



Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information*

Education webinar

January 2023



Australian Government

Australian Accounting Standards Board

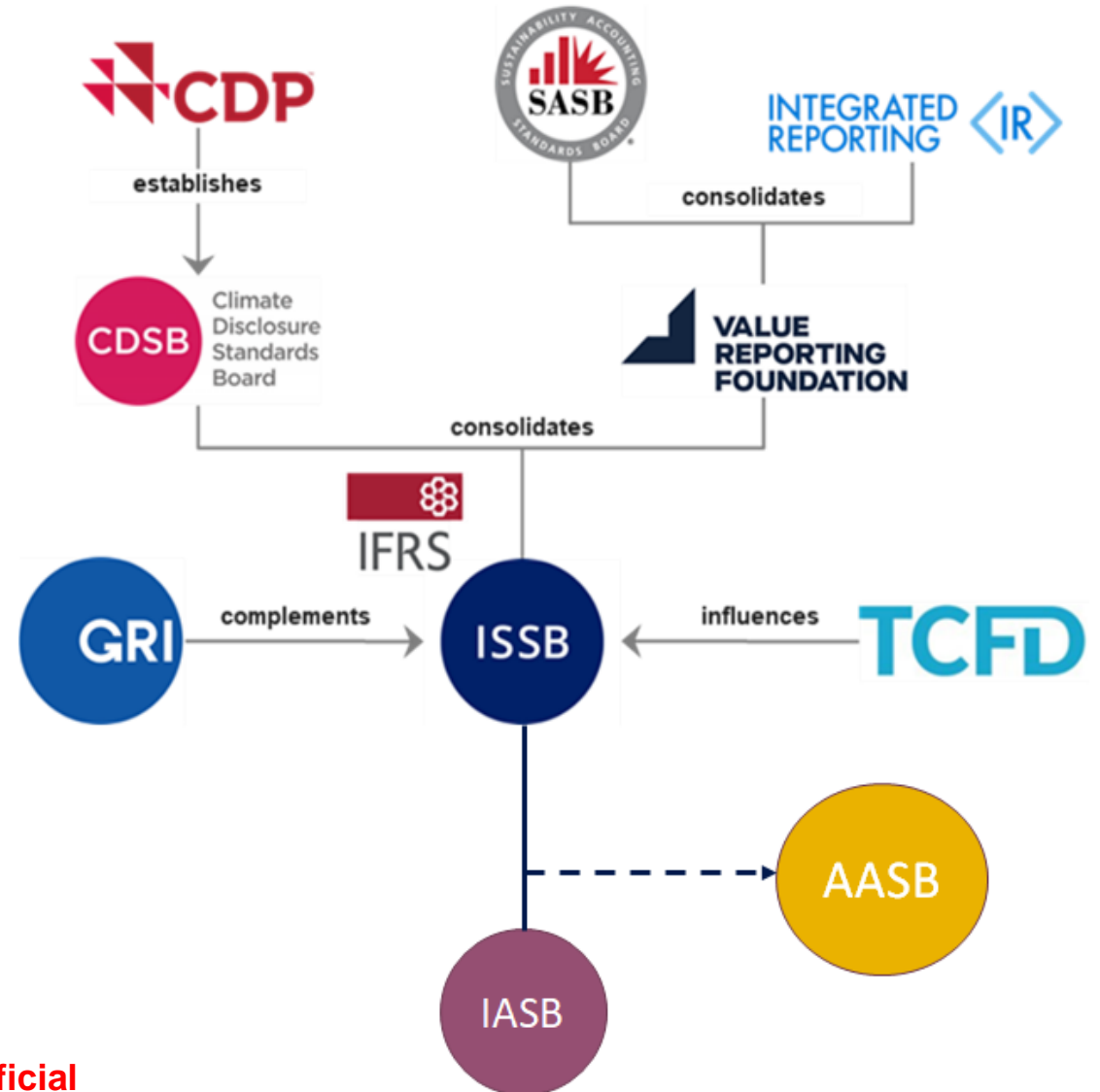
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Structure of this session

- Presentation will provide an overview of **four key** areas:
 1. An **overview** of the international **sustainability reporting landscape** and key features of IFRS Sustainability Disclosure Standards
 2. The **AASB's role** in **climate-related financial disclosures** in Australia
 3. Key details on the **Exposure Draft SR1 *Australian Sustainability Disclosure Standards – Climate-related Financial Information***, including proposed **baseline amendments**
 4. The **anticipated timeline to completion**

