1 March 2024

Australian Accounting Standards Board
Lodged via Open for Comment (aasb.gov.au)

Dear Sir/Madam,

Response to Exposure Draft – ED SR1 Australian Reporting Standards – Disclosure of Climate-related Financial Information – October 2023

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the AASB Sustainability Reporting Exposure Draft: ED SR1 Australian Sustainability Reporting Standards - for Disclosure of Climate-related Financial Information.

Origin is a large Australian integrated energy company with activities in energy retailing, power generation, natural gas production and LNG export. Origin also has recent experience in exploring new product offerings and has focused on areas such as solar and storage, connected homes, electric vehicles and future fuels, including hydrogen.

Origin has produced an annual Sustainability Report since 2001, which covers a range of issues, including climate change. We published our Climate Transition Action Plan in 2022 and reported progress against the plan in our 2023 Sustainability Report. In an attempt to follow good practice and meet the expectations of our stakeholders, we draw on international reporting standards, including the Global Reporting Initiative (GRI) standards, SASB Standards and the Task Force on Climate related Financial Disclosures (TCFD) recommended disclosures.

Generally, we are supportive of the current intent to improve the climate-related financial disclosures in Australia and align with international standards. The various proposals contained in the consultation paper are generally sound and appear workable, although will require significant resourcing and upskilling.

We provide responses to specific consultation paper proposals in the attached table.

If you wish to discuss any aspect of this submission further, please contact Laura Darling at laura.darling@originenergy.com.au.

Yours sincerely

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Attachment A: Responses to specific consultation paper questions

