

Australian Sustainability Reporting Standard

AASB S2025-X
December 2025

Amendments to Greenhouse Gas Emissions Disclosures

[AASB S2]

Ballot Draft



Australian Government

**Australian Accounting
Standards Board**

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Australian Sustainability Reporting Standard AASB S2025-X *Amendments to Greenhouse Gas Emissions Disclosures* is set out on pages 5–11. All the paragraphs have equal authority.

Preface

Standards amended by AASB S2025-X

This Standard makes amendments to Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* (September 2024).

These amendments follow the issuance of amendments to IFRS Sustainability Disclosure Standard IFRS S2 *Climate-related Disclosures* by the International Sustainability Standards Board (ISSB) in December 2025.

Main features of this Standard

Main requirements

This Standard amends AASB S2 to provide additional relief and clarify the existing relief from specific greenhouse gas emissions disclosure requirements and to amend the requirements for classifying some types of greenhouse gas emissions.

This Standard amends the requirements in AASB S2 to:

- (a) clarify that an entity is permitted to limit its measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions to financed emissions. Consequently, the entity is permitted to exclude from its measurement and disclosure of Category 15 greenhouse gas emissions the emissions associated with financial activities, such as facilitated emissions associated with investment banking activities and emissions associated with insurance and reinsurance underwriting activities;
- (b) replace the requirement for an entity that participates in commercial banking activities or financial activities associated with the insurance industry to use the Global Industry Classification Standard to disaggregate financed emissions information by industry with less prescriptive requirements for the entity to select an industry-classification system that enables it to provide useful information about its exposure to climate-related transition risks;
- (c) clarify that the relief from using the method in the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) for measuring greenhouse gas emissions is available to an entity when a jurisdictional authority or an exchange on which the entity is listed requires the use of a different method only for the part of the entity to which that jurisdictional authority or exchange requirement applies; and
- (d) provide relief to an entity from using the global warming potential (GWP) values based on a 100-year time horizon from the latest Intergovernmental Panel on Climate Change assessment available at the reporting date when a jurisdictional authority or an exchange on which the entity is listed requires the use of different GWP values for the part of the entity to which that jurisdictional authority or exchange requirement applies.

Application date

This Standard applies to annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

Australian Sustainability Reporting Standard AASB S2025-X

The Australian Accounting Standards Board makes Australian Sustainability Reporting Standard AASB S2025-X *Amendments to Greenhouse Gas Emissions Disclosures* under section 336A of the *Corporations Act 2001*.

Dated XX December 2025

Keith Kendall
Chair – AASB

Australian Sustainability Reporting Standard AASB S2025-X *Amendments to Greenhouse Gas Emissions Disclosures*

Objective

This Standard amends AASB S2 *Climate-related Disclosures* (September 2024) following the issuance of amendments to IFRS Sustainability Disclosure Standard IFRS S2 *Climate-related Disclosures* by the International Sustainability Standards Board in December 2025, and clarifies and extends relief from certain greenhouse gas emissions disclosures.

Application

This Standard applies to annual reporting periods beginning on or after 1 January 2027.

This Standard may be applied to annual periods beginning on or after 1 January 2025 but before 1 January 2027. When an entity applies this Standard to such an annual period, it shall disclose that fact.

This Standard uses underlining, striking out and other typographical material to identify the amendments to AASB S2, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Ellipses (...) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

Amendments to AASB S2

Paragraph 29(a) is amended. Paragraphs 29A–29C are added. New text is underlined and deleted text is struck through.

Core content

...

Metrics and targets

...

Climate-related metrics

29 An entity shall disclose information relevant to the cross-industry metric categories of:

- (a) *greenhouse gases*—the entity shall:
 - (i) disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of *CO₂ equivalent* (see paragraphs B19–B22), classified as:
 - ...
 - (3) *Scope 3 greenhouse gas emissions*;
 - (ii) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless the entity is required, in

~~whole or in part, by a jurisdictional authority or an exchange on which it the entity is listed to use a different method for measuring its greenhouse gas emissions (see paragraphs B23–B25);~~

...

(vi) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(3), and with reference to paragraphs B32–B57, disclose:

- (1) the categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the *Scope 3 categories* described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and
- (2) additional information about the entity's *financed emissions* (which are part of Category 15 greenhouse gas emissions) ~~or those associated with its investments (financed emissions)~~, if ~~its the entity's~~ activities include asset management, commercial banking or insurance (see paragraphs B58–~~B63A–B63.1~~);

...

