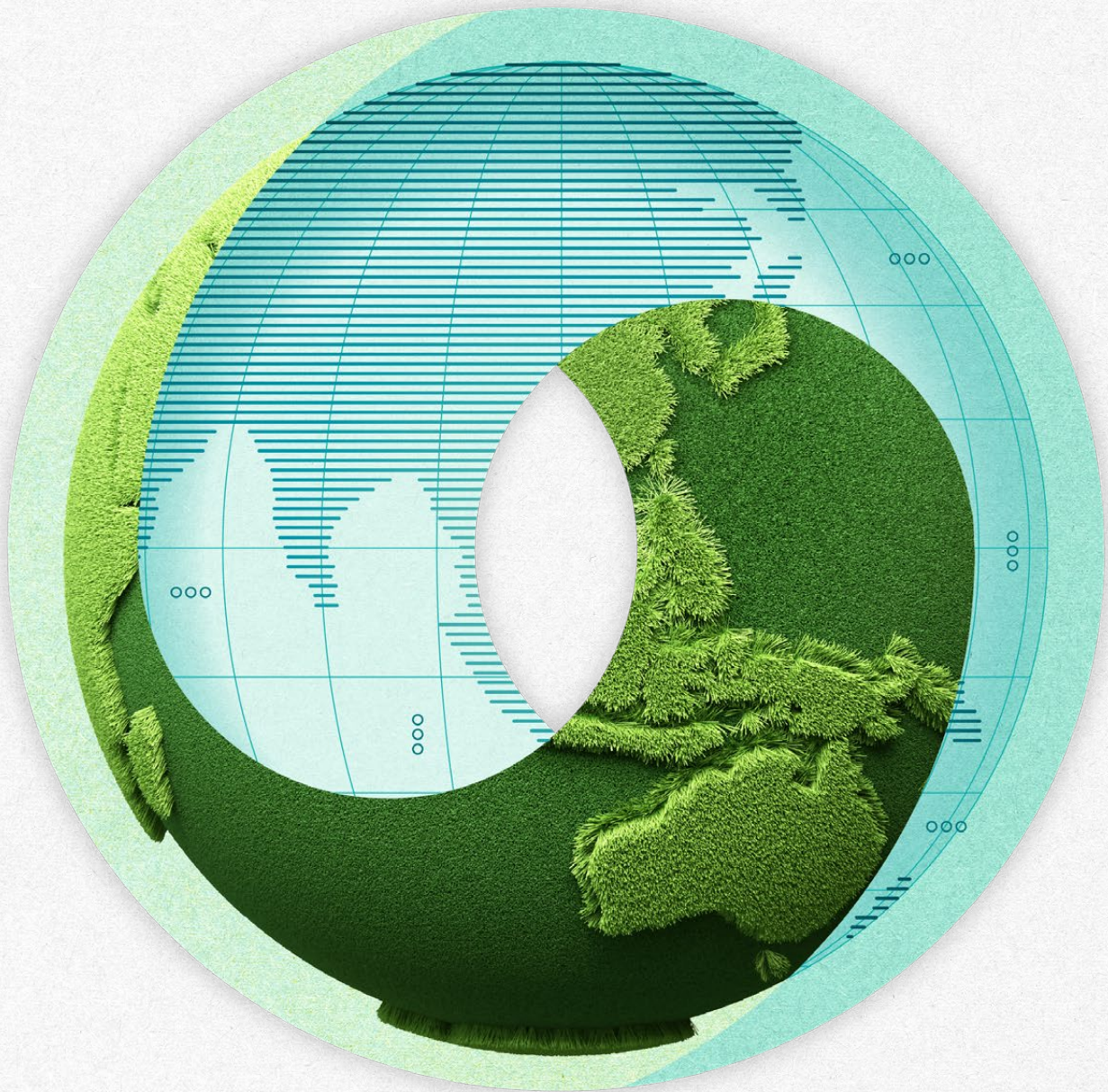


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Asia Pacific Mandatory Sustainability Reporting Series

Special Edition

Reporting starts in Australia

The first wave of AASB S2 disclosures offer insight into Australia's rapidly evolving climate reporting landscape.

This group of reporters (Group 1 organisations with a December year-end) are among the country's largest and most sophisticated; they are well-resourced, have mature financial reporting structures, and in many cases, have a track record of voluntary climate reporting. Despite this, we heard that getting this disclosure across the line was a heavy lift in certain cases.

In this Special Edition we examine the reports of the first 25 listed entities to disclose against the AASB S2, identify key takeaways, and provide further practical guidance based on what we are hearing from finance and sustainability teams.

