



Preliminary overview of stakeholder feedback on ED SR1

AASB Board Meeting
May 2024



Structure of this session

- This presentation will focus on the following **four themes**:
 1. The **background to stakeholder engagement and outreach on Exposure Draft SR1 *Australian Sustainability Disclosure Standards – Climate-related Financial Information*** (ED SR1)
 2. An overview of **quantitative feedback on SMCS 1-8 on [draft] ASRS 1**
 3. An overview of **quantitative feedback on SMCS 9-13 on [draft] ASRS 2**
 4. An overview of **quantitative feedback on SMCS 14-22 on [draft] ASRS 2**

Outreach and data sources

Comment period: Oct 2023 – March 2024

Education activities: Oct 2023 – Jan 2024

Physical events, virtual events and asynchronous content

Outreach events: Jan 2024 – Feb 2024

In-person roundtables throughout Australia (19) and virtual roundtables (3)

Stakeholder feedback on ED SR1



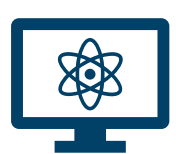
Outreach activities

1000+ registrations



Comment letters

117 received



Online surveys

289 submitted

Summarising, analysing and considering stakeholder feedback to ED SR1 is on-going



Disclaimers

- The views presented here are those of the staff and do not necessarily reflect the views of the Board
- Each stakeholder response has been weighted equally
- Quantitative data is only one piece of the overall picture – it is not necessarily indicative of outcomes or decisions
- Quantitative data presented here is subject to limitations including:
 - Potential for double counting across activities (e.g. completion of survey and submission of comment letter)
 - Quantitative choice (e.g. “agree”) was sometimes inconsistent with qualitative explanation (e.g. consistent with “against”)
 - Analysis necessitates judgements



[Draft] ASRS 1 – General Requirements

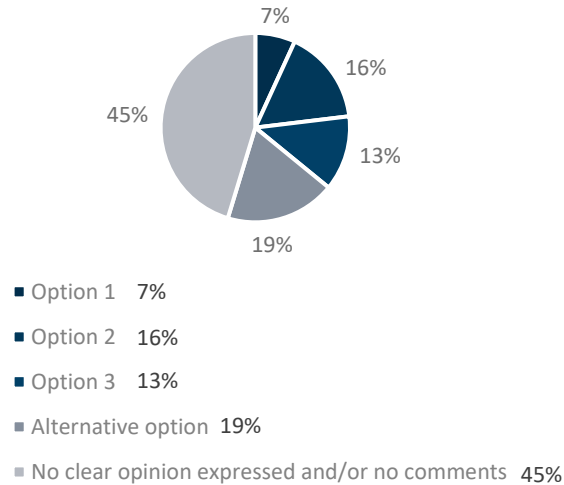
Specific matters for comment 1-8



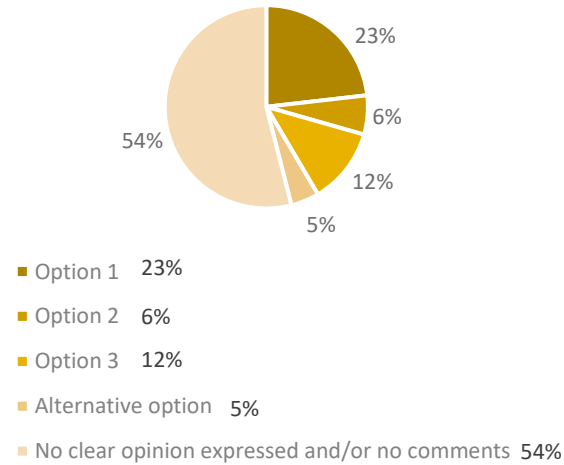
SMC 1 – Presentation of Core Content

Presenting the core content disclosure requirements of IFRS S1 via three shortlisted options (1-3) or any other justifiable alternative

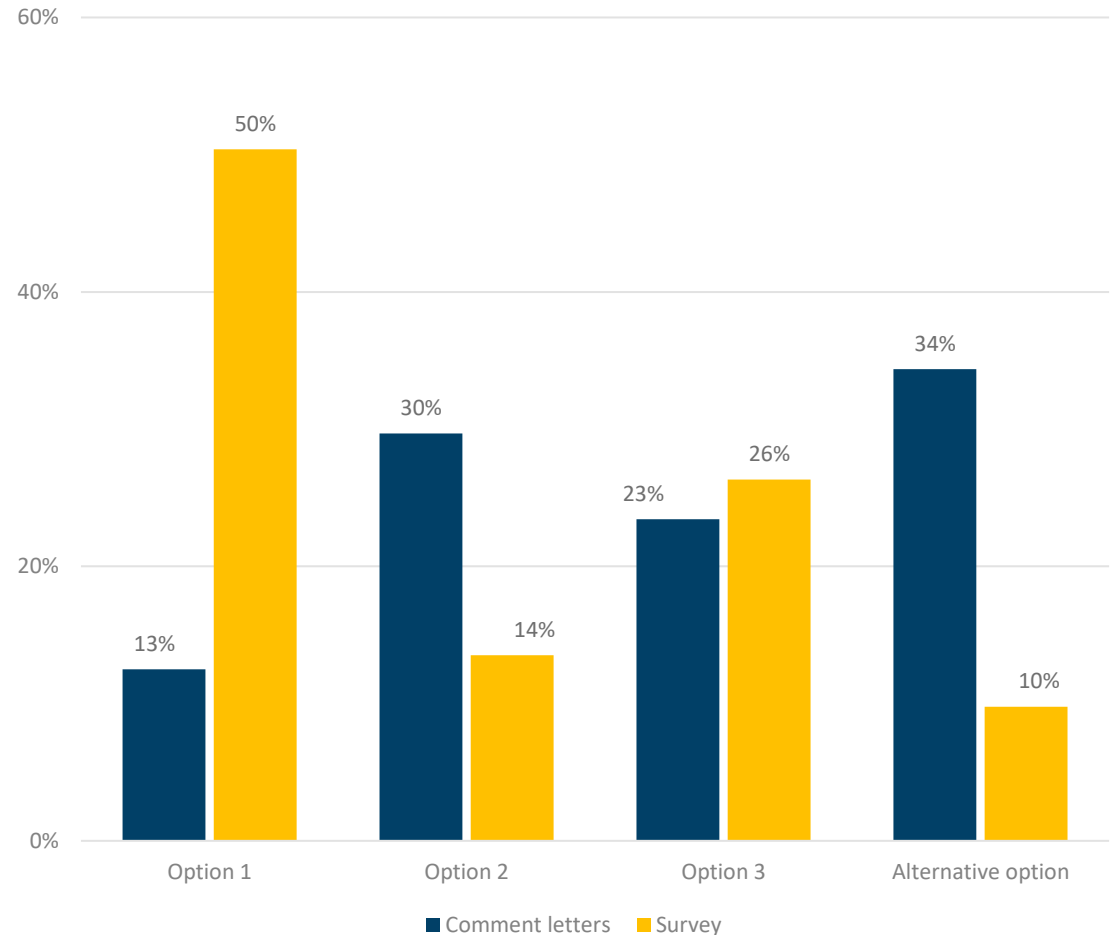
Comment Letter Responses



Survey Responses



Responses for SMC 1
(excluding no comment or no clear opinion)



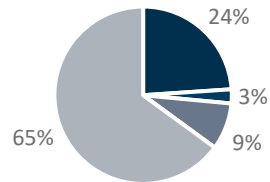
■ Comment letters ■ Survey



SMC 2 – Conceptual Framework

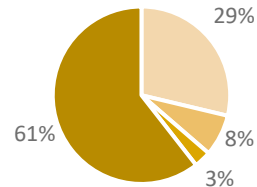
Replace Conceptual Frameworks (CF) components incorporated into IFRS 1 with cross references to the for-profit CF and not-for-profit CF

Comment Letter Responses



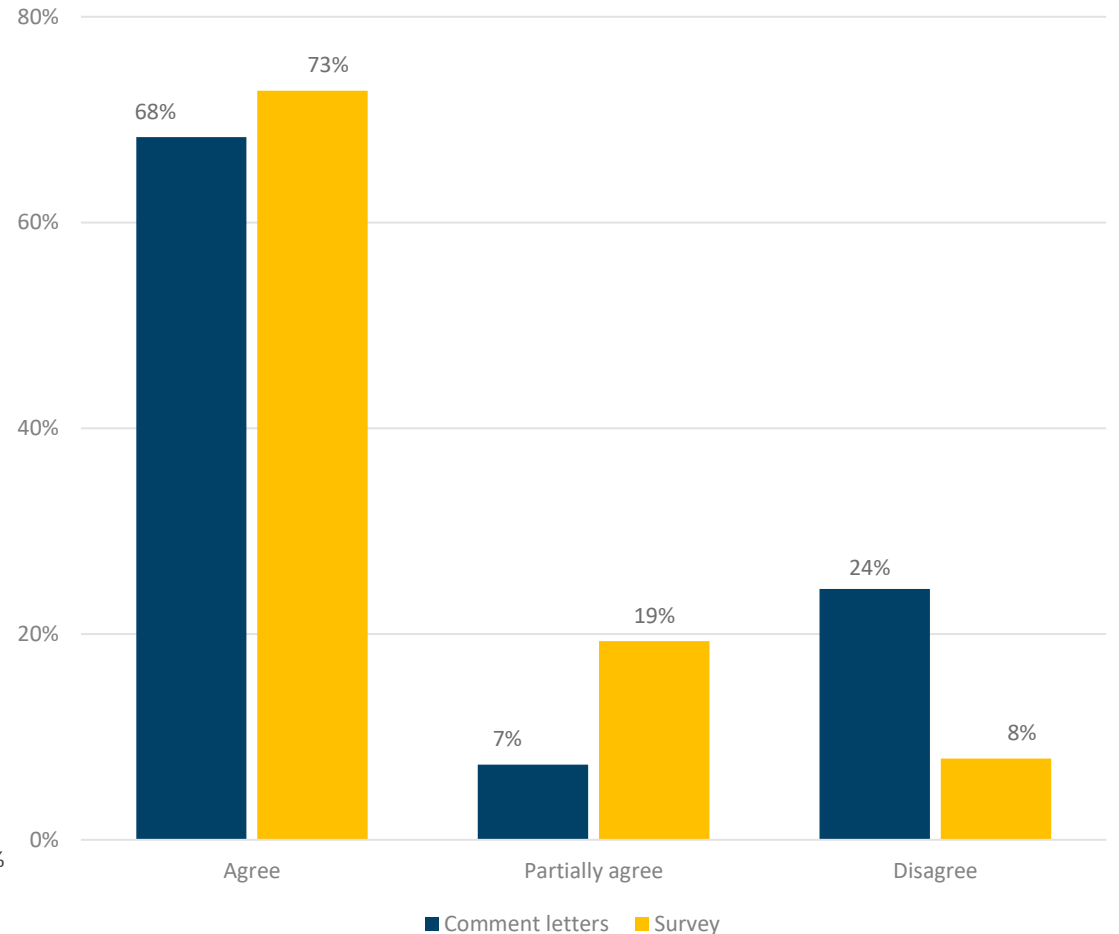
- Agree 24%
- Partially agree 3%
- Disagree 9%
- No clear opinion expressed and/or no comments 65%

Survey Responses



- Agree 29%
- Partially agree 8%
- Disagree 3%
- No clear opinion expressed and/or no comments 61%

Responses for SMC 2
(excluding no comment or no clear opinion)



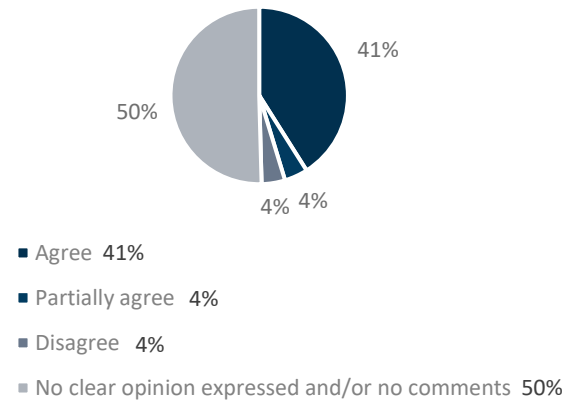
■ Comment letters ■ Survey



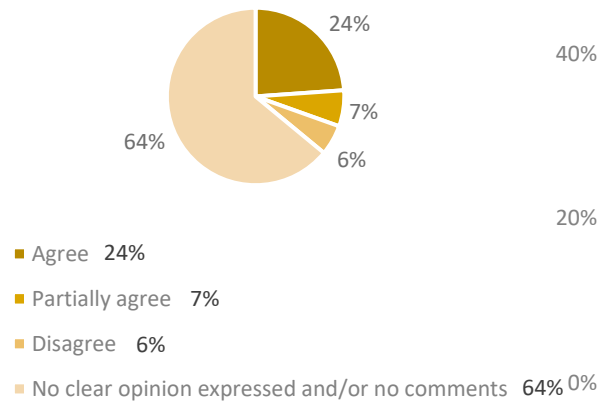
SMC 3 – Materiality

An entity determines that there are no material climate-related risks and opportunities, shall disclose that fact and explain how it came to that conclusion

