



<b>Project:</b>	<b>AASB S2: Industry-based information</b>	<b>Meeting:</b>	1 May 2025 (M212)
<b>Topic:</b>	<b>Project plan</b>	<b>Agenda Item:</b>	9.2
		<b>Date:</b>	15 April 2025
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	<div><b>Project Priority:</b> High</div> <div><b>Decision-Making:</b> None</div> <div><b>Project Status:</b> Project Plan</div>		

## Objective

- 1 The objective of this paper is to present staff analysis and recommendations for the project plan on AASB S2: Industry-based information.
- 2 Following Board member feedback at the [March 2025 meeting](#) (M211) this project plan has been approved out-of-session by the Chair and is included at this Board meeting for noting. This paper does not ask the Board to make any decisions.

## Summary

- 3 During technical deliberations on AASB S2 *Climate-related Disclosures*, the Board decided to depart from the IFRS S2 *Climate-related Disclosures* baseline—as an **interim measure**—by not requiring an entity to:
  - (a) refer to and consider the SASB Standards and the [IFRS S2 Industry-based Guidance on Implementing IFRS S2](#) (IBG); or
  - (b) provide industry-based disclosures.

## Structure

- 4 This paper is structured as follows:
  - (a) [Section One](#): Background and objective (paragraphs 8–14)
  - (b) [Section Two](#): Approach and outcomes (paragraphs 15–23)
  - (c) [Section Three](#): Assumptions and other considerations (paragraphs 24–26)

- 5 The Board decided to add a project to the AASB workplan on this topic to determine the appropriate basis and content of **climate-related** industry-based information in AASB S2.
- 6 Staff's proposed approach is heavily informed by:
- (a) the need to obtain a comprehensive understanding of Australian entities' existing voluntary disclosure practices relating to industry-based information; and
  - (b) the ISSB's *Enhancing the SASB Standards* project, which is expected to result in updates to the SASB Standards and the IBG.
- 7 Staff propose a two-phase approach to this project, summarised in Table 1.
- (a) Phase 1 activities will focus on supporting the ISSB's *Enhancing the SASB Standards* project and conducting additional research through 2025–2026 calendar years.
  - (b) Phase 2 activities will focus on standard-setting activities through 2027–2028 calendar years.

## Section One: Background and objective

- 8 During technical deliberations on AASB S2, the Board decided to depart from the IFRS S2 baseline—as an **interim measure**—by not requiring an entity to:
- (a) refer to and consider the SASB Standards and the IBG; or
  - (b) provide industry-based disclosures.
- 9 To signal the interim nature of this decision, the Board added a project to the AASB workplan to determine the appropriate basis and content of climate-related industry-based information in AASB S2.<sup>1</sup>
- 10 The Board made this decision after considering Australian stakeholder feedback to ED SR1. Feedback indicated that the majority of respondents supported the decision to omit the climate-related industry-based disclosure requirements from the Australian equivalent of IFRS S2, but requested the AASB undertake further work on climate-related industry-based disclosure requirements for Australian entities in the future.<sup>2</sup>
- 11 The Board signalled its intention to finalise requirements for climate-related industry-based information by 2030, in line with Treasury's policy position statement [Mandatory Climate-related Financial Disclosures](#).<sup>3</sup>
- 12 The objective of this project is to determine the appropriate basis and content of **climate-related** industry-based information within AASB S2. Requirements are intended to be finalised by 2030, consistent with the Board's position described in the Basis for Conclusions to AASB S2.

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1 See the [July 2024 meeting](#) (M206) and [August 2024 meeting](#) (M207).

2 See paragraphs BC28-BC30 in the Basis for Conclusions to AASB S2 for further detail.

3 Treasury's policy position for climate-related industry-based metrics is that "entities should only be required to disclose against well-established and understood industry-based metrics from 1 July 2030 onwards. Entities may choose to disclose relevant industry-based metrics voluntarily prior to that date."

- 13 IFRS S2 *Climate-related Disclosures* requires an entity to “refer to and consider” the applicability of the IBG<sup>4</sup> in respect of the following three areas:

REFERENCES TO THE IBG	IFRS S2 REFERENCES
In identifying the climate-related risks and opportunities that could reasonably be expected to affect an entity’s prospects, the entity shall refer to and consider the applicability of the industry-based disclosure topics defined in the IFRS S2 <i>Industry-based Guidance</i> .	Paragraph 12
In preparing strategy disclosures, an entity shall refer to and consider the applicability of industry-based metrics associated with disclosure topics defined in the IFRS S2 <i>Industry-based Guidance</i> .	Paragraph 23
An entity shall disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the entity discloses, the entity shall refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 <i>Industry-based Guidance</i> .	Paragraph 32

- 14 The IBG was developed based on the full suite of content contained in the SASB Standards. It draws on the SASB Standard’s industry classifications, disclosure topics, metrics and technical protocols, and activity metrics. However, the IBG content includes only a subset of the full SASB Standards content that the ISSB has determined is likely relevant for entities preparing climate-related financial disclosures. The full suite of SASB Standards is therefore outside the scope of this project, which is limited to the context of climate-related industry-based information for AASB S2 only.

