



<b>Project:</b>	<b>AASB S2: Implementation support</b>	<b>Meeting:</b>	6–7 March 2025 (M211)
<b>Topic:</b>	<b>[draft] Project plan</b>	<b>Agenda Item:</b>	9.1
		<b>Date:</b>	20 February 2025
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		<b>Decision-Making:</b>	Medium
		<b>Project Status:</b>	Project plan

## Objective

- 1 The objective of this paper is:
  - (a) to present staff analysis and recommendations for the [draft] project plan on AASB S2: Implementation support; and
  - (b) for the Board to provide feedback on the [draft] project plan.
- 2 This paper asks whether Board members agree for the final project plan to be finalised out-of-session by the Chair. The project plan would then be included in public papers for noting at the next AASB Board meeting.

## Attachments

Paper 9.1.1 – Implementation Advisory Panel on AASB S2 Memo to Chair **[Board only]**

## Summary

- 3 This project aims to support the implementation of AASB S2 as Australian entities commence a phased approach to mandatory reporting starting from 1 January 2025.
- 4 Staff have divided this project into two areas of focus:
  - (a) awareness raising and targeted and tailored engagement activities, which will include:
    - (i) continued presentations and awareness-raising activities with various stakeholder groups across the economy;
    - (ii) adapting IFRS Foundation educational materials for Australian use; and
    - (iii) establishing and maintaining an AASB S2 Knowledge Hub; and
  - (b) monitoring implementation progress of entities to help identify, understand (and, where appropriate, respond to) challenges arising from applying AASB S2, which will include:

- (i) convening the *Implementation Advisory Panel on AASB S2*;
- (ii) facilitating Board discussions with practitioners to better understand the implementation progress of Australian entities; and
- (iii) engaging researchers to obtain evidence on the implementation progress of Australian entities.

## Structure

- 5 This paper is structured as follows:
- (a) [Section One](#): Background (paragraphs 6–9)
  - (b) [Section Two](#): Approaches and outcomes (paragraphs 10–42)
  - (c) [Section Three](#): Timeline and other considerations (paragraphs 43–44)

## Section One: Background

- 6 This project aims to support the implementation of AASB S2 as Australian entities commence a phased approach to mandatory reporting starting from 1 January 2025.
- 7 Following the publication of AASB S2 in September 2024, staff have been working to begin raising awareness of the Standard and the incoming mandatory climate-related financial disclosure requirements. Since publication, staff have delivered AASB S2-related presentations to in excess of 1,000 stakeholders across the economy, including preparers, accounting firms, professional bodies, user groups, industry bodies and associations, and academics. These presentations have been primarily aimed at raising awareness of AASB S2 among a wide range of stakeholders, including those who may have had limited historical engagement with the AASB. Staff have also participated in ad-hoc meetings with numerous preparers—primarily Group 1 and Group 2 entities—across several economically significant industries (i.e. agriculture, retail, superannuation, utilities) to help better understand their preparedness for the forthcoming mandatory disclosure requirements.
- 8 The AASB’s delivery of climate-related financial disclosure requirements requires widespread, consistent and high-quality adoption, implementation and application of AASB S2 by entities across the country. Staff therefore view continued implementation support activities as essential to ensure the successful implementation of AASB S2.
- 9 Staff have divided this project into two areas of focus:
- (a) awareness raising and targeted and tailored engagement activities—these activities will be driven by technical staff in consultation with and approved by the AASB Chair, enabling expedited delivery of implementation support and greater Board efficiency to focus on complex implementation support challenges; and
  - (b) monitoring implementation progress of entities—to help identify, understand (and, where appropriate, respond to) challenges arising from applying AASB S2. Staff will provide the Board with regular updates on the proposed monitoring activities. Should any concerns arise, staff will discuss with the Board to determine what, if any, action is required.

