



Australian Government
The Treasury



Climate-related transition planning

Voluntary Guidance

August 2026

treasury.gov.au



© Commonwealth of Australia 2026

ISBN: 978-1-923278-38-7

This publication is available for your use under a [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/legalcode) licence, with the exception of the Commonwealth Coat of Arms, the Treasury logo, photographs, images, third party materials, materials protected by a trademark, signatures and where otherwise stated. The full licence terms are available from creativecommons.org/licenses/by/4.0/legalcode.



Use of Treasury material under a [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/legalcode) licence requires you to attribute the work (but not in any way that suggests that the Treasury endorses you or your use of the work).

Treasury material used ‘as supplied’

Provided you have not modified or transformed Treasury material in any way including, for example, by changing the Treasury text; calculating percentage changes; graphing or charting data; or deriving new statistics from published Treasury statistics – then Treasury prefers the following attribution:

Source: The Commonwealth of Australia.

Derivative material

If you have modified or transformed Treasury material, or derived new material from those of the Treasury in any way, then Treasury prefers the following attribution:

Based on Commonwealth of Australia data.

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the Department of the Prime Minister and Cabinet website (see www.pmc.gov.au/government/commonwealth-coat-arms).

Other uses

Enquiries regarding this licence and any other use of this document are welcome at:

Manager
Media Unit
The Treasury
Langton Crescent
Parkes ACT 2600
Email: media@treasury.gov.au

Acknowledgements In addition to the stakeholders that provided valuable submissions through the public consultation process, Treasury acknowledges the Climateworks and Energy Efficiency Council convened Transition Plan Working Group for its contributions in informing this guidance: including Australian Council of Superannuation Investors, Australian Institute of Company Directors, Australian Sustainable Finance Institute, Business Council for Sustainable Development Australia, Carbon Market Institute, Chartered Accountants ANZ, Climateworks Centre, Energy Efficiency Council, Investor Group on Climate Change, Principles for Responsible Investment and Responsible Investment Association Australasia.

In the spirit of reconciliation, the Treasury acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

Contents

Executive summary	1
Purpose and audience.....	4
Interactions with other guidance and supporting materials.....	4
Interaction with climate-related financial disclosure under AASB S2	5
Overview of climate-related transition planning	7
About climate-related transition planning.....	7
Approaches to transition planning.....	9
Stage 1: Assess or re-assess organisational position	11
1.1 Board approval and cross-organisation ownership	11
1.2 Determine the scope of transition planning	15
1.3 Map key stakeholders.....	15
1.4 Assess climate-related risks and opportunities.....	16
1.5 Measure emissions footprint.....	21
1.6 Identify transition and adaptation levers.....	23
1.7 Assess impacts and dependencies.....	27
Stage 2: Set strategic ambitions.....	28
2.1 Define objectives and priorities	28
2.2 Identify key assumptions and external factors	33
2.3 Identify strategic changes to business model and value chain	34
Stage 3: Plan actions	35
3.1 Develop actions	35
3.2 Revisit organisational policies and conditions	45
3.3 Assess resilience of actions.....	45
3.4 Review governance structures and people strategies	45
3.5 Develop engagement strategy.....	46
3.6 Integrate strategic ambitions and actions into business strategy and financial plans	51
3.7 Set metrics and targets to track progress.....	54
Stage 4: Implement or re-implement strategic ambitions and actions	63
Glossary	64
Endnotes	66

Boxes

Box 1. Guidance snapshot.....	3
Box 2. Supporting resources for an overview of transition planning	5
Box 3. Supporting resources and relevant regulatory bodies	6
Box 4. Why transition planning matters	7
Box 5. Illustrative examples of different approaches to transition planning	10
Box 6. The role of the Board and executive decision-makers in embedding transition planning within an organisation	12
Box 7. Illustrative example on getting started with transition planning	13
Box 8. Illustrative example on climate strategy governance.....	14
Box 9. Illustrative example on using the NCRA to assess climate-related physical risks	18
Box 10. Overview of the scenario analysis process.....	20
Box 11. Supporting resources for scenario analysis.....	20
Box 12. Principles for conducting a baseline GHG emissions assessment	22
Box 13. Supporting resources for measuring emissions	23
Box 14. Supporting resources for assessing transition levers	24
Box 15. Illustrative example on using the Sustainable Finance Taxonomy to identify transition levers	26
Box 16. Decarbonisation policies, plans and targets across Australian governments.....	30
Box 17. Integrating adaptation and resilience in transition planning	31
Box 18. Illustrative example on setting an adaptation ambition.....	32
Box 19. Supporting resources for identifying assumptions and external factors.....	33
Box 20. Illustrative example on prioritising and sequencing actions	36
Box 21. Example on mitigating climate impacts from government operations	37
Box 22. Information on other sustainability-related ambitions and actions.....	39
Box 23. Illustrative example on nature actions that support adaptation and mitigation	43
Box 24. Illustrative example on circular economy actions that support mitigation, adaptation and sustainability-related ambitions	44
Box 25. Supporting resources for engaging local communities	49
Box 26. Supporting resources for First Nations engagement and partnership	50
Box 27. The role of financial decision makers	52
Box 28. Illustrative example on integrating transition planning into financial planning	53
Box 29. Supporting resource for integrating transition planning into financial planning	53

Box 30. GHG target setting considerations	56
Box 31. Supporting resources for setting mitigation metrics and targets.....	57
Box 32. Illustrative example on setting a financial target using the Australian Sustainable Finance Taxonomy	59
Box 33. Factors to consider when identifying high-quality carbon credits	60
Box 34. Different ways organisations use carbon credits	61

Figures

Figure 1: The government’s voluntary climate-related transition planning guidance	2
Figure 2: Different approaches to transition planning.....	9
Figure 3: Illustrative climate governance framework	14
Figure 4: Network for Greening the Financial System maturity model for setting metrics and targets	58
Figure 5: Iterative transition planning cycle.....	63

Executive summary

Global and domestic markets are changing. Organisations increasingly recognise the need to respond to the growing physical effects of climate change and Australia's transition to net zero by 2050.

Many organisations are choosing to set their own net zero emissions targets. Eighty per cent of the market capitalisation of ASX200 companies have set targets to net zero emissions.¹ Organisations are also facing growing market expectations to demonstrate how they plan to respond to the transition and changing climate.

Climate-related transition planning ('transition planning') helps organisations better prepare for the future by managing climate-related risks and harnessing opportunities ([Figure 1](#)). Access to quality guidance makes it easier for organisations to undertake robust and consistent transition planning.

The Government is committed to making it easier for organisations to manage climate-related risks through the actions identified in the [Sustainable Finance Roadmap](#)². This voluntary good practice guidance for transition planning is part of this Roadmap and will help organisations to navigate the impacts of the net zero transition and changing climate on their operations ([Box 1](#)).

Requirements for disclosing information on an entity's climate-related transition plan under the mandatory climate-related financial disclosure regime are not addressed in this guidance. Organisations seeking information on disclosure obligations should refer to the relevant disclosure-specific resources available to reporting entities (see [Purpose and audience](#)).

Figure 1: The government's voluntary climate-related transition planning guidance

Voluntary Climate-related Transition Planning Guidance delivers a key priority under the Australian Government's Sustainable Finance Roadmap

Transition planning enables organisations to:



Respond to climate-related risks and opportunities



Deliver on climate ambitions



Integrate climate considerations into ongoing business strategy

Factors influencing organisational relevance of transition planning:



Size and complexity



Sector and value chains



Climate-related risks and opportunities

Stages of transition planning

1

Assess or re-assess organisational position

2

Set strategic ambitions

3

Plan actions

4

Implement or re-implement strategic ambitions and actions

The voluntary guidance:



Aligns with the Transition Plan Taskforce's Transition Planning Cycle



Provides information on the Australian context



Signposts key resources and tools



Includes illustrative examples

Climate-related financial disclosures are a separate process and are not addressed in this guidance. Disclosure-specific resources are available from ASIC, AASB and AUASB

Box 1. Guidance snapshot

The purpose of this guidance is to support organisations undertake good practice and internationally aligned transition planning in Australia. This guidance contains:

- an overview of the stages of transition planning
- practical advice
- relevant domestic and international resources, and where to find more information.

This guidance is divided into four parts. It is intended to align with, and build on, the Transition Plan Taskforce (TPT) [Transition Planning Cycle](#).³ It includes additional Australian domestic context and illustrative examples. Transition planning is not a linear process; many of the steps may be done simultaneously.

Stage 1: Assess or re-assess organisational position

- Board engagement and cross-company ownership.
- Map key stakeholders.
- Understand organisational position by:
 - assessing climate-related risks and opportunities
 - measuring emissions footprint
 - identifying transition and adaptation levers
 - assessing impacts and dependencies.

Stage 2: Set strategic ambitions

- Define objectives and priorities.
- Identify key assumptions and external factors.
- Identify strategic changes to business model and value chain.

Stage 3: Plan actions

- Develop mitigation and adaptation actions.
- Revisit policies and conditions.
- Assess resilience of actions.
- Review governance structures and people strategy.
- Develop an engagement strategy.
- Integrate strategic ambitions and actions into financial planning.
- Set metrics and targets.

Stage 4: Implement or re-implement strategic ambitions and actions

- Implement ambitions and actions.
- Monitor, review and reflect on the process.

Purpose and audience

The purpose of this voluntary guidance is to highlight good practices for transition planning that can be adapted to an individual organisation's circumstances. It is designed for organisations seeking to undertake transition planning as an internal strategic activity, in order to improve their organisational risk management and build long-term business resilience.

The guidance provides practical advice and examples, including:

- illustrative examples of different transition planning approaches (blue boxes)
- points and principles for transition planning (green boxes)
- supporting resources for transition planning (grey boxes)
- information on other sustainability-related ambitions and actions (orange box)

The guidance is targeted toward providing general advice because all organisations are different.¹ To promote global consistency in approaches and improve clarity, this guidance is intended to build on the TPT Transition Planning Cycle and can be referred to in whole or in part.

Providing voluntary guidance for transition planning is one of the ten priority initiatives identified as part of the Government's Sustainable Finance Roadmap to help build the market structures and frameworks for organisations, investors and the broader community to prepare for and leverage the benefits of the net zero transformation.

Transition planning guidance (Priority 3) complements other sustainable finance initiatives by assisting reporting entities undertake effective transition plans that may be disclosed as part of their climate-related financial disclosures (Priority 1) and leveraging the [Australian Sustainable Finance Taxonomy](#) (Priority 2) as a voluntary tool.⁴

Interactions with other guidance and supporting materials

The Australian Government Transition Planning Guidance aligns with the International Transition Plan Network's framework, the *TPT Transition Planning Cycle*, which defines international standards for transition planning. It provides further guidance for Australian entities by providing references that are useful in an Australian context. This includes clarifying how organisations should consider key Government publications including the [Net Zero Plan](#)⁵ and [sector emissions reduction plans](#),⁶ and the [National Climate Risk Assessment](#)⁷ and navigating interactions with other Government guidance such as the [National Climate Scenario Guidance](#).⁸

Further voluntary guidance and supporting materials for the Australian context is expected to become available over time.

[Box 2](#) includes key resources that can help organisations undertaking transition planning. These resources include relevant information which can be drawn on throughout the different transition planning stages outlined in this guidance.

1 Some sectors, such as hard-to-abate sectors and financial institutions, may have more complex or additional considerations beyond what is covered here.

Box 2. Supporting resources for an overview of transition planning

- **TPT [Transition Planning Cycle](#):** Treasury's climate-related transition planning guidance is designed to be read alongside this resource. The TPT was launched by the UK Government in April 2024 to develop a gold standard for transition plans for finance and the real economy. The TPT Transition Planning Cycle is available through the International Transition Plan Network website. The International Financial Reporting Standards (IFRS) Foundation is now responsible for the TPT's disclosure-related TPT materials, which can be found on the [IFRS Knowledge Hub](#).⁹ The IFRS's [guidance on disclosures about transition plans](#)¹⁰ is also based on the TPT materials.
- **Accounting for Sustainability [Essential Guides](#):**¹¹ offer practical guidance on strategic planning, budgeting and forecasting, managing future uncertainty and engaging the Board and executive management.
- **New Zealand External Reporting Board [Transition Planning Guides](#)**¹² breaks down transition planning guidance for staff, executive and directors. It also includes an end-to-end case study that illustrates a suggested approach for underlying processes relevant to transition planning that businesses can adjust to their own circumstances.
- **New South Wales Government [Net Zero Business Guide](#):**¹³ offers step-by-step guidance to help strategically plan for and implement actions to achieve net zero emissions.
- **TPT's [Asset Owner Sector Guidance](#)**¹⁴ and **[Asset Managers Sector Guidance](#):**¹⁵ investor-specific guidance on transition planning.
- **Climateworks [Guide to credibility for corporate climate transition plans](#):**¹⁶ helps understanding of how investors may assess the credibility of transition planning.
- **Australian Institute of Company Directors and Australian Council of Superannuation Investors [Governing for net zero: The board's role in organisational transition planning](#):**¹⁷ guidance for the Board's role in the development and implementation of credible transition planning.
- **Australian Climate Leaders Coalition [Credible Transition to Net Zero](#):**¹⁸ guidance for CEOs to consider how to credibly transition the organisations they lead to net zero.

Interaction with climate-related financial disclosure under AASB S2

The guidance is designed to be relevant to diverse organisations across the economy.

Organisations that are required to complete mandatory climate-related financial disclosures under Chapter 2M of the *Corporations Act 2001* (Corporations Act) are not required to prepare transition plans. However, they may be required to disclose certain information about their transition plan if they have already developed one. There is no obligation for transition plans to align with this voluntary guidance.

The guidance has not been developed to inform disclosures required under Chapter 2M of the Corporations Act or any other aspect of sustainability reporting under the Corporations Act. Organisations can refer to the Australian Accounting Standards Board's (AASB) [educational material](#) on disclosing information about an entity's climate-related transition in accordance with AASB S2.¹⁹

The Australian Securities and Investments Commission (ASIC) and the AASB have issued further materials to assist entities in meeting their sustainability reporting obligations under the Corporations Act ([Box 3](#)).

Box 3. Supporting resources and relevant regulatory bodies

Organisations considering their obligations under the mandatory climate-related financial disclosure regime should consult these resources.

Australian Securities and Investments Commission

- ASIC administers climate-related financial disclosure requirements (also called ‘sustainability reports’) under the Corporations Act and is responsible for compliance and enforcement.
- ASIC’s [Sustainability Reporting](#)²⁰ webpage contains information on sustainability reporting requirements. This includes [Regulatory Guide 280 – Sustainability Reporting](#).²¹ The website also includes educational modules developed with the AASB to help users understand and apply foundational concepts that underpin sustainability reporting requirements.
- ASIC is responsible for overseeing market conduct and greenwashing concerns relating to investments. ASIC [Information sheet – 271 How to avoid greenwashing when offering or promoting sustainability-related products](#)²² is for entities that offer or promote sustainability-related financial products.

Australian Accounting Standards Board

- AASB is responsible for developing, issuing and maintaining Sustainability Reporting Standards for disclosure of climate-related financial information. [AASB S2 Climate-related Disclosures](#)²³ was issued in September 2024 and details the disclosure requirements for entities captured under the climate-related financial disclosures regime. The [AASB S2 Knowledge Hub](#) contains information to help organisations prepare climate-related financial disclosures, including on disclosing information about transition plans.

Auditing and Assurance Standards Board

- The Auditing and Assurance Standards Board (AUASB) has developed audit and assurance standards for climate-related financial disclosures. AUASB has produced Sustainability Assurance Education Materials and FAQs that are designed to help auditors and preparers of sustainability reports, which can be accessed at [Sustainability Assurance](#).²⁴

Australian Competition & Consumer Commission

- The Australian Competition & Consumer Commission (ACCC) is responsible for consumer-facing claims. Please refer to the ACCC’s [guide to making environmental claims](#).²⁵

Note: The Australian Government will combine the standard setting functions and powers of the AASB, AUASB and the Financial Reporting Council into a single entity, External Reporting Australia. The merger will officially take effect on 1 December 2026.

Overview of climate-related transition planning

About climate-related transition planning

Climate-related transition planning is the ongoing, internal strategic process through which organisations identify, assess and respond to climate-related risks and opportunities and deliver on any climate ambitions. It occurs within the context of the economy-wide transition to net zero emissions and the increasing impacts from climate change.

Climate-related transition planning focuses primarily on the organisational response and planning to adjust their strategy, business model, targets and resources. [Box 4](#) explains why transition planning matters.

Box 4. Why transition planning matters

Transition planning is a voluntary process in Australia but there are strong reasons to undertake it, such as:

- responding to climate-related risks and opportunities
- supporting long-term profitability, value creation and finance attraction
- realising climate-related goals and commitments
- meeting expectations or requests from external stakeholders, such as investors or lenders
- articulating how the business model is being orientated towards a net zero economy.

What are climate-related risks and opportunities?

- **Climate-related risks** refer to the potential negative effects of climate change on an entity.
 - **Transition risks** arise from efforts to transition to a lower-carbon economy including policy, legal, technological, market and reputational risks.
 - **Physical risks** result from climate change that can be event-driven (acute) or from longer-term shifts in climatic patterns (chronic).
- Climate-related **opportunities** refer to the potential positive effects arising from the transition to a lower-emissions and climate-resilient economy, including resource efficiency and cost savings, changes in markets and customer demand, access to new markets, and the development of new products, services or business models. For example, a facility might identify potential for reduced energy costs and greater operational resilience through energy efficiency and demand-flexibility upgrades, together with installing onsite solar.

Effective transition planning benefits from considering responses to physical climate risks through adaptation actions, alongside responses to transition risks through mitigation actions. This is recognised in international resources such as the Network for Greening the Financial System [report](#) on Integrating adaptation and resilience into transition plans.²⁶

The [National Climate Risk Assessment](#) highlights climate change as posing risks to Australia's key systems, so considering physical risks will be relevant to many organisations. Physical risks can materially affect the feasibility, timing and effectiveness of transition actions. Not considering physical risks when developing transition pathways could result in strategies that may be aligned with decarbonisation objectives but are unrealistic or unachievable under current and future climate conditions.

