



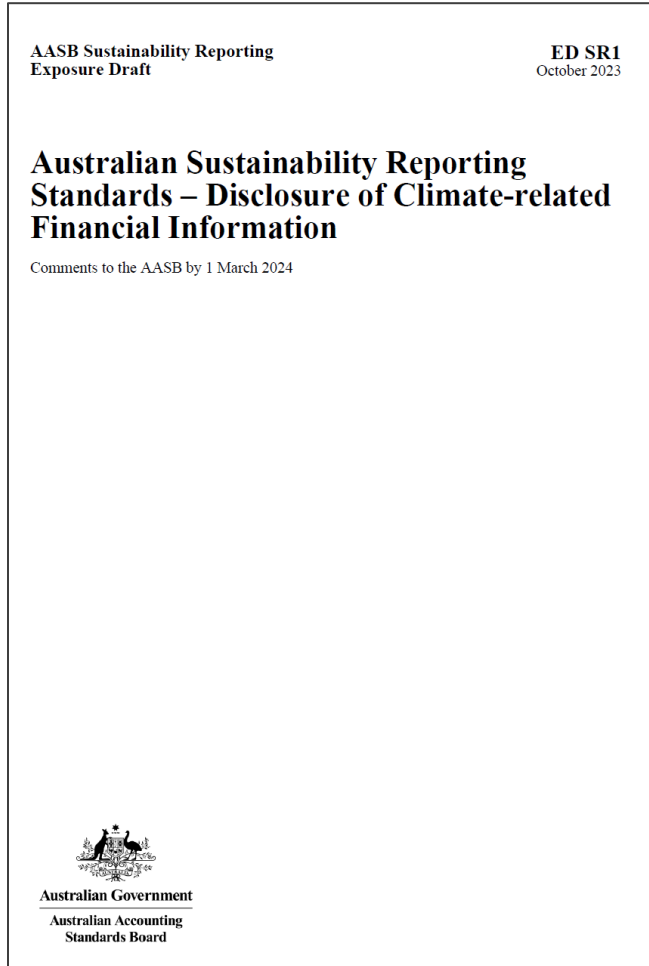
ED SR1 Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information

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AASB Exposure Draft ED SR1



[draft] ASRS 1

General Requirements for Disclosure of Climate-related financial information

[draft] ASRS 2

Climate-related Financial Disclosures

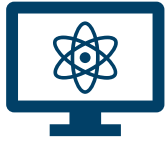
[draft] ASRS 101

References in Australian Sustainability Reporting Standards

Comment by
1 March 2024



Comment letter



Online Survey



Outreach activities

Webinar and outreach



Education webcast

The educational webcast provides an overview of the key proposal.

Outreach locations and dates

Victoria

Date	Location	Registration Closing date
29 Jan 2024	Melbourne (CBD)	22 January 2024
30 Jan 2024	Melbourne (CBD)	23 January 2024
15 Feb 2024	Bendigo	8 February 2024
16 Feb 2024	Bendigo	9 February 2024
19 Feb 2024	Ballarat	12 February 2024
20 Feb 2024	Ballarat	13 February 2024
22 Feb 2024	Geelong	15 February 2024

Outreach activities



Australian Government

Australian Accounting Standards Board

Purpose of this session

To provide an overview of two draft Australian Sustainability Reporting Standards (ASRS)

- [Draft] ASRS 1 *General Requirements for Disclosure for Climate-related Financial Information*
- [Draft] ASRS 2 *Climate-related Financial Disclosures*

AASB and sustainability reporting

- Australian Government agency
- Responsible for **developing, issuing and maintaining accounting standards** including **external reporting**
- Legislative amendments to the ASIC Act to **explicitly 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 for Home, Pronouncements, Current Projects, Research & Resources, News & Events, Board Centre, and About the AASB. 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'.