29A In preparing disclosures to meet the requirement in paragraph 29(a)(i)(3) an entity is permitted to limit what it includes in its measure of Scope 3 Category 15 greenhouse gas emissions to only its financed emissions. That is, the entity is permitted to limit its Category 15 greenhouse gas emissions to emissions attributed to loans and investments made by the entity to investees or counterparties. 'Loans and investments' include loans, project finance, bonds, equity investments and undrawn loan commitments. For an entity that participates in asset management activities, financed emissions include greenhouse gas emissions attributed to assets under management. For the purpose of the limitation, an entity is permitted to exclude greenhouse gas emissions attributable to derivatives.

29B If an entity applies the limitation in paragraph 29A, the entity shall:

- (a) explain what it has treated as a derivative to enable users of general purpose financial reports to understand how it applied the limitation. For example, the entity could explain that, in applying the limitation, it treated as derivatives items that meet the definition of a derivative in accordance with the requirements of Australian Accounting Standards or other applicable generally accepted accounting principles or practices (GAAP) used in preparing its related financial statements.
- (b) describe the financial activities it has excluded from its measure of Scope 3 Category 15 greenhouse gas emissions as a result of applying paragraph 29A, including activities associated with derivatives.

29C If an entity has included Category 15 greenhouse gas emissions in its measure of Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(3), the entity shall disclose the total Category 15 greenhouse gas emissions and the subtotal of financed emissions included in that total.

Paragraphs B21–B22, B24 and B28 are amended. The heading above paragraph B26 is promoted one level. New text is underlined and deleted text is struck through. Paragraphs B20, B23 and B26 are not amended but are included for ease of reference.

Appendix B

Application guidance

Greenhouse gases (paragraph 29(a))

Greenhouse gas emissions

...

Aggregation of greenhouse gases into CO₂ equivalent using global warming potential values

B20 Paragraph 29(a) requires an entity to disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO₂ equivalent. To meet this requirement, the entity shall aggregate the seven constituent greenhouse gases into CO₂ equivalent values.

B21 If an entity uses direct measurement to measure its greenhouse gas emissions, the entity is required to convert the seven constituent greenhouse gases into a CO₂ equivalent value using global warming potential values based on a 100-year time horizon, from the latest Intergovernmental Panel on Climate Change assessment available at the reporting date. The requirement to use such global warming potential values applies unless the entity is required, in whole or in part, by a jurisdictional authority or an exchange on which it is listed to use different global warming potential values for converting the seven constituent greenhouse gases into a CO₂ equivalent value. In such a case, the entity is instead permitted to use the global warming potential values required by such a jurisdictional authority or exchange for the part of the entity to which that requirement applies, for as long as that requirement applies to that part of the entity.

B22 If an entity uses emission factors to estimate its greenhouse gas emissions, the entity shall use—as its basis for measuring its greenhouse gas emissions—the emission factors that best represent the entity’s activity (see paragraph B29). If these emission factors have already converted the constituent gases into CO₂ equivalent values, the entity is not required to recalculate the emission factors using global warming potential values based on a 100-year time horizon from the latest Intergovernmental Panel on Climate Change assessment available at the reporting date. However, if an entity uses emission factors that are not converted into CO₂ equivalent values, then the entity shall use the global warming potential values based on a 100-year time horizon from the latest Intergovernmental Panel on Climate Change assessment available at the reporting date. The requirement to use such global warming potential values applies unless the entity is required, in whole or in part, by a jurisdictional authority or an exchange on which it is listed to use different global warming potential values for converting the seven constituent greenhouse gases into a CO₂ equivalent value. In such a case, the entity is instead permitted to use the global warming potential values required by such a jurisdictional authority or exchange for the part of the entity to which that requirement applies, for as long as that requirement applies to that part of the entity.

...

Greenhouse Gas Protocol

B23 Paragraph 29(a)(ii) requires an entity to disclose its greenhouse gas emissions measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). For the avoidance of doubt, an entity shall apply the requirements in the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) only to the extent that they do not conflict with the requirements in this Standard. For example, the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) does not require an entity to disclose its Scope 3 greenhouse gas emissions, however, the entity is required to disclose Scope 3 greenhouse gas emissions in accordance with paragraph 29(a).