Transition planning can be challenging due to uncertainties such as data gaps, reliance on future technologies, and policy developments. Progress can be supported by weighing the impacts of action and inaction, taking an iterative approach, and focusing on 'no-regrets' actions.

For this reason, it is most effective when it is an ongoing, iterative process embedded within an organisation's broader business strategy and risk management framework.

Organisations can consider these three principles to start transition planning. These principles have been adapted from Australian Institute of Company Directors and Australian Council of Superannuation Investors, [Governing for Net Zero: The board's role in organisational transition planning](#).

1. Embed transition planning in core business strategy

Transition planning that is embedded into core business strategy, clearly aligned with the organisation's goals, and reflected in budgets and operations, can help ensure ambitions and actions are achievable. Transition planning embedded in strategic decision-making and involving oversight from financial decision makers can support success.

2. Balance ambition with reality

Transition planning ambitions can be balanced with what is realistic given the organisation's financial capital, technology readiness, operational resources and broader policy and economic environment. Overly ambitious but impractical goals can undermine how achievable and credible they are. Less experienced organisations can still take initial steps to assess their current position and develop simpler ambitions, actions and targets. Over time, they can improve on the level of detail and ambition of their strategic ambitions and actions as their internal capabilities grow.

3. Keep return on investment as central

For organisations with investors, strategic ambitions will likely need to deliver financial outcomes aligned with investor expectations. Decision-makers have a role in articulating the commercial rationale for transition-related investments and how they support the organisation's long-term resilience, competitiveness and growth.

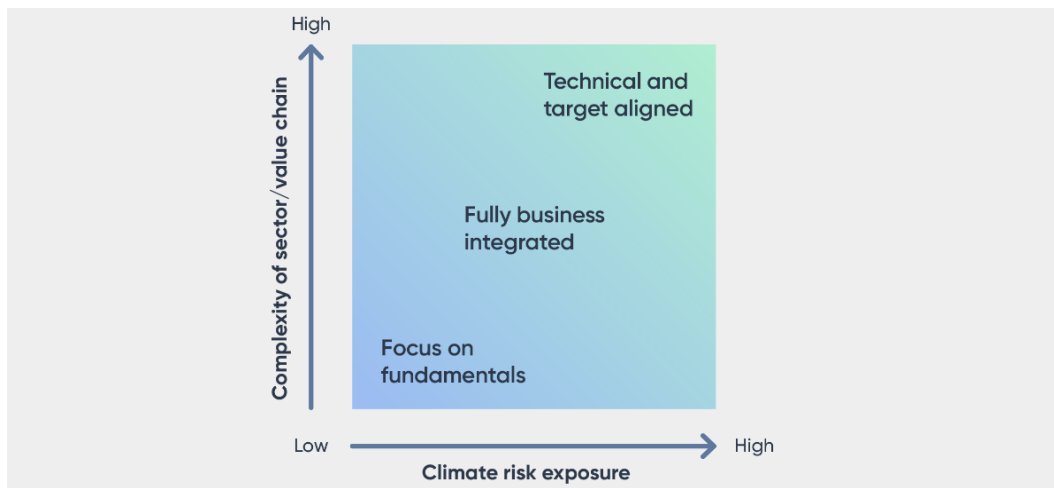
Approaches to transition planning

The most appropriate approach to transition planning, including whether and when to undertake transition planning, will vary across organisations. Developed by Edge Impact, [Figure 2](#) outlines three approaches organisations may adopt depending on their climate risk exposure, and value chain and/or sector complexity.

- **Focus on fundamentals** (Low climate risk exposure | Low complexity): a credible, principles-aligned climate narrative that articulates ambition and clearly signals intent for action.
- **Fully business integrated** (Medium climate risk exposure | Medium complexity): transition planning fully embedded within business strategy, governance and risk management processes.
- **Technical and target aligned** (High climate risk exposure | High complexity): rigorous, and investment-grade strategic ambitions based on scientific evidence supported by detailed analysis and targets.

See [Box 5](#) for a more detailed example.

Figure 2: Different approaches to transition planning



Source: Adapted from [Edge Impact](#) – Workshop 2: Transition Plans materials.

For some sectors, transition planning will require more complex or different approaches not covered in the guidance.

Hard-to-abate sectors, such as those requiring high-temperature heat and chemical reactions, can face more complex transition challenges, particularly where abatement technologies are not yet commercially viable or are still in development.²⁷ Electrification, energy efficiency improvements and fuel switching can support emissions reductions in some applications. However, these options are usually only able to partially address emissions in some sectors.

In many cases, the transition will require structural changes, including the retirement or re-purposing of long-lived capital assets, which can involve significant costs.²⁸ Given the capital-intensive nature of these activities, the long lifetimes of industrial assets and high exposure to climate risks, many of these organisations have been undertaking transition planning for some time.

For financial institutions and investors, climate change and the transition present material financial risks that may result in negative impacts such as unexpected credit losses and stranded assets.²⁹ As financial institutions and investors are not directly producing goods or emissions-intensive materials, transition planning considerations often focus on capital allocation and prioritising financed emissions, as opposed to addressing direct emissions or physical risk exposure.

Box 5. Illustrative examples of different approaches to transition planning

The level of depth of an organisation's transition planning may be based on an organisation's level of climate risk exposure and the complexity of its business and value chain.

Focus on fundamentals: Low climate risk exposure | Low complexity

An organisation operating primarily in a service-oriented sector, with low direct (scope 1) and indirect (scope 2) emissions, focuses on the fundamentals when transition planning. The organisation establishes clear climate ambitions and commits to net zero scope 1 and 2 emissions by a nominated date.

The organisation puts in place appropriate governance arrangements to oversee transition planning and light-touch integration of transition planning into its business strategy. Rather than relying on detailed modelling or complex scenario analysis, it uses high-level judgement to describe its key climate-related risks and opportunities. It identifies a small number of practical early actions, such as implementing energy efficiency measures in its offices and procuring renewable electricity. It also undertakes proportionate engagement with stakeholders. The organisation also plans to assess and address their scope 3 emissions in the coming years.

Fully business-integrated: Medium climate risk exposure | Medium complexity

An organisation with moderate exposure to climate-related risks and a diversified value chain decides to adopt a fully business-integrated approach to transition planning. The organisation uses qualitative scenario analysis as an input into assessing its climate-related risks and opportunities. These are considered alongside other strategic and financial risks and are incorporated into existing decision-making processes. The organisation sets clear climate ambitions and actions to manage these risks and opportunities.

Transition planning is fully embedded in business unit plans and investment decisions, ensuring climate considerations influence day-to-day operations and longer-term strategy. Governance arrangements clearly define roles at board and executive levels. The organisation develops coherent planning showing how its ambitions translate into coordinated action across the business.

Technical and target-aligned: High climate risk exposure | High complexity

An asset-intensive organisation operating in a sector with high exposure to climate-related risks and a complex value chain decides to adopt a rigorous approach to transition planning. The organisation conducts a detailed inventory of its emissions sources, technology options and climate-related risks and opportunities, as well as a comprehensive scenario analysis. The organisation uses the outputs of this process to clearly define interim and long-term targets aligned with relevant science-aligned pathways.

Capital allocation, asset management and financing strategies are directly linked to climate objectives, and these are integrated into business strategy and core financial and risk processes. Transition planning addresses supplier, counterparty and value-chain exposure and is supported by regular monitoring, strong governance and comprehensive engagement allowing its ambitions and actions to withstand external scrutiny and support investment-grade decision-making.

Source: Adapted from Edge Impact – Workshop 2: Transition Plans materials.

Stage 1: Assess or re-assess organisational position

Board, or equivalent decision-maker, approval and cross-organisational involvement in the transition planning process is typically established prior to commencing more detailed planning. Board approval supports alignment of transition planning with business strategy.

Once in place, the first stage of transition planning is to assess organisational position. This can be done by mapping key stakeholders, assessing climate-related risks and opportunities, measuring greenhouse gas (GHG) emissions footprints, identifying transition levers and assessing impacts and dependencies.

This section (Stage 1) can be considered alongside pages 6–17 in the Transition Plan Taskforce (TPT) [Transition Planning Cycle](#).

1.1 Board approval and cross-organisation ownership

The Board is typically responsible for setting an organisation's overall direction. Boards may also provide oversight of transition planning. This may include:

- approving strategic ambitions and actions
- establishing governance arrangements
- monitoring progress and accountability.

In some organisations, strategic and oversight responsibilities may sit with a managing director, Chief Executive Officer (CEO), owner-manager or a small leadership group. In this guidance, references to 'the Board' are intended to describe the highest level of governance or decision-making authority in an organisation.

[Box 6](#) outlines possible approaches, considerations and questions Boards (or equivalent decision-makers) may consider when giving approval for the organisation to undertake transition planning, and to facilitate cross-organisation ownership.

The Accounting for Sustainability [Board Engagement Tool](#) provides guidance on strategies for engaging the board effectively in this strategic planning process.³⁰

When designing governance frameworks, organisations should also consider existing obligations under the Corporations Act and directors' duties to ensure consistency with broader legal and organisational requirements.

Box 6. The role of the Board and executive decision-makers in embedding transition planning within an organisation

The Board may take these steps to embed transition planning in its organisation.

- **Approving capital allocation and budget commitments:** approving the commencement of transition planning can help board-level oversight and executive accountability and ensure transition planning is adequately resourced. This includes investment in people, systems and capabilities, such as upskilling staff.
- **Embedding transition planning into governance and reporting structures:** by assigning responsibilities for transition planning to senior executive roles such as the Chief Financial Officer, the Board can help ensure these positions are accountable for transition planning outcomes. Governance, Board oversight arrangements, decision-making and strategic frameworks can be updated to incorporate transition planning.
- **Aligning incentives with transition planning objectives:** the Board, supported by management, could review executive and organisational incentive structures. Where strategy changes but key performance indicators do not, delivery risk increases. Relevant performance indicators and milestones tied to transition planning can reinforce accountability and drive performance.
- **Communicating transition planning across the organisation:** transition planning cannot succeed if employees are unaware of it or unsure of its relevance to their role. The Board can set expectations, while senior executive management confirms there is a clear plan in place to embed transition planning across business units. Wide consultation will foster buy-in and reduce implementation risk.

Potential questions for the Board at the outset of transition planning include:

- Does the Board have the capability and confidence to critically assess climate-related advice and assumptions from management or advisers?
- Is climate governance capability appropriately reflected in education, succession planning and skills at the executive level?
- Are governance structures, decision-making processes, and reporting lines appropriate to support delivery of transition planning?
- Are there defined processes in place to monitor progress, review transition planning and respond to material developments or emerging risks?

Source: Adapted from Australian Institute of Company Director (AICD) and Australian Council of Superannuation Investors (ACSI), [Governing for Net Zero: The board's role in organisational transition planning](#) (2025)

Box 7. Illustrative example on getting started with transition planning

A manufacturing company hires a Sustainability Officer to coordinate and implement the company's sustainability strategy, including progressing its transition planning. The Sustainability Officer starts by reviewing the inputs required for transition planning and identifies three critical gaps. They find that the company has not yet:

- conducted a climate risk and opportunity assessment
- developed a GHG emissions inventory
- engaged the Board on transition planning.

They conduct a high-level review of their core business functions. Using resources such as sectoral emissions reduction pathways from the relevant sector plans and Australian Industry Energy Transitions Initiative [Pathways to industrial decarbonisation](#),³¹ the Sustainability Officer researches how these activities may change over time. In parallel, using the [National Climate Risk Assessment](#) (NCRA), they do an initial scan of the potential physical risks, such as fires, floods and droughts, on the company's most material operating assets and value chains.

They inform their assessment of transition risks using a range of resources, including the Intergovernmental Panel on Climate Change's (IPCC) [Sixth Assessment Report](#).³² The Sustainability Officer conducts a peer analysis and a high-level review of the material issues that matter to the company's stakeholders. In doing this, they highlight the potential financial and social implications of these issues to the company.

The output of this preliminary analysis is a high-level business case that identifies potential risks and opportunities, and their respective costs and benefits. This supports the Sustainability Officer in building the case for change among leadership and other business units and obtaining Board approval and cross-organisational buy-in to undertake transition planning.

Box 8. Illustrative example on climate strategy governance

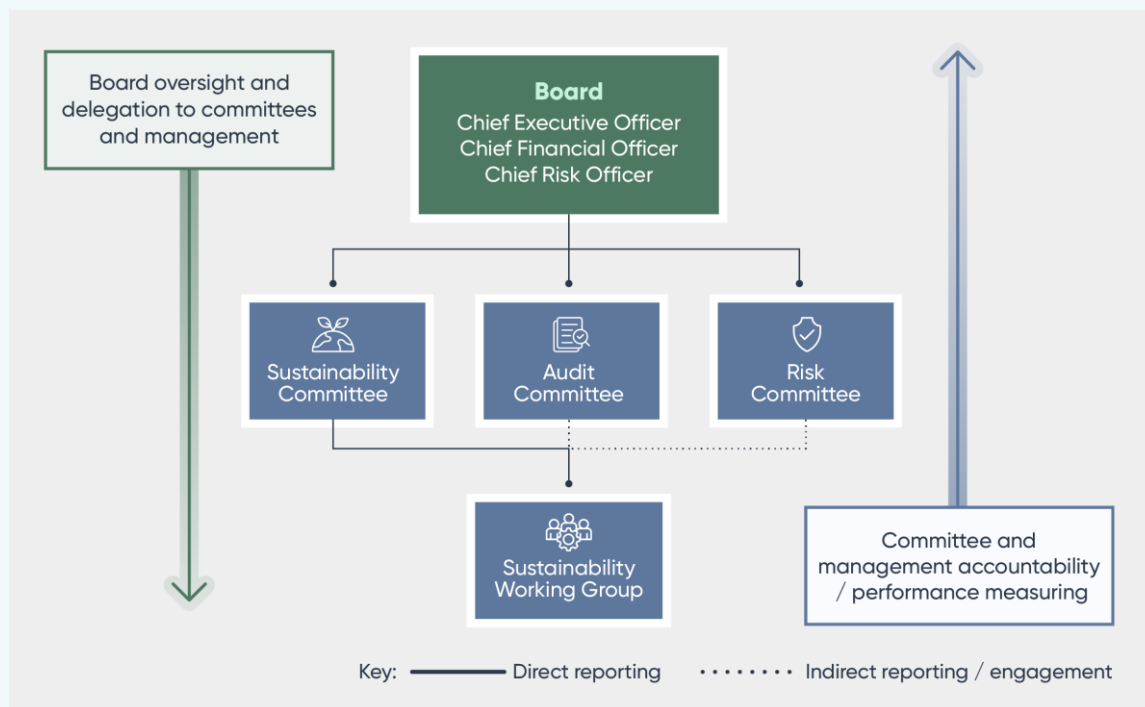
The climate strategy of a large organisation includes oversight from the organisation's Board supported by the Sustainability Committee. The climate strategy, including transition planning, is informed by a periodic assessment of climate-related risks and opportunities, which is integrated in the organisation's enterprise risk management processes.

The Board is also responsible for the organisation's overall risk appetite and setting risk appetite levels covering business and financial risks, which includes consideration of climate risks and opportunities. Climate-related risks are captured in the organisation's corporate risk register and are reviewed alongside other principal corporate risks on a regular basis.

As a result, consideration of the climate-related risks and opportunities is embedded in the organisation's wider corporate governance framework and processes. Climate-related responsibilities are allocated to the Sustainability Committee and Working Group. Their respective terms of reference formalise and document climate-related responsibilities. This clarifies who is responsible for progressing strategic ambitions day-to-day and for monitoring and escalating climate-related risks and opportunities.

The Board meets regularly throughout the year to consider its transition planning strategy, including education sessions and updates from the Executive Sustainability Committee and Sustainability Working Group. Board and Executive members with oversight of climate-related matters have relevant skills and experience, and are supported by ongoing training and external expertise, to enable informed decision-making relating to transition planning.

Figure 3: Illustrative climate governance framework



1.2 Determine the scope of transition planning

Organisations with operations across multiple jurisdictions can consider the appropriate level at which transition planning is undertaken. Options include the individual business or asset levels, the consolidated group level, or a combination of both.³³

Business-level or country-specific approaches can enable more targeted responses to local policy settings and market conditions. A consolidated group or multinational approach can help identify risks, dependencies and strategic opportunities that may not be apparent when planning is undertaken separately. These can include cross-border value chain exposures, capital allocation trade-offs and competitive dynamics in customer and supplier markets. A multinational approach may also support assessment of how differing national pathways and targets can influence scope 3 emissions and the broader business strategy.³⁴

Aligning transition planning with corporate financial reporting and enterprise risk management processes can help ensure climate-related risks and opportunities are considered alongside other business risks and opportunities. This is consistent with established risk management frameworks, such as International Organization for Standardization (ISO) [ISO 31000](#).³⁵

1.3 Map key stakeholders

Mapping, or reviewing previous mapping of key stakeholders, helps organisations to identify the relationships that support the delivery of their business strategies. As transition planning is embedded within the business strategy, stakeholders are likely to play a role throughout the process. Key stakeholders may include:

- entities in the business' value chain, such as investors, suppliers and customers
- industry counterparts, such as peers, membership bodies and industry associations
- other external stakeholders, such as government, public sector organisations, local communities, and First Nations organisations, communities and peoples
- internal stakeholders, such as workers and contractors.

Refer to [Stage 3](#) of the guidance for more information on engaging stakeholders.

