



Project:	Climate-related Financial Disclosures	Meeting:	AASB October 2025 (M215)
Topic:	Project Update and Next Steps – Proposed Amendments to IFRS S2/AASB S2 <i>Climate-related Disclosures</i>	Agenda Item:	9.1
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		Decision-Making:	Low
		Project Status:	Update and next steps

Objective

- 1 The objective of this staff paper is to **provide an update** on the proposed amendments to IFRS S2 *Climate-related Disclosures* and AASB S2 *Climate-related Disclosures*, outlined in [ED SR2 Amendments to Greenhouse Gas Emissions Disclosures – Proposed amendments to AASB S2](#) (ED SR2). This includes a summary of Australian stakeholder feedback, monitoring of ISSB deliberations and an outline of next steps.
- 2 This paper is for discussion purposes only. It **does not** seek any decisions from the Board.

Structure

- 3 This paper is structured as follows:
 - (a) [Section One](#): Background
 - (b) [Section Two](#): Summary of stakeholder feedback on ED SR2 and AASB comments to ISSB
 - (c) [Section Three](#): Monitoring of ISSB ED deliberations
 - (d) [Section Four](#): Next steps
 - (e) [Appendix A](#): ED SR2 overview with AASB feedback and ISSB staff recommendations

Attachments

- 4 There are two attachments to this paper:
 - (a) [Agenda Paper 9.2](#): AASB comment letter to ISSB
 - (b) [Agenda Paper 9.3](#): AASB/UK FRC/SSBJ joint comment letter to ISSB

Section One: Background

- 5 On 28 April 2025, the ISSB published the [Exposure Draft Amendments to Greenhouse Gas Emissions Disclosures](#) (ISSB ED). The ISSB ED proposed targeted amendments to IFRS S2 in response to application challenges identified by stakeholders related to greenhouse gas (GHG) emissions disclosure requirements. The 60-day comment period closed on 27 June 2025. The ISSB commenced considering stakeholder feedback at its July 2025 board meeting and will continue to consider stakeholder feedback on the ISSB ED and progress the amendments in meetings over the remainder of 2025.
- 6 Given the shortened comment period for the ISSB ED, at its March 2025 meeting, the Board decided:
- (a) to issue an Exposure Draft (ED SR2) that incorporated the ISSB ED for a 30-day comment period, to facilitate obtaining Australian stakeholders' feedback to inform an AASB submission to the ISSB on its proposals; and
 - (b) to form a subcommittee, consisting of four Board members, to prepare the Board's submission on the ISSB ED, with final approval by the Chair.
- 7 The AASB issued ED SR2 for a 30-day comment period, which closed on 2 June. The AASB received 15 comment letters and eight usable survey responses. The AASB also participated in virtual and in-person roundtable sessions to hear stakeholders' views on ED SR2.
- 8 After the AASB comment period closed, the subcommittee met twice—on 12 June and 25 June—to discuss stakeholder feedback on the proposals, consider staff analysis and formulate a response to the ISSB.
- 9 The AASB comment letter to the ISSB ED was finalised, signed by the Chair and sent to the ISSB on 26 June. The letter is Agenda Paper 9.2.¹
- 10 The AASB submitted a joint comment letter—together with the UK Financial Reporting Council (UK FRC) and Sustainability Standards Board of Japan (SSBJ)—to the ISSB ED to convey common concerns. The joint letter focused exclusively on whether the Global Industry Classification Standard (GICS) should remain the default industry-classification system for an entity to classify counterparties when disaggregating financed emissions. The joint letter is Agenda Paper 9.3.²

Section Two: Summary of stakeholder feedback on ED SR2 and AASB comments to ISSB

- 11 The proposals in ED SR2 related to the following five themes:
- (a) **Theme 1:** Measurement and disclosure of Scope 3 Category 15 GHG emissions;
 - (b) **Theme 2:** Use of Global Industry Classification Standard (GICS) for specific financed emissions disclosures;
 - (c) **Theme 3:** Jurisdictional relief from using the GHG Protocol Corporate Standard;
 - (d) **Theme 4:** Applicability of the jurisdictional relief for global warming potential (GWP) values; and
 - (e) **Theme 5:** Effective date and early application.
- 12 [Appendix A](#) summarises the proposals in ED SR2, stakeholder feedback on these themes, the AASB's feedback to the ISSB and ISSB staff recommendations.