B24 An entity is required to use the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless the entity is required, in whole or in part, by a jurisdictional authority or an exchange on which it is listed to use a different method for measuring its greenhouse gas emissions. If the entity is required, in whole or in part, by a jurisdictional authority or an exchange on which it is listed to use a different method for measuring its greenhouse gas emissions, the entity is permitted to use this different method for the part of the entity to which that requirement applies, rather than using the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) for as long as such the jurisdictional or exchange requirement applies to that part of the entity.

...

Measurement approach, inputs and assumptions

Measurement approach, inputs and assumptions

B26 Paragraph 29(a)(iii) requires an entity to disclose the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions. As part of this requirement, the entity shall include information about:

...

Other methods and measurement approaches

B28 When an entity discloses its greenhouse gas emissions measured in accordance with another method, applying paragraphs 29(a)(ii), B24–B25 or C4(a), the entity shall disclose for each alternative method:

- (a) the applicable method and measurement approach the entity uses to determine its greenhouse gas emissions; and

- (b) the reason, or reasons, for the entity's choice of method and measurement approach and how that approach relates to the disclosure objective in paragraph 27.

Paragraphs B37, B59, B62(a) and B63(a) are amended. Paragraphs B62A and B63A are added. Paragraphs B62(a)(ii) and B63(a)(ii) are renumbered and repositioned as paragraphs B62A(b) and B63A(b) respectively. Paragraphs B62(a)(i), B63(a)(i) and AusB63.1 are deleted. New text is underlined and deleted text is struck through. Paragraphs B62(b) and B63(b) are not amended but are included for ease of reference.

Scope 3 greenhouse gas emissions

...

- B37 An entity that participates in one or more financial activities associated with asset management, commercial banking and insurance shall disclose additional information about the financed emissions associated with those activities as part of the entity's disclosure of its Scope 3 greenhouse gas emissions (see paragraphs B58–B63A ~~AusB63.1~~).

...

Financed emissions

...

- B59 Paragraph 29(a)(i)(3) requires an entity to disclose its absolute gross Scope 3 greenhouse gas emissions generated during the reporting period, including upstream and downstream emissions. An entity that participates in one or more of the following financial activities is required to disclose additional and specific information about its financed emissions (which are part of Category 15 greenhouse gas emissions); ~~Category 15 emissions or those emissions associated with its investments which is also known as 'financed emissions':~~

- (a) asset management (see paragraph B61);
- (b) commercial banking (see paragraphs B62–B62A); and
- (c) insurance (see paragraphs B63–B63A).

...

Commercial banking

- B62 An entity that participates in commercial banking activities shall disclose:
- (a) its absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions for each industry by asset class. ~~When disaggregating by:~~
 - ~~(i) industry—the entity shall use the Global Industry Classification Standard (GICS) 6 digit industry level code for classifying counterparties, reflecting the latest version of the classification system available at the reporting date.~~
 - ~~(ii) asset class—the disclosure shall include loans, project finance, bonds, equity investments and undrawn loan commitments. If the entity calculates and discloses financed emissions for other asset classes, it shall include an explanation of why the inclusion of those additional asset classes provides relevant information to users of general purpose financial reports.~~
 - (b) its gross exposure to each industry by asset class, expressed in the presentation currency of the entity's financial statements. For:
 - (i) funded amounts—gross exposure shall be calculated as the funded carrying amounts (before subtracting the loss allowance, when applicable), whether prepared in accordance with Australian Accounting Standards or other GAAP.
 - (ii) undrawn loan commitments—the entity shall disclose the full amount of the commitment separately from the drawn portion of loan commitments.

...

- B62A When disaggregating information disclosed in accordance with paragraph B62(a)–(b) by:

- (a) industry—an entity shall:

- (i) select an industry-classification system that enables it to classify investees or counterparties in a manner that results in information that enables users of general purpose financial reports to understand the entity's exposure to climate-related transition risks. A system that is commonly used by other entities such as those operating in the same industry or jurisdiction (commonly used system) is more likely to support the comparability of information than a system used only by the entity (entity-specific system). If a commonly used system enables the entity to provide useful information about its exposure to climate-related transition risks—with all else being equal—the entity shall prioritise that system. An entity that participates in both commercial banking and insurance activities need not use the same system to classify investees or counterparties for its commercial banking and insurance activities (see paragraph B63A(a)(i)).
- (ii) disclose:
 - (1) the industry-classification system it used to classify investees or counterparties; and
 - (2) information that enables users of general purpose financial reports to understand how the entity's selection of that system fulfils the requirements in paragraph B62A(a)(i).
- (b) asset class—the disclosure shall include loans, project finance, bonds, equity investments and undrawn loan commitments. If the entity calculates and discloses financed emissions for other asset classes, it shall include an explanation of why the inclusion of those additional asset classes provides relevant information to users of general purpose financial reports.

