KPMG

Illustrative disclosures

Supplement to KPMG's Guide to sustainability reporting

Australian Sustainability Reporting Standards and the *Corporations Act 2001*

May 2026



About this supplement

Introduction

As companies prepare sustainability reports under IFRS® Sustainability Disclosure Standards, they are increasingly focused on how to present information that is clear, structured and decision-useful.

Given the close alignment of Australian Sustainability Reporting Standards with IFRS Sustainability Disclosure Standards, many of the illustrative examples can be found in our Illustrative disclosure guide developed by our international colleagues.

This guide has been developed to supplement the international guide with examples of some of the more common Australian-specific disclosures required under AASB S2 *Climate-related Disclosures* (AASB S2) and the *Corporations Act 2001*. The examples included are one possible format for Australian-specific disclosures and should not be used as a boilerplate template. They do not cover every situation, and materiality has not been applied. The examples are merely for illustrative purposes.

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Example 1

Basis of preparation

An illustrative example of a 'Basis of preparation' is included on page 14 of our global disclosure guide.

This example illustrates certain aspects of the Basis of preparation that may be relevant in the Australian context, including:

- The **Statement of compliance** for a statutory Sustainability Report referencing both AASB S2 and the *Corporations Act 2001*.
- The early **adoption of amendments** to AASB S2 for certain GHG emissions disclosure requirements.
- The **voluntary disclosure of Scope 3** GHG emissions in the first year.
- The application of **jurisdictional relief** using the National Greenhouse and Energy Reporting (NGER) framework to measure GHG emissions.

Basis of preparation

The consolidated entity comprises the Company and its subsidiaries (together referred to as the 'Group'). The sustainability report for the Group is for the same reporting entity as the related financial statements.

The sustainability report represents the climate-related disclosures for the Group for the financial year ended [Date], which corresponds to the same reporting period as the related financial statements.

Statement of compliance

The sustainability report for the Group has been prepared in accordance with the Australian Sustainability Reporting Standards adopted by the Australian Accounting Standards Board (being AASB S2 *Climate-related Disclosures*) and the *Corporations Act 2001*. [AASB S2, Appendix D.72]

Early adoption of amendments to AASB S2

The Group has elected to apply AASB S2025-1 *Amendments to Greenhouse Gas Emissions Disclosures* early, prior to its mandatory application date of annual reporting periods beginning on or after 1 January 2027. The amendments clarified and amended certain disclosure requirements relating to GHG emissions. [AASB S2.C1B]

Transition reliefs

In preparing this report, the Group has applied the following transition reliefs for the first annual reporting period:

- not to disclose comparative information; and [AASB S2.C2-3]
- not to disclose Scope 3 emissions. [AASB S2.C4(b)]

Notwithstanding the Scope 3 relief, the Group has elected to disclose selected Scope 3 GHG emissions on a voluntary basis to enhance transparency and provide users with additional information about its climate-related impacts across the value chain. The Group's Scope 3 emissions are broken down into 15 categories in accordance with the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)*. The Group has determined that 6 of those categories are relevant for the Group. [AASB S2.29(a)(vi)(1)]

Further information on the Group's Scope 3 emissions measurement approach is provided in Section [ ].

Jurisdictional relief

The Group has applied the jurisdictional relief available for the measurement of Scope 1 and 2 GHG emissions. This relief has been applied to the Group's Australian operations, for which GHG emissions are measured in accordance with the *National Greenhouse and Energy Reporting Act 2007* (NGER Act).

For all other operations that are not subject to specific regulatory measurement requirements, the Group measures Scope 1 and 2 GHG emissions in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)* (GHG Protocol). [AASB S2.29(a)(ii)]

Further information on the Group's emissions measurement approach is provided in Section [ ].

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Example 2

Scenario analysis

An illustrative example of disclosures relating to Scenario Analysis is included within Examples 16–18 of our global publication.

We have supplemented the global example with a disclosure that reflects the Australian-specific legislative requirement to carry out the scenario analysis **using at least both of the following scenarios**:

- lower-warming pathway (limited to 1.5°C); and
- higher-warming pathway (2.5°C or above).

Scenario analysis

Approach to scenario analysis

The Group assessed its climate-related resilience using scenario analysis in Q3 2025, covering all Country A and Country B operations and digital infrastructure over the short- (2025–2030), medium- (2030–2040) and long-term (2040–2050) time horizons. The Group's operations located in Country X were excluded from this assessment because several key sites were undergoing a major renovation at the time and did not have staff capacity to provide the necessary data. They will be considered for inclusion in future iterations of the analysis. [AASB S2.22(b)(i)(6)–(7), (b)(iii)]

The Group applied both a 'Lower Warming Scenario' and a 'Higher Warming Scenario' which is consistent with the requirements of the *Corporations Act 2001*. This mandates that climate scenario analysis be undertaken using both a lower global warming pathway (limited to 1.5°C) and a higher warming pathway (2.5°C or above). In applying these scenarios, Australian-specific regulatory, market and infrastructure considerations have been incorporated where relevant to the Group's operations. The table below presents the source of scenarios selected. [Corporations Act 296D(2B)]

Climate-related scenarios
1. IEA Net Zero 2050, 1.5°C, transition risks focused
2. IPCC RCP8.5, 4°C, physical risks focused

The IEA scenario aligns with the latest international agreement on climate change and reflects a plausible policy-driven pathway towards decarbonisation with higher transition risks, while the IPCC RCP8.5 scenario represents a high-emission future with severe physical impacts. [AASB S2.22(b)(i)(3)–(4)]

Together, these scenarios provide a diverse and decision-relevant basis for evaluating the resilience of the strategy under a range of plausible climate futures. These scenarios reflect the most material risks to the Group's digital infrastructure and energy-intensive operations. [AASB S2.22(b)(i)(2), (5)]

The scenario analysis is based on key assumptions in the following table. These assumptions reflect anticipated policy, infrastructure and technology developments.

