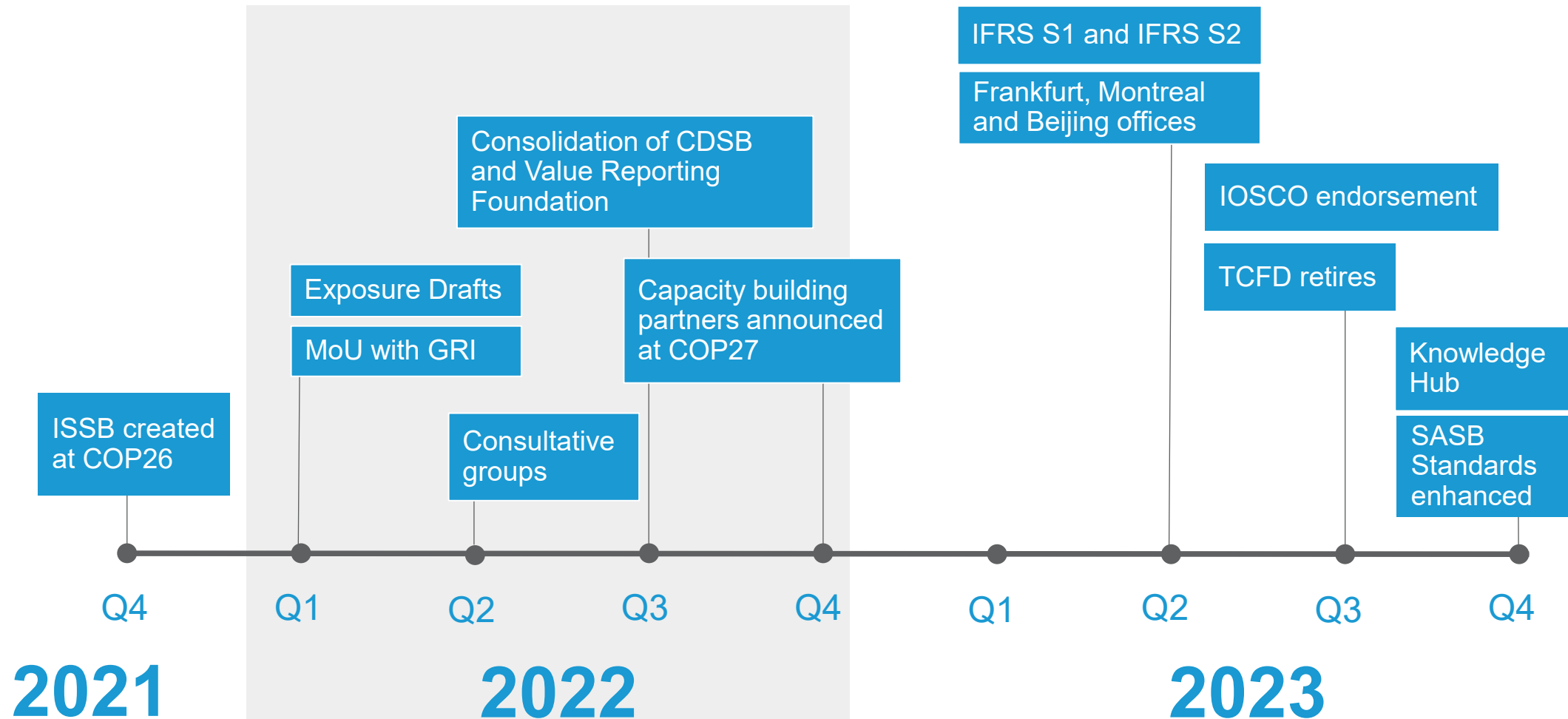


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# ISSB Update

*Jeffrey Hales*  
ISSB Member

## ISSB milestones: 2021–2023



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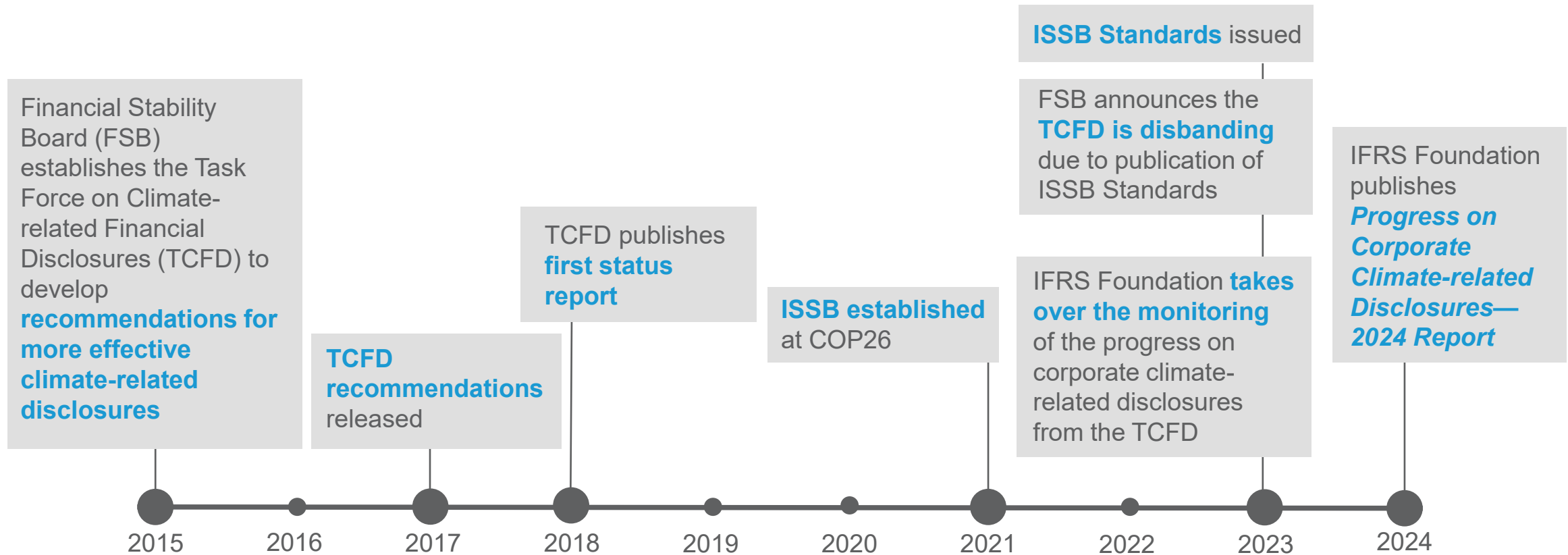
# Rationalising investor-focused standards and frameworks



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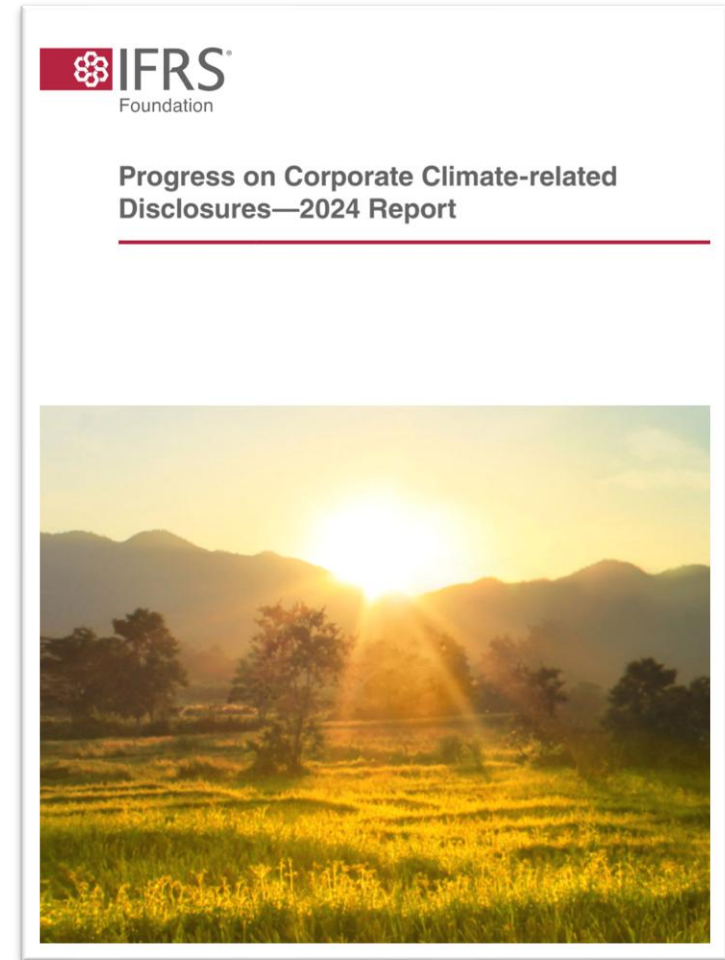
## TCFD Sunsets

# From TCFD recommendations to ISSB Standards



## 2024 progress report

- **Informs** the work of the FSB, in co-ordination with IOSCO and the IFRS Foundation, to:
  - **report on transition** from TCFD recommendations to ISSB Standards
  - **report** to the G20 on jurisdictions' and companies' progress in implementing climate-related disclosures and reporting
  - **assist jurisdictions** to consider how they might adopt, apply or otherwise use ISSB Standards
  - promote **globally comparable climate-related disclosures** through **timely and widespread adoption of ISSB Standards**