<table>
<tr><th>No</th><th>Page</th><th>Issue</th><th>Proposal</th><th>Comment</th></tr>
<tr><td>1</td><td>7</td><td>Presenting the core content of IFRS S1 in [draft] ASRS Standards</td><td>In respect of presenting the core content disclosure requirements of IFRS S1, do you prefer:
a) Option 1 – one ASRS Standard that would combine the relevant contents of IFRS S1 relating to general requirements and judgements, uncertainties and errors (i.e. all relevant requirements other than those relating to the core content that are exactly the same as the requirements in IFRS S2) within an Australian equivalent of IFRS S2;
b) Option 2 – two ASRS Standards where the same requirements in respect to disclosures of governance, strategy and risk management would be included in both Standards;
c) Option 3 – two ASRS Standards, by including in [draft] ASRS 1 the requirements relating to disclosures of governance, strategy and risk management, and in [draft] ASRS 2, replacing duplicated content with Australian-specific paragraphs cross-referencing to the corresponding paragraphs in [draft] ASRS 1 (which is the option adopted by the AASB in developing the [draft] ASRS 1 and [draft] ASRS 2 in this Exposure Draft); or
d) another presentation approach (please provide details of that presentation method)?
Please provide reasons to support your view.</td><td>• The current option (3) is our least preferred option, being somewhat unwieldy in that it splits requirements across two standards and causes the user to have to refer to two documents for requirements specific to climate-related financial disclosures where they could refer to one.
• Duplicating the requirements in ASRS 1 and 2 (i.e. Option 2), until the time at which ASRS1 is updated to include other standards and/or general sustainability standards, would improve usability of the ASRS 2 standard while allowing alignment, where possible, with IFRS S1 and S2. It should be clear (in ASRS 1) that, until such time that the duplication in ASRS 1 is removed (i.e. when general sustainability requirements are created), that where the requirements of ASRS 2 are met for paragraphs 26-53, then the corresponding requirements of ASRS 1 are met.
• We offer an Option 4 as our first preference: ASRS 1 contains general requirements only and Core content requirements are in ASRS 2. So, paragraphs 26-53 – i.e. all paragraphs relating to Core content except for paragraph 25 – are removed from ASRS 1, and paragraph 25 references the appropriate paragraphs in ASRS 2 (and future standards, as required). In this way, ASRS 1 provides general requirements applicable to climate-related disclosures and any future standards, while core content requirements, for climate-related disclosures and any future standards are contained in specific topic-related standards until such time that a general sustainability-related standard, as per IFSR 1, is drafted/sought. We feel this would be cleaner and clearer for users of the standards.</td></tr>
<tr><td>2</td><td>7</td><td>Replacing duplicated content with references to the Conceptual Frameworks</td><td>Do you agree with the AASB’s approach to make references to its Conceptual Framework for Financial Reporting (in respect to for-profit entities) and the Framework for the Preparation and Presentation of Financial Statements (in respect to not-for-profit entities) instead of duplicating definitions and contents of those Frameworks in [draft]</td><td>• Yes, this is appropriate and reduces duplication.</td></tr>
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			ASRS 1 and [draft] ASRS 2? Please provide reasons to support your view.	
3	8	**Entities that do not have material climate-related risks and opportunities**		• N/A to Origin.
4	8	**Modifications to the baseline of IFRS S1 for [draft] ASRS 1** **Sources of guidance and references to Sustainability Accounting Standards Board (SASB) Standards**	As noted in paragraphs BC39–BC41, the AASB is proposing to remove from IFRS S1 and IFRS S2 the requirement for an entity to consider the applicability of SASB Standards and references to *Industry-based Guidance on Implementing IFRS* S2 issued by the ISSB developed based on SASB Standards. This is mainly because: a) the ISSB's public consultation period was too short for Australian stakeholders to appropriately consider the proposals in Appendix B to [draft] IFRS S2 (issued by the ISSB as *Industry-based Guidance on Implementing IFRS S2*) and for the AASB to appropriately apply its own due process; b) not all of the proposals in Appendix B to [draft] IFRS S2 are related to climate-related risks and opportunities; and c) the SASB Standards are US-centric and not representative of the Australian or global market. Do you agree with the AASB's views noted in paragraphs BC39–BC41? Please provide reasons to support your view.	• We have voluntarily reported against SASB standards since 2022 and will review our disclosure against the updated SASB standards for FY24. While we take on board AASB's points, it would be of benefit to reporters and users of reports if the AASB could identify/develop sector-specific metrics sooner rather than later.
5	8		Do you agree with the AASB's view that if an entity elects to make industry-based disclosures, the entity should consider the applicability of well-established and understood metrics associated with particular business models, activities or other common features that characterise participation in the same industry, as classified in ANZSIC? Please provide reasons to support your view.	• In order to use ANZSIC industry categorisations, there would need to be transparency over which organisations are classified under which industry division.
6	8		Do you consider that ASRS Standards should expressly permit an entity to also provide voluntary disclosures based on other relevant frameworks or pronouncements (e.g. the SASB Standards)? Entities are able to provide additional disclosures provided that they do not obscure or conflict with required disclosures. Please provide reasons to support your view.	• Yes. Stakeholder expectations may drive voluntarily reporting of other sustainability-related information (beyond climate) before regulatory requirements stipulate, and such a statement will provide a level of comfort and clarity over such additional reporting.
7	9	**Disclosing the location of the entity's climate-related financial disclosures**	As noted in paragraphs BC43–BC45, in its second consultation Treasury proposed to require entities to include an index table in its annual report that displays climate-related financial disclosure requirements (i.e. governance, strategy, risk management, and metrics and targets) and the relevant disclosure section and page number.	• We agree with the proposal and clear signposts can be included in the disclosure to help users locate climate-related disclosure. However, we note that Treasury has subsequently released its latest

