



Subject: Minutes of the 207th meeting of the AASB
Venue: Videoconference
Held: Monday, 26 August 2024, 10.00 am – 4.50 pm

All agenda items were discussed in public, except for items 1 and 4.

Attendance

Members	Keith Kendall (Chair) Stephen Taylor (Deputy Chair) Carolyn Cordery James Grant (part of meeting) Dean Hanlon David Holland Adrian King Toby Langley Mathew Nelson Moana Overton Paul Rogers Caroline Spencer (part of meeting)
Apologies	James Grant (apology 1.00 pm – 4.50 pm) Liza Maimone Sean Osborn Caroline Spencer (apology 1.00 pm – 3.18 pm)
<i>In attendance</i>	
Staff	Clark Anstis Patricia Au Kimberley Carney Fridrich Housa Kathleen John Eric Lee Ao Li Lan Lu Maggie Man Lachlan McDonald-Kerr Sabine Schuhrer Helena Simkova Hang Tran Jia Wei Justin Williams Abigail Xu
Other	Angus Thomson – agenda item 3



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 Liza Maimone and Sean Osborn for the meeting. Apologies were noted from James Grant and Caroline Spencer 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.

There were no specific declarations for this meeting.

Minutes

The Board approved the minutes of the two hundredth and six meeting, held on 19 July 2024.

Approvals Out of Session.

The Board noted the out-of-session approval of the following AASB documents since the previous meeting report:

- *AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments;*
- *ED 330 Contracts for Renewable Electricity;*
- *ED 331 Climate-related and Other Uncertainties in the Financial Statements;* and
- *ED 332 Classification and Measurement of Financial Instruments: Tier 2 Disclosures.*

Climate-related Financial Disclosures

Agenda Item 3

The Board considered working drafts of its two inaugural Australian Sustainability Reporting Standards. The Board decided to revise the titles and numbering of the Standards to AASB S1 *General Requirements for*



Disclosure of Sustainability-related Financial Information and AASB S2 *Climate-related Disclosures* to align with the IFRS Sustainability Disclosure Standards.

AASB S1

The Board confirmed that AASB S1 will be a voluntary Standard with the same scope and content as IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* except for the following changes:

- (a) delete the limited ability of an entity when it first applies the Standard to delay the reporting of sustainability-related financial information until after the publication of the related financial statements (IFRS S2, paragraph E4) – consequently, an entity voluntarily applying AASB S1 for the first time can decide when to publish the sustainability-related financial information without any limitation;
- (b) delete the option of disclosing information on only climate-related risks and opportunities when the Standard is first applied by an entity (IFRS S2, paragraphs E5 and E6) – consequently, an entity voluntarily applying AASB S1 for the first time would disclose information about sustainability-related risks and opportunities broader than climate-related risks and opportunities; and
- (c) include the paragraphs referring to general purpose financial reports of not-for-profit (NFP) entities and their primary users to assist NFP entities electing to apply AASB S1 – these are paragraphs AusA1, AusB14.1 and AusB15.1 in the draft AASB S2.

The Board also made the following decisions regarding AASB S1:

- (a) to include the proposed paragraphs Aus1.1 and Aus5.1 in respect of the voluntary status of the Standard and the retention of the imperative language of IFRS S1;
- (b) to retain the transitional relief re comparative disclosures in the first period in which the Standard is applied by an entity; and
- (c) the effective date will be annual periods beginning on or after 1 January 2025 (consistent with AASB S2), with earlier application permitted.

AASB S2

The Board continued its discussion of the feedback received on Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information* (October 2023), considering the comments received on the proposals regarding market-based Scope 2 emissions (Specific Matter for Comment SMC 16) and greenhouse gas measurement methodologies (SMC 17). The Board decided that no further amendments were required to the draft AASB S2 in respect of these matters.

The Board confirmed that AASB S2 will be a mandatory Standard with the same requirements as IFRS S2 *Climate-related Disclosures* except for the following modifications.

- (a) General requirements for disclosure of climate-related financial information – to add Appendix D *General Requirements for Disclosure of Climate-related Financial Information* to AASB S2 to incorporate IFRS S1 paragraphs that are necessary to enable AASB S2 to function as the



standalone mandatory Standard containing all the requirements regarding climate-related financial disclosures.

