



AASB Action Alert

From the Australian Accounting Standards Board

Issue No: 234
27 August 2024

Welcome to the AASB Action Alert

The AASB Board met in public and private on 26 August. At the meeting, the Board made key decisions regarding the Climate-related Financial Disclosure project.

Climate-related Financial Disclosure

The Board discussed working drafts of its two inaugural Australian Sustainability Reporting Standards. The Board decided to revise the titles and numbering of the Standards to AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and AASB S2 *Climate-related Disclosures* to align with the IFRS Sustainability Disclosure Standards.

AASB S1 will be a voluntary Standard. It will have the same scope and content as IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* except for some transition reliefs, which have been modified or omitted to align with the Standard's voluntary status. The Board decided to include several paragraphs referring to general purpose financial reports of not-for-profit (NFP) entities and their primary users to assist NFP entities electing to apply AASB S1. These paragraphs are the same as those already included in the draft AASB S2 – as described in paragraph (e) below.

AASB S2 will be a mandatory Standard. It will incorporate all requirements of IFRS S2 *Climate-related Disclosures*, with modifications only in respect of the following matters.

- (a) General requirements for disclosure of climate-related financial information – to add Appendix D *General Requirements for Disclosure of Climate-related Financial Information* to AASB S2 to incorporate IFRS S1 paragraphs that are necessary to enable AASB S2 to function as the standalone mandatory Standard containing all the requirements regarding climate-related financial disclosures.
- (b) Avoiding unnecessary duplication of disclosures – to modify the requirements set out in IFRS S2 paragraphs 7 and 26 (which assume an entity would comply with both IFRS S1 and IFRS S2) so

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that an entity applies those requirements only if it elects to voluntarily apply AASB S1 to disclose information about other sustainability-related risks and opportunities in addition to climate-related risks and opportunities.

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

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



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Industry-based information

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

Recently Approved Documents

Since last reported (Action Alert, 23 July 2024), the Board has approved the following Standards, Exposure Drafts or other proposal documents.

Date Approved	Document	Effective Date (Standards/Int'ns) or Due Date for Submissions (EDs)
29 July 2024	AASB 2024-2 <i>Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments</i>	1 January 2026
29 July 2024	ED 332 <i>Classification and Measurement of Financial Instruments: Tier 2 Disclosures</i>	11 October 2024
6 August 2024	ED 331 <i>Climate-related and Other Uncertainties in the Financial Statements</i>	4 October 2024

Documents Open for Comment

The following documents are open for comment. AASB submissions to the IASB, the ISSB, the IFRS Interpretations Committee, the IFRS Foundation, the IPSASB and other organisations are published on the AASB website.

Issuer	Document	AASB No.	AASB Due Date	Other Organisation Due Date
AASB	ED 331 Climate-related and Other Uncertainties in the Financial Statements	ED 331	4 October 2024	28 November 2024
AASB	ED 332 Classification and Measurement of Financial Instruments: Tier 2 Disclosures	ED 332	11 October 2024	–



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Issuer	Document	AASB No.	AASB Due Date	Other Organisation Due Date
IASB	ED/2024/4 Translation to a Hyperinflationary Presentation Currency	–	–	22 November 2024
IPSASB	ED 90 Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement	–	–	29 November 2024
IPSASB	ED 91 Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS) (Amendments to IPSAS 33)	–	–	13 December 2024

AASB Board Future Meeting Dates

5–6 September 2024

x September 2024 (TBD)

7–8 November 2024

5–6 September 2024 AASB meeting

The Board is expected to address the following agenda items:

Annual Improvements – Amendments to Standards

Conceptual Framework – Not-for-Profit Amendments

Not-for-Profit Private Sector Financial Reporting Framework

Post-implementation Review – Tier 2 (AASB 1060)

Service Performance Reporting