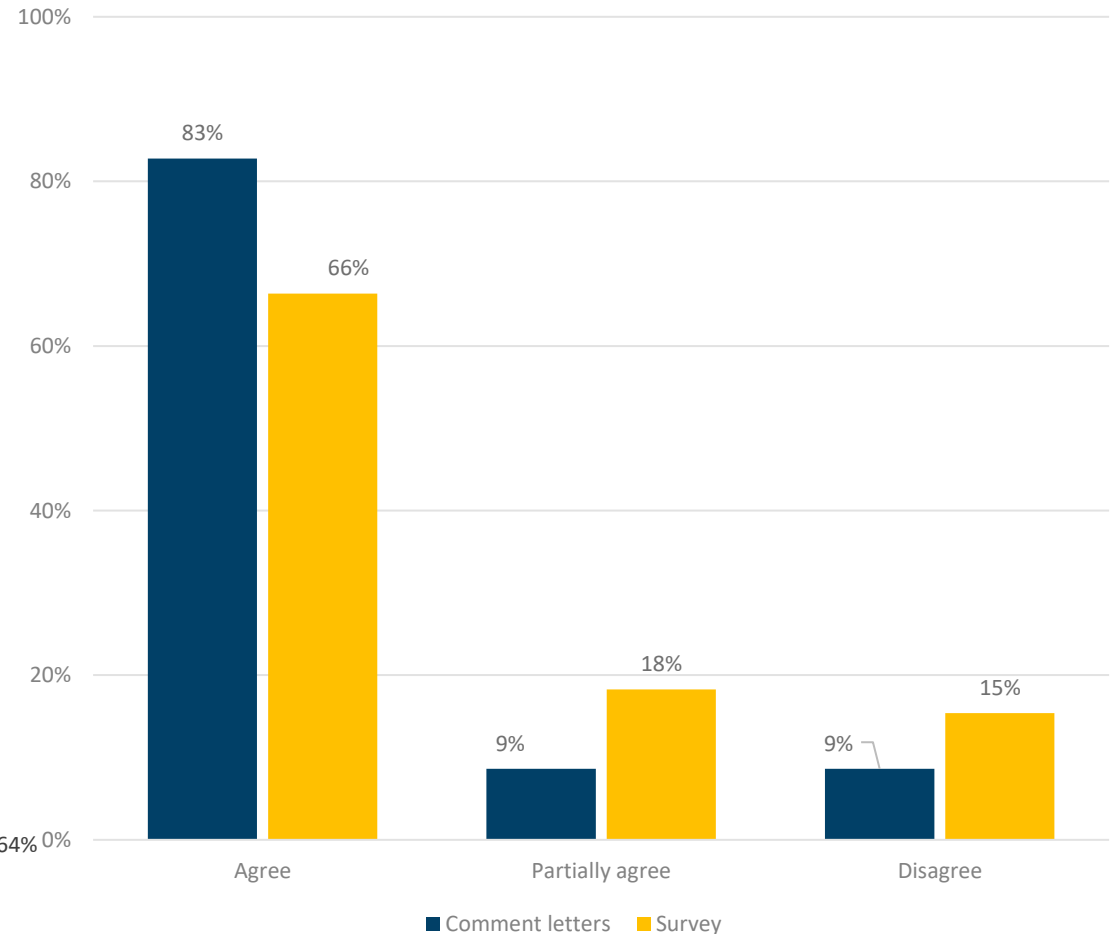
Comment Letter Responses



Survey Responses



Responses for SMC 3
(excluding no comment or no clear opinion)



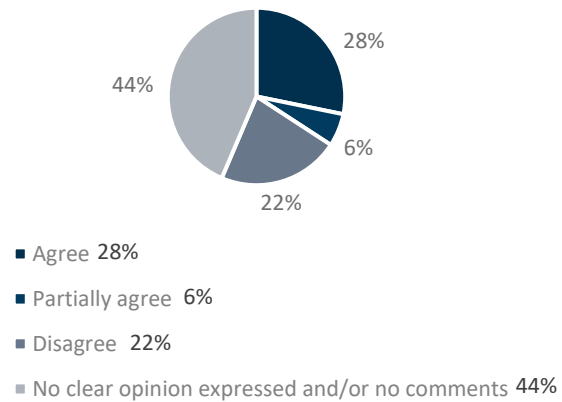
■ Comment letters ■ Survey



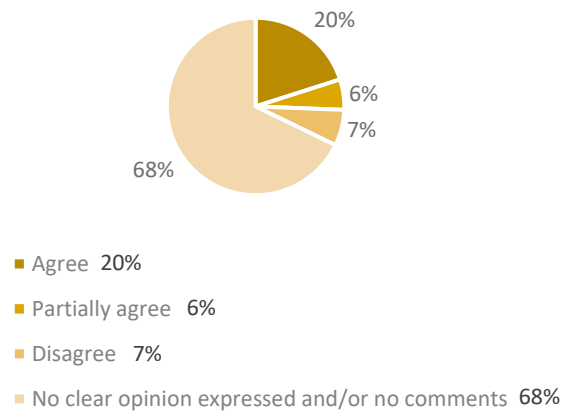
SMC 4 – Consideration of SASB

Remove the requirement for an entity to consider the applicability of SASB Standards and references to Industry-based Guidance on Implementing IFRS S2

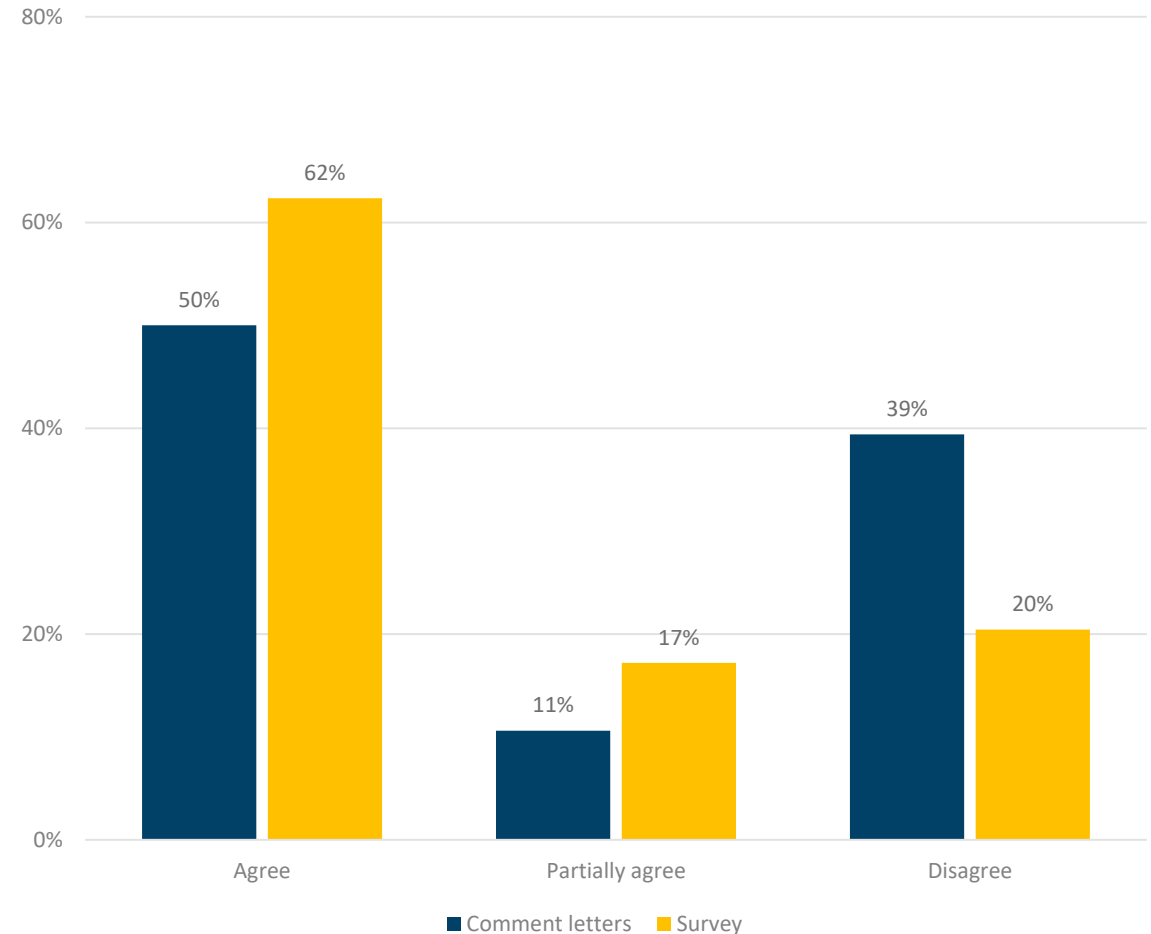
Comment Letter Responses



Survey Responses



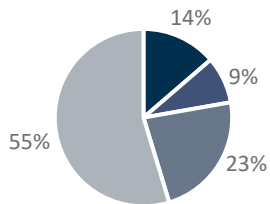
Responses for SMC 4
(excluding no comment or no clear opinion)



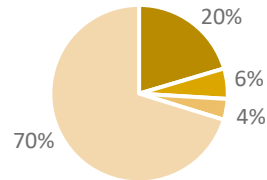
SMC 5 – ANZSIC

Voluntary industry-based disclosures should consider the applicability of “well-established and understood” metrics for industry peers based on ANZSIC

Comment Letter Responses



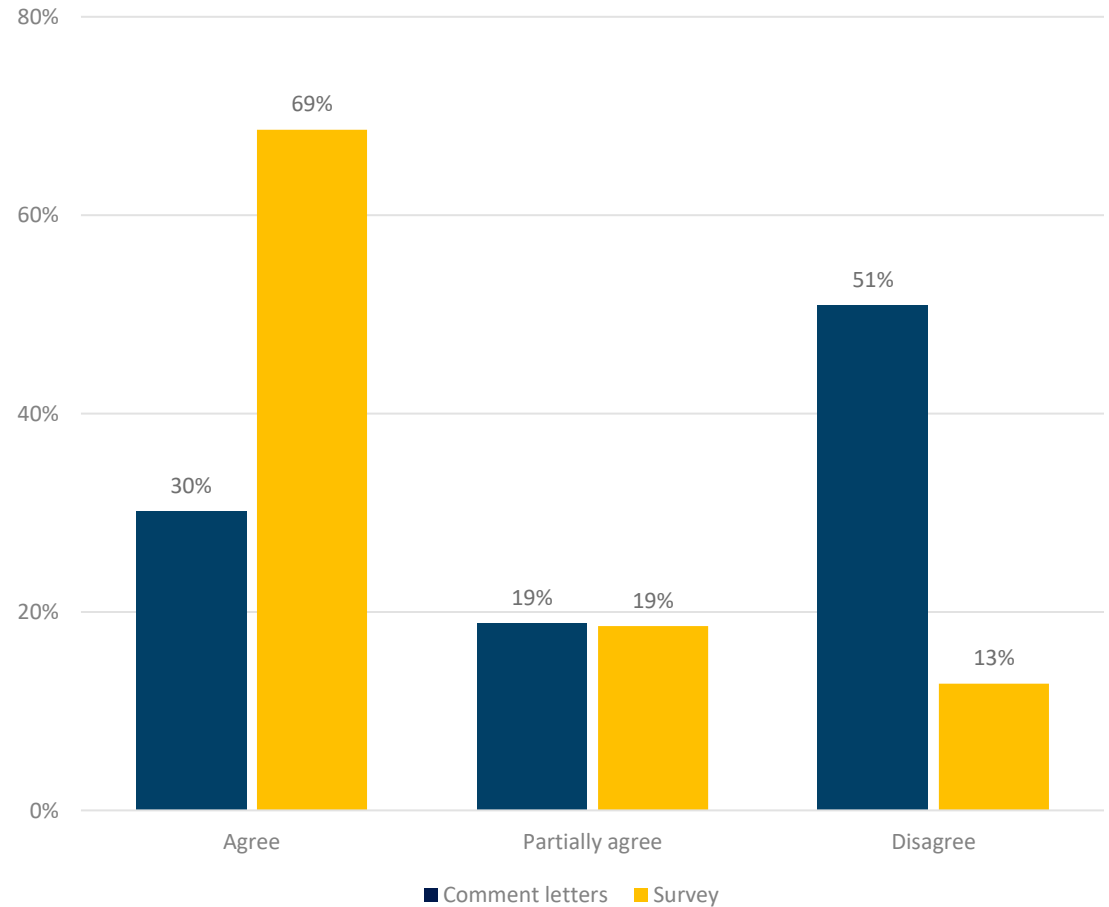
Survey Responses



- Agree 14%
- Partially agree 9%
- Disagree 23%
- No clear opinion expressed and/or no comments 55%

- Agree 20%
- Partially agree 6%
- Disagree 4%
- No clear opinion expressed and/or no comments 70%

Responses for SMC 5
(excluding no comment or no clear opinion)



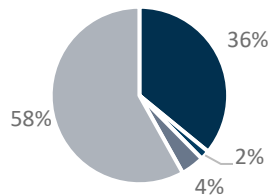
■ Comment letters ■ Survey



SMC 6 – Voluntary statement

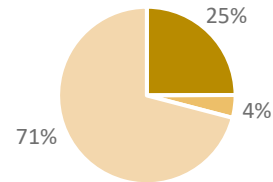
Expressly permit voluntary disclosures based on other frameworks or pronouncements if they do not obscure or conflict with required disclosures