- (b) Avoiding unnecessary duplication of disclosures – to modify the requirements set out in IFRS S2 paragraphs 7 and 26 (which assume an entity would comply with both IFRS S1 and IFRS S2) so that an entity applies those requirements only if it elects to voluntarily apply AASB S1 to disclose information about other sustainability-related risks and opportunities in addition to climate-related risks and opportunities.
- (c) Consolidated entity reporting under the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 – to add paragraphs Aus20.1 and AusB38.1 to AASB S2 Appendix D (i.e. modifying the requirements set out in IFRS S1 paragraphs 20 and B38) to specify that an entity’s climate-related financial disclosures shall be for the same reporting entity as the related financial statements *unless otherwise permitted by law*. These paragraphs are subject to change depending on the final provisions of the forthcoming legislation.
- (d) Consideration and disclosure of industry-based information – to omit the definition of “disclosure topic” from AASB S2 Appendix A *Defined terms* and to modify or omit the industry-based requirements set out in IFRS S2 paragraphs 12, 23, 28(b), 32, 37, B65(d) and B67.
- (e) Users of a not-for-profit entity’s general purpose financial report – to add paragraph AusA1 in AASB S2 Appendix A to require a NFP entity to refer to the definitions of “general purpose financial reports” and “primary users of general purpose financial reports” specified in the *Framework for the Preparation and Presentation of Financial Statements* when applying AASB S2. The Board also added paragraphs AusB14.1 and AusB15.1 in AASB S2 Appendix D to provide related guidance for NFP entities.
- (f) Referencing external documents – to specify the relevant versions of external documents directly in AASB S2, such as the latest international agreement on climate change and the Global Industry Classification Standard (GICS), instead of issuing the service Standard [draft] ASRS 101 *References in Australian Sustainability Reporting Standards* proposed in the Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information*. Both approaches would be consistent with the requirements of the *Legislation Act 2003* in respect of legislative instruments referring to external documents.
- (g) Effective date – to specify the effective date of AASB S2 as annual periods beginning on or after 1 January 2025, if that is the commencement date of the forthcoming legislation. The legislation will set out which entities would be required to comply with AASB S2 and the effective dates for the various groups of subject entities.

The Board decided to update the draft Basis for Conclusions included in the draft AASB S2 for the following matters:



- (a) note that the Board would update AASB S2 as soon as practicable when required to refer to later versions of external documents referenced in AASB S2;
- (b) specify the intended timing for finalising mandatory requirements for industry-based disclosures by 2030 – the timing indicated in the Treasury Policy Statement *Mandatory climate-related financial disclosures* (January 2024);
- (c) note that an entity is required to use emission factors that best represent the activity that is generating the greenhouse gas (GHG) emissions, irrespective of the jurisdiction in which the entity is listed;
- (d) note that the *Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard* (2011) states that any material Scope 3 GHG emissions not captured by the 15 categories in that Standard may be reported separately;
- (e) outline the minimum requirements set out in the (forthcoming) *Corporations Act 2001* amendments regarding scenario analysis, which require assessment of both a high-warming scenario and a low-warming scenario (1.5°C above pre-industrial levels). The Board confirmed its decision to not include the minimum requirements in the body of the Standard. [Mathew Nelson requested that his vote against this approach be noted in the minutes of the meeting.]; and
- (f) record the Board's view that when reporting net GHG emission targets, an entity could include the effects of any material carbon credits, carbon offsets and GHG removals.

Next steps

The Board discussed the due process conducted regarding the development of AASB S1 and AASB S2 and whether any further due process steps would be needed before finalising those Standards. The Board will further consider the adequacy of its due process at the next meeting addressing the draft Standards.

The Board decided to review updated versions of AASB S1 and AASB S2 at a meeting following the passage of the legislation. Therefore, the Board deferred the meeting scheduled for 30 August to consider the final versions of the Standards – the date to be determined in due course.

Industry-based information

The Board considered the scope and indicative timing of a new project, Climate-related Disclosures: Industry-based Information. The Board decided to commence preliminary consultation with stakeholders in March 2025, with the intention of finalising mandatory requirements for industry-based disclosures by 2030, consistent with the timing indicated in the Treasury Policy Statement *Mandatory climate-related financial disclosures* (January 2024). This project will focus on determining the appropriate basis and content of the industry-based disclosures, including assessing the industry-based classification system and the industry-based disclosure topics and metrics set out in the *Industry-based Guidance on Implementing IFRS S2*.

Action:

Staff



Review of the Meeting

Agenda Item 4 – discussed in private

The Board reviewed the conduct of the meeting.

Close of the Meeting

The Chair closed the meeting at 4.50 pm, 26 August 2024.

Approval of Minutes

Signed by the Chair as a correct record,
this 5th day of September 2024.