



AASB S2 Roadmap Compliance Guide

For Australian organisations required to prepare climate-related financial disclosures

Summary of Guide

01

Introduction & Compliance Overview

02

Governance & Risk Management

03

Climate Metrics & Targets

04

Reporting & Compliance

05

Transition & Next Steps

All slides include a direct reference to the AASB S2 (09/24) Standards and relevant page number(s).

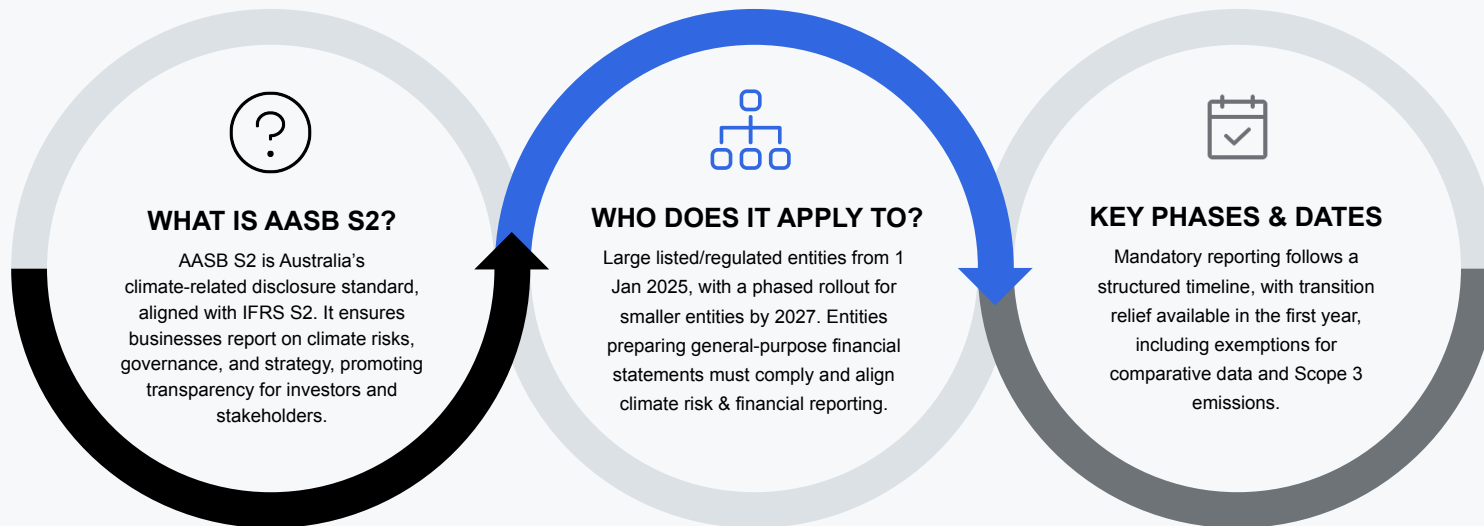


Introduction & Compliance Overview



Overview of AASB S2

Understanding the key elements of climate-related financial disclosures



[AASB S2 \(09/24\) Reference: Page 5. Preface](#)

Compliance Timeline

First annual reporting periods starting on or after	Large entities and their controlled entities meeting at least <i>two</i> of <i>three</i> criteria:		
	Financial year consolidated revenue	End of financial year consolidated gross assets	End of financial year full time equivalent employees
Group 1 1 January 2025	\$500m or more	\$1bn or more	500 or more
Group 2 1 July 2026	\$200m or more	\$500m or more	250 or more
Group 3 1 July 2027	\$50m or more	\$25m or more	100 or more

[AASB S2 \(09/24\) Reference: Page 30, Appendix C](#)



Phased Reporting Approach

AASB S2 introduces a structured rollout to ensure a smooth transition. Large entities must comply from **1 January 2025**, with SME's following in **2026 and 2027**. The phased approach allows businesses to adapt gradually, ensuring they meet disclosure obligations effectively.



Meeting Compliance Criteria

Entities are classified based on financial size, assets, and employees. Companies meeting at least **two out of three thresholds** must report. These thresholds include **revenue, gross assets, and workforce size**, ensuring proportionate adoption of climate-related financial disclosures.



Transition & Early Adoption

To ease implementation, organisations have access to **transition relief**, including deferred Scope 3 emissions reporting and no comparative data requirements in the first year. Businesses can also **opt for early adoption** to align with global sustainability reporting trends.



