



Media release

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CLIMATE REPORTING STANDARDS EXPOSURE DRAFT RELEASED FOR FEEDBACK

The development of climate reporting Standards for large Australian entities on their moves to reduce carbon emissions has taken a significant step forward with the public release of the detailed Exposure Draft.

The Australian Accounting Standards Board, which is responsible for developing Australian climate disclosure Standards in line with international reporting Standards, is seeking feedback on the proposed new Standards.

The AASB Board met on 11 October and approved publishing the Exposure Draft with a comment period closing on 1 March 2024.

The Board determined that Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information* will include three proposed Australian Sustainability Reporting Standards (ASRS Standards):

- ASRS 1 *General Requirements for Disclosure of Climate-related Financial Information*, which is based on IFRS Sustainability Disclosure Standard S1 *General Requirements for Disclosure of Sustainability-related Financial Information*;
- ASRS 2 *Climate-Related Financial Disclosures*, which is based on IFRS S2 *Climate-related Disclosures*; and
- ASRS 101 *References in Australian Sustainability Reporting Standards*, a draft service Standard to list the relevant versions of any non-legislative documents published in Australia and foreign documents that are referenced in ASRS Standards.

The Board decided to propose additional modifications in the Exposure Draft, including the following:

- Require an entity that determines that there are no material climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects to disclose this fact and explain how it came to this conclusion.
- Clarify that the scope of [draft] ASRS 2 is limited to climate-related risks and opportunities related to climate change and does not apply to other climate-related emissions (e.g. ozone depleting emissions) that are not greenhouse gas (GHG) emissions.



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- Require an entity to convert greenhouse gases into a CO₂ equivalent value using the global warming potential values from the same Intergovernmental Panel on Climate Change assessment report as that applying under the Paris Agreement and the *National Greenhouse and Energy Reporting Act 2007* and related regulations (NGER Scheme legislation).
- Require an entity to prioritise applying relevant methodologies in NGER Scheme legislation as the default methodologies for measuring GHG emissions before referring to foreign measurement frameworks.
- Permit an entity to disclose Scope 3 GHG emissions measured using data for the immediately preceding reporting period, if reasonable and supportable data related to the current reporting period is not available to the entity at the reporting date without undue cost or effort.
- Require an entity that would be required by the *Corporations Act 2001* to prepare climate-related financial disclosures to:
 - (i) undertake climate resilience assessments against at least two possible future states, one of which must be consistent with the most ambitious global temperature goal set out in the *Climate Change Act 2022* (i.e. 1.5°C above pre-industrial levels); and
 - (ii) disclose its market-based Scope 2 GHG emissions, with transitional relief for the first three annual reporting periods in which the entity applies [draft] ASRS 2.

The Board will review outreach plans of the staff to ensure that both for-profit entities and not-for-profit entities across Australia are given the opportunity to engage on the proposals in the ED.

AASB Chair Dr Keith Kendall said: “The move to introduce standardised, internationally aligned reporting requirements for large entities will provide Australians and investors greater consistency, transparency and accountability.

“The public release of the Exposure Draft marks an important milestone in the development of these new Standards and we encourage feedback from all stakeholders.

“The release of the Exposure Draft represents the culmination of a demanding process, but is only the first step of a much longer journey. This is a new area of activity internationally and domestically.

“The Exposure Draft represents the starting point, and it is now up to all stakeholders to provide the AASB with feedback that will shape the resulting Standards. In order to make giving feedback as accessible as possible the AASB will run a series of outreach events in early 2024, as well as having an online survey and accepting written submissions on the



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Exposure Draft. The comment period will be open until 1 March 2024 before the AASB Board considers all feedback and makes the standard-setting decisions in public.”

Link to Exposure Draft [here](#).

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