

# ASRS Glossary and Terminology Guide

*Aligned with AASB S2 (09/24) and RG 280 (March 2025)*

This guide supports consistent understanding of climate-related financial disclosure terms across all teams preparing sustainability reports in accordance with the Australian Sustainability Reporting Standards (ASRS), particularly AASB S2.

Term	Explanation
<b>Climate-related risks</b>	Potential downsides from climate change, including physical risks (e.g. floods) and transition risks (e.g. regulation or reputation).
<b>Climate-related opportunities</b>	Potential upsides from addressing climate change, such as new markets, efficiency, or reputation.
<b>Scope 1 emissions</b>	Direct emissions from company-owned sources (e.g. fuel combustion, manufacturing equipment).
<b>Scope 2 emissions</b>	Indirect emissions from purchased electricity, steam, heating or cooling.
<b>Scope 3 emissions</b>	Indirect emissions across the value chain (e.g. suppliers, transport, product use).
<b>Scope 3 categories</b>	The 15 defined emission categories for Scope 3, including purchased goods, transport, waste, and investments.
<b>Materiality</b>	Information is material if its omission or misstatement could influence decisions made by report users.
<b>Carbon credit</b>	A certificate for reducing or removing one tonne of greenhouse gases. Used to offset emissions.
<b>Climate scenario analysis</b>	A method to explore how climate-related risks and opportunities may play out under different future scenarios.
<b>Climate-related transition risks</b>	Risks linked to shifting to a low-carbon economy, such as new laws, changing markets, or technologies.
<b>Climate-related physical risks</b>	Risks from weather events or long-term changes like rising sea levels.
<b>Internal carbon price</b>	A notional cost per tonne of emissions used internally to guide investment or project decisions.
<b>Transition plan</b>	A company's roadmap to shift toward lower emissions and meet climate targets.
<b>Greenhouse gases (GHGs)</b>	Gases contributing to global warming, including CO <sub>2</sub> , methane, and nitrous oxide.
<b>Financed emissions</b>	Emissions from investments or loans provided by financial institutions. Relevant for banks and insurers.
<b>GHG Protocol</b>	The main international standard for calculating and reporting GHG emissions.
<b>Value chain</b>	All activities and relationships from production to end-of-life of a product, including suppliers and customers.
<b>General purpose financial reports</b>	Reports used by investors and creditors to assess a company, including financial statements and climate disclosures.
<b>Primary users</b>	Existing and potential investors, lenders, and creditors who rely on financial reports to make decisions.

For assistance with or questions about ASRS compliance, please contact:

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<b>Climate resilience</b>	A business's ability to adapt to climate risks and benefit from opportunities over time.
<b>Shadow price</b>	A theoretical carbon cost used in internal decision-making but not charged to departments.
<b>Carbon tax (internal)</b>	A fee charged within a business based on emissions to drive behavior change.
<b>Judgements</b>	Decisions made using expert opinion in areas of uncertainty, such as estimating future climate risks.
<b>Uncertainty</b>	The degree of variability or lack of confidence in data or assumptions used in climate disclosures.
<b>Restatements</b>	Corrections made to prior climate disclosures when errors are identified.
<b>Metrics and targets</b>	Quantitative indicators and goals used to track progress on climate risk management and reduction.
<b>Remuneration linkage</b>	The connection between executive pay and climate-related performance metrics.
<b>Capital deployment</b>	Investments or financing aimed at reducing climate risk or capturing opportunity.
<b>GHG emission factors</b>	Numerical values used to convert activity data (e.g. litres of fuel) into emissions.
<b>Organisational boundary</b>	The legal or operational entities included in the emissions and risk reporting boundary.
<b>Operational boundary</b>	The emissions sources included in Scope 1, 2, and 3, based on control or influence.
<b>CO<sub>2</sub> equivalent (CO<sub>2</sub>-e)</b>	A common unit used to compare emissions of different GHGs based on their global warming impact.
<b>Global warming potential</b>	A multiplier that expresses how much a gas warms the atmosphere compared to CO <sub>2</sub> .
<b>Indirect GHG emissions</b>	Emissions caused by an organisation's activities but released by another entity (Scope 2 and 3).
<b>Business model</b>	How a company uses resources and relationships to deliver value and generate cash flow.
<b>Impracticable</b>	A disclosure is impracticable when it can't be made after reasonable effort.
<b>Reporting entity</b>	The company or group preparing the sustainability report, aligned with the financial statements.
<b>Disclosure topic</b>	(Deleted by AASB) – previously used to categorise areas of sustainability disclosure.

**Note:** This glossary is not exhaustive. It should be used alongside the full AASB S2 standard and ASIC Regulatory Guide 280.

For more guidance, refer to:

- AASB S2 (09/24), available at: <https://standards.aasb.gov.au>
  - Appendix A: Defined terms, pp. 16–18
  - Appendix D: General requirements for disclosure, pp. 31–36
- ASIC RG 280: Sustainability Reporting (March 2025)

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