

ASRS Group 3: are you in scope and don't know it?

Canonical: <https://northmoregordon.com/articles/asrs-group-3-are-you-in-scope-and-dont-know-it/>

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Published: September 18, 2026.

A company is likely in ASRS Group 3 if it has a Chapter 2M financial reporting obligation and meets at least two of these three thresholds: consolidated revenue of \$50 million or more, consolidated gross assets of \$25 million or more, and 100 or more employees. Importantly, the thresholds are size-based, not emissions-based. This means a distribution business, professional services firm, or food manufacturer can be captured based solely on revenue and headcount, regardless of their energy consumption or carbon footprint.

Publication context: This article reflects its publication date. Market prices, program rules, reporting duties and deadlines may have changed. Confirm current official guidance before making a decision.

Correct as at 13 September 2026.

If your company is a large proprietary company, you may be legally required to report under Australia's mandatory climate reporting rules from 1 July 2027 even if you have never reported emissions before. ASRS Group 3 captures companies on size and corporate reporting status, not emissions intensity. That is why so many businesses in scope do not think of themselves as carbon reporters.

The Australian Sustainability Reporting Standards (ASRS) Group 3 threshold is about size, not emissions

You are likely in Group 3 if your company has a Chapter 2M financial reporting obligation and meets at least two of these three thresholds:

consolidated revenue of \$50 million or more

consolidated gross assets of \$25 million or more

100 or more employees

Nothing in that list mentions emissions. A distribution business, a professional services firm and a food manufacturer can each be captured on revenue and headcount alone, which is why the first companies to find out are often the ones who assumed the rules were aimed at someone else.

The thresholds may rise, but don't plan on it yet

In the 2026-27 Budget the Government announced it would lift the monetary thresholds used to decide whether a proprietary company is large. Revenue would move from \$50 million to \$100 million and gross assets from \$25 million to \$50 million. The 100-employee test is expected to stay as it is.

Treasury released a consultation paper on 24 August 2026 seeking feedback on this and other efficiency reforms, with submissions closing on 2 October 2026. Two points matter for your planning. Treasury has not confirmed when any threshold change would commence, and it has said the changes

under consideration will not affect entities reporting for the 2026-27 financial year.

If you sit between the current and the proposed thresholds, you are in an awkward spot: possibly captured, possibly relieved, with no date either way. Keep preparing until the change is legislated and its start date is known.

Reporting starts 1 July 2027, but the work starts well before

Group 3 reporting applies to annual reporting periods beginning on or after 1 July 2027. For a June-year company that means the year to 30 June 2028.

That sounds comfortable until you look at what sits behind the report. You may need to collect emissions data across sites and fuels, confirm your reporting boundaries, assign internal responsibilities, document your assumptions and set up board-level governance most of it before the reporting period opens, because the first year's data has to come from somewhere. Companies that wait end up building the system and producing the report at the same time.

Being in scope doesn't always mean full disclosure

This is the part most Group 3 articles leave out. Under section 296B of the Corporations Act, a Group 3 entity that is not an NGER reporter and concludes it has no material climate-related financial risks or opportunities can lodge a statement saying so, rather than a full set of AASB S2 climate statements.

That is not a way out. You still have to run the materiality assessment, hold the evidence behind the conclusion and have your directors declare it. It does change the size of the job, though, and it is worth knowing before you commission a reporting program you may not need.

AASB S2 asks for more than a carbon footprint

AASB S2 Climate-related Disclosures is the standard behind the regime. It covers four areas:

Governance - how your board and management oversee climate-related risks and opportunities

Strategy - how those risks and opportunities could affect your business model, operations, financial position and plans

Risk management - how you identify, assess and manage them

Metrics and targets - the numbers, including scope 1, scope 2 and scope 3 greenhouse gas emissions

The Australian version adds requirements beyond the international standard, including scenario analysis and disclosure of the financial effects. For most companies the hard part is not the writing. It is getting the data, the assumptions and the evidence trail into shape before the first period opens.