Insurance

- B63 An entity that participates in financial activities associated with the insurance industry shall disclose:
- (a) its absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions for each industry by asset class. ~~When disaggregating by:~~
 - (i) ~~industry—the entity shall use the Global Industry Classification Standard (GICS) 6 digit industry level code for classifying counterparties, reflecting the latest version of the classification system available at the reporting date.~~
 - (ii) ~~asset class—the disclosure shall include loans, bonds and equity investments, as well as undrawn loan commitments. If the entity calculates and discloses financed emissions for other asset classes, it shall include an explanation of why the inclusion of those additional asset classes provides relevant information to users of general purpose financial reports.~~
 - (b) the gross exposure for each industry by asset class, expressed in the presentation currency of the entity's financial statements. For:
 - (i) funded amounts—gross exposure shall be calculated as the funded carrying amounts (before subtracting the loss allowance, when applicable), whether prepared in accordance with Australian Accounting Standards or other GAAP.
 - (ii) undrawn loan commitments—the entity shall disclose the full amount of the commitment separately from the drawn portion of loan commitments.

~~AusB63.1 For the purposes of paragraphs B62(a)(i) and B63(a)(i), the latest version of the Global Industry Classification Standard (GICS) available at the reporting date means the version that incorporates amendments to August 2024.~~

B63A When disaggregating information disclosed in accordance with paragraph B63(a)–(b) by:

- (a) industry—an entity shall:
 - (i) select an industry-classification system that enables it to classify investees or counterparties in a manner that results in information that enables users of general purpose financial reports to understand the entity's exposure to climate-related transition risks. A system that is commonly used by other entities such as those operating in the same industry or jurisdiction (commonly used system) is more likely to support the comparability of information than a system used only by the entity (entity-specific system). If a commonly used system enables the entity to provide useful information about its exposure to climate-related transition risks—with all else being equal—the

entity shall prioritise that system. An entity that participates in both commercial banking and insurance activities need not use the same system to classify investees or counterparties for its commercial banking and insurance activities (see paragraph B62A(a)(i)).

(ii) disclose:

(1) the industry-classification system it used to classify investees or counterparties; and

(2) information that enables users of general purpose financial reports to understand how the entity's selection of that system fulfils the requirements in paragraph B63A(a)(i).

(b) asset class—the disclosure shall include loans, bonds, equity investments and undrawn loan commitments. If the entity calculates and discloses financed emissions for other asset classes, it shall include an explanation of why the inclusion of those additional asset classes provides relevant information to users of general purpose financial reports.

Paragraphs C1A–C1B and C6 and its subheading are added. Paragraph C4(b) is amended. New text is underlined and deleted text is struck through.

Appendix C

Effective date and transition

Effective date

- ...
- C1A** AASB S2025-X Amendments to Greenhouse Gas Emissions Disclosures, issued in December 2025:
- (a) amended paragraphs 29(a)(ii), 29(a)(vi)(2), B21–B22, B24, B28, B37, B59, B62(a), B63(a) and C4(b) and the heading before paragraph B26;
- (b) added paragraphs 29A–29C, B62A, B63A, C1B and C6; and
- (c) deleted paragraph AusB63.1.
- C1B** An entity shall apply the amendments listed in paragraph C1A for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted. If an entity applies these amendments earlier, it shall disclose that fact.
- ...

Transition

- ...
- C4** In the first annual reporting period in which an entity applies this Standard, the entity is permitted to use one or both of these reliefs:
- ...
- (b) an entity is not required to disclose its Scope 3 greenhouse gas emissions (see paragraph 29(a)) which includes, if the entity participates in asset management, commercial banking or insurance activities, the additional information about its financed emissions (see paragraph 29(a)(vi)(2) and paragraphs B58–~~B63A~~AusB63.1).
- ...