1 The [AASB's individual comment letter](#) has been published on the AASB website.

2 The [AASB's joint comment letter](#) has been published on the AASB website.

- 13 In brief, Australian stakeholders mainly supported the proposals and the AASB’s comments to the ISSB largely aligned with this sentiment. The AASB responded to each proposal and suggested changes to enhance their clarity.
- 14 The key issue that some stakeholders raised concerns about—and to which the AASB provided its most comprehensive response—was the proposal to permit use of an industry-classification system other than GICS, where GICS is not currently used in any part of the entity.³ Under the proposal, an alternative classification would be determined based on a hierarchy applied in the following order:
- a classification system required to be used by the entity for *climate reporting*;
 - a classification system required to be used by the entity for *financial reporting*;
 - a classification system that enables the entity to *classify counterparties by industry in a manner that results in information that is useful to users of general purpose financial reports*.
- 15 The AASB strongly encouraged the ISSB to pursue an alternative approach, as follows:
- When disaggregating by industry, the entity shall classify counterparties ... [via] an industry-classification system that enables the entity to classify counterparties by industry in a manner that results in information that is useful to users of general purpose financial reports.*
- 16 The AASB comment letter argued for a more principles-based and less prescriptive approach to industry-classification because:
- (a) GICS does not address some investment classes, such as sovereign bonds and many exchange-traded and mutual funds;
 - (b) GICS is a commercial product and continuing to identify it as the default classification system is likely to have licensing cost implications;
 - (c) policy decisions on the classification of information are typically made at the group or parent level to best represent that information from a whole of entity perspective, which is more likely to result in the same industry-classification system as peers and therefore result in greater comparability than when classification is being driven by one part of an entity; and
 - (d) the proposal could result in a group being required to use GICS when it is not the classification that would produce the most useful information.
- 17 More details on comments raised by the AASB to the ISSB, including AASB staff analysis, are provided in [Appendix A](#).

Section Three: Monitoring of ISSB ED Deliberations

- 18 At the time of writing this staff paper:
- (a) the ISSB has met once (on 24 July 2025) to discuss a summary of preliminary feedback on the ISSB ED and to consider aspects of each proposed amendment for redeliberation based on that feedback and staff analysis—no decisions were made at that meeting; and
 - (b) the ISSB’s 22-26 September 2025 agenda papers have been released.

3 AASB S2 currently requires certain entities (e.g. those that participate in commercial banking activities or financial activities associated with the insurance industry) to disclose absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions for each industry by asset class using GICS (see AASB S2.B62(a)(i) and B63(a)(i)).

ISSB July 2025 meeting and September meeting papers

- 19 At the ISSB July 2025 meeting, ISSB staff presented a preliminary feedback summary related to the ISSB ED,⁴ indicating broad support for proposed targeted amendments intended to provide additional relief and clarify existing relief from specific GHG emissions disclosure requirements in IFRS S2. Notwithstanding that broad support, it was acknowledged that several aspects of the proposed amendments were likely to require redeliberation before finalisation.
- 20 The ISSB's September 2025 meeting papers:
- (a) analyse the feedback received on the ISSB ED in more detail;
 - (b) make staff recommendations to the ISSB on each major issue; and
 - (c) ask ISSB members to vote on staff recommendations and, if agreed, permit staff to begin the process for balloting amendments.
- 21 Based on the ISSB's July 2025 meeting discussion and the content of the September meeting papers, AASB staff consider that the ISSB will primarily focus redeliberation on matters related to:
- (a) **Theme 1:** Measurement and disclosure of Scope 3 Category 15 GHG emissions; and
 - (b) **Theme 2:** Use of GICS for specific financed emissions disclosures.
- 22 These two themes are the primary focus of discussion in the remainder of this section.

