DROVA

ASRS Gap: A CFO Disclosure Checklist

ASRS AASB S2 — Climate-related Financial Disclosures

How to use this checklist

This checklist is designed to help you close the ASRS gap in a structured, controlled, and assurance-ready way. It supports Finance, Risk, and Governance leaders in understanding what AASB S2 requires, identifying where information already exists, and clearly highlighting what still needs to be prepared ahead of reporting. The document also includes example disclosure wording to help interpret requirements and guide the drafting of clear, consistent ASRS disclosures.

For each section, the intent is to assign ownership, document key judgements, and link disclosures to supporting evidence, ensuring requirements are addressed consistently and without last-minute reconstruction.

To get started, you can print this checklist and work through it manually.

Or you can manage your AASB S2 process end-to-end in Drova.

Drova turns your ASRS checklist into a live, digital workflow – assigning owners, tracking progress, attaching evidence, and keeping every disclosure traceable in one place. It replaces scattered spreadsheets with structured tasks, linked documentation, and automatic audit trails.

The result is a process that's faster to complete, easier to review, and assurance-ready by design. With Drova, finance, risk, and sustainability teams know exactly what's done, what's due, and what's still needed to meet AASB S2 requirements confidently.

Disclaimer: This template supports first-year, assurance-ready AASB S2 reporting. Entities should always consider appropriate legal, accounting, and assurance advice when finalising their disclosures.

01

Basis of Preparation

AASB S2 clauses: Appendix D 11–19, Aus20.1, 21–24, 60, 62–64, 66–68, 70, 72–73, 74–75, 77–78, 83–86; Appendix C AusC1.1, C3–C5

Basis of preparation sets the "ground rules" for the climate-related disclosures—who/what is included, the reporting period, key judgements/estimates, and any omissions or limitations—so users can understand how the disclosures were prepared and how to interpret them, including connectivity to the financial statements where relevant.

Source 9 — refer to sources page

Required disclosures

- Statement of compliance
- Reporting entity and boundary
- Reporting period
- Use of estimates and judgements
- Explanation of omissions (if any)

Disclosure text

☐ These climate-related financial disclosures have been prepared in accordance with Australian Sustainability Reporting Standards, including AASB S2 Climate-related Financial Disclosures.

☐ Reporting period: _________.

☐ Reporting entity / group structure included: _________.

☐ Organisational boundary for greenhouse gas emissions (control / equity share): __________.

☐ Significant estimates and judgements used in preparing the disclosures: ___________.

☐ Explanation of omitted disclosures (if applicable): _________.

Audit evidence typically reviewed

- Basis of preparation memorandum
- Confirmation of reporting entity and related financial statements
- Group structure and consolidation documentation
- Management judgement papers
- Disclosure completeness checklist

Example disclosure

ABC Pty Ltd (illustrative only)

Statement of compliance

ABC Pty Ltd has prepared these climate-related financial disclosures for the year ended 30 June 20XX in accordance with AASB S2 Climate-related Financial Disclosures. (Only include this statement if ABC Pty Ltd has complied with all applicable requirements; otherwise describe the disclosures as "prepared with reference to" AASB S2 and explain what has been omitted and why.)

Reporting period and reporting entity

These disclosures cover the consolidated group for the same reporting period as the consolidated financial statements.

Reporting boundary

The reporting entity includes ABC Pty Ltd and its controlled entities. The organisational boundary used for greenhouse gas emissions is [control / equity share] and is applied consistently across the disclosures.

Estimates, judgements and data limitations

Quantitative information is prepared using internal data sources (including energy consumption, fuel usage, travel and procurement records) and third-party inputs where applicable (including supplier information and emissions factors). Where complete primary data is not available, ABC Pty Ltd uses reasonable estimation techniques based on reasonable and supportable information available at the reporting date without undue cost or effort, and discloses the key assumptions and limitations.

Omissions and transition relief (if applicable)

Where ABC Pty Ltd has elected any first-year transition reliefs (for example, relief from comparative information in the first year), this fact is disclosed, along with the impact on comparability.

Sources 5 and 11 — refer to sources page

02

Governance

AASB S2 clauses: 5–7 (including 6(a)(i)–(v), 6(b)(i)–(ii))

The governance disclosures explain who is accountable for climate-related risks and opportunities, how oversight is exercised, and how climate considerations are built into strategy, risk management, targets and decision-making. The aim is to give users confidence that climate-related matters are governed with the same discipline as other enterprise-critical issue

2.1 Governance Body Oversight

Clause references: 6(a)(i)–(v)

Disclosure text

- ☐ _________ oversees climate-related risks and opportunities.
- ☐ The Committee meets __________ and reviews ___________.
- ☐ Climate-related matters reviewed during the reporting period included __________.
- ☐ The governance body considered climate-related risks and opportunities when overseeing strategy, major transactions, risk management and related policies, including targets and transition plans during ___________.

