

Sustainability reporting – Educational modules

Key terms

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| AASB | Australian Accounting Standards Board |
| AASB S2 | AASB S2 <i>Climate-related Disclosures</i> . AASB S2 is the sustainability standard made by the AASB under s336A of the Corporations Act Note: AASB S2 is based on IFRS S2, issued by the ISSB. |
| acute physical risk | AASB S2 <i>Climate-related Disclosures</i> . AASB S2 is the sustainability standard made by the AASB under s336A of the Corporations Act |
| adaptation | The process of adjusting to actual or expected climate and its effects to moderate harm (see IPCC definition for adaptation in human systems) |
| adaptation communications | Publication under the Paris Agreement by Parties which includes information on the country's priorities, implementation and support needs, plans and action |
| adaptive capacity | The ability to adapt to climate change by reducing risks and the likely impacts faced |
| annual rate of global emissions | This determines how quickly the remaining carbon budget will be used up |
| anthropogenic global warming | The increase in average global temperatures due to emissions derived from human activities |
| ASIC | Australian Securities and Investments Commission |
| AUASB | Australian Auditing and Assurance Standards Board |
| carbon capture and storage or CCS | Technologies to capture and store carbon dioxide underground |
| carbon capture, utilisation and storage or CCUS | Technologies to capture and store carbon dioxide, and reuse the captured carbon in new products |
| carbon cycle | The exchange of carbon between the atmosphere, the ocean, living matter and land |
| carbon dioxide equivalent or CO₂ 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 |

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| | gases against a common basis Note: This is the definition in Appendix A of AASB S2. |
| carbon sink | Natural or human processes, activities or mechanisms that remove a greenhouse gas from the atmosphere |
| Chapter 2M | A chapter of the Corporations Act, in this example numbered 2M |
| chronic physical risk | Risks resulting from climate change from longer-term shifts in climatic patterns. Chronic physical risks include changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity |
| climate adaptation | Measures to adjust to climate impacts |
| climate mitigation | Measures such as those to reduce or avoid greenhouse gas emissions |
| climate-related transition risk | Risks that arise from efforts to transition to a lower-carbon economy and can stem from changes in policy and legislation, legal developments new technologies, evolving markets and shifting stakeholder expectations |
| 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 benefits 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, development and uncertainties Note: this is the definition in Appendix A of AASB S2. |
| climate statements | Has the meaning given in s9 and s296A and s296B of the Corporations Act |
| climate-related financial disclosures or information | Information about an entity's climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term, including information about the entity's governance, strategy and risk management in relation to those risks and opportunities, and related metrics and targets |
| climate-related opportunities | 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 Note: this is the definition in Appendix A of AASB S2. |
| climate-related physical risks | Risks arising from the physical impacts of climate change (such as extreme weather events or sea level rise) |

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| climate-related risk or climate change risk | The potential negative effects of climate change on an entity. They include physical risks and transition risks |
| Conference of the Parties | An annual conference of signatories to the Paris Agreement to negotiate agreements and make decisions to promote the implementation of the Convention |
| Corporations Act | Corporations Act 2001, including regulations made for the purposes of the Act |
| decarbonisation | The process of reducing or eliminating greenhouse gas emissions from human activities. |
| directors | Refers collectively to directors of: <ul style="list-style-type: none"> • companies; • responsible entities; • retail CCIVs; and • RSE licensees |
| directors' declaration | Has the meaning given in s296A(6), or s296A(6) as modified by s1707C (as applicable) of the Corporations Act |
| emissions gap | Difference between the greenhouse gas emissions reductions needed to limit global warming and the expected emissions reductions under each country's NDC |
| enhanced transparency framework | Guidelines on how Parties to the Convention should report their progress against the Paris Agreement |
| financial report | The documents referred to in ss 292, 293, 294, 294A, 294B or 302 of the Corporations Act—that is, financial statements, notes to the financial statements and the directors' declaration about the statements and notes Note: This is reflected in the definition of 'financial report' in s9 of the Corporations Act. |
| fossil fuels | A source of energy and include coal, oil and gas |
| global carbon budget | This provides an indication of how quickly to decarbonise and how likely Earth is to breach temperature thresholds |
| global stocktake | An assessment of global progress on climate action |
| global warming potential | A factor describing the radiative force (degree of harm to the atmosphere) of one unit of a given greenhouse gas relative to one unit of CO ₂ |