Theme 1: Measurement and disclosure of Scope 3 Category 15 GHG emissions

- 23 The feedback received by the ISSB about clarifying the permitted exclusion from disclosure of Scope 3 Category 15 GHG emissions related to commercial banking and insurance-associated activities and related to derivatives was generally supportive. This is consistent with the feedback received by the AASB from Australian stakeholders.
- 24 The feedback received by the ISSB about the proposed disclosure about the magnitude of Scope 3 Category 15 GHG emissions that entities would be permitted to exclude from measurement and disclosure included:
- (a) broad support from stakeholders for providing transparency about the extent to which an entity's measure of Scope 3 Category 15 GHG emissions is complete, and the instruments an entity treats as derivatives when applying the relief;
 - (b) a lack of clarity of the proposed disclosure requirement, specifically aspects of the proposal that may lead to diversity in practice and reduce comparability such as the lack of definitions for 'financial activities' and 'derivatives' and 'amount' and potential for misinterpretation;
 - (c) concerns from preparers highlighting the cost and effort of providing quantitative disclosures, especially if not aligned with financial statement data;
 - (d) differing views about whether the information should be qualitative, quantitative or both, including whether any reference to 'amount' is needed as qualitative disclosure may be sufficient – in particular, while investors value clarity on what is included/excluded, they were divided on the need for quantitative data versus qualitative context;
 - (e) queries raised about whether any amount disclosed is supposed to be a proxy for the excluded disclosures; and
 - (f) whether more guidance on what might satisfy the requirement for information on the magnitude of excluded disclosures would be helpful, such as whether and when a cross-reference to financial statement information might be used.

4 See [ISSB Agenda Paper 9 \(July 2025\) – Amendments to Greenhouse Gas Emissions Disclosures](#).

- 25 Many of the above matters were raised by Australian stakeholders responding to ED SR2 and included in the AASB's comment letter to the ISSB.
- 26 In the September ISSB papers, ISSB staff recommend:
- (a) proceeding with the proposed clarification permitting the exclusion from disclosure of Scope 3 Category 15 GHG emissions those related to commercial banking and insurance-associated activities and related to derivatives;
 - (b) replacing the requirement to disclose the amount of derivatives and financial activities excluded, with a requirement to describe them and explain any differences between the items treated as derivatives in the financial statements and those excluded from emissions disclosures;
 - (c) adding a requirement to disclose:
 - a. total Category 15 GHG emissions; and
 - b. a subtotal of financed emissions included in the entity's Category 15 disclosures, if the entity includes emissions beyond financed emissions; and
 - (d) providing educational guidance to explain the purpose of the requirements related to excluded financial activities and the associated relief.
- 27 The ISSB staff recommendation in (a) responds to issues raised in the AASB submissions to the ISSB ED. Recommendations (b) and (c) are not inconsistent with the AASB's submission. In particular, (b) may help highlight cases where entities either do not apply the relief or apply it only partially, thereby supporting comparability.

