



Subject: Minutes of the 206th meeting of the AASB
Venue: Videoconference
Held: Friday, 19 July 2024, 10.00 am – 3.40 pm

All agenda items were discussed in public, except for items 1, 5 and 6.

Attendance

Members
Keith Kendall (Chair)
Stephen Taylor (Deputy Chair)
Carolyn Cordery
James Grant (part of meeting)
Dean Hanlon (part of meeting)
Adrian King (part of meeting)
Liza Maimone
Mathew Nelson
Sean Osborn
Moana Overton
Caroline Spencer

Apologies
James Grant (10.00 am – 12.08 pm)
Dean Hanlon (12.30 pm – 3.40 pm)
David Holland
Adrian King (10.30 am – 12.30 pm)
Toby Langley
Paul Rogers

In attendance

Staff
Clark Anstis
Patricia Au
Fridrich Housa (part of meeting)
Kathleen John
Eric Lee
Ao Li
Lan Lu
Maggie Man
Lachlan McDonald-Kerr
Sabine Schuhrer
Helena Simkova
Hang Tran
Jia Wei
Justin Williams

Other
Angus Thomson – agenda item 4



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.

Apologies, Declarations of Interests and Minutes

Agenda Item 2

Apologies

Apologies were noted from David Holland, Toby Langley and Paul Rogers for the meeting. Apologies were noted from James Grant, Dean Hanlon and Adrian King 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.

Caroline Spencer made a specific declaration in regard to correspondence included in agenda item 5.

Minutes

The Board approved the minutes of the two hundredth and fifth meeting, held on 26 June 2024.

Financial Instruments – Classification and Measurement

Agenda Item 3 – withdrawn

Prior to the meeting, agenda item 3 was removed from the meeting agenda. The ballot draft of the amending Standard will instead be voted on by all Board members out of session.

Climate-related Financial Disclosures

Agenda Item 4

The Board continued its discussion of the feedback received on [draft] ASRS 1 *General Requirements for Disclosure of Climate-related Financial Information* and [draft] ASRS 2 *Climate-related Financial Disclosures* proposed in Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information* (October 2023).

The Board considered the modifications to the baseline requirements of the IFRS Sustainability Disclosure Standards proposed in [draft] ASRS 1 and [draft] ASRS 2 addressed in Specific Matters for Comment



(SMCs) 2–8 in ED SR1. In respect of ASRS 2 (including paragraphs of ASRS 1 to be incorporated into ASRS 2), the Board decided to revert to the IFRS Sustainability Disclosure Standards baseline by:

- (a) incorporating the conceptual content of the baseline into the ASRS Standards rather than merely referencing the *Conceptual Framework for Financial Reporting* and the *Framework for the Preparation and Presentation of Financial Statements* (SMC 2);
- (b) omitting paragraphs Aus6.2 of [draft] ASRS 1 and Aus4.2 of [draft] ASRS 2, which proposed requiring an entity that assessed it has no material climate-related risks and opportunities to disclose that fact and explain how it came to this conclusion (SMC 3);
- (c) omitting the proposed requirements for an entity to refer to the *Australian and New Zealand Standard Industrial Classification* (ANZSIC) as the basis for identifying industries when voluntarily making industry-based disclosures (SMC 5);
- (d) omitting the Aus paragraphs of the [draft] ASRS Standards that would have expressly permitted an entity to provide voluntary disclosures based on other relevant frameworks or pronouncements (e.g. the SASB Standards) – which omission would not prevent an entity providing such voluntary disclosures (SMC 6);
- (e) omitting paragraph Aus60.1 of [draft] ASRS 1, which proposed requiring an entity to provide information in a manner that would enable users of general purpose financial reports to locate the disclosures prepared in accordance with ASRS Standards (SMC 7); and
- (f) including paragraphs 69 and B48 of IFRS S1 in the ASRS Standards to address interim-period climate-related financial disclosures provided by an entity (SMC 8).

In respect of the mandatory ASRS 2, the Board decided in considering SMC 5 to depart from the IFRS Sustainability Disclosure Standards at this time by not requiring an entity to:

- (a) refer to and consider the SASB Standards and the IFRS S2 Industry-based Guidance; or
- (b) provide industry-based disclosures.

However, the Board decided to add separate projects to the AASB work plan to consider the suitability of the SASB Standards, IFRS S2 Industry-based Guidance and industry-based disclosure requirements after the ASRS Standards have been finalised.

Not-for-Profit and Public Sector Entities

The Board considered the modifications to the baseline requirements of IFRS S2 *Climate-related Disclosures* proposed in [draft] ASRS 1 and [draft] ASRS 2 for not-for-profit (NFP) entities (SMCs 23–27 in ED SR1). In respect of ASRS 2, the Board decided to:

- (a) not modify the objective of ASRS 2 for NFP entities, by omitting paragraph Aus2.2 of [draft] ASRS 2 and all proposed modifications related to adding the phrase “ability to further its objectives”;



- (b) require NFP entities to refer to the definition of “primary users of general purpose financial reports” described in the *Framework for the Preparation and Presentation of Financial Statements* when applying ASRS 2; and
- (c) specify that all entities applying ASRS 2 (i.e. not only NFP entities) would not need to undertake an exhaustive search for information in identifying climate-related risks and opportunities that could reasonably be expected to affect the entity’s prospects, by omitting paragraph Aus4.1 of [draft] ASRS 2 and incorporating paragraph B10 of IFRS S1.

In respect of public sector entities (SMCs 28–29 in ED SR1), the Board decided:

- (a) no specific modifications to the baseline of IFRS S2 were warranted for government-owned corporations incorporated under the *Corporations Act 2001* that would be within the scope of the proposed legislative amendments that would require compliance with the AASB’s mandatory ASRS 2; and
- (b) the Board will undertake a project to consider developing additional guidance to assist NFP public sector entities to apply ASRS 2, commencing after finalising ASRS 1 and ASRS 2 by considering the forthcoming IPSASB Exposure Draft on Climate-related Disclosures (expected to be published in October 2024).

The Board considered the feedback received on the General Matters for Comment in ED SR1 and decided that no further standard-setting work is needed in response before finalising ASRS 1 and ASRS 2. However, the Board decided to undertake a project to address scalability and cost-benefit concerns for NFP entities and smaller entities.

After finalising ASRS 1 and ASRS 2, the Board will discuss the priority of the new projects added to its work plan as well as considering whether to develop additional guidance for other aspects of ASRS 2.

Action: Staff

Other Business – Private

Agenda Item 5 – discussed in private

The Board discussed the correspondence received from parties concerned with the accounting relating to native forestry activities in Western Australia and decided to respond, supporting existing Accounting Standards in general terms. Having declared a specific interest in this agenda item, Caroline Spencer did not participate in the discussion or the Board’s decision.

Action: Staff
Chair



Review of the Meeting

Agenda Item 6 – discussed in private

The Board reviewed the conduct of the meeting.

Close of the Meeting

The Chair closed the meeting at 3.40pm, 19 July 2024.

Approval of Minutes

Signed by the Chair as a correct record,
this 26th day of August 2024.