1.4 Assess climate-related risks and opportunities

Identifying and assessing climate-related risks and opportunities can help inform an organisation's strategic ambitions and actions (developed in Stage 2 and 3 of the guidance). A comprehensive assessment will comprise climate-related transition and physical risks and opportunities across short-, medium- and long-term time horizons, covering those currently faced as well as those reasonably anticipated in the future. This should include consideration of systemic risks which, when interacting together, create systemic impacts that are much greater than those arising in isolation.

Some organisations may find it more manageable to identify which economic sectors and trading partners they are exposed to as a first step, before assessing how to respond to associated risks and opportunities.

Assessing climate-related risks and opportunities can be a technical process requiring specialist expertise. Some organisations may consider engaging external or hiring internal specialists to assist with this assessment.

Alongside the resources specified in [section 1.4](#) of the guidance, organisations can refer to the Australian Securities and Investment Commission's (ASIC) [Educational modules](#)³⁶ for more information on these topics.

Transition risks

To assess transition risks, the latest IPCC Working Group Assessment Report (currently the [Sixth Assessment Report](#)) can help organisations identify relevant global and sector-specific transition drivers, such as policy and regulatory changes, technology shifts, market dynamics and changes in consumer behaviour. Exposure to these drivers can then be assessed by considering Australia's transition pathway to net zero, as described in Australia's Nationally Determined Contributions, the [Net Zero Plan](#) and [sector emissions reduction plans](#) and how these drivers affect operating costs, asset values, revenue streams and access to capital over the short, medium and long term.

This assessment can be used to identify material transition risks, test business resilience under different transition pathways, and inform strategic decisions such as capital allocation, product mix or decarbonisation actions.

Physical risks

To assess physical risks, organisations can use the latest IPCC Working Group Assessment Report as an initial screening tool to identify the types of climate hazards (for example, heat, flooding, bushfire or water stress) that are most relevant to their locations and value chains.

Organisations can then map these hazards to their own assets, operations and value chains, including using the 'Australia' chapter to understand the vulnerability of human and natural systems and the potential severity of impacts.

To support more granular analysis, organisations can use the NCRA to select relevant climate scenarios (global warming level +1.5 °C, +2 °C and +3 °C), extract location- and sector-specific data, and assess how the likelihood and magnitude of physical risks may change over time. If analysis requires more localised climate information, downscaled climate projections may be able to be provided by relevant state or local government. National and localised projections are listed on the Department of Climate Change, Energy, the Environment and Water (DCCEEW) [website](#).³⁷ The outputs of this analysis can be used to prioritise material physical risks, inform scenario analysis, and identify potential adaptation responses.

The agriculture sector can also use [My Climate View](#)³⁸ to identify physical risks. This is a collaboration between the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the Bureau of Meteorology, and has been designed together with Australian farmers as part of the Climate Services for Agriculture program. My Climate View enables users to explore climate information relevant to their location and the commodity they sell.

The Australian Centre for Disease Control is releasing forthcoming guidance on climate risk assessment and adaptation planning for Australian health system organisations. The guidance is designed to support Australian health system organisations identify, assess and manage physical risks.³⁹

Appropriate judgements on levels of physical risk can be supported by considering hazard, exposure and vulnerability. The following definitions are from the IPCC [glossary](#).⁴⁰

- **Hazards** are the potential occurrence of a natural or human-induced physical event or trend that may cause loss of life, injury, or other health impacts, as well as damage and loss to property, infrastructure, livelihoods, service provision, ecosystems and environmental resources.
- **Exposure** refers to the presence of people, livelihoods, species or ecosystems, environmental functions, services, resources, infrastructure or economic, social or cultural assets in places and settings that could be adversely affected.
- **Vulnerability** refers to the propensity or predisposition to be adversely affected. Vulnerability encompasses a variety of concepts and elements, including sensitivity or susceptibility to harm and lack of capacity to cope and adapt.

The [TPT's Adaptation Primer](#)⁴¹ includes further information on assessing physical risks as part of transition planning.

[Box 9](#) includes an example of using the NCRA to assess physical risks.

Climate-related opportunities

To assess climate-related opportunities, organisations can draw on current international frameworks such as guidance issued by the International Financial Reporting Standards (IFRS) Foundation and the [Global Reporting Initiative \(GRI\) Standards](#).⁴² These resources can help organisations evaluate opportunities arising from the transition and sustainable economy and from responses to physical climate and nature-related risks. This includes opportunities related to resource efficiency, energy sources, products and services, new markets, and resilience.

Broader sustainability-related objectives

Where relevant and appropriate, organisations may also assess risks and opportunities stemming from broader sustainability objectives where they intersect with climate, such as just transition, nature, modern slavery and circular economy.

In addition to drawing on the GRI Standards, the [Taskforce on Nature-related Financial Disclosures](#) (TNFD)⁴³ developed a global framework to help businesses and financial institutions identify and address their nature-related impacts, dependencies, risks and opportunities.

The Australian Government conducted a TNFD pilot testing project and published an [Australian Case Study Report](#)⁴⁴ and deep dive guidance across five value chains to support organisations to get started on TNFD-aligned reporting in the Australian context. The TNFD also released [guidance](#)⁴⁵ regarding how organisations can incorporate nature into transition planning.

Applying a materiality threshold

Following the identification of climate-related risks and opportunities, organisations can assess the materiality of information about those risks and opportunities to their business. This includes considering the potential impacts on business model, strategy, cash flows, financial position and financial performance over the short, medium and long term.

Focusing on material climate-related risks and opportunities helps organisations direct time, resources and decision-making toward the issues most likely to affect or enhance their strategy, financial performance and long-term resilience. This exercise can also support organisations in determining their appetite and tolerance for identified climate-related risks and opportunities.

Box 9. Illustrative example on using the NCRA to assess climate-related physical risks

An organisation in the agriculture sector uses the NCRA to get a snapshot of the expected changes in Australia across different warming scenarios to help identify and assess their physical risks. They supplement this analysis with physical risk data from other sources, such as state and territory downscaled data tools, which help them understand localised climate impacts.

Using these resources, the organisation identifies that prolonged drought and extreme heat across key agricultural regions could impact crop yields and increase the number of heat stress days for livestock. These conditions are also likely to elevate biosecurity threats, including increased susceptibility to pests and diseases. Potential impacts of these risks include:

- reduced crop and livestock productivity and quality
- heightened pest and disease outbreaks
- economic strain on the organisation which could lead to job loss
- value chain disruptions affecting organisational operations.

The organisation assesses that these risks pose a material impact on its business operations and exceed its risk tolerance. This assessment enables the organisation to begin identifying actions to manage these risks in the next steps of its transition planning. Actions could include diversifying farm locations, implementing approaches to manage increased biosecurity threats, using drought tolerant crop varieties, implementing alternate cropping strategies and increasing water efficiency and improved irrigation technologies.

Scenario analysis

Scenario analysis can support an assessment of climate-related risks and opportunities by testing an organisation's resilience to potential future climate conditions. It helps organisations understand their exposure to transition and physical risks and opportunities in various scenarios, through the likelihood and impact lenses. Scenario analysis outcomes can inform strategic responses available in later stages of transition planning, in particular 'no-regret actions' that are beneficial across all or most scenarios. Scenario analysis can also clarify whether key risks arise within the organisation's direct operations or elsewhere in the value chain.

Where scenario analysis is undertaken, good practice – including the current requirements under Australia's mandatory climate-related financial disclosure regime – expects organisations to use at least two climate scenarios representing contrasting transition pathways, as referenced in section 296D(2B) of the Corporations Act.

Globally recognised climate scenarios, including Shared Socioeconomic Pathways, can be used to inform entity-specific assessments of exposure, vulnerability and resilience.

Shared Socioeconomic Pathways, developed by the IPCC, are internationally recognised descriptions of how the world might develop economically and socially under different climate futures. They are particularly relevant to physical risks and opportunities. Shared Socioeconomic Pathways can be used as inputs to scenario analysis to help organisations understand how physical climate risks could affect their assets, operations and financial performance under different levels of global warming.

To inform scenario analysis of climate-related transition risks and opportunities, organisations also commonly draw on two globally recognised scenarios:

- The International Energy Agency's [Net Zero Emissions by 2050 Scenario](#)⁴⁶ outlines a transition pathway designed to achieve net zero energy-related CO₂ emissions by 2050. It is widely used to assess energy and climate transition risks and opportunities.
- Network for Greening the Financial System [scenarios](#)⁴⁷ describe how the global economy and financial variables may evolve under different transition pathways. They are used by organisations to test different levels of climate policy action and associated transition risks alongside physical risks. This makes them relevant to financial risk assessment across sectors and asset types.

When conducting scenario analysis, it is useful to document the underlying assumptions, dependencies and analytical choices made. This helps build a common understanding of the scenarios used, which ensures internal and external stakeholders can interpret the outcomes. Examples of assumptions include those related to macroeconomic trends, climate policies and climate variables.

It may also be useful for organisations to engage with stakeholders across the value chain to better understand their assessment of climate-related risks and opportunities to inform their own scenario analysis.

[Box 10](#) provides an overview of the climate-related scenario analysis process. [Box 11](#) includes additional resources on scenario analysis.

Box 10. Overview of the scenario analysis process

Leading international climate and financial risk frameworks describe a broadly consistent, structured process for undertaking climate-related scenario analysis.

- **Risk and opportunity identification:** Identify material physical and transition-related climate risks and opportunities relevant to the organisation, informed by hazard screening, value-chain analysis, and market or policy trend assessments.
- **Time horizon definition:** Select material short-, medium-, and long-term horizons aligned with the entity's strategic planning cycles and asset lifespans.
- **Scenario selection:** Choose at least two plausible climate scenarios, including one aligned with the latest international agreements (for example, 1.5 °C pathway) and one representing a higher warming future (for example, 2.5 °C or higher).
- **Data and assumption gathering:** Collect internal data (for example, asset exposure, emissions) and external data (for example policy trends, regional forecasts) using reasonable and supportable information available without undue cost or effort.
- **Impact assessment and modelling:** Assess how selected scenarios may affect operations, value chains, markets, and financial performance across defined time horizons, using qualitative analysis, quantitative modelling, or a combination of both.
- **Financial integration:** Translate identified impacts into financial terms where practicable, such as revenue sensitivity, operating cost impacts, asset impairment risk, or capital expenditure implications, and consider how these may influence financial planning and capital allocation.
- **Strategic resilience and response:** Evaluate the resilience of current strategy under different scenarios and identify potential strategic responses, including risk mitigation actions, adaptation actions, or transition initiatives to strengthen long-term resilience.

Sources: Adapted from Task Force on Climate-related Financial Disclosures [Guidance on Scenario Analysis for Non-Financial Companies](#); ⁴⁸ section 296D(2B) of the Corporations Act; and IFRS Climate-related Disclosures [Using scenario analysis to assess climate resilience \(Staff paper\)](#).⁴⁹

Box 11. Supporting resources for scenario analysis

- **ASIC Educational Module 7 Scenario Analysis:** helps organisations understand the basic elements of scenario analysis.
- **DCCEEW National Climate Scenario Guidance:** released in June 2026, this resource is designed to encourage a more consistent approach to climate scenario analysis for physical risks.
- **The Network for Greening the Financial System's Interactions between Climate Scenario Analysis and Transition Plans:**⁵⁰ provides globally recognised climate transition scenarios to assess risks and opportunities.

1.5 Measure emissions footprint

An inventory of scope 1, 2 and 3 GHG emissions provides a baseline against which organisations can track and compare emissions over time. It enables organisations to identify and assess transition levers and to establish informed strategic ambitions ([Stage 2](#)) and targets ([Stage 3](#)).

In the Australian context, scope 1 and scope 2 emissions may be measured using the methods set out under the [National Greenhouse and Energy Reporting Scheme](#),⁵¹ which provides a legislated, nationally consistent framework for the measurement and reporting of direct (scope 1) and energy-related indirect (scope 2) emissions.

Consistent with the Greenhouse Gas Protocol [Corporate Accounting and Reporting Standard](#),⁵² organisations should first define their organisational boundary – such as whether emissions are measured using an equity share, financial control or operational control approach – before assessing scope 1, scope 2 and scope 3 GHG emissions. These boundaries determine which activities and emissions are included in the baseline and ensures the information is faithfully represented, complete and comparable over time. [Box 12](#) provides principles outlined in the GHG protocol for conducting a baseline emissions assessment.

In accordance with the Greenhouse Gas Protocol Corporate Standard, classifying emissions sources into ‘scopes’ supports consistency in approaches.

- **Scope 1 emissions** are all direct GHG emissions that occur from sources that are owned or controlled by an entity.
- **Scope 2 emissions** are 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 brought into an entity’s boundary. Scope 2 GHG emissions physically occur at the facility where electricity is generated.
- **Scope 3 emissions** are indirect GHG emissions (not included in scope 2 GHG emissions) that occur in the value chain of an entity, including both upstream and downstream emissions, and for financial institutions, may include financed emissions associated with lending, investment and underwriting activities. Scope 3 greenhouse gas emissions are separated into 15 categories in the Greenhouse Gas Protocol [Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#). Entities can identify significant sources of scope 3 emissions by applying the relevant criteria outlined in this Greenhouse Protocol guidance such as in [Table 6.1](#).⁵³

A source is considered relevant if it contributes significantly to the company’s total anticipated scope 3 emissions, or if the company has potential influence over emissions reductions within that category.

Other indicators include whether an activity contributes to the company’s risk exposure (such as financial or reputational risks), is deemed critical by stakeholders (like investors or customers), or involves outsourced activities previously performed in-house. Furthermore, companies rely on sector-specific guidance or other internally developed criteria to pinpoint significant sources of scope 3 emissions. The Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard provides guidance on mapping value chains and setting boundaries.

Some organisations may find it difficult to obtain primary data to measure scope 3 emissions without significant cost or effort, including from their value chain partners. In these cases, they can estimate their scope 3 emissions using secondary data such as industry averages, rather than sourcing the data directly from small-to-medium sized businesses in their value chain.

For more information on accounting for land sector and GHG removals in their emissions inventories, organisations can refer to the [GHG Protocol Land Sector and Removals Standard](#),⁵⁴ and Science Based Target Initiative's [Forest, Land and Agriculture Guidance](#).⁵⁵

For financial institutions engaged in lending or financing activities, organisations may choose to apply global standards such as developed by the [Partnership for Carbon Accounting Financials](#)⁵⁶ to estimate the proportion of a borrower's emissions attributable to their lending or financing activities.

Box 12. Principles for conducting a baseline GHG emissions assessment

Organisations should conduct a baseline emissions assessment in accordance with the following accounting and reporting principles.

- **Relevance:** ensure the GHG inventory appropriately reflects the GHG emissions of the organisation and serves the decision-making needs of users – both internal and external to the company.
- **Completeness:** account for and report on all GHG emission sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusions.
- **Consistency:** use consistent methods to allow for meaningful comparisons of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.
- **Transparency:** address all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methods and data sources used.
- **Accuracy:** ensure that the quantification of GHG emissions is systematically neither over nor under actual emissions, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable assurance as to the integrity of the reported information.

Source: Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard

It is likely organisations will face challenges in GHG data collection, particularly in the short-term and for scope 3 emissions. An emissions inventory does not need to be complete or static to be useful. Incomplete emissions inventories can still help to understand transition levers and priorities. The Greenhouse Gas Protocol guidance encourages starting with available data – even proxy data – to identify the largest GHG emission sources or 'hot spots'. This initial screening allows organisations to focus their efforts and resources on the most significant areas first, rather than striving for perfect data across all categories immediately.

As data availability and quality improve over time, organisations can update their historic GHG emissions inventories as part of an iterative assessment process.

[Box 13](#) includes additional resources to help measure emissions.

Box 13. Supporting resources for measuring emissions

- **The Greenhouse Gas Protocol:**⁵⁷ standards, guidance, tools and training for business and government to measure and manage greenhouse gas emissions.
- **ASIC Educational Module 6 Emissions Accounting:** provides foundational knowledge and practical information to support organisations identify and understand their scope 1, 2 and 3 GHG emissions.
- **DCCEEW Voluntary emissions estimation and reporting standards – agriculture, fisheries and forestry** (in development):⁵⁸ designed to improve the consistency and quality of farm-level GHG accounting methods, and the emissions estimates calculated by GHG accounting tools used by primary producers and organisations.
- **DCCEEW National Greenhouse Accounts Factors:**⁵⁹ methods that help companies and individuals estimate greenhouse gas emissions, encouraging consistent emission factors.
- **CSIRO's FarmPrint:**⁶⁰ a tool to support the agricultural sector to evaluate, benchmark and report on the GHG emissions of Australian farms.

1.6 Identify transition and adaptation levers

Organisations can identify the levers that help address transition and physical risks and achieve mitigation and adaptation objectives following analysis of climate-related risks and opportunities and emissions footprint. Transition levers are the available actions to mitigate GHG emissions and adaptation levers are actions to adjust to and manage the impacts of climate change.

Understanding transition and adaptation levers helps inform realistic and achievable strategic ambitions outlined in [Stage 2](#) of the guidance. The TPT Transition Planning Cycle (pages 14–15) includes further information on how to generally assess transition levers, including specific information for financial institutions. The TPT Transition Planning Cycle includes further examples of adaptation actions (page 27).

Transition levers

The transition levers are the mitigation actions (outlined in [Stage 3](#)) available to an organisation and will vary by sector, region, and emissions sources. Transition levers may include electrification, renewable energy, energy efficiency, operational practices, innovation and other emission reduction measures.

Organisations can refer to the Net Zero Plan and associated sector emissions reduction plans to help understand the possible actions available to them. The Net Zero Plan outlines Australia's strategy for an orderly and efficient transition. The sector plans summarise the state of emissions in each sector and identify short-, medium-, and long-term opportunities for abatement. The six plans are:

- [electricity and energy](#)
- [industry](#)
- [built environment](#)
- [agriculture and land](#)
- [transport and infrastructure](#)
- [resources](#).

[Box 14](#) includes additional resources to help assess transition levers.

