AMPOL LIMITED
29-33 BOURKE RD
ALEXANDRIA NSW 2015
ABN 40 004 201 307
ACN 004 201 307

AMPOL

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Australian Accounting Standards Board
PO Box 204
Collins St West
VIC 8007
Australia

Ampol Submission to the Australian Accounting Standards Board's ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information*

Introduction

Ampol Limited (**Ampol**) welcomes the opportunity to provide feedback on the Australian Accounting Standards Board (**AASB**) Sustainability Reporting Exposure Draft (**ED SR1**).

Ampol is supportive of the introduction of standardised, internationally aligned requirements to disclose climate-related financial risks and opportunities.

The below submission outlines Ampol's feedback to the AASB on its ED SR1 and follows on from two rounds of consultation with the Federal Treasury on the introduction of mandatory climate-related financial disclosures. As such, Ampol's feedback below is guided by the same principles and views as publicly provided to the Treasury.

Primarily, Ampol is concerned about the misaligned reporting periods for emissions and financial data. For instance, Ampol's financial reporting is based on a December year-end, while emissions data is reported under the requirements of the *National Greenhouse and Energy Reporting Act 2007* (Cth) (**NGER Act**), which is June year-end.

The NGER Act and its related regulations do not offer flexibility on this reporting period and, as such, entities that publish financial reports outside of this cycle will have emissions data misaligned to the reporting period of their financial data.

Ampol is raising this issue as a matter for consideration, as our strong preference is to continue reporting emissions data under the NGER Act to a June year-end, and to continue reporting our financial data to a December year-end. Therefore, our climate-related data reported under the Australian Sustainability Reporting Standards (**ASRS**) would also be June year-end and not aligned with our financial data.

If the AASB and Treasury enforce alignment of reporting periods between financial data and climate-related data (including emissions), it would be cause for significant undue cost and administrative burden. Ampol understands there are several other entities that have misaligned emissions and financial reporting periods.

This issue is discussed further under 'Specific matters for comment', alongside all other requests for comment from the AASB.

About Ampol

As Australia's leading fuel supplier with over 120 years of operations experience, Ampol recognises the essential role it plays in working with Government and regulators. With our extensive experience, we have grown to become the largest transport fuels company listed on the Australian Securities Exchange.

In recent years, we have expanded our national and international footprint to develop a reliable and adaptable supply chain extending from regional hubs in Singapore and Houston, where we operate our trading and shipping offices, to the May 2022 acquisition of Z Energy, one of New Zealand's leading transport fuels suppliers.

In May 2021, Ampol released its Future Energy and Decarbonisation Strategies, which outline our plans to transition our business to succeed in a low carbon economy through decarbonisation of our Australian operations (Scope 1 and 2) and offering low carbon energy solutions for our customers to assist them with their own transition. Following this, Ampol published a Climate Report in July 2023, which provides an update on our progress on the delivery of these strategies. The Climate Report was prepared in alignment with the Taskforce on Climate-related Financial Disclosures.

Ampol has launched its electric vehicle charging brand, AmpCharge, as well as its home electricity brand, Ampol Energy. Ampol has also commenced importing renewable diesel (RD) to demonstrate the potential to decarbonise heavy industry. We are exploring the production of advanced biofuels at our Lytton refinery, with the ambition to manufacture RD and sustainable aviation fuel (SAF) toward the end of the decade. We are also considering co-processing opportunities using existing infrastructure which would be available in market much earlier.

Specific matters for comment

Presenting the core content of IFRS S1 in [draft] ASRS Standards	
1	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.
	Ampol is supportive of Option 1 – one Australian Sustainability Reporting Standards (**ASRS**) Standard that would combine the relevant contents of the International Financial Reporting Standards (**IFRS**) S1 within an Australian equivalent of IFRS S2. Having one Standard would offer a simpler, streamlined approach.