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## ‘Culmination’ of TCFD work



ISSB Standards mark ‘**the culmination of the work**’ of the Task Force on Climate-related Financial Disclosures’



IFRS S1 and IFRS S2 **incorporate** the recommendations of the TCFD (mapping available at [ifrs.org](https://www.ifrs.org))



Provided **yet further clarification** of ‘alphabet soup’



Companies and jurisdictions **still able to use TCFD Recommendations**



Financial Stability Board **transferred TCFD monitoring responsibilities** to ISSB

## Latest progress insights...

...on the ISSB Standards

1,000+

companies  
**referenced  
ISSB** in their  
reports

30+

jurisdictions on  
the journey **to  
introducing  
ISSB Standards**

...on the TCFD  
recommendations

82%

of companies disclosed  
information in line with  
**at least one TCFD  
recommended  
disclosure\***

2–3%

of companies reported  
in line with **all 11 TCFD  
recommended  
disclosures\***



## Summary of key findings



Companies **using ISSB Standards** provide information covered by the TCFD recommendations



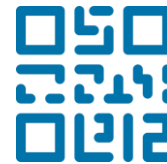
**82% of companies** disclosed information in line with **at least one of the 11 TCFD recommended disclosures**



Between October 2023 and March 2024, **more than 1,000 companies** referenced the ISSB in their reports



Most asset managers and asset owners **want or expect portfolio companies to make the transition** from TCFD recommendations to ISSB Standards



Companies are getting ready to provide **sustainability-related financial information** simultaneously with **the financial statements**



A **growing number of jurisdictions** are using the ***Inaugural Jurisdictional Guide*** to help them to move ahead with their plans to adopt or otherwise use ISSB Standards



**Jurisdictions representing 57% of global GDP** have made progress towards the adoption or other use of ISSB Standards

# Jurisdictions taking steps towards ISSB Standards

**36 jurisdictions** have already decided to use or are taking steps to introduce ISSB Standards in their legal or regulatory frameworks.

Together, these jurisdictions account for:

**~60%**

of global **gross domestic product** (GDP)

**40%+**

of **global market capitalisation**

**~60%**

of **global greenhouse gas emissions**

# Jurisdictions taking steps towards ISSB Standards

**36 jurisdictions** have already decided to use or are taking steps to introduce ISSB Standards in their legal or regulatory frameworks.

Together, these jurisdictions account for:

**~60%**

of global **gross domestic product (GDP)**

**40%+**

of **global market capitalisation\***

**~80%**  
excluding US market

**50%+**

of **global greenhouse gas emissions**

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## Jurisdictional progress

### Americas

Bolivia, Brazil, Canada, Chile, Costa Rica, El Salvador, Mexico, Panama

### Asia-Oceania

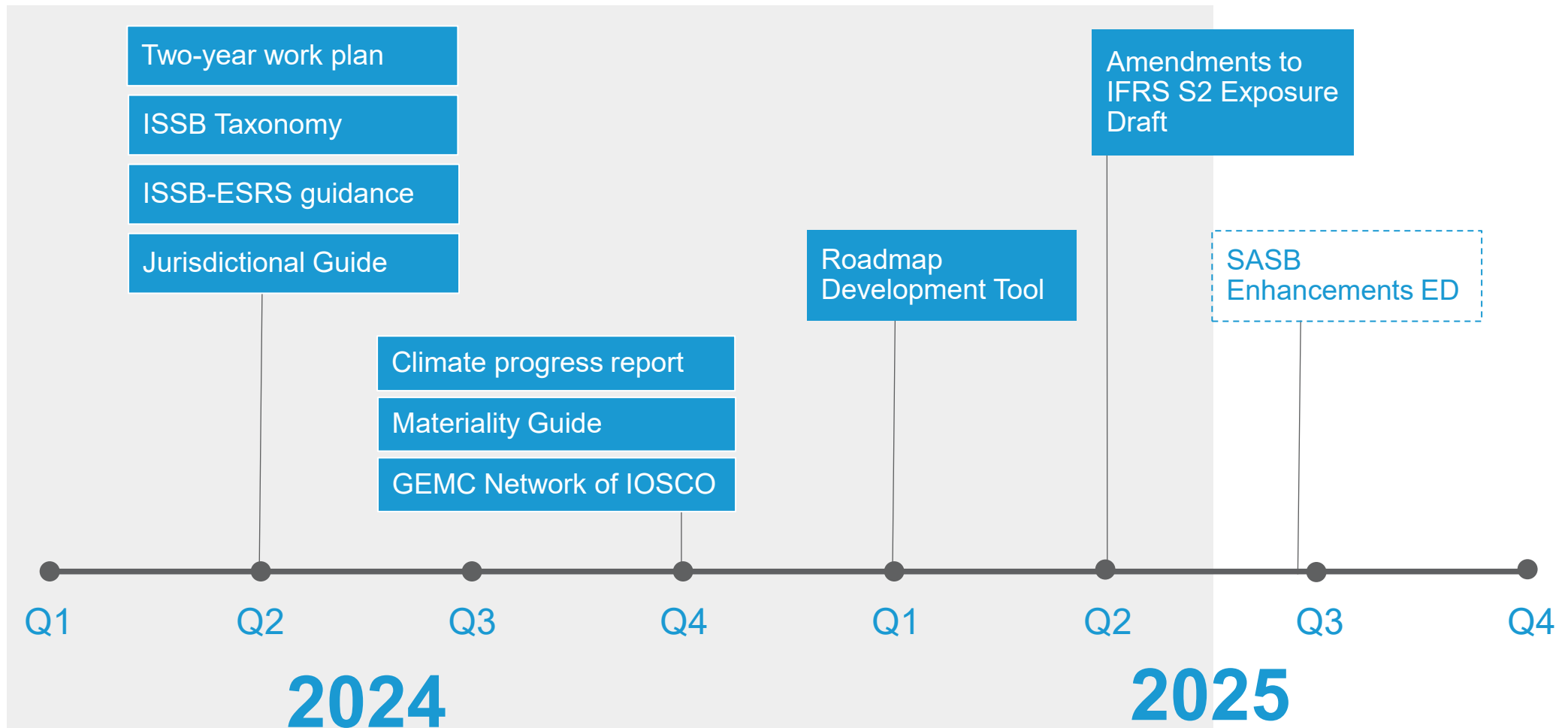
Australia, Bangladesh, China, Hong Kong SAR, Japan, South Korea, Indonesia, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, Chinese Taipei, Thailand

### EMEA

EU, Ghana, Jordan, Kenya, Nigeria, Qatar, Rwanda, Switzerland, Tanzania, Türkiye, Uganda, UK, Zambia, Zimbabwe

This list is based on information available to the IFRS Foundation as of 30 April 2025. The jurisdictions listed on this slide are those that have noted publicly that they have adopted or otherwise used ISSB Standards or have announced they will do so. The IFRS Foundation is developing and will be publishing a first set of jurisdictional profiles in the coming months which will contain further information on the jurisdictions' positions.

## ISSB milestones: 2024–2025



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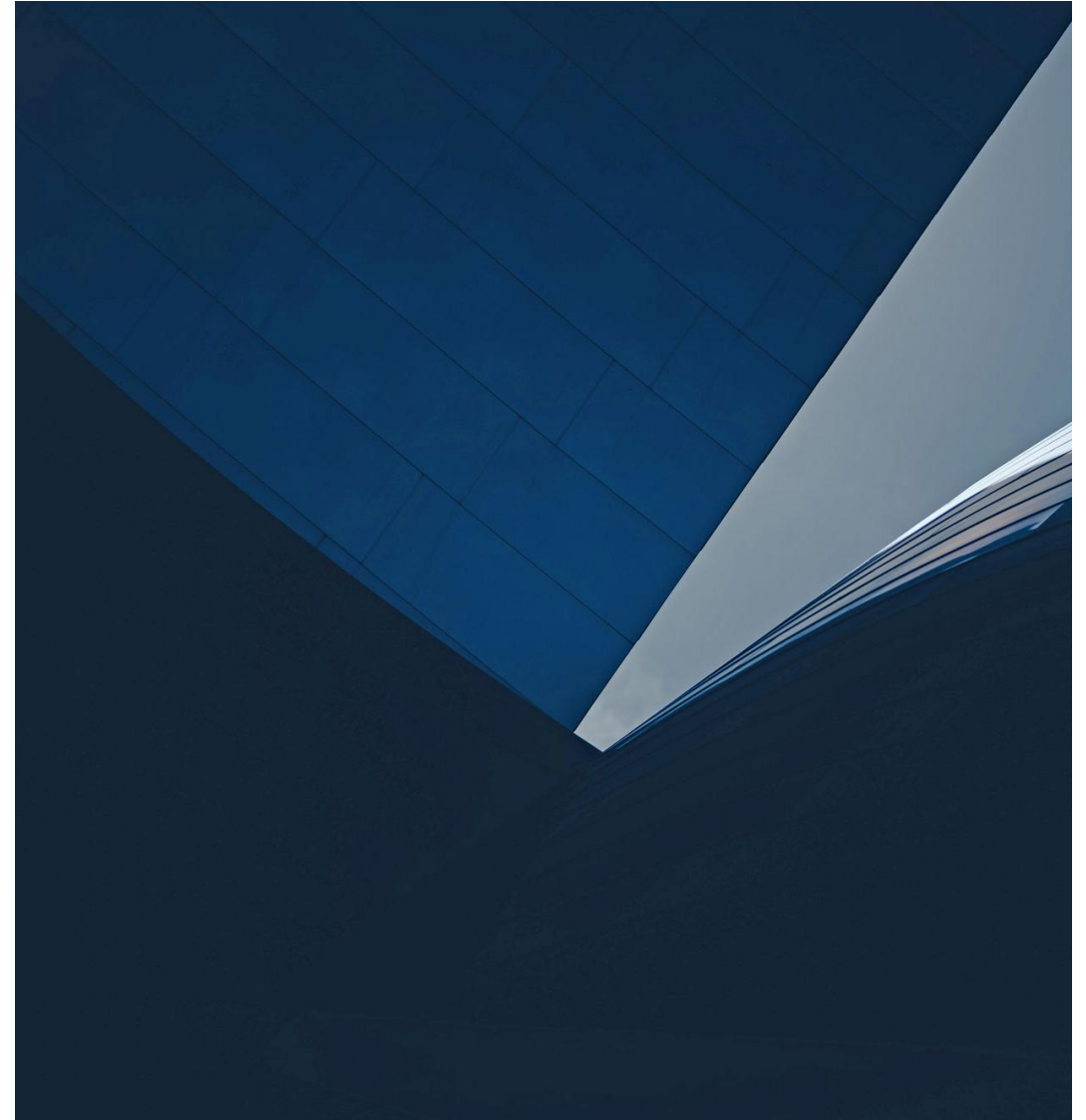
# ISSB Work Plan