Theme 2: Use of GICS for specific financed emissions disclosures

- 28 The nature of the feedback received by the ISSB about the proposed use of GICS included:
- (a) broad support for the proposed relief;
 - (b) investors acknowledged that flexibility may be needed to reduce costs and encourage adoption, and did not consider that there would be any significant loss of useful information from applying the proposed relief;
 - (c) concerns about the design of the proposed relief, which would continue to position GICS as the default for disaggregation;
 - (d) concerns about potential significant legal and cost implications for those using GICS, particularly entities currently using GICS in only a small part of the entity;
 - (e) GICS not being specifically designed for a climate-related objective;
 - (f) concerns the use of GICS in a small part of the entity could drive reporting of the entire entity, potentially resulting in applying a classification system different from that used for internal risk management and regulatory reporting, noting that policies are usually driven at the parent level;
 - (g) concerns about the proposed hierarchy of classification systems, particularly when best practice is not reflected in the classifications required to meet jurisdictional reporting obligations, and when the reporting requirements in one jurisdiction are not suitable for use in other jurisdictions in which the entity operates;
 - (h) concerns, particularly from some regulators and standard-setters, about prioritising the use of a commercial product to meet a disclosure requirement; and
 - (i) some concerns about the appropriate level of industry granularity and the need for clear disclosure of the classification system used.

- 29 Most of the above matters were raised by Australian stakeholders responding to ED SR2 and included in the AASB's comment letter to the ISSB.
- 30 In the September ISSB papers, ISSB staff recommend replacing the proposed industry-classification systems hierarchy with less prescriptive requirements. Under the revised approach, an entity participating in commercial banking or insurance activities would:
- (a) select an industry-classification system that enables the entity to classify counterparties by industry in a manner that results in information that is useful for understanding the entity's exposure to climate-related transition risks;
 - (b) prioritise—with all else being equal—selecting a commonly used industry-classification system that would support the comparability between entities;
 - (c) disclose the industry-classification system used to disaggregate the entity's financed emissions information by industry; and
 - (d) disclose reasons for the entity's choice of system and how it enables the entity to classify counterparties in a manner that results in useful information.
- 31 The ISSB staff recommendations respond to the issues raised in the AASB submissions to the ISSB ED and would address the concerns identified relating to a prescriptive approach to GICS.

Other proposals

- 32 Based on the ISSB's July 2025 meeting discussion and the September ISSB papers, AASB staff consider it likely that the following proposals in the ISSB ED will not be subject to significant redeliberation:
- (a) **Theme 3: Jurisdictional relief from using the GHG Protocol Corporate Standard and Theme 4: Applicability of the jurisdictional relief for global warming potential (GWP) values**

Most respondents to the ISSB supported the clarification as practical and necessary to avoid duplicative reporting and support global adoption. Some concerns were raised about reduced comparability and internal consistency if different methods or GWP values are used within a group and noted a need for transparency. ISSB staff recommend finalising the relief as proposed, relying on existing disclosure and disaggregation requirements in IFRS S1 and IFRS S2 for transparency, rather than adding new specific requirements.
 - (b) **Theme 5: Effective date and early application**

Almost all respondents to the ISSB supported an early effective date and permitting early application to align with ongoing implementation efforts and reduce compliance burdens. A few respondents requested clarification or relief regarding the need to restate comparative information when applying the amendments. ISSB staff recommend an effective date of 1 January 2027, with early application permitted. ISSB staff recommend that the ISSB requires an entity, in the first annual reporting period in which the entity applies the amendments, to adjust comparative information, unless it is impracticable to do so.
- 33 The above proposals are generally consistent with the AASB's comment letter to the ISSB.

Section Four: Next Steps

ISSB's Next Steps

- 34 At the September 2025 meeting, the ISSB will be asked to vote on the staff recommendations regarding the proposed amendments to IFRS S2. Assuming the ISSB makes decisions on all matters and agrees to finalise the amendments, the ISSB will be asked to grant staff permission to begin the balloting process.
- 35 ISSB staff recommend finalising the amendments to IFRS S2 without re-exposure for another round of public comment, because there are no substantive changes on which respondents have not had

the opportunity to comment. Therefore, re-exposure is unlikely to reveal new information or concerns. In making this recommendation, ISSB staff considered the *IFRS Foundation Due Process Handbook*, which shares principles with the *AASB Due Process Framework for Setting Australian Sustainability Reporting Standards*.

