



**Subject:** Minutes of the 197<sup>th</sup> meeting of the AASB  
**Venue:** Videoconference  
**Held:** Tuesday, 8 August 2023, 10.00 am – 4.35 pm

All agenda items were discussed in public, except for items 1, 5 and 14.

## Attendance

**Members**  
Keith Kendall (Chair)  
Alison White (Deputy Chair) (part of meeting)  
Carolyn Cordery  
James Grant (part of meeting)  
Dean Hanlon  
David Holland (part of meeting)  
Adrian King  
Liza Maimone  
Sean Osborn  
Paul Rogers (part of meeting)  
Caroline Spencer  
Stephen Taylor

**Apologies**  
James Grant (4.00pm – 4.35 pm)  
David Holland (12.00 pm – 4.35 pm)  
Toby Langley  
Paul Rogers (2.30 pm – 3.00 pm and 4.00 pm – 4.35 pm )  
Alison White (3.00 pm – 3.40 pm)

*In attendance*

**Staff**  
Patricia Au  
Kimberley Carney  
Siobhan Hammond  
Fridrich Housa  
Eric Lee (part of meeting)  
Ao Li (part of meeting)  
Maggie Man  
Lachlan McDonald-Kerr  
Helena Simkova  
Jia Wei  
Justin Williams

**Other**  
Maria Balatbat, University of NSW – agenda item 5  
Sudipta Bose, University of Newcastle – agenda item 5  
Andrew Jackson, University of NSW – agenda item 5  
Rebecca McCullum, Treasury – agenda item 1 (in part)

## Agenda and Chair's Report

Agenda Item 1 – discussed in private

The Chair noted the significant items on the agenda and provided the Board with an update on recent and future activities.



The Board received an update from the Commonwealth Department of Treasury on the latest Consultation Paper on climate-related financial disclosure.

The Board also held a private education session regarding legislative sovereignty in Australian Standards.

## **Apologies, Declarations of Interests, Minutes and Approvals Out of Session**

Agenda Item 2

### **Apologies**

An apology for the meeting was noted from Toby Langley. Apologies were also noted from James Grant, David Holland, Paul Rogers and Alison White for parts of the meeting.

### **Declarations of Interests**

Members indicated that, in the normal course of their day-to-day professional responsibilities, they deal with a broad range of financial reporting issues. Members have adopted the standing policy in respect of declarations of interests that a specific declaration will be made where there is a particular interest in an issue before the Board.

Sean Osborn and Caroline Spencer declared a specific interest in relation to agenda item 10 on the approach to IFRS S1 and IFRS S2 in respect of not-for-profit entities.

### **Minutes**

The Board approved the minutes of the one hundred and ninety-sixth meeting, held on 21-22 June 2023.

### **Approvals Out of Session**

The Board noted the out-of-session approval of the following AASB document since the previous meeting report:

- Invitation to Comment ITC 53 *Request for Comment on IASB Request for Information on Post-implementation Review of IFRS 15 Revenue from Contracts with Customers.*

## **Not-for-Profit Private Sector Financial Reporting Framework**

Agenda Item 3

The Board noted the updated project timeline and decided to form a subcommittee to support the development of the Tier 3 Exposure Draft.

Action:

Staff

Subcommittee



## Climate-related Financial Disclosure

Agenda Item 4

The Board received an update on the ongoing evaluation and assessment activities that support its Climate-related Financial Disclosure project.

Action: Staff

## Private Education Session

Agenda Item 5 – discussed in private

The Board held a private education session with academics from the University of New South Wales and the University of Newcastle on the requirements of the Greenhouse Gas Protocol Standards and the *National Greenhouse and Energy Reporting Act 2007*.

Action: Staff

## Approach to the Baseline of IFRS Sustainability Disclosure Standards – IFRS S1

Agenda Item 6

The Board considered its approach to the baseline of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*. The Board affirmed its preliminary decision to focus only on climate-related financial disclosure requirements at this stage and decided to develop a limited-scope Australian equivalent to IFRS S1 to address general requirements for climate-related financial disclosures.

Action: Staff

## Approach to the Baseline of IFRS Sustainability Disclosure Standards – Non-authoritative Guidance

Agenda Item 7

The Board deliberated its approach to the non-authoritative guidance accompanying the baseline of IFRS Sustainability Disclosure Standards. The Board decided that it will use feedback from the forthcoming AASB exposure draft to identify aspects of the Australian equivalent climate-related disclosure requirements that might need additional guidance to support implementation. Consequently, the Board decided to defer work



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on developing Australian equivalent guidance until after the Australian equivalent Standards or requirements have been issued.

Action:

Staff

## **Approach to the Baseline of IFRS Sustainability Disclosure Standards – SASB Standards and Industry-based Guidance**

### Agenda Item 8

The Board considered its approach to references and requirements relating to the Sustainability Accounting Standards Board (SASB) Standards in the baseline of IFRS Sustainability Disclosure Standards, as well as the requirements relating to industry-based metrics adapted from the SASB Standards and included in accompanying industry-based guidance.

The Board affirmed its preliminary decision to remove references to SASB from the baseline of IFRS Sustainability Disclosure Standards and not publish industry-based guidance until:

- (a) the content has been comprehensively internationalised by the International Sustainability Standards Board (ISSB); and
- (b) the content has undergone the AASB's due process.

