



Amended relief for specific GHG emission disclosures

The AASB has approved amendments regarding specific greenhouse gas emissions disclosure requirements under AASB S2

On 15 December 2025, the Australian Accounting Standards Board (AASB) approved amendments to AASB S2 *Climate-related Disclosures* (AASB S2). These amendments mirror the International Sustainability Standards Board's (ISSB) recent amendments to IFRS S2 *Climate-related Disclosures* (IFRS S2).

The amendments are effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted.

The amendments to AASB S2:

- Clarify that the existing relief allowing the use of a Greenhouse Gas (GHG) measurement method other than the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* (2004) also applies where the jurisdictional requirement applies to only *part* of the reporting entity
- Allow the use of global warming potential (GWP) values other than those from the latest Intergovernmental Panel on Climate Change (IPCC) assessment where an entity or part of an entity has a jurisdictional requirement to use those values
- Allow entities to exclude from Scope 3 Category 15 GHG emissions amounts related to derivatives, facilitated emissions and insurance-associated emissions
- Provide relief from the requirement to use the Global Industry Classification Standard (GICS) when disaggregating financed emissions
- On transition, require adjustments to comparative information where the original requirements of AASB S2 have already been applied to a previous period.

For Australian entities, particularly for NGER reporters and financial institutions, these amendments ease implementation challenges by supporting closer alignment with existing regulatory and measurement framework (NGER) and reducing Scope 3 Category 15 complexity

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Background

As part of its efforts to facilitate implementation of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) and IFRS S2 *Climate-related Disclosures* (IFRS S2) and address identified application challenges, ISSB decided to issue targeted amendments to IFRS S2 during 2025. These amendments are specifically intended to reduce complexity, duplication and related costs of applying IFRS S2 requirements.

The AASB considered the ISSB's amendments to IFRS S2 and in its December 2025 meeting approved issuing an amending standard [AASB S2025-1 Amendments to Greenhouse Gas Emissions Disclosures](#) that mirrors the ISSB's amendments to provide additional relief and clarify existing relief relating to specific GHG emissions disclosure requirements.

What are the amendments?

1. Jurisdictional relief from using the GHG Protocol

Under AASB S2, an entity is permitted to use a method other than the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)* to measure GHG emissions where required by a jurisdictional authority or exchange requirement (such as NGER reporters – entities reporting under the *National Greenhouse and Energy Reporting Act 2007*).

The amendments clarify that this jurisdictional relief is available when an entity, in whole **or in part**, is required to use a different method for measuring GHG emissions. This relief applies only to the affected part of the entity subject to the jurisdictional requirement and applies only while the jurisdictional requirement remains in force.



Impact on Australian entities – NGER reporters

Entities with only certain facilities captured under NGER reporting requirements may continue to report their Scope 1 and Scope 2 GHG emissions for AASB S2 reporting based on the NGER measurement methodology for their affected facilities.

However, the entity will have to use the GHG protocol to measure GHG emissions for the facilities or parts of the business not subject to NGER reporting requirements. Entities will also have to use the GHG protocol to measure Scope 3 emissions for the reporting entity as a whole as NGER does not cover Scope 3 emissions.

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2. Applicability of jurisdictional relief for global warming potential values

If an entity is required, in whole or in part, by a jurisdictional authority or exchange on which it is listed to use GWP values that are not from the latest Intergovernmental Panel on Climate Change (IPCC) assessment, the entity is permitted to use the GWP values required by such a jurisdictional authority or an exchange for the relevant part of the entity, for as long as that requirement is applicable.



Impact on Australian entities – NGER reporters

AASB S2 requires the use of GWP factors from the latest IPCC assessment available at the reporting date (currently the IPCC *Sixth Assessment Report – AR6*). In contrast, the NGER scheme in Australia mandates the use of legislated GWP factors which currently reflect IPCC *Fifth Assessment Report – AR5*.

Without the relief offered by this amendment, **NGER reporters** would be required to calculate GHG emissions separately for NGER and AASB S2 purposes. This is because each framework would mandate the use of different Global Warming Potential (GWP) values from the IPCC Fifth and Sixth Assessment Reports respectively, resulting in duplicative reporting.

Therefore, entities applying this relief will be able to use the same GWP for reporting the emissions covered by NGER reporting requirements in their AASB S2 sustainability report.

3. Measurement and disclosure of Scope 3 Category 15 GHG emissions

The amendments permit an entity to disclose Scope 3 Category 15 (Investments) GHG emissions arising only from financed emissions¹. Financed emissions include emissions that are attributable to loans and investments made by the entity to investees or counterparties – which includes emissions attributable to loans, project finance, bonds, equity investments and undrawn loan commitments.

Accordingly, an entity can exclude emissions attributable to derivatives, as well as those facilitated by other financial activities (so called ‘facilitated emissions’) and insurance-associated emissions. This means that, for example, emissions facilitated by investment banking and insurance underwriting activities are permitted to be excluded.