Replacing duplicated content with references to the Conceptual Frameworks	
2	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 Statements* (in respect to not-for-profit entities) instead of duplicating definitions and contents of those Frameworks in [draft] ASRS 1 and [draft] ASRS 2? Please provide reasons to support your view.
	Yes, Ampol agrees with the AASB's proposed approach to avoid duplicating definitions and other content.
Entities that do not have material climate-related risks and opportunities	
3	Do you agree with the proposed requirements in [draft] ASRS 1 paragraph Aus6.2 and [draft] ASRS 2 paragraph Aus4.2? Please provide reasons to support your view.
	Yes, Ampol agrees with the proposed requirement that where an entity assesses climate-related risks and opportunities as being immaterial, it must disclose this fact and explain how it came to that conclusion. Given the broad-reaching impacts of climate change and the associated financial risks and opportunities to entities, it is reasonable to suspect that the majority of entities required to report under the *Corporations Act 2001* (Cth) would have some degree of climate-related risk and/or opportunity. Where an entity forms the view that they have immaterial climate-related risks or opportunities, which would absolve them from certain reporting requirements, an explanatory statement should be required to maintain a robust reporting system with high integrity. Ultimately, this should support useful decision-making for investors, the Government, and the broader public.
Modifications to the baseline of IFRS S1 for [draft] ASRS 1	
	Sources of guidance and references to Sustainability Account Standards Board (SASB) Standards
4	Do you agree with the AASB's views noted in paragraphs BC39–BC41? Please provide reasons to support your view.
	Yes, Ampol agrees with the AASB's views noted in paragraphs BC39-BC41 of the Exposure Draft, which included the decision not to incorporate in ASRS 1 the requirements in IFRS S1 relating to the Sustainability Accounting Standards Board (**SASB**) Standards and the industry-based metrics adapted from SASB Standards that entities are required to consider. Furthermore, Ampol believes the introduction of any broader sustainability-related disclosures must be given adequate consideration and consultation. Further, the SASB Standards are US-centric and not representative of the Australian or global market.
5	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.
	Ampol agrees with the above question in principle, though the specifics of 'well-established and understood metrics associated with… the same industry' as classified in the Australian and New Zealand Standard Industrial Classification (**ANZSIC**) may not be appropriate for all industries and/or entities. Where applicable and relevant, use of the same or similar metrics should be encouraged to allow for better comparison between entities participating in the same industry by investors. However, given the evolving nature of information related to climate-related risks and opportunities, and idiosyncrasies across entities, entities electing to make industry-based disclosures should have optionality to introduce new metrics where

	appropriate.
6	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, Ampol believes that the ASRS Standards should expressly permit voluntary disclosures based on other relevant frameworks or pronouncements. Beyond the mandatory disclosures outlined by the AASB, entities should be encouraged to make voluntary disclosures if they believe such data and information would be useful to investors.
	Disclosing the location of the entity's climate-related financial disclosures
7	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.
	Yes, Ampol agrees with the inclusion of paragraph Aus60.1 to the draft ASRS 1. Allowing entities to apply judgement in providing information in a manner that enables users to locate its climate-related financial disclosures provides flexibility for entities to do this in the most efficient way possible and will likely make for improved readability.
	Interim reporting
8	Do you agree with the proposed omission of IFRS S1 paragraphs 69 and B48? Please provide reasons to support your view.
	Yes, Ampol agrees with the proposed omission of IFRS S1 paragraphs 69 and B48 related to entities being required to prepare interim climate-related financial disclosures. Given the nature of climate-related financial disclosures, mandatory reporting at a greater frequency than annual would likely come with significant administrative burden with little benefit.
Modifications to the baseline of IFRS S2 for [draft] ASRS 2	
	Scope of [draft] ASRS 2
9	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, Ampol believes paragraph Aus3.1 in ASRS 2 provides clarity of scope.
	Climate resilience
10	Do you agree with the proposal in [draft] ASRS 2 paragraph Aus22.1? Please provide reasons to support your view.
	Yes, Ampol agrees that the legislated global temperature goal set out in the *Climate Change Act 2022* (Cth) should be used as one of the two possible future states that entities base their climate resilience assessments against. It is imperative that one possible future state is made mandatory for all entities to assess against to allow for better comparison across entities and industries by investors. Using the global temperature goal set out in the *Climate Change Act 2022* (Cth) as the mandatory scenario seems appropriate given it is a legislated goal. Entities should then have optionality for their second scenario, basing this decision on appropriate factors such as a plausible transition plan or severity of physical

