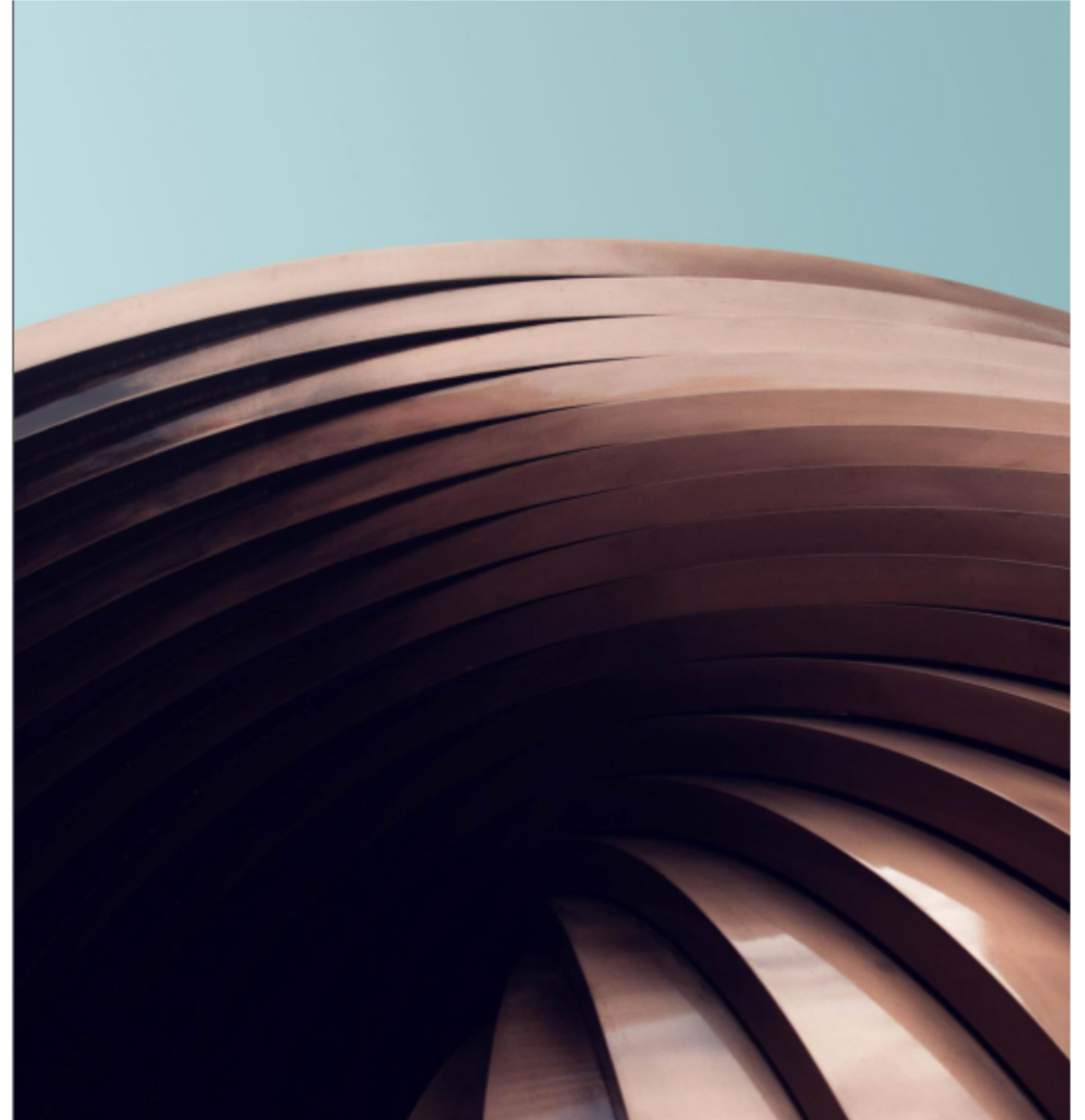

IFRS Sustainability Disclosure Standards

Dr Ndidi Nnoli-Edozien
Africa Representative, Board Member
International Sustainability Standards
Board (ISSB), IFRS Foundation

Ndidi.Nnoli-Edozien@ifrs.org

Overarching objective

*'The objective of [the Standards] is to require an entity to **disclose information** about its **sustainability-related risks and opportunities** that is **useful to primary users** of general purpose financial reports in making decisions relating to providing resources to the entity.'*



Sustainability-related financial reporting matters to investors

Decision-useful information about a company's sustainability-related risks and opportunities enables investors to:

- **assess the company's ability to generate cash flows** over the short, medium and long term
- **assess the company's management, governance** and **stewardship** of its economic resources

Investors will make decisions on providing resources to the company based on these insights, including:

- **whether to invest** in a company's debt or equity or **whether to lend it money**
- how much they are **willing to invest** or how much of a **return** they would require to invest
- how to **vote** if they hold shares in the company

Value of sustainability standards for business leaders



- Effective management of complex risks requires **integrated thinking** and a broader information set than traditional financial information
- ISSB Standards:
 - facilitate identification of business-relevant risks and opportunities and material information for entities, their value chains and supply chains
 - support the implementation of strong control environments and data governance, ensuring reliable information that is accepted globally
 - enable business leaders to provide **comparable and reliable information** to investors and other providers of capital and thereby **improve availability and pricing of capital for companies while building resilience in trade, investment & competitiveness.**

Rationalising investor-focused standards and frameworks



The jurisdictional rationale underpins many of the considerations about the adoption or other use of ISSB Standards



Jurisdictional rationale = the **WHY** jurisdictions choose to adopt or otherwise use ISSB Standards

underpins decisions regarding...



Regulatory Process
(How?)



Reporting Entities
(Who?)

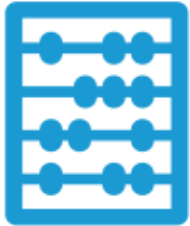


The Requirements
(What?)

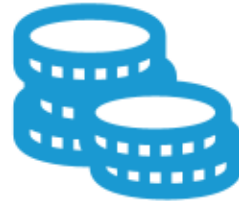


Readiness
(When?)

Articulating the benefits that underpin adoption rationale



Strengthening capital markets by informing investors' capital-allocation decisions



Improving cost effectiveness and enhancing efficiencies for companies



Enabling jurisdictions to leverage ISSB as a global passport, by building on the baseline of sustainability-related financial disclosures, when relevant

Leveraging a truly global baseline of disclosures



additional
building blocks

- added to meet jurisdiction-specific requirements
- added to meet broader multi-stakeholder needs

ISSB Standards (the ISSB Plus Approach)

- builds on a **common global language** for comparable, decision-useful disclosures
- Is designed to **meet investor needs** throughout global capital markets
- provides a comprehensive foundation of disclosures for global jurisdictional adoption (**global passporting**)

Regulatory **passporting** provisions for ISSB Standards

What

- A regulatory provision that allows foreign private issuers (FPIs) or local subsidiaries of foreign entities to comply with local requirements by **reporting in accordance with ISSB Standards as issued by the ISSB**

Why

- **Prevent** fragmentation
- **Mitigate** against emerging cross-border issues
- **Improve** efficiency for multinational entities
- **Accelerate** global voluntary application of ISSB Standards
- **Reduce** cost of international capital flows

How

- Jurisdictional decision – supported with **multilateral alignment** via Jurisdictional Adopters Working Group
- **Transparent** comparison from the jurisdictional profiles
- Encouragement from **investors** and **preparers**



Overview of ISSB Standards

Key points about ISSB Standards

- The ISSB was **created to meet demand** for:
 - decision-useful, comparable information
 - an end to the ‘alphabet soup’ of voluntary initiatives
 - an efficient reporting landscape
- **The objective of the Standards** is to require a company to disclose information about its sustainability-related risks and opportunities that is **useful to investors**
- Decision-useful information about a company’s sustainability-related risks and opportunities **enables investors to make decisions** about providing resources to the company
- Sustainability-related financial reporting can **enhance a company’s appeal to investors and capital providers**, produces strategic and managerial benefits



ISSB Standards: IFRS S1 and IFRS S2



IFRS S1 covers all **sustainability-related risks and opportunities** in the value chain over the short, medium and long term

IFRS S2 provides more detailed requirements on risks and opportunities related to **climate**

Both Standards:

- Require disclosure of information **material** to investors and capital markets
- Incorporate **TCFD** recommendations
- Require **cross-industry and industry-specific** information
- Offer **guidance from SASB Standards** for industry-specific disclosure

IFRS S1 and IFRS S2 are applied together



Conceptual foundations

Fair presentation, materiality, reporting entity, connected information



Judgements, uncertainties and errors

Judgements, measurement uncertainty, errors



General requirements

Sources of guidance, location of disclosures, timing of reporting, comparative information, statement of compliance