The Board also decided to add an Australian-specific requirement to the baseline of IFRS S1 and IFRS S2 *Climate-related Disclosures* that would require an entity, when identifying material industry-based metrics against which to report, to use an industrial classification system that aligns with that developed by the Australian Bureau of Statistics.

Action:

Staff

## **Approach to the Baseline of IFRS Sustainability Disclosure Standards – IFRS S2**

### Agenda Item 9

For the purpose of developing an exposure draft of an Australian equivalent to IFRS S2, the Board decided its proposed approach to the following topics:

- (a) *Cross-industry greenhouse gas (GHG) emissions intensity disclosure requirements.* While the Board acknowledged stakeholders' strong support for the cross-industry disclosure requirements, it agreed with the ISSB's reasons for removing these disclosure requirements. In particular, the Board agreed with the ISSB's conclusion that users would have the information they needed to calculate the metric should they need to do so. Consequently, the Board decided to maintain alignment with the baseline of



IFRS S2 and not re-introduce the cross-industry GHG emissions intensity disclosure requirement that had been proposed in paragraph 21 of the exposure draft of IFRS S2.

- (b) *Cross-industry internal carbon prices disclosure requirements.* The Board acknowledged the mixed feedback it received from stakeholders on the proposed cross-industry internal carbon prices disclosure requirements in paragraph 21 of [draft] IFRS S2. In the absence of adequate evidence that supports removing the disclosure requirements, the Board decided to maintain alignment with the baseline of IFRS S2 and retain the cross-industry internal carbon prices disclosure requirements in paragraph 29(f) of IFRS S2.
- (c) *Cross-industry executive remuneration disclosure requirements.* The Board noted it had disagreed with the proposed cross-industry executive remuneration disclosure requirements when responding to the ISSB's exposure draft of IFRS S2 and acknowledged there is limited evidence that supports retaining those disclosure requirements. It also noted that the term "executive" is not defined, used or well-understood in the Australian context. However, it concluded that at this stage the perceived benefits of aligning to the baseline of IFRS S2 outweigh the potential unintended consequences of introducing remuneration reporting requirements in addition to existing regulatory requirements. Consequently, the Board decided to retain the cross-industry executive remuneration disclosure requirements in paragraph 29(g) of IFRS S2, but to:
- (i) replace the undefined term "executive" with "key management personnel", as defined in AASB 124 *Related Party Disclosures*, to avoid potential conflicts with existing regulatory requirements and avoid creating confusion; and
  - (ii) add a question to the AASB exposure draft to gather more evidence about whether to maintain alignment to the baseline of IFRS S2 for these remuneration disclosure requirements.

Action:

Staff

Chair

## **Approach to the Baseline of IFRS Sustainability Disclosure Standards – Not-for-Profit Entity Considerations**

### Agenda Item 10

The Board decided to include the following modifications to the baseline of IFRS S1 and IFRS S2 in the AASB exposure draft to support the application of climate-related financial disclosure requirements for not-for-profit (NFP) entities in the private and public sectors in Australia:

- (a) clarify the ISSB's concepts of "the entity's prospects" and "business model" so that NFP entities would be required to consider the effect of climate-related risks and opportunities on "the entity's ability to further its objectives over the short, medium and long term";



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- (b) modify the definitions of “climate-related physical risks” and “climate-related transition risks” to clarify that those risks could also affect an NFP public sector entity’s ability to further its objectives; and
  - (c) clarify that, consistent with paragraph B10 of IFRS S1, an NFP entity need not undertake an exhaustive search for information to identify climate-related risks and opportunities that could reasonably be expected to affect the entity’s prospects. However, an NFP entity would be required to use all reasonable and supportable information available to the entity at the reporting date without undue cost or effort in preparing material climate-related financial information.

The Board decided that the exposure draft should make references to the *Conceptual Framework for Financial Reporting* (for for-profit entities) and the *Framework for the Preparation and Presentation of Financial Statements* (for NFP entities) instead of replicating the definitions of “general purpose financial reports”, “primary users of general purpose financial reports” and “material information” in the draft Standards.

The Board also decided to formally respond to the exposure draft that the IPSASB is expected to issue in 2024 relating to its Climate-related Disclosures project. The Board will assess, after it has considered the results of the IPSASB’s project, the need to undertake a domestic project to develop requirements for NFP public sector entities to report the effect of climate-related risks and opportunities, and related government policies, on the Australian economy, environment and people (i.e. climate-related impact reporting).

Action: Staff

## **Sustainability Reporting Update**

Agenda item 11

The Board received an update on international and jurisdictional sustainability reporting developments.

Action: Staff

## **Open for Comment**

Agenda Item 12

The Board noted its previous decisions about commenting on consultative documents already issued by international standard-setting bodies.

Action: Staff



## **Other Business**

Agenda Item 13

The Board noted the IASB, IFRS Interpretations Committee and ISSB updates and other items.

Action:

Staff

## **Review of the Meeting**

Agenda Item 14 – discussed in private

The Board reviewed the conduct of the meeting.

## **Close of the Meeting**

The Chair closed the meeting at 4.35 pm on Tuesday, 8 August 2023.

## **Approval of Minutes**

Signed by the Chair as a correct record,  
this 13<sup>th</sup> day of September 2023.