	climate risks to an entity's own supply chain.
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.
	Yes, Ampol agrees with this view because entities (and industries more broadly) will likely be impacted by climate change at differing rates. It will be beneficial to allow entities to determine their own internal view as to what scenarios are most important to analyse based on their specific circumstances. For instance, an entity with a supply chain considered to be 'high risk' to severe weather events may choose a relatively low temperature scenario. Under this scenario, investors would be made aware of the material climate-related risks and opportunities of that entity in a way that is meaningful and useful.
	Cross-industry metric disclosures (paragraphs 29(b)-29(g))
12	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.
	Yes, Ampol considers that the cross-industry metric disclosures set out in the draft ASRS 2 would provide useful information. The scope of metrics seems appropriate and it is aligned with IFRS S2, supporting the key aim of international alignment.
	Cross-industry remuneration disclosure (paragraphs 29(g) and Aus29.1)
13	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.
	Yes, Ampol agrees with this proposal. Particularly in the for-profit corporate sector, transparency of executive remuneration and incentives linked to climate-related considerations is useful when assessing entities' climate action.
Greenhouse gas (GHG) emissions (paragraphs Aus31.1 and B19–AusB63.1 and Australian application guidance)	
	Definition of greenhouse gases
14	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.
	Ampol notes that IFRS S2 defines greenhouse gases as the seven greenhouse gases listed in the Kyoto Protocol – carbon dioxide (CO_2); methane (CH_4); nitrous oxide (N_2O); hydrofluorocarbons (HFCs); nitrogen trifluoride (NF_3); perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6). One of those gases, nitrogen trifluoride, is not listed in the NGER Act or the related NGER scheme legislation (**NGERs**). The inclusion of nitrogen trifluoride will likely not have a material impact on existing reporting requirements because Australia does not have a significant presence in the manufacturing of items containing nitrogen trifluoride. Therefore, while Ampol principally believes that ASRS 2 should be consistent with NGERs as an existing Australian framework, in this instance it seems appropriate to align the definition of greenhouse gases with IFRS S2. This will allow for greater international alignment on climate-related financial disclosures with little administrative impact on reporting entities.

	Converting greenhouse gases into a CO_2 equivalent value
15	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, Ampol supports this proposal because it is consistent with reporting requirements under both NGERs and the Paris Agreement. Global warming potential (**GWP**) values are based on the Intergovernmental Panel on Climate Change's (**IPCC**) assessment reports. Ampol understands that IFRS S2 is using the sixth assessment report (**AR6**) GWP values for its reporting requirements. However, NGERs as well as reporting obligations for parties to the Paris Agreement currently use the fifth assessment report (**AR5**) GWP values. Maintaining consistency minimises administrative burden and ensures alignment of GWP values for both reporting entities subject to NGERs and signatories of the Paris Agreement.
	Market-based Scope 2 GHG emissions
16	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.
	Yes, Ampol agrees with the AASB's proposal to require the phased-in approach to disclosure of market-based Scope 2 greenhouse gas emissions in addition to location-based Scope 2 greenhouse gas emissions (except for the first three years where it would be an optional disclosure). Location-based Scope 2 reporting incentivises entities to purchase viable Renewable Energy Certificates (**RECs**), such as Large-scale Generation Certificates (**LGCs**), that positively contribute to the development of the renewable energy market and the associated emissions reduction. So long as the LGCs are verified and registered with the Clean Energy Regulator, this seems like a positive proposal.
	GHG emission measurement methodologies
17	Do you agree with the proposals in [draft] ASRS 2 paragraphs Aus31.1(b) and AusB25.1? Please provide reasons to support your view.
	Yes, Ampol agrees that entities be required to prioritise measurement methodologies set out in NGERs when measuring Scope 1 and Scope 2 location-based (and market-based, where applicable) greenhouse gas emissions. When applying a methodology under NGERs is not practicable, Ampol agrees that either of the below should be used: • 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 • In the absence of such a methodology, a relevant methodology that is consistent with GHG Protocol Standards.
	Providing relief relating to Scope 3 GHG emissions
18	Do you agree with the proposal in paragraph AusB39.1 of [draft] ASRS 2? Please provide reasons to support your view.
	Yes, Ampol is supportive of the proposal to permit an entity to disclose in the current reporting period its Scope 3 greenhouse gas emissions using data for the immediately preceding reporting period, if reasonable and supportable data related to the current reporting period is unavailable. Ampol maintains its view, as expressed to the Federal Treasury, that Scope 3 emissions data will be difficult to quantify given it is reliant on third party data and far more difficult to verify compared to Scope 1 and 2 emissions data. Therefore, Ampol is also supportive of an entity not being required to disclose Scope 3 greenhouse gas emissions in the first annual reporting period should they chose not to do so.