Governance & Risk Management



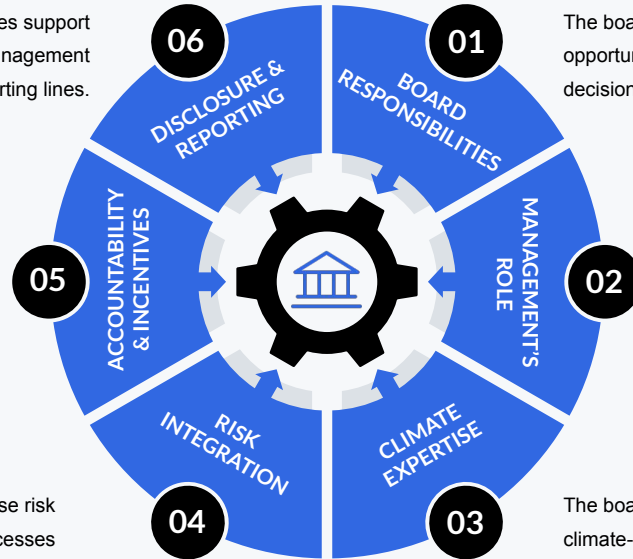
Governance and Oversight

Ensuring strong governance structures for climate-related financial disclosures

Organisations **must** disclose how governance structures support climate oversight. This includes detailing board and management roles, policies, and reporting lines.

Climate-related performance **should** be linked to executive remuneration and incentive structures. Aligning compensation with sustainability goals enhances accountability.

Climate risks **must** be embedded in enterprise risk management frameworks. This includes defining processes to assess and respond to transition and physical risks.



The board **must** be accountable for overseeing climate-related risks and opportunities. It ensures these factors are integrated into strategic decisions, financial planning, and corporate governance structures.

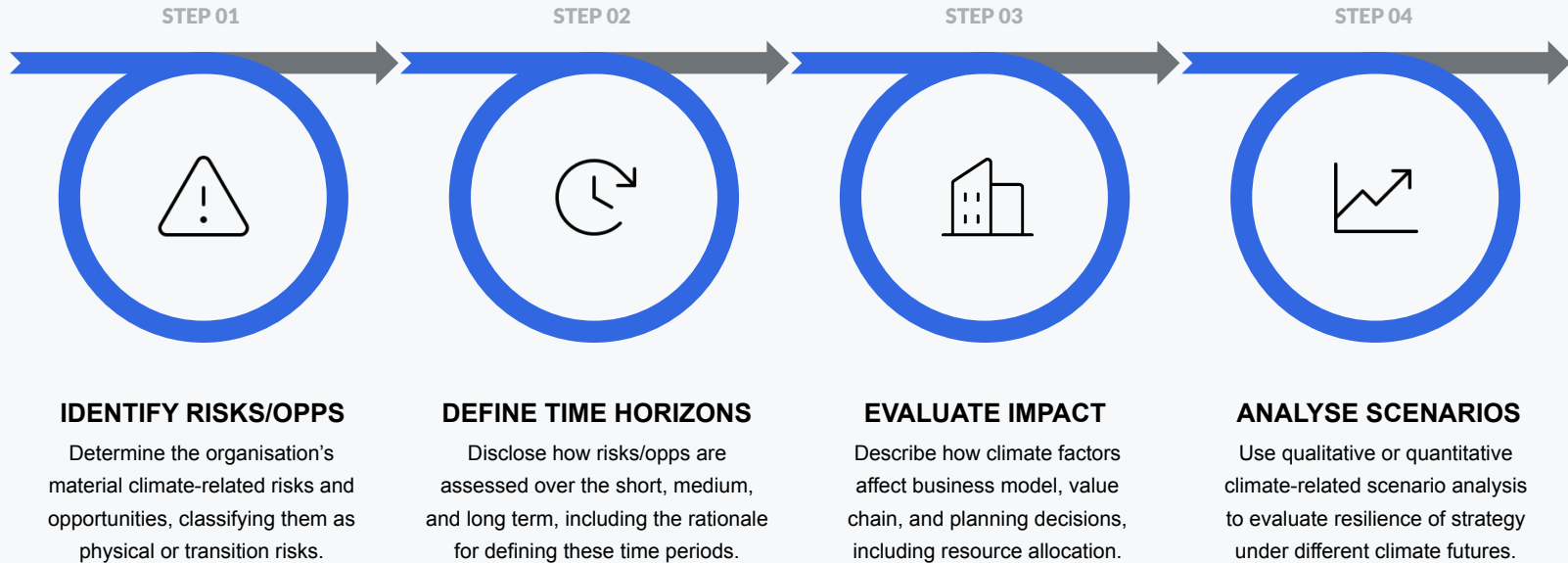
Senior management **should** play a key role in identifying and managing climate risks, by implementing board directives and monitoring climate performance across business units.