Key international frameworks

- IFRS Foundation established **the ISSB** in a move to create a **global baseline of sustainability-related financial reporting requirements**
- ISSB is a **consolidation** of several key sustainability-related financial reporting **standards and framework providers**
- ISSB is a **sister board to the IASB**, which issues global accounting standards



Overview of IFRS S1 & IFRS S2

- In June 2023, the ISSB released its two inaugural Standards
 1. **IFRS S1** *General Requirements for Disclosure of Sustainability-related Financial Information* – requires an entity to disclose material information about its **sustainability-related financial risks and opportunities** that is useful to users of GPFR
 2. **IFRS S2** *Climate-related Disclosures* requires an entity to disclose material information about its **climate-related financial risks and opportunities** that is useful to users of GPFR
- **Four core content themes consistent with TCFD**



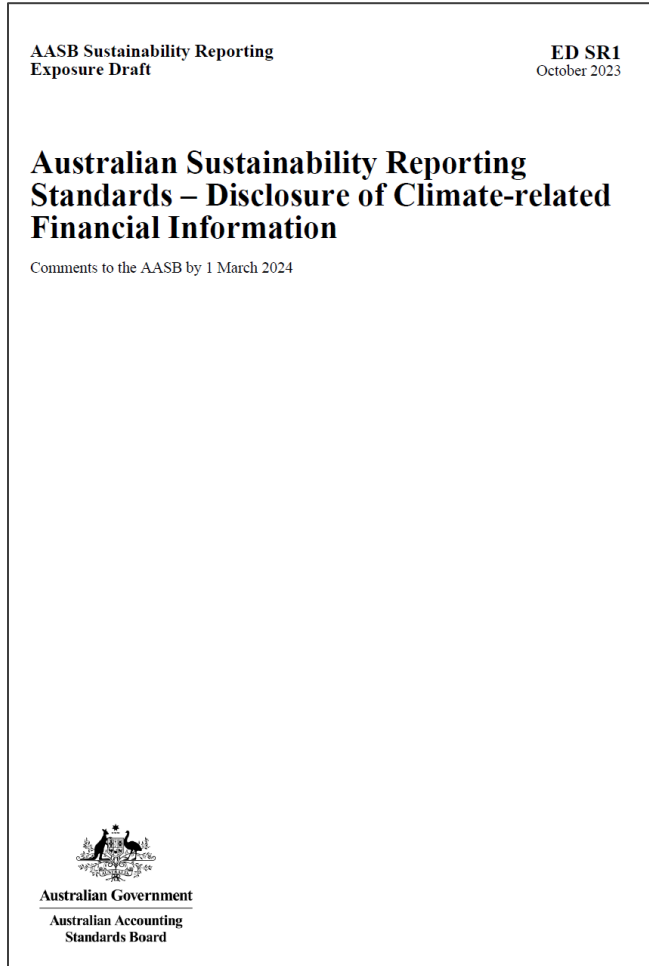
AASB and sustainability reporting

- The AASB is an independent **Australian Government agency** established under *ASIC Act 2001* (Cth)
- Responsible for developing, issuing, and maintaining **accounting standards** that apply to certain entities under Australian company law
- Remit has **conventionally** focused on developing **Australian Accounting Standards**
- *ASIC Act 2001* (Cth) has been amended to **empower** the AASB to develop **sustainability reporting standards**

The screenshot shows the AASB website homepage. At the top, there is a search bar and navigation links. The main heading is 'Australian Accounting Standards Board' with the tagline 'Consistency. Comparability. Transparency.' Below this, there is a section titled 'Looking for an Accounting Standard?' which contains three search boxes: 'Search all Pronouncements', 'Search by Reporting Period', and 'Search Documents'. There are also links to 'View latest Accounting Standards' and 'AASB Pronouncements Web Portal'. The 'Latest News' section features three news items: 'Exposure Draft ED SR1 Australian Sustainability Reporting Standards - Disclosure of Climate-related Financial Information', 'AASB Research Report 21 Auditors' Perspectives: The Impacts of IFRS Practice Statement 2 Making Materiality Judgements', and 'Registration now open for 2023 AASB Research Forum'. The footer includes the Australian Government logo and the text 'Australian Accounting Standards Board'.