- 36 Assuming the ISSB makes decisions on all aspects, confirms compliance with due process, and grants permission to begin the balloting process, staff will begin drafting revised text for IFRS S2. As part of this, the ISSB will need to review and approve a ballot draft, which may involve a number of iterations, before issuing the final amendments to IFRS S2.
- 37 Subject to the ISSB's decisions and approval outlined above, the ISSB aims to issue the final amendments to IFRS S2 in Q4 2025.

AASB's Next Steps

- 38 Staff will provide a verbal update to the Board at this meeting on the ISSB September meeting and seek any member feedback on the ISSB's decisions.
- 39 Assuming the ISSB makes decisions on all matters and finalises the amendments to IFRS S2 in line with the ISSB staff's timetable, the AASB staff will bring an updated paper to the Board in November for decision-making, including due process considerations. The aim is to be in a position to finalise and issue amendments to AASB S2 shortly after the ISSB issues its amendments, targeting Q4 2025.

Question 1 to the Board (for discussion):

Do Board members have any comments or questions on the information presented in this paper?

Appendix A: Summary of ED SR2 proposals, Australian feedback to the ISSB and ISSB staff recommendations

Theme 1: Measurement and disclosure of Scope 3 Category 15 GHG emissions

- 1 ED SR2 proposes to clarify that entities are permitted not to measure and disclose Scope 3 Category 15 GHG emissions other than for financed emissions. Accordingly, an entity is permitted not to measure and disclose Scope 3 Category 15 GHG emissions associated with derivatives, commercial banking and insurance-associated activities.
- 2 ED SR2 also proposes disclosures about the amount of Scope 3 Category 15 GHG emissions that have not been measured and disclosed.

What we heard from stakeholders

- 3 Most stakeholders broadly supported the proposed exclusions, largely due to the current limitations in data availability, methodological challenges, and high compliance costs. Entities tended to support the relief as a pragmatic step that acknowledges the early stage of development in emissions measurement models, especially for insurance-related activities.
- 4 Several stakeholders raised concerns about the relief's permanency and the potential long-term implications of these exclusions. Several stakeholders advocate for ongoing monitoring and future reconsideration as methodologies mature. Some stakeholders raised concerns that the absence of a clear timeline for re-evaluation might discourage the development of robust measurement practices. They recommend a phased approach and more explicit guidance on definitions to ensure consistency and accountability.
- 5 Most stakeholders broadly supported the proposed disclosure requirements to enable users to understand the magnitude of the derivatives and financial activities associated with the entity's Scope 3 Category 15 greenhouse gas emissions that are excluded.
- 6 Some stakeholders recommended modifying the disclosure requirements to:
 - (a) disclosure of the total amount of relevant activities undertaken by the reporting entity (not only those excluded), so excluded amounts are understood in the relevant context;
 - (b) qualitative commentary on the climate significance of excluded exposures; and
 - (c) disaggregation by industry or sector.

How we responded

- 7 The AASB agreed that the proposals would remove ambiguity about whether the disclosures are mandatory and supported the rationale for permitting the exclusions, given the lack of established methodologies and differing interpretations of what these emissions represent.
- 8 The AASB also strongly encouraged the ISSB to clarify four key areas in the revised IFRS S2 or its Basis for Conclusions:
 - the ISSB's future intent, including the conditions under which the relief might be revisited, to provide market certainty about potential triggers for narrowing or removing the relief;
 - consistency in drafting the relief to avoid possible confusion – the current proposals explicitly exclude 'derivatives' whereas 'facilitated emissions' and 'insurance-associated emissions' are excluded based on not being within the description of 'financed emissions';
 - to avoid doubt, clarify that 'insurance-associated emissions' do not include any items described as 'financed emissions', noting that some insurance products combine insurance and investment components, which are accounted for in their entirety as insurance contracts under IFRS 17 *Insurance Contracts*.