## Section Two: Approaches and outcomes

### *Area #1 – Awareness raising and targeted and tailored engagement activities*

- 10 Staff propose activities to include awareness raising and targeted and tailored engagement. Staff will issue educational materials and convene relevant external expertise.<sup>1</sup> Educational materials may take multiple forms, including:
  - (a) guidance statements or other long-form publications;
  - (b) snapshots or other short-form publications;
  - (c) webcasts/webinars; and
  - (d) FAQs.
- 11 For the purpose of this paper, the generic terms “guidance materials”, “educational materials” or “materials” are used to signify all forms of non-mandatory and non-authoritative materials intended to explain, clarify, or provide implementation guidance to preparers using AASB S2.
- 12 A wide variety of delivery modes will be critical to reach a broad range of stakeholders, with the key focus being on supporting preparers. Staff anticipate that many stakeholders may have had limited interactions with the AASB or Australian Accounting Standards in the past and therefore developing strategic partnerships and appropriately tailoring delivery modes and materials for each stakeholder group will be essential. Activities may include:
  - (a) continued presentations and awareness-raising activities with various stakeholder groups across the economy, including facilitating workshops and other events;
  - (b) adapting IFRS Foundation educational materials for Australian use; and
  - (c) establishing and maintaining an AASB S2 Knowledge Hub.
- 13 Awareness-raising and targeted and tailored engagement activities are planned to be phased across the next three years, aligning with the phasing in of mandatory requirements.

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1 Under paragraph 13 of the [AASB Due Process Framework for Setting Australian Sustainability Reporting Standards](#), staff may issue guidance materials relating to Australian Sustainability Reporting Standards (ASRS).

### ***Adapting ISSB educational materials for Australian use***

- 14 International Sustainability Standards Board (ISSB) staff have led the development of a range of educational materials relating to the implementation of the IFRS Sustainability Disclosure Standards to date and continue to do so. Due to the high degree of alignment between IFRS S2 and AASB S2, ISSB educational materials have a high degree of relevance to the Australian context. Some contextual changes may be needed to adapt ISSB educational materials for Australian use.<sup>2</sup>
- 15 Upon the release of educational materials from the ISSB on sustainability and/or climate-related financial disclosures, staff would:
- (a) assess whether the materials are appropriate to support Australian entities in applying AASB S2; and
  - (b) contextualise materials for the Australian context and publish an Australian-tailored AASB publication (in consultation with and approved by the AASB Chair).<sup>3</sup>
- 16 Staff are of the view this approach will:
- (a) align domestic education content with international education content developed by the ISSB;
  - (b) help to align domestic practice with international practice (i.e. the international baseline);
  - (c) reduce the risk that any AASB-developed educational content may, either currently or in future, unintentionally contradict materials released by the ISSB or emerging international practice, or stray into interpretation of specific requirements within AASB S2; and
  - (d) streamline the production of education content for domestic stakeholders.

### ***AASB S2 Knowledge Hub***

- 17 Educational materials on a wide range of topics related to climate-related financial disclosures may be useful to domestic stakeholders. Organisations other than the IFRS Foundation have already published considerable educational resources that seek to assist entities with implementing IFRS S2 and AASB S2.<sup>4</sup> Much of this content is likely helpful for entities required to prepare reports under AASB S2 but may be challenging to locate if it is not presented in an accessible fashion.
- 18 Since the beginning of the climate-related financial disclosures project, staff have received a large volume of technical enquiries and requests for educational materials from stakeholders across the Australian economy, including individual preparers and industry groups. Staff view the creation of an AASB S2 Knowledge Hub as crucial to supporting the varied educational needs of Australian stakeholders.
- 19 The IFRS Foundation website hosts the [IFRS Sustainability Knowledge Hub](#). The Hub acts as a central content repository to primarily help preparers get started in applying IFRS Sustainability Disclosure Standards, as well as providing content for other stakeholders to better understand and make use of the Standards. Different content is aimed at preparers of various levels of knowledge and experience. The content presented on the hub includes:

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2 Contextualisation may be required to IFRS Foundation content for several reasons, including limiting the scope of materials to climate-only, minor deviations from the IFRS S2 baseline and other jurisdictional factors.