Comment Letter Responses



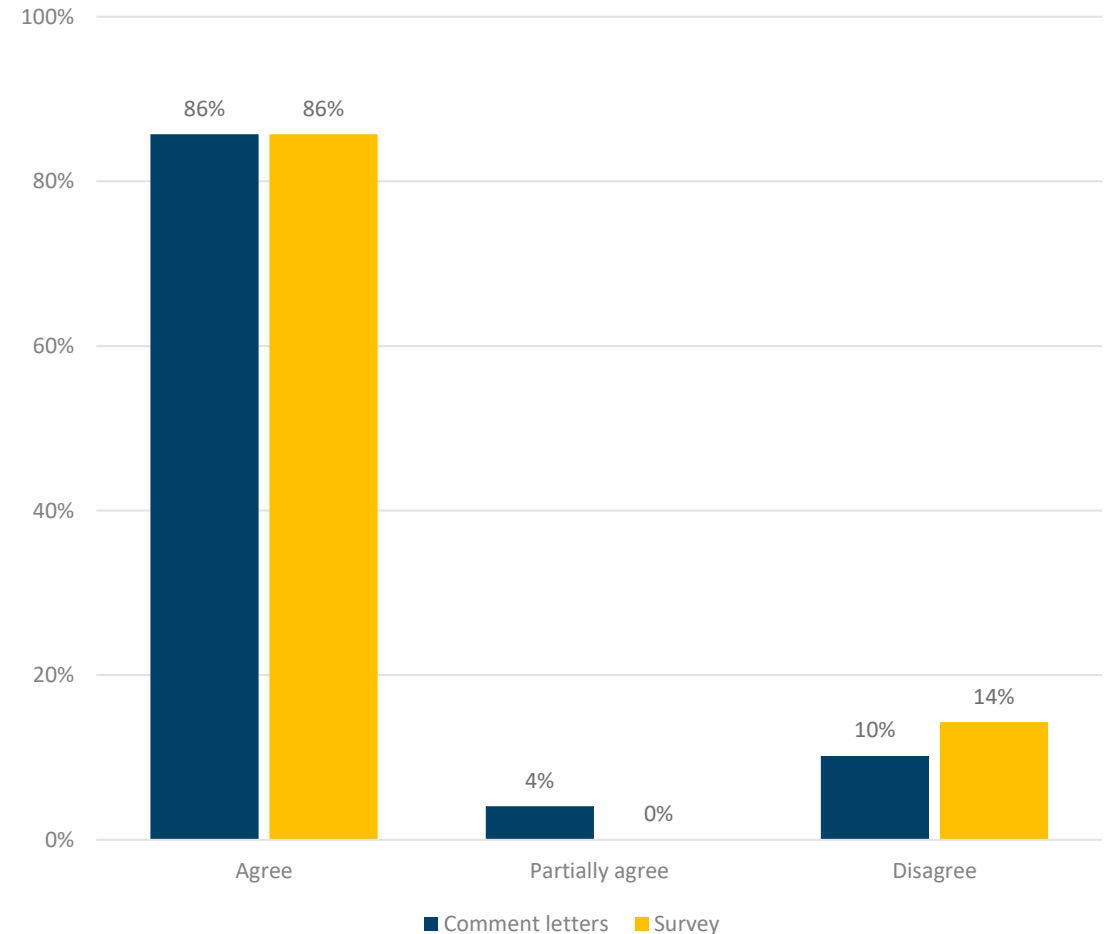
- Agree 36%
- Partially agree 2%
- Disagree 4%
- No clear opinion expressed and/or no comments 58%

Survey Responses



- Agree 25%
- Partially agree 0%
- Disagree 4%
- No clear opinion expressed and/or no comments 71%

Responses for SMC 6
(excluding no comment or no clear opinion)



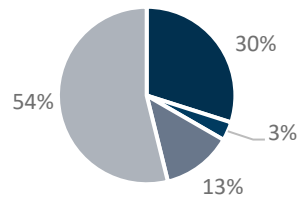
■ Comment letters ■ Survey



SMC 7 – Detailed index table

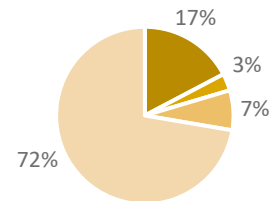
Provide information in a manner that enables users to locate its climate-related financial disclosures instead of requiring a detailed index table

Comment Letter Responses



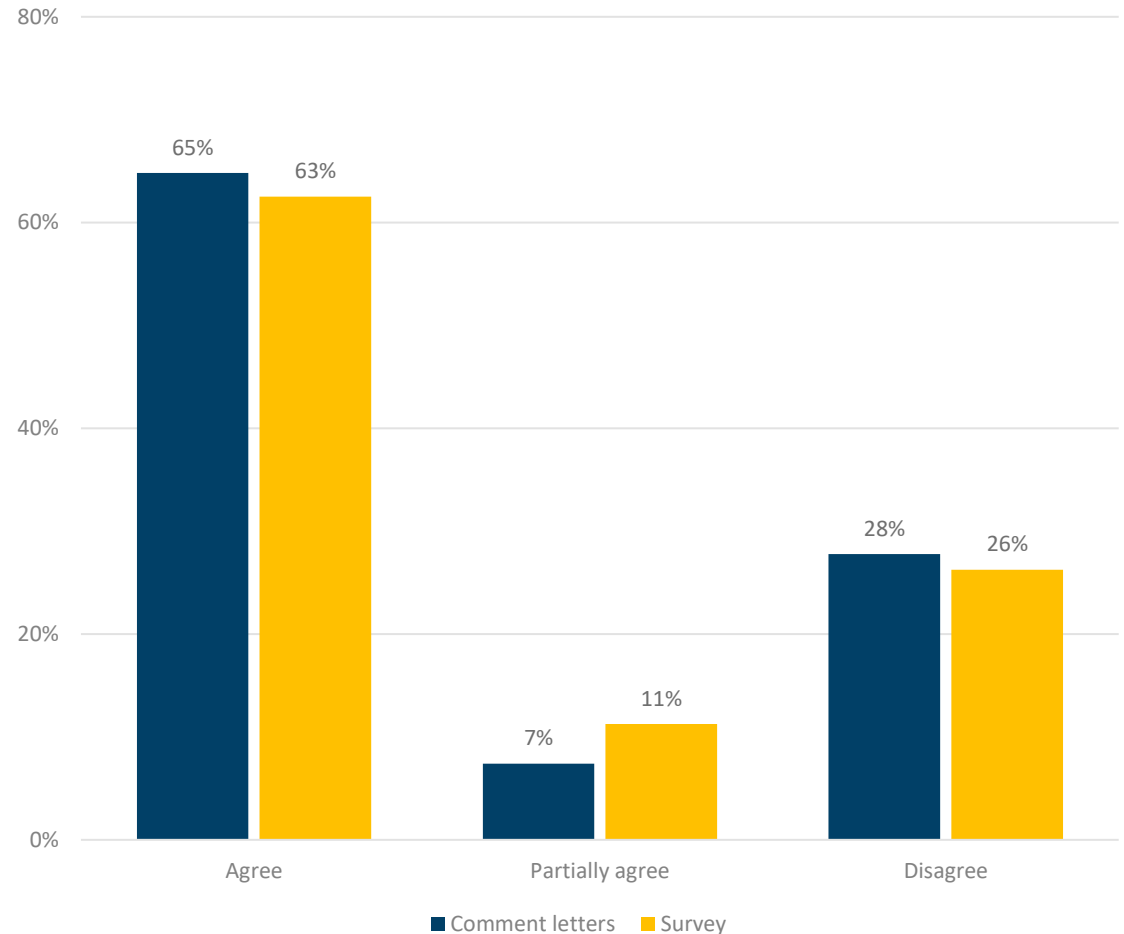
- Agree 30%
- Partially agree 3%
- Disagree 13%
- No clear opinion expressed and/or no comments 54%

Survey Responses



- Agree 17%
- Partially agree 3%
- Disagree 7%
- No clear opinion expressed and/or no comments 72%

Responses for SMC 7
(excluding no comment or no clear opinion)



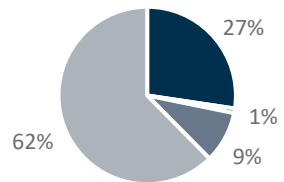
■ Comment letters ■ Survey



SMC 8 – Interim Reporting

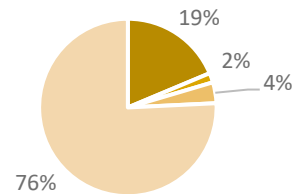
Omit paragraphs 69 and B48 from IFRS S1 in ASRS 1 to help avoid creating confusion around interim reporting

Comment Letter Responses



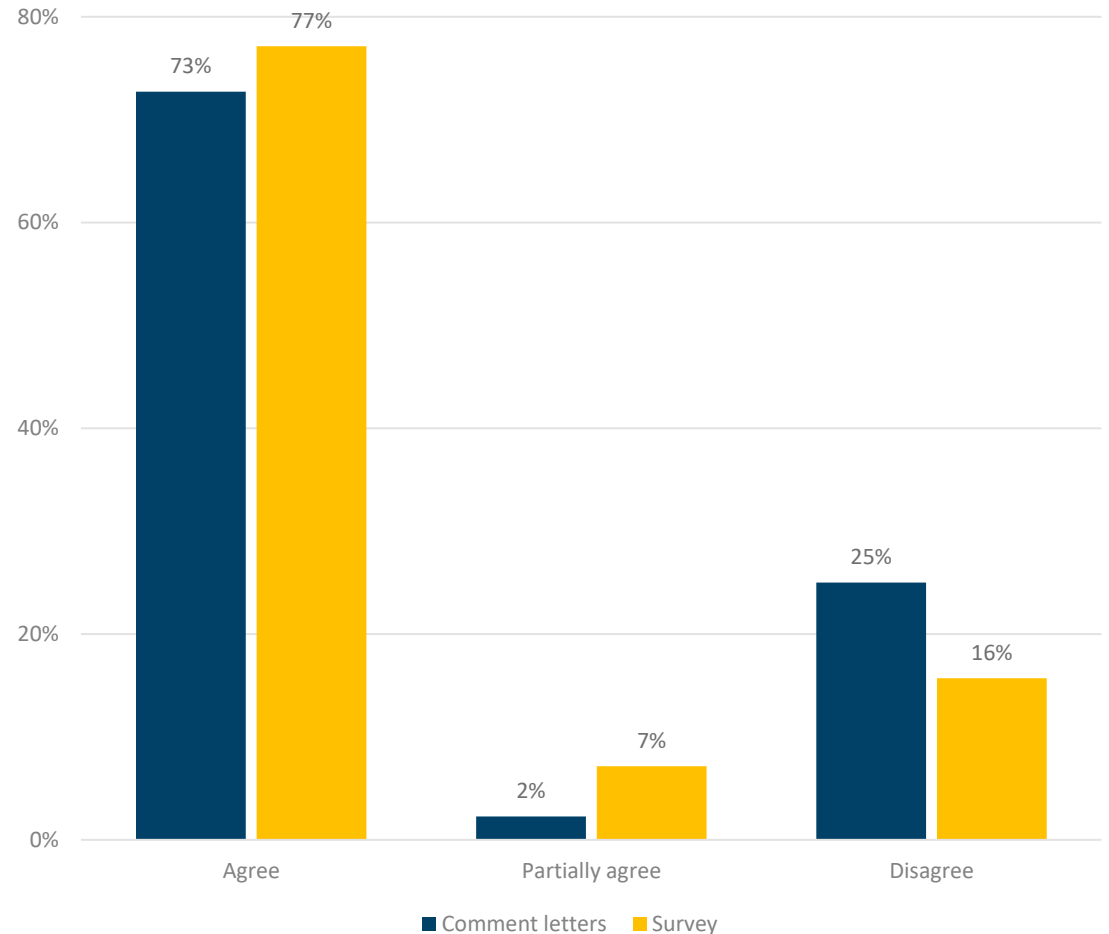
- Agree 27%
- Partially agree 1%
- Disagree 9%
- No clear opinion expressed and/or no comments 62%

Survey Responses



- Agree 19%
- Partially agree 2%
- Disagree 4%
- No clear opinion expressed and/or no comments 76%

Responses for SMC 8
(excluding no comment or no clear opinion)



■ Comment letters ■ Survey



[Draft] ASRS 2 *Climate-related Financial Disclosures*

Specific matters for comment 9–22



SMC 9 – The scope of [draft] ASRS 2

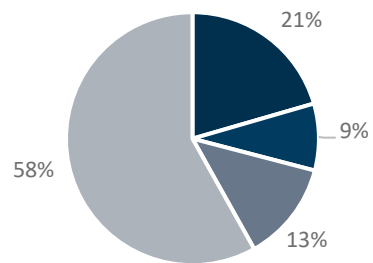
AASB added **paragraph Aus3.1** to [draft] ASRS 2 to **clarify** the scope of the [draft] Standard:

“The scope of this [draft] Standard is limited to an entity’s climate-related risks and opportunities in relation to climate change. Other climate-related emissions, such as ozone depleting emissions that are not greenhouse gas emissions, are outside the scope of this [draft] Standard.”

SMC 9 – The scope of [draft] ASRS 2

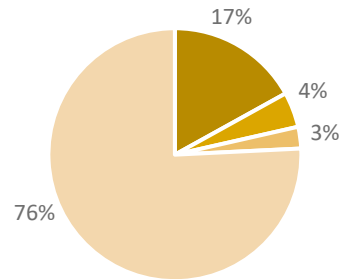
Do you agree with the proposal in [draft] ASRS 2 paragraph Aus3.1 to clarify the scope of the [draft] Standard?