A scope check should answer seven questions

Before you commission anything larger, get clear answers to these:

Does your company have a Chapter 2M financial reporting obligation?

Which ASRS group are you likely to fall into?

Do your consolidated revenue, assets or employee numbers meet the current thresholds?

Would your position change under the proposed thresholds?

Are you an NGER reporter, and is the section 296B relief open to you?

What emissions and activity data do you already hold, and where are the gaps?

Who needs to be involved: finance, operations, procurement, legal, risk, ESG or the board?

For industrial companies the answer usually turns on site-level energy and emissions data. For mid-tier corporates it more often turns on whether finance and compliance can evidence the disclosures.

Where companies get this wrong

The most expensive mistake is treating ASRS as an ESG project. It sits with financial reporting, governance and compliance, and it needs input from finance, risk, operations and the people who understand your energy use, assets and supply chain.

The other mistakes we see most often:

relying on outdated threshold numbers without checking the proposed changes

assuming the proposed relief will arrive in time to help

waiting until the first reporting year to start collecting emissions data

assuming scope 1 and scope 2 emissions are already complete and evidence-ready

underestimating the scope 3 data task

using unsupported assumptions without keeping records

asking the board to declare disclosures without a clear evidence trail

Book a free 30-minute ASRS scope assessment

Northmore Gordon helps Australian businesses work out whether ASRS applies to them and what to do next. In 30 minutes we will cover which group you are likely to fall into, how the proposed threshold changes affect your position, whether the section 296B relief is open to you, what data you already hold and what your next practical step is.

For industrial and commercial sites we can also connect the reporting obligation to operational data - energy use, fuels, equipment, production activity and emissions sources so your first report rests on measured inputs rather than estimates. Get in touch below for a 30-minute assessment

Reporting and compliance context

Confirm the reporting entity and period, current thresholds, regulator guidance, evidence boundary and assurance obligations before applying the dated discussion to a live report.

Related guidance

Carbon advisory

Scope 1, 2 and 3 emissions

Contact us

Read the original article for the source publication and its full context.

What are the three thresholds used to determine if a company is in ASRS Group 3?

A company is likely in ASRS Group 3 if it has a Chapter 2M financial reporting obligation and meets at least two of these three thresholds: consolidated revenue of \$50 million or more, consolidated gross assets of \$25 million or more, and 100 or more employees. Importantly, the thresholds are size-based, not emissions-based. This means a distribution business, professional services firm, or food manufacturer can be captured based solely on revenue and headcount, regardless of their energy consumption or carbon footprint.

When does ASRS Group 3 reporting start, and how should companies prepare for threshold changes?

Group 3 reporting applies to annual reporting periods beginning on or after 1 July 2027. The Government has announced proposed changes to lift monetary thresholds—revenue from \$50 million to \$100 million and gross assets from \$25 million to \$50 million—but these have not been finalised. A Treasury consultation closed on 2 October 2026 with no confirmed commencement date. Companies between current and proposed thresholds face uncertainty and should prepare emissions data collection plans now, rather than waiting for legislative confirmation. We can help assess where a company sits against both current and proposed thresholds.

Can a Group 3 entity avoid full ASRS disclosure if it has low climate risk?

Under section 296B of the Corporations Act, a Group 3 entity that is not an NGER reporter and concludes it has no material climate-related financial risks or opportunities can lodge a statement saying so, rather than full AASB S2 climate statements. However, this relief is not automatic. The company must run a documented materiality assessment, hold evidence behind the conclusion, and have directors declare it. The assessment itself—not just the outcome—is the actual work, so companies should not assume section 296B provides a complete way out.

What four areas does AASB S2 Climate-related Disclosures cover, and what extra requirements does the Australian version add?