Example disclosure

ABC Pty Ltd — Governance body oversight (illustrative example)

The Board has overall accountability for oversight of climate-related risks and opportunities. Oversight is supported by the Audit & Risk Committee, which reviews climate risk assessments, key controls over climate-related data, and management's progress against the climate work program, and reports to the Board on a regular basis. Climate is a standing agenda item at scheduled Board meetings, and the Board reviews (i) material climate-related risks and opportunities, (ii) implications for strategy and major capital and financing decisions, and (iii) progress against climate-related targets and the transition plan (where applicable).

The Board considers whether it has, or will develop, appropriate skills and competencies to oversee climate-related strategy (for example through director capability reviews, targeted training, and use of external advisers where needed)

Source 9 — refer to sources page

Source 3 — refer to sources page

Audit evidence typically reviewed

- Board and committee charters and delegated authorities
- Board and committee minutes and packs evidencing oversight, decisions and challenge
- Papers demonstrating climate-related oversight

2.2 Management's Role

Clause references: 6(b)(i)–(ii), 7

Disclosure text

☐ Management responsibility for identifying and managing climate-related risks and opportunities sits with ______________.

☐ Management responsibilities include _________.

☐ Climate-related matters are escalated to the Board ________.

☐ Controls in place to support management oversight of climate-related information (how controls are integrated into internal control environment): ____________.

Audit evidence typically reviewed

- Role descriptions; responsibility matrices
- Governance frameworks and forums
- Internal reporting packs
- Control descriptions, evidence of operation, and sign-offs supporting the climate disclosure process

Example disclosure

ABC Pty Ltd — Management's role (illustrative example)

Day-to-day responsibility for identifying and managing climate-related risks and opportunities sits with executive management. The CEO is accountable for ensuring climate-related matters are embedded in business planning and decision-making. The CFO is responsible for governance over the financial impacts of climate-related risks and opportunities, sustainability-related financial reporting processes, and coordination of internal controls supporting the climate disclosure. The CRO is responsible for integrating climate risk into the enterprise risk management framework, including risk assessment methodology, risk appetite considerations and monitoring.

Management provides scheduled updates to the Audit & Risk Committee and Board, including material developments, progress against targets, and any significant judgements, estimates or data limitations relevant to the disclosures. Management maintains controls and procedures over climate-related reporting, integrated with the broader internal control environment (including review, approval and sign-off processes)

Source 9 — refer to sources page

2.3 Skills and Capability

Clause reference: 6(a)(ii)

Disclosure text

- Climate-related skills and capability are supported through ________.
- Training undertaken during the reporting period included ________.

Audit evidence typically reviewed

- Skills/competency evidence (e.g., capability matrix; training; external advisers) tied to oversight expectation
- Training records
- Capability assessments

Source 3 — refer to sources page

03 Strategy

AASB S2 clauses: 8–23 (including 9(a)–(c), 10(a)–(d), 11, 12, 13, 14(a)–(v), 15–21, 22(a)–(c), 23; Aus23.1)

Strategy disclosures explain which climate-related risks and opportunities are financially material, how they affect the business model and value chain, how strategy (including any transition plan) responds, and the current/anticipated financial effects and resilience (including scenario analysis where applicable)

3.1 Financially Material Climate-Related Risks and Opportunities

Clause references: 9(a), 10(a)–(b), 11(a)–(c)

Disclosure requirement

Describe climate-related risks and opportunities that could reasonably be expected to affect the entity's financial performance, financial position or cash flows.

Tables: Financially material climate-related risks and opportunities

Risk	Description (incl. Physical/ Transition)	Risk Rating	Time Horizon (Short, Medium, Long)	Value Chain Impact	Proposed Mitigation Plan

Opportunity	Description	Opportunity Rating	Time Horizon (Short, Medium, Long)	Value Chain Impact	Proposed Plan

Audit evidence typically reviewed

- Risk registers
- Financial materiality assessment outputs
- Management risk and finance papers

Example disclosure

ABC Pty Ltd (fictitious)

Entity context (example): ABC Pty Ltd is an Australian industrial manufacturer with energy-intensive sites and a national logistics footprint. Management identified the following climate-related risks/opportunities as reasonably expected to affect financial position/performance/cash flows.

