

Sustainability reporting – Educational modules

Key terms

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 International Sustainability Standards Board (ISSB).
acute physical risk	Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency Note: this is the definition in Appendix A of AASB S2.
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	<p>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</p> <p>Note: This is the definition in Appendix A of AASB S2.</p>
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	<p>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</p> <p>Note: this is the definition in Appendix A of AASB S2.</p>
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)
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 (COP)	<p>The Conference of the Parties (COP) is the supreme decision-making body of the United Nations Framework Convention on Climate Change (UNFCCC). All states that are Parties to the Convention are represented at the COP, at which they review the implementation of the Convention and any other legal instruments that the COP adopts, and take decisions necessary to promote the effective implementation of the Convention, including institutional and administrative arrangements</p> <p>Note: this is the definition from the UNFCCC.</p>
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	<p>Refers collectively to directors of:</p> <ul style="list-style-type: none"> • companies; • responsible entities; • retail corporate collective investment vehicles; and • registrable superannuation entity (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	<p>The documents referred to in sections 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</p> <p>Note: This is reflected in the definition of 'financial report' in s9 of the Corporations Act.</p>
fossil fuels	A source of energy, it includes coal, oil and gas

global carbon budget	The total greenhouse gas emissions that can be emitted into the atmosphere to limit global warming to a given level, with a given probability. The global carbon budget takes into account CO ₂ emissions and global warming attributed to non-CO ₂ emissions
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 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 reduction targets
National Adaptation Plan	The National Adaptation Plan is a framework for adapting to the physical climate risks that are nationally significant
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 into 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 round of NDCs to include higher levels of ambition than the previous round
remaining carbon budget	The total net amount of carbon dioxide that can still be emitted by human activities while limiting global warming to a specified level (e.g., 1.5°C above pre-industrial levels) Note: this is the definition from the IPCC.
reporting entity	An entity that is required to prepare a sustainability report under s292A 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
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	Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity Note: This is the definition in Appendix A of AASB S2.
Scope 2 greenhouse gas emissions	Indirect greenhouse gas 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 greenhouse gas emissions physically occur at the facility where electricity is generated Note: This is the definition in Appendix A of AASB S2.

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	<p>The thresholds set out in ss292A(3), 292A(5) and 292A(6) of the Corporations Act</p>
UNFCCC	<p>United Nations Framework Convention on Climate Change</p>
value chain	<p>The full range of interactions, resources and relationships related to a reporting entity's business model and the environment in which it operates</p>