



Sustainability Reporting: TRWG *General Requirements for Disclosure of Sustainability- related Financial Information* Prototype

Australian Accounting Standards Board

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Australian Government

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Purpose of this session

The purpose of this education session is to provide the Board with an overview of the IFRS Foundation Technical Readiness Working Group's (TRWG) *General Requirements for Disclosure of Sustainability-related Financial Information* Prototype standard (*General Requirements* prototype).

Objective and scope

Slides 3-4

Applying conceptual elements

Slides 5-6

General features

Slides 7-10

Objective

Paragraphs 1-5

Scope

Paragraphs 6-9



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Objective

Reference

Extract

Enterprise value = market capitalisation of the entity + market value of the entity's net debt

Para. 1

The objective of *sustainability-related financial disclosures* is to provide information about the significant sustainability-related risks and opportunities to which the *reporting entity* is exposed that is useful to *primary users of general purpose financial reporting* in deciding whether to provide resources to the entity...

Para. 3

An entity's general purpose financial reporting shall include a complete, neutral and accurate depiction of an entity's significant sustainability risks and opportunities to assist users of the general purpose financial reporting in predicting the value, timing and certainty of the entity's future cash flows, over the short, medium and long term and therefore inform users' assessment of *enterprise value*. A complete depiction shall include all material information about significant sustainability-related risks and opportunities.



Applying conceptual elements

Paragraphs 10-22



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Applying conceptual elements

Materiality

Sustainability-related financial information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of general purpose financial reports make on the basis of those reports.

Reporting entity's boundary

The reporting entity's boundary for its general purpose financial reporting shall be the same for its:

- (a) financial statements; and
 - (b) sustainability-related financial disclosures.
- An entity shall disclose material information about significant sustainability-related risks and opportunities arising from activities, interactions and relationships with parties outside the reporting entity's boundary that affect users' assessment of enterprise value.



General features

Paragraphs 23-89



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General features

Consistent with the four thematic areas of the TCFD Recommendations

Governance

The objective of sustainability-related financial disclosures on governance is to enable users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage sustainability-related risks and opportunities.

Strategy

The objective of sustainability-related financial disclosure on strategy is to enable users of general purpose financial reporting to understand the entity's strategy for addressing significant sustainability-related risks and opportunities.

Risk management

The objective of sustainability-related financial disclosures on risk management is to enable users to understand how an entity's existing and emerging sustainability-related risks are identified, assessed, managed and mitigated and whether those processes are integrated into existing risk management processes.

Metrics and targets

The objective of sustainability-related financial disclosures on metrics and targets is to enable users to understand how an entity measures and monitors its significant sustainability-related financial risks and opportunities.



General features (cont.)

Comparative information

An entity shall present comparative information regarding the previous period for all amounts including metrics and key performance indicators reported in the current period unless otherwise permitted.

An entity shall disclose comparative information that reflects updated estimates.

Frequency of reporting

An entity shall disclose sustainability-related financial disclosures for *the same reporting period on which the entity's financial statements are based*, and therefore report at least every 12 months and at the same time as those financial statements.

Reporting channel

An entity is required to disclose information required by IFRS Sustainability Disclosure Standards as a part of the entity's general purpose financial reporting. Information required by IFRS Sustainability Disclosure Standards may be incorporated by cross-reference from another report that is available to users on the same terms and at the same time as the financial statements, and if including the information in this way rather than directly within the general purpose financial report does not make the general purpose report less clear.

Sustainability-related financial disclosures can be included in an entity's management commentary where management commentary forms part of an entity's general purpose financial reporting.

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General features (cont.)

Fair presentation

A complete set of sustainability-related financial disclosures shall present fairly the sustainability-related risks and opportunities to which the entity is exposed. Fair presentation requires the faithful representation of sustainability-related risks and opportunities in accordance with the principles set out in this [draft] Standard / the [Conceptual Framework].

Statement of compliance

An entity whose sustainability-related financial disclosures comply with all of the relevant requirements of IFRS Sustainability Disclosure Standards shall include an explicit and unqualified statement of compliance. An entity shall not describe sustainability-related financial disclosures as complying with IFRS Sustainability Disclosure Standards unless they comply with all the relevant requirements of IFRS Sustainability Disclosure Standards.





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