Transition for Amendments to Greenhouse Gas Emissions Disclosures

C6 If an entity previously applied AASB S2, in the first annual reporting period in which the entity applies AASB S2025-X, the entity shall—unless it is impracticable to do so—adjust comparative information for the preceding period as follows:

- (a) if the entity has changed how it measures greenhouse gas emissions as a result of applying the relief in paragraphs 29(a)(ii) and B24 or paragraphs B21–B22—it shall adjust the comparative information as if it had changed how it measures greenhouse gas emissions in that preceding period;
- (b) if the entity disclosed Scope 3 greenhouse gas emissions in the preceding period and the measurement of these emissions included Category 15 greenhouse gas emissions—it shall adjust the comparative information to provide the total Category 15 greenhouse gas emissions and the subtotal of financed emissions included in that total as if it had applied the requirement in paragraph 29C in that preceding period; and
- (c) if the entity disclosed disaggregated financed emissions information by industry in the preceding period in accordance with paragraph B62 or B63—it shall adjust the comparative information to reflect the industry-classification system it selected in accordance with paragraph B62A(a) or B63A(a) as if it had used that system in that preceding period.

Commencement of the legislation

For legal purposes, this legislative instrument commences on 31 December 2026.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, AASB S2025-X.

Introduction

- BC1 This Basis for Conclusions summarises the Australian Accounting Standards Board's (AASB's) considerations in developing AASB S2025-X. In making decisions, individual Board members gave greater weight to some factors than to others.

Reasons for issuing this Standard

- BC2 Consistent with the commitment from the Australian Government to introduce internationally aligned mandatory climate-related financial reporting for large businesses and financial institutions, the AASB issued AASB S2025-X to amend AASB S2 *Climate-related Disclosures* to:
- (a) clarify existing relief from disclosing and measuring Scope 3 Category 15 greenhouse gas emissions related to derivatives and to commercial banking and insurance-associated activities;
 - (b) amend requirements related to classifying financed emissions of entities that participate in commercial banking activities and financial activities associated with the insurance industry;
 - (c) clarify the jurisdictional relief from using the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) when measuring greenhouse gas emissions; and
 - (d) provide jurisdictional relief for using global warming potential (GWP) values other than the GWP values based on a 100-year time horizon from the latest Intergovernmental Panel on Climate Change assessment available at the reporting date.

Approach to developing AASB S2025-X

- BC3 In April 2025, the ISSB published an Exposure Draft *Amendments to Greenhouse Gas Emissions Disclosures* and the AASB published ED SR2 *Amendments to Greenhouse Gas Emissions Disclosures*, which proposed targeted amendments to IFRS S2 *Climate-related Disclosures* and AASB S2 *Climate-related Disclosures* to address application challenges identified by stakeholders related to greenhouse gas (GHG) emissions disclosure requirements.
- BC4 The AASB ED was open for a 34-day comment period that closed on 2 June 2025. The ISSB ED was open for a 60-day comment period to 27 June 2025. The AASB received 15 comment letters and 8 usable survey responses on ED SR2 across various stakeholder groups and also obtained feedback from targeted outreach. A number of Australian stakeholders also provided their comments directly to the ISSB. Most of the stakeholder feedback generally supported the proposed amendments to:
- (a) clarify that entities are not required to measure or disclose Scope 3 Category 15 GHG emissions, except for financed emissions (i.e. those related to loans and investments). They supported entities being permitted to exclude from the measurement and disclosure of Scope 3 Category 15 GHG emissions those emissions associated with derivatives, commercial banking and insurance-associated activities;
 - (b) require disclosures about the financial activities associated with commercial banking, insurance or derivatives, relating to excluded Scope 3 Category 15 greenhouse gas emissions;
 - (c) change the requirements for classifying financed emissions of entities that participate in commercial banking activities and financial activities associated with the insurance industry. However, they expressed concerns over the proposed continuing use of the Global Industry Classification Standard as a default classification system;
 - (d) clarify the relief from using the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) to measure greenhouse gas emissions for the relevant part of the entity, where a different jurisdictional or exchange requirement applies in whole or in part, and for as long as that requirement remains in effect; and