The board and management **should** have the necessary climate-related expertise or access to external advisors. Knowledge of sustainability risks is critical for informed decision-making.

[AASB S2 \(09/24\) Reference: Pages 7-8](#)

Strategy, Risk and Resilience

Identifying climate related risks and opportunities is required as part of the AASB S2 standards



[AASB S2 \(09/24\) Reference: Pages 8-11](#)

Risk Management Framework

AASB S2 requires organisations to describe how climate-related risks and opportunities are managed through structured risk processes



Key Process Disclosures

- 01 Inputs and Parameters**
Explain the data, assumptions, and boundaries used to identify/assess risks (e.g., sources of emissions).
- 02 Use of Scenario Analysis**
Describe whether and how scenario analysis informs risk identification and decision-making.
- 03 Risk Monitoring and Prioritisation**
Outline how climate risks are tracked and prioritised against other business risks over time.

[AASB S2 \(09/24\) Reference: Page 12](#)

Climate Metrics & Targets



Climate Metrics Disclosures

These are the metrics that you are required to disclose under the AASB S2 standards

Scope 1, 2 & 3 emissions data

Reported in line with the [GHG Protocol](#) & include documented calculation methodology and assumptions

01

Capital & resources for climate-related efforts

Amount of expenditure, financing or investment deployed to climate related risks & opportunities

04



Exposure to risks & opportunities

Amount & percent of assets or business activities exposed to physical/transition risks or opportunities

02

Internal carbon pricing & executive remuneration

If applicable, internal price per tonne of emissions, or portion of executive pay tied to climate-related objectives

03

[AASB S2 \(09/24\) Reference: Pages 13-14](#)

Climate Targets Disclosures

These are the key steps for setting and reporting climate-related targets



[AASB S2 \(09/24\) Reference: Pages 14-15](#)

