



# AASB S2 First Impressions

Early findings from the first  
wave of AASB S2  
sustainability reporters in  
Australia (FAST30)



March 2026

# Executive summary

## The first wave of 30 entities (FAST30) AASB S2 Climate-related disclosures (AASB S2)

The 31 December 2025 reporting cycle represents the first wave of mandatory AASB S2 reporting in Australia.

Early reporters highlight a focus on robust practices and compliance, particularly in governance and the integration of climate in risk management, signaling first-year efforts on establishing a base report ahead of deeper strategic and quantitative maturity. All assurance opinions to date have been unmodified, however, enhancements to reporting will be required to achieve unmodified opinions as the scope of assurance extends to the more complex areas of the standard.

More substantively, this FAST30 cohort provides an early view of how organisations are operationalising climate-related disclosure requirements in practice. Differences in reporting structure, strategic analysis and analytical discipline reveal uneven levels of integration between climate-related risks, financial impacts, strategic response and long-term value creation. While governance oversight and risk identification are generally well established, the translation of climate-related considerations into strategy, capital allocation and forward-looking resilience analysis will continue to develop.

Looking ahead, this FAST30 first wave of entity reporting highlights that there will be further progress needed to be made for AASB S2 reporting to go beyond structurally compliant to more investor decision-led strategic reporting. It is early days, but as AASB S2 reporting matures, boards and board committees will need to place increasing emphasis on the quality of judgement, scenario design, data connectivity, and internal controls underpinning climate-related disclosures to support reporting that can inform strategy and long-term value outcomes.

Size of observed entities by revenue



Distribution of observed reports by sectors



### Methodology (FAST30)

**Population:** 30 Group 1 public and private entities publishing AASB S2 climate-related disclosure sustainability reports in February and early March 2026 (first wave of the 31 December 2025 reporters).

**Sources:** Publicly available AASB S2 sustainability reports supplemented by practical observations from our experience (used to interpret emerging practice, not to replace public evidence).

**Lens:** Findings are organised to align with AASB S2 core content (Governance, Strategy, Risk Management, and Metrics & Targets).

**Limitations:** FAST30 reporters are not representative of all 31 December 2025 reporters. The population is skewed towards public rather than private-entity reporters.

# Reporting structure and connectivity

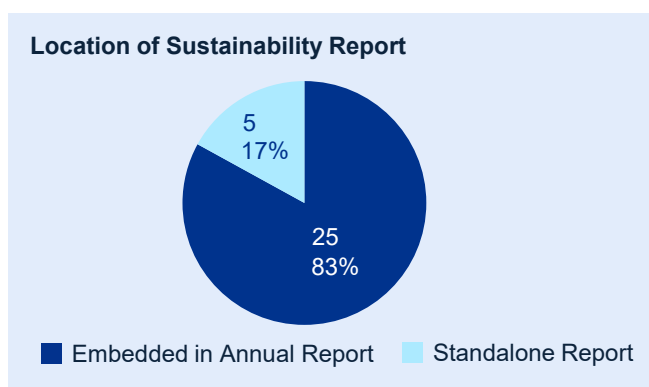
Reporting structure and connectivity are emerging as clear indicators of climate-related reporting maturity. How sustainability information is structured, located and scaled within the broader reporting suite reflects whether climate-related disclosures are being treated as a compliance exercise or embedded as decision-useful inputs to governance, strategy and capital allocation.

Strategic disclosures beyond pure compliance have further progress to be made, but FAST30 AASB S2 reporters have successfully begun the journey of connecting climate-related risks, opportunities, and metrics with elements of financial exposure overlaid by the entities' governance mechanisms.

## Location

The FAST30 show a trend where most entities embed their Sustainability Report as a distinct section within the Annual Report. The location of the report has been a point of debate among entities during the implementation phase, and interestingly, over 80% of entities elected to embed the Sustainability Report as a section in the Annual Report.

To take advantage of the initial modified liability regime, cross-referencing from the AASB S2 report to other materials outside of the annual report was limited. Going forward, more entities are likely to consider aligning and integrating climate-related reporting into the overall corporate reporting to minimise duplication and enhance understanding of climate-related risks, opportunities, and their long-term impact on value.