"Over 36 jurisdictions globally are adopting mandatory climate reporting aligned with the ISSB. In Australia alone, the AASB standard will capture thousands of entities. This first wave of reporters represent less than 0.5% of this group. There is significant insight to be gained from their experience. However, this is a rapidly emerging domain, and in areas that require significant judgement, like financial quantification of transition risk, we expect that practice will continue to evolve in response to regulator and market feedback."

Will Symons,
Asia Pacific Sustainability Leader



What we saw in the disclosures

Australian listed companies, and this group specifically, are operating in a less established reporting environment than we have seen since the implementation of IFRS.¹ Annually, over 25,000 listed companies globally issue IFRS-aligned reporting and these standards have been in place for two decades. This naturally provides precedent and a level of context to judgements being reached. For climate-related reporting this precedent is yet to be established. The entities reviewed are some of the first globally to issue ISSB²-aligned reporting. Our observation is that given the newness of the standards, the lack of precedent has resulted in there being heightened uncertainty in reaching judgements. On the one hand, there will always be judgement and this is encouraged as different entities have different exposures and requirements, and entities should ensure that they tailor to their specific context. On the other, in areas like scenario selection and application for analysis and financial effects calculations, there is room for approaches to mature and coalesce overtime to improve the depth and comparability of reporting.

1. Significant judgement is a hallmark of climate-related disclosures, with scenario analysis serving as a prime example

Entities employed a range of scenario analysis methods. While most relied on established IPCC, NGFS, or IEA³ pathways, some entities developed bespoke internal scenarios. Approaches ranged from purely qualitative assessments to more advanced quantitative modelling (including financial sensitivities and asset-level stress testing).

The strategic value of scenario analysis in assessing climate resilience is closely tied to the relevance of the scenarios chosen. It's no surprise that entities selected different scenarios to suit their needs. In many cases, this meant including an additional scenario (three instead of the required two).

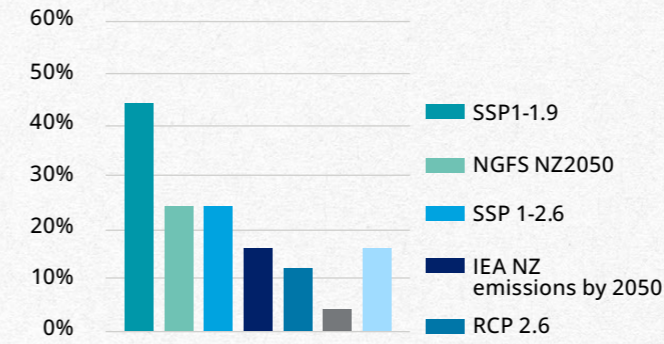
Looking ahead, entities are encouraged to reflect on their specific circumstances (sector, risk type, exposure etc) and continue to select scenarios that provide the most valuable insights for disclosure and can inform (or augment) business strategy and operational decision making.

* Of the 25 entities reviewed: 12 are in the Energy, Resources and Industrials industry, 6 are in the Financial Services industry, 4 are in the Technology, Media and Telecommunications industry, 2 in the Consumer Industry the remaining entity is a pharmaceutical company

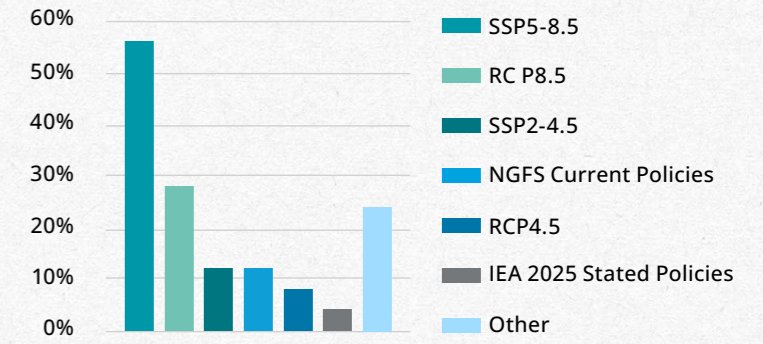
1. International Financial Reporting Standards (IFRS)
2. International Sustainability Standards Board (ISSB)
3. Intergovernmental Panel on Climate Change (IPCC); Network for Greening the Financial System (NGFS); International Energy Agency (IEA)