- to avoid doubt, clarify that the relief from measuring and disclosing certain Scope 3 Category 15 GHG emissions does not extend to other disclosure requirements.
- 9 The AASB supported the disclosures to help users understand the amount of the derivatives and financial activities excluded from the entity's measurement of Scope 3 Category 15 GHG emissions. The AASB commented there is no need for specific additional disclosure requirements on the amount beyond that proposed, but that IFRS S2 or its Basis for Conclusions should make clear that excluded Scope 3 Category 15 GHG emissions, if material, would still be subject to other disclosure requirements (e.g. IFRS S2 disclosure requirements related to identifying climate-related risks and opportunities and risk management).

ISSB staff recommendations

- 10 Consistent with the ED, clarify relief from disclosure of Category 15 GHG emissions beyond financed emissions [Agenda paper 9A, paras 6 & 85].
- 11 Clarify the intent of the relief as part of the amended Basis for Conclusions on IFRS S2, including clarifying that the relief:
- does not relieve an entity from providing information about its climate-related targets, which might include targets related to Category 15 GHG emissions beyond financed emissions; and
 - does not negate the requirement that an entity provide information to enable primary users to understand the entity's climate-related risks and opportunities, including transition risk [Agenda paper 9A, paras 7 & 86].
- 12 Consistent with the ED, do not set an end date for the relief. Monitor developments in measurement methodologies for Category 15 GHG emissions and note future opportunities for ISSB to reassess the need for the relief, including the post-implementation review of IFRS S2 and the ISSB's consideration of prospective revisions to the GHG Protocol [Agenda paper 9A, paras 8 & 87].
- 13 To address concerns raised with the disclosure proposed in the ED:
- replace the requirements to disclose the amounts of derivatives and financial activities excluded from an entity's measurement and disclosure of Category 15 GHG emissions with a requirement to *describe* them; and to explain what financial instruments it treats as derivatives for the purposes of applying the relief, if that population differs from derivatives identified in preparing its financial statements [Agenda paper 9B, paras 6 and 59];
 - require a total of Scope 3 Category 15 emissions and a subtotal of financed emissions included in the entity's Category 15 disclosures, if the entity includes emissions beyond financed emissions [Agenda paper 9B, paras 7 and 60].

Theme 2: Use of Global Industry Classification Standard (GICS) for specific financed emissions disclosures

- 14 ED SR2 proposes to permit use of an industry classification system other than GICS when the entity does not currently use GICS in any part of the entity. The alternative would be determined based on a hierarchy applied in the following order:
- a classification system required to be used by the entity for climate reporting;
 - a classification system required to be used by the entity for financial reporting;
 - a system that enables the entity to classify counterparties by industry in a manner that results in information that is useful to users of general purpose financial reports.
- 15 ED SR2 proposes disclosure to explain the use of a classification system other than GICS.

What we heard from stakeholders

- 16 Most stakeholders broadly supported the flexibility to use an alternative industry classification system instead of GICS to reduce the reporting burden, avoid duplicative classification and better align with existing practices, and the relevant disclosure.
- 17 Several stakeholders, however, raised concerns about the proposed requirement to apply GICS across the entire entity if used in any part of the entity. They advocated for a more pragmatic, partial-use approach, especially in cases where GICS is only used in specific business units or where licensing constraints exist.
- 18 Overall, the feedback reflects a preference for practical, jurisdiction-sensitive reporting requirements that maintain consistency to the extent possible, without imposing unnecessary complexity.

How we responded

- 19 The AASB strongly encouraged the ISSB to pursue a more principles-based and less prescriptive approach to industry-classification, along the following lines:

When disaggregating by industry, the entity shall classify counterparties ... [via] an industry-classification system that enables the entity to classify counterparties by industry in a manner that results in information that is useful to users of general purpose financial reports.