AASB Exposure Draft ED SR1



[Draft] ASRS 1

General Requirements for Disclosure of Climate-related Financial Information

[Draft] ASRS 2

Climate-related Financial Disclosures

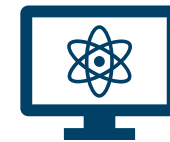
[Draft] ASRS 101

References in Australian Sustainability Reporting Standards

Comment by
1 March 2024



Comment letter



Online Survey



Outreach activities

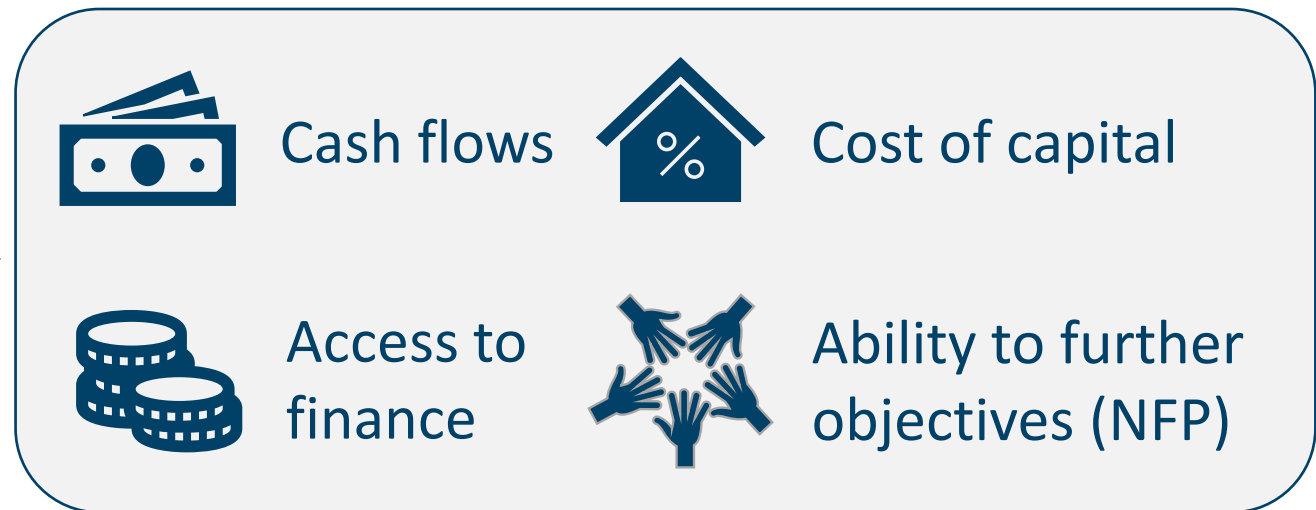
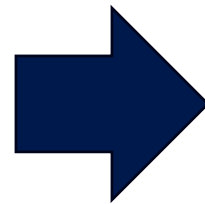
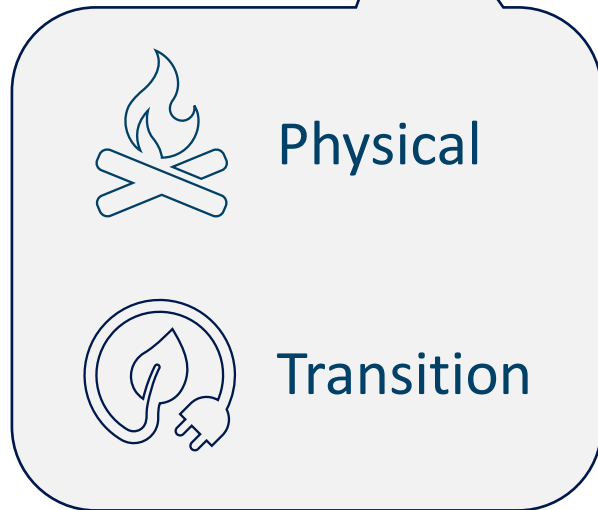
Objective of [draft] ASRS 1 & [draft] ASRS 2



Climate-related risks and opportunities

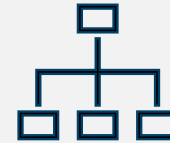


Primary users of general purpose financial reports



Standards architecture

Four core content areas



Governance

Governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related R&O



Strategy

Strategy for managing climate-related R&O



Risk Management

Processes an entity uses to identify, assess, prioritise and monitor climate-related R&O