Example (extract)

Financially material risks

Risk	Description (incl. Physical/ Transition)	Risk Rating	Time Horizon (Short, Medium, Long)	Value Chain Impact	Proposed Mitigation Plan
Acute heat & workforce disruption	Physical: more frequent extreme heat days reduce safe operating hours and increase contractor/ maintenance costs	High	Short—Medium	Own operations	Heat controls, shift redesign, capex for site cooling and automation
Carbon price & electricity volatility	Transition: higher energy prices + carbon policy increases operating costs and can reduce margin competitiveness	High	Short—Medium	Own operations / upstream energy	Long-term PPAs, onsite solar/storage, product pricing review
Customer demand shift	Transition: downstream customers require lower-carbon inputs; risk of volume loss without product redesign	Medium	Medium—Long	Downstream	Low-carbon product roadmap, supplier engagement, customer contracts refreshed

Example (extract)

Financially material opportunities

Opportunity	Description	Opportunity Rating	Time Horizon (Short, Medium, Long)	Value Chain Impact	Proposed Plan
Low-carbon product premium	Customers pay for lower emissions intensity inputs	Medium	Medium	Downstream	Product redesign, certification, targeted sales
Efficiency / cost-out	Energy productivity reduces operating costs and improves resilience	High	Short—Medium	Own operations	ISO50001-style program, capex prioritisation, KPI governance

3.2 Time Horizons

Clause reference: 10(c)–(d)

Disclosure text

☐ Short-term time horizon is defined as: _________.

☐ Medium-term time horizon is defined as: ______________.

☐ Long-term time horizon is defined as: _________.

Audit evidence typically reviewed

- Internal definitions used consistently across strategy and risk frameworks

Example disclosure

ABC Pty Ltd

Short-term: 0—2 years (aligned to annual budget + rolling forecast cycle)

Medium-term: 3—7 years (aligned to strategic plan horizon)

Long-term: 8—25 years (aligned to major asset lives and long-term market transition)

Source 9 — refer to sources page

3.3 Impact on Business Model and Value Chain

Clause references: 12(a)–(b), 13

Disclosure text

- ☐ Climate-related risks and opportunities affect the entity's business model and value chain through ___________.
- ☐ Where climate-related risks and opportunities are concentrated in the business model and value chain: ______.
- ☐ Key dependencies and exposures include __________.

Audit evidence typically reviewed

- Value chain mapping
- Strategy and operating model documentation
- Key dependencies

Example disclosure

ABC Pty Ltd (fictitious)

The physical impacts of climate change and the transition to a lower-emissions economy are expected to affect ABC Pty Ltd's operations and value chain to varying degrees. Climate-related risks and opportunities may also act as a multiplier for other business risks, including regulatory compliance, access to capital, cost of inputs, and workforce health and safety.[8]

ABC Pty Ltd has assessed the current and anticipated effects of climate-related risks and opportunities on its business model and value chain. As part of this assessment, ABC identified specific areas where impacts are concentrated, including (i) energy-intensive manufacturing sites exposed to electricity price volatility and transition policy risk, (ii) logistics and distribution activities exposed to fuel price and extreme weather disruption, and (iii) key upstream raw material categories where supplier decarbonisation capability may affect cost and continuity.[7]

ABC expects the transition to influence product demand and specifications over the medium to long term, including increased customer requirements for lower-emissions inputs. ABC is responding by prioritising operational efficiency initiatives and progressing product redesign options intended to reduce emissions intensity and maintain competitiveness as customer procurement standards evolve.

Source 7 and 8 — refer to sources page

Source 1.2 — refer to sources page

Example table

Effects + concentration

Risk / opportunity	Current and anticipated effects on business model & value chain	Where concentrated in the value chain
Energy transition / carbon policy	Increased operating costs; capex reprioritisation toward efficiency/electrification	Own operations (Sites 1—2); upstream electricity supply
Extreme weather disruption	Higher maintenance/outage risk; logistics disruption and inventory buffers	Own operations; downstream distribution routes
Customer specification change	Potential volume/margin pressure without lower-carbon products	Downstream customer contracts and tenders

*Note - the table structure aligns closely to the **S2 requirement to describe effects and where concentrated**.

Source 7 — refer to sources page

3.4 Strategy and Decision-making (including transition plan)

Clause references: 14(a)–(v) (including whether a transition plan exists and key assumptions/dependencies)

Disclosure text

- ☐ How the entity has responded to climate-related risks and opportunities in strategy/decision-making: __________.
- ☐ Progress against any previously disclosed plans: ___________.
- ☐ Trade-offs and synergies considered: _________.
- ☐ How strategy is resourced (including capex, people, and other resources): ___________.
- ☐ Whether a transition plan exists: Yes / No
- ☐ If yes: summary of plan, assumptions, dependencies, and progress: ___________.

Audit evidence typically reviewed

- Strategy papers
- Investment approvals
- Transition plan artefacts (if applicable)

3.5 Financial Effects

Clause references: 15–21

Disclosure text

- ☐ Current financial effects identified in the reporting period (financial position / performance / cash flows): _______.
- ☐ Anticipated financial effects (how they are expected to change over time, including time horizons): _________.
- ☐ How the entity expects effects to impact financial planning (including how it has factored them into financial position/performance/cash flows): _________.
- ☐ Where quantitative information is not disclosed, the reasons are ____and the entity plans to________.

