Australian Government
Australian Accounting Standards Board

Staff Paper

Project:	**Climate-related Financial Disclosure**	**Meeting:**	19 and 22 July 2024 (M206)
Topic:	**Conceptual content (SMC 2)**	**Agenda Item:**	4.1.2
		Date:	12 July 2024
Contact(s):	Lachlan McDonald-Kerr lmcdonald-kerr@aasb.gov.au Charis Halliday challiday@aasb.gov.au Angus Thomson athomson@aasb.gov.au	**Project Priority:** **Decision-Making:** **Project Status:**	High High Consider ED feedback

Objective

1 The purpose of this paper is to:

(a) summarise the stakeholder feedback received on SMC 2 in ED SR1; and

(b) decide whether the Board should proceed with the proposal described in SMC 2 for the purpose of finalising the ASRS Standards.[1,2]

Summary of staff recommendations

2 Staff recommend that the Board **revert** to the IFRS Sustainability Disclosure Standards baseline and incorporate the conceptual content from the baseline into the ASRS Standards.

3 While IFRS S1 includes content with similar language to the IASB's Conceptual Framework, the conceptual content in IFRS S1 serves a different purpose and function compared to a conceptual framework. Specifically, its purpose is to assist entities to be able to apply aspects of the IASB's Conceptual Framework in the context of sustainability reporting. Further, there is a precedent for referring to conceptual content in a mandatory fashion in Australian Accounting Standards, and the ability to do so is not inconsistent with the AASB's functions and powers. The inclusion of conceptual

1 As explained in the Cover Memo accompanying this staff paper, the staff recommendations in this paper are made in the context of the body of ASRS 2 or the proposed Australian-specific appendix (or equivalently-named item) to ASRS 2 only. They are not related to a non-mandatory ('voluntary') equivalent of IFRS S1 that would cover sustainability-related financial disclosures.

2 This paper does not address matters related to defining primary users for superannuation entities, as this has been considered in an earlier staff paper focused on superannuation entities (see Agenda Item 4.4 presented at the AASB Board meeting (M206) held on 26 June 2024).

content in the ASRS Standards would also strengthen alignment with the IFRS Sustainability Disclosure Standards baseline.

Structure

4 This paper is structured as follows:

(a) Section One: Background

(b) Section Two: Stakeholder feedback summary

(c) Section Three: Staff analysis and recommendations

(d) Appendix A: Extract from Section 227 of the ASIC Act 2001

(e) Appendix B: Conceptual content in IFRS S1 and IASB's Conceptual Framework/IAS 8.

Section One: Background

5 IFRS S1 is intended to be applied to sustainability-related financial disclosures, similar to the application of the IASB's Conceptual Framework, IAS 1, and IAS 8 for financial statements prepared in accordance with IFRS Accounting Standards.[3] It sets out the general requirements for sustainability-related financial disclosures *and* prescribes how an entity prepares and reports these disclosures.

6 General requirements for the content and presentation of sustainability-related financial disclosures are intended to ensure that the information is useful to GPFR primary users when making decisions about providing resources to an entity.[4]

7 The ISSB *has not* developed a separate conceptual framework that applies directly to sustainability-related financial information.[5]

8 IFRS S1 explains that because sustainability-related financial disclosures form part of GPFR, the qualitative characteristics of the IASB's Conceptual Framework also apply to sustainability-related financial information.[6] However, as the nature of some of the information required to meet the objectives of IFRS S1 differs in some respects from the information provided in financial statements, IFRS S1 includes guidance on the qualitative characteristics of useful sustainability-related information, which is considered an integral part of the IFRS Sustainability Disclosure Standards that must be applied.[7]

9 Conceptual foundations content incorporated into IFRS S1 includes:[8]

---

3 Paragraph BC7 in IFRS S1 *Basis for Conclusions on General Requirements for Disclosure of Sustainability-related Financial Information*.

4 Paragraph 4 of IFRS S1.

5 Paragraph BC64 in IFRS S1 *Basis for Conclusions on General Requirements for Disclosure of Sustainability-related Financial Information*.

6 Paragraph D2 of IFRS S1.

7 Appendix D of IFRS S1.

8 Staff have not included the primary users of GPFR in the conceptual foundations. This is because the concept of primary users of GPFR is incorporated into the Standard as part of the objective of IFRS S1, and defined in

(a) fundamental qualitative characteristics of relevance (including materiality) and faithful representation;

(b) enhancing qualitative characteristics of comparability, verifiability, timeliness, and understandability;

(c) the reporting entity concept; and

(d) connected information.

10 Conceptual content incorporated into IFRS S1 is intended to help ensure that information in GPFR—both sustainability-related information and financial information—is useful to primary users. It also aims to provide information that assists an entity prepare sustainability-related financial disclosures.[9]

11 Staff highlight that the conceptual content incorporated into IFRS S1 is not itself a conceptual framework, rather it will assist entities to be able to apply aspects of the IASB's Conceptual Framework in the context of sustainability reporting.

12 In GPFR, the purpose of the AASB's Conceptual Framework is to:[10]

(a) assist the Australian Accounting Standards Board (Board) to develop Australian Accounting Standards (Standards) that are based on consistent concepts;

(b) assist preparers to develop consistent accounting policies when no Standard applies to a particular transaction or other event, or when a Standard allows a choice of accounting policy; and

(c) assist all parties to understand and interpret the Standards.

13 The presence of conceptual content in IFRS S1 that is *prima facie* consistent with the IASB's Conceptual Framework can be seen to create challenges in the Australian context.[11] This is because the Australian equivalent versions of the IASB's Conceptual Framework—the AASB's *Conceptual Framework for Financial Reporting* (for for-profit entities) and the *Framework for the Preparation and Presentation of Financial Statements* (with for for-profit entities)—are *not* legislative instruments.[12]

Appendix A. Staff observe that the concept of a GPFR, and therefore the concept of primary users, is the same in financial reporting and in sustainability reporting (as also presented in the definition of GPFR in AASB 18).

9 Paragraph BC64 in IFRS S1 *Basis for Conclusions on General Requirements for Disclosure of Sustainability-related Financial Information*.

10 Staff observe that the purpose of the NFP *Framework for the Preparation and Presentation of Financial Statements,* outlined in paragraph 1 of the *Framework,* has some differences in wording. Staff note that despite these differences, the overall purpose of the NFP *Framework* is largely consistent with the *Conceptual Framework.*

11 The AASB identified this issue in a joint submission to the ISSB on [draft] IFRS S1/S2 in July 2022. See AASB and AUASB joint submission on ISSB Exposure Drafts on [Draft] IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and [Draft] IFRS S2 *Climate-related Disclosures*.

12 Certain Australian Accounting Standards require an entity to consider the Frameworks in making judgements – for example, in determining accounting policies in the absence of relevant specific requirements (see AASB 108). However, the Frameworks *themselves* are not enforceable and they explain the foundational concepts underpinning GPFR, including GPFS, in line with their objectives.