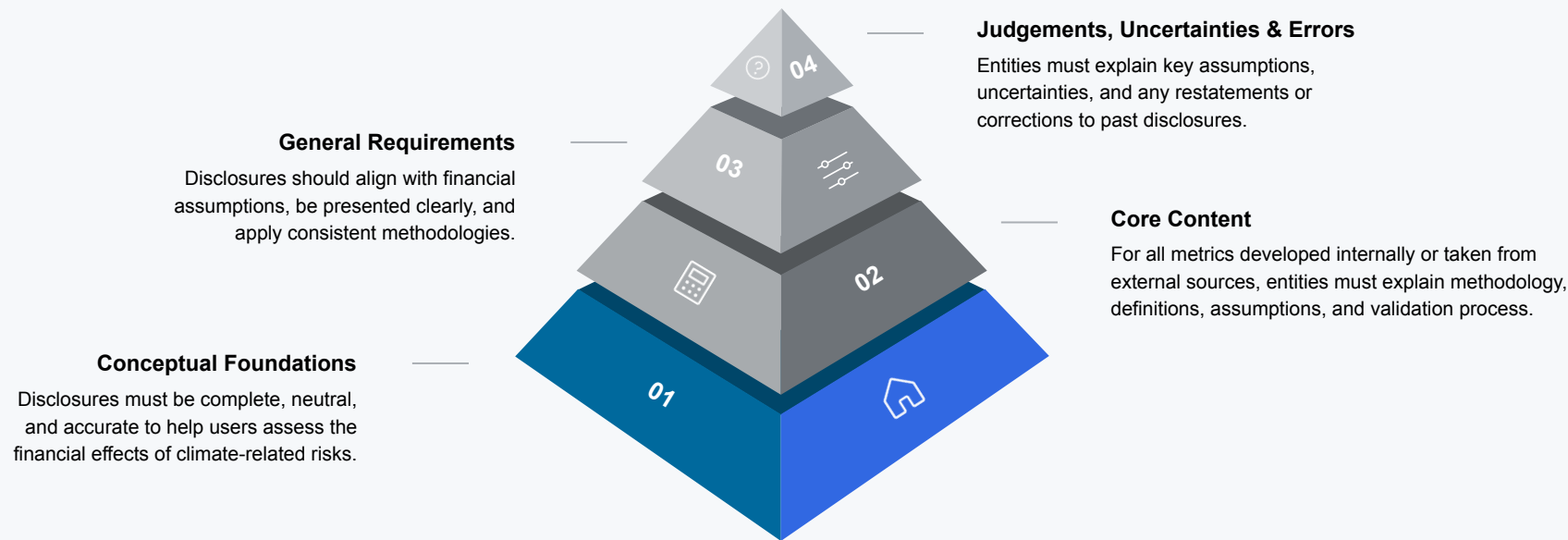


Reporting & Compliance



Reporting & Compliance Summary

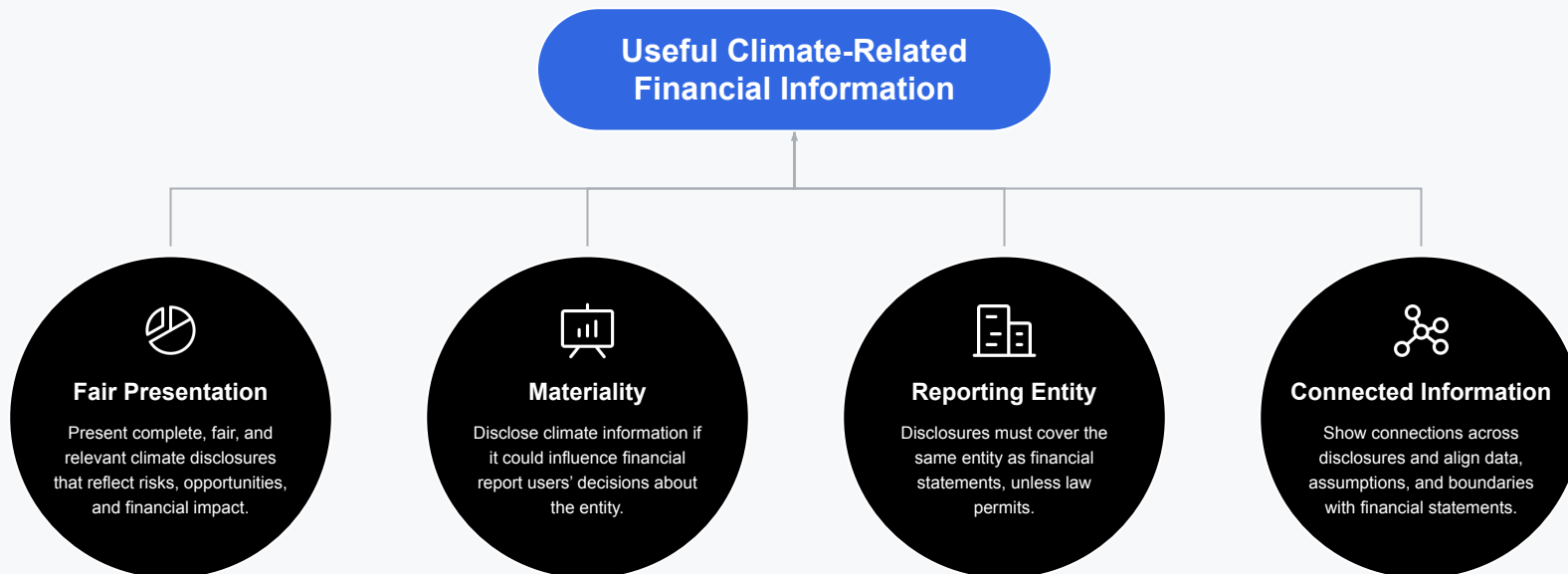
Key principles shaping climate-related financial disclosures under AASB S2



[AASB S2 \(09/24\) Reference: Pages 31-36](#)