Audit evidence typically reviewed

- Financial forecasts and budgeting models
- Impairment assessments
- Provisions and assumptions papers
- Capital allocation decisions that reflect disclosed effects

Example disclosure

ABC Pty Ltd (EY-style narrative)

ABC Pty Ltd has incorporated climate-related considerations into strategic planning and major decision-making, including capital allocation, procurement standards and product roadmap priorities. ABC's response focuses on improving resilience to physical disruption risks while positioning the business for customer and policy transition requirements over the short, medium and long term.[7]

Climate transition plan (if applicable): Based on the extent of identified climate-related risks and opportunities and the potential financial impacts, ABC's Board approved a climate transition plan in [Month YYYY]. The plan was developed using an emissions pathway and policy assumptions informed by recognised external sources (for example, climate scenario pathways and relevant jurisdictional policy commitments), and it sets out ABC's priorities for reducing emissions across operations and, where relevant, across the value chain.[8]

ABC's transition plan is structured around clear strategic pillars (for example, operational efficiency and electrification, value chain collaboration, low-emissions product development, and portfolio/capability uplift). ABC discloses the plan's key assumptions and dependencies (such as renewable electricity availability, network upgrades, supplier capability and technology readiness), and explains progress made during the reporting period against milestones and targets.[8,10]

Where material trade-offs exist (for example, short-term capex and operating cost impacts versus longer-term resilience and competitiveness), ABC describes how these were considered in decision-making and how the approach is reflected in financial planning.

Note: If the entity doesn't have a transition plan, IFRS guidance still expects strategy disclosure about transition-related actions/efforts; you'd flip the paragraph to: "ABC is in the process of developing..." or "ABC has not adopted a formal plan and is responding through..." and then disclose the actions, assumptions and dependencies.[10]

Source 7, 8 and 10 — refer to sources page

3.6 Climate Resilience (Scenario Analysis)

Clause reference: 22(a)-(c), 23; Aus23.1

Disclosure text

- ☐ The entity has conducted climate-related scenario analysis to assess the resilience of its strategy.
- ☐ Approach to scenario analysis (including inputs, assumptions, limitations, and uncertainty): __________.
- ☐ Scenarios used: __________ (for example, 1.5°C, 2°C, other).
- ☐ Key assumptions applied: ________.
- ☐ Limitations and uncertainty associated with the analysis: ___.
- ☐ Scenario analysis results informed ______.

Audit evidence typically reviewed

- Scenario analysis report
- Assumptions documentation
- Management review and approval papers

Illustrative example

ABC Pty Ltd (extract)

Approach: ABC performed scenario analysis to test strategy resilience under two bookend pathways (one with stronger transition policy and one with more severe physical impacts). ABC used external climate/economic pathways as inputs and documented key assumptions and uncertainties.

Scenarios: e.g., a low-warming / high-transition scenario and a high-warming / high-physical-risk scenario (ABC references recognised scenario sources and explains why chosen).[8]

How results informed: ABC updated capex sequencing (bringing forward resilience upgrades), revised supplier risk prioritisation, and adjusted medium-term cost assumptions in budgeting/forecasting where supportable.

Source 8 — refer to sources page

3.7 Optional — Impact Materiality

This section is optional and not required for compliance with AASB S2.

It is included for organisations that apply double materiality or are preparing for broader leading practice sustainability reporting.

Impact Materiality Summary

Impact (Negative and Positive)	Description	Impact Rating	Value Chain Impact	Has an effect on Human Rights? (Y/N)	Proposed Mitigation Plan

04 Risk Management

AASB S2 clauses: 24–26, Aus26.1

Risk management disclosures explain the processes and policies used to identify, assess, prioritise and monitor climate-related risks and opportunities, and whether/how those processes are integrated into and inform the entity's overall risk management process.

4.1 Identification and Assessment

Clause references: 25(a)(i)–(vi)

Disclosure text

- ☐ Climate-related risks and opportunities are identified using ____________.
- ☐ Assessment criteria consider likelihood, magnitude and potential financial impact.
- ☐ Inputs/parameters used (e.g., data sources, coverage of operations/value chain): __________
- ☐ Whether/how scenario analysis informs risk identification: ________
- ☐ How the entity prioritises climate-related risks relative to other risks: ________
- ☐ How the entity monitors climate-related risks: _______
- ☐ Whether/how processes changed vs prior period: _________ (or "No material changes")

Audit evidence typically reviewed

- Risk assessment methodology
- Risk matrix
- Risk register extract (climate risks/opportunities), workshop outputs, scenario analysis inputs/outputs (if used), and evidence of monitoring cadence (e.g., risk reporting to Board, KRIs dashboards / committee packs).