14 Consequently, there is a potential risk that including the IFRS S1 conceptual content in the ASRS Standards could be regarded as being inconsistent with the AASB's powers and functions under the ASIC Act 2001 because:

(a) the content is *prima facie* consistent with content already included in the AASB's (non-mandatory) Conceptual Frameworks; and

(b) the AASB's functions in relation to conceptual frameworks are stated as developing conceptual frameworks for the purposes of evaluating proposed accounting standards and sustainability standards that do not have the force of standards.[13]

15 Appendix A provides an extract of Section 277 of the ASIC Act 2001 to assist the Board when considering this staff paper.

16 Notably however, the AASB has issued several Australian Accounting Standards that *are* legislative instruments and incorporate or refer to content from a conceptual framework. Certain accounting standards, such as AASB 101, AASB 108, and AASB 18, include references to qualitative characteristics presented in conceptual frameworks as general disclosure requirements.

17 In drafting ED SR1, the AASB proposed that where components of the IASB's Conceptual Framework had been *prima facie* incorporated as requirements in IFRS S1 and IFRS S2 with which entities must comply, the AASB would replace the relevant paragraphs with Australian-specific paragraphs that cross-reference to the AASB's Conceptual Frameworks for GPFR. The relevant Basis of Conclusions paragraphs are shown below.

> BC25 IFRS S1 includes definitions and content identical to the IASB's *Conceptual Framework for Financial Reporting*. When developing [draft] ASRS 1, the AASB noted that the AASB's *Conceptual Framework for Financial Reporting* (in respect to for-profit entities) and the *Framework for the Preparation and Presentation of Financial Statements* (in respect to not-for-profit entities) are not legislative instruments and do not form part of the authoritative Australian Accounting Standards. While some Australian Accounting Standards make reference to aspects of those Frameworks, the Frameworks themselves are not enforceable as, consistent with their objectives, they explain the foundational concepts underpinning GPFR, including GPFS.
>
> BC26 The AASB is of the view that, given those Frameworks are not enforceable as part of Australian Accounting Standards, they should not be made enforceable as part of [draft] ASRS Standards. Accordingly, where components of those Frameworks have been duplicated within IFRS S1 and IFRS S2 as requirements with which entities must comply, the AASB has replaced the relevant paragraphs in IFRS S1 and IFRS S2 with Australian-specific paragraphs to cross-reference to the Frameworks.
>
> BC27 This approach is consistent with the approach the AASB takes in developing Australian Accounting Standards.

18 Appendix B presents extracts of the conceptual content from IFRS S1 alongside extracts from the IASB's Conceptual Framework/IAS 8 to assist the Board when considering this staff paper.

Section Two: Stakeholder feedback summary

19 SMC 2 of ED SR1 asked stakeholders the following question:

---

13 Refer to Section 227(1)(a)(ii) of the ASIC Act 2001.

Do you agree with the AASB's approach to make references to its Conceptual Framework for Financial Reporting (in respect to for-profit entities) and the Framework for the Preparation and Presentation of Financial Statements (in respect to not-for-profit entities) instead of duplicating definitions and contents of those Frameworks in [draft] ASRS 1 and [draft] ASRS 2?

20 A summary of the quantitative and qualitative feedback for this SMC is presented in the following two sections of this paper.

Quantitative feedback summary

21 The AASB received 117 comment letters and 289 survey responses for ED SR1. Of these, 41 comment letters and 114 survey respondents expressed a clear view on SMC 2.

22 The following table summarises the responses received on SMC 2 (rounded to the nearest %).

	Agree	**Partially agree**	**Disagree**
Out of the 41 comment letters that expressed a clear view on SMC 2[14]	68%	7%	24%
Out of the 114 survey responses that commented on SMC 2[15]	73%	19%	8%

23 Quantitative results summarised above indicate that a majority of respondents supported the AASB's proposal concerning SMC 2.

Qualitative feedback summary[16]

24 Many respondents agreed with the AASB proposal to replace components of the *Conceptual Framework for Financial Reporting* (with respect to for-profit entities) and the *Framework for the* Preparation *and Presentation of Financial Statements* (with respect to not-for-profit entities) incorporated into IFRS S1 and IFRS S2 with Australian-specific paragraphs cross-referencing to those Frameworks. Reasons provided in support of this view included:

(a) it ensures consistency with existing financial reporting requirements—which accords with the AASB's rationale for proposing the exclusion of the content described in ED SR1;[17]

(b) it helps to reduce duplication and simplifies the requirements presented in the [draft] ASRS Standards;[18] and

14 Some respondents did not clearly express their agreement, partial agreement or disagreement with a proposal in their comment letters. Accordingly, staff applied judgement in categorising the overall comments expressed in the comment letters. An overview of stakeholder feedback expressed in the comment letters is presented as Agenda Paper 4.1.8 for the Board's reference.

15 The survey responses have been provided separately for the Board's reference.

16 Roundtable participants expressed varied levels of support for SMC 2 but mostly supported the proposal. The feedback from stakeholders, including support and opposition gathered during these sessions, has been thematically incorporated into this paper.

17 For example, comment letters 11, 12, 50, 59, 68, 97, survey responses S119, S264, Brisbane roundtable 1, Canberra roundtable 1, and Melbourne roundtable 4.

18 For example, comment letters 1, 3, 4, 41, 64, 73, 74, and survey response S100.

(c) it helps address concerns about conceptual elements being rendered enforceable via their inclusion in [draft] ASRS Standards.[19]

25 A few stakeholders agreed in principle with the AASB's proposal but expressed concerns that the definition of primary users described in the AASB's Conceptual Frameworks was unsuitable for superannuation entities.[20,21]

26 A few stakeholders provided recommendations for improving this proposal, including making more explicit rather than general references to the AASB's Conceptual Frameworks.[22]

27 Some respondents disagreed with the AASB proposal. Reasons provided against the proposal included:

(a) it was seen to be an unnecessary departure from the IFRS Sustainability Disclosure Standards baseline that could compromise interoperability;[23]

(b) those involved in the preparation of climate-related financial disclosures may not necessarily be the same as those involved in the preparation of financial disclosures (e.g. accountants) and hence may be unfamiliar with the content of the conceptual frameworks;[24]

(c) the context for sustainability reporting is different from general purpose financial statements (GPFS), for which there is a comprehensive set of Standards, and the concepts are needed to help preparers ensure climate-related information is reported consistently and comparably;[25] and

(d) deleting references reduces the readability of the [draft] ASRS Standards and could lead to interpretation issues.[26]

28 A few stakeholders disagreed with the characterisation in ED SR1 that:

(a) the AASB's Conceptual Frameworks do not form part of the authoritative Australian Accounting Standards, observing that certain content may be rendered enforceable via, for example, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*;[27,28] and

(b) IFRS S1 includes definitions and content identical to the IASB's Conceptual Framework, noting that the ISSB adapted this content for IFRS S1, including to make it more relevant to sustainability-related information (e.g. modifying the concept of IFRS 'measurement

---

19 For example, comment letters 12, 88, 101, and survey response S25.

20 For example, comment letters 18, 54, 81, 110, and survey response S4.

21 As noted earlier, this matter has been addressed in a separate staff paper on SMC 21 (superannuation entities).

22 For example, comment letter 37 and Brisbane roundtable 2.

23 For example, comment letter 7, 21, 65, 83, 98, survey responses S13, S15, Perth roundtable 1, Brisbane roundtable 1, Virtual roundtable 1 of 3, Virtual roundtable 1 of 2, and Sydney roundtable 3.