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			Feedback to that consultation indicated that there was overall support for such an index table and that it would provide useful information to users. However, the AASB was concerned that requiring an entity to include a detailed index table in its GPFR could be onerous to prepare. The AASB is of the view that the benefits of having such a detailed index table presented in an entity's GPFR would not outweigh the cost and effort required to prepare the index table. Instead of requiring a detailed index table to be included in GPFR, the AASB added paragraph Aus60.1 to [draft] ASRS 1 to propose requiring an entity to apply judgement in providing information in a manner that enables users to locate its climate-related financial disclosures. Do you agree with that proposed requirement? Please provide reasons to support your view.	exposure draft requiring an index table. In this case, the level of detail required should be clear.
8	9	**Interim reporting**	Treasury staff observed that the feedback received on the second consultation paper indicated there was a significant degree of confusion over whether interim reporting of climate-related financial disclosures would be mandatory, since IFRS S1 included optional requirements on interim reporting. As noted in paragraph BC46, to help avoid creating confusion around interim reporting the AASB is proposing to omit the following IFRS S1 paragraphs in [draft] ASRS 1: a) IFRS S1 paragraph 69, which requires an entity electing to prepare interim reports to comply with IFRS S1 paragraph B48; and b) IFRS S1 paragraph B48, which provides guidance on the content of interim disclosures should an entity elect to prepare interim reports. Do you agree with the proposed omission of IFRS S1 paragraphs 69 and B48? Please provide reasons to support your view.	• Yes, it should be clear that the standards relate to annual financial and sustainability reporting and not interim reporting.
9	9	**Modifications to the baseline of IFRS S2 for [draft] ASRS 2** **Scope of [draft] ASRS 2**	Do you agree with the proposal in [draft] ASRS 2 paragraph Aus3.1 to clarify the scope of the [draft] Standard? Please provide reasons to support your view.	• Yes, this helps to provide greater clarification.
10	10	**Climate resilience**	IFRS S2 does not prescribe the number of scenarios an entity is required to assess to meet the disclosure objective of IFRS S2 paragraph 22. As noted in paragraphs BC51–BC54, the AASB considered the Treasury's second consultation paper and added paragraph Aus22.1 to	• We agree with the approach to specify the most ambitious goal set out in the Climate Change Act to avoid uncertainty and unnecessary costs.

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			[draft] ASRS 2 to propose requiring an entity required by the *Corporations Act 2001* to prepare climate-related financial disclosures to disclose its climate resilience assessments against at least two possible future states, one of which must be consistent with the most ambitious global temperature goal set out in the *Climate Change Act 2022* (i.e. 1.5°C above pre-industrial levels). The global temperature goal set out in paragraphs 3(a)(i) and 3(a)(ii) of the Climate Change Act is to contribute to "holding the increase in the global average temperature to well below 2°C above pre-industrial levels; and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels." To avoid entities incurring unnecessary costs and effort in determining which temperature goal to select within the range of 1.5°C and below 2°C above pre-industrial levels, the AASB decided to specify the most ambitious global temperature goal set out in the Climate Change Act (i.e. 1.5°C above pre-industrial levels). Consistent with the ISSB's reasons, the AASB decided not to specify the upper-temperature scenario that an entity must use in its climate-related scenario analysis, which mainly assesses climate-related physical risks. This is because scenarios used in assessing physical risk would depend on the entity's facts and circumstances, including the nature and location of its operations. Do you agree with the proposal in [draft] ASRS 2 paragraph Aus22.1? Please provide reasons to support your view.	
10	11		Do you agree with the AASB's view that it should not specify the upper-temperature scenario that an entity must use in its climate-related scenario analysis? Please provide reasons to support your view.	• Guidance should be provided to avoid the risk that in making a "choice" on scenarios, companies are taken to be representing something about the scenarios chosen.
10	12	**Cross-industry metric disclosures (paragraphs 29(b)–29(g))**	Do you consider the cross-industry metric disclosures set out in paragraphs 29(b)–29(g) of IFRS S2 (and [draft] ASRS 2) would provide useful information to users about an entity's performance in relation to its climate-related risks and opportunities? Please provide reasons to support your view.	• For metrics (b)-(d), clarity is needed on what is meant by "vulnerable" and "aligned", otherwise these metrics may not provide useful information, as it would depend how each different organisation interprets those terms, and at what level of materiality climate risks and opportunities are defined. Without clear definitions and guidance, there is a compliance risk that entities are not reporting correctly, and the metrics produced by reporters would not be comparable.