Box 14. Supporting resources for assessing transition levers

- **Australian Government [Sector emissions reduction plans](#):** help identify opportunities for long-term abatement across priority sectors.
- **Australian Industry Energy Transitions Initiative [Pathways to industrial decarbonisation](#):** helps identify possible mitigation actions for the sub-sectors of iron and steel, aluminium, other metals, chemicals and LNG.
- **IFRS TPT [Sector Summary](#):**⁶¹ suggests actions, metrics and targets for over 30 real economy and financial sectors. While the material is aimed at organisations preparing transition plan disclosures, the sector-specific examples may also support transition planning.
- **Science Based Targets Initiative [Sector Resources Summary](#):**⁶² guidance on how to set Science Based Targets Initiative-aligned targets for a range of sectors (and subsectors) including built environment, forest, land and agriculture, industry and energy.
- **Paris Aligned Investment Initiative [Net Zero Investment Framework 2.0](#)**⁶³ and **Investor Group on Climate Change [Net Zero Investment Framework 2.0](#):**⁶⁴ guidance for investors on transition planning.
- **CSIRO and Clean Energy Finance Corporations [Towards Net Zero Agriculture Pathfinder](#):**⁶⁵ guidance on how to implement on-farm activities that support GHG emissions reductions.

As well as national frameworks, organisations can align with – and benefit from – state and territory climate strategies, plans and programs.

- NSW’s [Climate Change Fund](#)⁶⁶ and associated business grants support clean technology adoption, energy transitions and decarbonisation initiatives.
- Tasmania’s [Adapting your business to climate change](#)⁶⁷ website provides a range of resources to help small to medium enterprises reduce emissions and build resilience.
- Australian Capital Territory’s [Sustainable Business Program](#)⁶⁸ provides energy efficiency rebates.
- Queensland’s [Business Energy Savers Program](#)⁶⁹ offers a range of programs designed to help businesses save energy and adopt energy-efficient practices.
- The [Victorian Energy Upgrades program](#)⁷⁰ helps businesses save energy and money with a range of discounts and special offers from accredited providers on selected energy-saving products and services.
- Western Australia’s [Clean Energy Future Fund](#)⁷¹ supports clean energy investment, innovation and decarbonisation projects, including for industry and resources sectors.
- South Australia’s [Retailer Energy Productivity Scheme](#)⁷² supports businesses to identify and implement energy-saving and emissions-reduction opportunities.
- Northern Territory’s [Climate Resilience Plan](#)⁷³ sets emissions-reduction and resilience objectives relevant to business planning.

Organisations can consider use of carbon credits and Renewable Energy Certificates (RECs) when thinking about transition levers (see [section 3.7](#) for more information).

Organisations can also keep updated on any sector emissions reduction plans or equivalent developed by non-government bodies to understand transition levers at a more granular level.

Using the Australian Sustainable Finance Taxonomy

Organisations may refer to [Australia’s Sustainable Finance Taxonomy](#) to help identify transition levers.

A sustainable finance taxonomy is a framework that can be used to classify activities that contribute positively to a sustainability objective, such as climate change mitigation and adaptation. Taxonomies establish a common definition of which activities are considered sustainable to encourage credible and comparable information.

The Australian Taxonomy is a voluntary tool developed by the Australian Sustainable Finance Institute. The taxonomy comprises technical screening criteria for activities in six priority sectors against the objective of climate change mitigation. It is a non-exhaustive list of priority activities that contribute to climate change mitigation. The six taxonomy sectors align with the scope of the sector emissions reduction plans and include:

- agriculture and land
- minerals, mining and metals
- manufacturing and industry
- electricity generation and supply
- construction and buildings
- transport.

In-scope activities have 'green' or 'transition' criteria:

- A **green** classification includes activities that are aligned with the Paris Agreement goal to limit the increase in the global average temperature to well below 2 °C and pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels.
- A **transition** classification includes measures that can facilitate movement towards alignment with a 1.5°C pathway, primarily consisting of low-carbon technologies, input and practices that can replace higher emissions equivalents in existing activities. These are capital expenditure measures that improve the emissions performance of an activity, but do not make the whole activity 'green'.

Box 15 includes an example on using the taxonomy to identify transition levers.

Box 15. Illustrative example on using the Sustainable Finance Taxonomy to identify transition levers

An organisation involved in mining rare earth minerals is considering what actions are available to them to reduce emissions.

The taxonomy includes several 'decarbonisation measures', a type of transition classification, relevant to the mining sector under B5. Generic Measures for the Mining Sector. Eligible measures include investment in a zero-tailpipe emissions vehicle fleet, and storage and demand management technologies.

In addition, energy sector criteria include the activity D12. Remote and Micro-grid Systems that the company can access. The organisation identifies these as priority actions to help achieve its emissions reduction targets.

Adaptation levers

Adaptation levers will be highly dependent on each organisation's blend of geographic and sectoral climate risks. Options can include:

- **Structural and physical adaptation:** involving tangible changes to infrastructure or the environment, such as elevating critical infrastructure above flood levels or investing in buildings that, with improved energy performance, will be comfortable year-round.
- **Institutional adaptation:** refers to changes in policies, governance and organisational frameworks, for example updating risk management strategies and revising internal policies to integrate climate risks.
- **Social adaptation:** encompassing shifts in behaviour, awareness and community practices, such as promoting employee training on climate awareness or encouraging flexible work habits that adjust for changing conditions.⁷⁴

Organisations can refer to guidance developed by the CSIRO on [adaptation pathways](#)⁷⁵ and [CoastAdapt](#)⁷⁶ to help identify possible levers. Adaptation pathways is a planning technique that helps choose and sequence adaptation actions and investments, identifying those that must be taken immediately and those that can be deferred. The [Australian Adaptation Database](#)⁷⁷ also includes examples and case studies for adaptation actions across different scales, sectors and geographic locations in Australia, which organisations may find useful in identifying possible adaptation actions.

Sustainable finance taxonomies are also valuable tools to identify credible adaptation actions. While adaptation criteria in regional taxonomies remain under development, organisations may refer to credible market-based taxonomies such as the Climate Bonds Initiative's [Resilience Taxonomy](#)⁷⁸ which lists investments across various sectors including buildings, agriculture and aquaculture, energy infrastructure, transport infrastructure and logistics services.

1.7 Assess impacts and dependencies

Identified actions can impact, and depend, on external stakeholders, society, the economy and natural environment. These impacts and dependencies can affect cash flows, access to finance or cost of capital over the short, medium and long-term. Understanding these impacts and dependencies can also help identify broader positive outcomes.

For example, where an organisation identifies the construction of a flood wall as a possible adaptation action to protect its own assets, there could be increased risk of flooding to the broader community and environment. In this context, organisations can consider proactive steps to anticipate, assess and address these potential consequences as part of planning and approvals, as failure to do so may give rise to financial implications (for example, approval delays, litigation or reputational costs). An effective assessment of impacts and dependencies will likely require engaging with stakeholders identified through stakeholder mapping, or any other stakeholders likely to be affected by mitigation and adaptation actions.

Assessing impacts and dependencies helps organisations to:

- understand how actions may give rise to other sustainability-related risks and opportunities and the trade-offs and synergies
- identify where engagement with other stakeholders is needed
- develop actions to achieve strategic ambitions that capture opportunities but avoids adverse impacts.

The TPT Transition Planning Cycle (page 16) includes a diagram outlining how an organisation can assess impacts and dependencies, with further examples.

Stage 2: Set strategic ambitions

The second stage of transition planning is setting or re-setting strategic ambitions. Strategic ambitions are the high level but achievable visions an organisation develops to respond to climate-related risks and opportunities. Organisations use strategic ambitions to articulate their climate objectives.

Stage 2 of the guidance can be considered alongside pages 18–25 in the Transition Plan Taskforce (TPT) [Transition Planning Cycle](#).

2.1 Define objectives and priorities

Organisations can set strategic ambitions for mitigation (emissions reduction) and adaptation objectives. Collectively these can be defined as climate ambitions and form part of a wider business strategy. Organisations may also choose to set strategic ambitions for other sustainability-related considerations such as just transition, nature, modern slavery or the circular economy.

The TPT Transition Planning Cycle highlights the following principles organisations can adopt when setting strategic ambitions.

- Reflect the urgency to act, in response to an organisation's exposure to physical and transition risks.
- Incorporate bottom-up and top-down considerations:
 - Bottom-up considerations are drawn from an organisation's own situation and operating context, such as its core business model and risk appetite, transition levers and the state of available technologies.
 - Top-down considerations are based on the systemic changes needed to limit the future risks of rising global temperatures and include relevant national targets and policies, such as the Net Zero Plan.

If setting strategic ambitions occurs separately to [Stage 1](#), it can be helpful to revisit the assessment of impacts and dependencies and stakeholder mapping. This review can help identify any new impacts or dependencies, or whether any previously identified impacts and dependencies have changed. This step can also help to check if the planned strategic ambitions give rise to negative impacts that cannot be effectively managed and may need to be revised.

Mitigation ambitions

Mitigation ambitions, at a high level, outline an organisation's objectives to reduce greenhouse gas (GHG) emissions and its approach to the transition. These can cover a range of operations and processes. An example of a mitigation ambition may be to accelerate decarbonisation and develop new products that help customers reduce their energy use.

Stakeholders, including investors, often judge the credibility of mitigation ambitions by the level of ambition and whether they are achievable and align with relevant international and domestic commitments and frameworks.

Aligning with international climate agreements and national targets

International climate commitments can help inform mitigation ambitions. The Australian Government is party to the Paris Agreement, which aims to hold the increase in global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C.

The Australian Government has legislated an emissions reduction target of 43 per cent below 2005 levels by 2030, and net zero by 2050.

In September 2025, the Government announced a 2035 emissions reduction target of 62 to 70 per cent below 2005 levels. These targets form part of Australia's Nationally Determined Contributions, submitted to the United Nations, and can be found on the [Nationally Determined Contributions Registry](#).⁷⁹

Many Australian companies have operations or value chains outside Australia, which can be impacted by other international climate agreements and targets. Also meeting these commitments can support resilience and competitiveness in overseas markets.

Considering domestic policies

Domestic mitigation policies can help inform mitigation ambitions, which can support the achievement of Australia's broader climate goals. This section highlights Australian Government policies. Organisations should consider the most up-to-date information to understand any relevant obligations and refer to other relevant policies, plans and guidance developed by state, territory and local governments ([Box 16](#)).

First, organisations must consider any regulatory obligations for GHG emissions reductions or other mitigation requirements, including the following:

- The [Safeguard Mechanism](#)⁸⁰ is the main policy mechanism for industrial emissions reduction featuring a declining cap (or 'baseline') on emissions for covered facilities. Facilities covered by the Safeguard Mechanism are required to manage any net GHG emissions that exceed their baselines.
- The [New Vehicle Efficiency Standard](#)⁸¹ sets emissions standards across a supplier's fleet of vehicles.
- The [Renewable Energy Target](#)⁸² encourages the increase of renewables to help achieve Australia's target of 82 per cent of renewable electricity by 2030. The [Capacity Investment Scheme](#)⁸³ also contributes to supporting investment in renewable energy projects.

Second, organisations may find it useful to consider other non-regulatory government material which outlines Australia's economy-wide approach to achieving net zero, including the following:

- The [Net Zero Plan](#) and the sector emissions reduction plans set out the Australian Government's priorities in achieving a fair, orderly and efficient net zero transition.
- [Australia's Circular Economy Framework](#)⁸⁴ sets the pace and direction for Australia to double the circularity of the economy by 2035 – and encourages efforts to drive the net zero, nature-positive and economic growth agendas.
- The [National Electric Vehicle Strategy](#)⁸⁵ sets a vision to increase the uptake of electric vehicles to reduce emissions and improve the wellbeing of Australians.
- The [First Nations Clean Energy Strategy](#)⁸⁶ outlines principles and actions required by government, industry and community to ensure First Nations peoples participate, and benefit from the transition to net zero.

Box 16. Decarbonisation policies, plans and targets across Australian governments

Along with the federal government, all state and territory governments have set net zero targets by 2050 or earlier. Some local governments have also established decarbonisation or emission reduction goals.

Organisations may find opportunities to draw on policies, plans and targets across all levels of government to inform and support their mitigation ambitions.

Examples of available resources:

- [Snapshot Climate](#)⁸⁷ has downloadable emissions and climate profiles for all states and territories and all 537 local government areas.
- [Climate Policy Tracker](#)⁸⁸ compiles over 400 climate policies and actions across federal, state and territory, and local government levels. It is updated annually.

Adaptation ambitions

Adaptation ambitions outline how organisations plan to adjust to the physical impacts from climate change. They are identified through assessment of organisational resilience, reflecting current and expected risks. This is outlined in the Council of Australian Government's [Roles and Responsibilities for Climate Change Adaptation in Australia](#)⁸⁹ paper which articulates that private organisations should be aware of and be responsible for managing adaptation risks.

Adaptation ambitions are unique to each organisation and region and may take many forms, including adjustments in ecological, social and economic systems. The bespoke nature of adaptation ambitions makes it difficult to set standardised guidance in the same way as mitigation. However, organisations may consider the government's [National Adaptation Plan](#)⁹⁰ for context when setting their own strategic ambition. The National Adaptation Plan draws on the identification of Australia's highest priority national climate risks in the [National Climate Risk Assessment](#) and outlines the Australian Government's planned action on enhancing Australia's adaptation to climate change. The Network for Greening the Financial System paper ([Box 17](#)) includes principles to consider when setting adaptation ambitions.

Australian federal, state and territory, and local governments are also taking significant steps in advancing adaptation. Each level of government has distinct but related roles and responsibilities in building national climate resilience. Information on the roles and responsibilities, as well as specific materials from each level of government, is outlined on the DCCEEW [Climate Adaptation in Australia](#)⁹¹ website and in the National Adaptation Plan.

[Box 18](#) includes an example on setting an adaptation ambition.

Box 17. Integrating adaptation and resilience in transition planning

The Network for Greening the Financial System published a paper for the G20 Sustainable Finance Working Group on [integrating adaptation and resilience into transition plans](#).⁹²

While the paper is primarily focused on financial institutions, it is also informative for non-financial institutions and is designed to support entities at varying levels of readiness and capacity. The paper recommends organisations adopt 2 objectives when setting adaptation ambitions:

- Focus on identifying and managing exposure and vulnerability to physical risks on an organisation's balance sheet and through its operations.
- Where applicable, seek to seize adaptation-related business opportunities that align with the organisation's strategic interests and may also contribute to systemic resilience.

Box 18. Illustrative example on setting an adaptation ambition

A private healthcare facility servicing a regional community considers the following when setting its adaptation ambition:

- The outcomes of its assessment of climate-related physical risks and opportunities and associated risk appetite and tolerance. This includes:
 - increased exposure of the facility to multiple climate hazards, such as floods
 - increased risk of loss of critical services such as electricity, telecommunications and water supply during and after extreme events, leading to increased isolation of the service.
- Available adaptation actions, such as upgrading assets to improve insulation and increasing generator capacity.
- Assumptions and external dependencies, such as the welfare and availability of its workforce, reliance on municipal water supply and relationships with the broader healthcare system.
- The effectiveness of existing disaster management plans.

The facility establishes an ambition of reducing the climate risk to its residents, service, and site, from the 2025 assessed level of 'high to moderate' to 'low to moderate' by 2030. This is done in addition to its existing emergency management processes and business continuity planning.

To achieve this ambition, the Board decides to invest in asset upgrades, such as improved insulation, air conditioning, and outdoor shade. As these investments are costly, the plan for implementation will be staged over five years and integrated with forward financial planning.

Investments include improving drainage to prevent the site from being cut off from the town and installing a solar power system and more generator capacity to allow uninterrupted operation during extended power outages. Over time, the facility plans to install additional insulation, double-glaze windows and install improved heating, ventilation and air conditioning systems.

While the facility can address the resilience of its site, the resilience of its service relies on transport systems for the supply of critical inputs like fresh food, medicine and qualified staff. The Board engages with the local council and hospital to strengthen these connections, recognising the need for collaborative action to build resilience, especially for these external dependencies, which also include reliance on municipal water supply.

Other sustainability-related ambitions

Climate-related ambitions can intersect with, and may even depend on, progress toward broader sustainability ambitions. For example, efforts to address deforestation can reduce greenhouse gas emissions and help reduce biodiversity loss. At the same time, such efforts can support local communities by helping to preserve essential services provided by the ecosystem, including water purification.

Organisations may choose to embed a wider range of sustainability ambitions within their strategic ambitions. Integrating additional priorities such as halting nature loss and promoting fair treatment of people can help deliver more comprehensive environmental and social outcomes. Guidance on integrated planning are evolving, reflecting differences in the maturity of climate, nature and social frameworks to support more integrated approaches. [Box 22](#) in section 3.1 also includes information on other sustainability-related ambitions.

Organisations can also consider adopting the Do No Significant Harm criteria and the Minimum Social Safeguards in the [Australian Sustainable Finance Taxonomy](#). The taxonomy includes guidance on how to apply Do No Significant Harm criteria, which covers other environmental objectives and how to assess performance against the Minimum Social Safeguards framework.

2.2 Identify key assumptions and external factors

Organisations can identify key assumptions and external factors on which their strategic ambition depends. Developing strategic ambitions requires a flexible, dynamic and adaptive process, reflecting uncertainties on a range of factors over which organisations may not have full control.

Organisations often need to make reasonable assumptions about the future as part of setting strategic ambitions. Examples of assumptions and external factors include emissions pathways, new or expected policies, macroeconomic trends and technological developments.

Understanding the assumptions and external factors can help organisations better assess the feasibility of their strategic ambitions, actions and engagement strategy, and support dynamic implementation.

The TPT Transition Planning Cycle (page 22) includes further examples of possible uncertainties, assumptions and dependencies.

[Box 19](#) includes an additional resource to help identify assumptions and external factors.

Box 19. Supporting resources for identifying assumptions and external factors

World Business Council for Sustainable Development [A Practical Guide on Transition Plan Dependencies](#):⁹³ guidance on managing external dependencies in transition planning.