24 For example, comment letters 20, 65, 83, 98, Perth roundtable 1, Virtual roundtable 1 of 3 and Sydney roundtable 3.

25 For example, comments letters 6, 55, 86, Geelong roundtable and Virtual roundtable 1 of 2.

26 For example, comment letters 98, survey responses S20, S21, S22, S38, Perth roundtable 1, Sydney roundtable 2, Virtual roundtable 1 of 3, Newcastle roundtable, Virtual roundtable 3, Melbourne roundtable 4.

27 While the AASB's Conceptual Frameworks themselves are not legislative instruments, the accounting policy hierarchy described in AASB 108 can require an entity to consider relevant aspects of the Framework when developing and applying accounting policies in the absence of a specific accounting standard.

28 For example, comment letter 83 and Virtual roundtable 2 of 2.

uncertainty',[29] and to adopt more 'common' language by replacing the words 'free from error' with 'accurate' when describing 'faithful representation'[30]).[31]

Question to Board members

Q1. Do Board members have any questions about the summary of stakeholder feedback?

Section Three: Staff analysis and recommendations

29 Feedback summarised in the previous section indicates that stakeholders generally supported the proposal described in SMC 2. However, opposing feedback has identified several important matters that warrant further consideration and deliberation by the Board.

30 Staff have identified three central issues related to SMC 3 for the Board's deliberation and decision:

Issue 1: Should the conceptual content in the ASRS Standards be non-mandatory or mandatory?	
Option 1 (ED SR1)	**Option 2 (IFRS SDS baseline)**
Non-mandatory	Mandatory

Issue 2: Should the conceptual content be based on the AASB's Conceptual Frameworks or IFRS S1?	
Option 1 (ED SR1)	**Option 2 (IFRS SDS baseline)**
AASB's Conceptual Frameworks	IFRS S1 (scope limited to climate)

Issue 3: Subject to decisions on Issues 1 and 2, how should the conceptual content be presented?	
Option 1 (ED SR1)	**Option 2 (IFRS SDS baseline)**
Cross-reference	Incorporate in ASRS 2

31 Staff analysis and recommendations concerning these issues are presented in the following sections:

(a) **Issue 1: Should the conceptual content in the ASRS Standards be non-mandatory or mandatory?**

(b) **Issue 2: Should the conceptual content be based on the AASB's Conceptual Frameworks or IFRS S1?**

(c) **Issue 3: How should the conceptual content be presented?**

---

[29] Paragraphs BC109-110 in IFRS S1 *Basis for Conclusions on General Requirements for Disclosure of Sustainability-related Financial Information*.

[30] Paragraphs BC66 in IFRS S1 *Basis for Conclusions on General Requirements for Disclosure of Sustainability-related Financial Information*.

[31] For example, comment letter 6, Geelong roundtable, Virtual roundtable 1 of 2, and Newcastle roundtable.

Issue 1: Should the conceptual content in the ASRS Standards be non-mandatory or mandatory?

32 This section considers whether a deviation from the IFRS Sustainability Disclosure Standards baseline is necessary to ensure consistency with the AASB's powers and functions under the ASIC Act 2001.

33 As noted above, staff have identified two options for the purposes of analysis:

(a) **Option 1 (ED SR1):** continue with the proposal in ED SR1 for the ASRS Standards to include *non-mandatory* conceptual content; or

(b) **Option 2 (IFRS SDS baseline):** align more closely to the IFRS Sustainability Disclosure Standards baseline in the ASRS Standards and make the conceptual content *mandatory*.

34 It has previously been explained in this paper that the AASB's legislative functions centre on developing conceptual frameworks for the purposes of evaluating proposed accounting standards and sustainability reporting standards that do not have the force of standards—that is, non-mandatory conceptual frameworks.[32]

35 Staff observe there are precedents for referring to content from the AASB's Conceptual Frameworks in Australian Accounting Standards. These include:

(a) the requirement in AASB 18 for an entity to label and describe items presented in the primary financial statements (that is, totals, subtotals and line items) or items disclosed in the notes in a way that *faithfully represents* the characteristics of the item; and

(b) the accounting policy hierarchy described in AASB 108 which, in the absence of a specific accounting standard, requires an entity to apply judgement in developing and applying accounting policies, and elements of the AASB's Conceptual Frameworks must be considered in forming that judgement.

36 Precedents such as these challenge the view that including conceptual content in a mandatory standard would conflict with the AASB's powers and functions under the ASIC Act 2001.

37 Staff have identified various reasons supporting either Option 1 or Option 2 to help inform the Board's deliberations on this issue.

(a) Staff consider the following points to support **Option 1**, whereby the Board would continue with the non-mandatory status of the conceptual content in the ASRS Standards:

(i) including detailed content explaining the concepts in a sustainability-related financial disclosure standard may, at best, be seen to be inconsistent with the 'spirit' of the powers and functions under the ASIC Act and, at worst, a breach of its powers and functions—therefore, there is a risk for the Board in adopting the ISSB's baseline requirements in the ASRS Standards; and

(ii) the majority of respondents to SMC 2 in ED SR1 supported this approach, which offers the benefits summarised in paragraph 24(a)-(c) earlier in this paper.

38 Staff consider the following points to support **Option 2**, whereby the Board would include mandatory conceptual content in the ASRS Standards:

---

32 Refer to Section 227(1)(a)(ii) of the ASIC Act.

(a) there is a precedent for referring to conceptual content from the AASB's Conceptual Frameworks in Australian Accounting Standards (e.g. AASB 18 and AASB 108)—the inclusion of that content has not been identified as being inconsistent with the AASB's powers and functions under the ASIC Act 2001;

(b) IFRS S1 serves a different purpose and function when compared to a conceptual framework—this is particularly significant because the description of the AASB's functions and powers under Section 277(1)(a) of ASIC Act 2001 states that the AASB can "develop conceptual frameworks, not having the force of standards, for purposes of evaluating … proposed sustainability standards and international sustainability standards"—and IFRS S1 is not used for purposes of evaluating proposed sustainability standards;

(c) including this content in the ASRS Standards would strengthen international alignment with the IFRS Sustainability Disclosures baseline approach, which was a strong thematic feature of respondent feedback on ED SR1 more generally;

(d) IFRS S1 contains only a limited amount of the conceptual content in the IASB Conceptual Framework and serves a different purpose (i.e. is not itself a conceptual framework, rather it will assist entities to be able to apply the AASB's Conceptual Frameworks, which will be referenced in the ASRS Standards, in the context of sustainability reporting); and

(e) it would help address various concerns identified by respondents opposed to the proposal described in SMC 2, as summarised in paragraphs 27(a)-(d) earlier in the paper.

