



Project:	Climate-related Financial Disclosures	Meeting:	1 May 2025 (M212)
Topic:	Comparison of AASB S2 Appendix D with IFRS Foundation educational material on applying IFRS S1 when reporting only climate disclosures under IFRS S2	Agenda Item:	9.3
		Date:	15 April 2025
Contact(s):	Angus Thomson athomson@asb.gov.au Tom Frick tfrick@asb.gov.au Lachlan McDonald-Kerr lmcdonald-kerr@asb.gov.au Charis Halliday challiday@asb.gov.au	Project Priority:	High
		Decision-Making:	N/A
		Project Status:	Implementation

Objective

- The purpose of this paper is to:
 - inform the Board about the IFRS Foundation’s educational material regarding the application of [IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information](#) when reporting only climate-related disclosures in accordance with [IFRS S2 Climate-related Disclosures](#), which is similar to the intent of Appendix D of [AASB S2 Climate-related Disclosures](#); and
 - note the staff assessment, which was agreed by the Chair, that no action needs to be taken by the Board in light of the educational material.

Summary

- AASB staff consider that the application of the IFRS Foundation educational material would result in substantively the same disclosures as the application of Appendix D of AASB S2, except for paragraphs related to industry-based information and reporting entity, which remain different due to jurisdictional factors. Further, staff note that the IFRS Foundation educational material is intended as guidance only and is not authoritative.
- Staff consider the comparison demonstrates that the paragraphs included in Appendix D by the AASB are appropriate and not excessive. Therefore, no standard-setting action is required.
- Staff consider that it is sufficient action for the AASB to highlight the existence of the IFRS Foundation educational material and its similarity to Appendix D of AASB S2 to stakeholders via this publicly available AASB staff paper.

Structure

5 This paper is structured as follows:

- (a) [Section One](#): Background on Appendix D of AASB S2 and the IFRS Foundation educational material (paragraphs 6–11)
- (b) [Section Two](#): Staff analysis and conclusions on the comparison of content of Appendix D of AASB S2 and the IFRS Foundation educational material (paragraphs 12–15)
- (c) [Appendix A](#): AASB staff comparison of the content of Appendix D of AASB S2 and the IFRS Foundation educational material

Section One: Background on Appendix D of AASB S2 and the IFRS Foundation educational material

Background on Appendix D of AASB S2

6 Appendix D of AASB S2 includes the general requirements for disclosure of **climate-related** financial information. It contains paragraphs drawn from the voluntary Standard [AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information](#)—which itself is aligned with IFRS S1—with the scope limited to apply to climate only, rather than broader sustainability-related financial information. This allows for AASB S2 to function as a standalone mandatory Standard.¹

7 The content of Appendix D was determined throughout the development of AASB S2 and involved:

- (a) AASB staff analysis;
- (b) consideration by a subcommittee consisting of seven Board members; and
- (c) Board deliberations with the benefit of recommendations of the Board subcommittee.

8 The introduction to Appendix D notes:

“...the entity does not need to consider AASB S1 or the paragraphs of AASB S1 that are not included in this appendix. However, the entity may refer to AASB S1 for guidance in complying with the requirements in this appendix.”

9 Therefore, an entity applying AASB S2 can refer to any paragraph from AASB S1 as guidance for complying with the requirements of AASB S2, even if the paragraph is not included in Appendix D of AASB S2.

Background on the IFRS Foundation’s educational material

10 In late January 2025, the IFRS Foundation issued educational material—[Applying IFRS S1 when reporting only climate-related disclosures in accordance with IFRS S2](#).

11 The objective of the educational material is to help preparers understand the IFRS S1 requirements that apply when an entity discloses information on only climate-related risks and opportunities in accordance with IFRS S2. It is important to note that:

- (a) as IFRS S1 and IFRS S2 are intended to be applied together, an entity would take this approach only if applying the first-year transition relief available in IFRS S1.E5, which permits an entity to disclose information on only climate-related risks and opportunities in accordance with IFRS S2;

1 For further explanation, see AASB S2.BC20

- (b) this transition relief is optional for an entity to apply. If an entity chooses not to apply this transition relief, the entity would need to comply with all requirements of IFRS S1 and IFRS S2, and the educational material would not be relevant to that entity; and
- (c) the publication is educational material only and not authoritative in nature. This represents a different approach to Appendix D of AASB S2, which forms part of the Standard and must be followed when applying AASB S2.