An entity that excludes such emissions is required to:

- Explain what it has treated as a derivative. For example, the entity could explain that it treated as derivatives items that meet the definition of a derivative in accordance with Australian Accounting Standards used in preparing its related financial statements;
- Describe the financial activities it has excluded from its measure of Scope 3 Category 15 GHG emissions as a result of applying the limitation, including activities associated with derivatives.

An entity is required to disclose the total Category 15 emissions, as well as a subtotal of financed emissions where emissions for other financial activities are also included in Category 15.

¹ Financed emissions: Emissions attributed to ‘loans and investments’. Loans and investments include loans, project finance, bonds, equity investments and undrawn loan commitments.



Impact on Australian entities – Australian financial institutions

Australian financial institutions (participating in **commercial banking, asset management or insurance activities**) previously grappling with derivatives, facilitated emissions and insurance associated emissions can now opt to exclude these from the disclosure of Scope 3 Category 15. This is likely to be beneficial for many impacted organisations as these emissions are typically highly judgemental and complex given immature data availability and measurement methodologies.

4. Use of an industry-classification system in applying specific requirements related to financed emissions

An entity participating in commercial banking or insurance activities will be allowed to use a single industry classification system other than the Global Industry Classification Standard (GICS) when classifying financed emissions and will not be required to use the same industry classification for both commercial banking and insurance activities where the entity participates in both activities. An entity is required to disclose the industry-classification system it used to classify investees or counterparties.



Impact on Australian entities – commercial banks and insurers

Australian entities participating in **commercial banking and insurance activities** may already use an alternative industry-classification system embedded in their risk, credit or regulatory reporting (e.g. Australian and New Zealand Standard Industrial Classification (ANZSIC) based or internally standardised sector classifications).

This amendment may facilitate closer alignment between climate disclosures under AASB S2 and industry classifications used by Australian Prudential Regulation Authority (APRA), Australian Securities and Investments Commission (ASIC) and for internal risk management purposes.

5. Effective date and transition

An entity is required to apply the amendments for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted. If an entity applies these amendments earlier, it is required to disclose that fact.

If an entity previously applied AASB S2, in the first annual reporting period in which it applies the amendments, the entity is required to, unless it is impracticable to do so, adjust comparative information for the preceding period as follows:

- If the entity has changed how it measures GHG emissions as a result of applying the relief provided by the amendments, it is required to adjust the comparative information as if it had changed how it measures GHG emissions in that preceding period.
- If the entity disclosed Scope 3 GHG emissions in the preceding period, and the measurement of these emissions included Category 15 GHG emissions, it is required to adjust the comparative information to provide the total Category 15 GHG emissions and the subtotal of financed emissions included in that total as if it had applied the requirement to do so in that preceding period.
- If the entity disclosed disaggregated financed emissions information by industry in the preceding period using GICS, it is required to adjust the comparative information to reflect the industry-classification system it selected as if it had used that system in that preceding period.



Impact on Australian entities – benefits of early adoption

Given the nature of the amendments, it is likely that many **Group 1 entities** in Australia will benefit by adopting the amendments early when they first apply AASB S2. Early adoption of these amendments will reduce duplicate reporting in first year and relieve the entity from adjusting the comparatives, which otherwise would be required if adoption only occurs from the 1 January 2027 effective date.

For example, a Group 1 entity with a December year-end may first report Scope 3 emissions for 31 December 2026, using relief to avoid reporting for 31 December 2025. If the entity waits until 31 December 2027 to adopt the amendments and changes how it reports Scope 3 emissions, it must restate 2026 comparatives. Early adoption removes the need for this restatement.

Under section 336A(3) of the *Corporations Act 2001*, entities electing to apply the amendments early will be required to document the early adoption election in writing by the directors. This is usually actioned by a directors' resolution to adopt the amendments early. Furthermore, the sustainability report will also need to disclose that amendments have been adopted early.



Conclusion

The first wave of Australian Group 1 entities are currently in the process of preparing and lodging their first set of sustainability reports for year ended 31 December 2025. Entities affected by these amendments (particularly Group 1 entities that are NGER reporters or financial institutions) should familiarise themselves with these amendments and consider opportunities available from early adoption.

Reach out to your Deloitte contact to support you in this journey.

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Key resources



Australian Accounting Standards Board

- [AASB S2025-1 Amendments to Greenhouse Gas Emission Disclosures](#)
- [AASB S2 Amendments FAQs](#)
- [AASB Action Alert 15 December 2025](#)
- [AASB S2 Climate-related disclosures \[as amended, 12/25\]](#)



IFRS Foundation

- [Press release on IFRS Foundation website](#) (11 December 2025)



IAS Plus

- [iGAAP in Focus – ISSB finalises amendments to IFRS S2 regarding specific greenhouse gas emissions disclosure requirements](#)
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