- 20 The key reasons for the AASB's comments are:
- **Coverage and relevance.** GICS does not address some investment classes, such as sovereign bonds and many exchange-traded and mutual funds, nor does it adequately cover various types of loan counterparties, such as those belonging to a sector (e.g. the household sector) and not an industry. Therefore, GICS lacks the features necessary to be regarded as the default system for all types of entities.
 - **Cost.** GICS is a commercial product offered by a single proprietary company. We understand that GICS licensing costs are not fixed and will likely increase if an entity that currently uses GICS within only a part of the entity is required to extend the license to cover the whole entity (e.g., from a subsidiary to the entire group). The AASB is also mindful of examples when jurisdictional industry-classification requirements other than GICS are applied at the whole of entity level, while if part of the entity uses GICS, the proposed amended requirement would mean duplication in reporting which has an associated cost.
 - **Comparability.** The AASB considers industry-classification policy decisions made at the whole of entity level are more likely to result in an entity applying the same industry-classification system as its peers and therefore result in greater comparability than the proposal.
 - **Inconsistency with accounting policy choices.** Accounting policy decisions are typically made at the parent entity level rather than being driven by practice at the subsidiary level. The proposed amendment could result in a subsidiary's practice effectively determining the parent entity's disclosure approach.
 - **Requiring the use of mandated industry-classification systems in the hierarchy.** This could result in the entire group being required to use that industry-classification system to classify counterparties when disaggregating financed emissions information, even if it does not produce the most useful information.
- 21 The AASB also commented that disclosure should be required to explain the classification system used, including when an entity uses GICS.

ISSB staff recommendations

- 22 Replacing the proposed industry-classification systems hierarchy with less prescriptive requirements. Under the revised approach, an entity participating in commercial banking or insurance activities:

- (a) selects an industry-classification system that enables the entity to classify counterparties by industry in a manner that results in information that is useful for understanding the entity's exposure to climate-related transition risks;
- (b) prioritises—with all else being equal—selecting a commonly used industry-classification system that would support comparability between entities;
- (c) discloses the industry-classification system used to disaggregate the entity's financed emissions information by industry; and
- (d) discloses reasons for the entity's choice of system and how it enables the entity to classify counterparties in a manner that results in useful information [Agenda paper 9C, paras 6–8 and 68–70].

Theme 3: Jurisdictional relief from using the GHG Protocol Corporate Standard

- 23 ED SR2 proposes to permit an entity to use a method other than the GHG Protocol Standard for measuring GHG emissions, for the relevant part of the entity when a different jurisdictional or exchange requirement applies to an entity in whole or in part, for as long as that requirement is applicable.

What we heard from stakeholders

- 24 Most stakeholders broadly supported the proposed jurisdictional relief for emissions reporting, viewing it as a practical and necessary step to reduce duplication, align with existing national frameworks such as Australia's NGER scheme, and ease the reporting burden—particularly for multinational entities operating across diverse regulatory environments.
- 25 Some stakeholders applying NGER want the relief extended such that they apply NGER to Australian operations and to:
- (a) operations in jurisdictions where there are no jurisdictional requirements; or
 - (b) across the whole group, regardless of whether there are alternative jurisdictional requirements.

How we responded

- 26 The AASB supported the proposed relief as a practical solution that it clarifies the existing relief applies to only that part or those parts of the entity required to use an alternative jurisdictional or exchange requirement, and would remove or reduce the need for duplicative reporting.
- 27 In relation to Australian stakeholder concerns that the proposed relief may not be sufficiently comprehensive, the AASB encouraged the ISSB to consider exploring approaches to extend the first year transitional relief from using the GHG Protocol Corporate Standard. This could benefit entities with operations predominantly in Australia, and required to report under the NGER Scheme, that may have elected to apply the NGER Scheme's GHG measurement approaches to domestic operations (not subject to NGER requirements) and overseas operations where no specific jurisdictional requirements exist, which might help achieve consistency across the entity's GHG inventory.