Section Two: Staff analysis and conclusions on the comparison of the content of Appendix D of AASB S2 and the IFRS Foundation educational material

- 12 Staff compared the content of Appendix D of AASB S2 to the IFRS Foundation educational material to assess whether the application of the educational material would result in substantively the same disclosures as the application of Appendix D of AASB S2. This involved a paragraph-by-paragraph comparison, which identified the following key points.
 - (a) All the AASB S1 paragraphs included in Appendix D of AASB S2 correspond to IFRS S1 paragraphs identified in the educational material. A small number of the IFRS S1 paragraphs identified in the educational material do not correspond to AASB S1 paragraphs included in Appendix D—that is, the educational material has identified more content from IFRS S1 than Appendix D includes from AASB S1. Staff analysis in Appendix A concludes that these differences generally relate to one or more of the following:
 - (i) deliberate decisions of the AASB to depart from the IFRS S2 baseline (e.g. with respect to industry-based information); or
 - (ii) the interaction with Australian law (e.g. with respect to the reporting entity² and the location of climate-related disclosures under the *Corporations Act 2001*); or
 - (iii) areas where equivalent climate-only requirements are already contained elsewhere within AASB S2; or
 - (iv) transition reliefs which are not relevant to AASB S2; or
 - (v) additional information, rather than introducing requirements.
- 13 **Appendix A** to this paper presents more detail from the AASB staff comparison between the content of Appendix D of AASB S2 and the IFRS Foundation’s educational material by key topic headings.
- 14 Staff have concluded that the application of the IFRS Foundation educational material would result in substantively the same disclosures as the application of Appendix D of AASB S2, except for paragraphs related to industry-based information and reporting entity, which remain different due to jurisdictional factors.
- 15 Staff consider the comparison shows that the paragraphs included in Appendix D by the AASB are suitable and not excessive. Therefore, staff consider that no standard-setting action is required and that including this agenda paper among its publicly available Board papers and noting it in a public meeting is sufficient action for the Board to highlight the IFRS educational material to Australian stakeholders.

2 For further explanation, see AASB S2 (p.5) *Comparison with IFRS S2*, point (c).

Appendix: Summary of AASB staff comparison of the content of Appendix D of AASB S2 and the IFRS Foundation educational material

Description of IFRS S1 content included in ISSB educational material	Alignment with Appendix D
<p>Objective: IFRS S1.1–4 Explain the objective of IFRS S1 and explain why information about sustainability-related risks and opportunities—which include climate-related risks and opportunities—is useful to primary users</p>	<p>AASB S1.1–4 are not included in Appendix D. However, AASB S2.1–2 contain a separate objective for AASB S2 that uses similar wording in the context of climate-related disclosures.</p>
<p>Scope: IFRS S1.5 and 7–9 Explain the scope of reporting using IFRS Sustainability Disclosure Standards and have a for-profit orientation.</p>	<p>AASB S1.5 and 7–9 are not included in Appendix D since they are generic requirements relating to applying ASRS to prepare sustainability-related financial disclosures and AASB S2 has its own scope paragraphs [AASB S2.3 and 4].</p> <p>AASB S2 is sector-neutral and includes Aus-specific paragraphs to facilitate application by not-for-profit entities.</p>
<p>Conceptual Foundations: IFRS S1.10–24 Describe the conceptual foundations of reporting sustainability-related financial disclosures, including:</p> <ul style="list-style-type: none"> • fair presentation; • materiality; • reporting entity; and • connected information. 	<p>AASB S1.10–24 are included in Appendix D, although IFRS S1.20 is amended (and included as AASB S2.Aus20.1) to accommodate an option available in identifying the reporting entity under Australian law.</p>
<p>Core content: IFRS S1.31, 33(c), 49, 50, 52 and 53 Describe core content required in a sustainability report, including:</p> <ul style="list-style-type: none"> • elements of strategy; and • elements of metrics and targets. 	<p>AASB S1.31, 49, 50, 52 and 53 are included in Appendix D.</p> <p>AASB S1.33(c) is not included in Appendix D. However, the content corresponds to AASB S1.B44(b), which is included in Appendix D of AASB S2.</p>