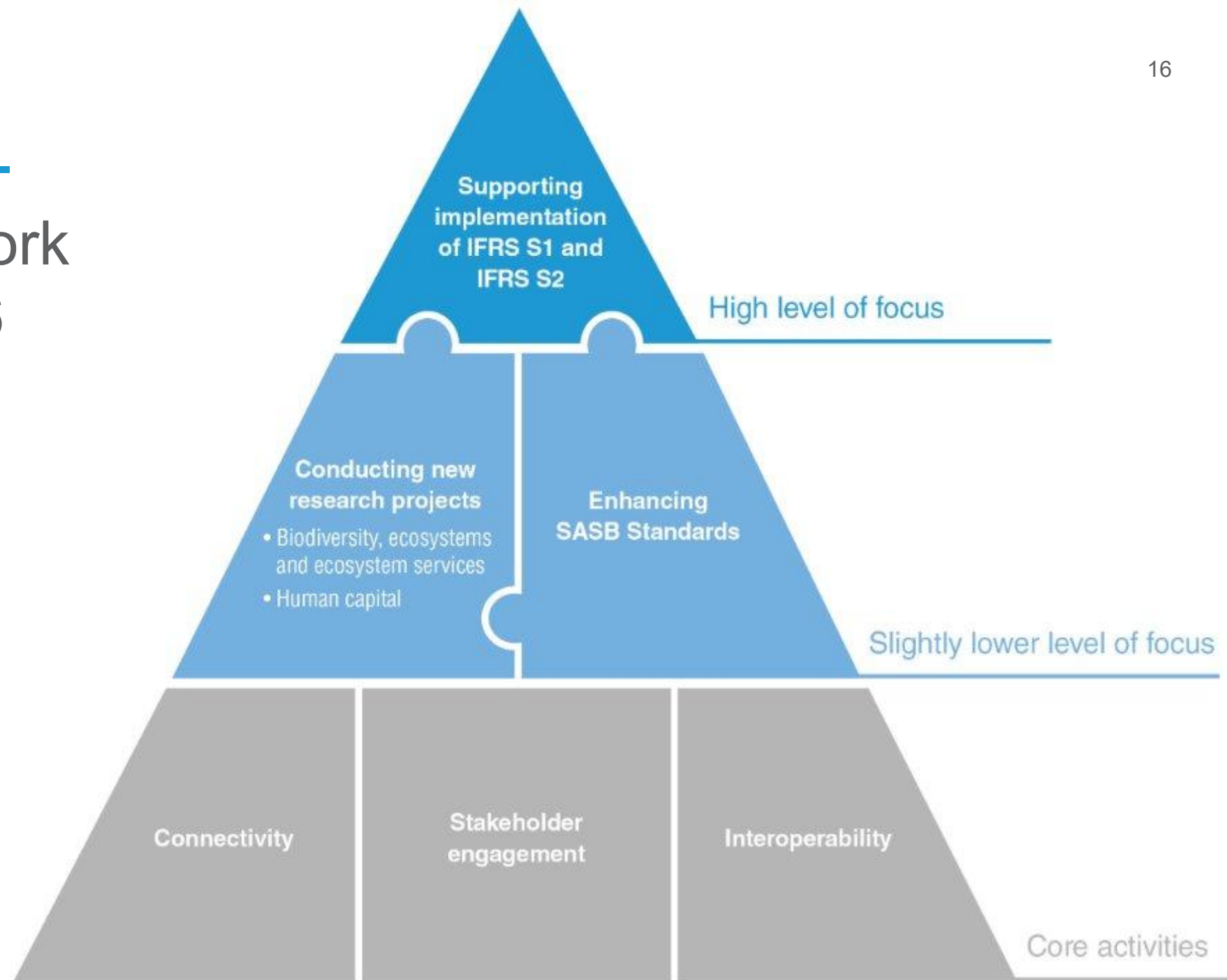
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## Public consultation

- The ISSB's *Request for Information* was published in May 2023 with a **120-day comment period**
- In total, the ISSB received **433 responses** from a **broad range** of stakeholders throughout **all regions**.
- **Investors** (users of general purpose financial reports) and investor groups submitted 70 responses.
- ISSB members and staff participated in **71 outreach events** with stakeholders (including nine outreach events with investors) from approximately **44 jurisdictions**.
- From November 2023 to April 2024 the ISSB **considered the feedback** and set its priorities for its 2024–2026 work plan.



# Technical work plan to 2026





# Supporting IFRS S1 and IFRS S2 implementation



Develop and enhance **educational materials** that explain the core concepts underpinning IFRS S1 and IFRS S2



Convene the **Transition Implementation Group** (TIG) to discuss companies' questions related to implementing IFRS S1 and IFRS S2



Monitor the **progress of relevant standard-setters and framework providers** to assess potential implications for IFRS S1 and IFRS S2



Design and deliver comprehensive **regulatory and market capacity-building programme**



Support companies in using the **ISSB Taxonomy** to enhance efficient digital consumption and comparison of reports



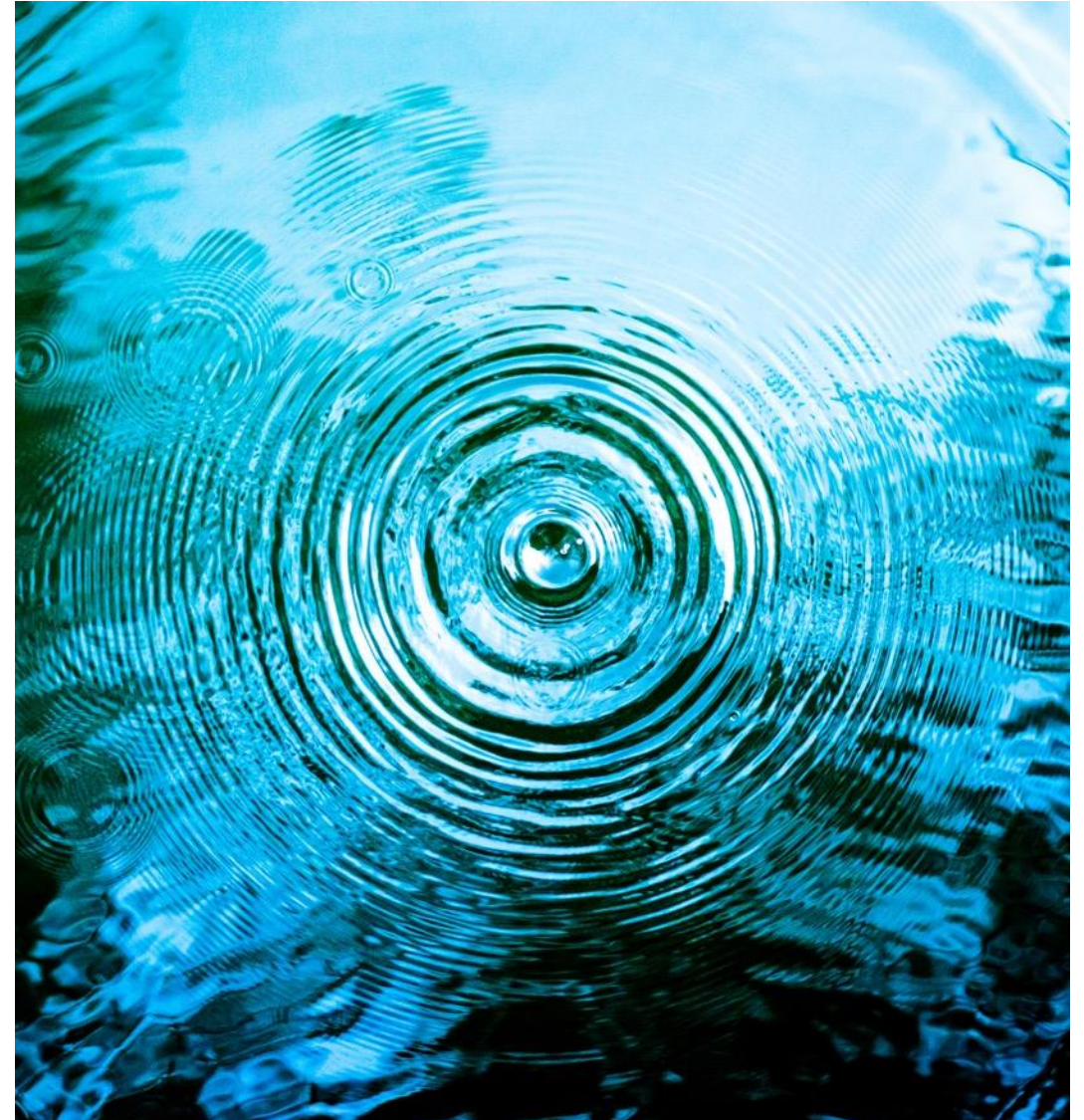
Issue **targeted amendments to IFRS S2** to provide **reliefs for GHG emissions disclosures** in response to application challenges