## Section Two: Approach and Outcomes

- 15 Staff recommend obtaining a comprehensive understanding of Australian entities’ existing voluntary disclosure practices relating to climate-related industry-based information. This would include (but not be limited to) voluntary reporting of climate-related industry-based information via the SASB Standards or IBG. This information will then help to inform consultation with stakeholders on the appropriate basis and content of any climate-related industry-based information requirements within AASB S2.
- 16 Feedback from stakeholders on ED SR1 provided staff with preliminary insights into preparers’ and users’ perspectives on climate-related industry-based information. However, expanding and strengthening the evidence base is necessary to inform future consultations.
- 17 Furthermore, any future consultations regarding climate-related industry-based information will also be influenced by the ISSB’s current project—[Enhancing the SASB Standards](#)—as part of its work plan for 2024–2026. This project is using a phased approach, starting with enhancing an initial set of 12 priority SASB Standards.<sup>5</sup> These priority standards are:

4 The IBG accompanies IFRS S2. It forms guidance only and does not form part of the Standard. In [draft] IFRS S2 the IBG was presented as Appendix B to [draft] IFRS S2.

5 Staff note that these Exposure Drafts will consider enhancements to full SASB Standards, and not to only the content present in the IBG. While AASB staff expect that amendments to SASB Standards would at some stage be reflected in the IBG where common disclosure topics or metrics were updated, it is not yet clear through what mechanism this may occur.

- (a) all eight industries in the *Extractives & Minerals Processing* sector;
  - (b) the *Electric Utilities & Power Generators* industry in the *Infrastructure* sector; and
  - (c) three industries in the *Food & Beverage* sector.
- 18 Enhancement of individual priority SASB Standards is expected to include a particular focus on:
- (a) the international applicability of industry groupings, including consideration of value chains in emerging markets and developing economies, and how the groupings might serve to support proportionality of the Standards;
  - (b) the international applicability of disclosure topics in those industry groupings;
  - (c) exploring opportunities to improve interoperability with other standards and frameworks, while ensuring continued focus on the needs of investors and with a particular emphasis on establishing a global baseline from which other standard-setters can build;
  - (d) disclosure topics focused on BEES and human capital, to maximise efficiencies in executing SASB enhancements in conjunction with the ISSB's research projects on those topics; and
  - (e) opportunities to align the language and concepts in the SASB Standards with IFRS Standards, especially IFRS S1.
- 19 The ISSB has indicated that Exposure Drafts for the 12 individual priority SASB Standards will be issued in the first half of 2025. AASB staff will proactively support ISSB outreach with Australian stakeholders on these Exposure Drafts by facilitating connections with relevant individual stakeholders and industry groups. This will provide domestic stakeholders with the opportunity to engage with the international enhancement process before the finalisation of the ISSB's Exposure Drafts. Following the release of the Exposure Drafts, AASB staff will discuss with the Board to inform the AASB's approach and response.
- 20 The ISSB is currently undertaking research to develop staff recommendations regarding further SASB Standards that may be prioritised in a second phase of enhancements and specific enhancements to the *Sustainable Industry Classification System* (SICS).<sup>6</sup> The outcomes of this ISSB project in the coming two years therefore are uncertain. AASB staff will continue to closely monitor this project as it is an important consideration in determining the scope of the AASB's activities in relation to industry-based information.
- 21 Given the ISSB's current work in enhancing the SASB Standards, and the identified need to gather more information to inform any future AASB consultation with Australian stakeholders, staff recommend that the AASB wait until after the conclusion of the ISSB's *Enhancing the SASB Standards* project to conduct any domestic outreach on climate-related industry-based information requirements as:
- (a) it would avoid confusion among domestic stakeholders relating to industry-based disclosure requirements while changes to international industry-based disclosure requirements are ongoing;
  - (b) insights gained from any domestic outreach in the near-term may be rendered obsolete following amendments made in the *Enhancing the SASB Standards* project;
  - (c) conducting domestic outreach after the enhancement process is complete prevents stakeholder fatigue that could arise from multiple consultation periods on evolving standards; and

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6 See [July 2024 ISSB meeting](#) for more details.