	Scope 3 GHG emission categories
19	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 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.
	Yes, Ampol agrees with this approach because the greenhouse gas emission categories listed in IFRS S2 should only be examples to consider for disclosure, rather than a requirement. This is because the categories listed in IFRS S2 are based upon the 15 categories listed in the GHG Protocol Standards, however they are not referenced in the IPCC guidelines or the Paris Agreement. Therefore, a requirement to disclose using those categories would not necessarily lead to international alignment given entities in other jurisdictions that are parties to the Paris Agreement are able to disclose different categories. There is no clear internationally aligned approach to Scope 3 greenhouse gas emission categories, so the AASB should not enforce categorisation and instead suggest examples for consideration (as has been proposed). Further, Ampol believes that emission categories should be assessed against materiality to the sector in which a reporting entity participates. This will be different for every sector and assessing against materiality is likely to provide the most useful information for investors and other relevant stakeholders.
	Financed emissions
20	Not relevant to Ampol.
	Superannuation entities
21	Not relevant to Ampol.
	Carbon credits
22	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, Ampol is supportive of AASB modifying the definition of 'carbon credit' to specify that non-Kyoto Australian Carbon Credit Units (**ACCUs**) be recognised as carbon credits in the context of ASRS 2. Currently, ACCUs are not uniquely serialised, and therefore under IFRS S2, do not meet the definition of 'carbon credit'. However, by changing the definition to refer explicitly to the ACCU Scheme while retaining the reference to 'uniquely serialised' in the general definition, this will allow non-Kyoto ACCUs to be recognised.
Questions specific to not-for-profit entities	
23-27	N/A.
Questions specific to not-for-profit public sector entities	
28-29	N/A.
General matters for comment	
30	Has the *AASB Sustainability Reporting Standard-Setting Framework* (September 2023) been applied appropriately in developing the proposals in this Exposure Draft?
	Yes.

31	Not relevant to Ampol.
32	Do the proposals create any auditing or assurance challenges and, if so, please explain those challenges?
	Yes, Ampol believes that there are auditing and assurance challenges related to forward looking disclosures. Audit and assurance of forward-looking disclosures has historically not been possible. At most, an agreed upon procedure or negative assurance form of opinion has been acceptable. As such, Ampol believes the assumption that these statements and information can be audited must be tested before they are made mandatory for relevant Australian entities.
33	Would the proposals result overall in climate-related financial information that is useful to users?
	Ampol has concerns that disclosure of Scope 3 emissions data will not provide much use to investors and other users of financial reports. This is due to the following reasons: • The unreliable nature of Scope 3 emissions data, given it is largely reliant on third-party data and difficult to verify. • Difference in reporting periods between emissions and financial data. Due to NGERs, reporting entities disclose their emissions data based on a June year-end. If this does not align with financial reporting for an entity (in Ampol's case, December year-end), the data will not align and will provide little meaning to investors. Aligning the reporting periods of emissions and financial data would come at undue burden for little upside, particularly when viewed in conjunction with what is inherently unreliable data. These are concerns that Ampol has also raised with the Federal Treasury during their consultation process on introducing mandatory climate-related financial disclosures. Beyond that, the other information required will likely be useful.
34	Are the proposals in the best interests of the Australian economy?
	Ampol believes that the implementation of standardised, internationally-aligned requirements for disclosure of climate-related financial risks and opportunities would be in the best interests of the Australian economy. This is because transparency on climate-related matters in an evolving global economy would help Australia remain an attractive market for investors. From a local lens, disclosure requirements would also support the Federal Government's climate ambitions and goals as legislated within the *Climate Change Act 2022* (Cth). The AASB's proposals appear to strike a fair balance between international alignment to the IFRS S2, while also making concessions for Australia's unique circumstances. As such, Ampol believes the proposals are in the best interests of the Australian economy.
35	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.
	Implementation of the proposals will likely come at significant compliance cost to entities. This will relate to: • the collecting, gathering, and reviewing of significant data and information in

	addition to that already required for external reporting purposes, • investment in systems and processes to meet new reporting requirements, and likely additional people resourcing, • additional assurance costs, • advisory and consulting fees on transition and potentially on an ongoing basis, Ampol is unable to provide a precise figure given the Exposure Draft and legislation are yet to be finalised. Initial estimates show that transition costs will likely be in the low-single digit millions for Ampol, with ongoing additional annual compliance costs in the following years.

Conclusion

Thank you for allowing Ampol the opportunity to provide feedback on the Australian Sustainability Reporting Standards Exposure Draft.

If you have any questions or wish to discuss matters further, please contact Eden Baker, Sustainability and Investor Relations Manager (eden.baker@ampol.com.au).