Figure 1: Percentage of entities applying established reference pathways

Low 1.5°C warming reference scenarios



High > 2.5°C warming reference scenarios



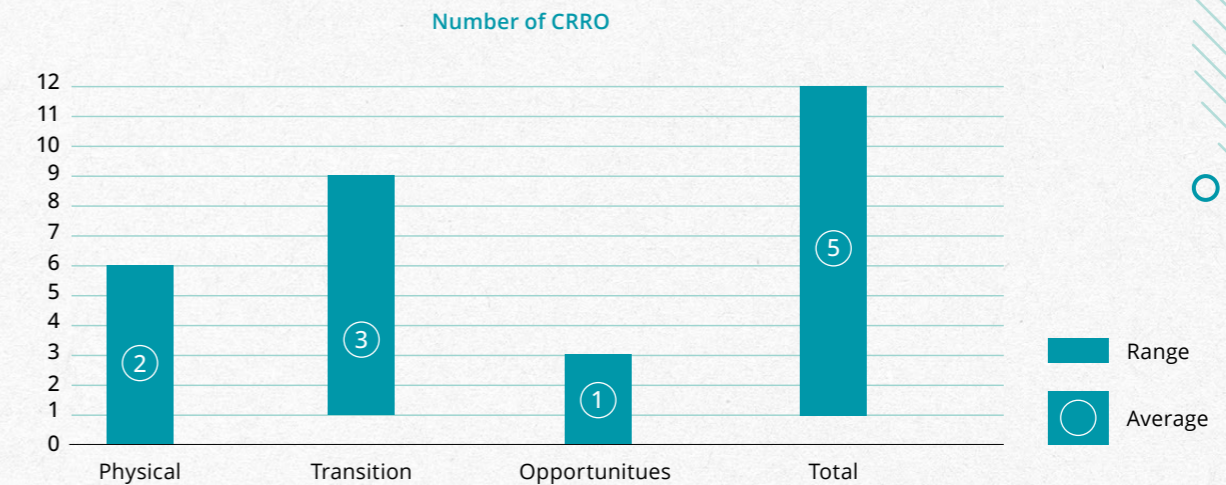
Source: Clarity in corporate reporting: Early insights into Wave 1 of Australian climate reporting, Deloitte

2. Most organisations seem more comfortable identifying and assessing risks than opportunities

On average, half (47%) of the climate-related risks and opportunities identified related to transition risk, nearly a third to physical risk (31%) but less than a quarter to an opportunity (22%). This outcome reflects a risk-centric organisational sentiment around the climate agenda

and does not come as surprise given the uplift required to meet the analytical requirements of the standard and the new data this likely surfaced around transition and physical risk. As data sets mature, and stakeholders become more familiar with this lens on their business, we expect to see a shift towards the disclosure of more opportunities.

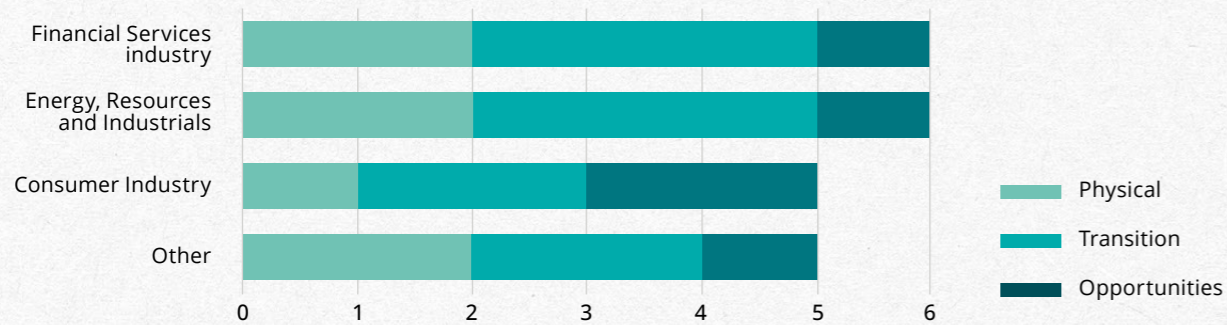
Figure 2: Number of Climate Related Risk and Opportunities (CRROs)



Source: Clarity in corporate reporting: Early insights into Wave 1 of Australian climate reporting, Deloitte

Industry trends vary. While our sample size is still limited, we observed that the consumer goods and services sector is, on average, more likely to identify opportunities than those further upstream in the value chain.