39 While both options offer benefits, on balance, staff recommend Option 2 for the above reasons.

Questions to Board members

Q2. Do Board members have any questions about the staff analysis on Issue 1?

Q3. Do Board members agree with the staff recommendation in paragraph 39 to proceed with **Option 2**? If not, what would the Board prefer as an alternative?

Issue 2: Should the conceptual content be based on the AASB's Conceptual Frameworks or IFRS S1?

40 The next key issue for the Board to deliberate and decide on concerns the *source* of the conceptual content—referred to as **Issue 2**—and staff have shortlisted two potential approaches for responding to this matter:

(a) **Option 1 (ED SR1)**: content from the AASB's Conceptual Frameworks; or

(b) **Option 2 (IFRS SDS baseline):** conceptual content from IFRS S1 with a scope limitation to climate-related financial disclosures (rather than sustainability-related financial disclosures).

41 Appendix B presents extracts of the conceptual content from IFRS S1 alongside extracts from the IASB's Conceptual Framework/IAS 8, which may assist the Board in considering the above options.

42 Staff consider the following factors to support using the conceptual content from the AASB's Conceptual Frameworks, as described in **Option 1**:

(a) some (but not all) individuals involved in preparing climate-related financial disclosures will be the same individuals involved in preparing financial statements and will therefore already be familiar with applying the AASB's Conceptual Frameworks; and

(b) climate-related disclosures will fall within GPFR and applying the same conceptual content across the whole annual report would appear to be relevant and practical;

43 Staff consider the following factors to support aligning with the IFRS S1 conceptual content described as **Option 2**:

(a) using the IFRS S1 conceptual content would result in closer alignment between the ASRS Standards and the IFRS Sustainability Disclosure Standards baseline;

(b) the language and characterisation of the IFRS S1 conceptual content has been adapted for application in a sustainability/climate-related financial disclosure context when compared to the content of the AASB's Conceptual Frameworks—the inclusion of this content was premised on a need for subject matter and audience contextualisation;[33]

(c) the nature of the information required to meet the objectives of IFRS S1 differs (in certain respects) compared to the information provided in the financial statements, including the concept of *connected information*[34]—thus, the IFRS S1 conceptual content is intended to be applied in addition to (not instead of) aspects of the content in the AASB's Conceptual Framework; and

(d) conceptual content in IFRS 1 is effectively 'sector-neutral', other than regarding the identified primary users of sustainability information defined in Appendix B of IFRS S1.[35]

44 Staff note that any concerns about sector neutrality would not necessarily be an issue should the Board agree with either Option 1 or Option 2 because:

(a) under Option 1, the ASRS Standards would maintain cross-references to the AASB's Conceptual Frameworks via various Aus paragraphs throughout the Standard (per ED SR1); and

(b) under Option 2, the ASRS Standards would reinstate baseline paragraphs (including paragraphs D1 and D2 from IFRS S1)[36] and include cross-references to the AASB's Conceptual Frameworks.[37]

---

33 That is, the individuals involved in preparing sustainability/climate-related financial disclosures may differ from those involved in preparing information financial disclosures.

34 Staff note that "connected information" is not described as a separate conceptual foundation in the AASB's Conceptual Frameworks.

35 For example, the conceptual content in qualitative characteristics seems unlikely to be different for not-for-profit compared with for-profit entities. In this context, staff note there is no significant difference in the way the qualitative characteristics are expressed in the AASB's Conceptual Frameworks. In addition, any lingering concern about sector neutrality might be mitigated if the AASB were to include not-for-profit guidance in response to SMC 23 and 24 in ASRS 2 (see agenda paper 4.2.1).

36 Paragraphs D1 and D2 explain that qualitative characteristics in the IASB's Conceptual Framework apply to sustainability-related financial information, but the nature of some of the requirements to meet the objectives of the Standard differ in some respects from the information provided in financial statements. References to the IASB's Conceptual Framework would be replaced with references to the AASB's Conceptual Frameworks.

37 Furthermore, any concerns about sector neutrality may be mitigated further if the AASB included some form of not-for-profit guidance in response to SMC 23 and 24 in ASRS 2 (see Agenda Paper 4.2.1).

45 On balance, staff recommend **Option 2**, which incorporates conceptual content from IFRS S1 with a scope limitation to climate-related financial disclosures in the ASRS Standards. This would result in closer alignment with the IFRS Sustainability Disclosure Standards baseline:

(a) where there are concepts that align, the ISSB conceptual content does not conflict with the corresponding content in the AASB's Conceptual Frameworks;[38] and

(b) IFRS S1 clearly states that the ISSB considers the conceptual content to complement the IASB's Conceptual Framework.[39]

46 Option 2 may need to be supplemented with a definition of primary users of GPFR for not-for-profit entities, which could be included with other not-for-profit entity guidance if the Board decides to have such guidance.[40]

Questions to Board members

Q4. Do Board members have any questions about the staff analysis on Issue 2?

Q5. Do Board members agree with the staff recommendation in paragraph 45 to proceed with **Option 2**? If not, what would the Board prefer as an alternative?

Issue 3: How should conceptual content be presented?

47 The presentation of the conceptual content will largely depend on whether the Board determines this should be mandatory or non-mandatory (**Issue 1**) and whether the Board opts for incorporating conceptual content from the AASB's Conceptual Frameworks or IFRS S1 (**Issue 2**).

48 Accordingly, staff have identified two possible presentation options for Board discussion, even though other options may be available:

(a) **Presentation Option 1**: If the Board decides that the conceptual content should be non-mandatory and that content should be from the AASB's Conceptual Frameworks, staff consider cross-referencing the most logical approach; or

(b) **Presentation Option 2**: If the Board agrees with the staff recommendations that the conceptual content should be mandatory and based on the IFRS S1 conceptual content, it would be logical to include it in the mandatory Appendix (or equivalent) to ASRS 2. Staff note that the Board decided in June 2024 that it would prepare a mandatory ASRS 2 that would incorporate the necessary content presented in [draft] ASRS 1 to make ASRS 2 function as a standalone, climate-only Standard.[41]

---

38 Staff note that the comparison of the conceptual content in IFRS S1 and the IASB's Conceptual Framework (in Appendix A to this paper) did not identify any fatal flaws in the IFRS S1 content. However, there may be a need to address a few sweep issues depending on Board decision-making.