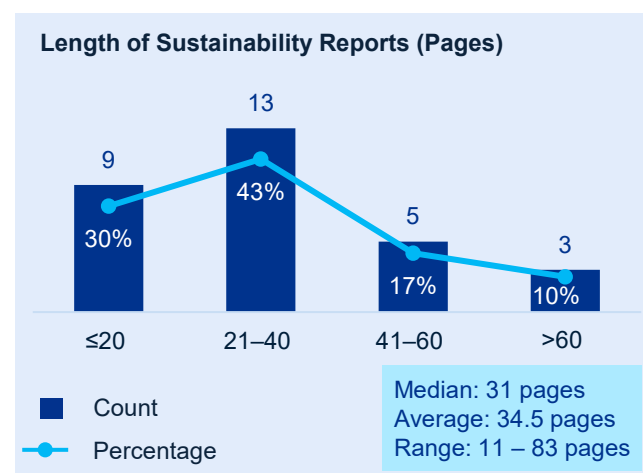


## Insights from our experience in practice

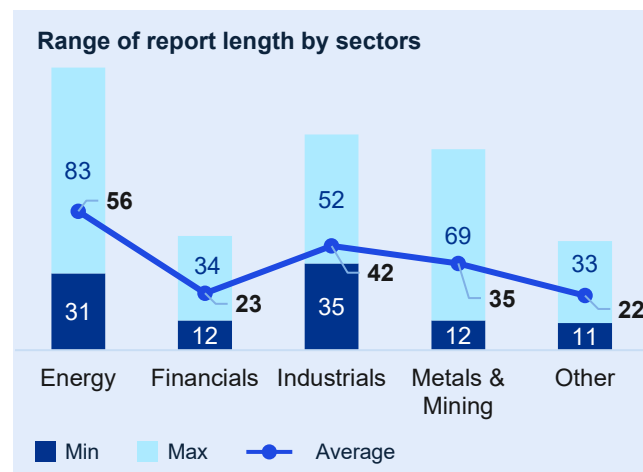
- The time and resources required to be allocated to the preparation of the Sustainability Report were higher than anticipated.
- Stakeholder engagement (including Executive Committees, the Board and/or overseas parent involvement) to support review and finalisation of a Sustainability Report also exceeded the expectations of preparers.
- Not underestimating the time and effort to prepare and review a first-year Sustainability Report, the multi-function input and stakeholder engagement process requires continuous focus for the AASB S2 reporting projects.

## Length

For most entities, the overall length of the Sustainability Report falls within the 21–40 pages band, with 10% reports >60 pages, which for some entities also incorporate additional voluntary disclosures.



Reports from the Energy and Industrials sectors were generally ~10 pages longer on average than other sectors. The length of an AASB S2 report may be strongly influenced by the number and complexity of climate-related risks and opportunities, mitigation activities, operational footprint, the maturity of decarbonisation efforts, and extent of climate-related targets set. Entities are also using the AASB S2 report to further elaborate on their climate or broader sustainability strategy, which will impact the length of the document.



# Governance and risk management

Many entities have refined their governance frameworks, including Board and Committee charters, to specifically address climate-related matters. AASB S2 does not require entities to change governance arrangements; rather, it requires disclosure of what (if any) governance processes, controls and procedures are in place to monitor, manage and oversee climate-related risks and opportunities (CRROs).

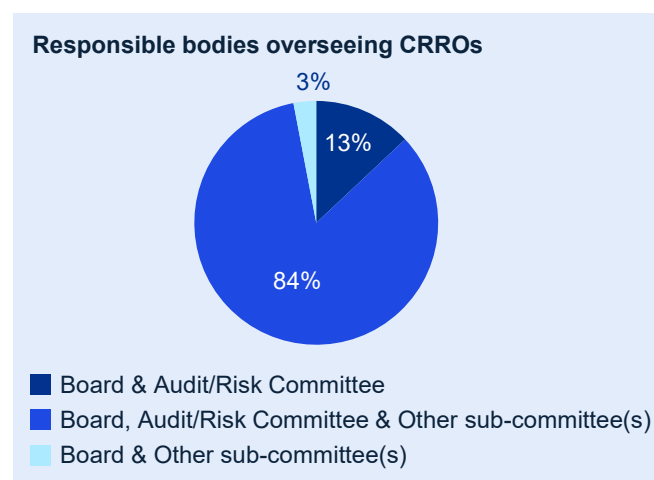
Most entities make factual disclosures of what occurred throughout the year and do not cross-reference other documents containing governance disclosures (e.g. a corporate governance statement).

## Directors' overall responsibility

All entities referenced Board involvement in consideration of climate-related matters, reflecting the Board's ultimate responsibility for responding to climate-related risks and opportunities.