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## Educational material published in 2023

- Comparison of IFRS S2 with the TCFD recommendations (updated in November 2024)
- Nature and social aspects of climate-related risks and opportunities

Available here:  
<https://www.ifrs.org/supporting-implementation/supporting-materials-for-ifrs-sustainability-disclosure-standards/>



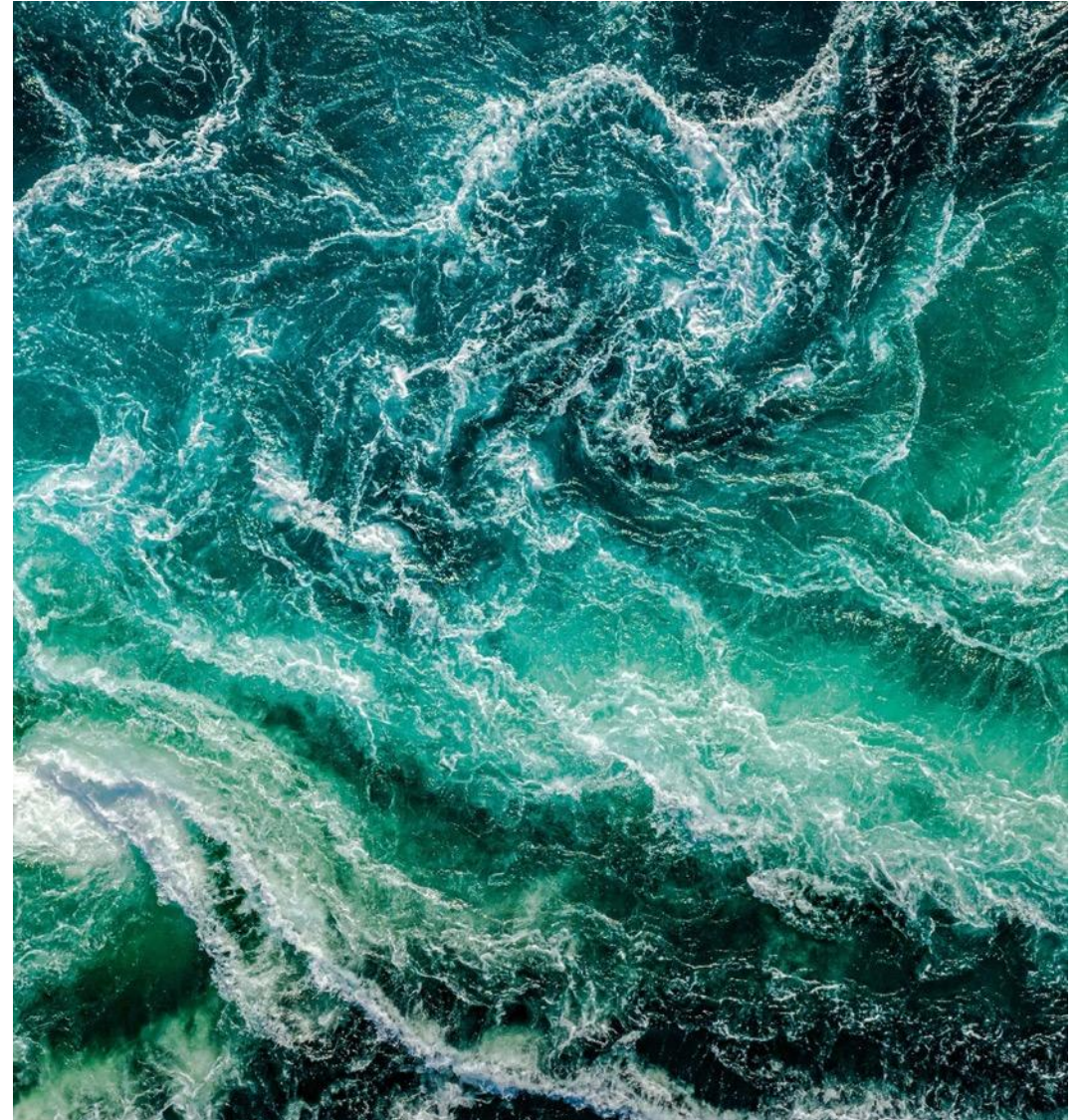


# Educational material published in 2024

- Using the SASB Standards to meet the requirements in IFRS S1
- How to apply the Integrated Reporting Framework with IFRS S1 and IFRS S2
- Sustainability-related risks and opportunities and the disclosure of material information
- Current and anticipated financial effects
- Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards
- Interoperability guidance: ISSB Standards and ESRS

Available here:

<https://www.ifrs.org/supporting-implementation/supporting-materials-for-ifrs-sustainability-disclosure-standards/>

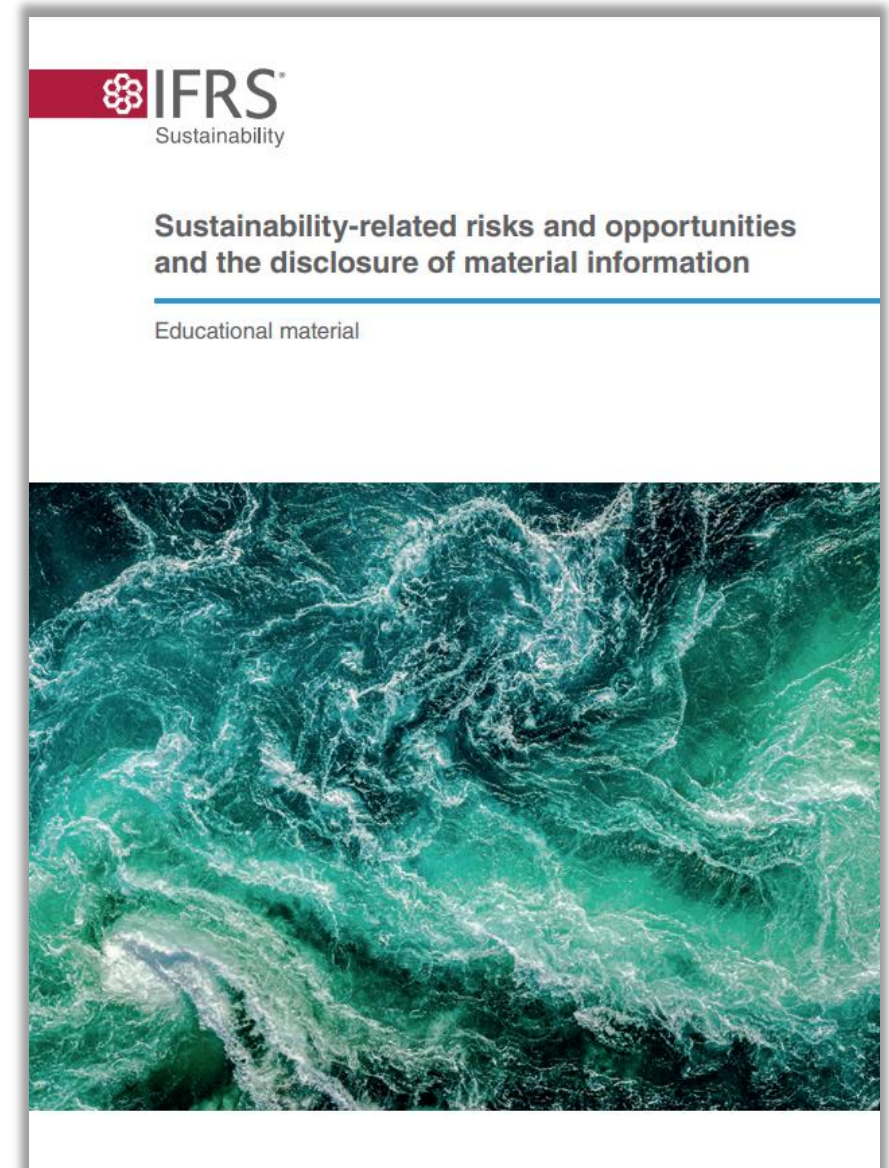


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# Guide to help identify and disclose material information