39 Paragraph D2 of IFRS S1.

40 Not-for-profit matters related to the ASRS Standards will be discussed further in Agenda Paper 4.2.1.

41 Staff observe there is also technically an option to cross-reference to a voluntary ASRS 1 standard. However due to the interactions of mandatory and non-mandatory standards, staff are concerned this option would increase the complexity of application of a mandatory ASRS 2 standard.

Questions to Board members

Q6. Do Board members have any questions about the staff analysis on Issue 3?

Q7. Does the Board consider **Presentation Option 1** or **Presentation Option 2** to be the preferred approach to presenting conceptual concepts? If not, what would the Board prefer as an alternative?

Appendix A: Extract from Section 227 of the ASIC Act 2001

AASB's functions and powers

Functions

(1) The functions of the AASB are:

(a) to develop conceptual frameworks, not having the force of standards, for the purpose of evaluating:

(i) proposed accounting standards and international accounting standards; and

(ii) proposed sustainability standards and international sustainability standards; and

(b) to make accounting standards under section 334 of the Corporations Act for the purposes of the corporations legislation (other than the excluded provisions); and

(c) to formulate accounting standards for other purposes; and

(ca) to formulate sustainability standards; and

(d) to participate in and contribute to the development of each of the following for world - wide use:

(i) a single set of accounting standards;

(ii) a single set of sustainability standards; and

(e) to advance and promote the main objects of this Part.

Note 1: The AASB was established by subsection 226(1) of the *Australian Securities and Investments Commission Act 1989* and is continued in existence by section 261 of this Act.

Note 2: The standards made under paragraph (b) are given legal effect by the Corporations Act. The standards formulated under paragraph (c) do not have legal effect under the Corporations Act itself but may be applied or adopted by some other authority.

Note 3: The standards formulated under paragraph (ca) do not have legal effect but may be applied or adopted by some other authority.

Note 4: For the framework within which the AASB is to formulate and make these standards, see section 224 and Division 2.

(2) In carrying out its functions under paragraphs (1)(a) and (d), the AASB must have regard to the interests of Australian corporations which raise or propose to raise capital in major international financial centres.

Power to establish committees etc.

(3) The AASB has power to establish committees, advisory panels and consultative groups.

Manner of making or formulating standards

(4) Without limiting subsection (1), the AASB:

(a) may make or formulate an accounting standard by issuing the text of an international accounting standard; and

(b) may formulate a sustainability standard by issuing the text of an international sustainability standard.

(5) The text of an international standard referred to in subsection (4) may be modified:

(a) to the extent necessary to take account of the Australian legal or institutional environment; and

(b) in particular, to ensure that any disclosure and transparency provisions in the standard are appropriate to the Australian legal or institutional environment.

Manner of participating in the development of international standards

(6) Without limiting paragraph (1)(d), the AASB may distribute for consultation the text of:

(a) a draft international accounting standard; or

(b) a draft international sustainability standard;

(whether or not modified to take account of the Australian legal or institutional environment).

Appendix B: Conceptual content in IFRS S1 and IASB's Conceptual Framework/IAS 8

This appendix presents the conceptual content from IFRS S1 alongside extracts from the IASB's Conceptual Framework/IAS 8.[42]

IFRS S1	IASB's Conceptual Framework/IAS 8
Conceptual foundations 10 – For sustainability-related financial information to be useful, it must be relevant and faithfully represent what it purports to represent. These are fundamental qualitative characteristics of useful sustainability-related financial information. The usefulness of sustainability-related financial information is enhanced if the information is comparable, verifiable, timely and understandable. These are enhancing qualitative characteristics of useful sustainability-related financial information (see Appendix D).	2.4 – If financial information is to be useful, it must be relevant and faithfully represent what it purports to represent. The usefulness of financial information is enhanced if it is comparable, verifiable, timely and understandable.
Fair presentation 11 – A complete set of sustainability-related financial disclosures shall present fairly all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects. 12 – To identify sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects, an entity shall apply paragraphs B1–B12. 13 – Fair presentation requires disclosure of relevant information about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects, and their faithful representation in accordance with the principles set out in this Standard. To achieve faithful representation, an entity shall provide a complete, neutral and accurate depiction of those sustainability-related risks and opportunities. 14 – Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates, in the context of the entity's sustainability-related financial disclosures. 15 – Fair presentation also requires an entity:	Some aspects of 'fair presentation' are addressed in paragraphs 2.12 to 2.8 (referenced below when comparing with Appendix D paragraphs). Other aspects of 'fair presentation' are currently addressed in IAS 1/AASB 101 – and when IFRS 18/AASB 18 applies in IAS 8/AASB 108. The relevant IAS 8 paragraphs are noted below. 6A – Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the *Conceptual Framework for Financial Reporting* (*Conceptual Framework*). The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation. 6C – In virtually all circumstances, an entity achieves a fair presentation by compliance with applicable IFRSs. A fair presentation also requires an entity: (a) to select and apply accounting policies in accordance with this Standard. This Standard sets out a hierarchy of authoritative guidance that

[42] IAS 8/AASB 108 *Basis of Preparation of Financial Statements*.

IFRS S1	IASB’s Conceptual Framework/IAS 8
(a) to disclose information that is comparable, verifiable, timely and understandable; and (b) to disclose additional information if compliance with the specifically applicable requirements in IFRS Sustainability Disclosure Standards is insufficient to enable users of general purpose financial reports to understand the effects of sustainability-related risks and opportunities on the entity’s cash flows, its access to finance and cost of capital over the short, medium and long term. 16 – Applying IFRS Sustainability Disclosure Standards, with additional information disclosed when necessary (see paragraph 15(b)), is presumed to result in sustainability-related financial disclosures that achieve fair presentation.	management considers in the absence of an IFRS that specifically applies to an item. (b) to present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information. (c) to provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance.
Materiality 17 – An entity shall disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect the entity’s prospects. 18 – In the context of sustainability-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity. 19 – To identify and disclose material information, an entity shall apply paragraphs B13–B37	2.11 – Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial reports (see paragraph 1.5) make on the basis of those reports, which provide financial information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity’s financial report. Consequently, the Board cannot specify a uniform quantitative threshold for materiality or predetermine what could be material in a particular situation.
Reporting entity 20 – An entity’s sustainability-related financial disclosures shall be for the same reporting entity as the related financial statements (see paragraph B38).	3.10 – A reporting entity is an entity that is required, or chooses, to prepare financial statements. A reporting entity can be a single entity or a portion of an entity or can comprise more than one entity. A reporting entity is not necessarily a legal entity. 3.11 – Sometimes one entity (parent) has control over another entity (subsidiary). If a reporting entity comprises both the parent and its subsidiaries, the reporting entity’s financial statements are referred to as ‘consolidated financial statements’ (see paragraphs 3.15–3.16). If a reporting entity is the parent alone, the reporting entity’s financial statements are referred to as ‘unconsolidated financial statements’ (see paragraphs 3.17–3.18).