3 Australian-tailored AASB publications will be produced where appropriate and in accordance with any relevant licensing considerations.

4 In addition to materials supporting the preparation of sustainability-related financial disclosures more broadly.

- (a) a comprehensive list of all ISSB materials, including IFRS Sustainability Disclosure Standards and supporting materials;
  - (b) a resource database of publications from private and public sector entities aimed at supporting the implementation of IFRS S1 and IFRS S2. As at February 2025, the database includes 280 publications. Publications cover topics such as particular disclosure requirements within IFRS S1 and IFRS S2, and guidance for specific industries on industry-specific considerations in applying the Standards;<sup>5</sup> and
  - (c) a comprehensive list of other support materials provided by the IFRS Foundation, including FAQs and webinar recordings.
- 20 Establishing an Australian climate-related disclosure equivalent to the IFRS Sustainability Knowledge hub on the AASB website would allow the AASB to direct preparers and other stakeholders to the wide range of educational material already available online. This may reduce the need for the AASB to produce educational materials relating to some topics already covered by third parties.
- 21 Staff envisage the AASB S2 Knowledge Hub would be a condensed version of the IFRS Sustainability Knowledge Hub, presenting curated content that is more relevant to Australian stakeholders and is climate-focused. This is also due to capability constraints of the AASB website and informal feedback to staff from some Australian entities that the IFRS Sustainability Knowledge Hub can be overwhelming to navigate due to the large number of available resources.
- 22 Any third-party resources made available on an AASB S2 Knowledge Hub would include a disclaimer from the AASB on the use of such resources.<sup>6</sup>
- 23 Staff will provide a regular update on awareness raising and targeted and tailored engagement activities to the Board.

**Question 1 to the Board (for discussion):**

Do Board members have any comments or questions on the proposed awareness raising and targeted and tailored engagement activities?

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5 The IFRS Foundation provides a clear disclaimer on each publication that it only provides links to content produced by third parties that is intended for informational and educational purposes, and provides no warranties in relation to the use of any third-party content.

6 Any disclaimer could be based on [that used on the IFRS Sustainability Knowledge Hub](#).

## **Area #2 – Monitoring implementation progress activities**

- 24 Monitoring the implementation progress of entities is intended to help identify, understand and where appropriate, respond to, challenges arising from implementing AASB S2. The proposed monitoring mechanisms include:
- (a) convening the *Implementation Advisory Panel on AASB S2* (the Advisory Panel);
  - (b) facilitating Board discussions with practitioners to better understand the implementation progress of Australian entities; and
  - (c) engaging researchers to obtain evidence on the implementation progress of Australian entities.
- 25 Implementation monitoring activities will be particularly important to identify any potential Australian-specific implementation issues. Australian stakeholders may face unique AASB S2 implementation issues not covered by ISSB educational material or relevant third-party content on the AASB S2 Knowledge Hub.<sup>7</sup>
- 26 Staff define Australian-specific implementation issues as those that relate to either:
- (a) the implementation of an Australian-specific paragraph or paragraph deleted by the AASB within AASB S2; or
  - (b) the implementation of a paragraph within AASB S2 aligned with the IFRS Sustainability Disclosure Standards that is uniquely applied by Australian entities due to a jurisdictional-specific factor.