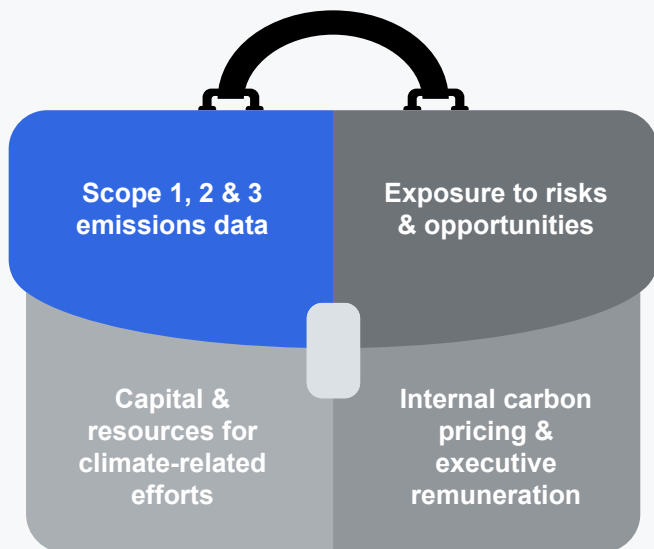
Conceptual Foundations

These are the required and fundamental qualitative characteristics of useful climate-related financial information



Core Content

Guidance for defining, presenting, and maintaining credible metrics



Source Identification

If a metric is taken from outside the Australian standards, disclose its original source.



Custom Metrics

For self-developed metrics, explain definitions, methodologies, assumptions, and third-party validation.



Measurement Type

Clarify whether the metric is absolute, relative, or qualitative (e.g. RAG rating).



Consistency Over Time

Disclose metrics consistently year to year, explaining any redefinitions or replacements.



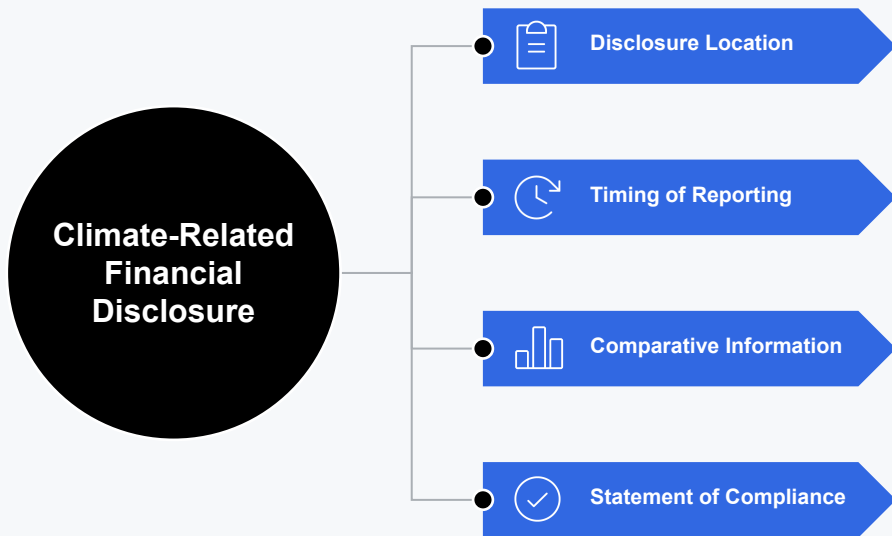
Clear Labelling

Metrics and targets must be clearly named and described for stakeholder understanding.

[AASB S2 \(09/24\) Reference: Page 33](#)

General Requirements

Foundational reporting obligations every entity must meet under AASB S2



An entity is required to provide disclosures as part of its **general purpose financial reports**.

Climate disclosures must be reported for the **same period and at the same time** as the financial statements.

Disclose **prior-period comparisons** for all reported amounts - and where helpful, for narrative disclosures - in the current period.

Entities must **explicitly state compliance with AASB S2**, and may only do so if all requirements are fully met.

[AASB S2 \(09/24\) Reference: Pages 33-34](#)

Judgements, Uncertainties & Errors

Disclosure expectations for subjective decisions, estimation risks, and prior period corrections



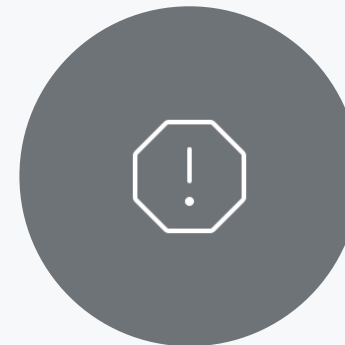
Judgements

Disclose key non-quantitative judgments, such as how risks are identified, materiality is assessed, and guidance is applied in climate-related disclosures.



Uncertainty

Disclose significant measurement uncertainties, including assumptions and data limitations, especially where estimates involve judgments or future events affecting reported amounts.