IFRS S1	IASB's Conceptual Framework/IAS 8
	3.12 – If a reporting entity comprises two or more entities that are not all linked by a parent-subsidiary relationship, the reporting entity's financial statements are referred to as 'combined financial statements'. 3.13 – Determining the appropriate boundary of a reporting entity can be difficult if the reporting entity: (a) is not a legal entity; and (b) does not comprise only legal entities linked by a parent-subsidiary relationship. 3.14 – In such cases, determining the boundary of the reporting entity is driven by the information needs of the primary users of the reporting entity's financial statements. Those users need relevant information that faithfully represents what it purports to represent. Faithful representation requires that: (a) the boundary of the reporting entity does not contain an arbitrary or incomplete set of economic activities; (b) including that set of economic activities within the boundary of the reporting entity results in neutral information; and (c) a description is provided of how the boundary of the reporting entity was determined and of what constitutes the reporting entity.
Connected information 21 – An entity shall provide information in a manner that enables users of general purpose financial reports to understand the following types of connections: (a) the connections between the items to which the information relates —such as connections between various sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects; and (b) the connections between disclosures provided by the entity: (i) within its sustainability-related financial disclosures—such as connections between disclosures on governance, strategy, risk management and metrics and targets; and (ii) across its sustainability-related financial disclosures and other general purpose financial reports published by the entity —such as its related financial statements (see paragraphs B39–B44).	No comparative paragraph

IFRS S1	IASB's Conceptual Framework/IAS 8
22 – An entity shall identify the financial statements to which the sustainability-related financial disclosures relate. 21 – Data and assumptions used in preparing the sustainability-related financial disclosures shall be consistent—to the extent possible considering the requirements of IFRS Accounting Standards or other applicable GAAP— with the corresponding data and assumptions used in preparing the related financial statements (see paragraph B42). 23 – When currency is specified as the unit of measure in the sustainability-related financial disclosures, the entity shall use the presentation currency of its related financial statements	
D1 – The Conceptual Framework for Financial Reporting (Conceptual Framework) was issued by the International Accounting Standards Board (IASB). It describes the objective of, and the concepts that apply to, general purpose financial reports. One purpose of the Conceptual Framework is to assist the IASB to develop IFRS Accounting Standards for preparing financial statements based on consistent concepts. D2 – Sustainability-related financial disclosures are part of general purpose financial reports. The qualitative characteristics in the Conceptual Framework, therefore, apply to sustainability-related financial information. However, the nature of some of the information required to meet the objective of this Standard (see paragraphs 1–4) differs in some respects from the information provided in financial statements. D3 – Sustainability-related financial information is useful if it is relevant and faithfully represents what it purports to represent. Relevance and faithful representation are fundamental qualitative characteristics of useful sustainability-related financial information. The usefulness of sustainability-related financial information is enhanced if the information is comparable, verifiable, timely and understandable. Comparability, verifiability, timeliness and understandability are enhancing characteristics of useful sustainability-related financial information	2.4 – If financial information is to be useful, it must be relevant and faithfully represent what it purports to represent. The usefulness of financial information is enhanced if it is comparable, verifiable, timely and understandable.

IFRS S1	IASB's Conceptual Framework/IAS 8
Relevance D4 – Relevant sustainability-related financial information is capable of making a difference in the decisions made by primary users. Information may be capable of making a difference in a decision even if some users choose not to take advantage of it or are already aware of it from other sources. Sustainability-related financial information is capable of making a difference in decisions made by users if it has predictive value, confirmatory value or both. D5 – Sustainability-related financial information has predictive value if it can be used as an input to processes employed by primary users to predict future outcomes. Sustainability-related financial information need not be a prediction or forecast to have predictive value. Sustainability-related financial information with predictive value is employed by primary users in making their own predictions. For example, information about water quality, which can include information about the water being polluted, could inform the expectations of users about the ability of an entity to meet local water-quality requirements.	2.6 – Relevant financial information is capable of making a difference in the decisions made by users. Information may be capable of making a difference in a decision even if some users choose not to take advantage of it or are already aware of it from other sources. 2.7 – Financial information is capable of making a difference in decisions if it has predictive value, confirmatory value or both. 2.8 – Financial information has predictive value if it can be used as an input to processes employed by users to predict future outcomes. Financial information need not be a prediction or forecast to have predictive value. Financial information with predictive value is employed by users in making their own predictions.
D6 – Sustainability-related financial information has confirmatory value if it provides feedback about (confirms or changes) previous evaluations.	2.9 – Financial information has confirmatory value if it provides feedback about (confirms or changes) previous evaluations.

IFRS S1	IASB's Conceptual Framework/IAS 8
D7 – The predictive value and confirmatory value of sustainability-related financial information are interrelated. Information that has predictive value often also has confirmatory value. For example, information for the current year about greenhouse gas emissions, which can be used as the basis for predicting greenhouse gas emissions in future years, can also be compared with predictions about greenhouse gas emissions for the current year that were made in past years. The results of those comparisons can help a user to correct and improve the processes that were used to make those previous predictions.	2.10 – The predictive value and confirmatory value of financial information are interrelated. Information that has predictive value often also has confirmatory value. For example, revenue information for the current year, which can be used as the basis for predicting revenues in future years, can also be compared with revenue predictions for the current year that were made in past years. The results of those comparisons can help a user to correct and improve the processes that were used to make those previous predictions.
Materiality D8 – 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, which provide information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance. The materiality of information is assessed in the context of an entity's sustainability-related financial disclosures and is based on the nature or magnitude of the item to which the information relates, or both.	2.11 – Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial reports (see paragraph 1.5) make on the basis of those reports, which provide financial information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity's financial report. Consequently, the Board cannot specify a uniform quantitative threshold for materiality or predetermine what could be material in a particular situation.
Faithful Representation D9 – Sustainability-related financial information represents phenomena in words and numbers. To be useful, the information must not only represent relevant phenomena, it must also faithfully represent the substance of the phenomena that it purports to represent.	2.12 – Financial reports represent economic phenomena in words and numbers. To be useful, financial information must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon (see paragraphs 4.59–4.62).