Figure 3. Average CRROs by industry



Source: Clarity in corporate reporting: Early insights into Wave 1 of Australian climate reporting, Deloitte



For practical insight into finding value in sustainability data see: [Report 2: How CFOs drive impact and realise value](#)

3. Financial effects quantification is challenging and this was reflected in the standard of disclosure

Just over half of the entities we assessed quantified the financial effects of climate-related risks, while the rest relied on purely narrative assessments. The main reasons provided for not providing quantitative information were materiality decisions and challenges with measurement uncertainty. For those that did quantify, disclosure quality varied from detailed financial estimates across time horizons to numerical information about key input assumptions or climate-related sensitivities of these.

This is a critical area for entities to demonstrate the “so what” and explain the real-world financial implications of their analysis. It is also an area that requires significant judgement and where there is little established precedent. Regulators and investors are paying close attention, and scrutiny is expected to increase over time.

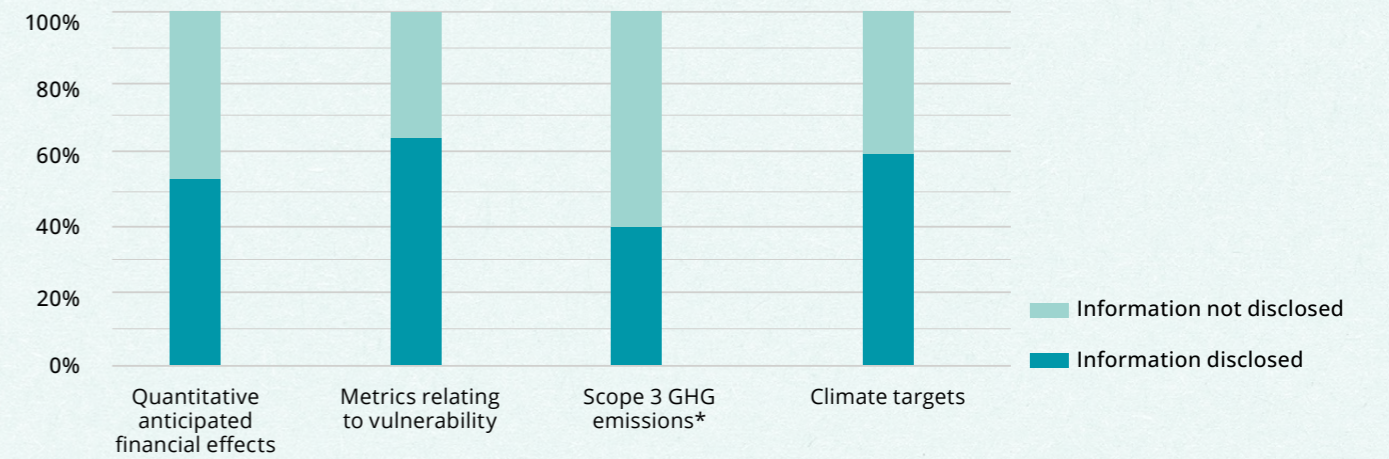
Entities are encouraged to continue to invest in working through the challenges of this new requirement, drawing on the relevant parallels in established financial reporting and keeping a close watch on emerging sector approaches as more disclosures are released.

4. Emissions and target disclosure reflect market maturity

All entities reported Scope 1 and 2 emissions, and 40% voluntarily disclosed Scope 3 emissions notwithstanding the transitional relief, signalling growing sophistication in emissions tracking.

Most entities also set and disclosed climate targets, which is unsurprising given the historic focus on decarbonisation visibility and activity, particularly in the energy and extractives industry that accounted for a high proportion of the reporting entities.

Figure 4: Percentage of entities disclosing selected quantified disclosure requirements



*Not required by AASB S2 in the first year

Source: Clarity in corporate reporting: Early insights into Wave 1 of Australian climate reporting, Deloitte



For a detailed review of the first wave of reports including key observations on emerging practice trends and deep dives into areas of technical interest please see [Clarity in corporate reporting: Early insights into Wave 1 of Australian climate reporting](#) (February 2026).



Questions for management to ask their teams

1. Have we clearly articulated the process, assumptions, and criteria used to determine whether identified physical and transition risks, and opportunities are required to be disclosed?
2. Are disclosed physical and transition risks tailored to our business, assets, geographies, and revenue streams?
3. Have we challenged our teams to review the data for opportunities and reflected on these for strategic relevance and insight?
4. How mature is our approach to scenario analysis and is it fit for purpose?
5. Do our short-, medium- and long-term horizons reflect operational and strategic decision-making realities, taking into consideration asset lifecycles, and climate-related targets and strategy?
6. How are we considering precedents on or offshore to inform our thinking?
7. Where quantified financial impacts have not been disclosed, what is the basis for these conclusions? Have we robustly documented our materiality and measurement judgements, and clearly identified the specific financial statement line items exposed to climate-related risks and opportunities?
8. Are our disclosures sufficiently clear that anticipated financial effects represent management's expected impacts, incorporating planned mitigation and adaptation actions?
9. Are we setting precedents we're comfortable with?