- (d) domestic entities will likely be focused on implementation of the existing mandatory requirements of AASB S2 and have limited resources to engage in domestic outreach on industry-based information in the near-term.

22 Staff therefore propose splitting the industry-based information project into two phases:

- (a) **Phase 1 activities** will focus on supporting the ISSB's *Enhancing the SASB Standards* project and conducting additional research through 2025–2026.
- (b) **Phase 2 activities** will focus on standard-setting activities through 2027–2028.

23 Table 1 provides a more comprehensive description of Phase 1 and Phase 2 activities.

Table 1 – Proposed industry-based information project phasing
Phase 1 Activities International influence and research
H1 2025 → H2 2026
<p><b>1. International influence (supporting the Enhancing the SASB Standards project)</b></p> <ul style="list-style-type: none"> <li>• Support ISSB outreach with Australian stakeholders by facilitating consultations with relevant individual stakeholders and industry groups.</li> <li>• Provide feedback to the <i>Enhancing the SASB Standards</i> project representing Australian perspectives, including providing perspectives on exposure drafts and continuing ongoing dialogue with ISSB staff.</li> </ul>
<p><b>2. Research<sup>7</sup></b></p> <ul style="list-style-type: none"> <li>• Conduct a desktop analysis of existing SASB disclosures within Australia, noting that a number of listed Australian entities currently voluntarily disclose industry-based information using the SASB Standards.</li> <li>• Conduct a desktop analysis of existing industry-based disclosures by Australian entities that do not currently utilise the SASB Standards (initially scope limited to listed Group 1 entities).</li> <li>• Targeted research interviews with investors and other relevant users to understand: <ul style="list-style-type: none"> <li>○ users' industry-based information needs, particularly in the context of climate-related financial disclosures; and</li> <li>○ whether current disclosures meet users' industry-based information needs.</li> </ul> </li> <li>• Targeted research interviews with domestic preparers that currently disclose industry-based information to understand: <ul style="list-style-type: none"> <li>○ motivations for preparers to voluntarily report using the SASB Standards;</li> <li>○ the processes preparers follow to report using the SASB Standards, including their choice of industry standards, disclosure topics and metrics disclosed; and</li> <li>○ whether industry considerations are used by preparers when identifying risks and opportunities and preparing strategy disclosures under climate-related financial disclosures.</li> </ul> </li> <li>• Targeted research interviews with domestic preparers that do not currently disclose industry-based information to understand: <ul style="list-style-type: none"> <li>○ any considerations preparers may have made to decide whether they should voluntarily report using the SASB Standards;</li> <li>○ whether there are demands for industry-based information, such as disclosures using the SASB Standards, from preparers' stakeholders.</li> </ul> </li> </ul>

<sup>7</sup> Staff note that the scope of the research program, and of specific research activities, will likely evolve over time as information is gathered. Staff plan for this research program to include activities conducted directly by staff and to utilise the AASB Research Centre to commission academic research.

Table 1 – Proposed industry-based information project phasing
<b>Phase 2 Activities</b> Domestic standard-setting activities
<b>H1 2027 → H2 2028</b>
<b>1. Exposure Draft of Industry-based Guidance on Implementing AASB S2</b> Develop a domestic Exposure Draft for climate-related industry-based information requirements, based on <i>Industry-based Guidance on Implementing IFRS S2</i> , once ISSB updates have been finalised and AASB research phase has been completed.
<b>2. Technical deliberations and standard-setting<sup>8</sup></b> Staff present recommendations to the Board for deliberation and decision-making (providing for a suitable public comment and technical deliberation period to complete any potential standard-setting activities by the proposed commencement date for mandated disclosure of industry-based information of 2030).

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8 Staff note that any public consultation and potential standard-setting activities will be heavily informed by the findings from Phase 1. Therefore, at this stage staff have not speculated as to what specific activities may be appropriate in Phase 2.

### **Section Three: Assumptions and other considerations**

- 24 This project is contingent on the ISSB's *Enhancing the SASB Standards* project, which is expected to impact the content of the SASB Standards and IBG. The ISSB has indicated work on the project will continue for at least the period of their current workplan of 2024–2026. Any delays or extensions to the ISSB's timeline could delay the timeline of this AASB project.
- 25 This project may also be impacted by changes in the domestic sustainability reporting environment. Its scope and timing may need to respond to changes in demand for industry-based climate-related information or any changes to the legislative environment.
- 26 The proposed research activities in Phase 1 depend on a suitable number of Australian preparers voluntarily using the SASB Standards and being open to discussing their experiences with research teams. There is a possibility that the research teams may face challenges in obtaining an adequate level of evidence.