenue are aligned to opportunities?
- Is an internal carbon price used? What is it?
- How much KMP remuneration is linked to climate-related considerations?

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**03**

# **Assurance considerations**

Daniel Camilleri

# Assurance Phasing Model: ED 02/24

## Assurance requirement current proposals

The AUASB will develop the **extent** and **level of assurance** required for climate-related financial disclosures. **The proposed assurance phasing model below is tentative and still subject to change.** A final standard and phasing model is expected in December 2024 or January 2025.

Reporting year	1st <sup>1</sup>	2nd	3rd	4th	5th	6th <sup>2</sup>
Governance	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Strategy – Risks and opportunities <sup>3</sup>	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate resilience assessments/scenario analysis	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Transition plans	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Risk management	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Scope 1 and 2 emissions	Limited	Reasonable	Reasonable	Reasonable	Reasonable	Reasonable
Scope 3 emissions	N/A	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate-related Metrics and Targets	None	Limited	Limited	Reasonable	Reasonable	Reasonable

<sup>1</sup> Group 1 – First financial year commencing on or after 1 January 2025. Group 2 – First financial year commencing on or after 1 July 2026. Group 3 – First financial year commencing on or after 1 July 2027.

<sup>2</sup> Group 3 is to be subject to reasonable assurance across all disclosures by years commencing 1 July 2030.

<sup>3</sup> The phasing for assurance on statements that there are no material climate-related risks and opportunities would be the same as for ‘Strategy – Risks and Opportunities’.

Source: ED 02/24 Proposed Australian Standard on Sustainability Assurance ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001



# The Role of Assurance

Assurance plays an important role in building trust around the robustness of ESG information in the market.

## The Role of an Assurance Provider:

- ✓ Education and awareness
- ✓ Financial reporting alignment
- ✓ Readiness for assurance
- ✓ Assurance

## The Role of a Preparer and Reporter:

- ✓ Determine your approach to AASB S1 & AASB S2 (Entity Group, Reporting timeline, adoption of voluntary AASB S1)
- ✓ Build robust ESG governance frameworks and develop appropriate skills.
- ✓ Identify the applicable ESG disclosures and data requirements across functions.
- ✓ Digitise ESG data processes and ensure high quality data.
- ✓ Work with the value chain to collect ESG information.
- ✓ Work with your assurance provider to drive key outcomes from the assurance process

## Key Outcomes:

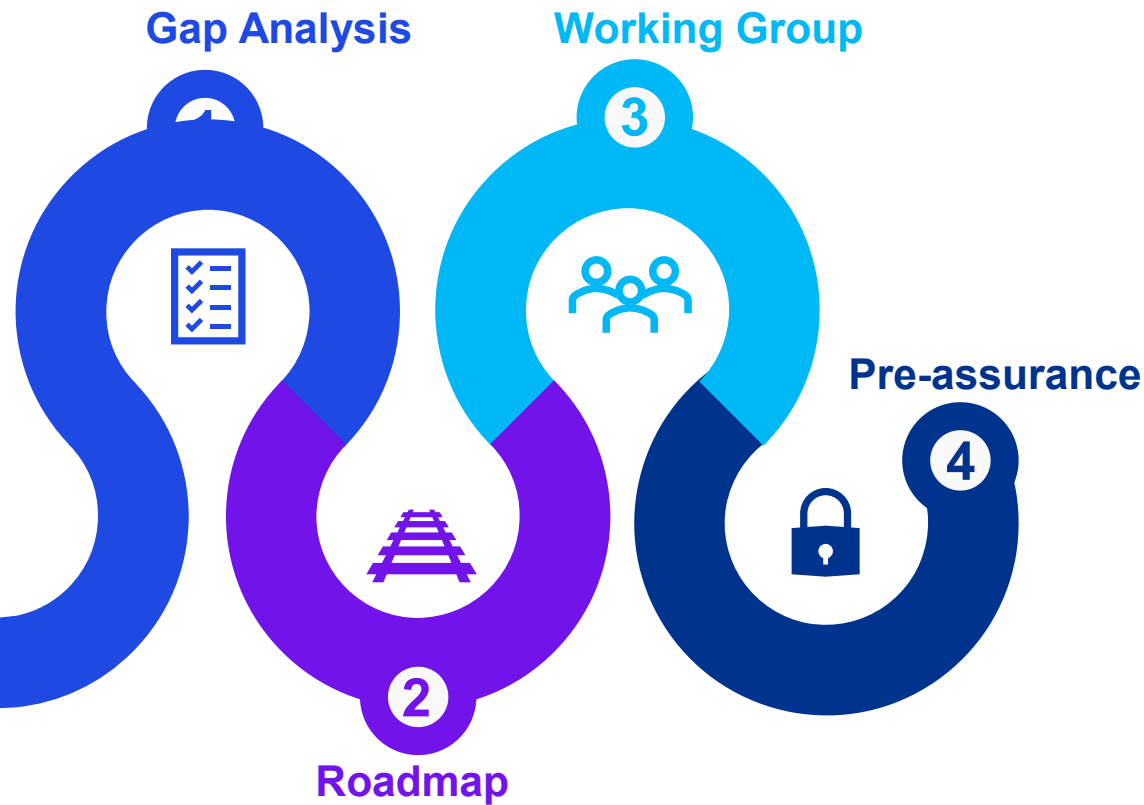
1. Enhanced credibility of ESG related information
2. Regulatory compliance
3. Stakeholder engagement
4. Continuous improvement
5. Risk management