### ***Implementation Advisory Panel on AASB S2***

- 27 The Chair has supported the creation of the Advisory Panel. Attachment 9.1.1 details the Chair's considerations in providing that support.
- 28 The purpose of the Advisory Panel is to:
- (a) allow the Australian member of the ISSB's Transition Implementation Group on IFRS S1 and IFRS S2 (ISSB TIG) to hear from a range of Australian stakeholders to inform their input to the ISSB TIG;
  - (b) provide a forum for Australian stakeholders to submit implementation questions related to Australian-specific issues in implementing AASB S2; and
  - (c) inform the AASB to determine what, if any, action may be needed to address Australian-specific issues in implementing AASB S2.
- 29 Staff view the Advisory Panel as playing an important role in the AASB's implementation support activities. The Advisory Panel will provide a mechanism for Australian stakeholders to submit technical enquiries on Australian-specific implementation issues to the AASB in a structured way. Staff note that in the absence of the AASB establishing an Advisory Panel, it is likely that external parties in the Australian economy would develop their own mechanisms to consider technical implementation issues without the input of the AASB.

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7 Such issues may include sector neutrality or the application of AASB S2 as a standalone standard.

- 30 Staff intend to create criteria for what constitutes an Australian-specific implementation question, similar to the approach adopted by the ISSB TIG. Staff propose that Australian-specific implementation questions would be those that meet all the following three criteria:<sup>8</sup>
- (1) the question relates to:
    - (i) the implementation of an Australian-specific paragraph or paragraph deleted by the AASB within AASB S2; or
    - (ii) the implementation of a paragraph within AASB S2 aligned with IFRS S2 that is affected by Australian-specific circumstances; and
  - (2) the question indicates that AASB S2 can be applied in different ways, resulting in diversity in practice; and
  - (3) the potential implementation question is expected to be pervasive (i.e., the question is expected to be relevant to a wide range of stakeholders).
- 31 The Chair has provided support for staff's proposed approach to begin the process of establishing an Advisory Panel and begin to contact potential members of the Advisory Panel. Staff determined this expedited approach was necessary to ensure that the Advisory Panel can be established within a suitable timeframe to best support the implementation of AASB S2.
- 32 Following the Chair's support:
- (a) the Advisory Panel would be comprised of approximately 10 members, who are predominantly preparers involved in the implementation of AASB S2;
  - (b) members would serve for initial one-year terms, with a view to renewing members terms at the discretion of the AASB to allow the membership of the Advisory Panel to be initially focused on Group 1 preparers and gradually evolve to include Group 2 and Group 3 preparers as these groups begin to implement AASB S2;
  - (c) a senior AASB staff member would chair the Advisory Panel;
  - (d) Advisory Panel meetings would be held before each ISSB TIG meeting as soon as practical after the publication of ISSB TIG papers;
  - (e) Advisory Panel meeting papers and meeting summaries would be made publicly available on the AASB website following each meeting; and
  - (f) Advisory Panel meetings would be held in private to facilitate in-depth, robust discussion of the experiences of Advisory Panel members during implementation to date.
- 33 Staff recommend that the Terms of Reference for the Advisory Panel be finalised and approved out-of-session by the Chair.
- 34 Staff note that the AASB formed the Sustainability Reporting Project Advisory Panel (SR PAP) in late 2022 as an informal consultative group to provide input to the AASB in the early stages of the climate-related financial disclosure project. The SR PAP has not met since January 2023 and staff believe the Advisory Panel will be the suitable body to provide advice to the AASB on implementation support moving forward.

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8 These criteria are adapted from the submission guidelines for potential implementation questions to be considered by the ISSB TIG.

35 For completeness, staff recommend the SR PAP be closed.

***Facilitating Board discussions with practitioners to better understand the implementation progress of Australian entities***

36 This would involve direct engagement between the Board and practitioners. Relevant practitioners would be engaged to share their practical insights and experiences with the implementation of AASB S2 with Board members on specific topics.

37 Topics for board discussions are likely to focus on complex areas to implement under AASB S2, including Scope 3 greenhouse gas emissions and scenario analysis.

***Engaging researchers to obtain evidence on the implementation progress of Australian entities***

38 This would involve engaging researchers through the AASB Research Centre to obtain evidence on the progress of Australian entities in implementing AASB S2.