IFRS S1	IASB's Conceptual Framework/IAS 8
D10 – To be a faithful representation, a depiction would be complete, neutral and **accurate**. The objective of general purpose financial reports is to maximise those qualities to the extent possible. *[emphasis added]*	2.13 – To be a perfectly faithful representation, a depiction would have three characteristics. It would be complete, neutral and **free from error**. Of course, perfection is seldom, if ever, achievable. The Board's objective is to maximise those qualities to the extent possible. *[emphasis added]*
D11 – A complete depiction of a sustainability-related risk or opportunity includes all material information necessary for primary users to understand that risk or opportunity.	2.14 – A complete depiction includes all information necessary for a user to understand the phenomenon being depicted, including all necessary descriptions and explanations. For example, a complete depiction of a group of assets would include, at a minimum, a description of the nature of the assets in the group, a numerical depiction of all of the assets in the group, and a description of what the numerical depiction represents (for example, historical cost or fair value). For some items, a complete depiction may also entail explanations of significant facts about the quality and nature of the items, factors and circumstances that might affect their quality and nature, and the process used to determine the numerical depiction.

IFRS S1	IASB's Conceptual Framework/IAS 8
D12 – Sustainability-related financial information shall be neutral. A neutral depiction is one without bias in the selection or disclosure of information. Information is neutral if it is not slanted, weighted, emphasised, deemphasised or otherwise manipulated to make it more likely that primary users will receive that information favourably or unfavourably. Neutral information is not information without purpose or without influence on behaviour. On the contrary, relevant information is, by definition, capable of making a difference in users' decisions.	2.15 – A neutral depiction is without bias in the selection or presentation of financial information. A neutral depiction is not slanted, weighted, emphasised, de-emphasised or otherwise manipulated to increase the probability that financial information will be received favourably or unfavourably by users. Neutral information does not mean information with no purpose or no influence on behaviour. On the contrary, relevant financial information is, by definition, capable of making a difference in users' decisions.
D13 – Some sustainability-related financial information—for example, targets or plans—is aspirational. A neutral discussion of such matters covers both aspirations and the factors that could prevent an entity from achieving these aspirations.	No equivalent paragraph

IFRS S1	IASB's Conceptual Framework/IAS 8
D14 – Neutrality is supported by the exercise of prudence. Prudence is the exercise of caution when making judgements under conditions of uncertainty. The exercise of prudence means that opportunities are not overstated and risks are not understated. Equally, the exercise of prudence does not allow for the understatement of opportunities or the overstatement of risks.	2.16 – Neutrality is supported by the exercise of prudence. Prudence is the exercise of caution when making judgements under conditions of uncertainty. The exercise of prudence means that assets and income are not overstated and liabilities and expenses are not understated. Equally, the exercise of prudence does not allow for the understatement of assets or income or the overstatement of liabilities or expenses. Such misstatements can lead to the overstatement or understatement of income or expenses in future periods 2.17 – The exercise of prudence does not imply a need for asymmetry, for example, a systematic need for more persuasive evidence to support the recognition of assets or income than the recognition of liabilities or expenses. Such asymmetry is not a qualitative characteristic of useful financial information. Nevertheless, particular Standards may contain asymmetric requirements if this is a consequence of decisions intended to select the most relevant information that faithfully represents what it purports to represent.

IFRS S1	IASB's Conceptual Framework/IAS 8
D15 – Sustainability-related financial information shall be accurate. Information can be accurate without being perfectly precise in all respects. The precision needed and attainable, and the factors that make information accurate, depend on the nature of the information and the nature of the matters to which it relates. For example, accuracy requires that: (a) factual information is free from material error; (b) descriptions are precise; (c) estimates, approximations and forecasts are clearly identified as such; (d) no material errors are made in selecting and applying an appropriate process for developing an estimate, approximation or forecast; (e) assertions and inputs used in developing estimates are reasonable and based on information of sufficient quality and quantity; and (f) information on judgements about the future faithfully reflects both those judgements and the information on which they are based.	2.18 – Faithful representation does not mean accurate in all respects. Free from error means there are no errors or omissions in the description of the phenomenon, and the process used to produce the reported information has been selected and applied with no errors in the process. In this context, free from error does not mean perfectly accurate in all respects. For example, an estimate of an unobservable price or value cannot be determined to be accurate or inaccurate. However, a representation of that estimate can be faithful if the amount is described clearly and accurately as being an estimate, the nature and limitations of the estimating process are explained, and no errors have been made in selecting and applying an appropriate process for developing the estimate.

IFRS S1	IASB's Conceptual Framework/IAS 8
Measurement uncertainty There are six paragraphs (77 to 82) on 'measurement uncertainty that are not presented as being conceptual content	2.19 – When monetary amounts in financial reports cannot be observed directly and must instead be estimated, measurement uncertainty arises. The use of reasonable estimates is an essential part of the preparation of financial information and does not undermine the usefulness of the information if the estimates are clearly and accurately described and explained. Even a high level of measurement uncertainty does not necessarily prevent such an estimate from providing useful information (see paragraph 2.22).
Applying the fundamental qualitative characteristics (relevance and faithful representation) No ASRS 1 content	2.20 – Information must both be relevant and provide a faithful representation of what it purports to represent if it is to be useful. Neither a faithful representation of an irrelevant phenomenon nor an unfaithful representation of a relevant phenomenon helps users make good decisions. 2.21 – The most efficient and effective process for applying the fundamental qualitative characteristics would usually be as follows (subject to the effects of enhancing characteristics and the cost constraint, which are not considered in this example). First, identify an economic phenomenon, information about which is capable of being useful to users of the reporting entity's financial information. Second, identify the type of information about that phenomenon that would be most relevant. Third, determine whether that information is available and whether it can provide a faithful representation of the economic phenomenon. If so, the process of satisfying the fundamental qualitative characteristics ends at that point. If not, the process is repeated with the next most relevant type of information. 2.22 – In some cases, a trade-off between the fundamental qualitative characteristics may need to be made in order to meet the objective of financial reporting, which is to provide useful information about economic phenomena. For example, the most relevant information about a phenomenon may be a highly uncertain estimate. In some cases, the level of measurement uncertainty involved in making that estimate may be so high that it may be questionable whether the estimate would provide a sufficiently faithful representation of that phenomenon. In some such cases, the most useful information may be the highly uncertain