Comment Letter Responses (117)



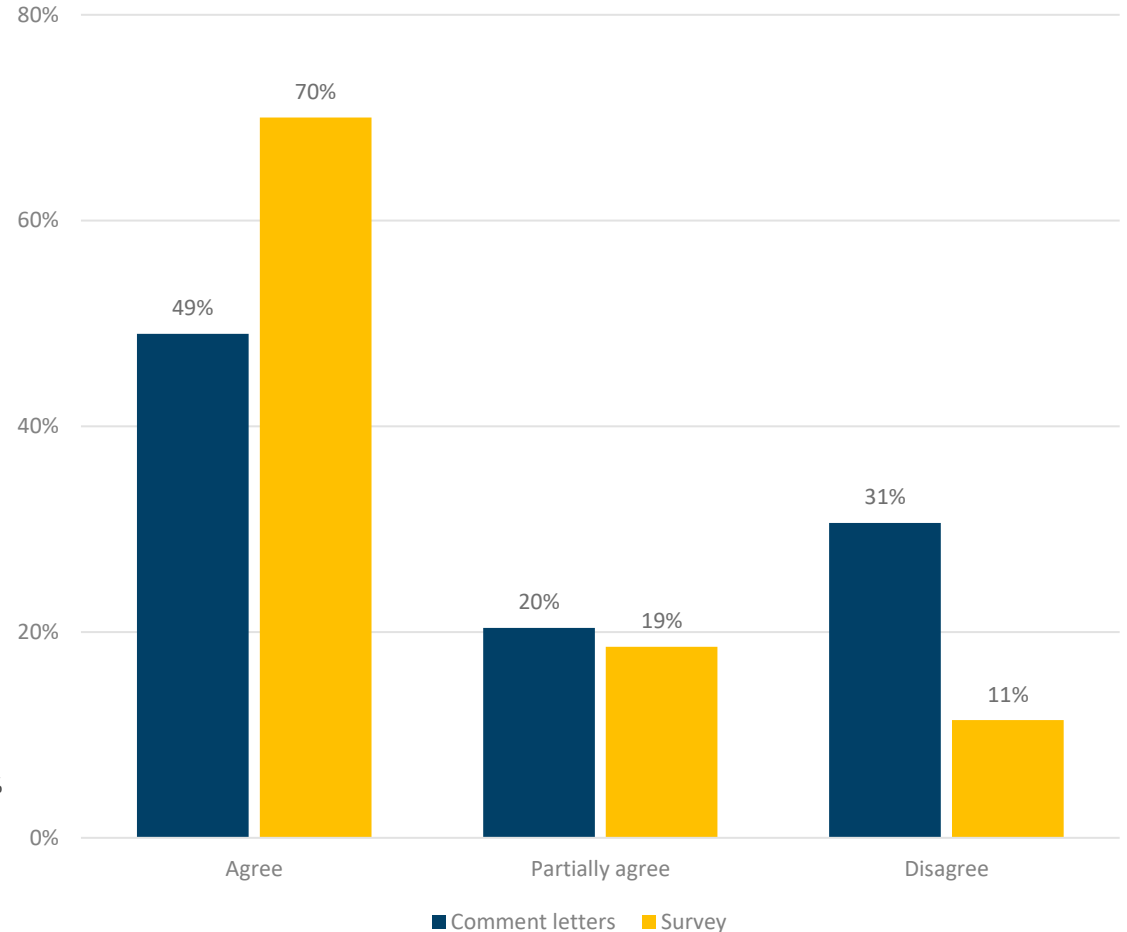
- Agree 21%
- Partially agree 9%
- Disagree 13%
- No clear opinion expressed and/or no comments 58%

Survey Responses (289)



- Agree 17%
- Partially agree 4%
- Disagree 3%
- No clear opinion expressed and/or no comments 76%

Responses for SMC 9
(excluding no comment or no clear opinion)



■ Comment letters ■ Survey



SMC 10 & 11 – Climate scenario analysis

SMC 10 & 11 asked stakeholders their views on the proposals to:

- (a) require assessments against a **minimum of two** relevant possible future states;
- (b) require assessment against the **most ambitious global temperature goal** set out in the *Climate Change Act 2022* (i.e. a 1.5°C warming scenario); and
- (c) **not specify** a high-warming scenario.

Staff have broadly categorised stakeholders' **main** comments into **five views** (see next slide).

SMC 10 & 11 – Climate scenario analysis

View	Minimum number of scenarios to assess	Prefer specifying a low-warming scenario?	Prefer specifying a high-warming scenario?
View 1 – align with IFRS S2	No minimum number	No ¹	No ¹
View 2	Two ²	Yes ³	No ⁴
View 3		No	No
View 4		Yes ³	Yes ⁵
View 5	Three	Yes ³	Yes ⁵

¹ Some holders of View 1 preferred having non-mandatory guidance on the scenarios entities are expected to assess rather than adding mandatory requirements to the Standard.

² Many requested AASB to specify a minimum of one scenario to assess each of transition risk and physical risk.

³ Most holders of Views 2, 4 and 5 supported the AASB's proposal to require assessing transition risk against a 1.5°C scenario for comparability and to align with Paris Agreement, but a few preferred 2°C.

⁴ A few preferred requiring alignment with current warming trajectories without specifying a temperature.

⁵ Diverse views received on the preferred high-warming scenario. A few preferred specifying the minimum warming scenario without specifying a temperature (e.g. 3°C or greater).



SMC 12 – Cross-industry metrics

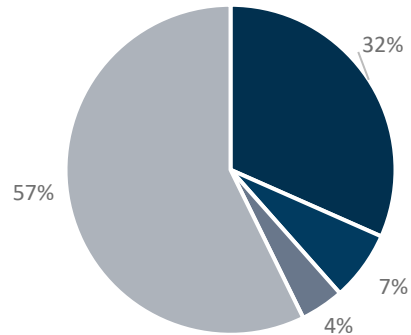
Paragraphs 29(b)-29(f) of IFRS S2 (and [draft] ASRS 2) require an entity to disclose the following cross-industry metrics:

- **\$ and % of assets or business activities** vulnerable to transition and physical risks, and aligned with climate-related opportunities
- **Capital deployment** – amount of **capital expenditure, financing or investment deployed** towards climate-related risks and opportunities
- **Internal carbon prices** – whether and how the entity is applying a **carbon price in decision-making** and the price the entity uses to **assess the costs of its GHG emissions**.

SMC 12 – Cross-industry metrics

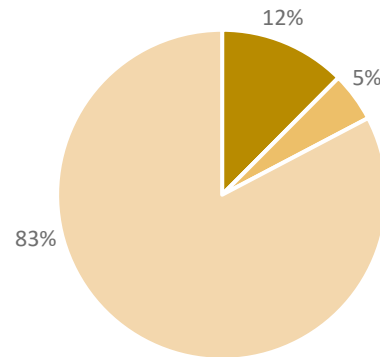
Do you consider the cross-industry metric disclosures would provide useful information to users?

Comment Letter Responses (117)



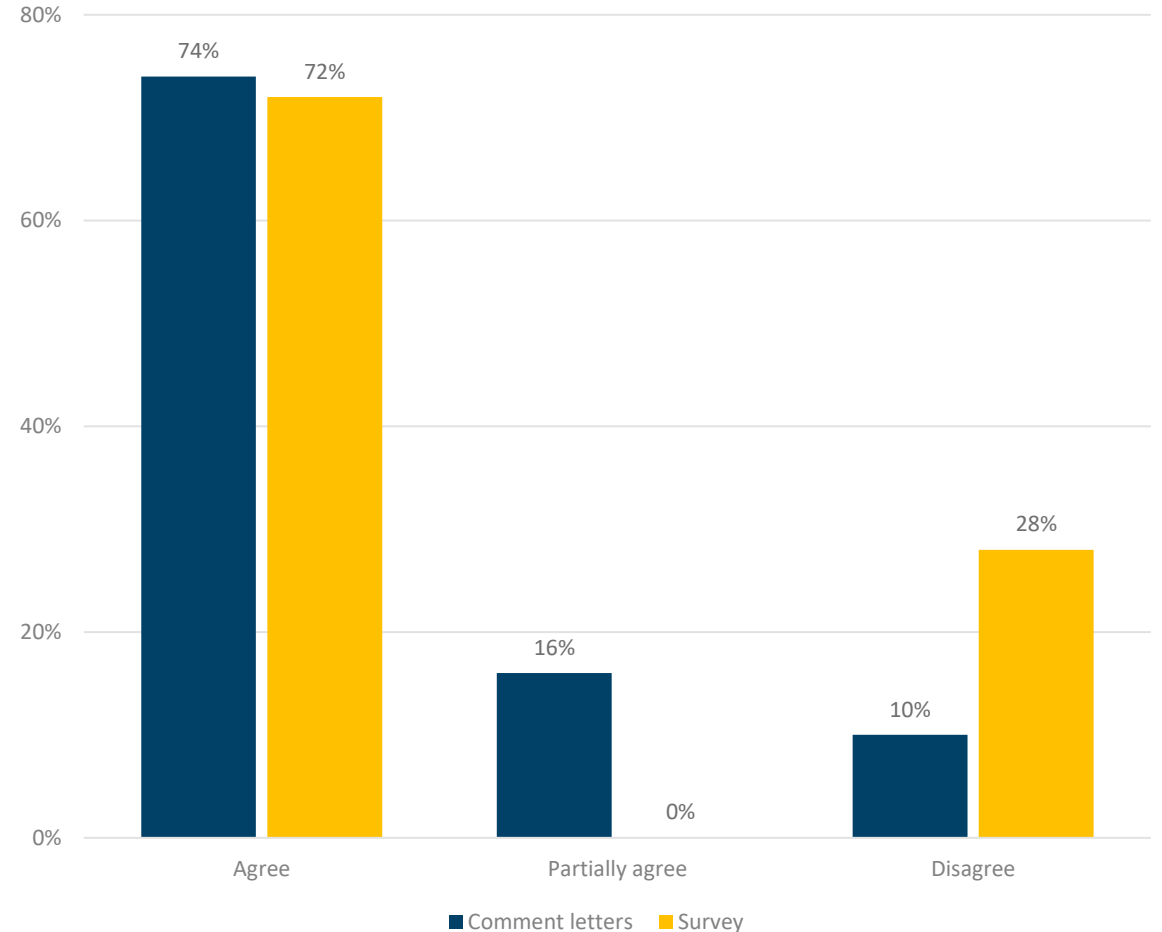
- Agree 32%
- Partially agree 7%
- Disagree 4%
- No clear opinion expressed and/or no comments 57%

Survey Responses (289)



- Agree 12%
- Partially agree 0%
- Disagree 5%
- No clear opinion expressed and/or no comments 83%

Responses for SMC 12
(excluding no comment or no clear opinion)



■ Comment letters ■ Survey



SMC 13 – Executive remuneration

Paragraph 29(g) of IFRS S2 (and [draft] ASRS 2) requires an entity to disclose:

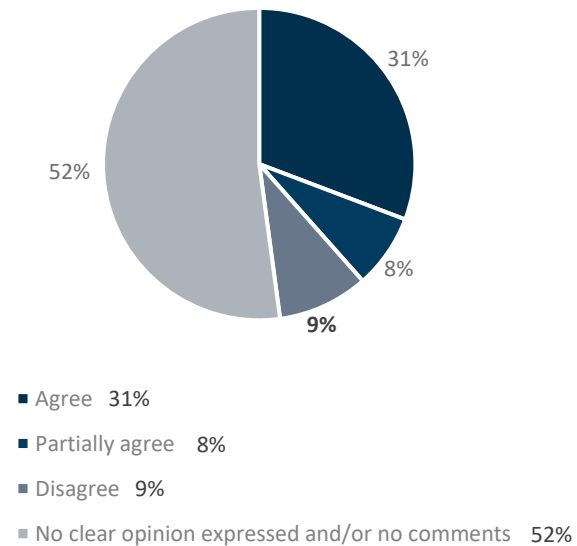
- (a) a description of **whether and how** climate-related considerations are factored into executive remuneration; and
- (b) the % of executive management remuneration recognised in the current period that is linked to climate-related considerations.

AASB added **paragraph Aus29.1** to [draft] ASRS 2 for **clarification**: “For the purposes of paragraph 29(g), ‘executive’ and ‘executive management’ has the same meaning as ‘key management personnel’ and ‘remuneration’ has the same meaning as ‘compensation’, both as defined in AASB 124 *Related Party Disclosures*.”

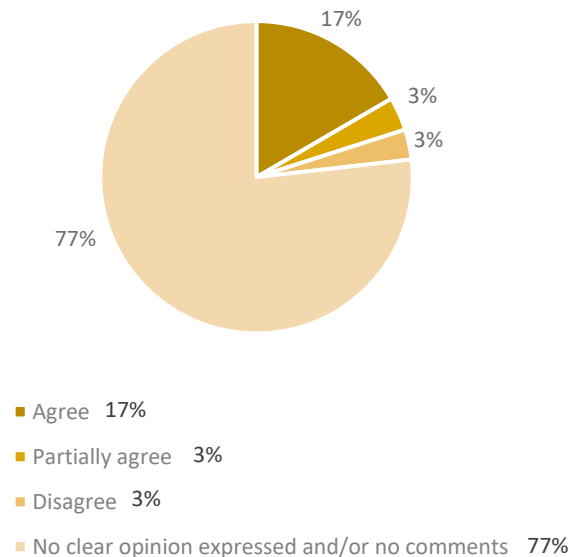
SMC 13 – Executive remuneration

SMC 13 Part A: Do you agree with the proposed disclosure requirements in [draft] ASRS 2 paragraphs 29(g) and Aus29.1 ?