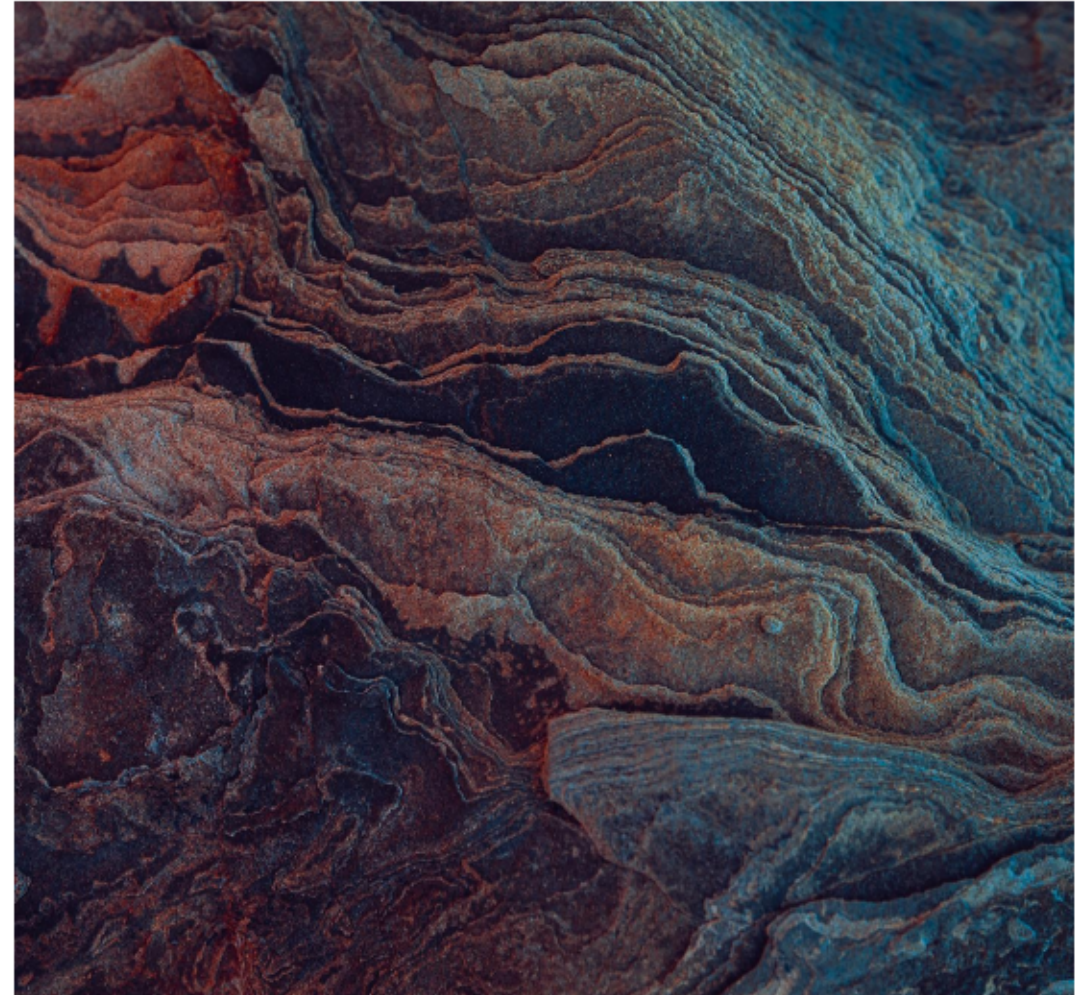
Other requirements in the appendices to IFRS S1



Identifying sustainability-related risks and opportunities

*'An entity shall use **all reasonable and supportable information** that is available to the entity at the reporting date **without undue cost or effort**:*

- a) to **identify the sustainability-related risks and opportunities** that could reasonably be expected to affect the entity's prospects; and
- b) to **determine the scope of its value chain**, including its breadth and composition, in relation to each of those sustainability-related risks and opportunities.'



Integrated Reporting Framework

Use to integrate and present reporting, including disclosures prepared applying ISSB Standards



Drives connectivity between financial statements and sustainability-related financial disclosures



IFRS S1 uses concept of resources and relationships from the Integrated Reporting Framework to describe connection between sustainability and prospects




Supports high-quality corporate reporting



Underpinned by integrated thinking, to enhance quality of corporate governance


Four-pillar strategy to support adoption and use of ISSB Standards



Proportionality and guidance built into IFRS S1 and IFRS S2



Transition reliefs



Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards

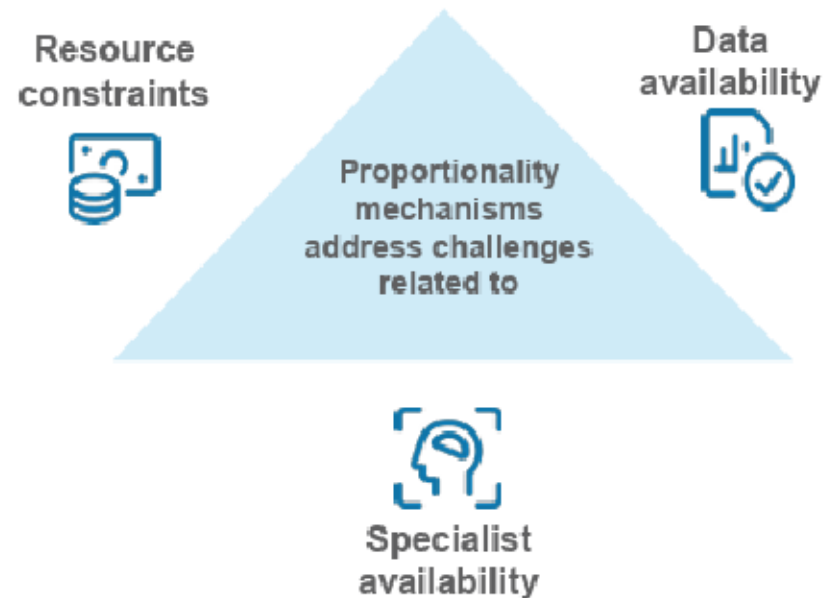


Additional support, including capacity building for companies, regulators and other relevant authorities

Proportionality Mechanisms

Proportionality mechanisms

Proportionality mechanisms are designed to help companies with different **levels of capability and preparedness** apply the IFRS Sustainability Disclosure Standards



- Designed to be **helpful** for companies that would find **some requirements** in IFRS S1 and IFRS S2 **challenging to apply**.
- **Do not introduce** additional disclosure requirements **nor do they exempt** companies from providing disclosures.

Which IFRS S1 requirements include proportionality mechanisms?

IFRS S1 requirements <i>(also apply to IFRS S2)</i>	Reasonable and supportable information available [...] without undue cost or effort	Commensurate with the available skills, capabilities and resources
Identification of sustainability-related risks and opportunities (IFRS S1.B6(a))	✓	
Scope of the value chain (IFRS S1.B6(b))	✓	
Anticipated financial effects (IFRS S1.37 and IFRS S1.39)	✓	✓

Which IFRS S2 requirements include proportionality mechanisms?

IFRS S2 specific requirements	Reasonable and supportable information available [...] without undue cost or effort	Commensurate with the available skills, capabilities and resources
Identification of climate-related risks and opportunities (IFRS S2.11)	✓	
Anticipated financial effects (IFRS S2.18 and IFRS S2.20)	✓	✓
Approach to climate-related scenario analysis (IFRS S2.B2(b))	✓	✓
Measurement of Scope 3 GHG emissions (IFRS S2.B39)	✓	
Some metrics in cross-industry metric categories (IFRS S2.29(b)-(d) ⁸)	✓	

⁸ The amount and percentage of assets or business activities (1) vulnerable to climate-related transition, (2) vulnerable to climate-related physical risks, and (3) aligned with climate-related opportunities in IFRS S2.29(b)-(d).

Understanding the scope of an entity's value chain

The concepts underlying sustainability-related risks and opportunities

The value chain

Resources and relationships

Dependencies and impacts

Sustainability-related risks and opportunities that could reasonably be expected to affect prospects

- Sustainability-related risks and opportunities arise from the interactions between a company and its stakeholders, society, the economy and the natural environment throughout the company's **value chain**
- A company both depends on and affects **resources and relationships** throughout its value chain, which can contribute to their preservation, regeneration and development, or to their degradation and depletion
- These **dependencies and impacts** might give rise to **sustainability-related risks and opportunities that could reasonably be expected to affect the company's prospects**



The value chain

The full range of interactions, resources and relationships related to a company's **business model** and the **external environment** in which it operates.

Example

The company, its business model, the external environment and distribution channels

In assessing its value chain, and specifically its sourcing sand distribution channels, an agriculture commodity sourcing business considers:

- its **business model**—third-party distributors and brokers that the company depends on to sell its commodities to end-users (such as food processors or retailers)
- its **external environment**—a regulation that affects the farming practices it is permitted to source from, in an effort to reduce deforestation

Interactions throughout the value chain

Interactions with **stakeholders, society, the economy and the natural environment** throughout a company's **value chain**.

Example

Interactions with stakeholders, society, the economy and the natural environment

A company considers its dependency on suppliers in three jurisdictions for raw materials:

- Jurisdiction A's **local communities** are protesting against the company's deforestation practices
- Jurisdiction B's **government** introduces a tax incentive for sustainable operations
- Jurisdiction C is experiencing a **drought**

Questions for getting started

Interactions throughout the value chain

Stakeholders (internal and external people/groups)

- What kind of customer relationships does the company need to drive business?
- What kind of workforce does the business require, and how are employees treated?

Society (external collectives of individuals, communities and social structures)

- How do operations and activities affect the wellbeing of local communities and the general public?
- What cultural values and social norms influence a company's social licence to operate?

Economy (macro- and micro-economic factors)

- What conditions affect costs, demand and pricing?
- **What incentives aimed at promoting economic growth or sustainability does the company use or have access to (tax incentives, tariffs, subsidies)?**