The Guide can help companies to:

- 1** **identify** sustainability-related risks and opportunities that could reasonably be expected to affect their prospects
- 2** **identify and disclose** material information about sustainability-related risks and opportunities they have identified





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# Connectivity and Interoperability considerations in the Guide

The Guide:

- sets out a process for **identifying material information** closely **aligned with** the process in the **IASB's IFRS Practice Statement 2 *Making Materiality Judgements***
- provides considerations a company might make to drive **connectivity between its sustainability-related financial disclosures and its financial statements**
- provides considerations **about applying ISSB Standards alongside ESRS or GRI Standards** for those looking to meet the information needs of a broader set of stakeholders

CONNECTIVITY

CONNECTIVITY

INTEROPERABILITY

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# Recent educational material

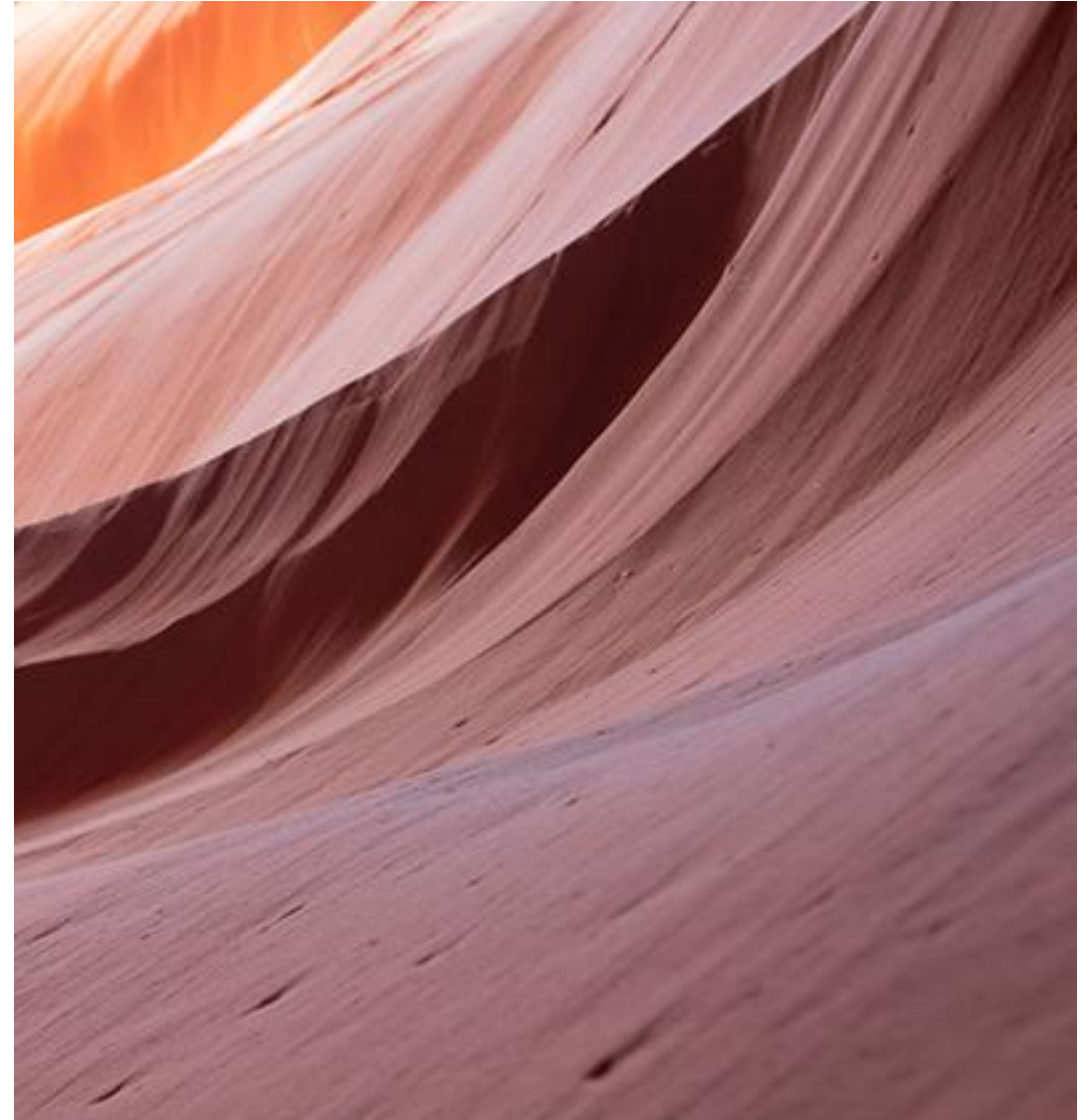
Material published in 2025:

- Explanation of proportionality mechanisms
- How to apply IFRS S1 when reporting only climate-related disclosures in accordance with IFRS S2

Material in development:

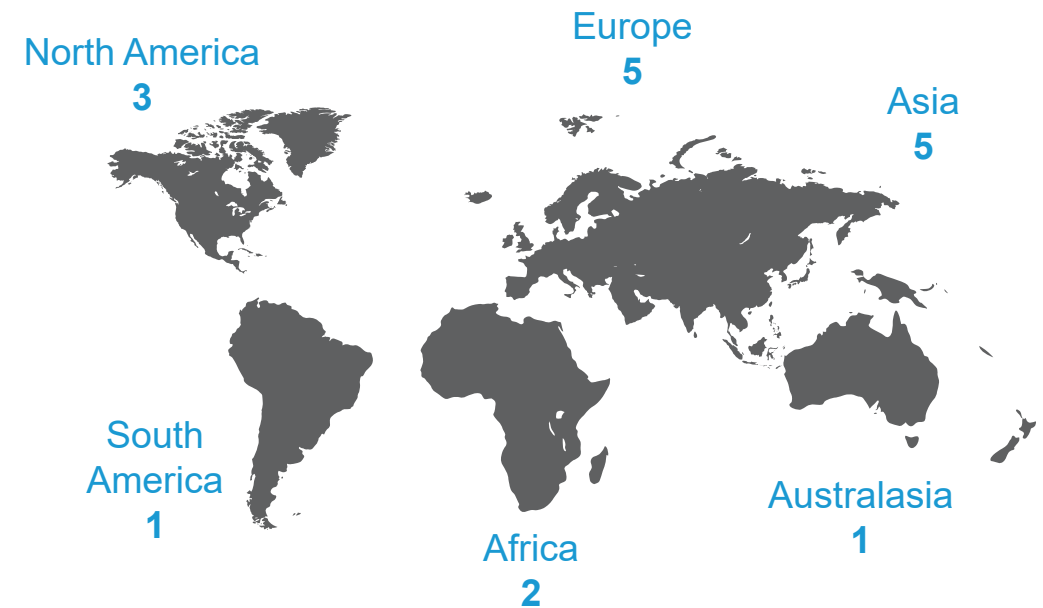
- Climate-related scenario analysis
- Disclosures about transition plans
- Using industry-based guidance and SASB

[Register for email alerts](#) on [ifrs.org](https://ifrs.org) to find out when new materials are published.



# Transition Implementation Group on IFRS S1 and IFRS S2

- Public forum for all stakeholders to share implementation questions with the ISSB and to follow discussion of those questions
  - 17 members (13 preparers, 4 assurance providers)
  - 3 official observers
- Consistent with previous IASB (and FASB) groups, summaries of the meetings will be published. These summaries are educational in nature
- Meeting summaries and recordings published on [ifrs.org](https://www.ifrs.org)
- Discussions will also help the ISSB determine actions, if any, needed to address implementation questions (eg webinars, case studies, other educational material)



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# IFRS S2 Amendments



# Why is the ISSB proposing amendments to IFRS S2?

## Application challenges

Supporting IFRS S1 and IFRS S2 implementation is the ISSB's highest priority

- **The Transition Implementation Group on IFRS S1 and IFRS S2 (TIG)** was established to support implementation
- **Application challenges were identified** through the TIG and ISSB's other engagement activities

## Amendment criteria for application challenges

Application challenges were referred to the ISSB

Amendments are considered if:

- there is **demonstrated need** for amendment
- they would not result in significant **loss of useful information**
- they would not **unduly disrupt** implementation and adoption of the Standards

## Proposed amendments to IFRS S2

The ISSB agreed:

- the proposed amendments **met the criteria**
- to act on a **timely basis** to propose the amendments

The proposed amendments:

- are **targeted**
- respond to **market needs** identified during implementation
- are not focused on reducing what is required to be disclosed

# What is the ISSB proposing?

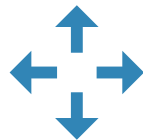
The proposed amendments are targeted toward aspects of **GHG emissions disclosures** and **provide reliefs** to existing requirements in IFRS S2