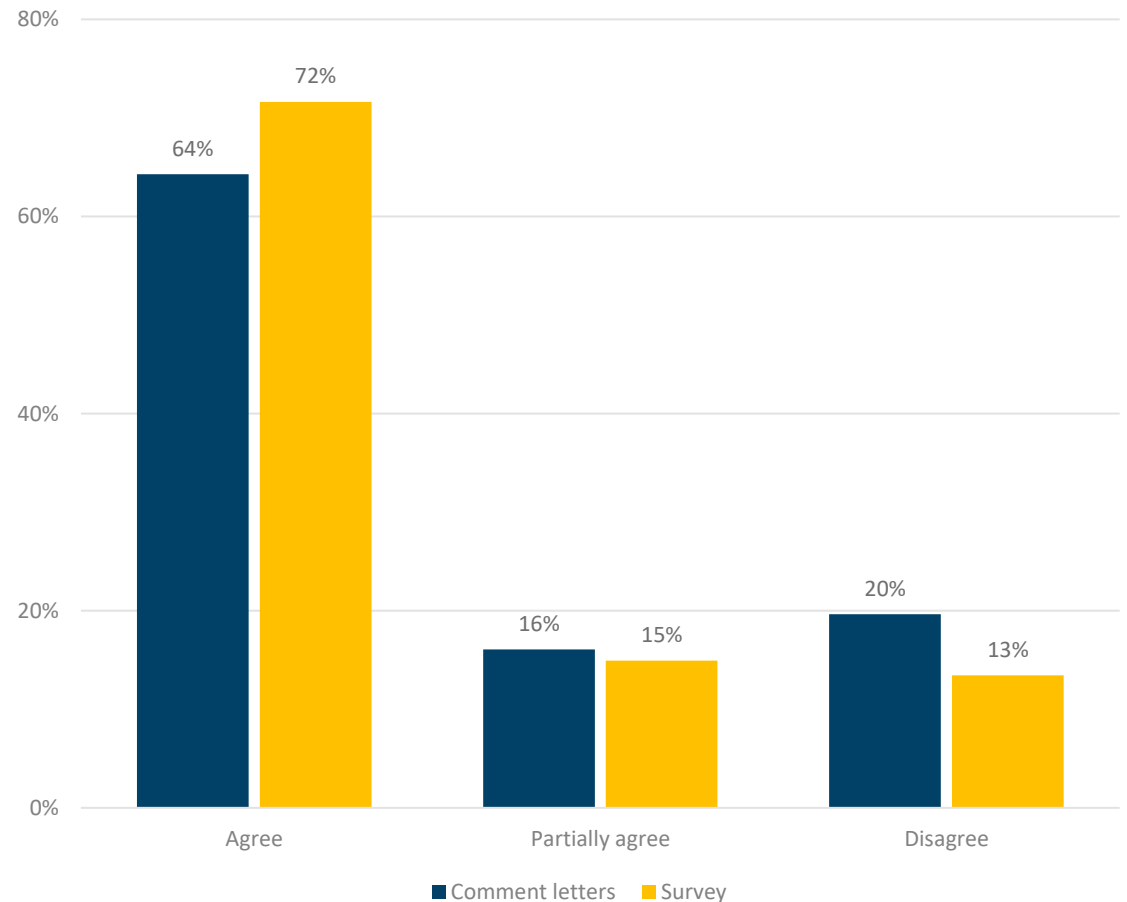
Comment Letter Responses



Survey Responses



Responses for SMC 13(a)
(excluding no comment or no clear opinion)



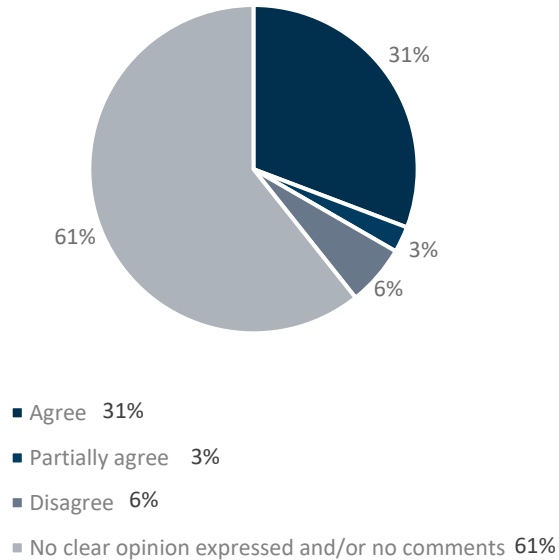
■ Comment letters ■ Survey



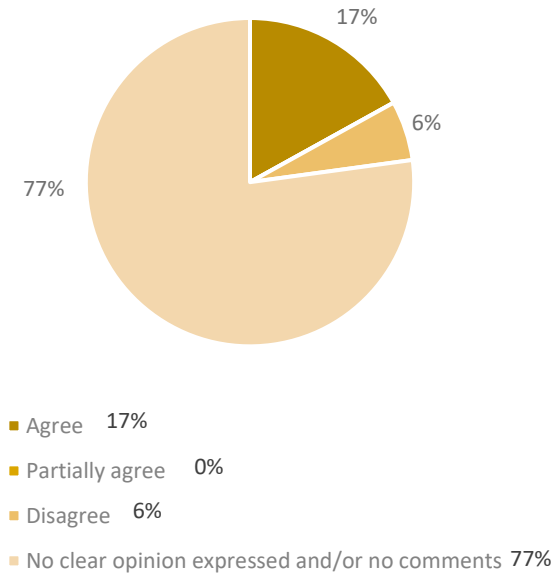
SMC 13 – Executive remuneration

SMC 13 Part B: Do you consider the proposed disclosures would provide useful information to users?

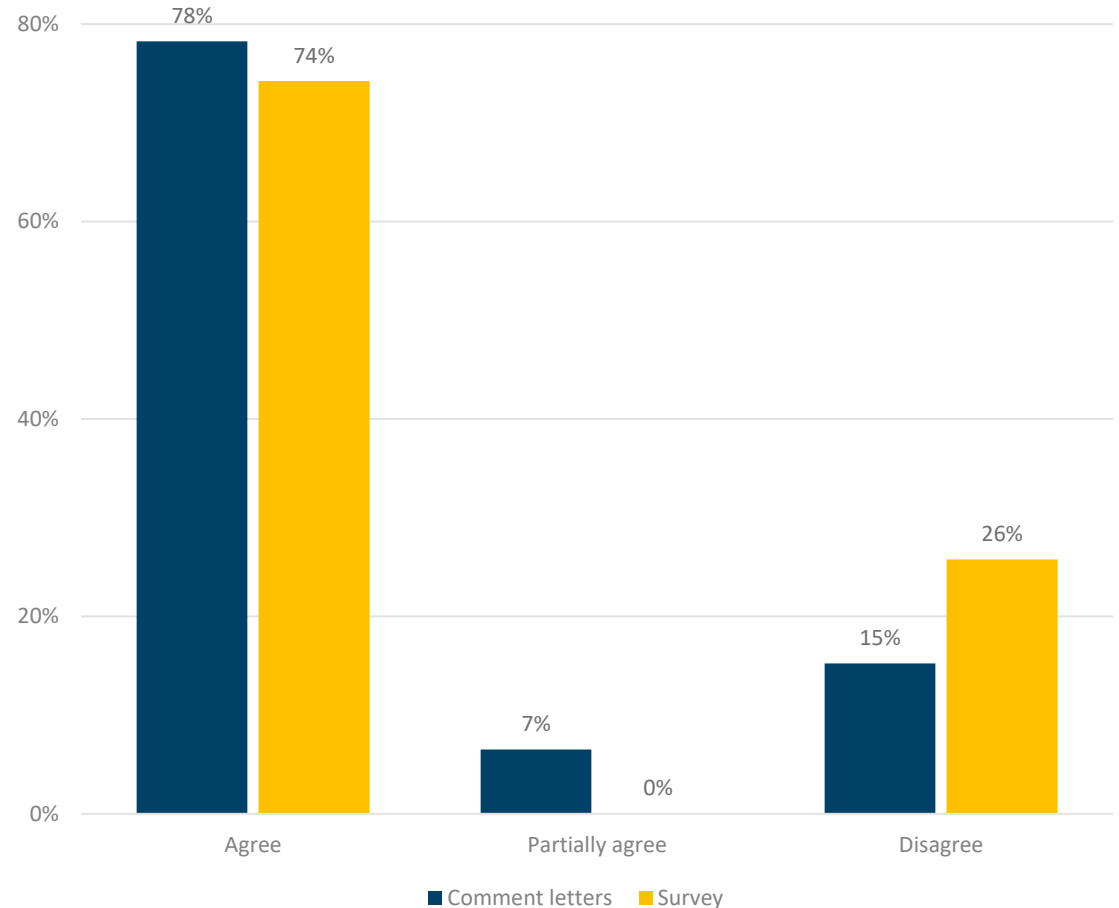
Comment Letter Responses



Survey Responses



Responses for SMC 13(b)
(excluding no comment or no clear opinion)

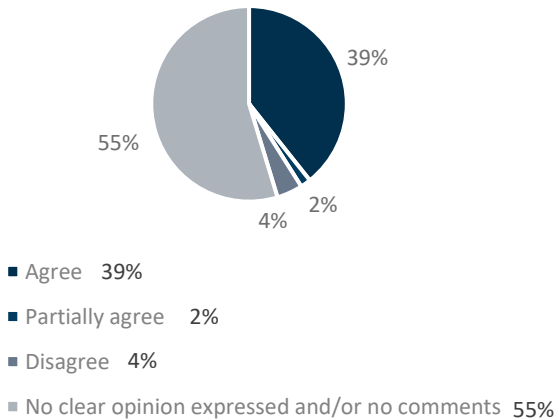


SMC 14 – Definition of Greenhouse Gases

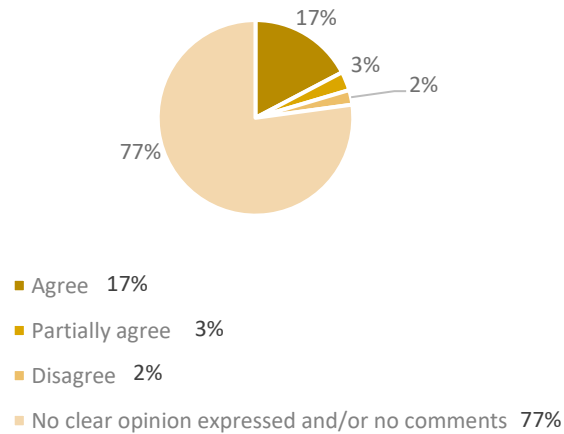


GHG definition from IFRS S2 without any modification.

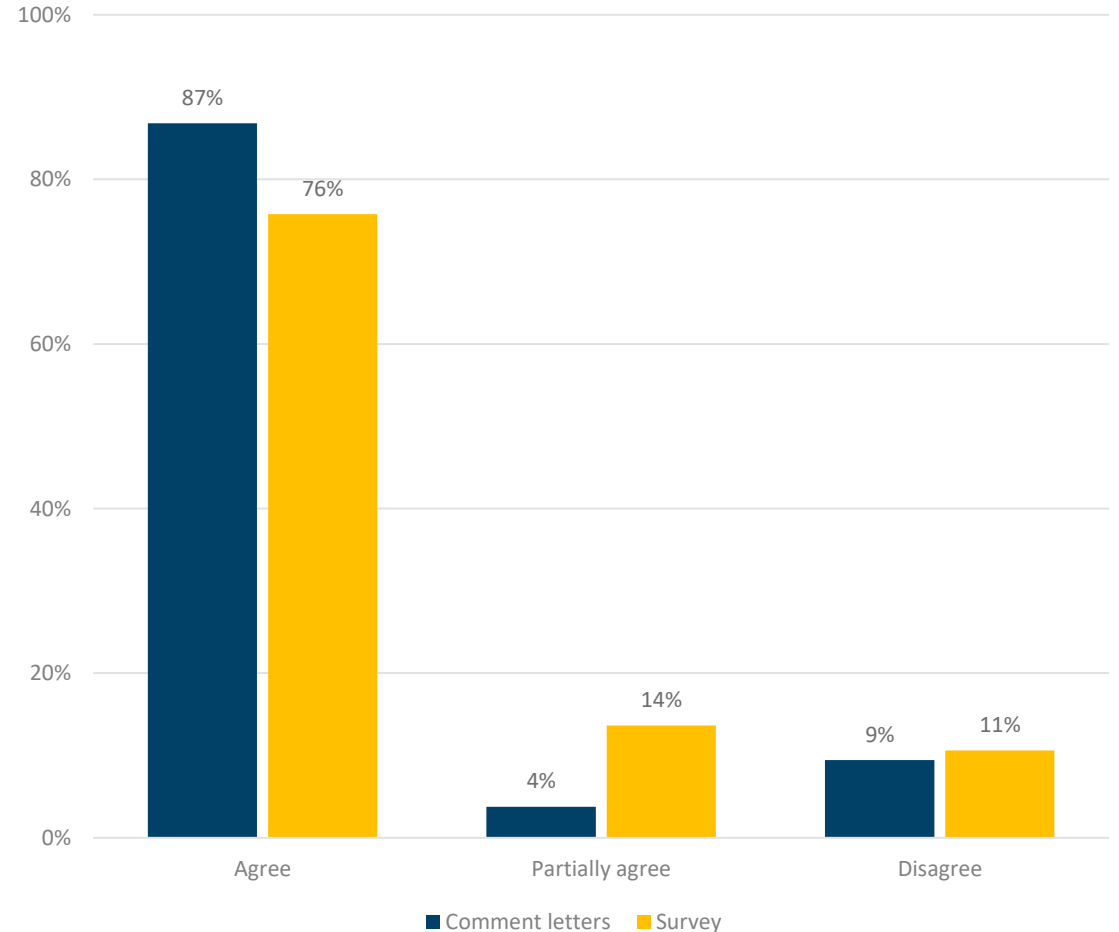
Comment Letter Responses



Survey Responses



Responses for SMC 14
(excluding no comment or no clear opinion)