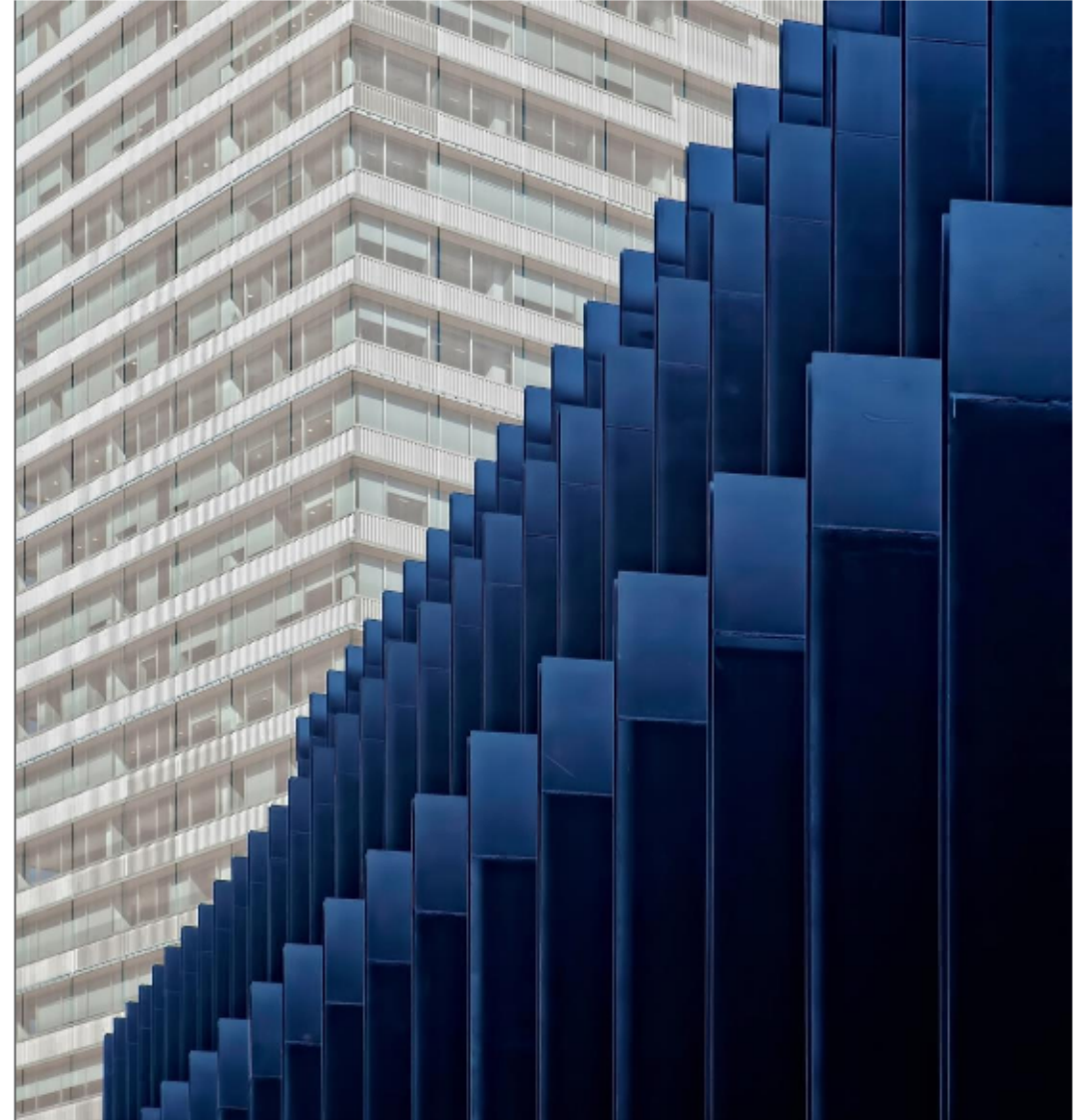
Natural environment (earth systems and resources)

- What renewable and non-renewable resources does the business rely on?
- Do operational byproducts affect the availability or quality of those resources?



Remember **Materiality**

- IFRS S1 requires disclosure of **material information** about sustainability-related risks and opportunities that could reasonably be expected to affect a company's prospects
- ISSB Standards result in the provision of information that is useful to **primary users** of general purpose financial reports
- Materiality is a company-specific characteristic of **information**
- When making materiality judgements, a company assesses whether **omitting, misstating or obscuring information** could reasonably be expected to influence the decisions primary users make about providing resources to the company



A four-step process to identify and disclose material information

- A company might find it helpful to follow a process to identify and disclose material information about its sustainability-related risks and opportunities
- The four-step process described in the [educational material](#) is an example of such a process



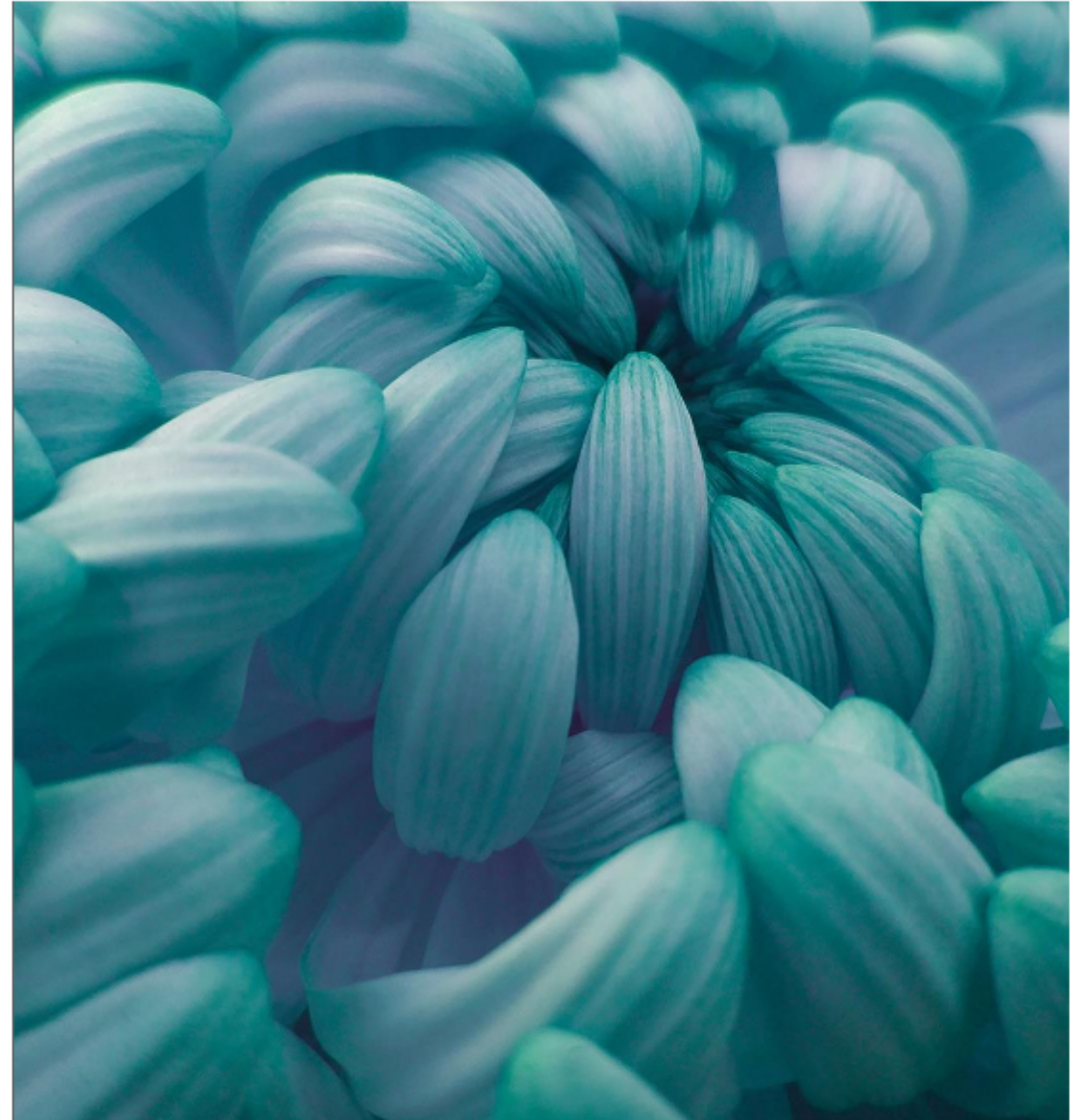
Connectivity considerations

This four-step process is similar to the 'four-step materiality process' illustrated in [IFRS Practice Statement 2 Making Materiality Judgements](#).

 Remember **Interoperability**

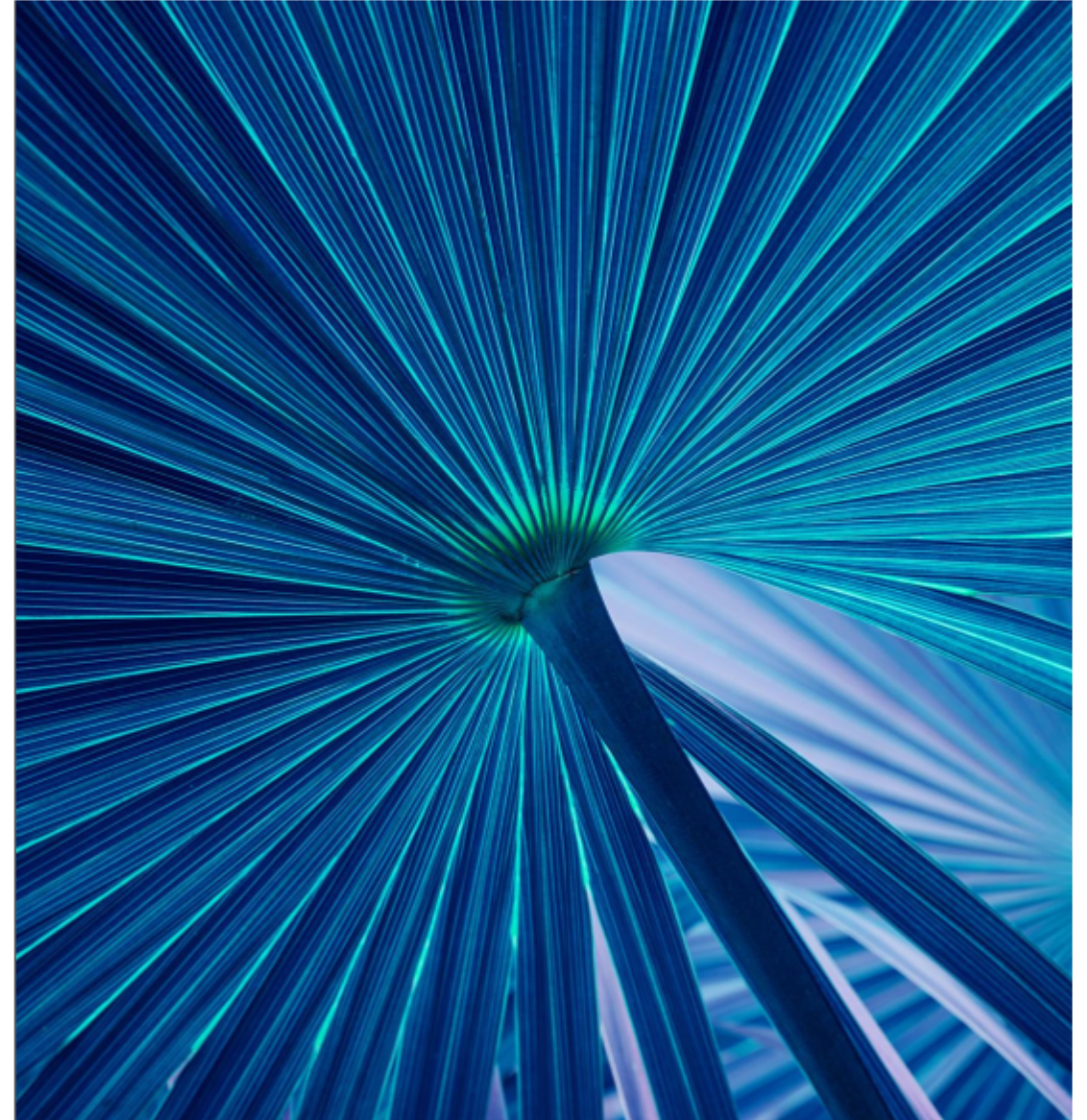
Identifying common disclosures between ISSB Standards and other standards and aligning them as much as possible:

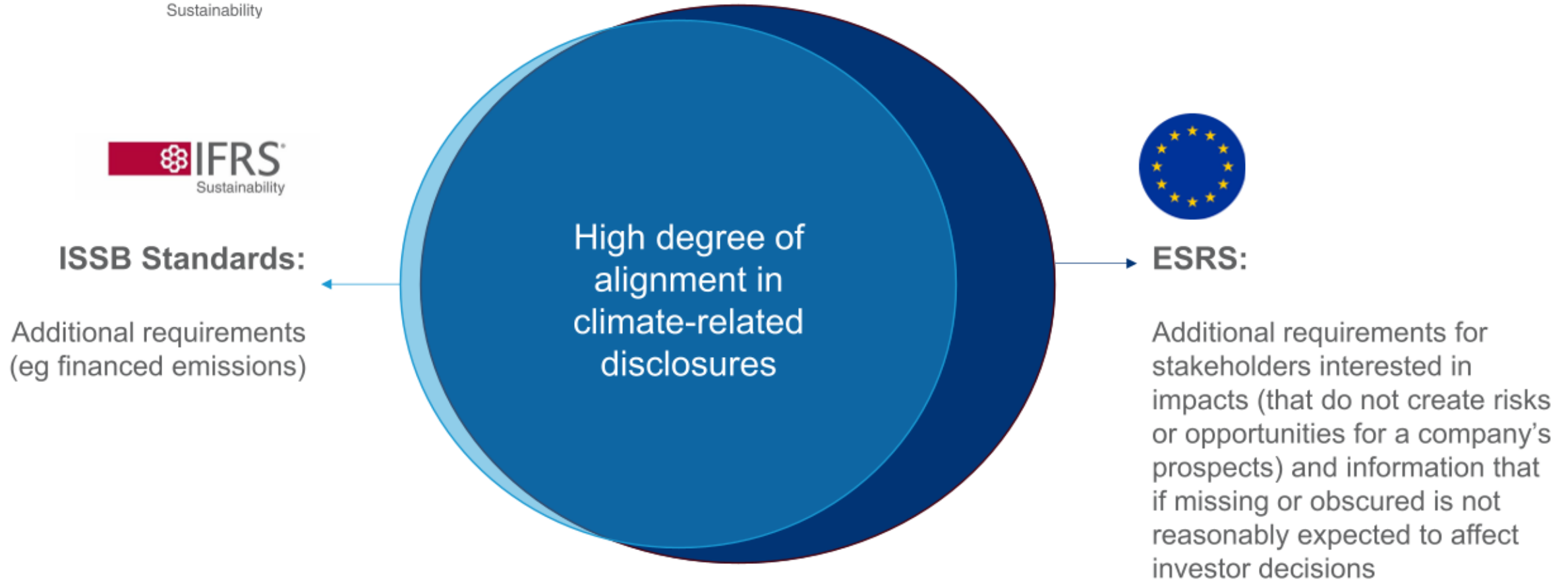
- reduces duplication by enabling companies to **collect, govern and control decision-useful data once**
- reduces **complexity and fragmentation** that create **barriers to comparability** and **undermine the usefulness** of sustainability information in decision-making.
- demonstrates the drive to secure consistency and comparability - through a **global baseline of disclosures** - remains supported by international policy makers.



ISSB and Global Reporting Initiative (GRI)

- Committed to **jointly identify and align common disclosures** that address information needs under the distinct scopes and purposes of the respective standards for both thematic and sector-based standard-setting
- Interoperability work starting with **GRI 101 Biodiversity** and ISSB's nature project
- GRI plans to develop 40 sector standards; to date, four have been published. The ISSB's work to enhance **77 industry-based SASB Standards** will support interoperability with GRI's sector work
- **GSSB granted equivalence** for companies that disclose GHG emissions using both GRI 102 (Climate Change) and IFRS S2





High degree of alignment in disclosures to provide decision-useful information for investors on risk management and how dependencies and impacts create risks and opportunities for a company's financial position and prospects

ESRS-ISSB Standards interoperability:



ISSB Standards and ESRS

ISSB Standards and ESRS (pre-omnibus)

- **High degree of alignment** in climate-related disclosures to provide information to investors
- Additional requirements in ESRS for stakeholders interested in impacts that do not create risks or opportunities for a company's prospects and to provide information **not material to investors**
- Some additional requirements in ISSB Standards (for example, financed emissions)
- **Interoperability guidance** developed to explain how to prepare disclosures to comply with both sets of standards

Current status - EU Omnibus:

- Some **positive aspects** for further efficiencies (for example, on industry-based disclosures and anticipated financial effects)
- **Most effective way** to help companies is to enable them to start with **ISSB Standards** and 'top up' with disclosures to comply with ESRS
- **In the absence of equivalence**, a company needs to **navigate both sets of standards**

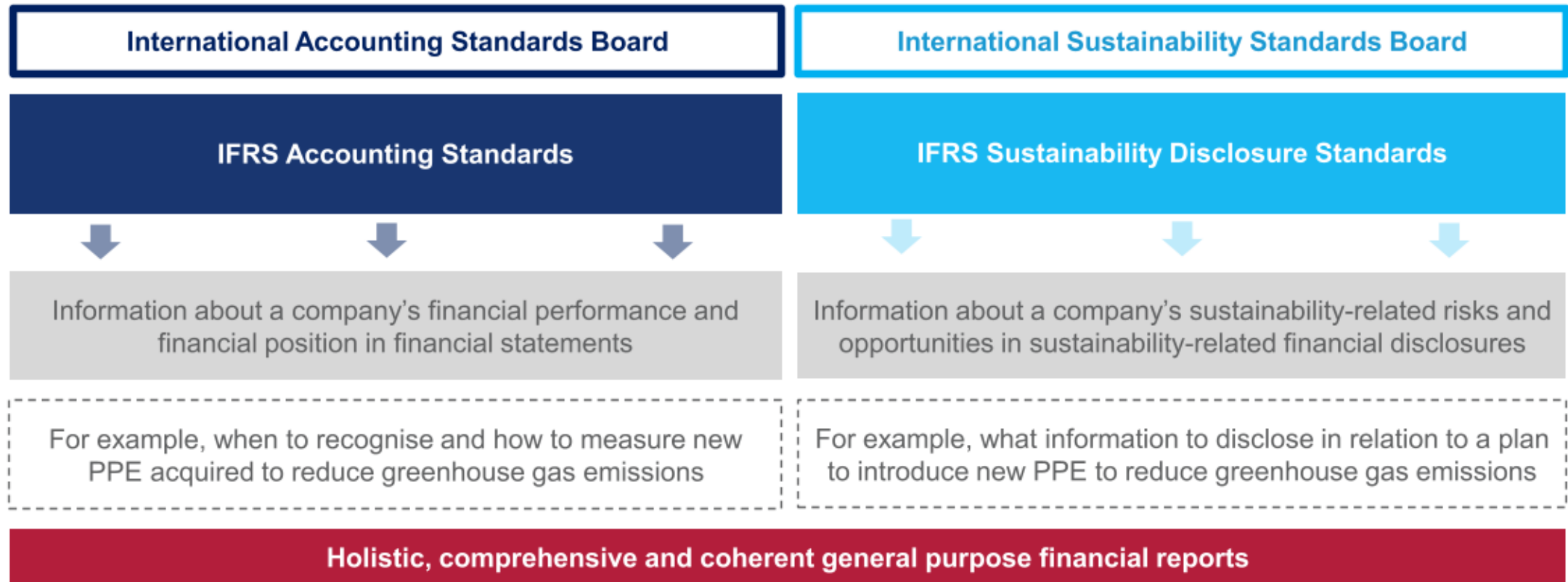
Next steps

- ISSB continues to **engage the European Commission** as ESRS are moved into EU legislation to emphasise the benefits of alignment