## Audit and Risk Committees take the lead on climate-related governance under AASB S2

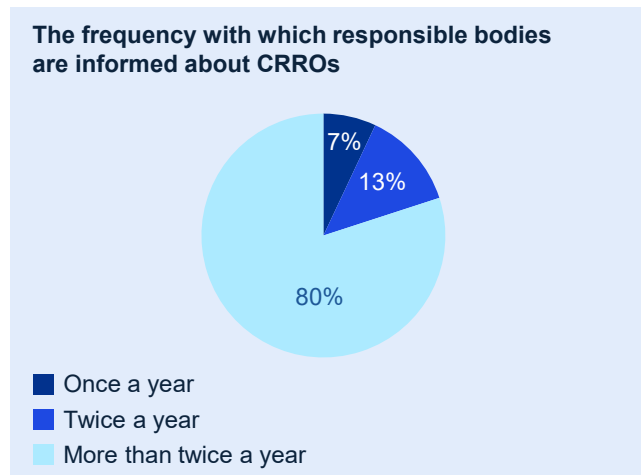
97% of the entities referenced an Audit/Risk Committee as also having oversight of CRROs. This was evident across all sectors, reflecting broader practice rather than a sector-specific approach.



Entities may consider that their governance charters require updating, where applicable, to clarify where responsibility for climate-related consideration resides amongst the Board, Committees and management. We are seeing an overall weighting towards the Audit/Risk Committee as the key governance body for oversight of AASB S2 reporting, adding to their financial reporting responsibilities, and bringing their oversight to AASB S2 reporting. This is more often the case when a Sustainability Committee has not already been established in an entity.

## Frequent updates on climate-related matters

80% of the entities referenced the governing body being informed more than twice a year, with all entities disclosing at least one update.



Disclosures were generally less specific about how the body was informed. Entities should carefully minute such updates, with specific reference to the CRROs addressed, and place greater emphasis on the specifics of how these updates occur.

### Oversight of strategy and decision-making

All entities disclosed, to varying degrees, how the governing body had oversight over CRROs. Opportunity remains to enhance specific disclosure on how the governing body considers trade-offs related to CRROs in implementing the overall strategy and in evaluating major transactions.

### Integration of risk management

The vast majority of entities reported that climate-related risk management is integrated into enterprise risk management frameworks, rather than operating as standalone climate or sustainability risk functions. In practice, climate-related risks are typically identified and assessed using principles of overall risk management, with monitoring of CRROs through the same governance structures, risk appetite statements, escalation thresholds, and reporting mechanisms applied to other strategic, operational, and financial risks. This reflects a trend that climate-related risk is not a separate process, but rather a driver that influences multiple existing risk types.

### Targets and remuneration policies are focused on emissions reduction rather than being specific to climate-related risks or opportunities

57% of reporters indicated they had executive remuneration linked to climate-related considerations. For those entities with climate-related targets, only 65% had linked executive remuneration to climate-related considerations.

### Australian subsidiaries of foreign entities

Governance structures may be sophisticated at the international level, but less formal at the Australian subsidiary level. Entities in this scenario describe governance arrangements applicable locally whilst referencing the existence of a broader global framework. In many cases, governance structures, targets and monitoring were less formal than those of the ultimate parent, reflecting the Australian requirement to disclose arrangements which occur at the level of the entity reporting, which are emerging and maturing still.

### How skills and competencies are assessed

Most entities disclosed that the governing body assessed whether appropriate skills were available through self-assessment; however, the disclosures were often unclear about how that assessment was performed.

Entities should ensure robust documentation of skill and competency assessments to reduce the risk of overstating skills and capacities.

Most reports highlighted Board and executive-level training undertaken during the reporting period.

---

**57%**

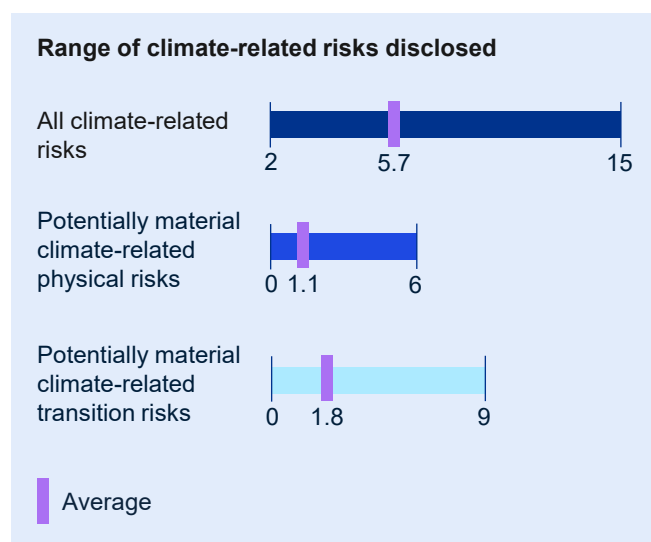
reporters indicated they had executive remuneration linked to climate-related considerations.