Beyond the scope

- Scope of entities
- Legislative date for commencement of compliance
- Legal liability/director responsibilities
- Level and type of assurance

Mandatory climate-related financial disclosures

Policy position statement

The Government is committed to improving the quality of climate-related financial disclosures, providing Australians and investors with greater transparency and more comparable information about an entity's exposure to climate-related financial risks and opportunities and climate-related plans and strategies.

Improving climate disclosures will support regulators to assess and manage systemic risks to the financial system as a result of climate change and efforts taken to mitigate its effects.

A rigorous, internationally aligned and credible climate disclosure regime will support Australia's reputation as an attractive destination for international capital and help draw the investment required for the transition to net zero. It will bring Australia in line with other jurisdictions, including the EU, UK, New Zealand and Japan.

This statement outlines the Government's policy positions related to: the scope of the reform (including entities covered), the content required in reports, the location of reporting, assurance requirements for disclosures, and the application of liability for disclosures. These policy positions reflect Option 1b as outlined in the Policy Impact Analysis.

Climate-related financial disclosures will be mandated through amendments to the *Corporations Act 2001* (Cth) (Corporations Act) and related legislation. Detailed sustainability and assurance standards will be made and maintained by the Australian Accounting Standards Board (AASB) and the Australian Auditing and Assurance Standards Board (AUASB).

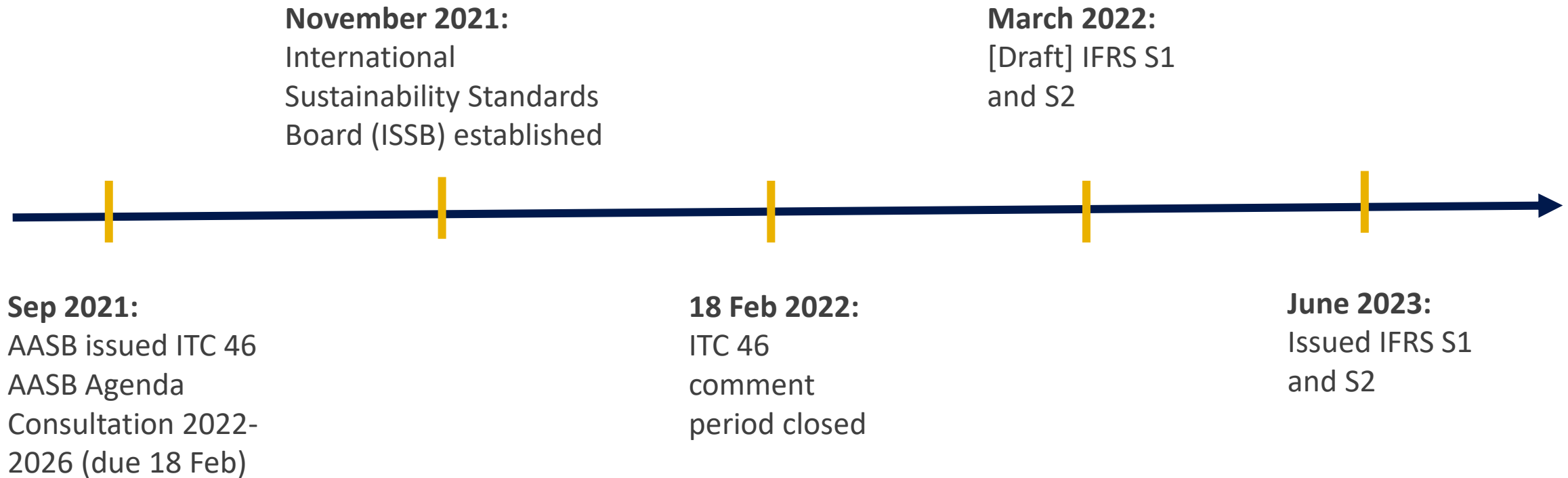
Reporting entities

Who will be included?