39 Research would be conducted through existing and, where appropriate, new tenders to engage research teams. Staff have identified the following as priority areas for research:

- (a) obtaining evidence on the progress of Australian entities in implementing AASB S2 throughout 2025 and 2026;
- (b) observations on Group 1 mandatory climate-related financial disclosures for reporting periods ended 31 December 2025, to be conducted in 2026 once annual reports begin to be issued; and
- (c) obtaining an understanding of Group 3 entities' readiness for mandatory climate-related financial disclosures.

***Responding to identified implementation issues***

40 It is anticipated that AASB S2 implementation issues may come to the attention of technical staff through the various implementation monitoring activities. These issues may be Australian-specific or have international relevance.

41 In response to AASB S2 implementation issues, staff will, in the first instance, consider whether any of the following activities may be appropriate:

- (a) providing feedback to the ISSB on implementation issues and the potential need for educational materials with international applicability;
- (b) developing Australian-specific educational materials;
  - (i) staff note that a high bar would be placed to trigger the development and publication of Australian-specific educational materials. This would reduce the risk that any materials may, either currently or in the future, unintentionally contradict materials developed by the ISSB, emerging international practice or interpret requirements within AASB S2; or
- (c) engaging in targeted domestic standard setting.

42 Staff will consult with the Board and, where appropriate, the Implementation Advisory Panel to inform a response to any implementation issues.



**Question 2 to the Board (for discussion):**

Do Board members have any comments or questions on the proposed monitoring implementation progress activities?

**Question 3 to the Board (for decision):**

Do Board members agree with the staff recommendation in paragraph 33 for the Terms of Reference for the *Implementation Advisory Panel on AASB S2* to be approved out-of-session by the Chair?

**Question 4 to the Board (for decision):**

Do Board members agree with the staff recommendation in paragraph 35 to formally close the *Sustainability Reporting Project Advisory Panel*?

**Section Three: Timeline and other considerations**

*Cross-cutting projects*

- 43 Staff note that there are potential cross-cutting projects relating to implementation support and awareness raising,<sup>9</sup> including:
- (a) Proportionality – Elements of supporting proportionality may take the form of educational materials, such as explaining proportionality mechanisms available with AASB S2; and
  - (b) Industry-based disclosures – Explaining the existing industry-based disclosure settings within AASB S2 and conducting potential outreach on how these settings may change in the future may form part of ongoing outreach activities.
- 44 Table 1 provides a summary of staff’s proposed activities. Staff note that implementation support will be phased over time and will require flexibility to respond to implementation or other issues as they arise. As such, more detail has been included for H1 2025.

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9 Dependent on board deliberations on the [draft] project plans of these projects.

**Table 1—Proposed implementation support project phasing**

	<b>H1 2025</b>	<b>H2 2025 and beyond</b>
<b>Awareness raising and targeted and tailored engagement activities</b>	<ul style="list-style-type: none"> <li>Continued presentations and awareness-raising activities with various stakeholder groups</li> <li>Regular release of IFRS Foundation educational materials contextualised for Australian use</li> <li>Establishment and launch of AASB S2 Knowledge Hub</li> </ul>	<ul style="list-style-type: none"> <li>Continued presentations and awareness-raising activities with various stakeholder groups</li> <li>Regular release of IFRS Foundation educational materials contextualised for Australian use</li> <li>Maintenance of AASB S2 Knowledge Hub</li> </ul>
<b>Monitoring implementation progress activities</b>	<ul style="list-style-type: none"> <li>Convening of Implementation Advisory Panel on AASB S2</li> <li>Commencing research to understand the implementation progress of Australian entities</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings of the Implementation Advisory Panel on AASB S2</li> <li>Facilitating Board discussions with practitioners to better understand the implementation progress of Australian entities</li> <li>Continued research to understand the implementation progress of Australian entities</li> </ul>

**Question 5 to the Board (for discussion):**

Do Board members have any comments or questions on the proposed timeline?

**Question 6 to the Board (for decision):**

Do Board members agree to finalise the project plan out-of-session by the Chair? If not, what alternative(s) do board members suggest?