2.3 Identify strategic changes to business model and value chain

After setting strategic ambitions, the next step is to consider the implications for the organisation's business model and value chain. This involves identifying where changes may be required to support delivery of ambitions across the short, medium and long term.

Changes may be needed to strengthen downstream resilience, such as:

- supporting customers to improve energy efficiency
- adapting insurance or financial products to climate-related risks
- entering or exiting specific markets or locations as climate conditions and policy settings evolve.

Upstream changes may involve entering new value chains due to altered product design or input requirements, revising procurement policies, or adjusting the geographic reach of the value chain.

Organisations may also need to consider changes within their business model and across their upstream value chains. These may include changes to customer engagement or use of physical assets, such as office space. These considerations help ensure that an organisation's strategic ambition is reflected in practical and sustainable changes.

The TPT Transition Planning Cycle (page 24) includes further examples of upstream, downstream and business model changes.

Stage 3: Plan actions

This section outlines steps organisations can take when translating strategic ambitions into actions.

Stage 3 of the guidance can be considered alongside pages 26–40 in the Transition Plan Taskforce [Transition Planning Cycle](#).

3.1 Develop actions

Once the changes to business models and value chains required to deliver strategic ambitions are understood, the next step is to develop actions. Organisations can use the transition and adaptation levers identified in [Stage 1](#) of the guidance to prioritise then select actions to achieve their strategic ambitions. It is also helpful for actions to account for the key assumptions and external factors identified in [Stage 2](#). [Box 22](#) provides more details on developing actions to achieve other sustainability-related objectives.

Mitigation actions

The way that mitigation actions and progress contribute to each organisation's transition will vary. Progress is unlikely to be linear, and actions can cut across multiple aspects of an organisation's business model. For example, there may be changes to:

- business operations by shifting from fossil fuels to renewable energy
- products and service offerings to increase the share of less emission-intensive products and services, or phasing out more emissions-intensive offerings
- internal policies and conditions to improve efficiency of processes to reduce energy usage or consider climate in procurement procedures
- research and development to reduce the emissions intensity of products and services over the longer term.

The International Organization for Standardization (ISO) [Net Zero Guidelines](#)⁹⁴ includes further guidance on prioritisation of mitigation actions, including that organisations should, where possible, prioritise emissions within their direct control.

The cost of abatement is typically expressed as the discounted net cost of a mitigation measure divided by the total emissions reduction it delivers over its lifetime, commonly reported as dollars per tonne of CO₂-e abated.

An organisation may choose the lowest-cost option or may decide to pursue options that support broader or longer-term objectives. For example, an organisation may invest in higher-cost carbon credits generated through [savanna fire management](#)⁹⁵ because they align with its Reconciliation Action Plan, or invest in low-carbon liquid fuels that are not currently the lowest-cost option to support industry development.

Other factors that may be considered include the technology readiness level of the actions and whether the least-cost approach over time involves a combination of onsite emissions reduction actions and carbon credits (refer to [section 3.7](#) for information on carbon credits).

The TPT Transition Planning Cycle (page 27) guidance provides additional examples of mitigation actions.

[Box 20](#) includes examples on prioritising and sequencing actions, and [Box 21](#) includes mitigation actions the Australian Government is taking in government operations.

Box 20. Illustrative example on prioritising and sequencing actions

A mid-sized appliance retailer developed a shortlist of mitigation actions. Its largest scope 1 and 2 emissions sources come from store-running costs and its delivery vehicle fleet.

The company starts with the most immediately beneficial actions. This includes energy efficiency upgrades to heating, ventilation and air conditioning (HVAC) in its stores.

During the upgrade process, the company discovered that some of its HVAC equipment is nearing end of life. Instead of replacing gas-fired HVAC equipment like-for-like, the company decides to electrify and replace equipment with electric-powered heat pumps. It uses a government grant that supports electrification of major energy users. While the upfront costs are higher, the ongoing operating expenditure is lower. This is due to efficiencies with electrified equipment, as well as the fact that new electric-powered heat pumps can be partially run using energy from its rooftop solar photovoltaic technology.

The company plans to phase in electric vans and trucks when current transport assets reach end of life. Meanwhile, the company's procurement team starts engaging with the most high-emitting suppliers and customers to address scope 3 emissions. Because the company has many suppliers, it realises that it will take longer to build relationships and trust. As such, it develops a long-term plan to engage early and collaborate with its suppliers to develop solutions.

Box 21. Example on mitigating climate impacts from government operations

In 2022 the Australian Government committed to reducing the emissions of Commonwealth Government agencies to net zero by 2030. To deliver this commitment, the government released the [Net Zero in Government Operations Strategy](#)⁹⁶ in November 2023. The Strategy identifies priority areas for reducing emissions from Commonwealth activities. It focuses on emissions reduction across a number of areas of Commonwealth operations, including:

- procuring renewable energy through coordinated purchasing arrangements
- refurbishing and leasing property to improve energy efficiency and reduce emissions impact
- electrifying building infrastructure to eliminate direct emissions
- integrating low emissions options into Commonwealth procurement, including through:
 - procurement of low-emissions vehicles when fleet replacement is required
 - use of low-emissions options for official travel
 - identification and management of emissions associated with information technology.

The Strategy sets out actions and targets aligned with these focus areas and provides guidance to Commonwealth entities on reducing operational emissions.

The Strategy is being progressively implemented over eight years, from 2023–24 to achieve net zero by 2030. Progress towards the 2030 net zero target is reported annually through the [Net Zero in Government Operations Annual Progress Report](#).⁹⁷

Adaptation actions

Organisations can use adaptation pathways to plan for future spending by identifying decision points, triggers, critical thresholds, and possible timeframes for actions across a range of plausible future scenarios.

Adaptation pathways can support investment decisions that avoid locking in climate risk, limiting future opportunities, or leading to unintended or maladaptive outcomes.

Resources are available to support entities in using adaptation pathways to choose and sequence appropriate adaptation (and transition) actions. This includes Commonwealth Scientific and Industrial Research Organisation guidance on [adaptation pathways](#) and [CoastAdapt](#).

The TPT Transition Planning Cycle (page 28–29) suggests prioritising adaptation actions by identifying which are no/low regrets, which support climate-smart design in new infrastructure, and which are early activities that will take time to develop and benefit from learning curves.

The Australian Government has worked with the insurance industry to develop [Guiding Principles for resilience investment](#).⁹⁸ This recognises that investment in risk-reduction activities is one of the most effective ways to build more resilient communities and put downward pressure on insurance premiums.

Optimisation and trade-offs between adaptation and mitigation actions

Organisations can develop adaptation and mitigation action plans in parallel to support improved outcomes. This approach can help optimise benefits, identify trade-offs, including those arising from resource constraints, and reduce the risk of conflicting actions.

Some actions can deliver benefits for both mitigation and adaptation. For example, planting trees can reduce emissions while also helping to manage flood risk. Other actions may create additional challenges if considered in isolation. For example, installing rooftop solar panels without also considering whether the roof needs upgrading to manage increasing weather risks.

Even where mitigation, adaptation and other sustainability-related actions are planned separately, including at different times, integrating all actions into the business strategy can still support some improved outcomes.

The TPT Transition Planning Cycle (page 25) includes a diagram with examples of synergies and trade-offs between mitigation and adaptation.

Box 22. Information on other sustainability-related ambitions and actions

This box includes information on considering and integrating other sustainability-related ambitions and actions in transition planning. Integrating cross-considerations early can help organisations identify co-benefits and avoid unintended harm from actions driven by climate-only considerations.

Organisations can refer to the World Business Council for Sustainable Development [Integrated Transition Planning primer](#)⁹⁹ for further information on integrating nature and just transition considerations in transition planning.

Just transition

Ambitions

A ‘just transition’ is a social goal broadly defined as ensuring the climate transition is fair, inclusive and protects workers, communities and vulnerable groups. This involves upholding fairness and equity both intergenerationally and across different social groups and can help an organisation maintain social licence throughout the transition. The [National Climate Risk Assessment](#) and [National Adaptation Plan](#) also include information on the disproportionate impacts of climate change on First Nations communities and the importance of First Nations participation in the climate transition. Examples of just transition ambitions include:

- providing social and economic co-benefits to local communities
- collaborating with local government, employees, and communities to co-design transition planning
- protecting First Nations’ cultural heritage and values.

Organisations can refer to Investor Group on Climate Change [Investor Expectations on Just Transition](#).¹⁰⁰ This resource builds on other just transition related resources, including from the Australian Council of Superannuation Investors.

Continued on next page

Box 22. Information on other sustainability-related actions (continued)

Actions

Examples of just transition actions to achieve ambitions include:

- **Workforce Transition Plan:** Workforce transition plans outline strategies and steps to manage staffing changes. These plans help ensure a smooth transition while maintaining productivity and supporting affected employees through training and redeployment. The Net Zero Economy Authority administers the [Energy Industry Jobs Plan](#),¹⁰¹ a national legislative framework designed to support workers directly impacted by the closure of coal-fired and gas-fired power stations to prepare for and transition to new jobs. It achieves this by requiring employers to provide workers with reskilling opportunities, and access to career and financial advice so they can make informed decisions about their future. The Net Zero Economy Authority is also supporting the Department of Employment and Workplace Relations to develop Regional Workforce Transition Plans. These plans will enable the development of practical workforce actions, including reskilling and redeployment pathways, regionally tailored transition supports, and better alignment between emerging clean energy roles and local labour markets.
- **Reconciliation Action Plans:** These strategic frameworks help establish and strengthen relationships, respect, collaboration and opportunities between First Nations and non-Indigenous Australians. Although not climate-specific, Reconciliation Action Plans help organisations embed the foundational principles of reconciliation. This is done through promoting cultural capability, fostering respectful and meaningful relationships, and creating opportunities for First Nations leadership and participation in transition planning. Reconciliation Australia provides detailed [advice](#)¹⁰² on how organisations can develop and seek endorsement of Reconciliation Action Plans, with endorsed plans published on their website. For more information on the importance of engaging First Nations peoples throughout transition planning, refer to [section 3.5](#) of the guidance.
- **Cultural Heritage Management Plan:** Developing and implementing a Cultural Heritage Management Plan allows organisations to assess the potential cultural heritage impacts of an action, in consultation with relevant Traditional Owners and First Nations stakeholders. This may include consideration of tangible and intangible cultural heritage value, and commitment of measures for the protection and management of cultural heritage. Organisations should align the preparation of any Cultural Heritage Management Plan with relevant state and territory legislation.

Continued on next page

Box 22. Information on other sustainability-related actions (continued)

Nature

Ambitions

The natural environment plays a crucial role in stabilising the global carbon cycle. However, it is increasingly being altered by the broad scale, fast pace and intensity of climate impacts. Conversely, protecting and increasing the resilience of the natural environment can reduce the effects of climate change and enhance climate change mitigation.

Given the links between climate and nature outcomes, organisations may look to set ambitions that integrate climate and nature goals, particularly in instances where those ambitions lead to reduced costs, improved resilience or long-term profitability. An example of this is committing to addressing deforestation in value chains – this ambition leads to positive outcomes on both climate and nature.

With organisations, investors and financial regulators increasingly recognising the importance of responding to nature-related risks and opportunities, organisations may look to set more specific, nature-focused goals over time. These goals could relate to reducing negative impacts on nature (such as by reducing pollution impacts, or through more sustainable resource use) or increasing positive impacts on nature (such as by restoring degraded ecosystems or employing nature-based solutions). Organisations can refer to the Taskforce on Nature-related Financial Disclosures [Guidance on Nature in Transition Plans](#) for further information.

Actions

Detailed guidance on nature-related transition planning continues to evolve. Organisations, particularly those exposed to nature-specific risks, can build greater business resilience from considering and taking early action on nature. [Box 23](#) highlights how an organisation could develop nature actions which support both adaptation and mitigation ambitions.

Modern slavery

Ambitions

Business operations, including climate transition activities may have implications for human rights and labour standards across value chains, particularly where organisations increase reliance on new technologies, materials or suppliers. Organisations may choose to set strategic ambitions to identify, prevent and mitigate modern slavery risks associated with their operations and value chains as part of a credible and responsible transition.

Embedding robust processes and practices to address modern slavery risks can help organisations uphold social safeguards, support a just and inclusive transition, and enhance resilience, stakeholder trust and long-term value creation.

Actions

The government provides [guidance, training and other resources](#)¹⁰³ to help organisations make a difference in stopping modern slavery. The government's [Modern Slavery in Australia](#)¹⁰⁴ website contains resources to help strengthen business responses to modern slavery.

Continued on next page

Box 22. Information on other sustainability-related actions (continued)

Circular economy

Ambitions

Circular economy principles can support transition planning by shaping how materials, products and services are designed, used and recovered across value chains. Rather than being an objective in isolation, the circular economy can act as an enabling approach that strengthens climate ambitions while delivering broader business, environmental and economic benefits.

Organisations can consider the circular economy when setting strategic ambitions where material use, waste generation or value chain dependency are significant sources of climate risk or opportunities, particularly for those organisations with material scope 3 emissions, exposure to resource volatility or reliance on emissions-intensive or climate-vulnerable inputs.

Circular economy considerations can be incorporated in different ways depending on organisational context. Some organisations may choose to set a specific circular economy ambition, while others may embed circular economy principles as part of mitigation and adaptation ambitions. This approach supports mitigation ambitions by reducing emissions associated with raw material extraction, manufacturing, transport and waste, including through material efficiency, reuse, remanufacturing and substitution of primary materials. The circular economy can help adaptation ambitions by reducing reliance on vulnerable value chains, increasing flexibility in sourcing, and strengthening local or regional resource loops.

Australia's Circular Economy Framework can help organisations to identify key circular economy opportunities for their sector and opportunities to align with Australia's economy-wide approach. In addition, Circular Australia's [Circular Economy Finance Report and Guide](#)¹⁰⁵ provides a breakdown of the national and international resources and their intended application.

Actions

Examples of circular economy actions to achieve circular economy ambitions include:

- redesigning products or services to reduce material intensity, increase durability, or enable repair, reuse or remanufacturing
- increasing the use of recycled or secondary materials to reduce upstream emissions and dependence on virgin resource extraction
- strengthening resource recovery, takeback or recycling systems to reduce waste-related emissions and environmental impacts
- adopting service-based or product-life-extension business models that decouple revenue from material throughout
- improving water, nutrient or organic material reused to address resource security and enhance resilience to climate variability.

Organisations can refer to the [Circular Economy Finance Report and Guide](#) and the [Harmonized Circular Economy Finance Guidelines](#)¹⁰⁶ for further information on identifying, measuring and monitoring circular economy actions to mitigate climate, nature and social risks and consider their interactions with climate, nature and just-transition objectives.

[Box 24](#) includes an example on how circular economy actions can support mitigation, adaptation and other sustainability-related objectives.

Box 23. Illustrative example on nature actions that support adaptation and mitigation

During its assessment of climate-related risks and opportunities, an organisation identified physical risks to its operations – notably a dependence on healthy ecosystems and reliance on water as an input.

Because of this, the organisation sets a strategic ambition to reduce its water use and chooses to implement related actions:

- Operational water-efficiency measures, such as upgrading irrigation systems, improving leak detection, and optimising process water use to reduce overall demand.
- Supply-chain water stewardship initiatives, such as working with suppliers, local communities and land managers to promote responsible water sourcing practices.
- Purchasing targeted carbon credits for the primary purpose of supporting the nature-related components of a project that restores native vegetation and improves watershed health in an area where many of its suppliers are based and also for broader mitigation ambitions.

These steps help the organisation achieve its adaptation ambition of reducing water dependence. It also strengthens nature resilience by protecting the water ecosystems the company depends on, and reducing emissions.

Box 24. Illustrative example on circular economy actions that support mitigation, adaptation and sustainability-related ambitions

As part of assessing its organisational position, an electronics manufacturer identifies material use and product end-of-life as primary sources of its scope 3 emissions and exposure to supply-chain disruption.

In response, the organisation sets a strategic ambition to double the circularity of its business by 2035, in line with [Australia's Circular Economy Framework](#). The organisation reviews its product and operating model and implements targeted actions, including:

- redesigning products to reduce material intensity and enable repair, upgrading and disassembly
- increasing the use of durable, low-carbon and secondary materials where feasible
- introducing repair, refurbishment and take-back programs to extend product life
- shifting selected product lines toward product-as-a-service models
- strengthening resource recovery systems for components, water and organic waste.

These actions are integrated into procurement, product design and value chain engagement processes and are prioritised based on emissions reduction potential, value chain resilience benefits and feasibility within existing capital cycles.

It also sets targets of reducing its material footprint by 10 per cent, lifting its material productivity by 30 per cent, and safely recovering 80 per cent of resources.

The circular economy actions help meet mitigation ambitions by reducing emissions associated with material extraction and manufacturing. It also helps meet its adaptation ambition by lowering exposure to critical material shortages and price volatility. Other co-benefits include:

- reduced waste generation
- improved resource security
- the creation of local employment opportunities in repair and re-manufacturing activities.

Progress is monitored through a small set of material productivity, recovery and emissions metrics, which are refined over time as data quality improves.

3.2 Revisit organisational policies and conditions

Organisations may also need to consider changes to internal policies, conditions and related processes to ensure actions can be implemented effectively and are supported in practice. This extends to:

- learning and development programs
- procurement
- Human Resources
- reporting systems
- data requirements.

Changes may include creating policies and monitoring mechanisms, as well as checking whether current policies, conditions or incentives may unintentionally conflict with the organisation's new or updated ambitions. Organisations can also consider whether existing monitoring mechanisms are fit for purpose and support tracking progress against transition and adaptation levers.

3.3 Assess resilience of actions

Organisations can assess the resilience of their planned actions to external factors. This may include testing the resilience of these actions against the key assumptions identified in [Stage 2](#) of the guidance and climate-related risks and opportunities identified in [Stage 1](#).