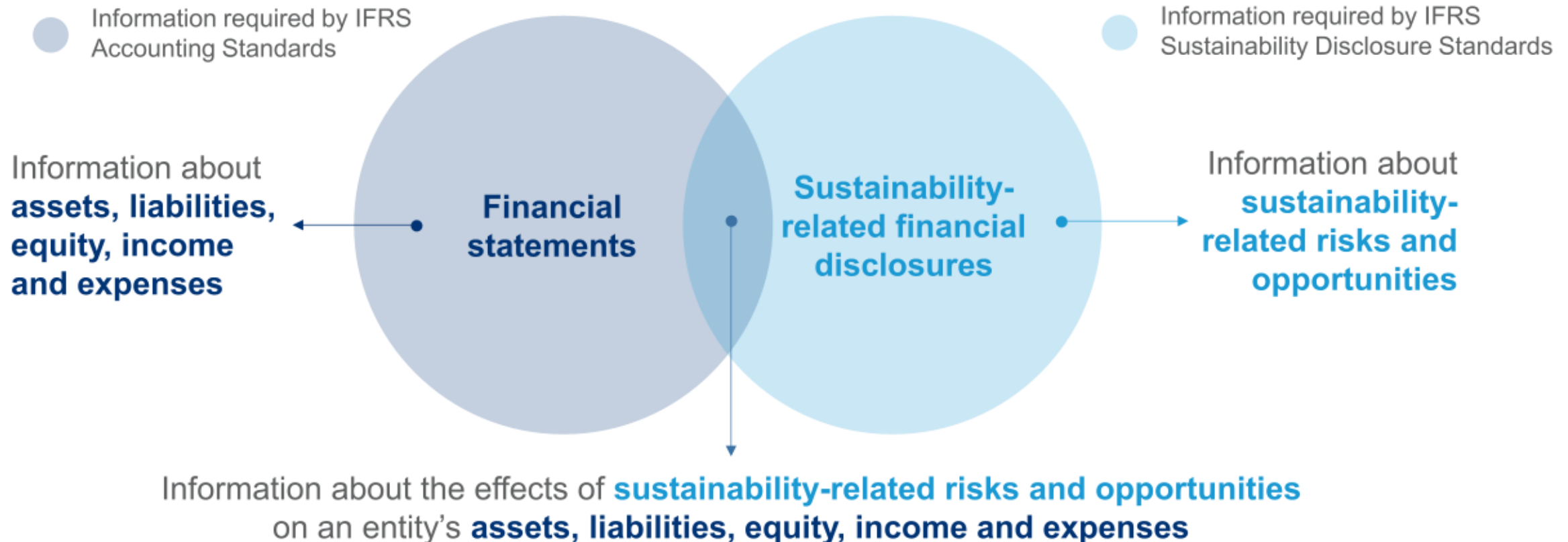
Connections with IASB



Roles of the Boards

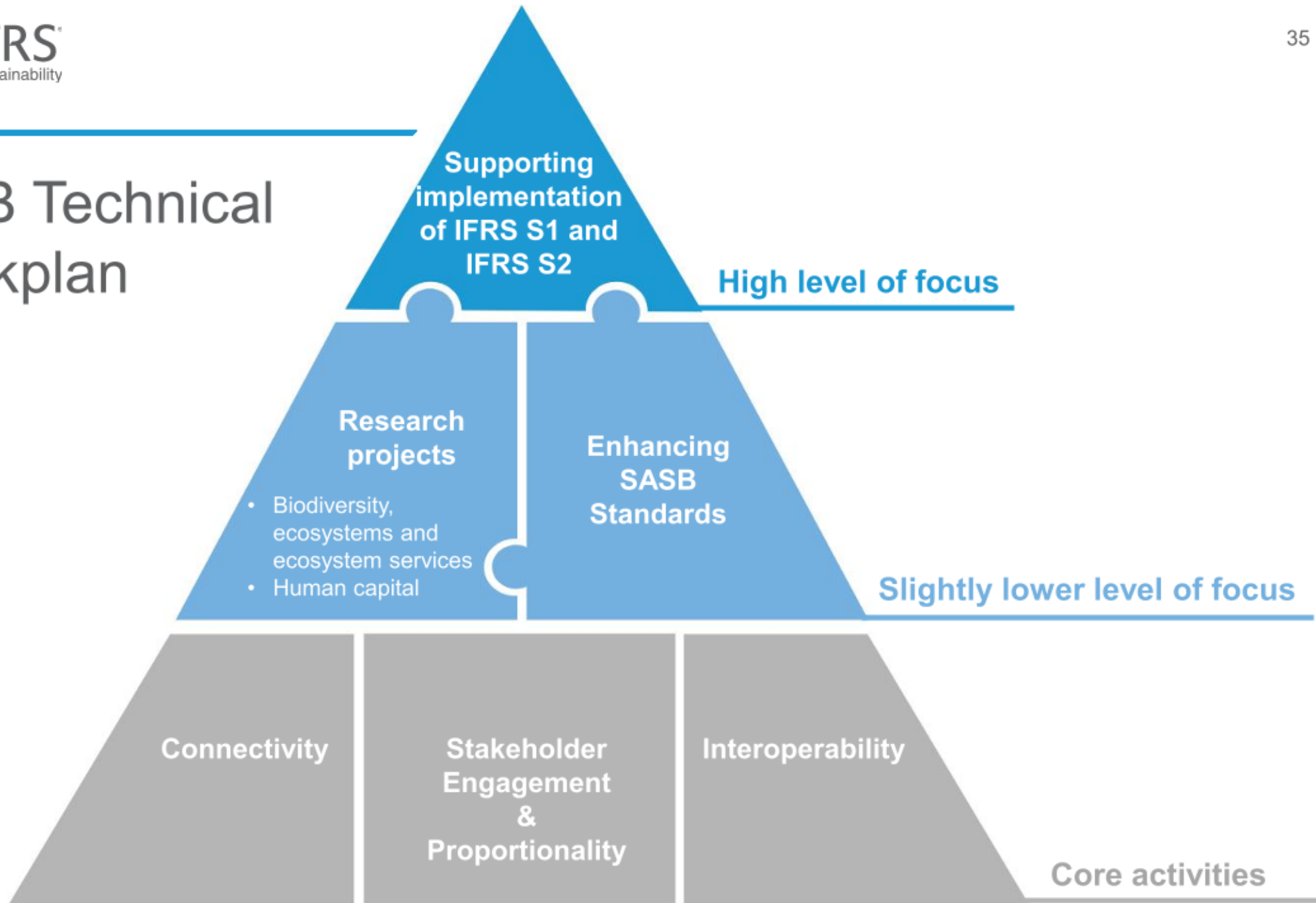


Complementary objectives



Note: The diagram is not intended to represent relative proportions of reported information.

ISSB Technical Workplan



Nature-related disclosures



Nature-related disclosures



Incremental disclosure requirements

ISSB will introduce incremental disclosure requirements on nature-related risks and opportunities not already covered by explicit requirements in IFRS S1 and IFRS S2



Educational material

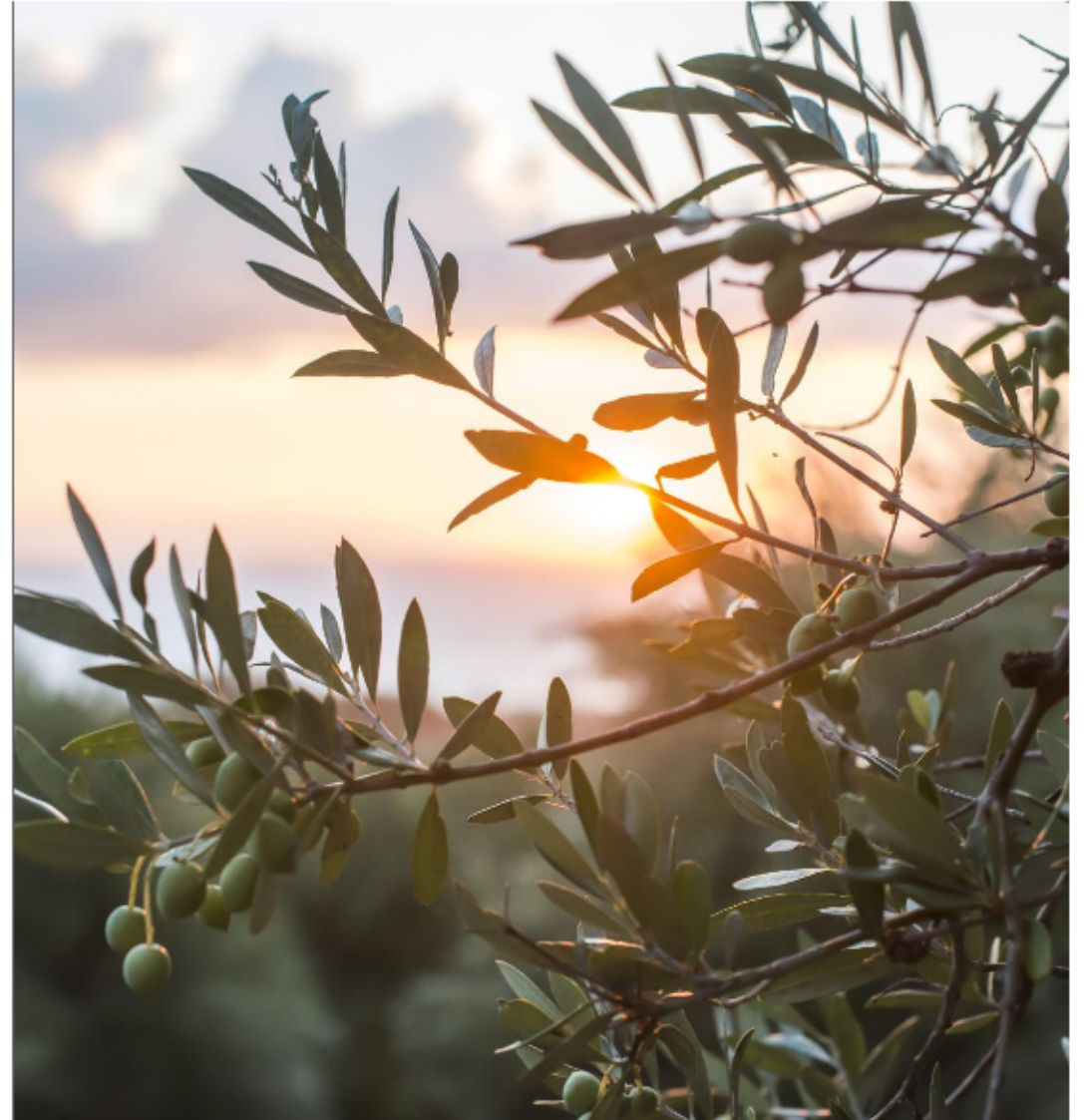
Subsequently, ISSB will develop educational materials that explain how to apply the requirements in ISSB Standards in the context of providing material nature-specific information

Drawing on TNFD framework where relevant to meet investor information needs

ISSB to draw on TNFD

- Delivers efficiencies, reduces fragmentation and enables ISSB to build on leading practice
- Drawing where relevant to meet investor information needs in both standard setting and educational materials
- Utilising TNFD recommendations, metrics and additional guidance
- Includes TNFD's 'Locate, Evaluate, Assess, Prepare' or 'LEAP' approach
- TNFD addresses nature across all nature topics – a non-siloed approach
- 700+ companies globally already committed to using TNFD

TNFD will complete its technical work currently in progress by Q3 2026 as it supports the ISSB's work