■ Comment letters ■ Survey

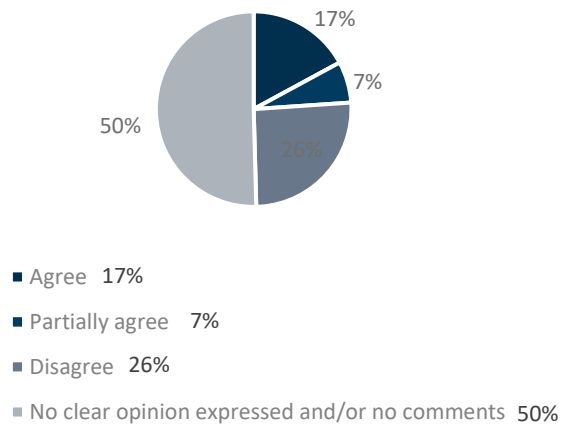


SMC 15 – Converting GHG into a CO₂ equivalent value

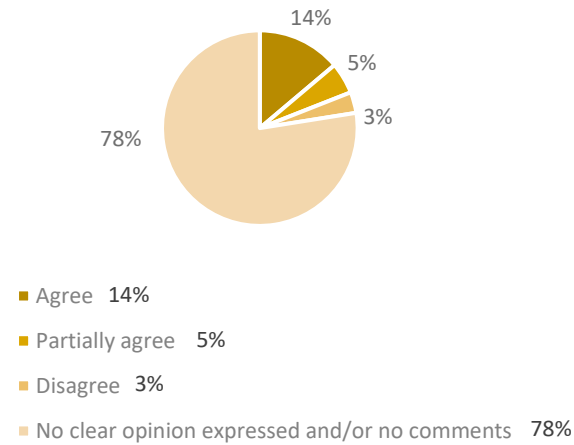


Convert GHG to CO₂e using GWP value from IPCC AR5

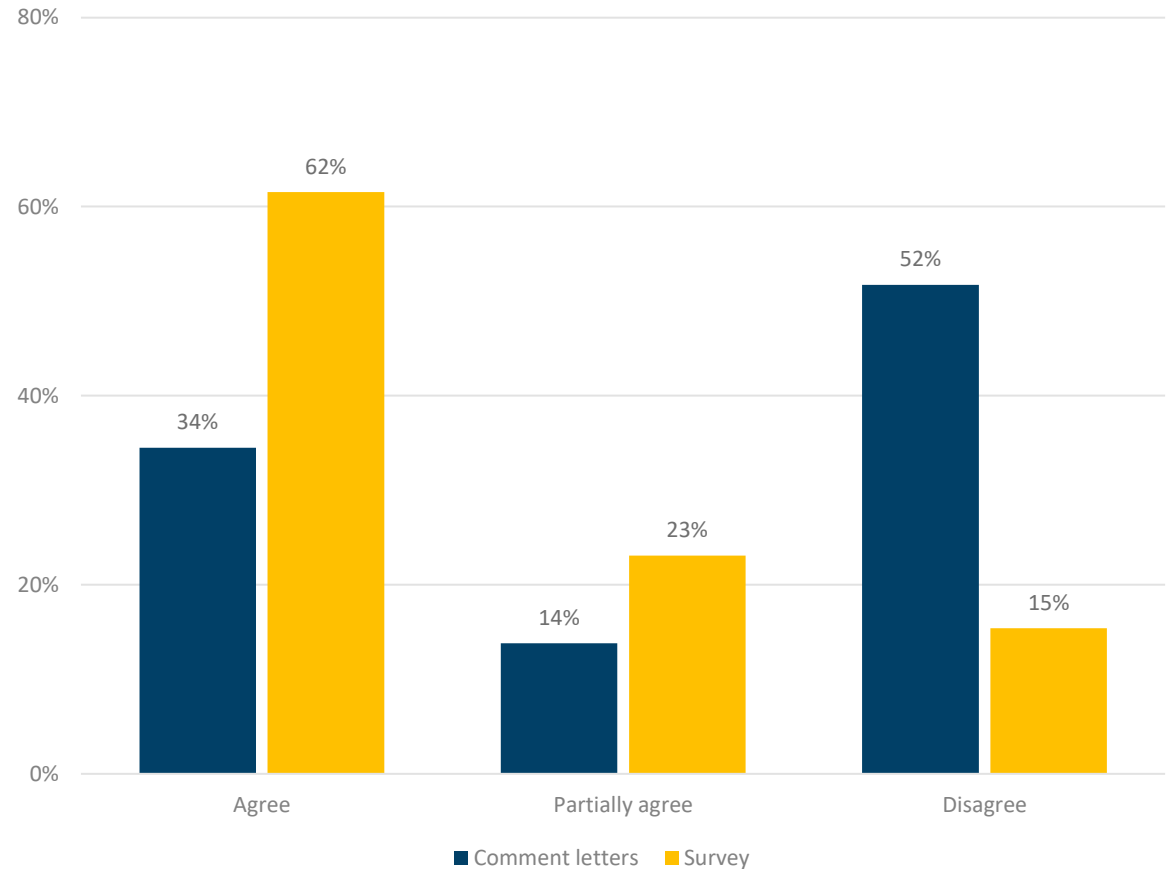
Comment Letter Responses



Survey Responses



Responses for SMC 15
(excluding no comment or no clear opinion)



■ Comment letters ■ Survey



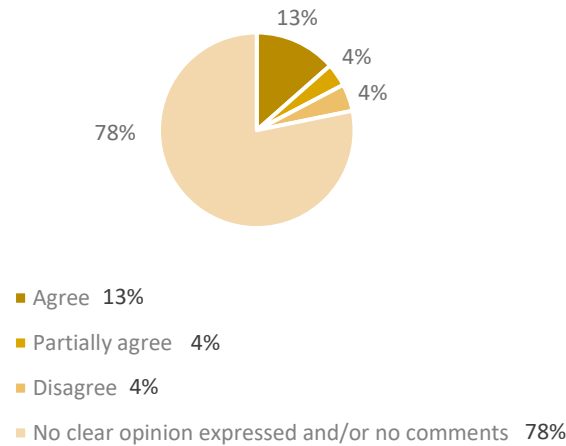
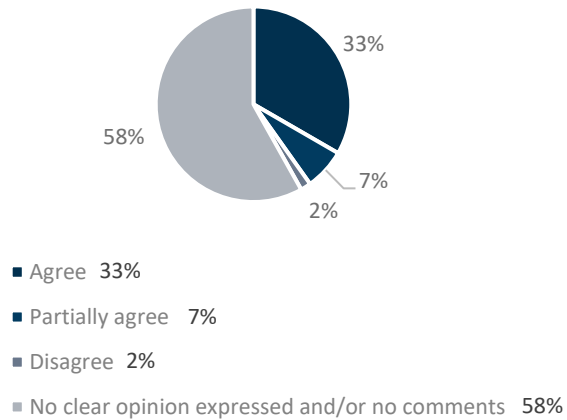
SMC 16 – Market-based Scope 2 GHG emissions (Part A)



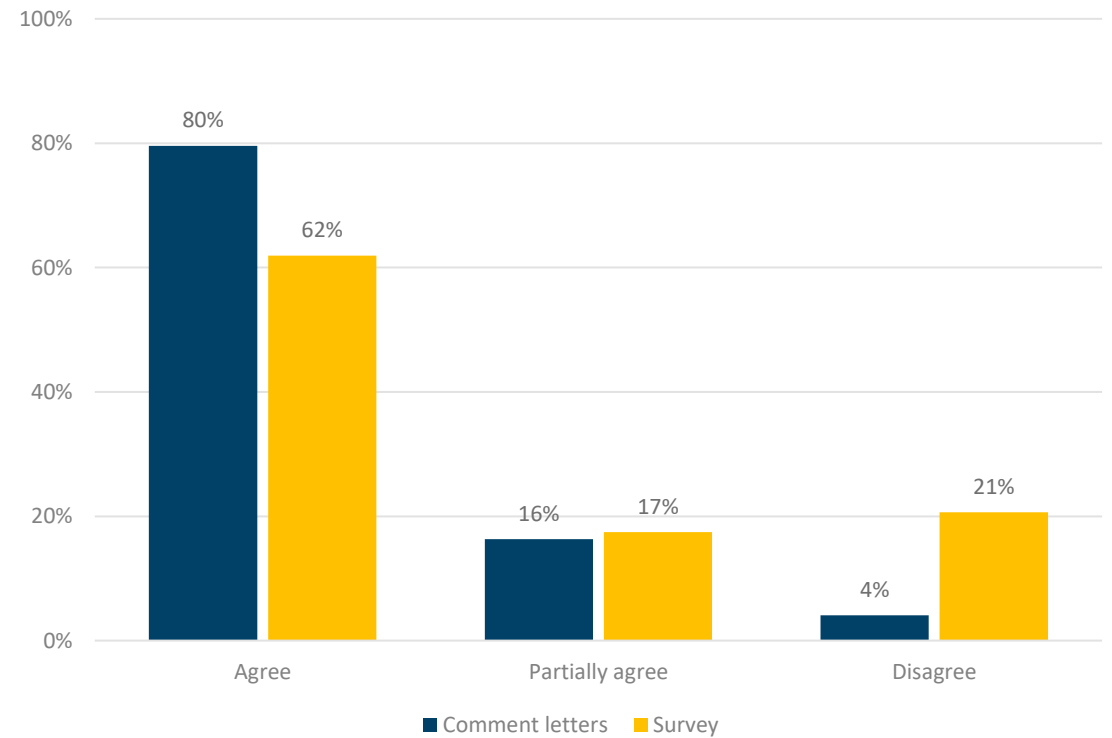
Disclose location and market-based Scope 2 emissions for certain entities

Comment Letter Responses

Survey Responses



Responses for SMC 16 (part A)
(excluding no comment or no clear opinion)

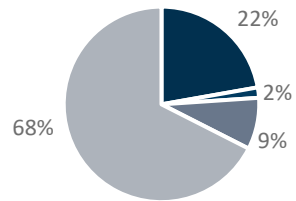


SMC 16 – Market-based Scope 2 GHG emissions (part B)



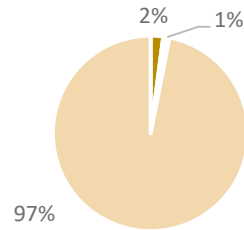
3-year relief for market-based Scope 2 GHG emissions disclosure

Comment Letter Responses



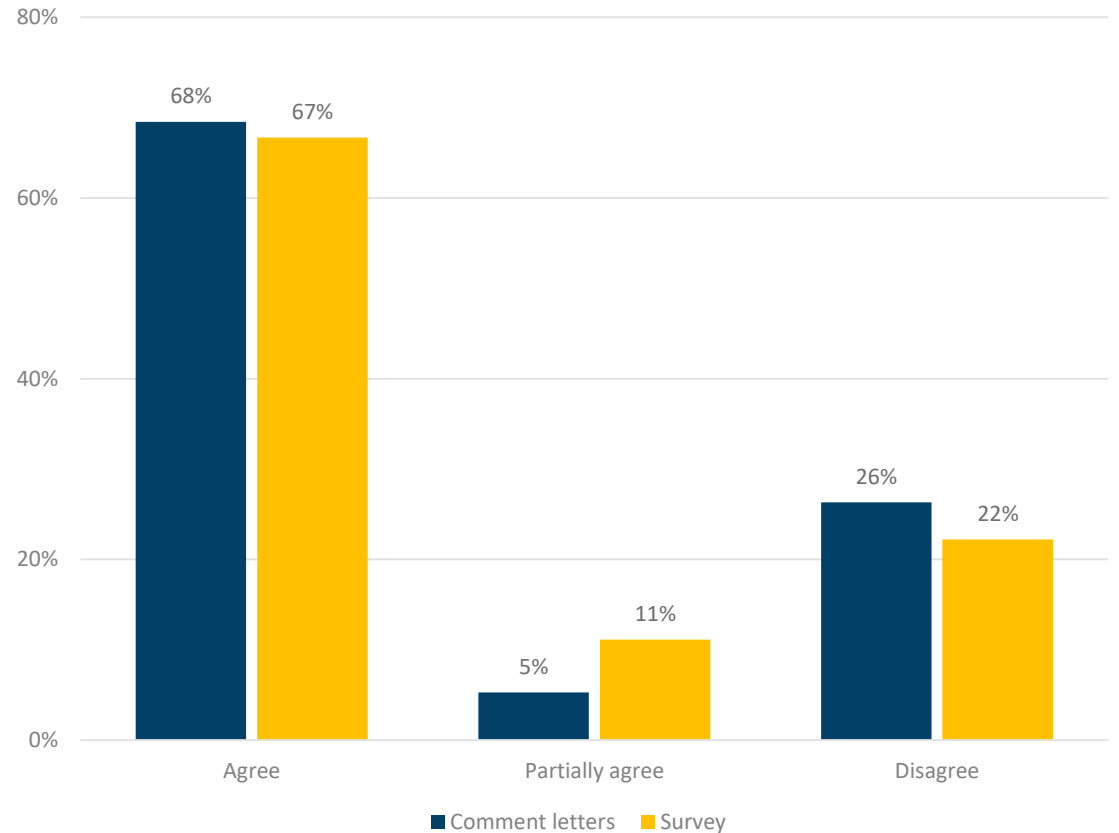
- Agree 22%
- Partially agree 2%
- Disagree 9%
- No clear opinion expressed and/or no comments 68%