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| | Note: this is the definition in Appendix A of AASB S2. |
| greenhouse effect | The effect of greenhouse gases acting as a blanket, trapping heat in the atmosphere and warming Earth's surface, providing the conditions for life |
| greenhouse gas | Gases that are released into the atmosphere through human activities and natural processes. There are seven key greenhouse gases: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride |
| greenhouse gas emissions | Refers to Scope 1 greenhouse gas emissions, Scope 2 greenhouse gas emissions and Scope 3 greenhouse gas emissions |
| greenhouse gas sink | Natural or human processes, activities or mechanisms that remove a greenhouse gas from the atmosphere |
| IFRS S2 | IFRS S2 <i>Climate-related Disclosures</i> , issued by the ISSB |
| IPCC | Intergovernmental Panel on Climate Change |
| ISSB | International Sustainability Standards Board |
| Kyoto Protocol | Adopted at the 3rd Conference of the Parties, it is a binding set of greenhouse gas emission reductions targets |
| National Adaptation Plan | |
| Nationally Determined Contributions or NDCs | Targets and actions that a country sets for reducing greenhouse gas emissions and adapting to climate change under the Paris Agreement |
| net zero carbon dioxide emissions | When carbon dioxide emissions to Earth's atmosphere from human activities are balanced by carbon dioxide removals from Earth's atmosphere from human activities over a specified period |
| Paris Agreement | An international treaty adopted in 2015 under the UNFCCC, aimed at strengthening the global response to climate change. It commits signatory countries to take action to limit the increase in global average temperature to well below 2°C above pre-industrial levels, and to pursue efforts to limit warming to 1.5°C |
| ratchet mechanism | The requirement for each nationally determined contribution round to include higher levels of ambition than the previous round |
| remaining carbon budget | Remaining volume of carbon dioxide that can be emitted from a particular date |

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| reporting entity | <p>An entity that is required to prepare a sustainability report under s292A</p> <p>Note: Where a registered scheme is required to prepare a sustainability report under 292A, the responsible entity of the registered scheme is responsible for the performance of those obligations: s285(3). Where an RSE is required to prepare a sustainability report under s292A, the RSE licensee is responsible for the performance of those obligations: s285(3A) and s345AAA</p> |
| RG 280 (for example) | An ASIC regulatory guide numbered 280, in this example named <i>Sustainability reporting</i> |
| risk transmission | How a climate related risk in one part of the world can ripple through international value changes and impact entities elsewhere, even if those entities are not directly exposed to the original climate hazard |
| S292A (for example) | A section of the Corporations Act (in this example numbered 292A), unless otherwise specified |
| Scope 1 greenhouse gas emissions | <p>Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity</p> <p>Note: This is the definition in Appendix A of AASB S2.</p> |
| Scope 2 greenhouse gas emissions | <p>Indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by an entity.</p> <p>Purchased and acquired electricity is electricity that is purchased or otherwise brought into an entity's boundary. Scope 2 greenhouse gas emissions physically occur at the facility where electricity is generated</p> <p>Note: This is the definition in Appendix A of AASB S2.</p> |
| Scope 3 greenhouse gas emissions | <p>Indirect greenhouse gas emissions (not included in scope 2 greenhouse gas emissions) that occur in the value chain of an entity, including both upstream and downstream emissions. Scope 3 greenhouse gas emissions include the scope 3 categories in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)</p> <p>Note: This is the definition in Appendix A of AASB S2.</p> |
| Sustainability report | <p>An annual sustainability report required under s292A of the Corporations Act.</p> <p>Note: This is the definition in s9 of the Corporations Act.</p> |
| sustainability reporting thresholds | The thresholds set out in ss292A(3), 292A(5) and 292A(6) of the Corporations Act |

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| UNFCCC | United Nations Framework Convention on Climate Change |
| value chain | The full range of interactions, resources and relationships related to a reporting entity's business model and the environment in which it operates |