FACT SHEET: Mandatory Climate-Related Financial Disclosures

Overview	Australia has implemented mandatory climate-related financial disclosures to enhance transparency regarding climate risks and opportunities faced by businesses. This initiative aligns with global efforts to address climate change and promote sustainable practices. **Overview of Mandatory Climate-Related Financial Disclosures** The Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024, enacted in September 2024, mandates that large Australian businesses and financial institutions include climate-related financial disclosures in their annual reports. The reporting requirements are being phased in over three groups: • **Group 1**: Entities meeting at least two of the following criteria—consolidated revenue of $500 million or more, consolidated gross assets of $1 billion or more, or 500 or more employees—are required to report for financial years starting on or after January 1, 2025. • **Group 2**: Entities with consolidated revenue of $200 million or more, consolidated gross assets of $500 million or more, or 250 or more employees, will commence reporting for financial years starting on or after July 1, 2026. • **Group 3:** Entities with consolidated revenue of $50 million or more, consolidated gross assets of $25 million or more, or 100 or more employees, will begin reporting for financial years starting on or after July 1, 2027. **[Note: entities must meet at least two of these criteria]** These disclosures require entities to report on governance, strategy, risk management, and metrics and targets related to climate risks and opportunities. Scope 1 and Scope 2 greenhouse gas emissions are to be reported from the first year, while **Scope 3 emissions, which include indirect emissions throughout the supply chain, are mandated from the second year of reporting.** *(Treasury)*

Important info for farm businesses	All the entities subject to mandatory climate-related financial disclosures, are required to start reporting **Scope 3 emissions**, which include indirect emissions throughout the supply chain, are mandated from 2026 for Group 1, 2027 for Group 2, and 2028 for Group 3. This is important to Australian farm businesses, as their produce are the Scope 3 emissions for many entities subject to mandatory climate-related financial disclosures.
Important info for large-scale farm businesses	While many family farms have undergone consolidation over recent decades, resulting in medium-sized businesses with assets valued between $20 million and $50 million, and annual turnovers in the $5 million to $10 million range. Most Australian farms annual revenues typically remain below $50 million with less than 100 employees annually. *(AFI)* But, with current land values, many Australian family farm business would have consolidated gross assets in excess of $25million. And, if there are other activities operating under the same company as the farm business (e.g. grain trading, land sales, or a high number of seasonal workers), those businesses may fall into Group 3 of the Mandatory Climate-Related Disclosures. **Corporate and some large-scale family-owned farms will be subject to Mandatory Climate-Related Disclosures for their Scope 1, 2, and 3 emissions.**
References	Treasury: • Mandatory climate-related financial disclosures - Policy position statement Australian Farm Institute: • The family farm is becoming less family. - Australian Farm Institute