- (e) use global warming potential values other than those from the latest Intergovernmental Panel for Climate Change assessment for the relevant part of the entity, where a jurisdictional or exchange requirement applies in whole or in part, and for as long as that requirement remains in effect. Stakeholders generally considered this to be a practical solution that would reduce duplication of effort and align with national frameworks such as Australia's National Greenhouse and Energy Reporting Scheme.
- BC5 The AASB considered the feedback it received from Australian stakeholders in preparing its submissions to the ISSB ED – one comment letter from the AASB alone and a second joint comment letter with the UK Financial Reporting Council and the Sustainability Standards Board of Japan to convey common feedback.
- BC6 Consistent with Australian stakeholder feedback, the AASB's comments to the ISSB generally supported the proposals while raising the concerns noted in paragraph BC4(c).
- BC7 In relation to the concerns expressed by stakeholders, changes were made to the proposed amendments by the ISSB and the AASB. These changes included requiring the use of a system that classifies investees or counterparties in a manner that results in information that enables users of general purpose financial reports to understand the entity's exposure to climate-related transition risks, noting that a system commonly used by other entities is more likely to support the comparability of information across entities than a system used only by the entity.
- BC8 In making the amendments to clarify that some Scope 3 Category 15 greenhouse gas emissions are permitted not to be measured and disclosed, the AASB noted that the amendments do not relieve an entity from:
 - (a) other requirements to provide information about its climate-related risks and opportunities, including transition risks, that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity; or
 - (b) providing information about its climate-related targets, which might include targets related to Scope 3 Category 15 greenhouse gas emissions that are not financed emissions.
- BC9 In developing the amendments, the AASB considered the *AASB Due Process Framework for Setting Australian Sustainability Reporting Standards* and whether a further round of public consultation might be needed before finalising the amendments. The AASB concluded a further round of public consultation would be unlikely to reveal new information or concerns.
- BC10 The amendments made by AASB S2025-X are the same as the amendments made to IFRS S2 by the ISSB in December 2025 and, accordingly, help to maintain alignment between AASB S2 and IFRS S2. International alignment is widely supported by Australian stakeholders based on the feedback received in 2024 on the AASB ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information* when AASB S2 was being developed.

Impact analysis

- BC11 The AASB issued AASB S2 to support the *Corporations Act 2001* requirements for large businesses and financial institutions to prepare climate-related financial disclosures. The AASB was advised by the Office of Impact Analysis (OIA) that the AASB did not need to undertake an Impact Analysis for the mandatory climate-related disclosure Standard on the basis that the regulatory impact had already been calculated by the Treasury in relation to the proposed amendments of the Corporations Act and assessed by the OIA (refer OIA, Published Impact Analysis "Climate risk disclosure", January 2024).
- BC12 AASB S2025-X amends AASB S2 to clarify existing reliefs from some greenhouse gas emissions disclosures and extend some of the existing reliefs and also amends the requirements for classifying some types of greenhouse gas emissions in applying specific requirements related to the disclosure of information about financed emissions. The AASB has been advised by the OIA that the AASB does not need to undertake an Impact Analysis for AASB S2025-X.

Effective date and transition

- BC13 The financial period in which an entity is first required to apply AASB S2 is specified in the Corporations Act as amended by the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024*. It specifies three application dates (financial years beginning on or after 1 January 2025, 1 July 2026 and 1 July 2027) for the various classes of entity, based on entity size or, for entities reporting under the National Greenhouse and Energy Reporting Scheme, on level of emissions.
- BC14 To support the Corporations Act requirements, AASB S2 has an effective date of annual reporting periods beginning on or after 1 January 2025.

- BC15 In selecting the effective date for the amendments set out in AASB S2025-X, the AASB considered the fact that there are existing transition reliefs applicable to greenhouse gas emissions disclosure requirements. Specifically, in the first annual reporting period in which an entity applies AASB S2, the following transition reliefs are available:
- (a) if, in the annual reporting period immediately preceding the date of initial application the entity used a method for measuring its greenhouse gas emissions other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), the entity is permitted to continue using that other method; and
 - (b) an entity is not required to disclose its Scope 3 greenhouse gas emissions, which includes, if the entity participates in asset management, commercial banking or insurance activities, the additional information about its financed emissions.
- BC16 AASB S2025-X has an effective date of annual reporting periods beginning on or after 1 January 2027, with earlier application permitted, which aligns with the effective date of the amendments to IFRS S2. However, entities required to comply with AASB S2 follow their application date as set out in the legislation. By permitting early application of AASB S2025-X, entities can apply the amendments to annual reporting periods beginning on or after 1 January 2025. Entities applying the amendments early need to disclose that fact.
- BC17 The amending Standard also introduces transition provisions relating to comparative information that would apply to entities that apply the unamended AASB S2 to one reporting period and subsequently apply the amended AASB S2 to the next reporting period. These provisions have been included to align with IFRS S2. These transition provisions are not expected to be widely used by entities applying AASB S2 because Australian entities are generally expected to apply the amended AASB S2 at the earliest opportunity and transition reliefs are available in the first annual reporting period in which an entity applies AASB S2.