The ISSB considered the **perspectives of multiple stakeholder** groups in developing the amendments



## Providing application support to companies

- Make it easier and reduce related costs to apply IFRS S2
- Optional reliefs that entities can choose to apply



## Minimising disruption to jurisdictions

Optional reliefs that jurisdictions can choose to make available — without affecting their degree of alignment with ISSB Standards



## Keeping investors' needs in focus

Ensure the usefulness of sustainability-related financial information provided by companies

No fundamental change in disclosures

# What disclosure requirements do the proposed amendments relate to?

1

Measurement and disclosure of Scope 3 Category 15 GHG emissions

2

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

3

Jurisdictional relief from using the GHG Protocol Corporate Standard\*

4

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

\* The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) is referred to as the 'GHG Protocol Corporate Standard' for brevity

# 1 Measurement and disclosure of Scope 3 Category 15 GHG emissions

## Application challenge



Clarity related to the scope of emissions included in disclosure due to the perceived misalignment between requirements:

- to measure and disclose Scope 3 Category 15 GHG emissions—as a part of Scope 3 GHG emissions disclosure (IFRS S2.29(a)(i)(3)); and
- to disclose additional information about financed emissions (IFRS S2.B58–B63)

## Proposed amendment

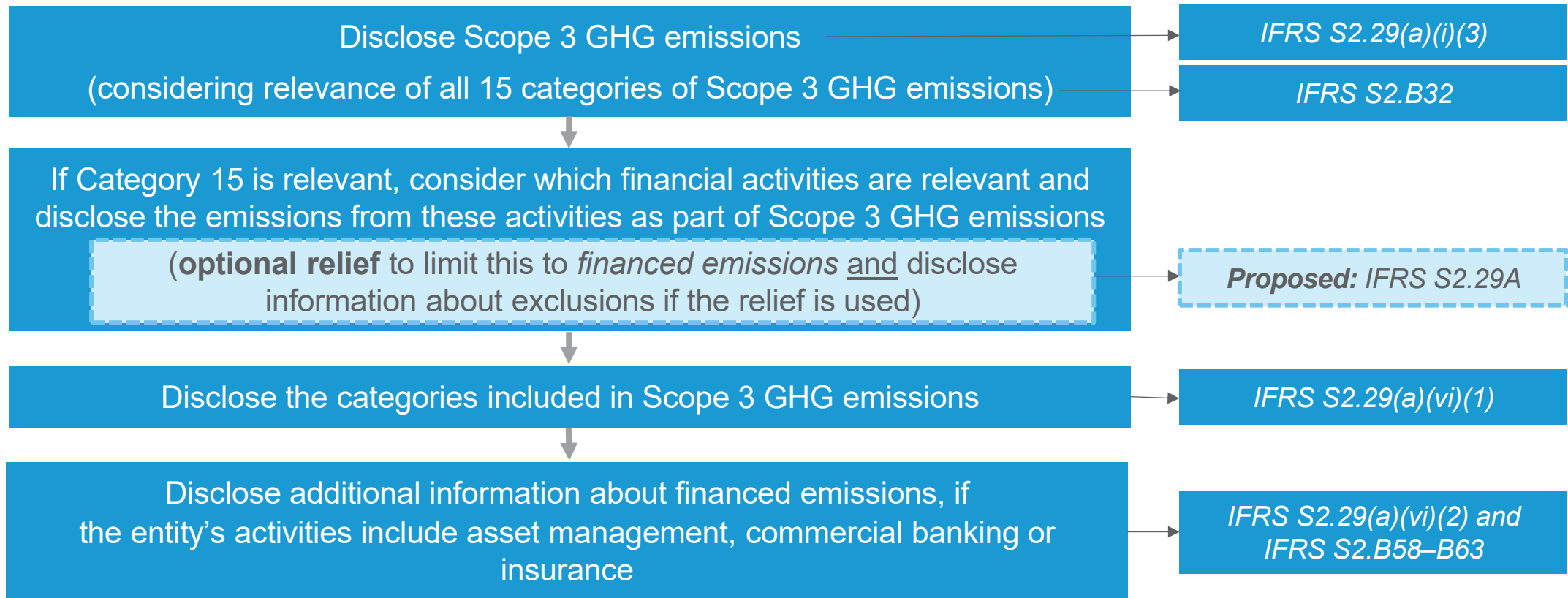


Permit an entity to limit its measurement and disclosure of Scope 3 Category 15 GHG emissions to **financed emissions**, thus allowing an entity to exclude emissions associated with:

- derivatives; and
- other financial activities (for example, facilitated emissions or insurance-associated emissions)

An entity applying this relief would be required to disclose information about the magnitude of derivatives and financial activities associated with excluded Scope 3 Category 15 GHG emissions.

# 1 Measurement and disclosure of Scope 3 Category 15 GHG emissions



# 1 Measurement and disclosure of Scope 3 Category 15 GHG emissions

*IFRS S2.29(a)(i)(3)*

Disclose Scope 3 GHG emissions, including Category 15 if relevant

**Category 15 GHG emissions**

Financed emissions

Facilitated emissions

Insurance-associated emissions

***Proposed: IFRS S2.29A***

An entity may limit its measurement and disclosure of Scope 3 Category 15 GHG emissions to **financed emissions**. For the purposes of the limitation, **derivatives are excluded**.

An entity applying this relief would be required to disclose information about the **magnitude of derivatives and financial activities associated with excluded** Scope 3 Category 15 GHG emissions.

## 2 Use of GICS for specific financed emissions disclosures

### Application challenge

Legal and cost implications related to the requirement to use GICS for classifying counterparties when disclosing disaggregated financed emissions by industry (IFRS S2.B62–B63)

### Proposed amendment

Retain requirement to disaggregate information using an industry-classification system, but limit the requirement to use GICS to specific circumstances—when GICS is already being used by an entity—and specify alternative industry-classification systems required in other circumstances.

An entity would be required to disclose the industry-classification system it uses to disaggregate its financed emissions information and to explain the basis for selection, if using an alternative industry-classification system.

## 2 Use of GICS for specific financed emissions disclosures



\* Jurisdictional or exchange requirements are referred to as 'jurisdictional requirement' for brevity



## 3 Jurisdictional relief from using the GHG Protocol Corporate Standard

### Application challenge



Lack of clarity about whether the jurisdictional relief (IFRS S2.29(a)(ii)) is available when a jurisdictional requirement\* to measure GHG emissions using a method other than the GHG Protocol Corporate Standard only applies to a part of an entity.

### Proposed amendment

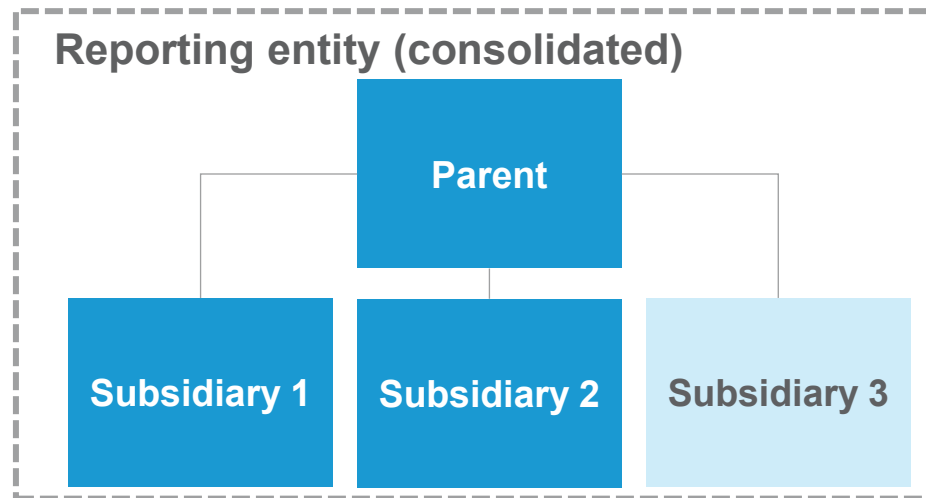


Clarify that the relief is available when a jurisdictional requirement applies to an entity, in whole or in part.

Clarify that the relief would only apply to the part of the entity subject to such a jurisdictional requirement.

\* Jurisdictional or exchange requirements are referred to as 'jurisdictional requirement' for brevity

### 3 Jurisdictional relief from using the GHG Protocol Corporate Standard



#### Example

**The reporting entity** prepares sustainability-related financial disclosures applying ISSB Standards.

**Subsidiary 3** is required by a jurisdiction to provide GHG emissions information. This jurisdictional requirement mandates Subsidiary 3 to use a specific method for measuring GHG emissions that is not the GHG Protocol Corporate Standard.