- Large entities that are required to prepare and lodge annual reports under Chapter 2M of the Corporations Act will be required to disclose information about climate-related risks and opportunities. This includes listed and unlisted companies and financial institutions as well as registrable superannuation entities and registered investment schemes.
 - Large entities are defined using size thresholds equivalent to the existing Large Proprietary Company definition (this threshold will apply to both listed and unlisted companies).
 - Reporting by large entities will provide transparency to shareholders and support the efficient allocation of capital aligned with risks and opportunities.
- Asset owners (such as registrable superannuation entities and registered schemes) will be considered large if funds under management are more than \$5 billion.
 - Reporting by asset owners will support consistent reporting of climate-related risks and opportunities across the financial sector, noting the significance of these entities in Australia's financial system.
- Where entities are subject to both the annual reporting requirements under the Corporations Act and emissions reporting obligations under the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGER Act), they will be required to disclose regardless of size.
 - Reporting by NGER-covered entities is appropriate and proportionate to the risks they face.

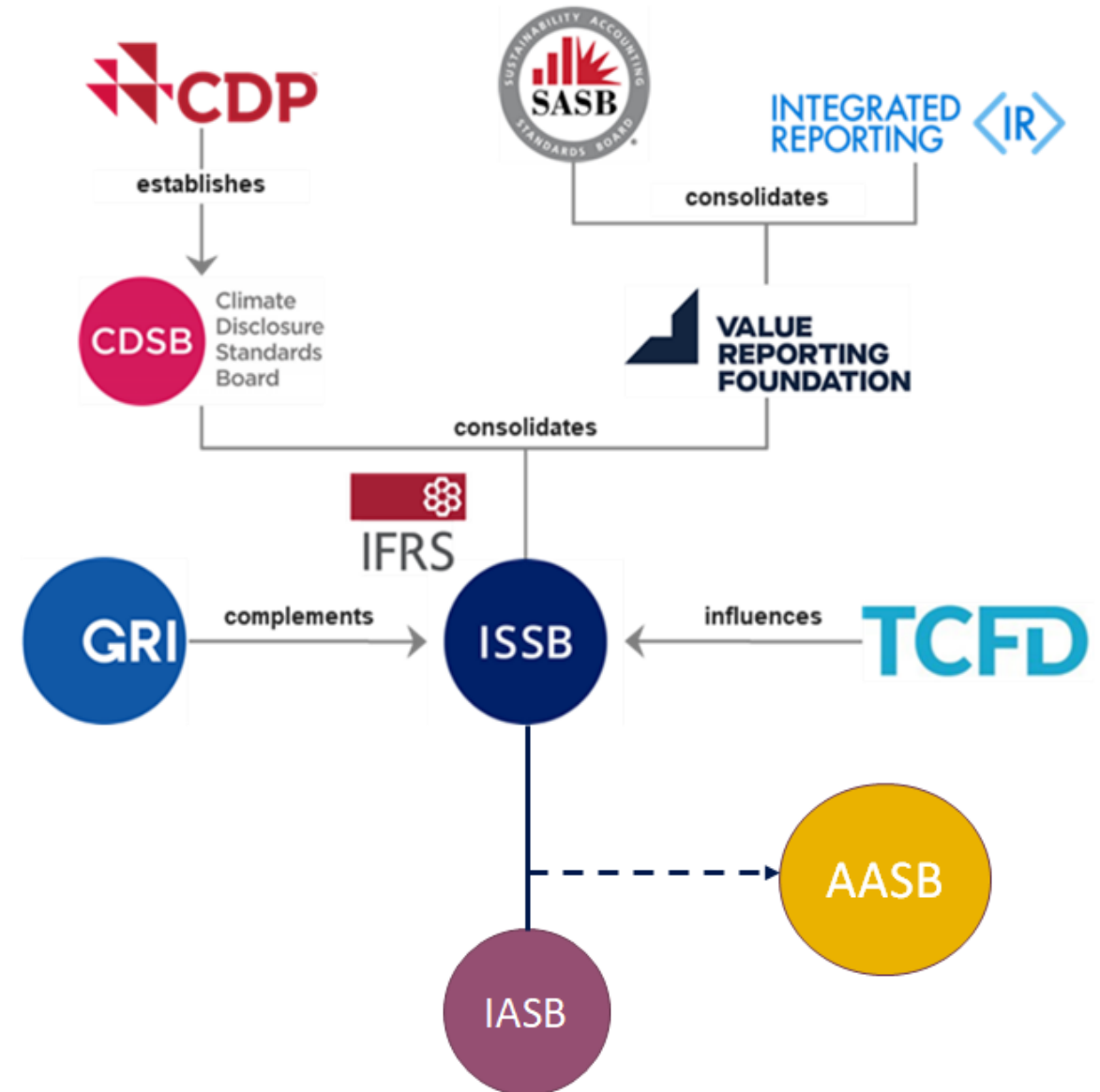


AASB Agenda Consultation 2022-2026

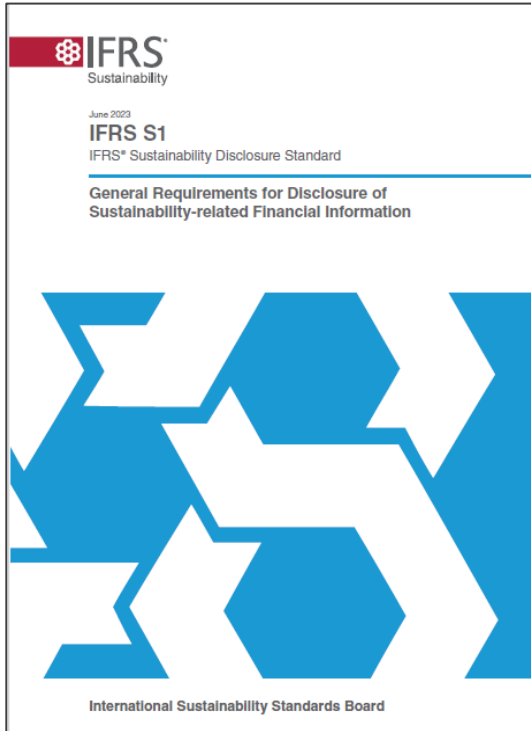


Key international frameworks

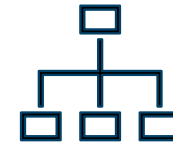