# Strategy

The strategy disclosures required by AASB S2 reveal how deeply climate-related risks and opportunities (CRROs) are embedded within enterprise strategy. Choices around risk identification, time horizon definitions and scenario design shape the credibility, comparability and decision-usefulness of disclosures and signal whether climate-related considerations are being used to inform resilience, capital planning and long-term value, or addressed at a high level solely to meet minimum reporting expectations.

## Climate-related risks and opportunities (CRROs)

There is considerable divergence in the number and types of CRROs disclosed by the FAST30, which, although expected given the different sectors, may impact comparability across reporters. This includes variations between entities disclosing a longer list of all climate-related risks and opportunities, as well as those disclosing climate-related risks with a potential material financial impact over their stated time horizons.



When a broader range of climate-related risks is disclosed (including those that may not have a potential risk of material financial impact), the average number of risks was 5.7, with a range of 2 to 15. The concentration of higher disclosed climate-related risk, unsurprisingly, was in the Energy and Metals & Mining sectors. Interestingly, this highlights that 100% of observed entities reported at least 2 climate-related risks, which could affect the prospects of the organisation, even if they subsequently assessed that these climate-related risks as not having a potential material financial impact on their organisation due to the risk management strategies they had implemented.

## What types of climate-related risks have been disclosed?

**Transition risks:** A variety of transition risks have been disclosed, including energy and electricity price volatility, carbon regulation and reporting obligations, demands shifting from high-emission products, cost of capital and insurance impacts.

**Physical risks:** Acute risks identified included floods, cyclones, bushfires, heatwaves disrupting operations, assets, supply chains and customers, whereas chronic risks included rising temperatures, sea-level rise, and long-term asset resilience issues.

More than half of the reports included an element of quantification for at least one of the disclosed climate-related risks. Climate-related risk quantification is an area for further maturity and ongoing focus.

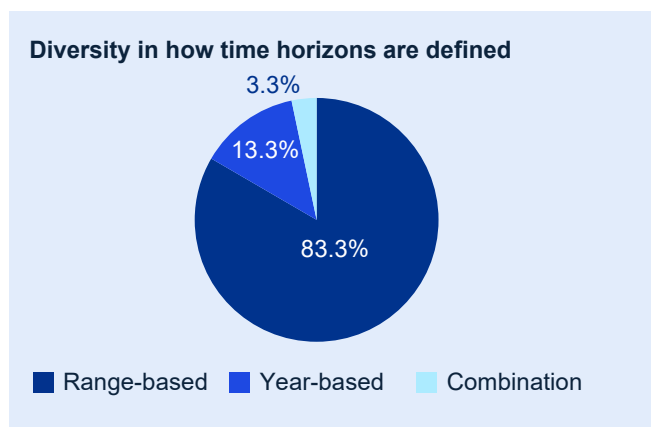
## Have entities been disclosing climate-related opportunities?

As anticipated in the first year of reporting, fewer climate-related opportunities have been disclosed than risks. On average, 1.3 opportunities were reported, with a maximum of 3 opportunities.

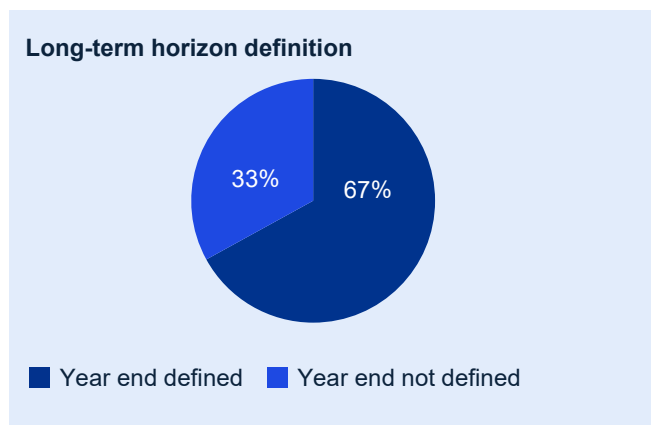
Almost one-third of entities reported no relevant climate-related opportunities. Again, the Energy sector was associated with the most climate-related opportunities reported.

### What time horizons have been applied?

We observed short-term horizons between 1–5 years, medium-term between 2–20 years and long-term horizons between 3–30+ years with diversity in how these were linked to the planning horizons used for strategic decision-making. Most entities are opting for relative, principle-based framing rather than anchoring disclosures strictly to calendar years, which reflects flexibility in interpreting AASB S2 requirements.