Description of IFRS S1 content included in ISSB educational material	Alignment with Appendix D
<p>General requirements: IFRS S1.55(b), 59, 60–73 and B45–B47 Includes content on:</p> <ul style="list-style-type: none"> • location of disclosures; • timing of reporting; • comparative information; and • statement of compliance. 	<p>AASB S1.60, 62–73 and B45–B47 are included in Appendix D.</p> <p>AASB S1.55(b), 59 and 61 are not included in Appendix D. However:</p> <ul style="list-style-type: none"> • AASB S1.55(b) identifies sources an entity may refer to and consider in the listed sources of guidance—it does not introduce requirements. Similarly, the introduction of Appendix D notes that an entity may refer to AASB S1, including AASB S1.55(b), for guidance in complying with the requirements in the appendix; • AASB S1.59 relating to the disclosure of industry-based information is deliberately omitted (see AASB S2.BC28 for further detail); • AASB S1.61 outlines various possible locations in GPFR where sustainability-related financial information could be disclosed; it does not introduce requirements; and IFRS S1.61 (about location) is subject to any regulation or other requirements that apply to an entity. and Australian requirements in the Corporations Act 2001 require mandate that AASB S2 disclosures to be located in a “sustainability report”.
<p>Judgements, uncertainties and errors: IFRS S1.74–75, 77–81 and 83–86 Includes content on:</p> <ul style="list-style-type: none"> • making and disclosing judgements that have the most significant effects; • disclosing the most significant measurement uncertainties; and • correcting material prior period errors. 	<p>AASB S1.74–75, 77–81 and 83–86 are included in Appendix D.</p>

Description of IFRS S1 content included in ISSB educational material	Alignment with Appendix D
<p>Sustainability risks and opportunities: IFRS S1.B1–B5, B6(b) and B8–B12 Includes content explaining:</p> <ul style="list-style-type: none"> • sustainability-related risks and opportunities arise out of the interactions between the entity and its stakeholders, society, the economy and the natural environment throughout the entity’s value chain; • the use of reasonable and supportable information in preparing sustainability-related financial disclosures; and • reassessment of the scope of sustainability-related risks and opportunities throughout the value chain. 	<p>AASB S1.B1–B2 and B8–B10 are included in Appendix D.</p> <p>AASB S1.B3 –B5, B6(b) and B11–B12 are not included in Appendix D. However:</p> <ul style="list-style-type: none"> • AASB S1.B3–B5 provide examples (unrelated to climate) and information about how an entity should identify resources and relationships, and dependencies and impacts within its value chain—they do not create additional disclosure requirements; • Content that corresponds to AASB S1.B6(b), on the application of ‘reasonable and supportable information’ to determining the scope of the value chain, is already included in AASB S2.B36 (and IFRS S2.B36); and • Content that corresponds to AASB S1.B11–B12 is already included in AASB S2.B34–B35 (and IFRS S2.B34–B35).
<p>Materiality: IFRS S1.B13–B19 and B21–B37 Includes content explaining:</p> <ul style="list-style-type: none"> • the core concept of materiality in a sustainability-related context; • identifying material information; • aggregation and disaggregation; • interaction with law or regulation; and • potential relief from disclosure for commercially sensitive information. 	<p>AASB S1.B13–B19 and B21–B37 are included in Appendix D.</p>
<p>Reporting entity: IFRS S1.B38</p>	<p>IFRS S1.B38 is amended (and included as AASB S2.AusB38.1) to cater for an option available in identifying the reporting entity under Australian law.</p>
<p>Connected information: IFRS S1.B39–B44 Helps explain the meaning of connected information including examples</p>	<p>AASB S1.B39–B44 are included in Appendix D.</p>