Organisations can plan to manage and mitigate key vulnerabilities. Where organisations identify potential adverse impacts of their actions on broader stakeholders, society or the economy, it is important organisations consider how these can best be managed. Potential adverse impacts may include, for example, workforce displacement or negative impacts on local economies. If the adverse impacts cannot be managed effectively, organisations may wish to revisit their planned actions or strategic ambitions, and consider adjustments.

Organisations may also engage internal or external change management specialists to help prepare the business for fundamental changes that may come from implementing these actions. This may require deep engagement across the organisation to understand the practical implications these changes will have to ensure they are coherent with broader business strategy.

3.4 Review governance structures and people strategies

Organisations can review governance structures and people strategies to help ensure actions are delivered successfully. The [Governing for Net Zero Guide](#) from the Australian Institute of Company Directors (AICD) and the Australian Council of Superannuation Investors (ACSI) provides further detail on undertaking such reviews.

Skills, competencies and knowledge

Organisations can develop appropriate skills and capabilities within their workforce to ensure informed decision-making and effective implementation. Early identification of capability gaps through mapping or stocktake exercises enables targeted interventions, including training, professional development, or recruitment.

Having the necessary expertise supports the Board, senior management and relevant staff with evidence-based decision making and enhances understanding of the risks, opportunities and implications associated with transition planning.

Culture and employee engagement

Organisations can establish an enabling culture early in transition planning which can be fundamental to effective governance and sustainable change. Culture can shape decision-making, accountability, and engagement with the transition planning process. Early consideration of cultural factors also helps ensure that governance arrangements are well-designed and aligned with organisational values and objectives, while also supporting the identification and management of key barriers.

Leadership plays a central role in reinforcing transition planning by:

- shaping organisational culture
- modelling openness to change
- communicating a shared sense of purpose
- fostering staff engagement.

Cultural shifts can aim to build trust, empower staff participation and promote innovation, creating an environment that supports resilience and commitment to transition planning.

Rewards and recognition

Organisations can align internal rewards and recognition frameworks with transition planning to help achieve strategic ambitions, reinforce accountability and sustain organisational focus. This can be implemented at the leadership level and across the wider workforce.

Rewards and recognition may include celebrating milestones, acknowledging contributions, and highlighting achievements linked to transition planning.

Acts of recognition such as public acknowledgement, professional development opportunities and team celebrations can foster engagement and strengthen a shared sense of purpose. These initiatives help maintain drive and encourage individuals to actively contribute to the success of the transition.

Where appropriate, organisations may also seek to align remuneration policies with transition planning. Organisations can refer to the Investor Group on Climate Change's [Incentivising Climate Action with Executive Remuneration in Australia](#)¹⁰⁷ report to understand possible investor expectations on the integration of climate goals with executive remuneration.

3.5 Develop engagement strategy

External engagement is crucial to informing and implementing transition planning. As outlined in [Stage 1](#) of the guidance, the first step is identifying the relevant stakeholders that may have a role to play in addressing the organisation's climate-related risks and opportunities. Effective engagement also minimises the risk that stakeholders are adversely affected, such as through maladaptation, or left out of potential opportunities.

Many organisations have existing stakeholder identification and engagement processes. Integrating climate change and associated transition planning considerations into these existing structures may reduce the need for new processes and may highlight additional stakeholders, or new risks and opportunities associated with existing stakeholder relationships.

The TPT Transition Planning Cycle (page 35) outlines principles for engagement, including:

- prioritising counterparts for engagement strategically
- establishing the most suitable process for engagement
- monitoring and measuring engagement outcomes
- establishing escalation procedures where engagement does not lead to the desired outcome.

Engaging with upstream and downstream value chains

Engagement with value chain partners, where possible, can help identify climate-related risks and vulnerabilities that may sit outside an organisation's direct operations. For example, a supermarket operator may be exposed when a supplier faces lower crop yields or higher input costs.

Engagement with the value chain helps to:

- build an understanding of exposure to climate-related risks and opportunities across upstream and downstream activities
- identify vulnerabilities and dependencies that may affect strategic resilience and financial performance
- influence how value chain partners align with the organisation's strategic direction and transition planning objectives
- enhance data quality, innovation and collaboration
- identify where scope 3 emissions are concentrated and work with partners to reduce value chain emissions.

Organisations can benefit from sharing their transition planning goals with suppliers, customers and other value-chain partners. It can help:

- set expectations for the future direction of the organisation, including improving its reputation
- encourage alignment of sustainability goals
- collaboration to address shared risks and capitalise on opportunities.

For examples on value chain collaboration for scope 3 emissions, see the Australian Climate Leaders Coalition [Scope 3 Roadmap](#).¹⁰⁸

When it comes to collaborating with value chain partners, it is important to consider competition law obligations. For more information see the Australian Competition & Consumer Commission's (ACCC) [Sustainability Collaborations and Competition Law Guide](#).¹⁰⁹ This guidance helps organisations understand how they can collaborate on environmental and social sustainability initiatives without breaching competition laws.

Engaging with investors and lenders

Investors and lenders are increasingly referring to organisations' transition planning activities and reporting when assessing business performance and resilience. This includes requirements for transition plans introduced by major Australian banks for certain sectors.¹¹⁰

Organisations may need to proactively engage with their investors, shareholders and lenders to understand their information needs and present reliable information about the organisation's actions and how they align with climate ambitions and its broader business strategy. This engagement can help support access to finance, such as sustainability-linked loans.

Engaging with investors and lenders on the transition planning process helps build trust and can help retain finance. It can give investors confidence about the credibility of the planning process, in particular governance structure, capital allocation and overall feasibility of the organisation's strategy. This helps inform investors' and lenders' own risks and opportunity assessments, manage their financial performance across the short-, medium and long-term and meet their own strategic ambitions.

Organisations can refer to Climateworks' [Guide to credibility for corporate climate transition plans](#) for information on market expectations for transition plans.

Engaging with consumers

Organisations are responding to consumer demand for environmentally sustainable products and services, including through transition planning. This is leading to a shift in how products and services are produced, marketed and delivered.

Organisations must comply with Australian Consumer Law obligations where they engage with or make claims to consumers about their transition planning for the purposes of their product claims. This includes ensuring claims are true, clear and based on reasonable grounds so that consumers can understand communications and trust is built.

The ACCC is responsible for enforcing compliance with the Australian Consumer Law. It developed the Environmental Claims Guide to help organisations understand their responsibilities under the Australian Consumer Law when making consumer-facing claims. Principle 8 of the guide specifically addresses making claims about an organisation's environmental sustainability transition.

When deciding to make sustainability-related claims in relation to financial products, organisations should comply with, and consider their obligations under, relevant legislation such as the Corporations Act. The Australian Securities and Investment Commission's (ASIC) [Information Sheet 271](#) provides more information.

Engaging with communities

Local communities

Engagement is key to incorporating local views and building community support. This is especially important where transition planning is likely to affect locals or for organisations who identified community groups as stakeholders during [Stage 1](#).

Early and effective conversations with local communities fosters a shared understanding of local needs, challenges and opportunities relevant to the transition planning process.

Insights gathered through engagement helps to build an understanding of the community's capacity to support or manage the impacts of the organisation's ambitions and actions. Engagement also builds an understanding about the community's tolerance for possible trade-offs.

It is beneficial for an organisation to share its goals with local communities so that there is ongoing understanding and support of its activities. This helps ensure long-term success, reduce operational risks and foster positive community relationships.

[Box 25](#) includes additional resources to help with engaging local communities.

Box 25. Supporting resources for engaging local communities

- **Australian Government [National Guidelines for Community Engagement and Benefits for Electricity Transmission Projects](#)**:¹¹¹ community engagement principles across 4 sectors.
- **Net Zero Economy Authority Energy Industry Jobs Plan**: framework to help work with unions and agree on the supports workers need to transition to new opportunities.

First Nations engagement and partnership

First Nations communities are essential leaders and partners in Australia's transition to net zero. About 70 per cent of Australia's land and waters are owned, managed or co-managed by First Nations peoples, and/or are subject to other rights and interests, including Native Title.¹¹²

The [Net Zero Plan](#) includes a dedicated chapter on First Nations leadership in the transition. First Nations peoples bring deep cultural and ecological knowledge that has sustained Country for tens of thousands of years. First Nations leadership can help shape transition planning and already makes important contributions to climate change responses, such as First Nations carbon sequestration projects across Australia that are reducing emissions, creating meaningful jobs on Country and empowering communities.

Working in genuine partnership with Traditional Owners and First Nations communities ensures that transition planning reflects their knowledge and aspirations and that communities share in the economic benefits of the transition. Benefit sharing can provide ongoing remuneration to communities and income to Traditional Owner groups through negotiated agreements and commercial partnerships.

It is important that organisations:

- have genuine intentions
- demonstrate clear reasons for the engagement
- take a culturally respectful approach that considers holistic and interconnected perspectives related to Country.

The [First Nations Economic Partnership Agreement](#)¹¹³ outlines how the Australian Government will advance the economic empowerment and lasting economic security for First Nations peoples, communities and organisations. Building a mutually beneficial approach takes time and can place resourcing and financial pressure on the community and individuals. Early engagement minimises burden and supports the community's capacity to engage. It provides a genuine opportunity for partnership.

Organisations may refer to the [Australian Sustainable Finance Taxonomy's](#) Minimum Social Safeguards criteria. These aim to ensure organisations engaging in taxonomy-aligned activities adhere to social protections and standards including to First Nations peoples' cultural rights and heritage (Table 1). [Box 26](#) includes additional resources to assist with First Nations engagement and partnership.

Table 1: Australian Taxonomy's Minimum Social Safeguard criteria

First Nations rights	First Nations cultural heritage
The entity recognises the rights of First Nations in line with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and implements policies and processes to respect and support those rights. The entity implements processes to assess, record and report on potential and actual impacts on First Nations through its operations. The entity agrees on appropriate First Nations engagement practices in collaboration or co-design with First Nations in line with the UNDRIP principle of Free, Prior and Informed Consent.	The entity implements processes to investigate, record and manage cultural heritage within its operations in collaboration or co-design with First Nations.

Box 26. Supporting resources for First Nations engagement and partnership

- **Australian Government National Agreement on Closing the Gap:**¹¹⁴ priority reforms and socio-economic targets for improving outcomes for First Nations peoples. Organisations can consider where they may be able to contribute to priority reforms and/or targets and can refer to the guidance on implementing actions that are in line with priority reforms.
- **Australian Government First Nations Clean Energy Strategy:** guidance to create equitable partnerships with First Nations groups and identify opportunities for their leadership and involvement in clean energy projects.
- **The First Nations Heritage Protection Alliance Dhawura Ngilan Business and Investor Guides:**¹¹⁵ advice on embedding First Nations-led cultural heritage protection in business and investment practices.
- **The First Nations Clean Energy Network guides:**¹¹⁶ advice on engaging with First Nations peoples, including for clean energy projects.

Engaging with industry peers

Industry collaboration on climate challenges and opportunities allows organisations to:

- share lessons learned and remain up to date on best practices
- support peers who are engaging in their own climate transitions
- support climate solutions at a greater speed and scale
- send positive signals to stakeholders, as it shows active engagement towards enabling an economy-wide transition and a climate-resilient future.

Organisations may collaborate with industry groups such as industry associations, not-for-profit organisations, charities and government bodies. Collaborating with industry peers and across shared value chains helps organisations set more consistent goals and transition more quickly and efficiently. Once developed, sharing these goals may further enhance knowledge exchange and help drive systemic change.

Before collaborating with industry peers, organisations should be aware of obligations to comply with Australia's competition law. For more information see the ACCC's Sustainability Collaborations and Australian Competition Law guide.

The TPT [Disclosure Framework](#)¹¹⁷ recognises that guidance on transition planning should not be understood to require the disclosure of commercially sensitive information. Where commercial sensitivities arise, organisations can communicate transition planning at an appropriate level of aggregation, focusing on the overall direction of travel, governance arrangements and decision-making processes, rather than detailed or proprietary information.

Engaging with government and policymakers

Engagement with government may be relevant where the success of a transition plan is influenced by policy or regulatory settings. Across federal, state and territory levels in Australia, climate-related policies are typically developed through formal consultation processes. Participation in these processes can provide an opportunity for organisations to share information on transition-related risks, dependencies and implementation considerations.

The [Australian Public Service Framework for Engagement and Participation](#)¹¹⁸ provides its overarching consultation framework for engagement with the Australian Government on policy. It is complemented by integrity and transparency requirements, including the [Lobbying Code of Conduct](#)¹¹⁹ and the [Foreign Influence Transparency Scheme](#)¹²⁰ which are administered by the Attorney-General's Department, as well as portfolio-specific consultation guidance where relevant.

3.6 Integrate strategic ambitions and actions into business strategy and financial plans

Good practice resources, such as the TPT Transition Planning Cycle, encourage organisations to integrate their strategic ambitions and actions into their broader business strategy as transition planning will likely entail a whole-of-organisation transformation. In doing so, organisations may need to incorporate their actions into their financial planning including short-, medium- and long-term impacts to the balance sheet, income statement and cash flows. Recognising that quantified financial effects will be less precise further into the future, organisations can consider using ranges and qualitative summaries.

Financial decision-makers help ensure transition planning is embedded within core organisational strategy, and that financial planning, capital allocation and budgeting processes reflect that strategy. [Box 27](#) highlights examples of specific responsibilities financial decision makers may take on and [Box 28](#) includes an example of how an organisation could integrate transition planning into its financial planning. An additional resource to support integration can be found at [Box 29](#).

Box 27. The role of financial decision makers

Examples of specific responsibilities of financial decision makers throughout transition.

- Leading or supporting scenario analysis to evaluate the financial implications of different transition pathways, including a baseline 'do nothing' scenario.
- Assessing how climate and market conditions may affect the organisation's financial performance, position and prospects.
- Exploring access to innovative financing options, such as green bonds, sustainability-linked loans and climate-aligned investment partnerships.
- Making capital allocation decisions to support the implementation of ambitions and actions.

Source: Adapted from AICD/ACSI, Governing for Net Zero: The board's role in organisational transition planning (2025)

Table 2: Examples of how to integrate actions into financial planning

Financial impact category	Mitigation action	Adaptation actions
Increased capital expenditure	Investing in new onsite renewable energy infrastructure	Investing in new water sources or storage solutions to improve water security
Changes in operating or maintenance costs	Energy efficiency upgrades reducing electricity consumption	Reduced associated insurance costs due to reduced exposure or vulnerability to physical climate risks
Increased research and development expenditure	Research on how to upgrade vehicles and machines to electric	Developing new drought-resistant crop varieties
Changes in the life and valuation of assets	Phasing out fossil fuel assets before the end of their effective life	Increase in commercial land value portfolio due to a reduction in flood risk exposure or vulnerability
Changes in revenue	New revenue streams from selling waste products	Increased profits from drought-resistant crop

Box 28. Illustrative example on integrating transition planning into financial planning

As part of its transition planning, a manufacturing organisation identifies energy-efficiency upgrades across its production facilities as a priority transition lever. This is consistent with the manufacturer's broader business strategy to improve cost competitiveness, operational resilience and long-term asset efficiency. As a result, it requires increased capital expenditure to replace energy-intensive equipment with more efficient alternatives.

The organisation outlines the associated capital expenditure and expected changes in operating expenditure and assesses how these investments align with, and support, its overall business plan, production strategy and asset-replacement cycles. It incorporates transition-related prompts into its budget planning, project assessment and capital approval processes.

The allocation of additional capital expenditure enables management to approve and implement the upgrades at site level, while forecast reductions in energy use are reflected in lower expected operating costs over time. These cost savings and productivity impacts are incorporated into forward business forecasts and used to test the commercial viability of the transition actions under the organisation's core business planning assumptions.

Integrating transition planning into financial planning and capital allocation elevates its profile within the organisation and relevant operational, finance and sustainability teams are involved when capital allocation and budgets are considered. It also allows the organisation to scan for financing options to support its transition planning, such as government funds and green loans, where the financing structure is assessed alongside other funding options within the organisation's broader capital management strategy.

Box 29. Supporting resource for integrating transition planning into financial planning

Accounting for Sustainability [Aligning Financial Planning and Transition Planning Guide](#)¹²¹ provides finance teams with practical frameworks and tools to integrate climate-transition planning into core financial planning processes, ensuring that capital allocation, risk management, and strategic decisions reflect the realities of a net zero transition.

3.7 Set metrics and targets to track progress

Metrics and targets that are clear and measurable support organisations to monitor progress and maintain accountability for strategic ambitions. Effective targets are typically underpinned by transparent and documented underlying assumptions and the best available data, with conservative estimates used where data are unavailable.

Good practice target setting can include:

- using accepted emissions accounting methodologies and science-based targets
- using metrics commonly used within the organisation's sector or by comparable entities
- setting internal review mechanisms or triggers for when targets will be reassessed, such as in response to a change in external conditions, dependencies or assumptions.

To measure progress against targets, organisations may need to update their existing data infrastructure to more securely and effectively collect, store and retrieve data. Organisations may involve relevant IT functions during the metrics and targets settings stage to ensure data systems are able to support monitoring under [Stage 4](#) of this guidance. Targets may also change over time, including as data quality improves.

Organisations should be aware that stakeholders may regard targets that are overly vague, unsubstantiated or lacking clear assumptions as not credible. Such targets may undermine stakeholder confidence. In some circumstances they could be considered misleading. For more information refer to the ACCC's Environmental Claims Guide and ASIC's [information sheet](#) on how to avoid greenwashing.

Types of targets

Organisations may choose to establish a range of metrics and targets to give effect to their stated strategic ambitions and help drive and monitor progress. These metrics and targets can relate to emissions outcomes, strategic and operational actions, or financial performance.

The TPT Disclosure Framework identifies a range of target types commonly used by organisations, including those related to greenhouse gas (GHG) emissions, governance and engagement, business and operational activities, and financial performance. Drawing on these concepts, this guidance groups targets into three categories for practical application:

- Mitigation
- Adaptation
- Financial

The TPT Transition Planning Cycle (page 38–40) includes further information on setting targets for governance, engagement and business operations.

