



<b>Project:</b>	<b>Climate-related financial disclosures</b>	<b>Meeting:</b>	19 and 22 July 2024 (M206)
<b>Topic:</b>	<b>Executive summary of Agenda Papers 4.2.1–4.2.4</b>	<b>Agenda Item:</b>	4.2.0
		<b>Date:</b>	12 July 2024
<b>Contact(s):</b>	Patricia Au <a href="mailto:pau@asab.gov.au">pau@asab.gov.au</a>  Charis Halliday <a href="mailto:challiday@asab.gov.au">challiday@asab.gov.au</a>	<b>Project Priority:</b>	High
		<b>Decision-Making:</b>	High
		<b>Project Status:</b>	Consider ED Feedback

### Objective of Agenda Item 4.2

- 1 The objectives of Agenda Item 4.2 are for the AASB to:
  - (a) consider stakeholder feedback received on SMCs 23–29, as discussed in Agenda Papers 4.2.1–4.2.4, relating to NFP entities and public sector entities; and
  - (b) decide on any changes to be made to [draft] ASRS 1 and [draft] ASRS 2 or any further standard-setting actions needed before finalising the Standards.
- 2 This paper provides an executive summary of Agenda Papers 4.2.1–4.2.4. There is no question for Board members in this paper.

### Executive summary and attachments

- 3 In addition to this paper, there are four papers in the combined pack relating to Agenda Item 4.2 in which decisions from Board members are sought. The following table provides a high-level summary of the content of those papers.

Agenda Paper	Summary of content
Agenda Paper 4.2.1: Modifications to the objective of [draft] ASRS 2 for NFP entities (SMCs 23–24)	Some stakeholders have concerns regarding the proposed modified objective for NFP entities set out in paragraph Aus2.2(b) of [draft] ASRS 2. The paper provides analysis to assist Board members in deciding whether to retain the modified objective of ASRS 2 for NFP entities.  Staff recommend:  (a) omitting paragraph Aus2.2 from [draft] ASRS 2 and all proposed modifications relating to adding the phrase “ability to further its objectives” in describing the objective of the Standard and related key concepts. That is, incorporating IFRS S2’s text without modifications; and  (b) adding mandatory guidance in an Australian-specific appendix to ASRS 2 to clarify the objective of the Standard in an NFP

Agenda Paper	Summary of content
	context, using existing NFP guidance in the <a href="#">Framework for the Preparation and Presentation of Financial Statements</a> .
Agenda Paper 4.2.2: Proportionality relief paragraphs for NFP entities (SMC 25)	<p>This paper considers whether paragraph Aus6.1 of [draft] ASRS 1 and paragraph Aus4.1 of [draft] ASRS 2 are needed since the same proportionality relief introduced by the “undue cost or effort” and “exhaustive search” concepts is included in other paragraphs of IFRS S2 and in IFRS S1 paragraph B10.</p> <p>Staff are of the view that if the relevant IFRS S2 paragraphs and IFRS S1 paragraph B10 were added to ASRS 2 and be applicable to all entities applying ASRS 2, there may be no need for additional Aus paragraphs specific to NFP entities.</p>
Agenda Paper 4.2.3: Scalability of disclosures for NFP entities (SMCs 26–27)	<p>This paper analyses stakeholders’ feedback on the proportionality mechanisms in the baseline of IFRS S1 and IFRS S2 and whether they are insufficient to address scalability and cost-benefit concerns for NFP entities and smaller entities.</p> <p>Staff consider there is merit in undertaking a project to address scalability and cost-benefit concerns for NFP entities and smaller entities, subsequent to finalising ASRS 1 and ASRS 2.</p>
Agenda Paper 4.2.4: NFP public sector considerations (SMCs 28–29)	<p>Staff observed that the main objectives of adding SMCs 28–29 to ED SR1 were to assist the AASB in understanding whether there are any other public-sector-specific matters not yet identified by the Board that the Board should consider in future in determining whether to undertake a domestic project to develop Australian-specific public sector climate-related disclosure requirements.</p> <p>In respect to government/State owned corporations incorporated under the Corporations Act that would be within the scope of the proposed legislation, staff did not identify a public-sector-specific reason to modify the baseline requirements for these entities. Accordingly, staff consider that no further standard-setting work needs to be performed in relation to SMC 28 and SMC 29 before finalising ASRS 1 and ASRS 2.</p>

- 4 Agenda Paper 4.2.5, which is a Board-only paper in the supplementary folder, provides an overview of comments received on SMCs 23–29 expressed in comment letters, for Board members’ information.