Survey Responses



- Agree 2%
- Partially agree 0%
- Disagree 1%
- No clear opinion expressed and/or no comments 97%

Responses for SMC 16 (part B)
(excluding no comment or no clear opinion)



■ Comment letters ■ Survey

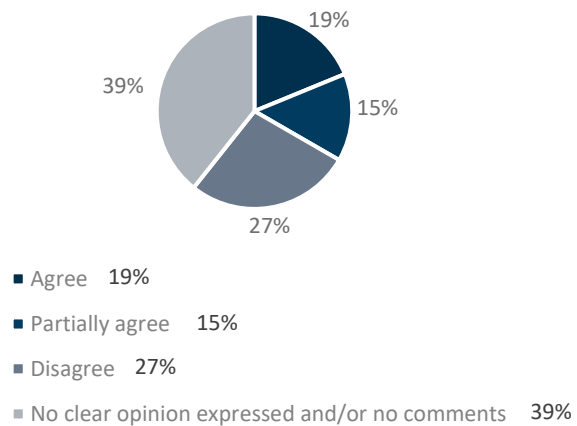


SMC 17 – GHG emission measurement methodologies

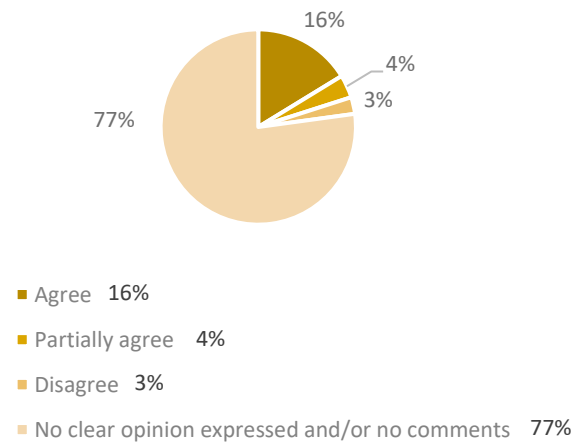


Prioritise NGER methodologies when measuring its GHG emissions

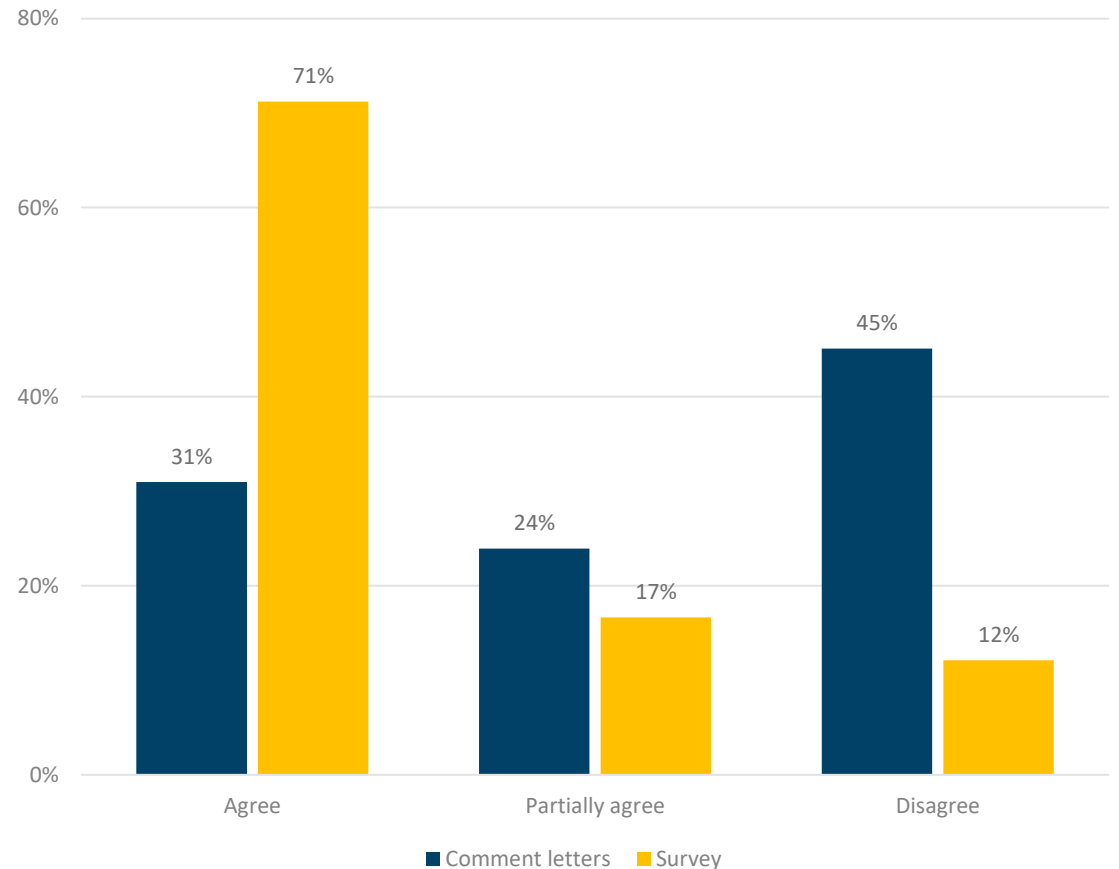
Comment Letter Responses



Survey Responses



Responses for SMC 17
(excluding no comment or no clear opinion)



■ Comment letters ■ Survey

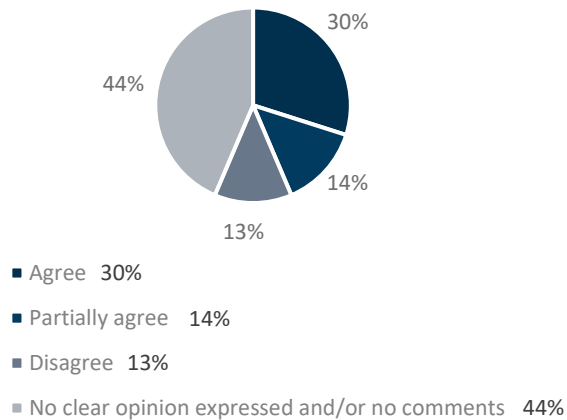


SMC 18 – Providing relief relating to Scope 3 GHG emissions

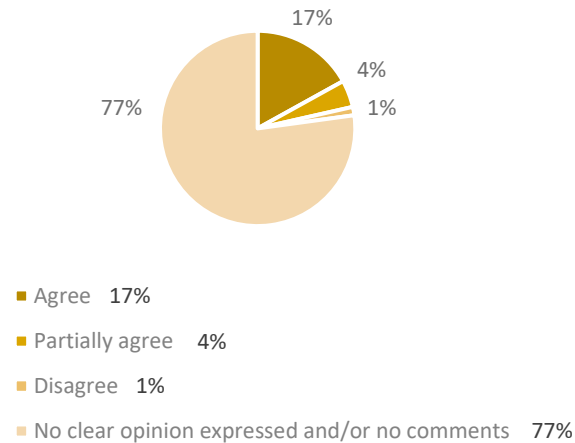


Relief - permit reporting year_{t-1} Scope 3 emissions in year_t

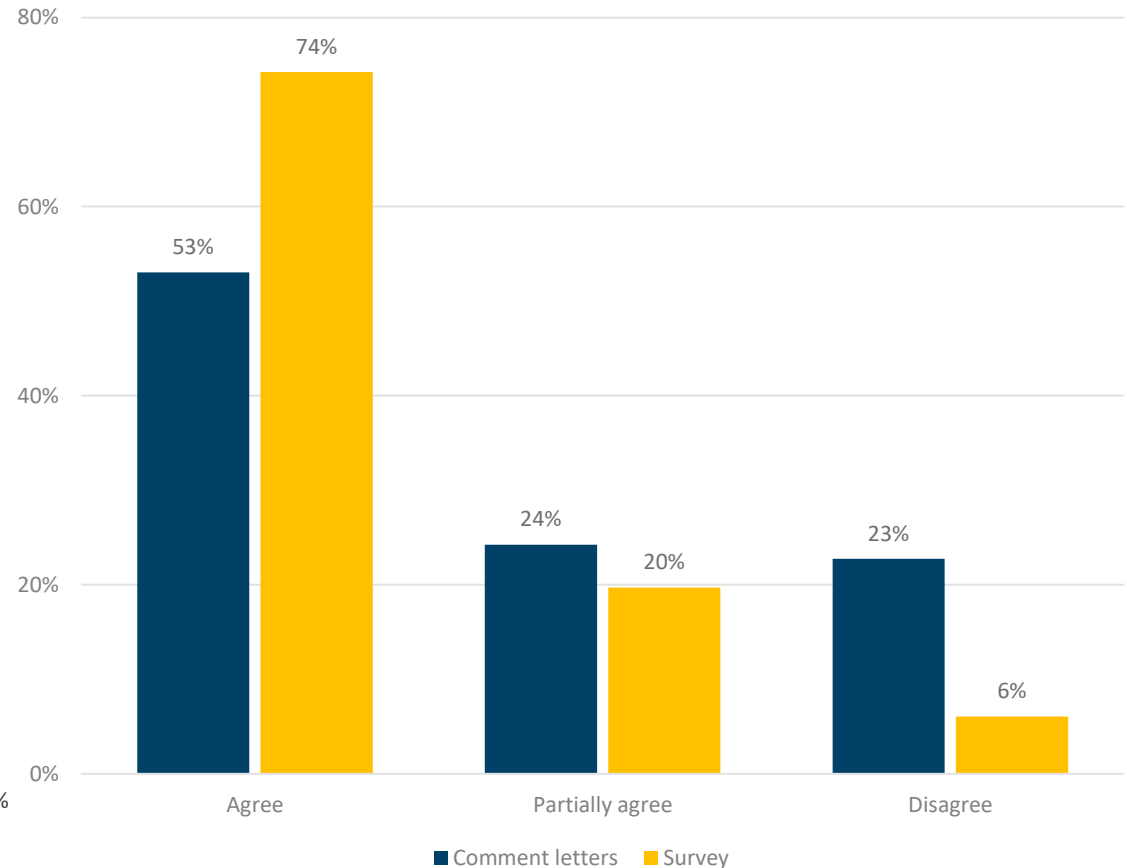
Comment Letter Responses



Survey Responses



Responses for SMC 18
(excluding no comment or no clear opinion)