Applying the jurisdictional relief from using the GHG Protocol Corporate Standard, the entity could use the following methods for measuring its GHG emissions:

- for **Subsidiary 3**—specific method in accordance with the jurisdictional requirement, as proposed to be permitted under IFRS S2
- for **the other parts of the entity**—GHG Protocol Corporate Standard, in accordance with IFRS S2

## 4 Applicability of the jurisdictional relief for GWP values



### **Application challenge**

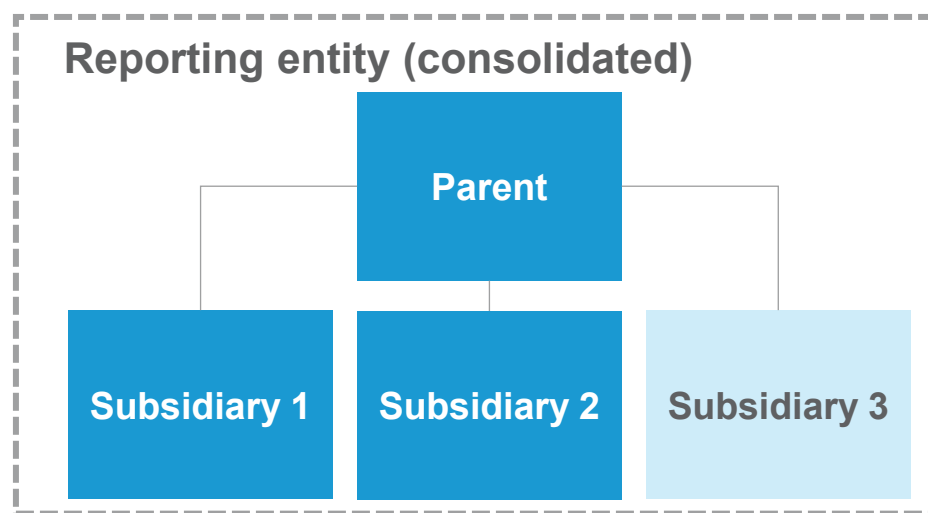
Duplicative reporting and increased costs for entities subject to a jurisdictional requirement to use GWP values other than the GWP values required by IFRS S2.B21–B22, to convert the seven constituent GHG emissions into CO<sub>2</sub> equivalents.



### **Proposed amendment**

Extend the jurisdictional relief in IFRS S2 such that it would permit an entity to use the GWP values required by a jurisdiction to convert the seven constituent GHG emissions to CO<sub>2</sub> equivalent values for the part of the entity subject to such a jurisdictional requirement when applying IFRS S2.

## 4 Applicability of the jurisdictional relief for GWP values



### Example

**The reporting entity** prepares sustainability-related financial disclosures applying ISSB Standards.

**Subsidiary 3** is required by a jurisdiction to provide GHG emissions information. This jurisdictional requirement mandates Subsidiary 3 to use GWP values from the IPCC Fifth Assessment Report (AR5) for converting the seven constituent greenhouse gases into a CO<sub>2</sub> equivalent value.

Applying the proposed jurisdictional relief related to GWP values, the entity could measure its GHG emissions using GWP values as follows:

- for **Subsidiary 3**—GWP values from AR5, in accordance with the jurisdictional requirement, as proposed to be permitted under IFRS S2
- for **the other parts of the entity**—GWP values based on a 100-year time horizon from the latest IPCC assessment available at the reporting date\*, in accordance with IFRS S2

\*Currently, the Sixth Assessment Report is the latest IPCC assessment

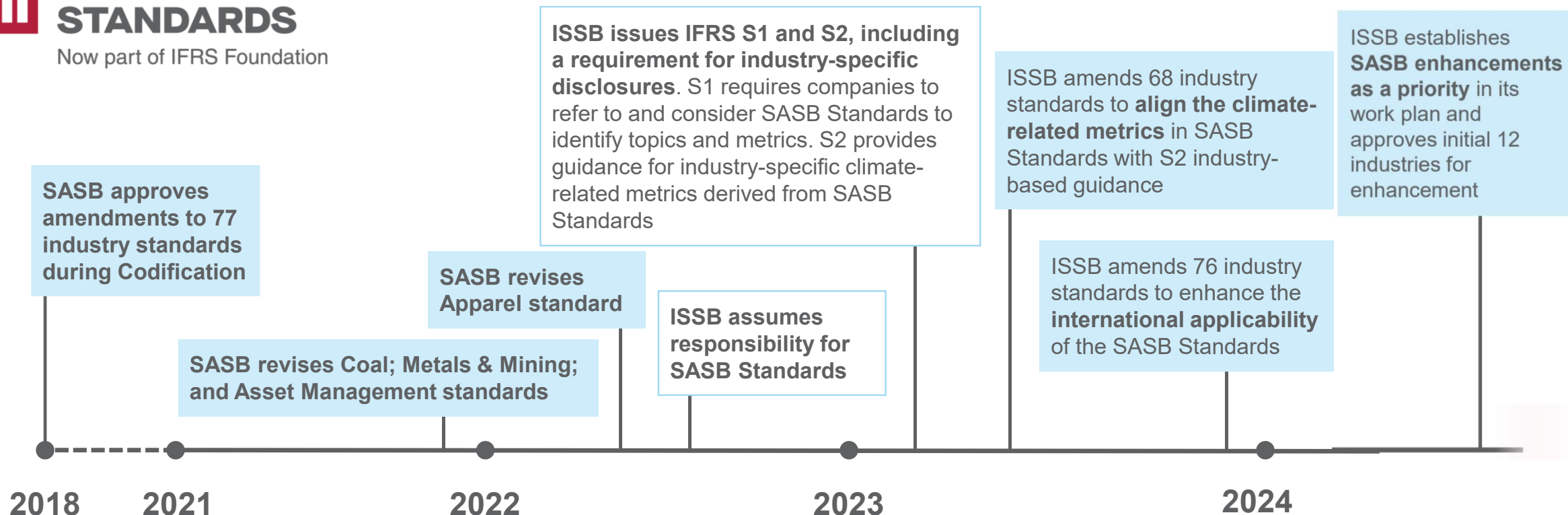
# Timeline



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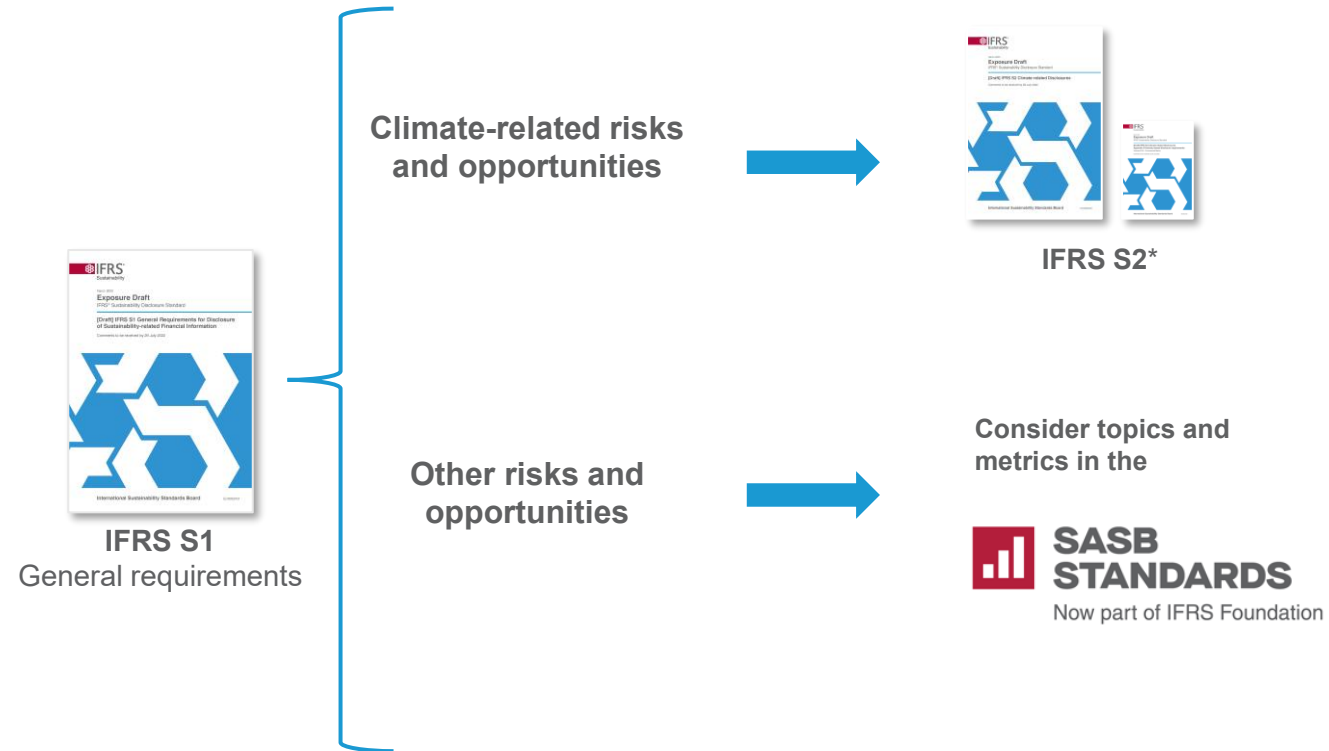
## SASB Standards Enhancements

# Brief history of SASB Standards enhancements



# Role of the SASB Standards in the ISSB Standards

- Source of guidance provided in IFRS S1 for developing sustainability-related disclosures beyond climate
- An entity **shall refer to and consider** the SASB Standards when:
  - identifying sustainability-related risks and opportunities
  - identifying information to disclose about those risks and opportunities
- An entity may determine that the disclosure topics and associated metrics in the SASB Standards are inapplicable given the entity's specific circumstances



**\*Note:** IFRS S2 is accompanied by industry-based guidance that was derived from the climate-related metrics in the SASB Standards.