From a long-term perspective, we have also seen differences in approach, with a third of entities providing a specific end year for the long-term horizon, whereas two-thirds have provided an open-ended period (i.e. 25+ years).



### Scenario analysis

Climate-related scenario analysis disclosures varied by depth across reporters and were notably different by sectors. Scenario analysis is most developed in sectors with direct exposure to long-lived physical assets, regulated energy systems, or climate-sensitive liabilities, including Energy and fuels, Mining and resources, Insurance, Infrastructure and property-based businesses. In these sectors, scenario analysis is used to test asset and portfolio resilience, energy price and policy sensitivity and demand durability under transition pathways.

In contrast, scenario analysis in other sectors is typically more qualitative focused, used to demonstrate awareness of transition risk rather than to inform asset-level or capital decisions.

In addition to the 1.5°C temperature pathway there was a divergence in reported higher (≥2.5°C) temperature pathways. In practice, and not unexpectedly, those entities incorporating higher than 2.5°C temperature scenarios (e.g. >3°C) often identify a broader range of physical climate-related risks and develop a more comprehensive understanding of climate-related exposure, particularly over the long term, compared with analyses limited to 1.5°C pathways.

Over 25% of entities have chosen to disclose more than 2 temperature scenarios, and all such entities had set climate-related emissions targets, which generally indicates that they were further along in their climate-related impact management journey. Conversely, not all entities with climate-related emissions targets reported more than 2 temperature scenarios.

A range of different temperature scenarios has been disclosed, including those derived from the Network for Greening the Financial System (NGFS), and Shared Socio-Economic Pathways (SSPs) from the Intergovernmental Panel on Climate Change (IPCC).

# Metrics and targets

For the first-wave, measuring and reporting Scope 1 and 2 GHG emissions has generally been straightforward, likely because many FAST30 reporters have established emissions reporting frameworks and reported under the National Greenhouse and Energy Reporting (NGER).

As the AASB S2 reporting population expands to include more private-entity (and non-NGERs) reporters who have not historically prepared or reported emissions metrics or emissions-based targets, we expect metrics and targets reporting to be more challenging. We also expect a smaller proportion of private entities to have a link of executive remuneration to climate-related targets.

## Emissions targets and net-zero ambition

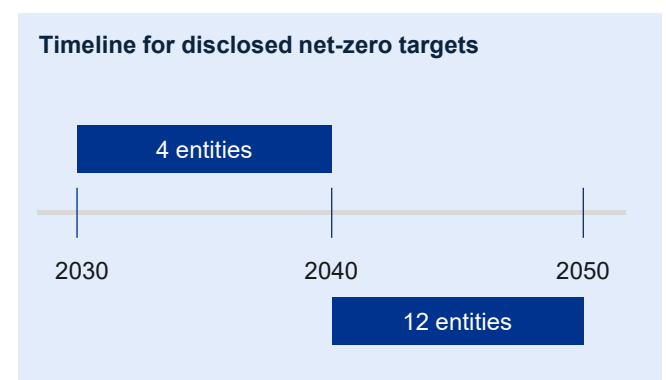
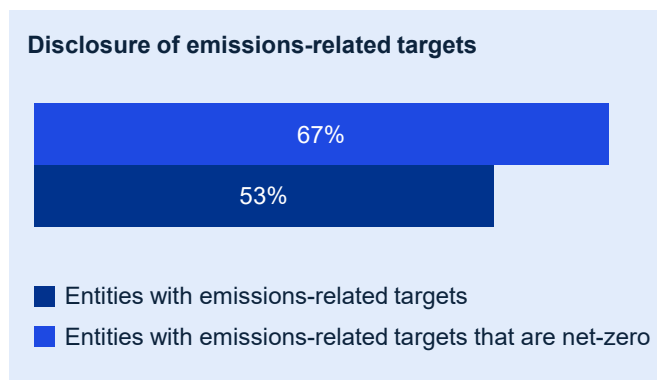
Across the FAST30 population, 67% of entities, largely from the Metals & Mining and Energy sectors, disclose emissions-related targets, whilst just over half of this population have articulated these targets as net-zero commitments.

This places emphasis on the clarity of target definitions, scope coverage and boundary assumptions, as well as how interim and non-net-zero targets are intended to support longer-term transition objectives and strategic decision-making.