For those yet to report here are the key learnings:

1. Building cross-functional clarity and alignment is difficult in this new domain but getting the basics right goes a long way

CFOs highlighted that a strong operating model is essential for first-time disclosures and that the effort expended was greater than they initially anticipated. Meeting the standards is only possible when teams (sustainability, finance, operations etc.) work together and find a common language to talk about risk and associated impacts.

Aligning stakeholders around the scope and detail of the regulation has not been without challenge, with a number expressing surprise at how much analysis needed to be completed even well into the delivery.

Getting the basics right: investing in detailed expectation sharing, holding regular meetings with relevant stakeholders, having a solid project plan, and aligning activities with reporting and assurance requirements can go a long way to assisting with getting disclosure across the line.



See [Report 4: The CFO's operating blueprint](#) for practical insights on how to set up your operating model to ensure best practice stakeholder engagement.

2. Proactively managing stakeholder review is critical the earlier the better

Maintaining clear documentation, preparing data well in advance, and meticulously documenting methodologies and the basis for disclosure is essential for transparency of approach. This is also critical for ensuring that the assurance and board review processes run efficiently. Practitioners acknowledge the importance of this and reflected that in future years more effort needs to be paid on documenting across the reporting year.

The first year was marked by a reliance on spreadsheets and bringing together data from multiple sources and systems.

Looking for opportunities to streamline this is a priority as disclosure preparation becomes business as usual.

Entities who voluntarily published climate-related disclosures and engaged with their assurance partner early gained confidence and had time to refine processes and gather additional documentation before mandatory reporting became effective. Given assurance requirements will evolve year on year this proactive approach is advised to ensure that nothing is missed. For those yet to disclose we strongly recommend front loading preparation to avoid last minute challenges and additional pressure.



See [Report 5: The CFO's guide to sustainability data](#) highlights the different options available to organisations to ensure data hygiene, and drive insights.

3. Operational processes need to continue to mature. The best place to start is to leverage what is already in place for other reporting requirements

The integration of climate-related considerations into the annual report presents a governance challenge. Our review found that most organisations took this challenge head on, with disclosures that went beyond boilerplate and provided information around how sustainability focused committees fed into Audit or Risk Committees and the Board (57% of entities referencing a specific risk committee focused on sustainability).

Having said this, the disclosures reviewed did not provide much colour around how existing risk management processes have been leveraged to assess new risks identified and how this is feeding into broader risk management and strategic mitigation beyond the disclosure process. Routinely bringing consideration of the climate risks identified during the disclosure process into broader strategic decision-making is where the value of this reporting will be seen overtime. Continued investment in integration will be required to ensure this happens.



See [Report 6: How CFOs can build confidence and control](#), provides further detail around how to iterate your controls to build confidence across your report.

Questions for management to ask their teams

1. Is it clear who is owning the production of disclosures and how roles and responsibilities are distributed across teams?
2. Is there a workable cadence of updates and deep dives into the analysis so that all stakeholders are comfortable with the scope and content of the disclosure in advance of sign off?
3. Are we using the time before the reporting date effectively to allow management, board and auditor consideration of judgements? Is the necessary documentation in place to explain the approach taken, data relied upon and decisions made?
4. Is the process for data collection and analysis repeatable and reliable? How will this process scale as market expectations increase and it needs to be replicated year on year?
5. Have existing processes and practices from risk, strategy and finance (Enterprise Risk Management (ERM), risk registers, control frameworks etc) been adapted to support climate-related reporting? Is this as aligned and streamlined as it could be?
6. Are we challenging ourselves to use emerging tools, platforms, or AI to support data validation and analysis? How have risk management practices been applied to this use?

The new era of climate reporting is here

When businesses tell the story of how climate insights drive strategy, resilience, and tangible action on risk management, the true intent of disclosure requirements is realised.

It's promising to see organisations moving beyond box-ticking but there is still some way to go before disclosures provide a fulsome view of the impact of climate-related risk and opportunity on entities' balance sheets and future planning. Credible, entity-specific disclosures are essential for informed market decisions. Early reports indicate progress, but there's still room for maturity, particularly in how financial effects are communicated.



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