04

# Unpacking readiness: how our clients are preparing

Andrew King and Peter Trace, facilitated by Daniel Camilleri

# Readiness Roadmap



1

## Gap Analysis

Perform a **detailed disclosure gap analysis** against draft ASRS requirements with watching brief on Treasury developments

2

## Roadmap

Establish a **disclosure & assurance roadmap** to close all disclosure gaps in the short, medium and long term and plan a phased assurance approach.

3

## Working Group

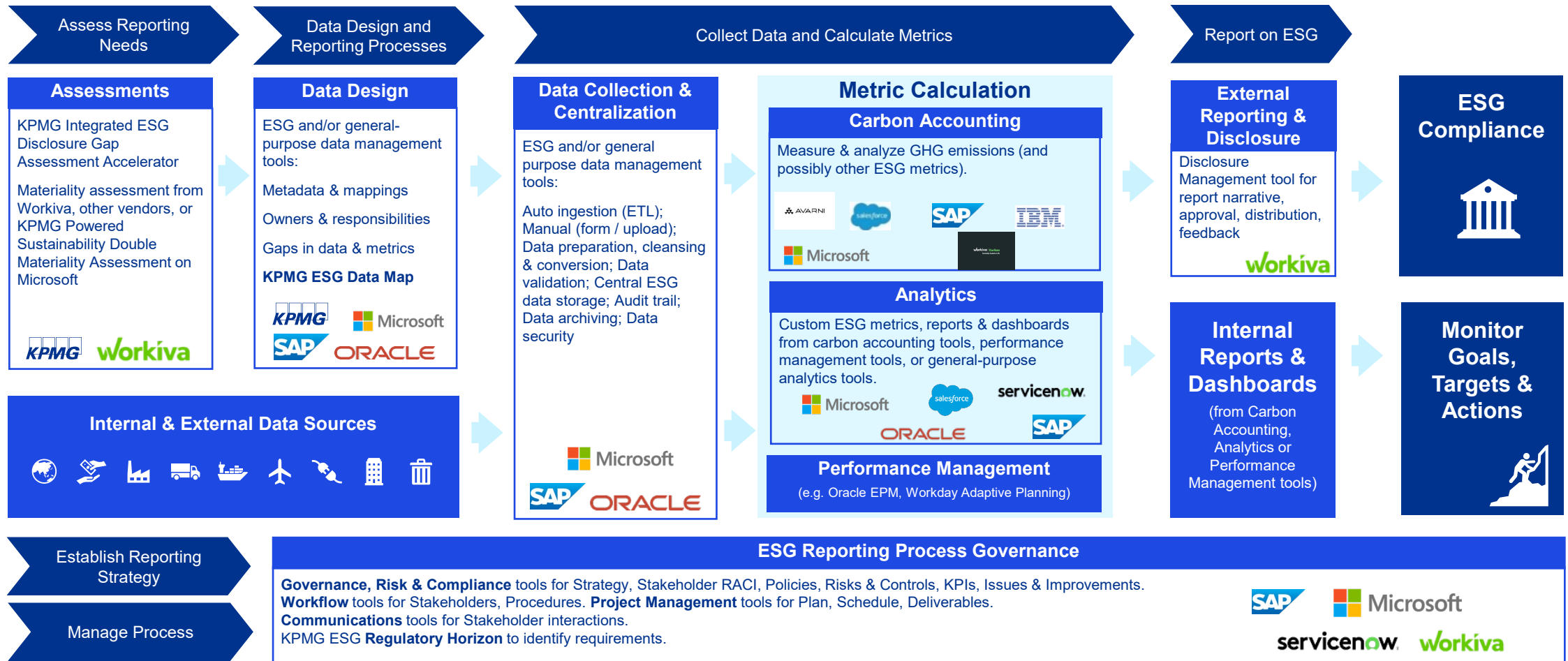
Establish an internal ASRS working group with senior representatives across the business to monitor progress, resources, expertise and connectivity across the business while engaging teams on specific areas including scenario analysis.

4

## Pre-assurance

Engage in pre-assurance over selected metrics and disclosures to prepare for mandatory assurance and identify the areas requiring an uplift.

# Example ESG integrated technology





**05**

**Q&A**



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