IFRS S1	IASB's Conceptual Framework/IAS 8
	estimate, accompanied by a description of the estimate and an explanation of the uncertainties that affect it. In other such cases, if that information would not provide a sufficiently faithful representation of that phenomenon, the most useful information may include an estimate of another type that is slightly less relevant but is subject to lower measurement uncertainty. In limited circumstances, there may be no estimate that provides useful information. In those limited circumstances, it may be necessary to provide information that does not rely on an estimate.
Comparability D16 – The usefulness of sustainability-related financial information is enhanced if it is comparable, verifiable, timely and understandable. D17 – The decisions made by the primary users of general purpose financial reports involve choosing between alternatives; for example, selling or holding an investment, or investing in one reporting entity or another. Comparability is the characteristic that enables users to identify and understand similarities in, and differences among, items. Unlike the other qualitative characteristics, comparability does not relate to a single item. A comparison requires at least two items. Information is more useful to users if it is also comparable, that is, if it can be compared with: (a) information provided by the entity in previous periods; and (b) information provided by other entities, in particular those with similar activities or operating within the same industry.	2.24 – Users' decisions involve choosing between alternatives, for example, selling or holding an investment, or investing in one reporting entity or another. Consequently, information about a reporting entity is more useful if it can be compared with similar information about other entities and with similar information about the same entity for another period or another date. 2.25 – Comparability is the qualitative characteristic that enables users to identify and understand similarities in, and differences among, items. Unlike the other qualitative characteristics, comparability does not relate to a single item. A comparison requires at least two items.
D18 – Sustainability-related financial disclosures shall be provided in a way that enhances comparability.	
D19 – Consistency is related to, but is not the same as, comparability. Consistency refers to the use of the same approaches or methods for providing disclosures about the same sustainability-related risks and opportunities, from period to period, both by a reporting entity and other entities. Comparability is the goal; consistency helps to achieve that goal.	2.26 – Consistency, although related to comparability, is not the same. Consistency refers to the use of the same methods for the same items, either from period to period within a reporting entity or in a single period across entities. Comparability is the goal; consistency helps to achieve that goal.
D20 – Comparability is not uniformity. For information to be comparable, like things shall look alike and different things shall look different. Comparability of	2.27 – Comparability is not uniformity. For information to be comparable, like things must look alike and different things must look different. Comparability of

IFRS S1	IASB's Conceptual Framework/IAS 8
sustainability-related financial information is not enhanced by making unlike things look alike any more than it is enhanced by making like things look different.	financial information is not enhanced by making unlike things look alike any more than it is enhanced by making like things look different. 2.28 – Some degree of comparability is likely to be attained by satisfying the fundamental qualitative characteristics. A faithful representation of a relevant economic phenomenon should naturally possess some degree of comparability with a faithful representation of a similar relevant economic phenomenon by another reporting entity. 2.29 – Although a single economic phenomenon can be faithfully represented in multiple ways, permitting alternative accounting methods for the same economic phenomenon diminishes comparability.
Verifiability D21 - Verifiability helps to give users confidence that information is complete, neutral and accurate. Information is verifiable if it is possible to corroborate either the information itself or the inputs used to derive it. Verifiable information is more useful to primary users than information that is not verifiable. D22 – Verifiability means that various knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation. Quantified information need not be a single point estimate to be verifiable. A range of possible amounts and the related probabilities could also be verified.	2.30 – Verifiability helps assure users that information faithfully represents the economic phenomena it purports to represent. Verifiability means that different knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation. Quantified information need not be a single point estimate to be verifiable. A range of possible amounts and the related probabilities can also be verified.
D23 – Sustainability-related financial information shall be provided in a way that enhances its verifiability. Verifiability can be enhanced by, for example: (a) including information that can be corroborated by comparing it with other information available to primary users about an entity's business, about other businesses or about the external environment in which the entity operates; (b) providing information about inputs and methods of calculation used to produce estimates or approximations; and (c) providing information reviewed and agreed by the entity's board, board committees or equivalent bodies.	2.31 – Verification can be direct or indirect. Direct verification means verifying an amount or other representation through direct observation, for example, by counting cash. Indirect verification means checking the inputs to a model, formula or other technique and recalculating the outputs using the same methodology. An example is verifying the carrying amount of inventory by checking the inputs (quantities and costs) and recalculating the ending inventory using the same cost flow assumption (for example, using the first-in, first-out method).
D24 – Some sustainability-related financial information will be presented as explanations or forward-looking information. That information can be supportable,	2.32 – It may not be possible to verify some explanations and forward-looking financial information until a future period, if at all. To help users decide whether

IFRS S1	IASB’s Conceptual Framework/IAS 8
for example by faithfully representing fact-based strategies, plans and risk analyses. To help primary users decide whether to use such information, an entity shall describe the underlying assumptions and methods of producing the information, as well as other factors that provide evidence that the information reflects the actual plans or decisions made by the entity.	they want to use that information, it would normally be necessary to disclose the underlying assumptions, the methods of compiling the information and other factors and circumstances that support the information.
Timeliness D25 – Timeliness means having information available to decision-makers in time to be capable of influencing their decisions. Generally, the older information is, the less useful it is. However, some information may continue to be timely long after the end of a reporting period because, for example, some users may need to identify and assess trends.	2.33 – Timeliness means having information available to decision-makers in time to be capable of influencing their decisions. Generally, the older the information is the less useful it is. However, some information may continue to be timely long after the end of a reporting period because, for example, some users may need to identify and assess trends.
Understandability D26 – Sustainability-related financial information shall be clear and concise. For sustainability-related financial disclosures to be concise, they need: (a) to avoid generic information, sometimes called ‘boilerplate’, that is not specific to the entity; (b) to avoid duplication of information in the general purpose financial reports, including unnecessary duplication of information also provided in the related financial statements; and (c) to use clear language and clearly structured sentences and paragraphs.	2.34 – Classifying, characterising and presenting information clearly and concisely makes it understandable.
D27 – The clearest form a disclosure can take will depend on the nature of the information and might include tables, graphs or diagrams in addition to narrative text. If graphs or diagrams are used, additional text or tables might be necessary to avoid obscuring material detail. D28 – Clarity might be enhanced by distinguishing information about developments in the reporting period from ‘standing’ information that remains unchanged, or changes little, from one period to the next—for example, by separately describing features of an entity’s sustainability-related governance and risk management processes that have changed since the previous reporting period.	2.35 – Some phenomena are inherently complex and cannot be made easy to understand. Excluding information about those phenomena from financial reports might make the information in those financial reports easier to understand. However, those reports would be incomplete and therefore possibly misleading.

IFRS S1	IASB's Conceptual Framework/IAS 8
D29 – Disclosures are concise if they include only material information. Any immaterial information included shall be provided in a way that avoids obscuring material information. D30 – Some sustainability-related risks and opportunities are inherently complex and might be difficult to present in a manner that is easy to understand. An entity shall present such information as clearly as possible. However, complex information about these risks and opportunities shall not be excluded from general purpose financial reports to make those reports easier to understand. Excluding such information would render those reports incomplete and, therefore, possibly misleading. D31 – The completeness, clarity and comparability of sustainability-related financial information all rely on information being presented as a coherent whole. For sustainability-related financial information to be coherent, it shall be presented in a way that explains the context and the connections between the related items of information.	
D32 – If sustainability-related risks and opportunities located in one part of an entity's general purpose financial reports have implications for information disclosed in other parts, the entity shall include the information necessary for users to assess those implications.	2.36 – Financial reports are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.
D33 – Coherence also requires an entity to provide information in a way that allows users to relate information about its sustainability-related risks and opportunities to information in the entity's financial statements.	No equivalent paragraph