

AMENDMENTS TO EXPOSURE DRAFT S2 | CONSULTATION

Australian Energy Producers | 5 June 2025

Australian Energy Producers welcomes the opportunity to provide feedback to the Australian Accounting Standards Board (AASB) on the International Sustainability Standards Board's (ISSB) proposed amendments to the International Financial Reporting Standard (IFRS) S2, which is the basis of the AASB S2 standard.

It is recommended that the adoption of any ISSB amendments under AASB S2 maintain compatibility with, and provide for the use of, the National Greenhouse and Energy Reporting (NGER) framework, in particular for Australian companies with international operations. It is essential that Australia's climate-related financial disclosure standard remains fit for purpose and supports domestic compliance obligations. The ISSB's objective in proposing amendments to IFRS S2 is to reduce complexity, avoid duplication, and manage compliance costs for internationally reporting entities. While this objective is supported, any changes adopted into the AASB S2 standard should be carefully assessed for alignment with the NGER scheme to ensure national consistency and regulatory coherence.

It is recommended that the AASB amendments should include an Australia-specific provision permitting entities headquartered in Australia to apply NGER methodologies to overseas assets located in jurisdictions without mandatory emissions reporting requirements. The current IISB IFRS S2 section 29(a)(ii) states that emissions need to be measured in accordance with the Greenhouse Gas Protocol (GHGP) unless the entity is required to report under a jurisdictional authority or exchange. Australian-headquartered corporations with assets in jurisdictions without mandatory emissions reporting to international standards rely on the NGER framework to estimate and report their emissions. This reporting is often integrated into company's emissions and production reporting systems and annual reports, as well as being used to set and track emissions reduction targets

The ISSB's proposed 'jurisdictional relief' would permit Australian companies to apply NGER methodologies only to assets located within Australia, while requiring the use of the GHGP for overseas assets. The GHGP is not used by the Australian Government for regulatory compliance or national inventories, and therefore mandating its use for Australian-owned international assets could create inconsistency with existing reporting practices and in their corporate disclosures, especially where Australian entities currently apply the NGER framework uniformly across all Australian and international assets. Such a requirement would also impose additional compliance burdens on operators.

Imposing an alternative, non-NGER approach to estimating emissions for overseas assets could result in disclosure outcomes misaligned with Australia's regulatory reporting obligations. The GHGP draws on the Intergovernmental Panel on Climate Change's (IPCC) top-down emissions factors and Global Warming Potentials (GWP), which in turn, depend on references to the specific IPCC Assessment Reports (AR). The GHGP approach can be inconsistent with NGER, for example, AASB section B22 (page 14) states "... if an entity uses emission factors that are not converted into CO₂ equivalent values, then the entity shall use the global warming potential values based on a 100-year time horizon from the latest Intergovernmental Panel on Climate Change assessment available at the reporting date". Requiring two separate approaches for national and international assets could introduce inconsistencies across multiple reporting protocols and result in an increase in reporting and assurance compliance costs for Australian companies.

Head Office

GPO Box 2201 Canberra ACT 2601
+61 2 6247 0960 | contact@energyproducers.au

Australian Energy Producers Limited

energyproducers.au

ABN 44 000 292 713