## Timeline for disclosed net-zero targets

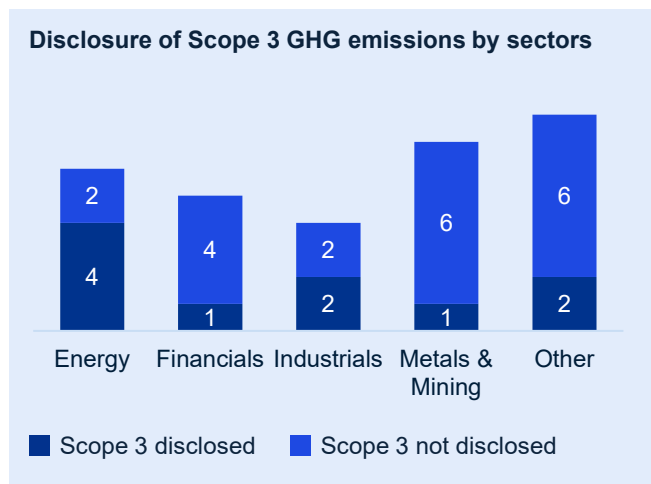
Of the 16 entities that disclosed net-zero targets (53%), 12 have set a 2040–2050 end-date, while only 4 entities have committed to earlier target years. More than half of the 16 entities are in the Energy and Metal & Mining sectors.

The credibility and assurance-readiness of these targets will increasingly depend on the articulation of interim milestones, implementation levers and governance oversight that connect long-term ambition with measurable progress.



### Scope coverage and value-chain emissions

33% of entities disclosed Scope 3 Greenhouse Gas (GHG) emissions. This low Scope 3 GHG emissions reporting reflect both the ongoing complexity of value-chain emissions and the availability of first-year transitional relief under AASB S2, which has enabled many entities to prioritise establishing robust Scope 1 and 2 reporting foundations without having to report Scope 3 GHG emissions in the first wave. As a result, Scope 3 GHG emissions remain an area of emerging practice, with future reporting cycles requiring stronger value-chain data strategies, greater methodological transparency and more mature control frameworks to support credible, decision-useful disclosure and expanded assurance coverage.

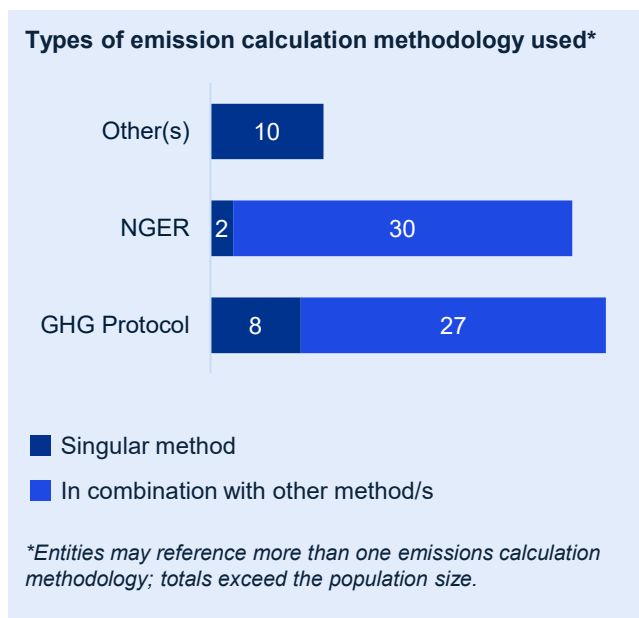


As a likely indicator of climate-related reporting maturity, 90% of those entities that reported Scope 3 GHG emissions also have disclosed an emissions-related target.

### Emissions calculations

Some entities have disclosed the use of multiple different emissions calculation methods, whilst a number only disclosed the application of a singular method. The GHG Protocol has been applied by 27 entities, with 8 of those referencing the GHG Protocol only. Where Scope 3 GHG emissions were reported, entities have also disclosed supplementary methods and a variety of emissions factor sources.

This reinforces the importance of transparent methodology selection, explaining how different frameworks interact across scopes and boundaries, and the controls in place to ensure consistency, avoid double-counting and support auditability in increasingly complex emissions reporting environments.



# Assurance

Independent assurance plays a critical role in supporting the credibility and decision-usefulness of climate-related disclosures. FAST30 assurance reports indicate variability in breadth of assurance, some extending beyond first year minimum requirements.

This first reporting cycle also reflects the initial application of ASSA 5000 General Requirements for Sustainability Assurance Engagements, with assurance approaches moving beyond legacy review-style procedures toward more structured, risk-based limited assurance.

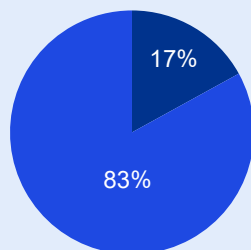
## Assurance structure and sign-off

83% of entities have a single Sustainability Report signing partner, while 17% have more than one. Where dual signing occurs, the additional signatory is typically a sustainability subject-matter expert co-signing alongside the financial statement audit partner. Instances of dual partner signing are observed across the Big 4 firms.