- IFRS Foundation established **the ISSB** in a move to create a **global baseline** in the sustainability reporting landscape
- ISSB is a consolidation of several key sustainability reporting framework providers
- The draft ASRS Standards are developed **based on the work of the ISSB**



Overview of IFRS S1 & IFRS S2



Four core content



Governance



Strategy



Risk Management



Metrics and targets



Sustainability-related financial reporting

Sustainability reporting (broader multi-stakeholder focus)

e.g. GRI

Sustainability-related financial reporting

Australian
Sustainability
Reporting Standards

Financial statements

Australian
Accounting
Standards

Annual
report
(GPFR)



Overview of [draft] ASRS 1 & ASRS 2



Climate-related risks and opportunities



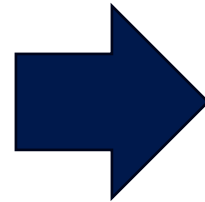
Primary users of general purpose financial reports



Physical



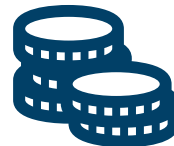
Transition



Cash flows



Cost of capital



Access to finance



Ability to further objectives (NFP)

Key modifications in ED SR1



Limit [draft] ASRS 1 scope



Standalone service standard



Omitting duplicate content



References to Conceptual Frameworks



Sector-neutrality



Climate resilience against at least two scenarios



Prioritising NGER Scheme legislation



SASB industry-based metrics not required



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



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

Next steps

Q1 2024

- Outreach activities
- Analyse stakeholder feedback

Q2 2024

- Board deliberations and decision-making
- Issue final Standards