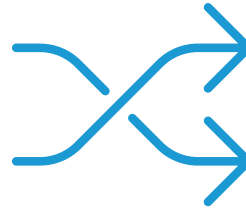


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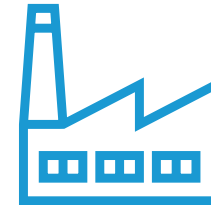
## Why enhance the SASB Standards?



Support the  
implementation of  
IFRS S1 and IFRS S2



Support the work  
of the research  
projects



Industry-based  
information is  
important

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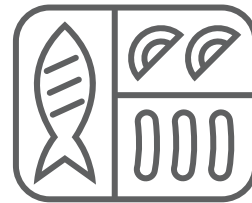
# Enhancing the SASB Standards

**Phase I: ED for 12 priority industries + targeted amendments in H1 2025**



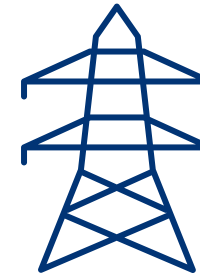
## **Extractives sector**

- Oil & Gas (four industries)
- Metals & Mining
- Construction Materials
- Iron & Steel Producers
- Coal Operations



## **Food & Beverage sector**

- Processed Foods
- Agricultural Products\*
- Meat, Poultry & Dairy\*



## **Infrastructure sector**

- Electric Utilities & Power Generators\*

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\*ED expected in H2 2025

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# Enhancing the SASB Standards

## Phase I: ED for 12 priority industries + targeted amendments in H2 2025

### Topics

- greenhouse gas emissions
- energy management
- air quality
- water management
- labour practices
- workforce health & safety.

### Coverage

- Additional 41 industry standards
  - Across most of the 11 sectors
  - Most extensive set of proposed revisions to the SASB Standards since the codification in 2018
-

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# Enhancing the SASB Standards

## Phase 2: 2026 and beyond

- **Research ongoing** to understand **phase two priorities**, including:
    - which additional industries to prioritise for review
    - recommendations for any enhancements to the Sustainable Industry Classification System, which could include the following...
      - reorganising sector groupings
      - adding additional industry standards
      - disaggregating existing industry standards
      - combining existing industry standards
      - removing existing industry standards
-

---

# Research Projects

## Two ISSB research projects



### Human capital

Relates to workers in entities' direct operations or value chains, and workforce-related human rights. Might include: worker wellbeing, pay and benefits, diversity and inclusion, and working conditions in the value chain.



### Biodiversity, ecosystems and ecosystem services

Might include: water management, land-use management, pollution (eg emissions into air, water and soil), resource depletion, and biodiversity risk management (eg rehabilitation/restoration).

## Research project workstreams

Evidence of investor interest

Evidence of financial implications

Existing standards and frameworks

Current state of disclosure

# Human capital issues are covered throughout the SASB Standards

## Human capital-related topics in the SASB Standards

- Workforce health & safety
- Labour practices
- Employee engagement, diversity & inclusion
- Labour conditions in the supply chain

**17%**

of all SASB metrics are human-capital related

**71%**

of industries have at least **1** human capital-related metric\*

---

## Most frequently occurring human capital topics in the SASB Standards

Example topics	Prevalence	Characteristics
Workforce health & safety	27 industries	Health and safety hazards in the workplace
Labour practices	12 industries	High degree of collective bargaining or low-wage workforce
Employee engagement, diversity & inclusion	10 industries	High competition for scarce talent or need to reach diverse customers



# BEES-related content exists throughout the SASB Standards

## BEES-related topics in the SASB Standards

- Air quality
- Water & wastewater management
- Waste & hazardous materials management
- Ecological impacts
- Product quality & safety
- Product design & lifecycle management
- Supply chain management
- Materials sourcing & efficiency
- Physical impacts of climate change
- Business model resilience
- Management of the legal & regulatory environment
- Critical incident risk management

**39%**

of all SASB metrics are BEES-related\*

**84%**

of industries have at least 1 BEES-related metric\*

\* GHG Emissions and Energy Management topics are omitted from this calculation

## Most frequently occurring BEES-related topics in the SASB Standards

Example topics	Prevalence	Characteristics
Product design & lifecycle management	37 industries	Products with significant lifecycle impacts (energy use, waste, land impacts, etc.)
Water & wastewater management	25 industries	Significant water withdrawals and consumption, effluent discharges
Materials sourcing & efficiency	18 industries	Sourced materials with significant environmental impacts
Ecological impacts	15 industries	Direct physical impacts to biosphere

# Findings of the research thus far

## BEES: key takeaways

- **Investor interest** in and use of BEES-related information is **nascent but rapidly developing**
- More complex than climate, with **no universal metric like GHG emissions** for nature
- Regulation and policy is a key driver of investor interest
- **Considerable variation among sectors/industries**, with different activities, impacts and dependencies giving rise to different risk/return profiles
- **Nature-related risks are localised**
- Other standards and frameworks (for example, EFRAG, GRI and TNFD) similar to IFRS S1 and SASB Standards, with variation concentrated in the areas of strategy and metrics/targets
- Companies already disclose BEES-related information, but **consistency and comparability are poor**

## Human capital: key takeaways

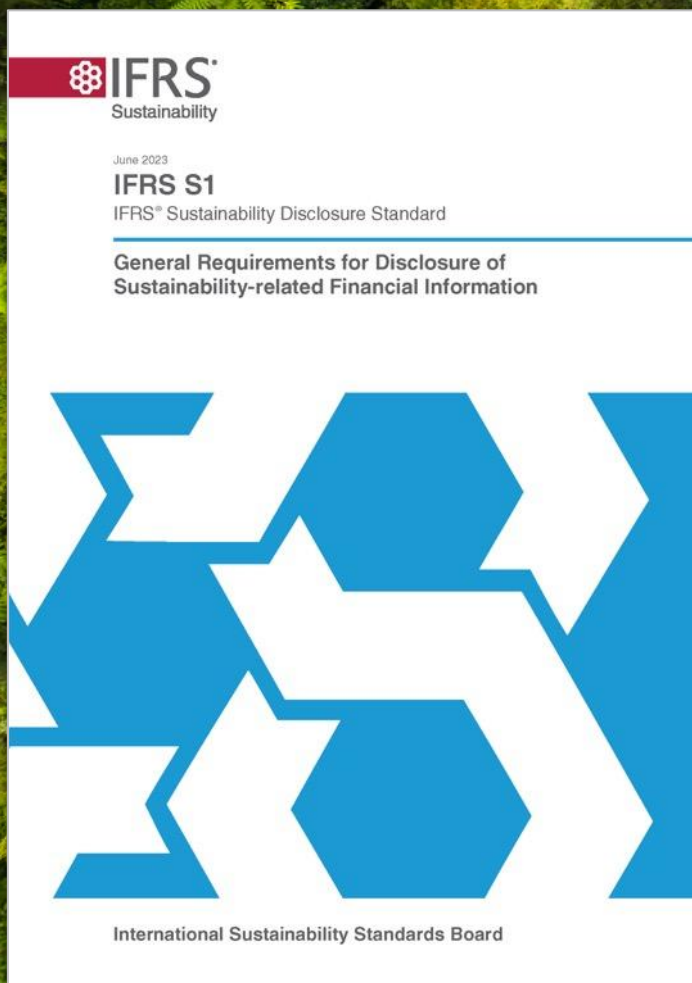
- **Some information of interest for all investors**, but **other topics of interest vary by sector and/or jurisdiction**
- Investor interest predominantly driven by a desire to manage risks and/or enhance returns
- **Topics of interest are varied and often complex**, including working conditions, involuntary labour, health, safety and wellbeing, diversity and inclusion, pay and benefits, recruitment and retention, and workforce composition
- **Investor interest and company reporting practices vary considerably between an entity's own workforce and the workers in its value chain**
- Companies already disclose human capital-related information, including in general purpose financial reports, but **consistency and comparability are poor**

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## Resources



# Access the ISSB Standards today





# Knowledge hub

Supporting the application of **IFRS Sustainability Disclosure Standards**

FAQs, guides and resources curated by the IFRS Foundation and third-party organisations in support of global drive to build capacity



# Stay ahead through leadership, learning & community

Learn more at [www.ifrs.org](http://www.ifrs.org)



## The FSA Credential

Enhance your ability to integrate sustainability considerations into financial analysis and prepare to lead on disclosure. Demonstrate your expertise through two exams.



## IFRS Sustainability Alliance

Prepare to meet the future of sustainability disclosure and its integration into investment processes via education, knowledge sharing and peer networking.



## Licensing

Benefit from integrating ISSB and SASB Standards into your commercial offerings. Access the Standards in a convenient, updated format.



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## Visit [ifrs.org](https://ifrs.org) to find out more

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- Join the [team](#)