Incremental nature-related disclosure requirements

- Incremental requirements that are not already reflected in explicit requirements in IFRS S1 and IFRS S2.
- ISSB to discuss approach and scope to standard-setting in coming months
- Standard-setting comes in many forms
- Could be a mix of application guidance or amendments to existing ISSB Standards, industry-based guidance, additional sources of guidance or a new standard
- Balance new requirements, including when deciding effective date, with focus on supporting implementation of IFRS S1 and IFRS S2



Targeting an Exposure Draft by COP17 in October
2026

Investor nature-related information needs

Clear evidence of investor interest and effects on entity prospects

Information on:

- Governance and oversight
- Strategy – including information on current and anticipated financial effects and information about **nature transition plans**
- Risk management – including use of scenarios for risk identification
- Metrics and targets – including quantitative information on topics like **water, land use changes (such as deforestation), biodiversity loss and pollution**

Information that is:

- **Location-specific**
- Relevant across the value chain
- Contextual
- Covering the **climate-nature nexus**
- Industry-specific covering Food & Beverage, Consumer Goods, Extractives & Minerals Processing, Renewable Resources, Infrastructure and Transportation
- Based on **standardised terminology**

IFRS S1 + SASB Standards address many of these information needs, but incremental disclosure requirements are needed for nature-specific contexts. The TNFD framework **covers many of these areas**

Jurisdictional Rationale

A jurisdiction's decision to adopt

The journey towards adoption or other use of ISSB Standards starts with the **determination to introduce sustainability-related disclosures into the jurisdictional framework**

Jurisdictional considerations include:



Widespread benefits of adopting

Implementing global standards will enhance effective functioning of global capital markets



Investor preferences

Adherence with global standards increases trust in the reliability, comparability and decision-usefulness of information, in particular for investors with global portfolios



Own jurisdictional circumstances

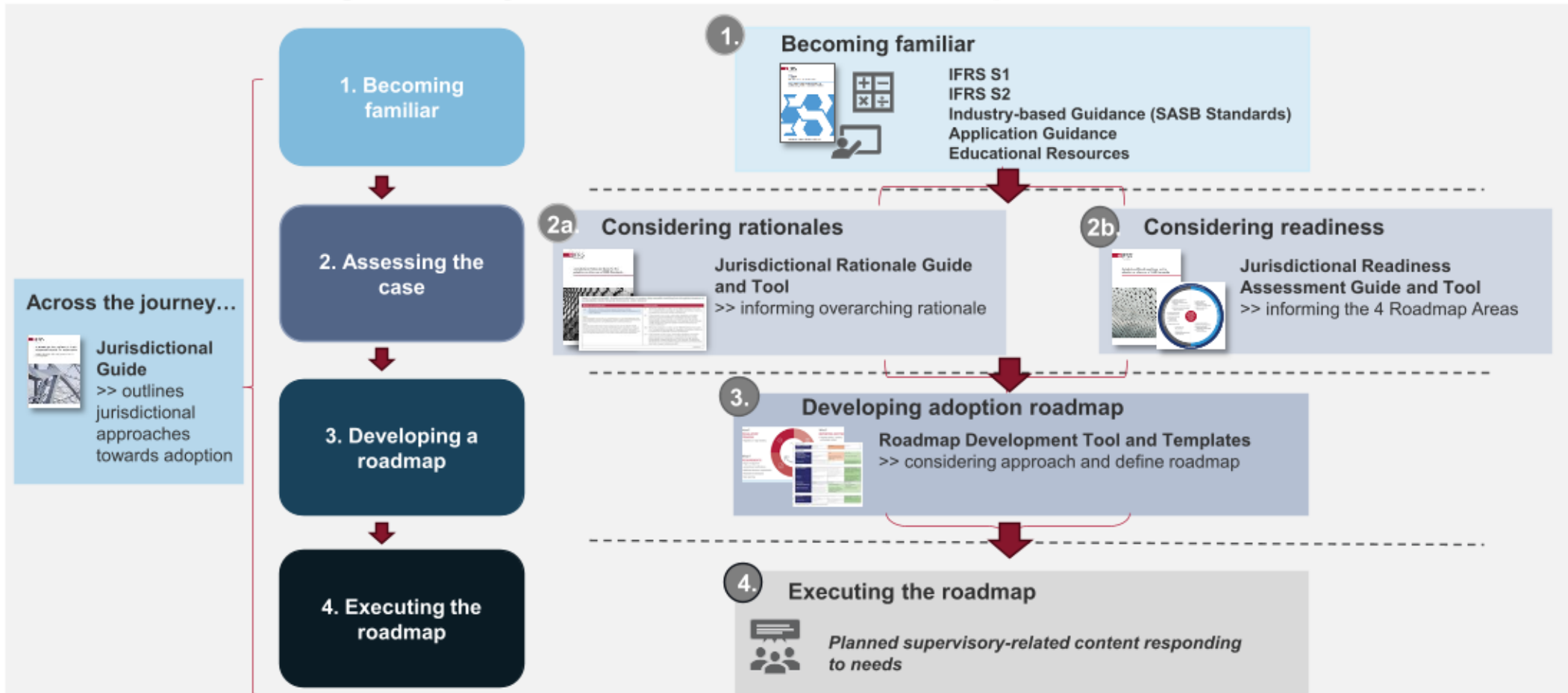
Jurisdictions should consider their own circumstances, starting point and state of readiness



Preparer needs

Adopting global standards can improve cost effectiveness and efficiency for preparers

Jurisdiction's journey towards ISSB adoption



Meanwhile, the IFRS Foundation would produce jurisdictional profiles when a jurisdiction's approach to sustainability reporting is finalised and no longer subject to consultation.



Jurisdictional profiles
>> provide transparency on approach, target and current status

Jurisdictions taking steps towards ISSB Standards

40 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**

Jurisdictional progress

Americas

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

Asia-Oceania

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

EMEA

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

Companies begin reporting as the ISSB Standards take effect in the first cohort of jurisdictions

2025 reporting year	Australia, Bangladesh, EU, Hong Kong SAR*, Malaysia, Mexico, Pakistan, Singapore, Sri Lanka, Tanzania , Türkiye (2024) and Zambia
2026	Brazil*, Chile, Jordan*, Philippines, Qatar, Chinese Taipei and Zimbabwe
2027	Ghana , Indonesia, Kenya , Rwanda and Thailand
2028 or later	Nigeria* and Uganda
To be determined	Bolivia, Canada, China, Costa Rica, El Salvador, Japan, Kyrgyzstan, Nepal, Panama, South Korea, Switzerland, United Kingdom*, Uzbekistan

(*) Jurisdictions that explicitly permit and have special guidelines for the use of ISSB Standards before they become mandatory.

Jurisdictional approaches that have been finalised

17 jurisdictions:

- 14 target full adoption of ISSB Standards
- 2 target adopting climate requirements in ISSB Standards
- 1 partially incorporates ISSB Standards

Americas

Brazil
Chile
Mexico

Asia-Oceania

Australia
Bangladesh
Hong Kong SAR
Malaysia
Pakistan
Sri Lanka
Chinese Taipei

EMEA

Ghana
Jordan
Kenya
Nigeria
Tanzania
Türkiye
Zambia



Discover details of
jurisdictional approaches
via online profiles

Jurisdictional approaches that are subject to finalisation

16 jurisdictions:

- 12 have proposed or finalised standards that are fully aligned with ISSB Standards or designed to deliver functionally aligned outcomes
- 3 have proposed to incorporate significant portion of ISSB Standards
- 1 considering permitting use of ISSB Standards

Americas

Bolivia
Canada
Costa Rica
El Salvador

Asia-Oceania

China
Indonesia
Japan
South Korea
Philippines
Singapore
Thailand

EMEA

Rwanda
Switzerland
Uganda
UK
Zimbabwe



Discover details of
jurisdictional approaches
via online profiles

Commonly cited areas of benefit from adoption or other use of ISSB Standards:

A



Strengthening capital markets by informing investors' capital-allocation decisions

- Encouraging greater transparency to enable better-informed investment decisions through greater accuracy in assessing and pricing risks and opportunities
- Supporting the development of a jurisdiction's capital markets by facilitating access to capital, lowering the cost of capital and encouraging foreign direct investment
- Fostering investor protection and mitigating greenwashing
- Promoting a more resilient financial system

B



Improving cost effectiveness and enhancing efficiencies for companies

- Streamlining reporting requirements and reducing burdens and costs to improve cost effectiveness for companies
- Enhancing efficiency through alignment with international standards

C



Enabling jurisdictions to leverage the global baseline of sustainability-related financial disclosures, when relevant

- Enhancing the financial market architecture, including the sustainable finance architecture
- Using the 'building blocks approach' so jurisdictions can choose to build on the global baseline
- Enhancing global trade competitiveness throughout the supply chain
- Supporting broader domestic and international policy goals

Improving cost effectiveness and enhancing efficiencies - Kenya Case Study




Streamlining reporting requirements and reducing burdens and costs to improve cost effectiveness for companies

- ISSB Standards **facilitate streamlined reporting, preventing fragmented regulatory approaches and reducing compliance burdens and costs** for companies by:
 - Providing **consistent sustainability-related disclosure requirements**, reducing costs and complexity for companies
 - Generating efficiencies derived from introducing sustainability-standards that refer to sustainability standards **connected with standards for the preparation of financial statements**
 - Providing **industry-specific disclosure requirements through SASB Standards**

....the multitude of available frameworks and standards, along with diverse metrics, data, terminology and reporting criteria, introduces uncertainty for preparers of sustainability reports, making it difficult to determine the most effective approach.