■ Comment letters ■ Survey

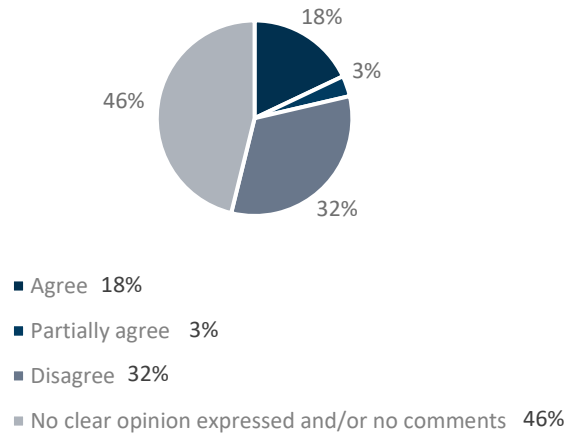


SMC 19 – Scope 3 GHG emission categories

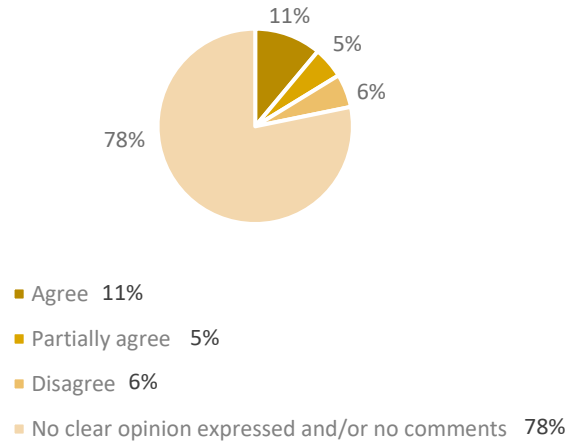


Include the GHG Protocol's 15 Scope 3 categories as examples to consider

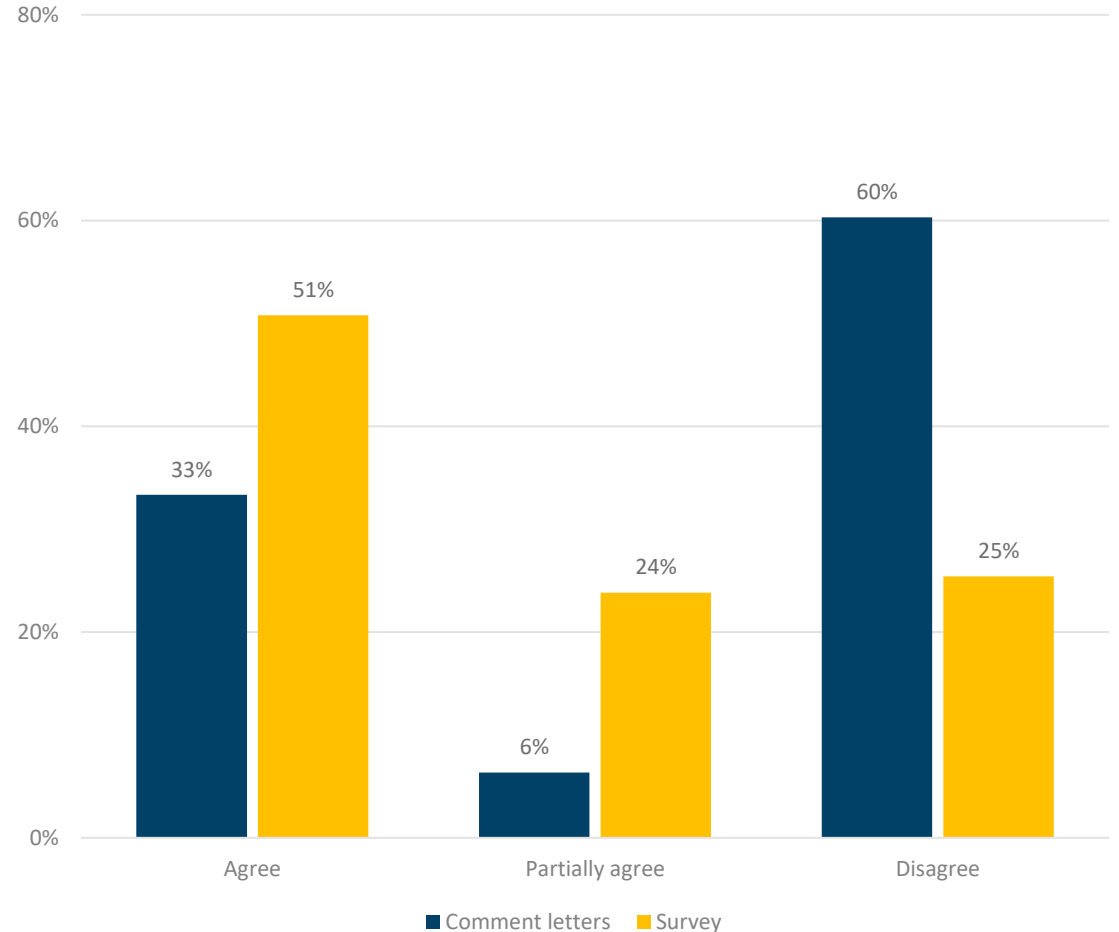
Comment Letter Responses



Survey Responses



Responses for SMC 19
(excluding no comment or no clear opinion)



■ Comment letters ■ Survey

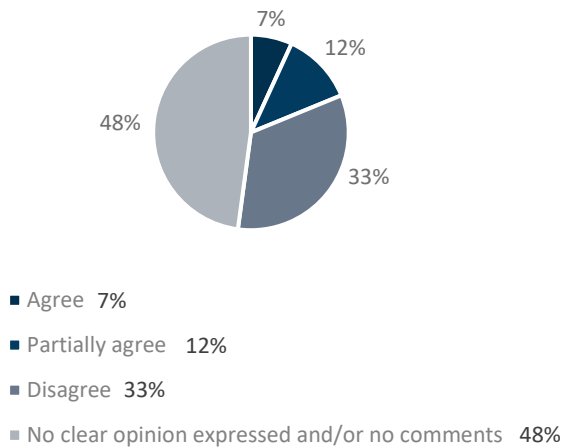


SMC 20 – Financed emissions

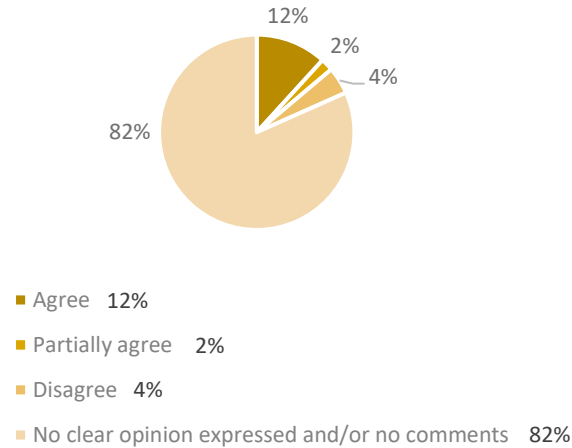


Consider the applicability of the baseline financed emission disclosures

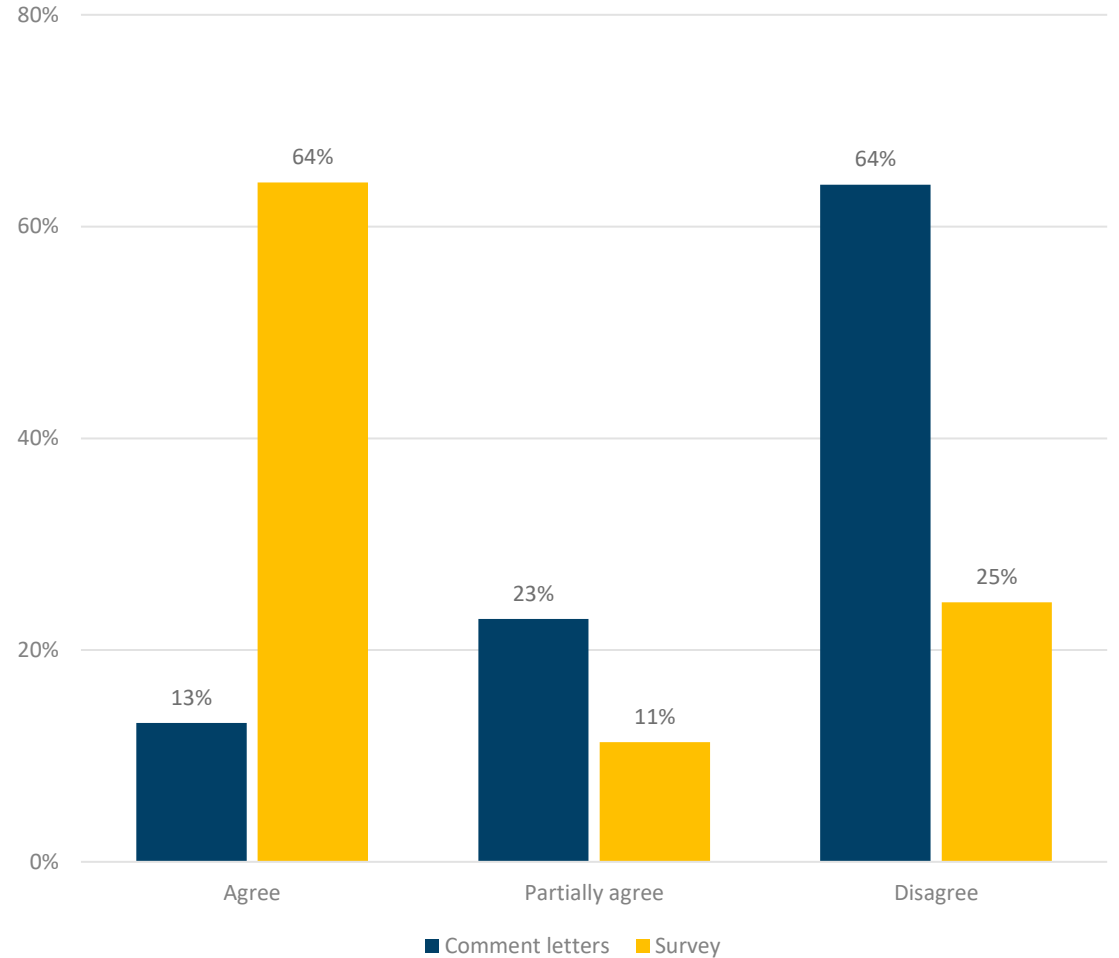
Comment Letter Responses



Survey Responses



Responses for SMC 20
(excluding no comment or no clear opinion)

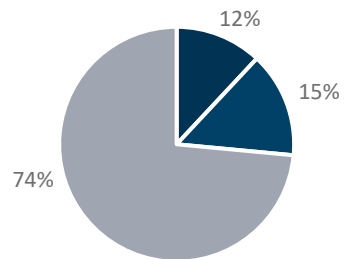


SMC 21 – Superannuation entities



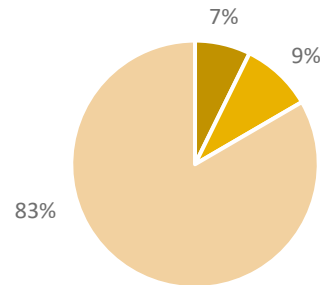
Any superannuation specific challenges?

Comment Letter Responses



- No 12%
- Yes 15%
- No clear opinion expressed and/or no comments 74%

Survey Responses



- No 7%
- Yes 9%
- No clear opinion expressed and/or no comments 83%

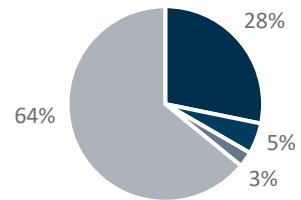


SMC 22 – Carbon credits



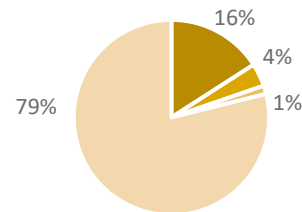
Specify that ACCUs meet the carbon credit definition

Comment Letter Responses



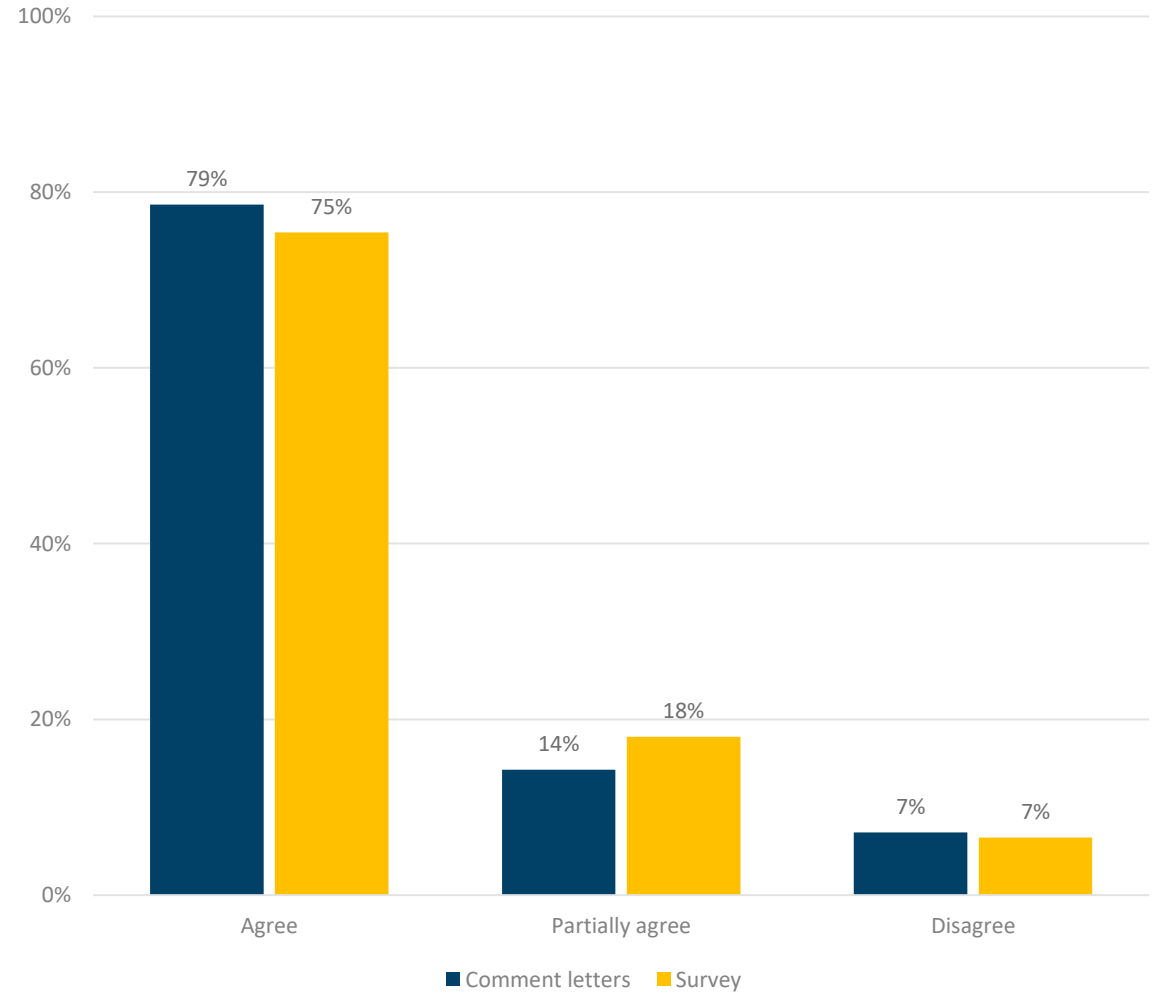
- Agree 28%
- Partially agree 5%
- Disagree 3%
- No clear opinion expressed and/or no comments 64%

Survey Responses



- Agree 16%
- Partially agree 4%
- Disagree 1%
- No clear opinion expressed and/or no comments 79%

Responses for SMC 22
(excluding no comment or no clear opinion)



■ Comment letters ■ Survey



What comes next?



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Thank You & Questions

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