AASB S2 covers Governance (board and management oversight of climate risks and opportunities), Strategy (how risks and opportunities affect business model and operations), Risk management (identification, assessment and management processes), and Metrics and targets (scope 1, 2 and 3 greenhouse gas emissions). The Australian version adds requirements beyond the international standard, including scenario analysis and disclosure of the financial effects of climate-related risks and opportunities. This makes Australian reporting more demanding than the global baseline and typically requires input from finance, operations and risk teams.

What data should a company have ready before commissioning a full ASRS reporting program?

Before commissioning ASRS work, a company should establish whether it has a Chapter 2M financial reporting obligation, identify which ASRS group it falls into, check consolidated revenue, assets and employee numbers against current thresholds, assess how proposed threshold changes would affect its position, determine whether it is an NGER reporter, and review what emissions and activity data it already holds. Gaps typically include scope 1 and 2 emissions evidence, scope 3 supply-chain data, and records of production activity or energy-related assumptions. Our 30-minute scope assessment can clarify these starting points and connect reporting obligations to operational data such as energy use, equipment and emissions sources.

What is the most common mistake companies make when approaching ASRS Group 3 compliance?

The most expensive mistake is treating ASRS as an ESG or sustainability project when it actually sits with financial reporting, governance and compliance. ASRS reporting requires input from finance, risk, operations and people who understand energy use, assets and supply chain—not just sustainability teams. Companies often wait until the first reporting year to start collecting emissions data, assume scope 1 and 2 emissions are already evidence-ready without verification, underestimate the scope 3 data task, or ask the board to declare disclosures without a clear evidence trail. Starting early with a structured data-readiness assessment avoids these pitfalls.

How should a company structure its emissions data collection to support ASRS reporting?

Emissions data collection should establish clear boundaries for each scope: Scope 1 (direct emissions from owned or controlled sources), Scope 2 (indirect emissions from purchased electricity, steam or cooling), and Scope 3 (indirect emissions from suppliers and value chain). Start by documenting what data exists, who owns it, and where gaps are. For industrial and commercial operations, connect

reported emissions to energy bills, interval meter data, production records and equipment details. A data-readiness assessment defines collection priorities and identifies which gaps can be closed with available records versus which require new measurement or supplier engagement.

What role does NGER reporting play in ASRS Group 3 compliance?

If a company is an NGER reporter under the National Greenhouse and Energy Reporting Scheme—meaning it exceeds energy or emissions thresholds set by the Clean Energy Regulator—it must report detailed scope 1 and 2 data annually. This NGER data can be an input to ASRS reporting, but boundaries, methods and required disclosures must be reconciled rather than copied. NGER reporters also cannot use section 296B relief to avoid full ASRS disclosure. Companies that are not NGER reporters have more flexibility, including potential access to section 296B relief if they conclude materiality does not require full disclosure.

Why is scenario analysis a particular challenge under the Australian AASB S2 standard?

The Australian version of AASB S2 requires scenario analysis and disclosure of financial effects of climate-related risks and opportunities—requirements that go beyond the international standard. This means companies must model how different climate scenarios could affect their business, operations and financial position, not just describe risks qualitatively. Scenario work requires coordination between operations, finance and risk teams, involves assumptions about energy prices, supply-chain costs and regulatory changes, and produces evidence that directors must declare. Companies often underestimate the analytical effort and governance sign-off required for credible scenario disclosure.

How do we work out whether mandatory sustainability reporting applies to an entity?

ASIC's guidance links sustainability reporting duties to Chapter 2M financial reporting obligations and applies specific corporate size, emissions and assets tests. Obligations are phased in by cohort, for financial years starting on or after 1 January 2025, 1 July 2026 and 1 July 2027. The financial-year start and the entity or group circumstances are therefore critical to determining applicability, so we define the reporting entity and period before selecting a work programme. Mandatory reporting should not be inferred from a company's sector or from its interest in net zero; ASIC's official applicability guidance is the source to confirm against.