Illustrative example

"Process disclosure" paragraph

ABC's climate-related risks are identified using internal risk workshops and external data sources (including site hazard information and regulatory developments) covering owned operations and key value-chain dependencies. Risks are assessed using a matrix that considers likelihood and magnitude of potential effects, including potential financial impacts. ABC monitors climate-related risks through periodic management reporting and committee oversight, and prioritises climate-related risks using the same criteria applied to other enterprise risks.

Source 4 — refer to sources page

4.2 Integration into Enterprise Risk Management

Clause references: 25(b)–(c)

Disclosure text

- [ ] Climate-related risks are integrated into enterprise risk management through ________________.
- [ ] Material climate-related risks are reviewed _________.
- [ ] The extent to which, and how, processes for climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.

Audit evidence typically reviewed

- Risk committee packs
- Enterprise risk management framework
- Risk committee reporting

Illustrative example

ABC Pty Ltd

ABC's climate-related risks and opportunities are embedded within the ERM framework and recorded in the Group Risk Register. The Risk Management Committee coordinates identification and integration into ERM, and the Audit/Risk Committee oversees the effectiveness of processes as part of the broader ERM framework.

Source 11 — refer to sources page

05

Metrics

AASB S2 clauses: 27–32 (including 28,29(a)–(g), 30–32)

Metrics disclosures explain what the entity measures to monitor climate-related risks and opportunities, how those metrics link back to Strategy and Risk Management, and how the metrics are measured (sources, methods, and reasonableness constraints) so the numbers are decision-useful and assurance-ready.

5.1 Metrics used to measure and monitor

Clause references: 28

Disclosure text

- ☐ Metrics used to measure / monitor climate-related risks and opportunities: __________.
- ☐ How the metrics relate to strategy and risk management: ___.

Audit evidence typically reviewed

- Metric definition
- Governance approvals
- Evidence metrics are used in decision-making

5.2 Cross-industry metrics (categories)

Clause references: 29(a)–(g)

5.2.1 Greenhouse gas emissions (Scopes 1, 2 and 3)

Clause references: 29(a)(i)–(vi)

Metric	Baseline Year	Prior Year	Current Year	Notes
Scope 1 (tCO_2-e)	—	—	—	—
Scope 2 — location-based	—	—	—	—
Scope 2 — market-based	—	—	—	—
Scope 3 (categories disclosed)	—	—	—	—

Required accompanying disclosures (inputs)

- Measurement approach required: confirm GHG Protocol Corporate Standard (2004) is used unless transition relief applies: ___________.
- Scope 3: location-based emissions disclosed, and information about contractual instruments related to Scope 2 (if applicable): ___________.
- Disaggregation between: (a) consolidated accounting group; (b) associates, joint ventures, unconsolidated subsidiaries (if applicable): ________.
- For Scope 3: which categories included; explanation of what is included in category 15 (investments) (if applicable): ________.
- If applicable (asset management / commercial banking / insurance): financed emissions disaggregation required: _________.

Audit evidence typically reviewed

- Metric definitions
- Emissions inventory outputs
- Source data (energy, procurement, travel, suppliers)
- Quality assurance and validation documentation
- Governance approvals

5.2.2 Transition risks

Clause references: 29(b)

Metric / Indicator	Definition	Current Year	Notes / Links to disclosed risks and strategy

Audit evidence typically reviewed

- Transition risk assessment outputs
- Underlying datasets
- Link to strategy / risk register

5.2.3 Physical risks

Clause references: 29(c)(i)–(iii)

Asset / Business Segment	Location	Hazard Type(s)	Exposure Metric	Notes / Links to disclosed risks

Audit evidence typically reviewed

- Asset registers
- Geo/hazard mapping
- Methodology and assumptions

5.2.4 Climate-related opportunities

Clause references: 29(d)

Opportunity	Metric(s) Used	Current Year	Notes / Links to strategy

Audit evidence typically reviewed

- Business cases
- Revenue / capex linkages
- Evidence supporting opportunity claims

5.2.5 Capital deployment

Clause references: 29(e)

Disclosure text

☐ Capital deployed toward climate-related risks and opportunities: __________.

Audit evidence typically reviewed

- Capex approvals
- Opex classifications
- Program tracking

5.2.6 Internal carbon prices

Clause references: 29(f)

Disclosure text

☐ Whether an internal carbon price is used and, if so, how: ___________.

Audit evidence typically reviewed

- Carbon price policy
- Financial model inputs
- Governance approvals

5.2.7 Remuneration

Clause references: 29(g)

Disclosure text

☐ Whether and how climate-related considerations are factored into remuneration: _________.