ICPAK Kenya Roadmap for Adoption of ISSB Standards

Jurisdictional Profile: Kenya

Scan to access the full Jurisdictional Profiles and Snapshots

	Current	Target
Jurisdiction approach (Updated 12 June 2025)	Permitting the use of ISSB Standards	Fully adopting ISSB Standards

How	Mandate of Institute of Certified Public Accountants of Kenya
Who	<ul style="list-style-type: none"> Public Interest Entities; Non-Public Interest Entities (large entities); Small-to medium-sized entities
What	<ul style="list-style-type: none"> IFRS S1 and IFRS S2 Listed entities are permitted to apply GRI Standards for SRRO not addressed by the ISSB Standards but are required to ensure that information required by ISSB Standards is not obscured
When	<ul style="list-style-type: none"> Voluntary (all): 2024 – 2026; PIEs: 01 January 2027; Non-PIEs (large) – 01 January 2028; SMEs – 01 January 2029 Transition standard reliefs not extended

Strengthening capital markets by
informing investor capital
allocation decisions
– Uganda Case Study



Encouraging greater transparency to enable better-informed investment decisions through greater accuracy in assessing and pricing risks and opportunities

ISSB Standards can support capital market development through **enhancing transparency** by entities with public accountability, that in turn:

- **Enables more accurate pricing of risks and opportunities** and therefore better-informed decisions about potential risks and opportunities
- Increases **confidence in the capital market**
- **Prevents the mispricing of assets and misallocation of capital**
- Facilitate **investors' understanding of an entity's strategy and risk management**

'sustainability-related financial information in both capital raising and trading and for the purpose of helping globally integrated financial markets accurately assess relevant sustainability-related risks and opportunities'

IOSCO endorsement statement

'It's [the FCA's] view that internationally consistent, comparable and useful sustainability disclosures will improve the transparency of issuers' activities. This will give investors the information they need to make business, risk and capital allocation decisions.'

UK FCA 45th Primary Market Bulletin



Supporting the development of a jurisdiction's capital markets by facilitating access to capital, lowering the cost of capital and encouraging foreign direct investment

ISSB Standards can also help support the development of a jurisdiction's capital markets by:

- **Expanding participation**
- **Facilitating access to capital**
- **Lowering the cost of capital**
- Encouraging **foreign direct investment**
- **Deepen integration within the global financial system**

To note: the profile of a jurisdiction's capital market will affect the scale, nature and speed of the benefits it is able to realise from adopting or otherwise using ISSB Standards

By aligning with international standards, Jordanian companies will provide disclosures that are comparable on a global scale, thereby enhancing investor confidence and potentially reducing the cost of capital for these companies.

Jordan Amman Stock Exchange listing rules

[The adoption of ISSB Standards]...can improve domestic entities' access to foreign capital markets and encourage foreign direct investment including access to green financing; thereby promoting sustainable economy growth.

ICPAU Roadmap for Adoption of ISSB Standards

Jurisdictional snapshot: Uganda



Scan to access the full Jurisdictional Profiles and Snapshots

Regulatory stage (Updated 12 June 2025)	In progress: The Institute of Certified Public Accountant of Uganda (ICPAU) issued a roadmap titled Roadmap for Adoption of Sustainability Disclosure Standards Uganda for public consultation that closed on 31 July 2024. The final roadmap has not yet been issued.
How	Standard setting mandate of ICPAU; prudential statutory instruments also required to align to roadmap (e.g. Capital Markets Authority)
Who	Listed entities; financial institutions; insurance and reinsurance; Public Interest Entities and other large entities
What	IFRS S1 and IFRS S2
When	Dates under the proposed roadmap (to be determined): <ul style="list-style-type: none"> • Voluntary: 01 January 2026; • Mandatory: 01 January 2028 (except for retirement schemes, large entities and other non-stated PIEs – 2029) • Scope 3 GHG emissions transition standard relief extended by a year

Resources & Tools

Educational materials available at IFRS.org

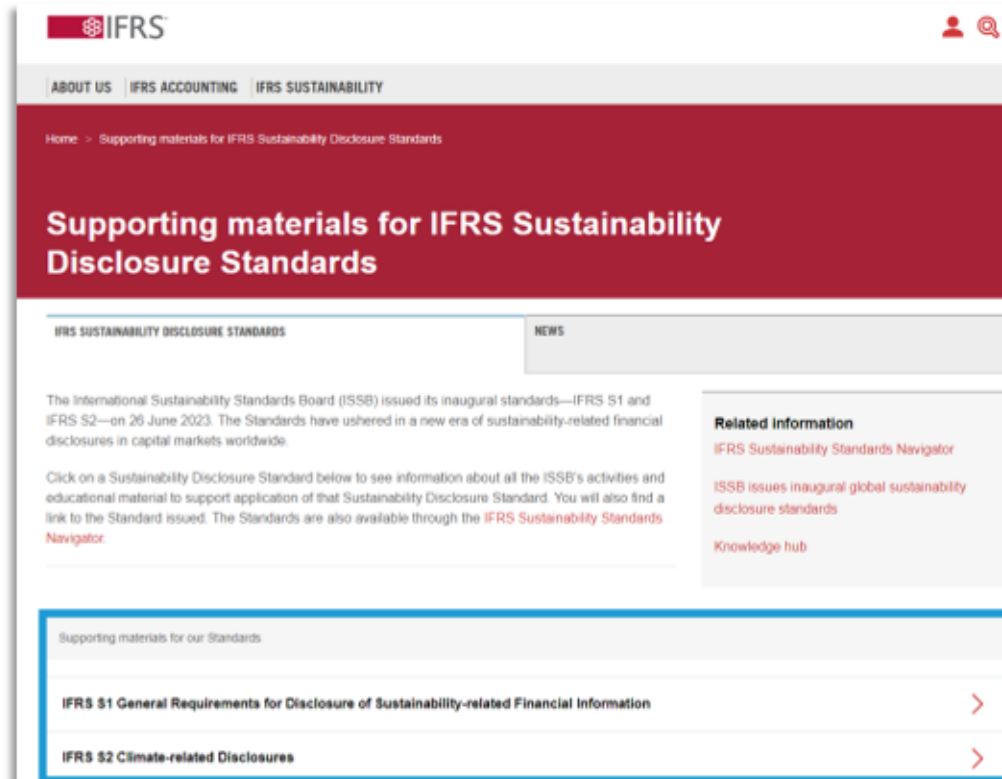
Applying ISSB Standards

- Sustainability-related risks and opportunities and the disclosure of [material information](#)
- Explanation of [proportionality mechanisms](#)
- Disclosing information about [anticipated financial effects](#)
- Using the [SASB Standards to meet the requirements in IFRS S1](#)
- Using ISSB [industry-based guidance](#)
- Interoperability guidance: [ISSB Standards and ESRS](#)
- How to apply the [Integrated Reporting Framework with IFRS S1 and IFRS S2](#)

Climate-related disclosures

- How to apply IFRS S1 when reporting [only climate-related disclosures](#) in accordance with IFRS S2
- [Nature and social aspects](#) of climate-related risks and opportunities
- Disclosures about [transition plans](#)
- [Greenhouse Gas Emissions Disclosure requirements](#) applying IFRS S2 Climate-related Disclosures
- Comparison of [IFRS S2 with the TCFD recommendations](#)
- Interoperability considerations for GHG emissions when [applying GRI Standards](#) and ISSB Standards

Access all educational materials via IFRS.org



The screenshot shows the IFRS Sustainability Disclosure Standards page. At the top, there is a navigation bar with 'ABOUT US', 'IFRS ACCOUNTING', and 'IFRS SUSTAINABILITY'. Below this is a red banner with the title 'Supporting materials for IFRS Sustainability Disclosure Standards'. The main content area is divided into two columns. The left column contains a paragraph about the ISSB's inaugural standards and a link to the standards. The right column contains a 'Related information' section with links to the 'IFRS Sustainability Standards Navigator', 'ISSB issues inaugural global sustainability disclosure standards', and 'Knowledge hub'. At the bottom, there is a table with two rows: 'Supporting materials for our Standards' and 'IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information', and 'IFRS S2 Climate-related Disclosures'. A blue box highlights the 'Supporting materials for our Standards' row, and a blue arrow points from this box to the right-hand menu.

- + Educational materials
- + Webcasts and webinars
- + Transition Implementation Group (TIG)
- + Sources of guidance
- + IFRS Sustainability knowledge hub
- + Other IFRS Sustainability resources
- + Technical enquiries and implementation ques



Nature and social aspects of climate

The Guide:

- Reminds companies to consider ‘**nature and social aspects**’ of climate-related risks and opportunities **when they prepare climate-related disclosures**
 - ‘**Nature**’ aspects might include those related to water or deforestation
 - ‘**Social**’ aspects might include the just transition to a lower-carbon economy
- Helps companies apply IFRS S2 but **does not affect any of the requirements in the Standard**

December 2023

Educational material

Nature and social aspects of climate-related risks and opportunities

In June 2023, the International Sustainability Standards Board (ISSB) issued its inaugural standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) and IFRS S2 *Climate-related Disclosures* (IFRS S2). The ISSB is committed to supporting the implementation of those Standards. This educational material, which has been developed by the staff of the ISSB, is a part of delivering on that commitment.

IFRS S2 requires an entity to disclose information about its climate-related risks and opportunities. Entities might identify climate-related risks and opportunities at the nexus of climate and nature (for example, those related to water or deforestation), as well as those closely associated with socioeconomic aspects, such as the just transition to a lower-carbon economy. Stakeholders have asked whether—and, if so, how—entities should consider such ‘nature and social aspects’ of climate-related risks and opportunities when they apply the requirements in IFRS S2 to prepare their climate-related disclosures. This educational material, which comprises three examples, explains and illustrates how entities might apply requirements in IFRS S2 and IFRS S1 in such circumstances to provide

material information to users of general purpose financial reports. The examples focus on particular requirements and therefore are not intended to explain or illustrate how the entity would apply all of the core content requirements in IFRS S2 and IFRS S1, even as they relate to the risks and opportunities discussed.

As set out in the IFRS Foundation *Due Process Handbook*, educational material is not part of

IFRS Standards requirements material port and illustrate the requirement not intended. The analysis represent the could be app to apply only. The example that are inter the example: an entity wot specific circu applying IFRS.



Three examples: Nature and social aspects of climate

Climate-related risk/opportunity	Application of IFRS S2
Water scarcity (<i>risk</i>)	How a company might disaggregate information about where in its business model and value chain water scarcity is concentrated.
Growing market demand for timber in the building sector (<i>opportunity</i>)	How a company might disclose information about how it has responded to, and how it plans to respond to, the growing demand for timber.
Regulatory risk associated with the 'just transition' to a lower carbon economy (<i>risk</i>)	How a company might disclose information about how it has responded to, and how it plans to respond to, the regulatory risk associated with 'just transition'.