Mitigation metrics and targets

Mitigation metrics and targets are used to track progress towards reducing greenhouse gas emissions and supporting the transition to a lower-emissions operating model. Organisations can consider international and national targets when setting their mitigation targets (further detail at [section 2.1](#) of the guidance).

- **GHG metrics and targets** are measurable indicators and specific goals set by organisations to reduce and track greenhouse gas emissions across different time horizons. For example, an

organisation may set a target to collectively reduce scope 1 and 2 emissions by 200 tonnes compared to 2019 levels (800 tonnes) by the year 2032 (representing a 25 per cent reduction). Targets may refer to the net or gross emissions and be part of voluntary or compliance commitments. [Box 30](#) outlines considerations when setting GHG targets.

- **Operational decarbonisation metrics and targets** track specific mitigation actions which are expected to deliver emissions reduction outcomes. For example, a small organisation may set an operational target of using 80 per cent recycled materials by the year 2040. Achieving this operational target may also result in a GHG emissions reduction of 30 tonnes which could contribute to their mitigation target.
- **Financed emission targets:** For financial institutions, greenhouse gas metrics and targets may differ from those used by non-financial corporates, as their primary climate impact arises from financed emissions in lending and investment portfolios rather than their own operations. In this context, financial institutions may use alternative metrics alongside, or instead of, absolute emissions targets, such as portfolio alignment metrics, the share of financed activities covered by science-based targets, or the proportion of portfolios subject to climate engagement or transition plans. These metrics can support tracking progress over time in a way that remains coherent with business strategy, risk management and capital allocation decisions.

[Box 31](#) includes additional resources to help set mitigation metrics and targets.

Box 30. GHG target setting considerations

When setting GHG emissions targets, organisations can consider the following factors to support credible tracking of progress and alignment with their climate-related risks, opportunities and strategic ambitions.

- **Quantify targets with relevant metrics:** clearly define targets and use appropriate metrics that enable progress to be measured over time. Targets may be expressed as absolute emissions reductions (for example, tonnes of carbon dioxide equivalent or, where more decision useful, as emissions intensity metrics (such as emissions per unit of product or service)). The choice of metric should be relevant to the organisation's business model, activities and risk profile.
- **Ensure targets are time bound:** time-bound targets can help organisations plan their implementation steps by the target date. Where targets are far into the future, interim targets provide tangible milestones that help ensure the organisation remains on track and improve credibility. For example, if 2050 is the time horizon for an organisation's net zero target, interim targets detailing a percentage reduction from a baseline year can support progress tracking.
- **Ensure targets encompass relevant GHG emissions for the organisation:** at a minimum, encompass a target to reduce an organisation's scope 1 and 2 emissions, as they would have direct control over those emissions. For many organisations, scope 3 emissions will be relevant. Under the Greenhouse Gas Protocol, relevance of emissions means that the emissions included appropriately reflect the organisation's GHG profile and support the decision-making needs of internal and external users.
- Scope 3 emissions are expected to be relevant where the:
 - emissions from that source are likely to be material compared to scope 1 and 2. This is likely to be the case in most instances, with scope 3 emissions typically the largest source of greenhouse gas emissions for most companies, often making up 70–90 per cent of their total carbon footprint
 - emissions from that source contribute to the organisation's risk exposure
 - emissions are likely to be identified by stakeholders as relevant
 - business can influence the emissions from the particular source
 - business has outsourced activities that previously contributed to its scope 1 and 2 emissions.

Source: Adapted from [Greenhouse Gas Protocol Standards](#) and [ISO, 14040 series](#) (2006).¹²²

Box 31. Supporting resources for setting mitigation metrics and targets

Science Based Targets Initiative Corporate Net-Zero Standard Version 2.0¹²³ and Financial Institutions Net-Zero Standard: organisations that have set a strategic ambition of achieving net zero emissions can refer to these resources which provide guidance on how to set science-based net zero targets which are eligible to be validated by the Science Based Targets Initiative.

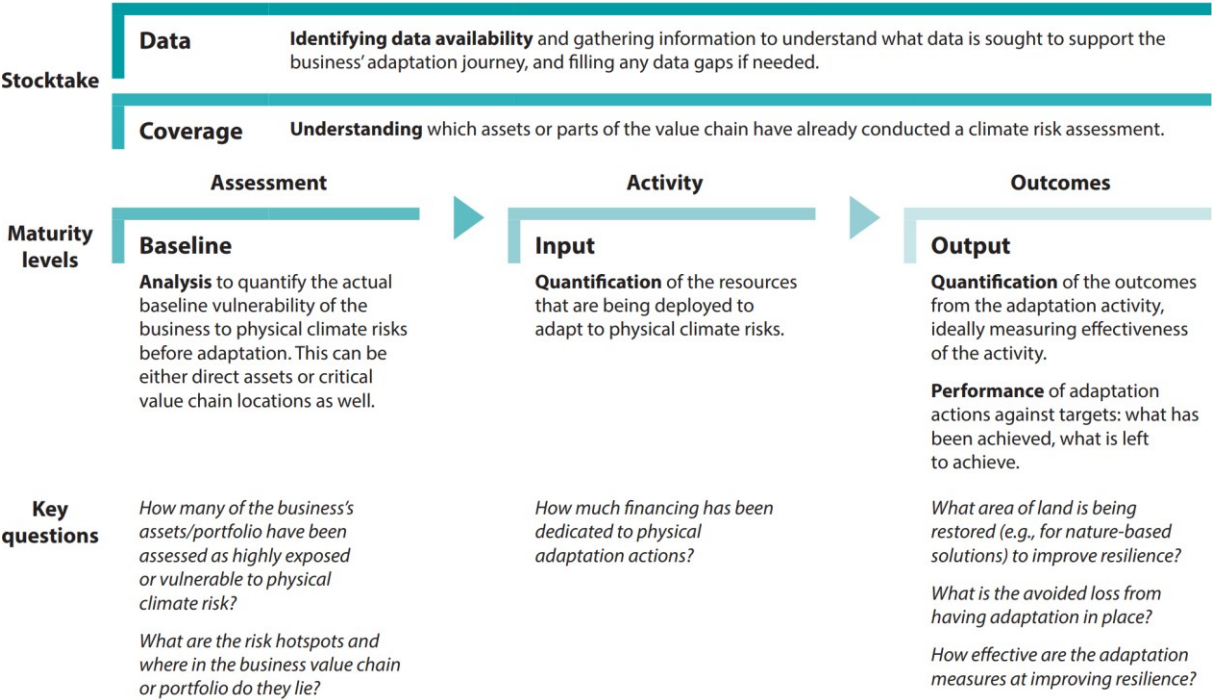
Adaptation metrics and targets

Adaptation metrics and targets track progress towards adaptation ambitions.

Adaptation targets can involve metrics that represent exposure of assets and revenue streams to climate risks and opportunities. For example, an organisation may aim for the percentage of assets exposed to 1 in 100-year climate hazards in 2030 to be reduced to 10 per cent or less. Targets can also include internal capability metrics such as the number of employees trained in climate resilience and number of internal frameworks or policies developed to address climate change.

Adaptation-related data and metrics are still developing. The Network for Greening the Financial System G20 Sustainable Finance Working Group input paper provides a maturity model for these metrics and targets (Figure 4). This outlines how capability can be improved over time, from understanding exposure to climate risks and opportunities, to quantifying resources deployed to adaptation, to ultimately quantifying effectiveness of adaptation actions. The principles from this system can inform how to track progress towards adaptation ambitions. As a future resource, the Australian Government plans to develop a monitoring, evaluation and learning system for the National Adaptation Plan.

Figure 4: Network for Greening the Financial System maturity model for setting metrics and targets



Source: Network for Greening the Financial System, 2025, Input paper on Integrating Adaptation and Resilience into Transition Plans (page 31).

Financial metrics and targets

Financial metrics and targets drive and track the alignment of financial decisions, such as capital allocation, investments and expenditures, with achieving an organisation’s strategic ambitions. Organisations can use these to assess whether mitigation and adaptation ambitions are supported financially.

Financial targets primarily focus on inputs committed towards mitigation and adaptation ambitions rather than the outcomes of this investment. For example, an organisation may aim to allocate 30 per cent of capital expenditures to low-carbon technologies from 2030 onwards to support their 2040 target. As organisations become more sophisticated in their financial modelling, they may also report other metrics for financial risk exposure or anticipated new revenues.

Organisations may also choose to set targets of aligning a proportion of their financial expenditure or revenue with taxonomy-aligned activities.

[Box 32](#) includes an example of setting a financial target using the Australian Sustainable Finance Taxonomy.

Box 32. Illustrative example on setting a financial target using the Australian Sustainable Finance Taxonomy

An electricity generator with a portfolio dominated by emissions-intensive assets sets a target to derive 60 per cent of its total revenue from taxonomy-aligned energy generation activities by 2035.

Currently, 15 per cent of its revenues are from energy generation activities that are taxonomy aligned. These revenues are from operating wind farms consistent with the criteria in D2 Energy Generation from Onshore and Offshore Wind.

To realise its financial target, the electricity generator plans to expand investment in extra onshore wind assets. It also plans to develop and introduce solar, pumped hydro and battery storage to replace revenue from coal-fired power stations expected to retire by 2035.

Carbon credits

To help meet net emissions targets or compliance obligations, organisations can choose to use carbon credits to offset GHG emissions. To do so, an organisation can purchase and retire a carbon credit, also referred to as ‘cancel’ or ‘surrender’, in the relevant registry.

As outlined by the ISO Net Zero Guidelines and in alignment with good practice, an organisation should prioritise its own GHG emissions reductions across their value chain before addressing any residual emissions—those that remain at the target year and beyond, after all technically and economically feasible mitigation—by offsetting them with high-quality removal-based carbon credits. [Box 33](#) contains the factors that organisations can consider to identify high-quality carbon credits for use as offsets.

The Net Zero Plan notes that carbon credits can be an efficient way to drive economy-wide emissions reductions. Organisations may also wish to consider how purchasing offsets can align with their broader strategy or corporate responsibility goals. Therefore, organisations that elect to use credits should consider how they will be used in the context of their transition planning. For example, organisations should consider:

- the extent to which credits will be used
- why direct reductions are not possible
- the intended timeframe for using the credits
- the types of carbon credits that will be purchased
- how the organisation will assess the credibility of offsets.

Box 33. Factors to consider when identifying high-quality carbon credits

When seeking high quality carbon credits, organisations can look for carbon credits that meet the following criteria.

- **Additional:** credits must represent emissions reductions that are unlikely to occur in the ordinary course of events, and this assessment must be supported by clear and convincing evidence.
- **Permanent:** credits must represent permanent reductions in GHG emissions. In the case of sinks, this requires that the carbon stored is sequestered and will not be released into the atmosphere for a period of 100 years. Where a period of less than 100 years is applied to sequestration units, an appropriate discount must be applied to address the risk of non-permanence.
- **No double counting:** a credit must not be used to compensate for more than one tonne of emissions. Double counting can occur through double crediting/issuance, double use, and/or double claiming. For example, if an organisation counts emissions absorbed by a forest within its own emissions footprint, it cannot also sell or claim the associated carbon credits from that forest.
- **Measurable and verifiable:** methods used to quantify the emissions reductions generated from the carbon credits must be measurable and verifiable, and any emissions from the project should be deducted.
- **Transparent:** consumers and other stakeholders must have access to information about the offset project that generated the abatement, including the methods used and project-monitoring arrangements.
- **Independently audited:** the circumstances responsible for the generation of the credit must be verified by an independent, appropriately qualified third party and not found to be in contradiction with these integrity principles.

Source: Adapted from [Integrity Council for the Voluntary Carbon Market Core Carbon Principles](#);¹²⁴ [Carbon Credits \(Carbon Farming Initiative\) Act 2011](#);¹²⁵ [Oxford Principles for Net Zero Aligned Offsetting](#);¹²⁶ and [Climate Active Technical Guidance Manual](#).¹²⁷

Organisations can purchase carbon credits through the Australian Government's [Australian Carbon Credit Unit scheme](#).¹²⁸ This scheme incentivises GHG abatement activities through projects ranging from reforestation to improving energy efficiency. Methods for participating in the Australian Carbon Credit Unit scheme are subject to the legislated Offset Integrity Standards. See [Box 34](#) for some of the ways organisations are using carbon credits.

The Australian Carbon Credit Unit project and contract [register](#)¹²⁹ provide additional information on each project and the methods they are registered under. Organisations using Australian Carbon Credit Units as part of their transition planning should consider how they can transparently link to the relevant public information available on the [Clean Energy Regulator's](#) platform.

Carbon credits not issued under regulatory compliance arrangements may be accessed through other registries, outside of Clean Energy Regulator's Australian Carbon Credit Unit contract register.

Box 34. Different ways organisations use carbon credits

As part of their approach to managing and reducing GHG emissions, organisations are incorporating carbon credits in a number of ways, including the following:

- **Corrective action:** purchase and surrender Australian Carbon Credit Units to meet safeguard obligations and/or purchase and surrender carbon credits to offset a shortfall in organisation-set emissions reduction targets. When corrective action is taken, the organisation's monitoring and communications acknowledge that the target was not achieved.
- **Emissions compensation:** purchase and surrender of carbon credits equivalent to an organisation's remaining emissions in a given time period, to address on-going and residual emissions.
- **Beyond value chain:** purchase and surrender of carbon credits beyond what is required to meet value-chain emissions reduction targets, as an additional contribution to support an organisation's wider climate ambitions in support of the economy-wide transition to net zero. The Science Based Targets Initiative guidance on [Beyond Value Chain Mitigation](#)¹³⁰ has more information.

Some organisations are developing carbon credit strategies to guide their purchasing decisions and internal due diligence processes, in line with broader sustainability goals and objectives. Strategies should be informed by Australia's regulatory frameworks and international best practice standards. They can also align with broader corporate responsibility goals, such as achieving First Nations and nature outcomes, which deliver co-benefits.

Renewable energy certificates

Electricity emissions make up almost all scope 2 emissions in Australia. To help meet scope 2 targets organisations may source renewable electricity through:

- onsite generation
- renewable electricity products (where available)
- power purchase agreements
- renewable energy certificates.

Where renewable energy certificates are used, organisations can surrender or retire them to substantiate their use (or claim of use) of renewable electricity. There are 2 types of renewable energy certificates issued under Australian Government schemes that may be used in market-based emissions accounting:

- [Large-scale Generation Certificates](#)¹³¹ issued under the Large-scale Renewable Energy Target
- [Renewable Electricity Guarantee of Origin](#)¹³² certificates issued under the Guarantee of Origin scheme, which are administrated by the Clean Energy Regulator.¹³³

When using RECs, it is important to ensure the claim to the use of electricity is exclusive. When an organisation claims the use of onsite renewable electricity, it should surrender certificates and not on-sell them. This prevents double-counting of renewable electricity use in the accounting process.

When an organisation applies market-based scope 2 accounting, and uses renewable energy certificates to substantiate renewable electricity claims, those certificates should be surrendered or retired for the relevant reporting period – not transferred or resold. This ensures the environmental attributes are claimed exclusively and avoids double counting.

Stage 4: Implement or re-implement strategic ambitions and actions

Once an organisation has developed its strategic ambitions and actions, the next stage is implementation (Figure 5). The metrics and targets developed in Stage 3 help monitor progress.

Scheduling regular review points ensures progress is on track and enables organisations to respond to changing circumstances. The [Transition Plan Taskforce Disclosure Framework](#) recommends organisations update their transition plan at least every 3 years to ensure ambitions and actions remains relevant. Reviews are also important for demonstrating credibility, as investors often judge ambitions through the lens of an actionable pathway.

Organisations may choose to review their transition planning more frequently if:

- progress against targets is ahead or behind the planned trajectory
- the external context or the organisations' exposure to risks has changed
- there are changes in data availability have may improve accuracy of original targets.

Organisations may also consider the following when reviewing their transition planning:

- Lessons drawn from ongoing assessment of climate-related risks and opportunities and insights from stakeholder engagement.
- Insights from challenges faced during implementation of transition planning. Keeping a record of lessons learned can help inform future transition planning cycles.
- Responses to new development that may warrant revisiting certain assumptions or prompt a change in the direction of strategic ambitions and/or actions.

Figure 5: Iterative transition planning cycle



Glossary

This section contains terms and their definitions.

*Marked terms are definitions currently used under AASB S2, as issued on 20 September 2024. These definitions have been used here to support consistency between transition planning and transition plan disclosure. Readers of this guidance should also check AASB S2 for the latest definitions.

Term	Definition
Adaptation	In human systems, the process of adjustment to actual or expected climate change and its effects, to moderate harm or exploit beneficial opportunities. In natural systems, adaptation is the process of adjustment to actual climate and its effects; human intervention may facilitate adjustment to expected climate and its effects.
Business model*	An entity's system of transforming inputs through its activities into outputs and outcomes that aims to fulfil the entity's strategic purposes and create value for the entity and hence generate cash flows over the short, medium and long term.
Carbon credit*	An emissions unit that is issued by a carbon crediting programme and represents an emission reduction or removal of greenhouse gases. Carbon credits are uniquely serialised, issued, tracked and cancelled by means of an electronic registry.
Circular economy	An economic model that promotes sustainable and efficient use of resources as a way to support environmental, economic and social outcomes. It shifts way from the current linear 'take, make, dispose' consumption approach to one that maintains a circular flow of materials by recovering, retaining, or adding to their value.
Climate change	A change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is, in addition to natural climate variability, observed over comparable time periods.
Climate resilience*	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 benefit 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.
Climate-related physical risks*	Risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity. These risks could carry financial implications for an entity, such as costs resulting from direct damage to assets or indirect effects of supply-chain disruption. The entity's financial performance could also be affected by changes in water availability, sourcing and quality; and extreme temperature changes affecting the entity's premises, operations, value chains, transportation needs and employee health and safety.
Climate-related risks and opportunities*	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. Climate-related opportunities refers to the potential positive effects arising from climate change for an entity. Efforts to mitigate and adapt to climate change can produce climate-related opportunities for an entity.
Climate-related transition plan*	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 greenhouse gas emissions.