Metrics and targets

Approaches to measuring performance in relation to climate-related R&O



Proposed modifications to the baseline

Alignment with IFRS S1 and S2 but also:



Sector-neutrality



Climate resilience against at least two scenarios



Removed references to Conceptual Frameworks



Prioritising NGER Scheme legislation



Industry-based metrics not required



Requiring Scope 2 market-based GHG emissions (and relief)



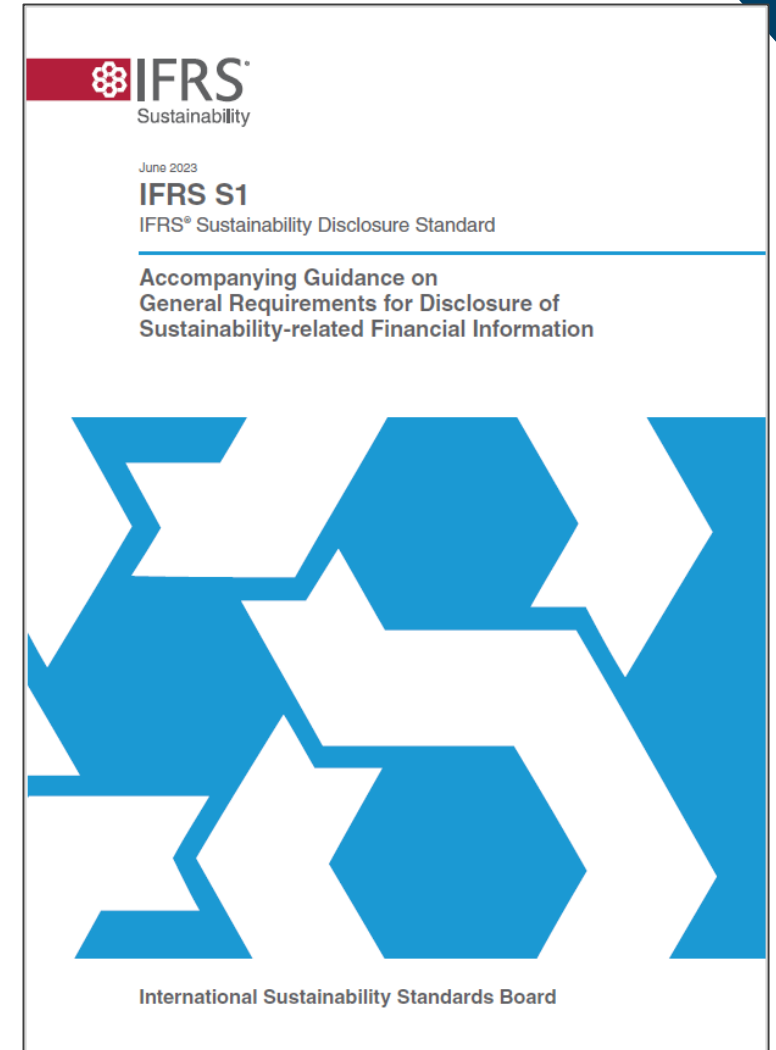
Disclose where no material climate risks and opportunities



Relief for Scope 3 GHG emissions disclose year_{t-1} emissions in year_t

What about guidance?

- **ISSB** has **already** developed non-authoritative guidance to accompany **IFRS S1** and **IFRS S2** and more is being developed
- Considering this, the Board decided to **defer work** on developing **Australian equivalent guidance** until **after** the Australian standards have been finalised
- **Feedback** from **ED SR1** will be used to identify and prioritise what aspects of the **Australian equivalent requirements need additional guidance** to support implementation



Issues beyond the scope of ED

- The **scope of entities** that may be required to comply with ASRS Standards
- The **legislative date for commencement of compliance** with ASRS Standards
- Issues of **legal liability/director responsibilities**
- The **level and type of assurance**



Next steps

Q4 2023

- ED SR1 published
- Education activities

Q1 2024

- Outreach activities
- Analyse stakeholder feedback

Q2 2024

- Board deliberations and decision-making
- Issue final Standards

IMPORTANTLY

The timeline depends on (1) the successful passage of legislative amendments; and (2) not requiring re-exposure of Standards.





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our newsletter!



Thank You



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