In 73% of entities observed, the same Partner signs both the Sustainability Report and the Financial Statements, while 27% use different partners.

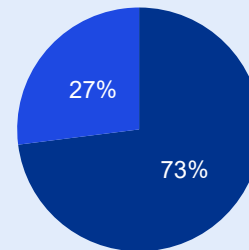
We expect that this indicates the involvement of specialist expertise supporting the financial statement audit partner which may trend further, particularly as disclosures become more technically complex.

**Number of Sustainability Report signing partners**



- 2 signing partners
- 1 signing partners

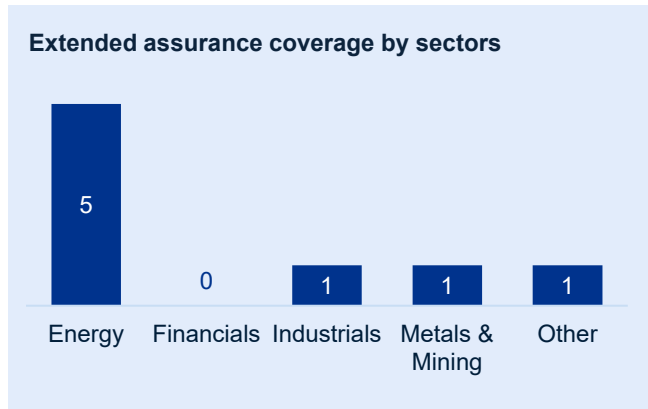
**Alignment of Sustainability Report (SR) and Financial statements signing partners**



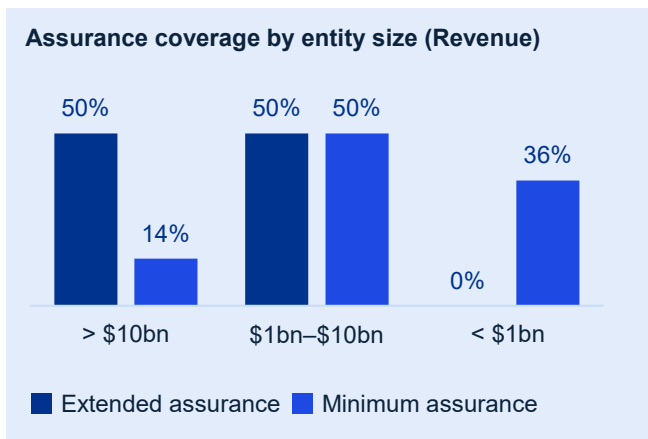
- Same partner signing SR
- Different partners signing SR

### Scope and extent of assurance

Overall, 27% of entities extended assurance beyond minimum requirements, most commonly in the Energy sector. This pattern is consistent with sector-specific exposure to climate-related risks and heightened stakeholder scrutiny and indicates that decisions to expand assurance scope are currently being driven more by risk profile and regulatory sensitivity than by uniform market practice.

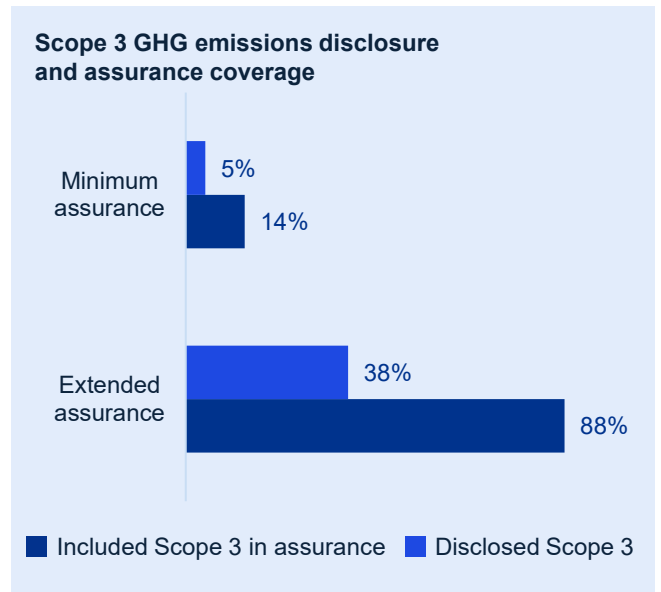


Larger entities are more likely to extend assurance beyond minimum requirements; 50% of entities above \$10bn in revenue obtain extended assurance, compared with 36% below \$1bn, and none in the \$1bn–\$10bn range. This suggests that scale, organisational complexity, and stakeholder expectations remain key determinants of assurance scope.