Description of IFRS S1 content included in ISSB educational material	Alignment with Appendix D
<p>Metrics and targets: IFRS S1.46(b), 49, 50, 52 and 53 Requires disclosures about metrics and targets used to measure/monitor performance.</p>	<p>AASB S1.49, 50, 52 and 53 are included in Appendix D. AASB S1.46(b) is not included in Appendix D. However, in the context of IFRS S1.45 (which sets out the objective of sustainability-related financial disclosures on metrics and targets), the metrics that are disclosed under IFRS S1.46(b) should relate to an entity's performance in relation to its sustainability-related risks and opportunities. In a climate-only context, this aligns with the requirements in AASB S2.33 to 36, which require disclosure of quantitative and qualitative climate-related targets an entity has set to monitor progress towards achieving its strategic goals, and information about its performance against each climate-related target and an analysis of trends or changes in the entity's performance.</p>
<p>Interim reporting: IFRS S1.B48 Helps explain how an entity might go about presenting sustainability information for an interim period.</p>	<p>AASB S1.B48 is included in Appendix D.</p>
<p>Comparative information: IFRS S1.70–71 and B49–B59 Explains how the requirement for comparative information applies to disclosures about:</p> <ul style="list-style-type: none"> • metrics; and • errors. 	<p>AASB S1.70 and B49–B59 are included in Appendix D.</p> <p>AASB S1.71 is not included in Appendix D. However, rather than introducing requirements, it provides additional information on what amounts reported in sustainability-related financial disclosures might relate to.</p>
<p>Qualitative Characteristics – Introduction: IFRS S1.D1–D3 Provides context for sustainability-related reporting within general purpose financial reporting more widely, including referencing the <i>Conceptual Framework for Financial Reporting</i>.</p>	<p>AASB S1.D1–D3 are included in Appendix D.</p>
<p>Qualitative Characteristics – Fundamental Qualitative Characteristics: IFRS S1.D4–D15 Provides guidance on applying the characteristics of:</p> <ul style="list-style-type: none"> • relevance; and • faithful representation. 	<p>AASB S1.D4–D15 are included in Appendix D.</p>

Description of IFRS S1 content included in ISSB educational material	Alignment with Appendix D
<p>Qualitative Characteristics – Enhancing Qualitative characteristics: IFRS S1.D16–D33</p> <p>Provides guidance on applying the characteristics of:</p> <ul style="list-style-type: none"> • comparability; • verifiability; • timeliness; and • understandability. 	<p>AASB S1.D16–D33 are included in Appendix D.</p>
<p>Defined terms: IFRS S1 Appendix A</p> <p>Identifies the definitions as being potentially relevant to preparing and presenting climate-related disclosures without being specific about all the definitions that might be relevant, but identifies examples that might be relevant, such as ‘material information’.</p>	<p>The AASB included in Appendix D only those definitions considered necessary for AASB S2 to function as a stand-alone mandatory Standard. For example, Appendix D does not include the ‘material information’ definition from AASB S1 since it is already described in AASB S1.18, which is included in Appendix D.</p>
<p>Effective date: IFRS S1.E1 and E2</p>	<p>AASB S1.E1 and E2 are not included in Appendix D. However, the effective date of AASB S1 is not relevant as it is a voluntary Standard in Australia and AASB S2 has an effective date of 1 January 2025.</p>

Description of IFRS S1 content included in ISSB educational material	Alignment with Appendix D
<p>Transition: IFRS S1.E4–E6:</p> <p>IFRS S1.E4 – <i>In the first annual reporting period in which an entity applies this Standard, the entity is permitted to report its sustainability-related financial disclosures after it publishes its related financial statements...</i></p> <p>IFRS S1.E5 – <i>In its first annual reporting period in which an entity applies this Standard, the entity is permitted to disclose information on only climate-related risks and opportunities (in accordance with IFRS S2) and consequently apply the requirements in this Standard only insofar as they relate to the disclosure of information on climate-related risks and opportunities. If an entity uses this transition relief, it shall disclose that fact.</i></p> <p>IFRS S1.E6 – <i>If an entity uses the transition relief in paragraph E5:</i> <i>(a) in the first annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its climate-related risks and opportunities; and</i> <i>(b) in the second annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its sustainability-related risks and opportunities, other than its climate-related risks and opportunities.</i></p>	<p>AASB S1 has no equivalent to IFRS S1.E4–E6.</p> <p>The transition relief in IFRS S1.E4 is not relevant as similar relief is not available under the Australian mandatory climate-related financial disclosure regime.</p> <p>The transition reliefs in IFRS S1.E5 and E6 are not relevant in the context of AASB S2 by virtue of its climate-only focus.</p>