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		Cross-industry remuneration disclosure (paragraphs 29(g) and Aus29.1)	AASB members formed two views regarding whether to require Australian entities to disclose the following information as set out in [draft] ASRS 2 paragraph 29(g): a) a description of whether and how climate-related considerations are factored into executive remuneration; and b) the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations. One of the concerns noted by a minority of the AASB is that if [draft] ASRS 2 paragraph 29(g) is included in the final Standard, it might be seen as the AASB replicating remuneration reporting requirements outside of Australian legislation. However, for the reasons outlined in paragraphs BC57–BC63, on balance the AASB decided to propose that entities should be required to disclose that information. To avoid potential conflicts with existing regulatory requirements or entities attempting to define which of their key management personnel is considered an “executive”, the AASB decided to clarify that, in the context of [draft] ASRS 2, “executive” and “executive management” has the same meaning as “key management personnel” and “remuneration” has the same meaning as “compensation”, both as defined in AASB 124 *Related Party Disclosures*. Do you agree with the proposed requirements in [draft] ASRS 2 paragraphs 29(g) and Aus29.1 to disclose the information described in points (a) and (b) in the above box? In your opinion, will this requirement result in information useful to users? Please provide reasons to support your view.	• We recommend the terms “executive” and “executive management” should have the same meaning as "Executive KMP", not simply "KMP", as KMP can include non-executive directors, which we believe is not the intent of the disclosure. • We believe part (a) is reasonable. • However, part (b) may not be useful as it is unclear how to define “linked to”. Further, some remuneration frameworks apply a grouping concept to metrics such that a specific weighting to an individual component metric may be assigned only when its significance has been determined or it falls outside expected target ranges. Reporting entities will apply different methodologies to this metric resulting in metrics that are not comparable between companies.
10	14	**Greenhouse gas (GHG) emissions (paragraphs Aus31.1 and B19–AusB63.1 and Australian application guidance)** **Definition of greenhouse gases**	As noted in paragraphs BC66–BC69, IFRS S2 defines greenhouse gases as the seven greenhouse gases listed in the Kyoto Protocol. However, the AASB noted that one of those gases, nitrogen trifluoride (NF_3), is not listed in the *National Greenhouse and Energy Reporting Act 2007* and related regulations (NGER Scheme legislation) as a class of greenhouse gas. Despite that difference, the AASB decided to incorporate in [draft] ASRS 2 the definition of greenhouse gases from IFRS S2 without any modification. This is because Australia does not have a significant presence in the manufacturing of items containing NF_3. Therefore, it is expected that not many Australian entities would have material NF_3 emissions to report.	• We recommend aligning with the NGER Scheme by, removing NF3, especially as it is acknowledged as minimal in the Australian emissions context. Otherwise, this would create a reporting burden for this discrepancy between NGER Scheme and the Climate-Related Financial Disclosures.