ISSB staff recommendations

- 28 Consistent with the ED, clarify that the jurisdictional relief from using the GHG Protocol Corporate Standard is available when:
- an entity is required, in whole or in part, by a jurisdictional authority or an exchange on which it is listed to use a different method for measuring its GHG emissions;

- for the part of the entity to which that jurisdictional or exchange requirement applies, for as long as such jurisdictional or exchange requirement applies to that part of the entity [Agenda paper 9D, paras 6 & 56].

Theme 4: Applicability of the jurisdictional relief for global warming potential (GWP) values

- 29 ED SR2 proposes to permit an entity to use a method other than the latest IPCC Assessment GWP values for the relevant part of the entity when a different jurisdictional or exchange requirement applies to an entity in whole or in part, for as long as that requirement is applicable.

What we heard from stakeholders

- 30 Stakeholders broadly supported the proposed relief, viewing it as a practical solution that reduces duplication and aligns with existing national frameworks such as Australia's NGER scheme.
- 31 Several stakeholders wanted the relief to extend to circumstances where a jurisdictional authority or exchange did not mandate the use of specific GWP values. They advocated for consistent GWP values across an entity's entire operations, regardless of whether mandated by a jurisdictional authority or exchange, contending that this would reduce administrative burden and improve internal consistency.

How we responded

- 32 The AASB supported the proposed relief as a practical solution that it clarifies the existing relief applies to only that part or those parts of the entity required to use an alternative jurisdictional or exchange requirement, and would remove or reduce the need for duplicative reporting.
- 33 In relation to Australian stakeholder concerns that the proposed relief may not be sufficiently comprehensive, the AASB encouraged the ISSB to consider exploring approaches to extend the first year transitional relief from using the latest IPCC Assessment GWP values.

ISSB staff recommendations

- 34 Consistent with the ED, in relation to measuring GHG emissions, permit an entity to use GWP values that differ from those otherwise required in the Standard if an entity, in whole or in part, is required by a jurisdictional authority or an exchange on which it is listed to use GWP values other than the GWP values based on a 100-year time horizon from the latest IPCC assessment available at the reporting date for converting the seven constituent greenhouse gases into CO₂ equivalent values.
- 35 The entity would be permitted to use these different GWP values for the part of the entity to which that jurisdictional or exchange requirement applies, for as long as such jurisdictional or exchange requirement applies to that part of the entity [Agenda paper 9D, paras 7 & 56].
- 36 [Applicable to Themes 3 and 4] Do not introduce new disclosure requirements regarding the use of a measurement method other than the GHG Protocol Corporate Standard or the use of alternative GWP values or an explicit requirement to disaggregate GHG emissions measured using such alternatives. Rely on the existing requirements to:
- disclose information about other measurement methods used to measure GHG emissions; and
 - disaggregate information when material [Agenda paper 9D, paras 8 & 57].

Theme 5: Effective date and early application

- 37 ED SR2 proposes setting the effective date so that the amendments would be effective as early as possible and to permit early application.

What we heard from stakeholders

- 38 Stakeholders supported the proposed effective date – noting that some entities will be applying AASB S2 for the year ended 31 December 2025.

How we responded

- 39 The AASB supported the proposed effective date and permitting early application.

ISSB staff recommendations

- 40 Require an effective date of 1 January 2027, with early application permitted [Agenda paper 9E, para 26].
- 41 In the first annual reporting period in which the entity applies the amendments, adjust comparative information, unless it is impracticable to do so, such that:
- (a) if an entity disclosed Scope 3 Category 15 GHG emissions in the preceding period, a subtotal of the financed emissions is provided as if the new requirement been applied in the preceding period;
 - (b) if disaggregated financed emissions information by industry is provided in the preceding period, the industry-classification system applied as a result of the new requirements is reflected in the preceding period; and
 - (c) if the entity elects to use the jurisdictional relief from the use of GHG Protocol Corporate Standard or the GWP values as a result of applying the amendments, the GHG emissions disclosed are adjusted such that they are measured as if that election was made in the preceding period [Agenda paper 9E, para 27].