



Subject: Minutes of the 199th meeting of the AASB
Venue: Videoconference
Held: Wednesday, 11 October 2023, 10.00 am – 12.55 pm

All agenda items were discussed in public, except for items 1 and 6.

Attendance

Members
Keith Kendall (Chair)
Alison White (Deputy Chair)
Carolyn Cordery
James Grant (part of meeting)
Dean Hanlon (part of meeting)
David Holland
Adrian King
Toby Langley
Liza Maimone (part of meeting)
Mathew Nelson
Sean Osborn
Paul Rogers
Caroline Spencer
Stephen Taylor

Apologies
James Grant (12.20 pm – 12.55 pm)
Dean Hanlon (12.15 pm – 12.55 pm)
Liza Maimone (10.00 am – 10.15 am)

In attendance

Staff
Clark Anstis
Patricia Au
Aanchal Bhandari
Fridrich Housa
Kathleen John
Eric Lee
Ao Li
Maggie Man
Lachlan McDonald-Kerr
Helena Simkova
Claire Thomson
Jia Wei
Justin Williams

Other
Doug Niven, AUASB Chair – agenda item 1



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.

Climate-related Financial Disclosures

The Board approved the publication of Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information* for a 120-day comment period, rather than the 90-day period decided previously. Ten Board members voted in favour of issuing the ED as soon as possible, prior to the anticipated policy announcement of the Australian Government given the uncertainty over its timing, and four Board members voted to wait for the policy announcement before issuing the ED with such revisions as might then be appropriate.

The Board decided that ED SR1 will include three proposed Australian Sustainability Reporting Standards (ASRS Standards):

- (a) [draft] ASRS 1 *General Requirements for Disclosure of Climate-related Financial Information*, which is based on IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*;
- (b) [draft] ASRS 2 *Climate-related Financial Disclosures*, which is based on IFRS S2 *Climate-related Disclosures*; and
- (c) [draft] ASRS 101 *References in Australian Sustainability Reporting Standards*, a draft service Standard to list the relevant versions of any non-legislative documents published in Australia and foreign documents that are referenced in ASRS Standards.

Further to its decisions at its August 2023 meeting to modify the baseline of IFRS S1 and IFRS S2 for the Board's Exposure Draft, the Board decided to propose additional modifications in the [draft] ASRS 1 and [draft] ASRS 2 in the ED, including the following:

- (a) require an entity that determines that there are no material climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects to disclose this fact and explain how it came to this conclusion;
- (b) require an entity to provide information in a manner that enables users to locate its disclosures prepared in accordance with applicable ASRS Standards;
- (c) clarify that the scope of [draft] ASRS 2 is limited to climate-related risks and opportunities related to climate change and does not apply to other climate-related emissions (e.g. ozone depleting emissions) that are not greenhouse gas (GHG) emissions;
- (d) modify certain terms defined in IFRS S2 to remove references to Standards issued by the Greenhouse Gas Protocol Initiative;



- (e) require an entity to convert greenhouse gases into a CO₂ equivalent value using the global warming potential values from the same Intergovernmental Panel on Climate Change assessment report as that applying under the Paris Agreement and the *National Greenhouse and Energy Reporting Act 2007* and related regulations (NGER Scheme legislation);
- (f) require an entity to prioritise applying relevant methodologies in NGER Scheme legislation as the default methodologies for measuring GHG emissions before referring to foreign measurement frameworks;
- (g) include the 15 Scope 3 GHG emission categories set out in IFRS S2 as examples that an entity could consider when disclosing the sources of its Scope 3 GHG emissions, rather than requiring an entity to disclose the sources of emissions in accordance with the 15 categories;
- (h) permit an entity to disclose Scope 3 GHG emissions measured using data for the immediately preceding reporting period, if reasonable and supportable data related to the current reporting period is not available to the entity at the reporting date without undue cost or effort;
- (i) specify that carbon credits issued under the Australian Carbon Credit Unit Scheme are carbon credits for the purposes of [draft] ASRS 2;
- (j) require an entity that participates in asset management, commercial banking or financial activities associated with insurance to consider the applicability of the additional disclosures related to financed emissions, based on IFRS S2 paragraphs B58–B63; and
- (k) require an entity that would be required by the *Corporations Act 2001* to prepare climate-related financial disclosures to:
 - (i) undertake climate resilience assessments against at least two possible future states, one of which must be consistent with the most ambitious global temperature goal set out in the *Climate Change Act 2022* (i.e. 1.5°C above pre-industrial levels); and
 - (ii) disclose its market-based Scope 2 GHG emissions, with transitional relief for the first three annual reporting periods in which the entity applies [draft] ASRS 2.

The Board decided to review future outreach plans of the staff to ensure that both for-profit entities and not-for-profit entities across Australia are given the opportunity to engage on the proposals in the ED.

Action:

Staff

Apologies, Declarations of Interests, Minutes and Approvals Out of Session

Agenda Item 2

Apologies

Apologies were noted from James Grant, Dean Hanlon and Liza Maimone 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 one hundred and ninety-eighth meeting, held on 13-14 September 2023.

Approvals Out of Session

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

- ED 326 *Annual Improvements to Australian Accounting Standards – Volume 11*.

Not-for-Profit Domestic Post-implementation Reviews

Agenda Item 3

The Board discussed a framework to support an objective and consistent decision-making process when considering (1) stakeholders' feedback and other evidence gathered from post-implementation reviews, and (2) the Board's responses.

The Board also noted an overview of feedback received on Invitation to Comment ITC 50 *Post-implementation Review – Income of Not-for-Profit Entities*. The Board will consider the feedback and future actions at a subsequent meeting.

Action:

Staff

Tier 2 – Supplier Finance Arrangements and Lack of Exchangeability

Agenda Item 4

The Board decided to issue an Exposure Draft proposing amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* to require Tier 2 entities to disclose information relating to their supplier finance arrangements.

The proposed disclosures would apply to annual periods beginning on or after 1 January 2024, with earlier application permitted.

The Board decided not to require Tier 2 entities to disclose additional information relating to the effects of non-exchangeable currencies on an entity's financial statements. The Board noted that the disclosure



requirements added to AASB 121 *The Effects of Changes in Foreign Exchange Rates* by AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability* do not apply to Tier 2 entities.

Action:

Staff

Post-implementation Review of IFRS 15

Agenda Item 5

The Board noted that submissions on the IASB's *Request for Information on Post-implementation Review of IFRS 15 Revenue from Contracts with Customers*, which is incorporated in the Board's Invitation to Comment ITC 53, are due by 27 October. The Board appointed a sub-committee to finalise the Board's submission to the IASB.

Action:

Staff

Sub-committee

Review of the Meeting

Agenda Item 6 – discussed in private

The Board reviewed the conduct of the meeting.

Close of the Meeting

The Chair closed the meeting at 12.55 pm on Wednesday, 11 October 2023.

Approval of Minutes

Signed by the Chair as a correct record,
this 29th day of November 2023.