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			Do you agree with the AASB's proposal to incorporate in [draft] ASRS 2 the definition of greenhouse gases from IFRS S2 without any modification? Please provide reasons to support your view.	
11	15	**Converting greenhouse gases into a CO2 equivalent value**	Paragraphs B21 and B22 of IFRS S2 require an entity to convert greenhouse gases into a CO2 equivalent value using global warming potential (GWP) values based on a 100-year time horizon from the latest Intergovernmental Panel on Climate Change (IPCC) assessment available at the reporting date. The IPCC has undertaken its 6th assessment in 2023. Therefore, if an entity is preparing climate-related financial disclosures for the period beginning 1 July 2024, under IFRS S2 the entity would be required to convert greenhouse gases using the GWP values in the IPCC 6th assessment report (AR6). However, entities reporting under NGER Scheme legislation would be required to use the GWP values in the IPCC 5th assessment report (AR5). As noted in paragraphs BC70–BC72, to avoid regulatory burden for certain Australian entities, the AASB added paragraphs AusB22.1 and AusB22.2 to [draft] ASRS 2 to require an entity to convert greenhouse gases using the GWP values in AR5, as identified in [draft] ASRS 101. Do you agree with the AASB's view that an Australian entity should be required to convert greenhouse gases using GWP values in line with the reporting requirements under NGER Scheme legislation? Please provide reasons to support your view.	• Yes, we agree Australian entities should use GWP values in line with_the reporting requirements under the NGER Scheme legislation for consistency and to avoid regulatory burden for reporting entities. • We would encourage the Department of Climate Change, Energy, the Environment and Water (DCCEEW) to update the NGERS measurement determination to reflect the latest science in a timely manner to bring Australian emissions accounting in line with international standards.
16	11	**Market-based Scope 2 GHG emissions**	IFRS S2 paragraph 29(a)(v) requires an entity to disclose its location-based Scope 2 GHG emissions. However, the Treasury's second consultation paper proposed a phased-in approach to requiring an entity to also disclose market-based Scope 2 GHG emissions. The AASB added paragraphs Aus31.1(f) and AusC4.2 to propose requiring an entity that would be required by the *Corporations Act 2001* to prepare climate-related financial disclosures to disclose its market-based Scope 2 GHG emissions in addition to its location-based Scope 2 GHG emissions, except for the first three annual reporting periods in which such an entity applies [draft] ASRS 2 (see also paragraphs BC78–BC79). Do you agree with the proposals set out in [draft] ASRS 2 paragraphs Aus31.1(f) and AusC4.2? Please provide reasons to support your view.	• While the phased-in approach to disclose market-based Scope 2 emissions offers entities more time, Origin would suggest implementation as soon as possible to encourage faster action on emissions reduction. Only using location-based Scope 2 does not fully reflect decisions that individual organisations are taking to reduce Scope 2 emissions.

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17	11	**GHG emission measurement methodologies**	The AASB added paragraphs Aus31.1(b) and AusB25.1 in [draft] ASRS 2 to specify that an entity would be required to: a) consider the measurement of its Scope 1 GHG emissions, location-based Scope 2 GHG emissions, market-based Scope 2 GHG emissions (when applicable) and Scope 3 GHG emissions separately; b) apply methodologies set out in NGER Scheme legislation, using Australian-specific data sources and factors for the estimation of greenhouse gas emissions, to the extent practicable; and c) when applying a methodology in NGER Scheme legislation is not practicable, apply: I. a methodology that is consistent with measurement methods otherwise required by a jurisdictional authority or an exchange on which the entity is listed that are relevant to the sources of the greenhouse gas emissions; or II. in the absence of such a methodology, a relevant methodology that is consistent with GHG Protocol Standards.7 Do you agree with the proposals in [draft] ASRS 2 paragraphs Aus31.1(b) and AusB25.1? Please provide reasons to support your view.	• We agree with the approach to align with NGER methodologies.
	11	**Providing relief relating to Scope 3 GHG emissions**	As noted in paragraphs BC80–BC81, the AASB decided to add paragraph AusB39.1 to [draft] ASRS 2 to propose permitting an entity to disclose in the current reporting period 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.8 Do you agree with the proposal in paragraph AusB39.1 of [draft] ASRS 2? Please provide reasons to support your view.	• Our approach is to utilise best available data. Scope 3 emissions are calculated based on the Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard and Scope 3 guidance documents. Where data is not available due to timing, we apply a reasonable estimation methodology. Where applicable, we revise prior year data in our Sustainability Report to update prior estimates and align with external reporting requirements such as NGER. • While the approach proposed will allow reporting entities additional flexibility to calculate Scope 3 emissions, it may create comparability issues with companies that are able to report current period Scope 3 emissions.
19	12	**Scope 3 GHG emission categories**	Do you agree with the AASB's approach in [draft] ASRS 2 paragraph AusB33.1 to include the Scope 3 GHG emission categories in IFRS S2 as examples of categories that an entity could consider when disclosing	• We support the AASB's approach to include the Scope 3 GHG emission categories in IFRS S2 as examples of categories that an entity could consider

