



<b>Project:</b>	Climate-related Financial Disclosure	<b>Meeting:</b>	AASB April 2024 (M202)
<b>Topic:</b>	Revised project timeline	<b>Agenda Item:</b>	4.1
		<b>Date:</b>	28 March 2024
<b>Contact(s):</b>	Siobhan Hammond <a href="mailto:shammond@asb.gov.au">shammond@asb.gov.au</a>	<b>Project Priority:</b>	High
		<b>Decision-Making:</b>	High
		<b>Project Status:</b>	

## Objective

- 1 The objective of this paper is to provide the Board with a revised project timeline for the Climate-related Financial Disclosure project in light of:
  - (a) Subject to the passage of legislation, the Australian Government announcement to defer the legislative commencement date of mandatory climate-related financial reporting for Group 1 entities to reporting periods beginning on or after 1 January 2025 (see paragraphs 4-5); and
  - (b) The significant volume of feedback the AASB received in response to Exposure Draft [ED SR1 Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information](#) (see paragraphs 6-8).

## Structure

- 2 This paper is structured as follows:
  - (a) Background (paragraphs 3-8)
  - (b) Revised project timeline (paragraphs 9-11)
  - (c) Appendix A—AASB Outreach Program
  - (d) Appendix B—Revised project timeline for Climate-related Financial Disclosure project.

## Background

- 3 To provide stakeholders with sufficient time to consider the proposals in ED SR1 in conjunction with Treasury's [Exposure Draft Legislation](#) and the Australian Government [Policy Position Statement](#) (published in January 2024), at its October 2023 meeting the Board decided on a 130-day comment period which closed 1 March 2024. Consequently, the agreed-upon project timeline anticipated the finalisation of the Australian Sustainability Reporting Standards in Q3 2024.<sup>1</sup>

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<sup>1</sup> See October 2023 (M199) Agenda Paper 1.1.1 *Climate-related Financial Disclosure—Consider next steps of the project* (Board only).

## **Deferral of the legislative commencement date**

- 4 As part of its consultation on the Exposure Draft Legislation, the Treasury asked stakeholders whether there would be support for a deferral of the legislative commencement date for mandatory climate-related financial reporting to reporting periods beginning on or after 1 January 2025. Stakeholder feedback indicated strong support for deferring the legislative commencement date because it would provide:
- (a) the AASB and the Auditing and Assurance Standards Board (AUASB) with sufficient time to consider and address feedback to their recent and anticipated consultations; and
  - (b) additional time for stakeholders (including preparers and users) to appropriately prepare for mandatory climate-related financial reporting and anticipated assurance.
- 5 On 27 March 2024, the Australian Government announced that subject to the passage of legislation, the legislative commencement date for mandatory climate-related financial reporting would be deferred to reporting periods beginning on or after 1 January 2025.<sup>2</sup>

## **Feedback to ED SR1**

- 6 The comment period to ED SR1 closed on 1 March 2024. At the date of this paper, the AASB has received:
- (a) 116 unique comment letter submissions, most of which include detailed and comprehensive feedback on all aspects of the proposals in ED SR1; and
  - (b) 289 survey submissions of which many include detailed explanations to support the views expressed in those submissions.
- 7 Additionally, the AASB implemented an extensive outreach program in January and February 2024 to hear stakeholders' views outside the formal consultation process. The feedback heard at each outreach meeting, including one-to-one meetings with stakeholders, must also be summarised and considered alongside the comment letter and survey submissions (see Appendix A for a detailed list of outreach events hosted by the AASB).
- 8 While staff are still working through all the feedback received, from a preliminary review staff observe that some stakeholders have expressed concern that the current project timeline would not provide the AASB sufficient time to appropriately consider and address the feedback to ED SR1. These stakeholders highlighted the importance of the AASB taking its time to consider and address feedback in public.

## **Revised project timelines**

- 9 Considering the deferral of the legislative commencement date and the significant volume of feedback provided to the AASB on the proposals in ED SR1, staff are recommending a revision to the project timeline. Subject to the passage of legislation, staff recommend that the project timeline be extended from Q3 2024 to Q4 2024 and anticipate issuing final Standards at the Board's November 2024 meeting ahead of the legislative commencement date of 1 January 2025. Appendix B includes a table that sets out the:
- (a) timeline approved by the Board at its October 2023 meeting; and

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<sup>2</sup> See [New legislation to strengthen financial system and boost investment in cleaner cheaper, energy | Treasury Ministers](#) (27 March 2024).

(b) revised timeline staff are recommending.

10 Staff recommend this extension in the project timeline because it:

(a) decreases the pressure on already limited resourcing within the AASB and:

(i) gives the sustainability reporting staff sufficient time to analyse and consider the feedback received on ED SR1; and

(ii) would decrease the likelihood that financial reporting staff need to be diverted from ongoing projects on the AASB's work plan to support the project timeline as approved by the Board at its October 2023 meeting;

(b) provides staff with sufficient time to develop staff recommendations to address any issues identified from the feedback on ED SR1;

(c) provides staff with sufficient time to make any amendments to the ASRS Standards that may be needed to align them with the legislation passed by the Australian Government; and

(d) provides the Board with sufficient time to consider and address feedback on ED SR1 and any amendments needed to align with the legislation passed by the Australian Government.