### Assurance of Scope 3 GHG emissions

Entities that have obtained extended assurance are significantly more likely to disclose and assure Scope 3 GHG emissions, with 88% of extended-assurance entities disclosing Scope 3 GHG emissions, compared to 14% under minimum assurance. This signals a more mature state, willingness to disclose complex, estimation-heavy areas and subject them to external assurance.



# Key practical considerations

For those reporters yet to publish their first-year report, the focus should be on establishing robust, supportable reporting foundations. Looking ahead to second-year reporters, further maturity of qualitative and quantitative climate-related risk and opportunity analysis, alignment to core strategy, whilst driving Scope 3 GHG emissions reporting readiness is key.

## Practical considerations for 31 March and 30 June 2026 reporters preparing a first-time AASB S2 report

Develop a materiality framework that drives considerations of material information to users for disclosure. Establish reporting structure with clear narrative. Consider strategic value embedded. Consider strategic value embedded in disclosures whilst adhering to compliance requirements.

Ensure duplication is eliminated and excessive disclosure does not obstruct key messaging.

Formalise governance and risk management frameworks ensuring charters are being updated, with emphasis on clear Board and committee oversight aligned to enterprise risk management.

Finalise assessment of relevant climate-related risks and opportunities. Confirm high warming scenario (in addition to 1.5 degrees). Prepare relevant qualitative and quantitative disclosures.

Assess Scope 3 GHG emissions data for reporting readiness in the first reporting period or whether relief provisions should be applied. Develop a basis of preparation methodology to explain assumptions, estimated emissions factors used and logic of calculation.

Assurance readiness is a focus, prioritising documentation, internal controls and substantiation for disclosures.

Consider pre-assurance or dry-run readiness assessments to support the Directors' Declaration that extends to the whole report.

## Looking ahead to 31 December 2026 reporters preparing their second AASB S2 report

Scope 3 GHG emissions are required to be reported, increasing data, boundary and estimation complexity despite no comparative requirement.

Governance and risk disclosures are expected to demonstrate clearer influence on strategy, targets and decision-making, rather than structural descriptions.

Further develop scenario analysis to include clearer linkage with strategic resilience and quantification of implications and response.

Quantification of climate-related risks, opportunities and financial effects becomes a key area of regulatory and stakeholder focus.

Mandatory assurance scope is the same as that for 31 December 2025, with assurance approaches beginning to differentiate reporters, with a subset extending assurance scope beyond minimum requirements.

Take advantage of the stable minimum assurance requirement and extend your assurance over complex or judgemental areas to support your Directors' Declaration that continues to extend to the whole report.

# Acknowledgement

With thanks to all who contributed to the preparation of this report, including teams involved in data capture, technical interpretation, practical observations drawn from client support work, independent review and overall project coordination.

- Adrian King
- Kylie Dumble
- Kevin Park
- Julia Bilyanska
- Nathan Kessey
- Abhishek Verma
- Julie Locke
- Tom Rochford
- Flavia Tavares Scott
- Zuzana Paulech
- Mark Spicer
- Chinwe Ugwuzor
- Sarah Newman
- Amber Singh
- Sumaiyaa Liya
- Glenn Austin
- Nic Gould



## Contact us

**Daniel Camilleri**  
Partner  
ESG  
Audit & Assurance

T: +61 2 9335 8101  
E: [dcamilleri@kpmg.com.au](mailto:dcamilleri@kpmg.com.au)

**Peter Trace**  
Partner  
Finance Function & Reporting  
Advisory Lead, CFO Advisory

T: +61 3 9288 6382  
E: [ptrace@kpmg.com.au](mailto:ptrace@kpmg.com.au)

[KPMG.com.au](https://www.kpmg.com.au)



The information contained in this document is of a general nature and is not intended to address the objectives, financial situation or needs of any particular individual or entity. It is provided for information purposes only and does not constitute, nor should it be regarded in any manner whatsoever, as advice and is not intended to influence a person in making a decision, including, if applicable, in relation to any financial product or an interest in a financial product. AI may have been used to support the drafting of this document, however, any generated content will have undergone human review in accordance with KPMG's AI Policy and [Trusted AI Framework](#). Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

To the extent permissible by law, KPMG and its associated entities shall not be liable for any errors, omissions, defects or misrepresentations in the information or for any loss or damage suffered by persons who use or rely on such information (including for reasons of negligence, negligent misstatement or otherwise).

©2026 KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.

Liability limited by a scheme approved under Professional Standards Legislation.