Assumptions [AASB S2.22(b)(ii)]
IEA Net Zero 2050, 1.5°C
Emissions trading schemes drive carbon prices above CU200/tCO_2e by 2050. This accelerates decarbonisation across the supply chain through strong financial incentives and regulatory pressure.
Technology companies face increasing regulatory pressure to decarbonise upstream and downstream supply chains.
Rapid decarbonisation of electricity grids result in an 85—90% renewable energy mix by 2050 (compared with 15% in 2025) and grid infrastructure is significantly upgraded (high-capacity transmission lines are constructed to connect operations to remote solar and hydro installations), enabling a shift to low-carbon operations while reducing exposure to carbon pricing.
Investors increasingly expect technology companies to demonstrate credible net-zero transition plans aligned with 1.5°C pathways.
IPCC RCP8.5, 4°C
Political focus on economic growth and energy affordability leads to stagnation or rollback of carbon pricing mechanisms in certain jurisdictions. This weakens the effectiveness of emissions regulation and slows the transition to low-carbon operations.
Increase in severe weather events including heatwaves, drought and flooding.
Renewable energy availability stagnates or declines and carbon pricing plateaus, resulting in continued and growing use of fossil fuels.
The assumptions presented are illustrative and represent a selected subset only. Other relevant assumptions may be required to satisfy AASB S2.22(b)(ii).

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Example 3

Climate-related targets

An illustrative example of disclosures relating to Climate-related targets is included within Examples 33–34 of our global publication.

Presented here is one illustrative example of an Australian-specific **target that a company might be required to meet under law**.

Climate-related targets

Climate-related targets required by law

The Australian Government's Safeguard Mechanism is a regulatory scheme that applies to large facilities with covered Scope 1 greenhouse gas emissions exceeding 100,000 tCO_2e per year, setting facility-specific emissions baselines that decline over time. Facilities that exceed their baselines are required to manage excess emissions through permitted mechanisms (such as the surrender of carbon credits) under the scheme.

The Group seeks annual compliance with Safeguard Mechanism requirements under law by maintaining net Scope 1 GHG emissions from the covered industrial production facility at or below applicable Safeguard baselines, as determined by the Clean Energy Regulator. [AASB S2.33)]

Reduce net Scope 1 GHG emissions from Facility X in line with Safeguard Mechanism baseline decline requirements	
Metrics used to set and monitor target	Target is set based on GHG emissions intensity measured in tCO_2e per tonne of production output, and it is monitored based on absolute Scope 1 GHG emissions, measured in tCO_2e, compared annually to applicable Safeguard baselines. [AASB S2.33(a), S2.34(c)]]
Objective	Mitigate Scope 1 GHG emissions and deliver emissions reduction in line with Safeguard Mechanism requirements. [AASB S2.33(b)]
Scope	Facility X [AASB S2.33(c)]
Period	Annual compliance period, continuing for so long as the relevant facilities remain subject to the Safeguard Mechanism [AASB S2.33(d)]
Base period	Safeguard baselines determined by the Clean Energy Regulator using historical FY18–FY22 Scope 1 emissions and production data, applicable from FY24. In FY26 the baseline for Facility X was 112,200 tCO_2e. [AASB S2.33(e)]
Target type	Absolute emissions reduction target (government-mandated). [AASB S2.33(g)]
Interim targets	Annual compliance with facility-specific Safeguard baselines; no voluntary interim targets beyond mandated thresholds. [AASB S2.33(f)]
Gasses covered	Carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). [AASB S2.36(a)]
Alignment with jurisdictional commitment	Informed by the Paris Agreement and Australia's jurisdictional commitments arising from that agreement, including legislative requirements under the National Greenhouse and Energy Reporting Act 2007 and National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015 (NGER) . [AASB S2.33(h)]
Progress achieved	Progress assessed annually by comparing reported facility emissions to applicable Safeguard baselines. In FY26, reported Scope 1 emissions of 110,000 tCO_2e were below the baseline and no carbon credit surrender was required. [AASB S2.35]
Validation	The target and the methodology for setting the target are prescribed under the Safeguard Mechanism and have not been separately validated by a third party. Emissions data used to calculate and assess the target are subject to assurance under NGER. [AASB S2.34(a)]
Whether target is gross or net	The target is assessed on a net emissions basis. As no carbon credits were surrendered in FY26, Scope 1 emissions represent both gross and net emissions. In future periods, carbon credits may be surrendered where permitted to manage compliance with Safeguard baselines. [AASB S2.36(c),(e)]

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Example 4
Directors' declaration

Directors' declaration is required where sustainability report is prepared in accordance with the *Corporations Act 2001*.

This provides one illustrative example of the Directors' declaration for such a sustainability report.

Directors' declaration

Directors' declaration

In the opinion of the directors of Example Public Company Limited (the 'Company'), reasonable steps have been taken to ensure[1] the substantive provisions of the sustainability report, including:

- the climate statements and notes and
- statements and notes required by legislative instrument

for the consolidated entity set out on pages 50 to 100, are in accordance with the *Corporations Act 2001* (Cth), including section 296C and section 296D, and are in compliance with the Australian Sustainability Reporting Standards (being AASB S2 *Climate-related Disclosures*).

Signed in accordance with a resolution of the Directors on [Date].

On behalf of the Directors

Director signature

[Director name]

Director

[Date]

[Corporations Act 296A]

[1] The text "reasonable steps have been taken to ensure" should only be used during the transitional modified liability settings period [s1707C]. The text should not be included for entities with financial years commencing from 1 January 2028.

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