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			the sources of its Scope 3 GHG emissions, rather than requiring an entity to categorise the sources of emissions in accordance with the categories of the GHG Protocol Standards? Please provide reasons to support your view.	when disclosing the sources of its Scope 3 GHG emissions
20	12	**Financed emissions**		• N/A to Origin.
21	12	**Superannuation entities**		• N/A to Origin.
22	13	**Carbon credits**	IFRS S2 defines a carbon credit as "An emissions unit that is issued by a carbon crediting programme and represents an emission reduction or removal of greenhouse gases. Carbon credits are **uniquely serialised**, issued, tracked and cancelled by means of an electronic registry." [emphasis added] As noted in paragraphs BC90–BC92, non-Kyoto Australian carbon credit units (ACCUs) are not uniquely serialised. The AASB is proposing to modify the definition of carbon credit in [draft] ASRS 2 to specify that carbon credits issued under the Australian Carbon Credits Units Scheme meet the definition of carbon credit, to ensure non-Kyoto ACCUs can also be recognised as carbon credits in the context of the [draft] Standard. Do you agree with the AASB's proposal to modify the definition of carbon credit in [draft] ASRS 2? Please provide reasons to support your view.	• Yes, Origin agrees with the proposal to modify the definition of carbon credits. An updated definition of carbon credits will allow for use in the voluntary markets as well as the Australian Safeguard Mechanism.
23-27	13	**Questions specific to not-for-profit entities**		• N/A to Origin.
28-29	14	**Questions specific to not-for-profit public sector entities**		• N/A to Origin.
30	14	**General matters for comment**	The AASB would also particularly value comments on the following general matters: • Has the *AASB Sustainability Reporting Standard-Setting Framework* (September 2023) been applied appropriately in developing the proposals in this Exposure Draft?	• No comment
31	14		• Are there any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, including any issues relating to: a) not-for-profit entities; and b) public sector entities?	• N/A to Origin

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32	14		• Do the proposals create any auditing or assurance challenges and, if so, please explain those challenges?	• There will be increased demand for suitably qualified auditors for the ASRS standards, and it is unclear if audit firms will be able to meet this demand. While the assurance requirements in the first year of reporting is only limited assurance over Scope 1 and 2 emissions, it is likely that Boards will require a higher level of assurance in order for them to make a directors' declaration, particularly in relation to forward-looking statements. This challenge will only increase as the assurance requirement moves from limited to reasonable.
33	14		• Would the proposals result overall in climate-related financial information that is useful to users?	• We believe the proposals will assist in providing accurate, comparable data to the market/users of financial reports. • However, it is important that the standards are reviewed in consultation with entities, to ensure the standards are workable, and with users, to ensure the information subsequently provided by entities is meeting their needs.
34	14		• Are the proposals in the best interests of the Australian economy?	• Aligning with international reporting requirements is a positive for the Australian economy and access to capital more broadly. However, compliance will require significant resourcing and upskilling by reporting entities, auditors, and investors.
35	14		• Unless already provided in response to specific matters for comment above, what are the costs and benefits of the proposals, whether quantitative (financial or non-financial) or qualitative? In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs of the proposals.	• Even as a mature reporter of climate and sustainability performance, there will be significant costs for Origin to set up processes to support the Standards. This includes additional headcount across the organisation, management time, external advice in preparation (both accounting and legal) and ongoing assurance and legal advice.