Audit evidence typically reviewed

- Remuneration policy
- Scorecards
- Board remuneration committee papers

5.3 Sources, measurement approach, and reasonableness

Clause references: 30-32

Disclosure text

☐ Whether all reasonable and supportable information available at the reporting date has been used (without undue cost or effort): __________.

☐ Explanation of any judgement applied re: "undue cost or effort": ___________.

☐ If industry-based metrics guidance is used (including that referenced in B64-B65): __________.

Audit evidence typically reviewed

- Metholodology statements
- Data lineage
- Management sign-offs on reasonableness and constraints

Illustrative example

ABC Pty Ltd

Overview of metrics and linkage to strategy and risk management

ABC Pty Ltd uses a set of climate-related metrics to monitor exposure to climate-related risks and opportunities and to support decision-making. Metrics are selected to reflect the most significant transition and physical risk drivers identified in ABC's risk assessment and strategy, and they are monitored through management reporting and Board/committee oversight.[8]

Greenhouse gas emissions (Scope 1, 2 and 3)

ABC discloses gross Scope 1 and Scope 2 greenhouse gas (GHG) emissions for the reporting period and explains the measurement approach used, consistent with the GHG Protocol measurement framework referenced by IFRS S2. ABC discloses Scope 2 emissions on both a location-based and market-based basis and describes the contractual instruments considered for the market-based figure, where applicable.

ABC also discloses Scope 3 GHG emissions and identifies the Scope 3 categories included in its measure, explaining the basis for inclusion/exclusion and any material data limitations.[6]

Other cross-industry metrics (transition, physical, opportunities)

To monitor transition risk, ABC tracks indicators such as energy price exposure and progress of operational efficiency initiatives. To monitor physical risk, ABC tracks site-level operational disruption indicators (for example, heat-related downtime events) and the status of adaptation measures. ABC also monitors opportunity-related metrics linked to product and customer initiatives (for example, sales activity for lower-emissions product variants), where relevant. (Metrics are selected to provide decision-useful information about exposure and response.)[2]

Capital deployment, internal carbon price and remuneration

ABC discloses capital deployed towards climate-related initiatives (for example, efficiency projects and resilience upgrades) and explains how these relate to identified risks and opportunities. Where ABC uses an internal carbon price for evaluating investments or business planning, it discloses how the internal carbon price is applied and governed. Where climate-related performance is incorporated into remuneration, ABC discloses how climate considerations are reflected in executive scorecards and oversight.[2]

Sources, estimation and proportionality (reasonable and supportable information)

ABC describes the key data sources used for metrics (for example, utility invoices, fuel records, travel and procurement systems, and supplier inputs). Where primary value chain data is not available, ABC uses all reasonable and supportable information available at the reporting date without undue cost or effort, including estimation techniques, and discloses key assumptions, limitations and planned improvements in data coverage over time.[5]

Source 2, 5, 6 and 8 — refer to sources page

06

Targets

AASB S2 clauses: 33–36, B71 (guidance on carbon credits disclosure scope)

Targets disclosures explain what the entity is trying to achieve, how progress is measured and governed, and—where targets are "net"—how much relies on carbon credits and the credibility of those credits.

6.1 Climate-Related Targets

Clause references: 53—56

Target	Base Year	Target Year	Metric	Progress	Status
—	—	—	—	—	—

Disclosure text

☐ Targets are absolute or intensity-based: ____________

☐ Use of offsets or credits: __________

☐ Gross vs net target (for any GHG emissions target): ________

Audit evidence typically reviewed

- Target approval documentation
- Progress tracking reports

6.2 Net greenhouse gas emissions targets (if applicable)

Clause reference: 36(e) and related planned use of carbon credits (including the scope of what is required)

Disclosure text

- ☐ Associated gross GHG emissions target disclosed separately (required when a net target exists): ____________
- ☐ Extent to which (and how) achieving the net target relies on carbon credits: ____________
- ☐ Which third-party scheme(s) will verify or certify the carbon credits: ____________
- ☐ Type of carbon credit (nature-based vs technological removals; reduction vs removal): ________
- ☐ Other factors necessary to understand credibility/ integrity (e.g., permanence assumptions): ____________
- ☐ Note: disclosure is required for planned use of carbon credits; the entity may also describe credits already purchased if helpful: ____________

Audit evidence typically reviewed

- Carbon credit strategy
- Procurement plans / contracts
- Assumptions about eligibility and retirement (as applicable)

Example disclosure

ABC Pty Ltd

Climate-related targets

ABC Pty Ltd has set climate-related targets to support delivery of its climate strategy and to manage identified climate-related risks and opportunities. Targets are approved by the Board and monitored through management reporting, with progress measured using defined metrics and disclosed against a stated base year and target year. Targets include both absolute and intensity-based measures, and ABC discloses the metric used to track progress and the status of performance against each target.