Term	Definition
Climate-related transition risks*	Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks. These risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations. The entity's financial performance could also be affected by shifting consumer demands and the development and deployment of new technology.
CO ₂ equivalent*	The universal unit of measurement to indicate the global warming potential of each greenhouse gas, expressed in terms of the global warming potential of one unit of carbon dioxide. This unit is used to evaluate releasing or avoiding releasing different greenhouse gases against a common basis.
Greenhouse gases*	The seven greenhouse gases listed in the Kyoto Protocol—carbon dioxide (CO ₂); methane (CH ₄); nitrous oxide (N ₂ O); hydrofluorocarbons (HFCs); nitrogen trifluoride (NF ₃); perfluorocarbons (PFCs) and sulphur hexafluoride (SF ₆).
Materiality*	Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions of primary users of general-purpose financial reports, including investors and lenders.
Mitigation	A human intervention to reduce the sources of, or enhance the sinks for, greenhouse gases in an effort to minimise the adverse impacts of climate change.
Nature	The natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment
Reporting entities	A reporting entity is one which has obligations to prepare an annual sustainability report under Chapter 2M of the <i>Corporations Act 2001</i> (Cth), in accordance with the disclosures required by <i>AASB 52 Climate-related Disclosures</i> .
Scope 3 categories*	Scope 3 greenhouse gas emissions are categorised into these 15 categories – as described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011): 1. purchased goods and services; 2. capital goods; 3. fuel- and energy-related activities not included in Scope 1 greenhouse gas emissions or Scope 2 greenhouse gas emissions; 4. upstream transportation and distribution; 5. waste generated in operations; 6. business travel; 7. employee commuting; 8. upstream leased assets; 9. downstream transportation and distribution; 10. processing of sold products; 11. use of sold products; 12. end-of-life treatment of sold products; 13. downstream leased assets; 14. franchises; and 15. investments.
Value chain	The full range of interactions, resources and relationships related to an entity's business model and the environment in which it operates.

Endnotes

- 1 Australian Council of Superannuation Investors, [Promises, pathways and performance: Climate change disclosure in the ASX200](#) (2023), accessed 15 January 2026.
- 2 Australian Government, [Sustainable Finance Roadmap](#) (2024), accessed 14 January 2026.
- 3 Transition Plan Taskforce (TPT), [Transition Planning Cycle](#) (2024), accessed 14 January 2026.
- 4 Australian Sustainable Finance Institute, [The Australian Sustainable Finance Taxonomy](#) (2025), accessed 3 February 2026.
- 5 Australian Government, [Net Zero Plan](#) (2025), accessed 14 January 2026.
- 6 Australian Government, [Sector emissions reduction plans](#) (2025), accessed 14 January 2026.
- 7 Australian Climate Service, [National Climate Risk Assessment](#) (2025), accessed 14 January 2026.
- 8 DCCEEW, [National Climate Scenario Guidance](#) (2026), accessed 19 June 2026.
- 9 IFRS, [Knowledge hub](#), accessed 2 February 2026.
- 10 IFRS, [Disclosing information about an entity's climate-related transition, including information about transition plans, in accordance with IFRS S2](#) (2025), accessed 16 March 2026.
- 11 Accounting for Sustainability, [Essential Guides](#), accessed 3 March 2026.
- 12 New Zealand External Reporting Board, [Transition Planning Guides](#) (2024), accessed 14 January 2026.
- 13 New South Wales (NSW) Government, [Net Zero Business Guide](#) (2025), accessed 14 January 2026.
- 14 TPT, [Asset Owners Sector Guidance](#) (2024), accessed 24 February 2026.
- 15 TPT, [Asset Managers Sector Guidance](#) (2024), accessed 24 February 2026.
- 16 Climateworks, [Guide to credibility for corporate climate transition plans](#) (2025), accessed 14 January 2026.
- 17 Australian Institute of Company Directors and Australian Council of Superannuation Investors, [Governing for net zero: The board's role in organisational transition planning](#) (2025), accessed 14 January 2026.
- 18 Climate Leaders Coalition, [Credible Transition to Net Zero](#) (2023), accessed 14 January 2026.
- 19 AASB, [AASB S2 Knowledge Hub](#), accessed 11 August 2026.
- 20 Australian Securities & Investments Commission (ASIC), [Sustainability reporting](#) (2026), accessed 14 January 2026.
- 21 ASIC, [Regulatory guide – 280 Sustainability reporting](#) (2025), accessed 14 January 2026.
- 22 ASIC, [Information sheet – 271 How to avoid greenwashing when offering or promoting sustainability-related products](#) (2022), accessed 14 January 2026.
- 23 Australian Accounting Standards Board (AASB), [Climate-related Disclosures](#) (2024), accessed 14 January 2026.
- 24 AASB, [Sustainability Assurance](#) (2025), accessed 14 January 2026.
- 25 Australian Competition & Consumer Commission (ACCC), [A guide to making environmental claims for business](#) (2023), accessed 14 January 2026.
- 26 Network for Greening the Financial System (NGFS), [Integrating adaptation and resilience into transition plans](#) (2025), accessed 16 January 2026.
- 27 Australian Government, [Industry Sector Plan](#) (2025), accessed 27 February 2026.
- 28 International Energy Agency (IEA), [The challenge of reaching zero emissions in heavy industry](#) (2020), accessed 2 March 2026.
- 29 Samuel Kurian, Georgia Reid and Maxwell Sutton (Reserve Bank of Australia), [Climate Change and Financial Risk](#) (2023), accessed 27 February 2026.
- 30 Accounting for Sustainability, [Board Engagement Tool](#) (2021), accessed 20 March 2026.
- 31 Australian Industry Energy Transitions Initiative, [Pathways to industrial decarbonisation](#) (2023), accessed 15 January 2026.
- 32 Intergovernmental Panel on Climate Change (IPCC), [Sixth Assessment Report](#) (2023), accessed 20 March 2026.
- 33 World Benchmarking Alliance, [Assessing the credibility of a company's transition plan: framework and guidance](#) (2024), accessed 3 March 2026.
- 34 Greenhouse Gas Protocol (GHG Protocol), [Corporate Value Chain \(Scope 3\) Standard](#) (2011), accessed 20 March 2026.
- 35 International Organization for Standardization (ISO), [ISO 31000 Risk management – Guidelines](#) (2018), accessed 24 February 2026.
- 36 ASIC, [Educational modules](#) (2026), accessed 20 March 2026.

- 37 Department of Climate Change, Energy, the Environment and Water (DCCEEW), [Future climate change](#) (2026), accessed 27 January 2026.
- 38 My Climate View, [Your location. Your commodity. Your climate](#) (2026), accessed 29 January 2026.
- 39 Australian Centre for Disease Control, [Climate and health](#), accessed 22 June 2026.
- 40 Intergovernmental Panel on Climate Change, [Glossary](#) (2022), accessed 22 January 2026.
- 41 TPT, [Building Climate-ready Transition Plans: Including adaptation and resilience for comprehensive transition planning approaches](#) (2024), accessed 24 February 2026.
- 42 Global Reporting Initiative, [GRI Standards](#), accessed 16 March 2026.
- 45 Taskforce on Nature-related Financial Disclosures (TNFD), [Taskforce on Nature-related Financial Disclosures \(TNFD\) Recommendations](#) (2025), accessed 20 March 2026.
- 44 DCCEEW, [TNFD Pilots – Australian case study report](#) (2023), accessed 14 January 2026.
- 45 TNFD, [Guidance on nature in transition plans](#) (2025), accessed 14 January 2026.
- 46 IEA, [Net Zero Emissions by 2050 Scenario](#) (2025), accessed 20 March 2026.
- 47 NGFS, [NGFS Climate Scenarios for central banks and supervisors](#) (2022), accessed 20 March 2026.
- 48 Task Force on Climate-related Financial Disclosures, [Guidance on Scenario Analysis for Non-Financial Companies](#) (2020), accessed 11 August 2026.
- 49 IFRS, [Climate-related Disclosures: Using scenario analysis to assess climate resilience \(Staff paper\)](#) (2023), accessed 30 January 2026.
- 50 NGFS, [Interactions between Climate Scenario Analysis and Transition Plans](#) (2025), accessed 20 March 2026.
- 51 Clean Energy Regulator (CER), [National Greenhouse and Energy Reporting Scheme](#) (2026), accessed 20 March 2026.
- 52 GHG Protocol, [Corporate Accounting and Reporting Standard](#) (2004), accessed 14 January 2026.
- 53 GHG Protocol, [Corporate Value Chain \(Scope 3\) Standard](#), accessed 3 February 2026.
- 54 GHG Protocol, [Land Sector and Removals Standard](#) (2026), accessed 3 March 2026.
- 55 Science Based Targets Initiative (SBTI), [Forest, Land and Agriculture Science-Based Target-Setting Guidance](#) (2023), accessed 3 March 2026.
- 56 Partnership for Carbon Accounting Financials, [The Global GHG Accounting & Reporting Standard](#) (2022), accessed 20 March 2026.
- 57 GHG Protocol, [Standards & Guidance](#) (2026), accessed 20 March 2026.
- 58 DCCEEW, [Voluntary emissions estimation and reporting standards – agriculture, fisheries and forestry](#) (2025), accessed 14 January 2026.
- 59 DCCEEW, [National Greenhouse Accounts Factors](#) (2025), accessed 20 March 2026.
- 60 Commonwealth Scientific and Industrial Research Organisation (CSIRO), [FarmPrint](#) (2026), accessed 20 March 2026.
- 61 IFRS, [Transition Plan Taskforce Sector Summary](#) (2024), accessed 14 January 2026.
- 62 SBTi, [Sector Resources Summary](#) (2020-2024), accessed 14 January 2026.
- 63 Paris Aligned Investment Initiative, [Net Zero Investment Framework 2.0](#) (2024), accessed 14 January 2026.
- 64 Investor Group on Climate Change, [The Net Zero Investment Framework 2.0](#) (2024), accessed 28 January 2026.
- 65 Clean Energy Finance Corporation, [Towards Net Zero Agriculture Pathfinder](#), accessed 25 February 2026.
- 66 NSW Government, [Climate Change Fund](#), accessed 14 January 2026.
- 67 Tasmanian Government, [Adapting your business to climate change](#), accessed 14 January 2026.
- 68 Australian Capital Territory Government, [Sustainable Business Program](#), accessed 14 January 2026.
- 69 Queensland Government, [Energy saving programs](#) (2025), accessed 14 January 2026.
- 70 Victoria Government, [Victorian Energy Upgrades for businesses](#), accessed 14 January 2026.
- 71 Western Australia Government, [Clean Energy Future Fund](#), accessed 14 January 2026.
- 72 South Australia Government, [Retailer Energy Productivity Scheme 2026-2030](#), accessed 14 January 2026.
- 73 Northern Territory Government, [Northern Territory Climate Resilience Plan](#), accessed 11 August 2026.
- 74 Intergovernmental Panel on Climate Change, [Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change](#) (2014), accessed 3 March 2026.
- 75 CSIRO, [Adaptation pathways: meeting the challenges of global change](#), accessed 14 January 2026.
- 76 CoastAdapt, [A changing climate in coastal Australia: Built knowledge, take action](#), accessed 14 January 2026.

- 77 National Environmental Science Program and The University of Melbourne, [Australian Adaptation Database](#), accessed 14 January 2026.
- 78 Climate Bonds Initiative, [Climate Bonds Resilience Taxonomy](#) (2025), accessed 24 February 2026.
- 79 United Nations Climate Change, [Nationally Determined Contributions Registry](#), accessed 14 January 2026.
- 80 DCCEEW, [Safeguard Mechanism](#) (2026), accessed 28 January 2026.
- 81 Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts, [New Vehicle Efficiency Standard](#), accessed 28 January 2026.
- 82 DCCEEW, [Renewable Energy Target scheme](#) (2025), accessed 28 January 2026.
- 83 DCCEEW, [Capacity Investment Scheme](#) (2025), accessed 28 January 2026.
- 84 DCCEEW, [Australia's Circular Economy Framework](#) (2024), accessed 14 January 2026.
- 85 Australian Government, [National Electric Vehicle Strategy](#) (2023), accessed 14 January 2026.
- 86 Australian Government, [First Nations Clean Energy Strategy](#) (2024), accessed 14 January 2026.
- 87 [Snapshot Climate](#), accessed 14 January 2026.
- 88 Climate Change Authority, [Climate Policy Tracker](#), accessed 14 January 2026.
- 89 Council of Australian Governments, [Roles and Responsibilities for Climate Change Adaptation in Australia](#) (2012), accessed 14 January 2026.
- 90 Australian Government, [National Adaptation Plan](#) (2025), accessed 14 January 2026.
- 91 DCCEEW, [Climate adaptation in Australia](#) (2025), accessed 16 January 2026.
- 92 NGFS, [Input paper on Integrating Adaptation and Resilience into Transition plans](#) (2025), accessed 14 January 2026.
- 93 WBCSD (2025), [A Practical Guide on Transition Plan Dependencies](#), accessed 14 January 2026.
- 94 ISO, [Net Zero Guidelines](#) (2022), accessed 16 January 2026.
- 95 DCCEEW, [Savanna fire management – emissions avoidance 2018 method](#) (2025), accessed 20 March 2026.
- 96 Australian Government, [Net Zero in Government Operations Strategy](#) (2026), accessed 20 March 2026.
- 97 Australian Government, [Net Zero in Government Operations Annual Progress Report](#) (2025), accessed 20 March 2026.
- 98 Treasury Portfolio, Significant milestone in work to improve insurance coverage and affordability (2026), accessed 20 March 2026.
- 99 WBCSD, [Integrated Transition Planning: A Short Introduction](#) (2026), accessed 26 February 2026.
- 100 Investor Group on Climate Change, [Investor Expectations for Corporate Just Transition Planning](#) (2025), accessed 14 January 2026.
- 101 Net Zero Economy Authority, [Energy Industry Jobs Plan](#), accessed 14 January 2026.
- 102 Reconciliation Australia, [About RAPs](#), accessed 14 January 2026.
- 103 Australian Government, [Modern slavery in Australia – Guidance, training and resources](#), accessed 3 March 2026.
- 104 Australian Government, [Modern slavery in Australia for business](#), accessed 24 February 2026.
- 105 Circular Australia, [Circular Economy Finance Report and Guide](#) (2025), accessed 3 March 2026.
- 106 International Finance Corporation, [Harmonized Circular Economy Finance Guidelines](#) (2025), accessed 3 March 2026.
- 107 Investor Group on Climate Change, [Incentivising Climate Action with Executive Remuneration in Australia](#) (2024), accessed 15 January 2026.
- 108 Australian Climate Leaders Coalition, [Scope 3 Roadmap](#) (2022), accessed 20 March 2026.
- 109 ACCC, [Sustainability collaborations and Australian competition law – a guide for business](#) (2025), accessed 14 January 2026.
- 110 AICD, [Climate transition plans under the spotlight](#) (2024), accessed 4 March 2026.
- 111 Australian Government, [National Guidelines for Community Engagement and Benefits for Electricity Transmission Projects](#) (2024), accessed 14 January 2026.
- 112 Department of Agriculture, Fisheries and Forestry, [Australia's Indigenous land and forest estate](#) (2024), accessed 28 January 2026.
- 113 Australian Government, [First Nations Economic Partnership Agreement](#) (2025), accessed 27 January 2026.
- 114 Closing the Gap, [National Agreement on Closing the Gap](#) (2020), accessed 14 January 2026.
- 115 First Nations Heritage Protection Alliance, [Dhawura Ngilan Business and Investor Guides](#), accessed 14 January 2026.
- 116 First Nations Clean Energy Network, [Best Practice Network Guides](#), accessed 14 January 2026.
- 117 TPT, [Disclosure Framework](#) (2023), Accessed 20 March 2026.

- 118 Australian Public Service Academy, [Australian Public Service Framework for Engagement and Participation](#) (2021), accessed 20 March 2026.
- 119 Attorney-General's Department, [Lobbying Code of Conduct](#) (2022), accessed 20 March 2026.
- 120 Attorney-General's Department, [Foreign Influence Transparency Scheme](#) (2018), accessed 20 March 2026.
- 121 Accounting for Sustainability, [Aligning Financial Planning and Transition Planning Guide](#) (2025), accessed 14 January 2026.
- 122 ISO, [ISO 14040](#) (2006), accessed 15 January 2026.
- 123 SBTi, [The Corporate Net-Zero Standard Version 2.0](#) (2026), accessed 11 August 2026.
- 124 The Integrity Council for the Voluntary Carbon Market, [Core Carbon Principles](#), accessed 15 January 2026.
- 125 Australian Government, [Carbon Credits \(Carbon Farming Initiative\) Act 2011](#), accessed 15 January 2026.
- 126 University of Oxford, [Oxford Principles for Net Zero Aligned Carbon Offsetting \(Revised 2024\)](#), accessed 15 January 2026.
- 127 Climate Active, [Technical Guidance Manual](#) (2024), accessed 15 January 2026.
- 128 CER, [Australian Carbon Credit Unit scheme](#) (2025), accessed 20 March 2026.
- 129 CER, [ACCU project and contract register](#), accessed 14 January 2026.
- 130 SBTi, [Beyond Value Chain Mitigation](#) (2024), accessed 4 March 2026.
- 131 CER, [Large-scale generation certificates](#) (2025), accessed 20 March 2026.
- 132 CER, [Renewable Electricity Guarantee of Origin](#) (2025), accessed 14 January 2026.
- 133 CER, [Renewable energy certificates](#) (2025), accessed 2 February 2026.