

## Appendix: Changes in the Australian exposure drafts

### Draft ASRS 1

Area	IFRS S1	[Draft] ASRS 1
Interaction with other pronouncements	Includes definitions and content identical to the <i>Conceptual Framework for Financial Reporting</i> .	Includes references to the <i>Conceptual Framework for Financial reporting and Framework for the Preparation and Presentation of Financial Statements</i> .
Application	For-profit entities <i>only</i> .	Both for-profit and not-for-profit entities.  Language has been clarified so that the concepts of “the entity’s prospects” and “business model” now incorporate “the entity’s ability to further its objectives over the short, medium, and long term”.
Scope of issues	<i>All sustainability-related risks and opportunities that are reasonably expected to affect the entity.</i>	Only <i>climate-related</i> risks and opportunities that are reasonably expected to affect the entity.
Determination of material climate-related risks and opportunities	No requirement to disclose anything if the entity determines that there are no material climate-related risks and opportunities that could reasonably be expected to affect the entity’s prospects.	If the entity determines that there are no material climate-related risks and opportunities that could reasonably be expected to affect the entity’s prospects, the entity is required to disclose this fact and explain how it came to this conclusion.
Sources of guidance	<i>Requires</i> entities to consider the applicability of disclosure topics in the SASB standards.	<i>Removes</i> requirement to refer to the SASB standards.
Location of disclosures	Requires the entity to identify the report within which the climate-related financial information is located.	Removes the requirement for an index of disclosures or similar, provided that the information is provided in a manner that allows the user to locate its disclosures.
Timing of reporting	Gives examples of information being prepared for a period other than 12 months and interim reporting.	Specifies the same reporting period as the related financial statements. Does not address interim reporting.

## Draft ASRS 2

Area	IFRS S2	[Draft] ASRS 2
Interaction with other pronouncements	Includes definitions and content identical to the <i>Conceptual Framework for Financial Reporting</i> .	Includes references to the <i>Conceptual Framework for Financial reporting and Framework for the Preparation and Presentation of Financial Statements</i> .
General disclosure requirements	Includes requirements related to general disclosures on governance, strategy, and risk management, identical to IFRS S1.	Includes references to the general disclosure requirements of [draft] ASRS 1.
Application	For-profit entities <i>only</i> .	Both for-profit and not-for-profit entities.  Language has been clarified so that the concepts of “the entity’s prospects” and “business model” now incorporate “the entity’s ability to further its objectives over the short, medium, and long term”.
Cross industry metrics – executive remuneration	Requires disclosure of whether and how climate-related considerations are factored into <i>executive</i> remuneration.	Requires disclosure of whether and how climate-related considerations are factored into <i>key management personnel</i> remuneration as defined in AASB 124 Related Party Disclosures.
Scope of standard	Climate-related risks and opportunities.	Clarifies that the Standard does not apply to climate-related emissions that are not greenhouse gas (GHG) emissions, and does not replace existing legislation or pronouncements prescribing reporting requirements related to other sustainability-related topics.
Use of climate scenario analysis	Does not mandate the use of a particular scenario or number of scenarios.	Requires that resilience assessments are performed against at least two relevant possible future states, one of which must be consistent with the most ambitious global temperature goal set out in the <i>Climate Change Act 2022</i> (currently 1.5 degree scenario).

## Draft ASRS 2

Area	IFRS S2	[Draft] ASRS 2
Measurement of greenhouse gas emissions	Requires that greenhouse gas emissions are measured in accordance with the Greenhouse Gas Protocol Corporate Standard.	<p>Requires that the entity convert greenhouse gases to CO<sub>2</sub> equivalents using the same global warming potential values (GWP values) from the IPCC report as those applying under the Paris Agreement and the <i>National Greenhouse and Energy Reporting Act 2007</i> (NGER)</p> <p>Requires the entity to prioritise the methodologies in NGER scheme legislation as the default methodologies to measure greenhouse gas emissions before referring to foreign frameworks.</p>
Disclosure of scope 2 emissions	Requires an entity to disclose location-based Scope 2 greenhouse gas emissions and information about contractual instruments related to Scope 2 emissions.	Requires an entity that is required by the <i>Corporations Act 2001</i> to prepare climate-related financial disclosures to additionally disclose its market-based Scope 2 greenhouse gas emissions (transitional relief for the first 3 years that the entity applies ASRS 2).
Disclosure of scope 3 emissions	Requires that the data used in the disclosed emissions is aligned to the reporting period.	Permits an entity to disclose Scope 3 emissions using data from the immediately preceding reporting period, if reasonable and supportable data for the current period is not available to the entity at the reporting date without undue cost or effort.
Disclosure of scope 3 emissions	Requires that sources of Scope 3 emissions are categorised in accordance with the 15 categories of Scope 3 emissions in the Greenhouse Gas Protocol Standards.	Removes the requirement to disclose the sources categorised in accordance with the 15 categories of Scope 3 emissions in the Greenhouse Gas Protocol Standards.
Industry-based metrics	<i>Requires</i> entities to consider the applicability of metrics in the SASB standards.	<p><i>Removes</i> requirement to refer to the SASB standards.</p> <p>When identifying material industry-based metrics, entities must use an industrial classification system that aligns with that developed by the Australian Bureau of Statistics.</p>



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