11 At this stage, based on preliminary feedback received, staff do not anticipate the need for the AASB to issue a fatal flaw exposure draft ahead of finalising the ASRS Standards. Consequently, this process has not been included in the revised project timeline.

#### Questions to Board members

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**Q1:** Do Board members have any questions about the information provided in this paper?

**Q2:** Do Board members agree with the revised project timeline to finalise the ASRS Standards (subject to the passage of legislation) in November 2024, as detailed in paragraph 9 and Appendix B?

## Appendix A—AASB Outreach Program

A1. The following table summarises key information on outreach sessions, including event locations, dates, registration, and attendance figures.

Location	Session Date	Status	Registrations <sup>3</sup>	Attendance
<b><u>VICTORIA</u></b>				
Melbourne (CBD)	29 January 2024	Completed	24	20
Melbourne (CBD)	30 January 2024	Completed	22	18
Bendigo	15 February 2024	Cancelled	1	-
Bendigo	16 February 2024	Cancelled	-	-
Ballarat	19 February 2024	Cancelled	-	-
Ballarat	20 February 2024	Cancelled	-	-
Geelong	22 February 2024	Completed	6	7
Geelong	23 February 2024	Cancelled	2	-
Melbourne (CBD)	28 February 2024 (AM)	Completed	44	18
Melbourne (CBD)	28 February 2024 (PM)	Completed	35	16
<b><u>ACT</u></b>				
Canberra (CBD)	26 February 2024	Completed	16	14
Canberra (CBD)	27 February 2024	Completed	13	7
<b><u>NEW SOUTH WALES</u></b>				
Sydney (CBD)	1 February 2024	Completed	32	16
Sydney (CBD)	2 February 2024	Completed	24	18
Newcastle	26 February 2024	Completed	13	8
Newcastle	27 February 2024	Cancelled	5	-
Sydney (CBD)	28 February 2024 (AM)	Completed	20	15
Sydney (CBD)	28 February 2024 (PM)	Completed	30	7
<b><u>WESTERN AUSTRALIA</u></b>				
Perth (CBD)	1 February 2024	Completed	34	19
Perth (CBD)	2 February 2024	Completed	22	20
Karratha	5 February 2024	Cancelled	-	-
<b><u>SOUTH AUSTRALIA</u></b>				
Adelaide	7 February 2024	Completed	7	4
Adelaide	8 February 2024	Cancelled	4	-

<sup>3</sup> Registration figures combine participants and observers because it was necessary to combine all attendees into a single group in certain circumstances (e.g. virtual sessions or sessions where participant numbers were low). Furthermore, observers were invited to participate in the outreach sessions.

Location	Session Date	Status	Registrations <sup>3</sup>	Attendance
<b><u>TASMANIA</u></b>				
Hobart	13 February 2024 (AM)	Completed	9	8
Hobart	13 February 2024 (PM)	Cancelled	1	-
<b><u>NORTHERN TERRITORY</u></b>				
Darwin	5 February 2024	Cancelled	3	-
Darwin	6 February 2024	Cancelled	-	-
<b><u>QUEENSLAND</u></b>				
Cairns	8 February 2024	Cancelled	-	-
Cairns	9 February 2024	Cancelled	1	-
Townsville	12 February 2024	Cancelled	1	-
Townsville	13 February 2024	Cancelled	-	-
Brisbane (CBD)	15 February 2024 (AM)	Completed	21	14
Brisbane (CBD)	15 February 2024 (PM)	Completed	30	26
Brisbane (CBD)	16 February 2024	Completed	12	8
Sunshine Coast	19 February 2024	Cancelled	5	-
Gold Coast	22 February 2024	Cancelled	2	-
<b><u>VIRTUAL SESSIONS</u></b>				
Virtual (3 streams)	20 February 2024	Completed	199	73
Virtual (2 streams)	23 February 2024	Completed	198	63
Virtual (1 stream)	27 February 2024	Completed	195	101
<b><u>TOTAL</u></b>			<b>1,031</b>	<b>500</b>

**Appendix B—Revised project timeline for Climate-related Financial Disclosure project**

	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	
<b>Agreed upon timeline - 130-day comment period (October 2023 Board meeting)</b>	Publish ED	Education and outreach (close of comment period 1 March 2024)				Analysis of feedback	Fatal Flaw Review Draft Standards (if necessary)		Analysis of fatal flaw feedback	Issue final Standards					
<b>Revised project timeline</b>	Publish ED	Education and outreach (close of comment period 1 March 2024)				Analyse feedback			Analysis of feedback to Board	Development of staff recommendations to finalise Standards (staff recommendations to Board at its September meeting)		Drafting final Standards	Board votes on issuing ASRS Standards (subject to passage of legislation)		

**KEY**

Board meetings currently planned for 2024