Net greenhouse gas emissions target and carbon credits (if applicable)

ABC has set a net greenhouse gas emissions target. ABC therefore discloses the associated gross greenhouse gas emissions target separately, so the net target does not obscure information about gross emissions reductions.

To achieve the net target, ABC plans to use carbon credits to offset a defined portion of residual emissions. ABC explains the extent to which the net target relies on carbon credits, which third-party scheme(s) will verify or certify the credits, and the type of credits (including whether nature-based or technological removals, and whether achieved through emissions reduction or removal). ABC also discloses any additional information necessary for users to understand the credibility and integrity of the credits (for example, assumptions about permanence). ABC discloses planned use of carbon credits, and may also describe credits already purchased that it plans to use, where that information helps users understand the target.

Source 3, 8 and 11 — refer to sources page

07

Reporting and Compliance

AASB S2 clauses: Appendix D 60, 62–64, 66–70, 72–73; Appendix C AusC1.1, C3–C5; Appendix D B33–B37, B45–B47

Reporting and compliance disclosures confirm where the climate disclosures sit within the General Purpose Financial Report ("GPFR"), how they can be found (including cross-references), how timing aligns to the financial statements (including subsequent events), and whether transition relief / exemptions have been used.

7.1 Location and identification

- Disclosures are included in general purpose financial reports: Yes / No
- If placed alongside other required disclosures (e.g. regulatory), confirm clearly identifiable and not obscured: ________.

7.2 Cross-references (if used)

- List each cross-referenced disclosure and precise location (report + section / page): ________.

7.3 Timing, period length changes, and subsequent events

- Time aligns with financial statements: __________.
- If reporting period differs from 12 months or changed: disclosures per 66(a)–(c): __________.
- Post-period updates and disclosures (67–68): ________.

7.4 Comparatives and first-year transition

- Comparatives included (unless transition relief applied): __________.
- If first year: note "no comparative information required" relief (C3): ________.
- If first year relief used for emissions method and/or Scope 3 (C4): __________.7.5 Statement of compliance and exemptions

7.5 Statement of compliance and exemptions

- Statement of compliance included (only if fully compliant): __________.
- If law/regulation exemption used: identify type of information and source of restriction: __________.
- If commercially sensitive opportunity exemption used: disclose use + reassessment approach: ________.

Audit evidence typically reviewed

- Final disclosure pack with cross-reference index and traceability to evidence.
- Controls and sign-offs supporting completeness and consistency with financial statements.
- GPFR mapping pack (location of each required disclosure; cross-reference index final check): _______
- Subsequent events memo / representation (period-end to sign-off): __________
- Legal review / advice supporting any exemptions: __________

Example disclosure

ABC Pty Ltd

Location and identification

These climate-related financial disclosures form a complete set of climate-related financial disclosures for the reporting period and are presented within the entity's sustainability report / GPFR package.

Reporting boundary and connectivity

The disclosures are prepared for the same consolidated reporting entity and reporting period as the consolidated financial statements, and (where relevant) use cross-references to specific financial statement notes to maintain connectivity (e.g., basis of consolidation and climate-related accounting impacts).

Timing, comparatives and authorisation

As this is the first year of reporting, comparative information is not presented where transition relief is applied. The disclosures are authorised for issue by the directors on a stated date, with the entity's fact pattern assuming no post-period events requiring updates prior to authorisation.

Statement of compliance

The entity includes an explicit statement of compliance only if it has complied with all requirements of AASB S2; otherwise it does not describe the disclosures as compliant

Cross-references

Where information is provided by cross-reference, ABC identifies the report, section/note and page number so users can locate it without ambiguity.

Source 8 — refer to sources page

08

Glossary (High-level)

AASB S2

Australian Sustainability Reporting Standard covering climate-related financial disclosures.

Climate-related risks

Physical and transition risks arising from climate change that could reasonably be expected to affect an entity's financial performance, financial position or cash flows.

Climate-related opportunities

Opportunities arising from climate-related changes that could reasonably be expected to affect an entity's financial outcomes.

Financial materiality

Information is financially material if omitting, misstating or obscuring it could reasonably be expected to influence decisions of primary users of general purpose financial reports.

Scenario analysis

A process for evaluating the potential effects of different climate-related futures on an entity's strategy and financial performance.

Scope 1, 2 and 3 emissions

Direct emissions (Scope 1), indirect energy emissions (Scope 2), and other indirect value-chain emissions (Scope 3), as defined by the GHG Protocol.

Transition plan

An entity's plan to adapt its business model, strategy and operations in response to climate-related transition risks.