Errors

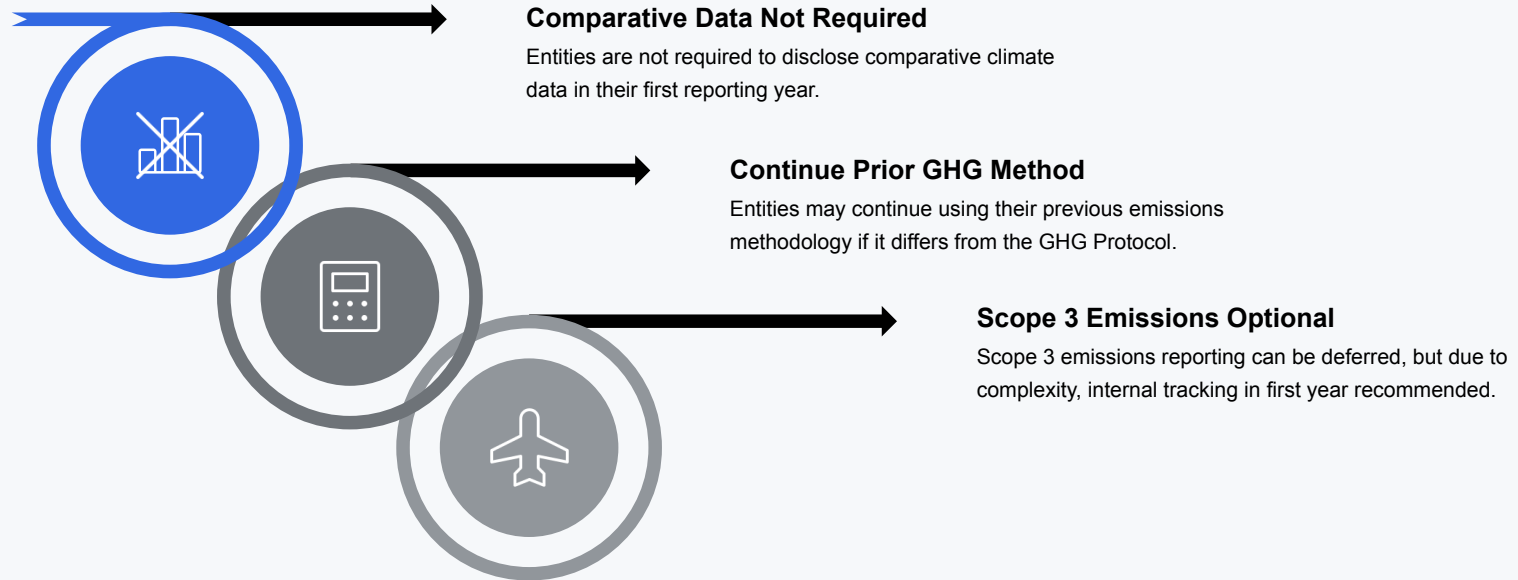
Material errors in prior climate disclosures must be corrected by restating comparatives, unless impracticable. Errors must be distinguished from changes in estimates.

Transition & Next Steps



Transition Relief

Temporary flexibility to support initial implementation of AASB S2



Next Steps

Preparing your organisation for AASB S2 implementation

STEP
01

Assess Readiness

Conduct a gap analysis to identify which AASB S2 requirements your current reporting processes do or do not meet.

STEP
02

Build Internal Capability

Set up governance structures, train teams, and establish data systems for climate risk, emissions, and scenario reporting.

STEP
03

Pilot & Phase In Reporting

Run a trial disclosure cycle before your first reporting year. Use transition relief where available to simplify the rollout.

Avarni can help you prepare for AASB S2



Australian Owned

Sustainability compliance software company, headquartered in Sydney, Australia.



Track Record

4 years of experience automating greenhouse gas management & reporting across a wide variety of industries.



CSIRO Backed

Funded by Main Sequence Ventures, co-founded by the CSIRO.

450

organisations served to date

\$473b

worth of data analyzed

~500m

tonnes of CO2e tracked

[Contact Us](#)

[Visit our Website](#)

“For those of us that have grown up loving a spreadsheet, I'm very pleased that finally there are solutions like Avarni, that is giving us the possibility of managing very large data sets and minimizing that level of consultant intervention.”



Michael Cox

Schneider
Electric



avarni.co
