

## Appendix: AASB decisions in relation to the ASRS Exposure Draft (also referred to as ED SR1)

Meeting	Topic	Decision
6-7 June 2024	ASRS 1	To prepare a non-mandatory ('voluntary') ASRS 1 that would cover sustainability-related financial disclosures, rather than limit ASRS 1 to climate-related risks and opportunities as a mandatory Standard – the voluntary Standard ASRS 1 would have the same scope as IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.
	ASRS 2	To prepare a mandatory ASRS 2 that would incorporate the necessary content presented in [draft] ASRS 1 to make ASRS 2 function as a standalone, climate-only Standard.
	Scope of [draft] ASRS 2	To omit the clarification referring to climate change proposed in paragraph Aus3.1 in ED SR1.
	Cross-industry metrics	To retain the requirements set out in paragraphs 29(b)–29(f) of IFRS S2, as proposed in ED SR1.
	Measurement of greenhouse gas (GHG) emissions	To adopt the measurement hierarchy in
	Measurement of greenhouse gas (GHG) emissions	To adopt the measurement hierarchy in IFRS S2, which permits an entity to use a different method to the GHG Protocol when required to do so by a jurisdictional authority or an exchange on which the entity is listed, instead of requiring an entity to prioritise relevant methodologies in NGER Scheme legislation, as proposed in ED SR1.
	Definition of greenhouse gases	To retain the IFRS S2 definition as the seven greenhouse gases listed in the Kyoto Protocol, as proposed in ED SR1.
	CO <sub>2</sub> equivalent conversion for GHG emissions	To adopt the requirements in IFRS S2 (paragraphs B21 and B22) to use the global warming potential (GWP) values from the latest IPCC assessment available at the reporting date, instead of the IPCC 5th assessment as proposed in ED SR1.  The Board noted that if an entity uses appropriate emission factors that have already converted the constituent gases into CO <sub>2</sub> equivalent values (e.g. the Australian National Greenhouse Accounts Factors), the entity would not be required to recalculate the emission factors using GWP values from the latest IPCC assessment available at the reporting date.
	Scope 2 GHG emissions	To omit the proposed requirement for an entity to disclose its market-based Scope 2 GHG emissions from the fourth year of applying ASRS 2. Under IFRS S2 (and ASRS 2), entities might provide information about their market-based Scope 2 GHG emissions if they consider it would be useful to the users of their climate-related financial disclosures, and for NGER reporters, if NGER Scheme legislation requires the reporting of market-based Scope 2 GHG emissions in the future.
	Scope 3 GHG emission categories	To require an entity to disclose the sources of its Scope 3 GHG emissions using the 15 categories in the GHG Protocol, as set out in IFRS S2.
26 June 2024	Climate-related scenario analysis	To omit paragraphs Aus22.1 and Aus22.2 of [draft] ASRS 2, which proposed requiring an entity to assess climate resilience against at least two relevant possible future states, including one consistent with the most ambitious global temperature goal set out in the Climate Change Act 2022, and clarifying the disclosure requirements.
	Cross-industry remuneration metrics	To omit paragraph Aus29.1 of [draft] ASRS 2, which referred to the 'key management personnel' and 'compensation' definitions in AASB 124 Related Party Disclosures.

Meeting	Topic	Decision
	Scope 3 greenhouse gas emissions	To omit paragraph AusB39.1 of [draft] ASRS 2, which proposed to permit an entity to measure and disclose its Scope 3 GHG emissions using data for the immediately preceding reporting period if reasonable and supportable data related to the current reporting period is unavailable.
	Financed emissions	To require entities participating in financial activities of asset management, commercial banking or insurance to provide the additional and specific financed-emission disclosures set out in IFRS S2 paragraphs B59 and B61–B63, instead of requiring an entity to consider the applicability of those disclosures, as proposed in the related Aus paragraphs in the [draft] ASRS 2.
	Carbon credits	To adopt the IFRS S2 definition with no modification.
19 July 2024	Conceptual Content	To incorporate the conceptual content of the baseline into the ASRS Standards rather than merely referencing the Conceptual Framework for Financial Reporting and the Framework for the Preparation and Presentation of Financial Statements.
	Entities that do not have material climate related risks and opportunities	To omit paragraphs Aus6.2 of [draft] ASRS 1 and Aus4.2 of [draft] ASRS 2, which proposed requiring an entity that assessed it has no material climate-related risks and opportunities to disclose that fact and explain how it came to this conclusion.
	Industry-based disclosures	To depart from the IFRS Sustainability Disclosure Standards at this time by not requiring an entity to: <ul style="list-style-type: none"> <li>(a) refer to and consider the SASB Standards and the IFRS S2 Industry-based Guidance; or</li> <li>(b) provide industry-based disclosures.</li> </ul> <p>However, the AASB decided to add separate projects to the AASB work plan to consider the suitability of the SASB Standards, IFRS S2 Industry-based Guidance and industry-based disclosure requirements after the ASRS Standards have been finalised.</p>
	Identifying industry-based disclosures using ANZSIC	To omit the proposed requirements for an entity to refer to the Australian and New Zealand Standard Industrial Classification (ANZSIC) as the basis for identifying industries when voluntarily making industry-based disclosures.
	Voluntary disclosures	To not propose an additional paragraph that would expressly permit an entity to provide voluntary disclosures based on other relevant frameworks or pronouncements (e.g. the SASB Standards) – noting the lack of an additional paragraph would not prevent an entity providing such voluntary disclosures
	Locating disclosures	To paragraph Aus60.1 of [draft] ASRS 1 that proposed requiring an entity to provide information in a manner that would enable users of general purpose financial reports to locate the disclosures prepared in accordance with ASRS Standards.
	Interim disclosure guidance	To include paragraphs 69 and B48 of IFRS S1 in the ASRS Standards to address interim-period climate-related financial disclosures provided by an entity.
	Objective of ASRS 2 for not-for-profit entities	To not modify the objective of ASRS 2 for NFP entities, by omitting paragraph Aus2.2 of [draft] ASRS 2 and all proposed modifications related to adding the phrase “ability to further its objectives” as proposed in ED SR1.
	Users of general-purpose financial reports for not-for-profit entities	To require NFP entities to refer to the definition of “primary users of general purpose financial reports” described in the Framework for the Preparation and Presentation of Financial Statements when applying ASRS 2.

Meeting	Topic	Decision
	Identifying climate-related risks and opportunities	To specify that all entities applying ASRS 2 (i.e. not only NFP entities) would not need to undertake an exhaustive search for information in identifying climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects, by omitting paragraph Aus4.1 of [draft] ASRS 2 and incorporating paragraph B10 of IFRS S1.
	Modifications for public sector entities	That no specific modifications to the baseline of IFRS S2 were warranted for government-owned corporations incorporated under the Corporations Act 2001 that would be within the scope of the proposed legislative amendments that would require compliance with the AASB's mandatory ASRS 2.
	Scalability and cost-benefit concerns	The AASB decided to undertake a project to address scalability and cost-benefit concerns for NFP entities and smaller entities, the timing of which will be considered after the ASRS Standards have been finalised.



[grantthornton.com.au](https://www.grantthornton.com.au)

Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities.

Liability limited by a scheme approved under Professional Standards Legislation.