Sources

Authoritative standards (AASB / IFRS Foundation)

1. Australian Accounting Standards Board (AASB) — *Australian Sustainability Reporting Standard AASB S2: Climate-related Disclosures* (September 2024). standards.aasb.gov.au
2. AASB — *Explanatory Statement: Australian Sustainability Reporting Standard AASB S2: Climate-related Disclosures* (September 2024). standards.aasb.gov.au
3. AASB S2 — *Climate-related Disclosures [original version, 9/24]* standards.aasb.gov.au
4. International Sustainability Standards Board (ISSB) / IFRS Foundation — *IFRS S2: Climate-related Disclosures* (June 2023). IFRS

IFRS Foundation implementation / educational material

5. IFRS Foundation — *Voluntarily applying ISSB Standards—A guide for preparers* (September 2024). IFRS
6. IFRS Foundation — *Greenhouse Gas Emissions Disclosure requirements applying IFRS S2 Climate-related Disclosures* (May 2025). IFRS
7. IFRS Foundation — *Disclosing information about an entity's climate-related transition, including information about transition plans, in accordance with IFRS S2* (June 2025). IFRS

Big 4 illustrative examples and narrative guidance

8. EY — *Climate-related financial disclosure: Quality Holdings Resources Limited* (February 2025). EY
9. EY — *Good Group Climate (International) Limited: Climate-related disclosure* (March 2025). EY
10. KPMG — *Telling your transition story* (June 2025). KPMG Assets
11. KPMG — *Illustrative disclosures (IFRS® Sustainability Disclosure Standards) — Guide to sustainability reporting* (October 2025). KPMG Illustrative Disclosures

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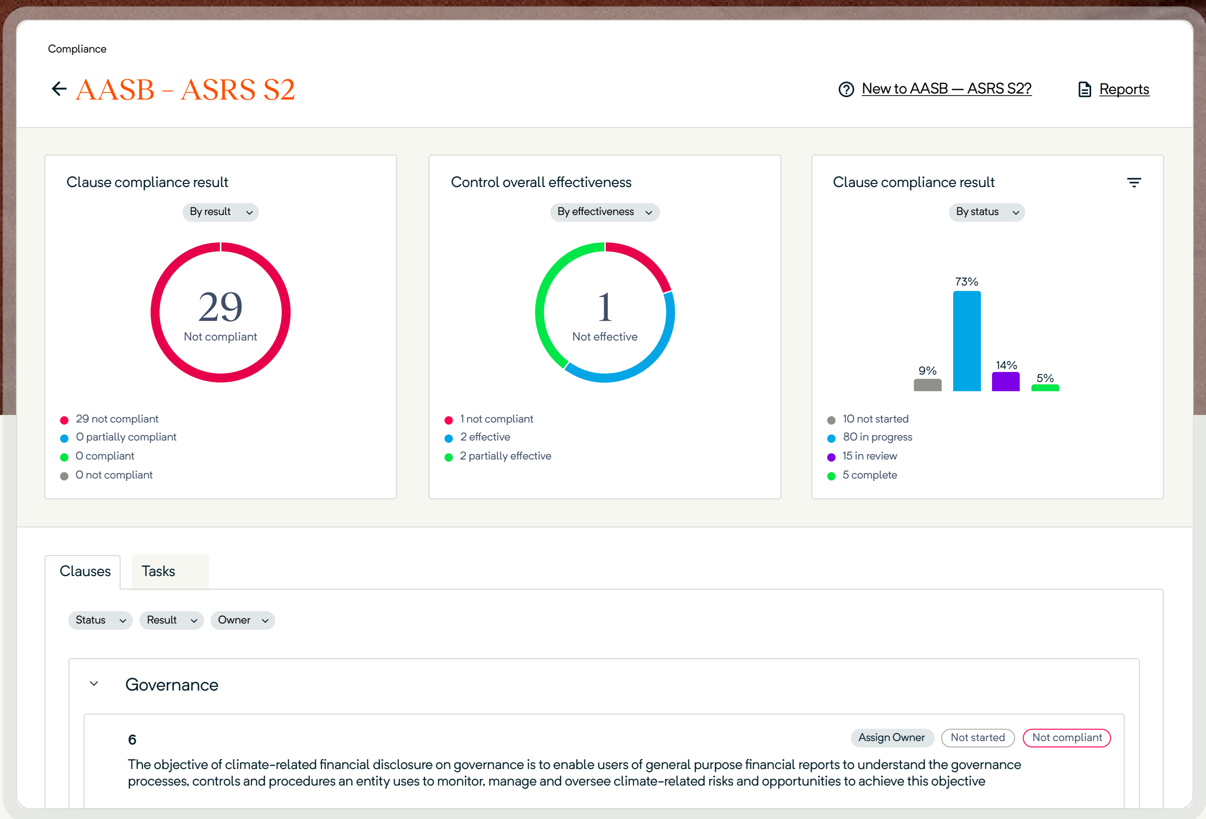

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