Using ISSB industry-based guidance

The Guide explains:

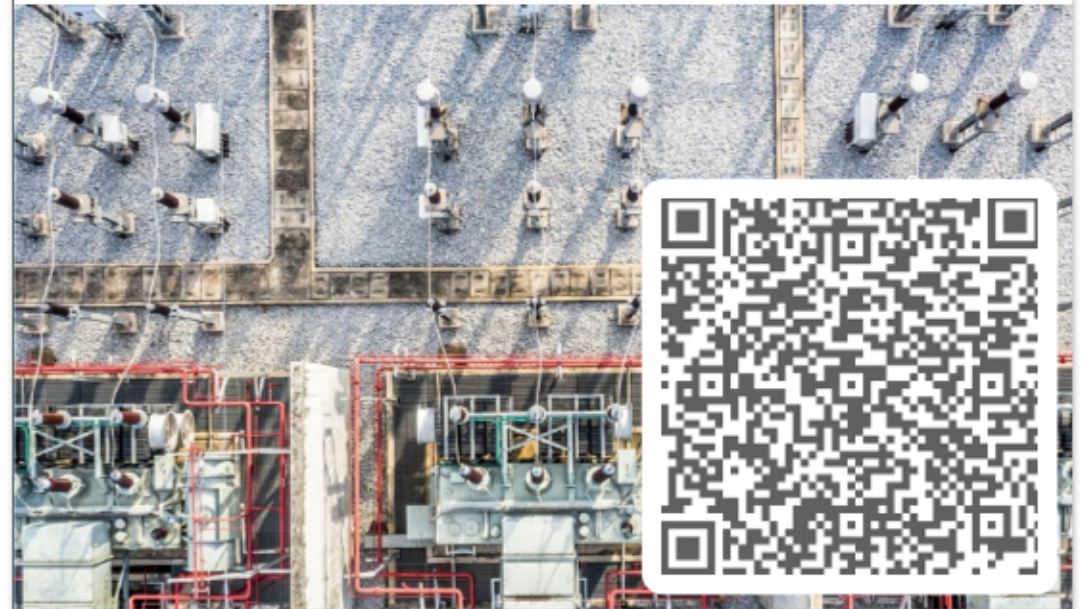
- the requirement that an entity ‘**shall refer to and consider the applicability of**’ ISSB industry-based guidance to identify
 - sustainability-related risks and opportunities
 - information to disclose about sustainability related risks and opportunities
- **disclosure requirements** that can relate to how companies use ISSB industry-based guidance and other considerations

ISSB industry-based guidance

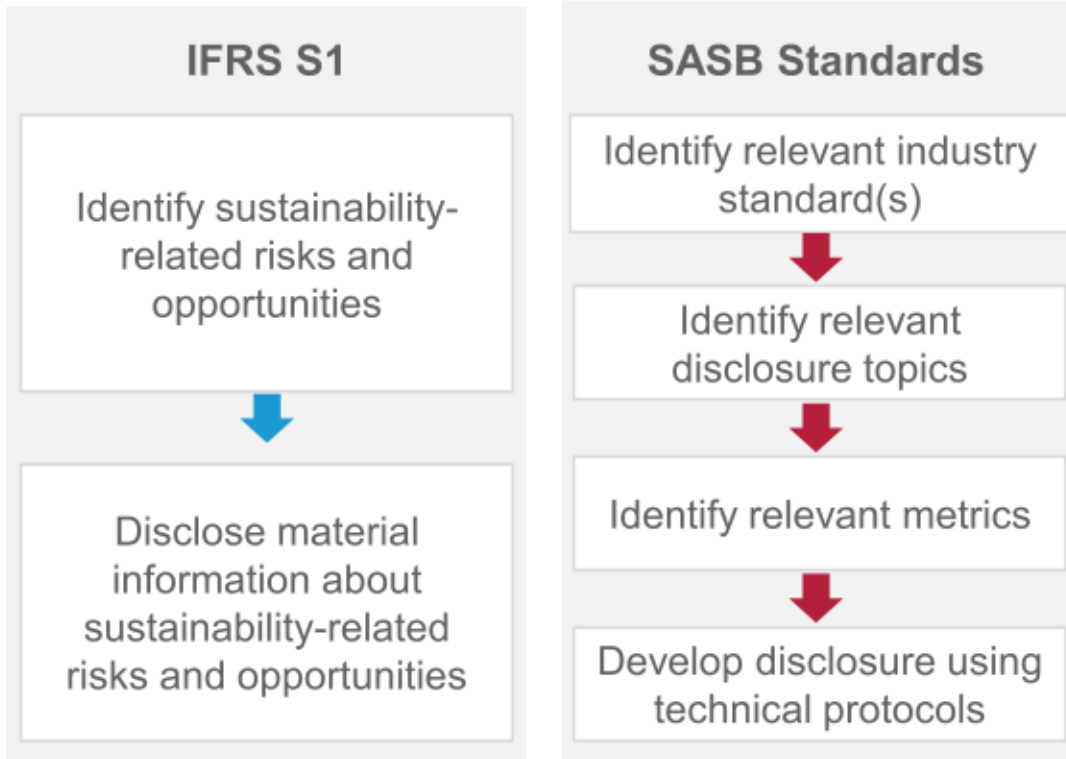
Collectively refers to SASB Standards and *Industry-based Guidance on Implementing IFRS S2*

Using ISSB Industry-based Guidance when applying ISSB Standards

Educational material



Using SASB Standards to meet the requirements in IFRS S1






February 2024

Educational material

Using the SASB Standards to meet the requirements in IFRS S1

How do the SASB Standards fit in IFRS S1?

IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* requires a company to disclose material information about all sustainability-related risks and opportunities that could reasonably be expected to affect the company's cash flows, its access to finance or cost of capital over the short, medium or long term (a company's prospects).

IFRS S1 references the SASB Standards as a source of guidance that can help companies in identifying sustainability-related risks and opportunities (beyond climate related Disclosures) and determining the information to disclose about those risks and opportunities.

IFRS S1 requires that companies refer to and consider the applicability of the SASB Standards. IFRS S1 does not require companies to apply the SASB Standards.

What are the benefits of using the SASB Standards?

The SASB Standards can be a useful source of guidance in applying IFRS S1. They:


- are designed to provide investors, creditors and other lenders with information that is comparable with peers;
- are tailored to specific industries, allowing companies to quickly access relevant information on business activities; and
- provide guidance on sustainability-related topics beyond climate, including human capital and nature.



Anticipated financial effects

The Guide explains:

- requirements in ISSB Standards on disclosures about **current and anticipated financial effects** of sustainability-related risks and opportunities
- **mechanisms** in ISSB Standards that help companies prepare disclosures about anticipated financial effects
- **illustrations** of disclosure of information about anticipated financial effects

 The document follows two [webcasts](#) on current and anticipated financial effects

Disclosing information about anticipated financial effects applying ISSB Standards

Educational material



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

Sustainability-related risks and opportunities and the disclosure of material information

Educational material



Transition plan disclosures

The [Guide](#) focuses on:

Address fragmentation of disclosures about transition plans, building on disclosure-specific material developed by Transition Plan Taskforce

Provide guidance to enable entities to provide **high-quality information** about their climate-related transition when applying IFRS S2

Support the **ISSB global baseline and its implementation**

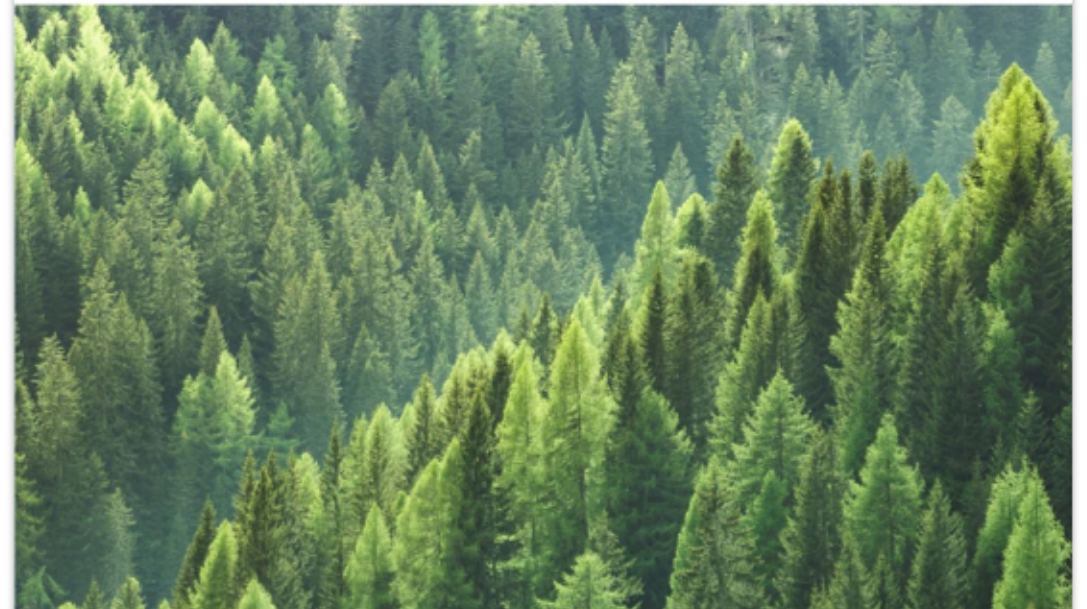
Enable **jurisdictions** adopting or otherwise using ISSB Standards to utilise this guidance document to support the provision of high-quality, comparable information in accordance with IFRS S2

Building block approach – jurisdictions can complement with additional information

Complement materials provided by jurisdictions and others that establish requirements or recommendations to establish transition plans and the content of such plans

Disclosing information about an entity's climate-related transition, including information about transition plans, in accordance with IFRS S2

Guidance document



Targeted IFRS S2 amendments to support implementation

ISSB is focused on supporting implementation of IFRS S1 and IFRS S2.

Targeted amendments that:

- **respond** to application challenges that were informed by Transition Implementation Group discussions
- are based on **market feedback**, providing application support to companies while keeping investor needs in focus and minimising disruption to jurisdictions
- provide **reliefs** and **clarifications**
- are effective for reporting periods beginning on or after **1 January 2027** (early application permitted)

Amendments cover GHG emissions topics:

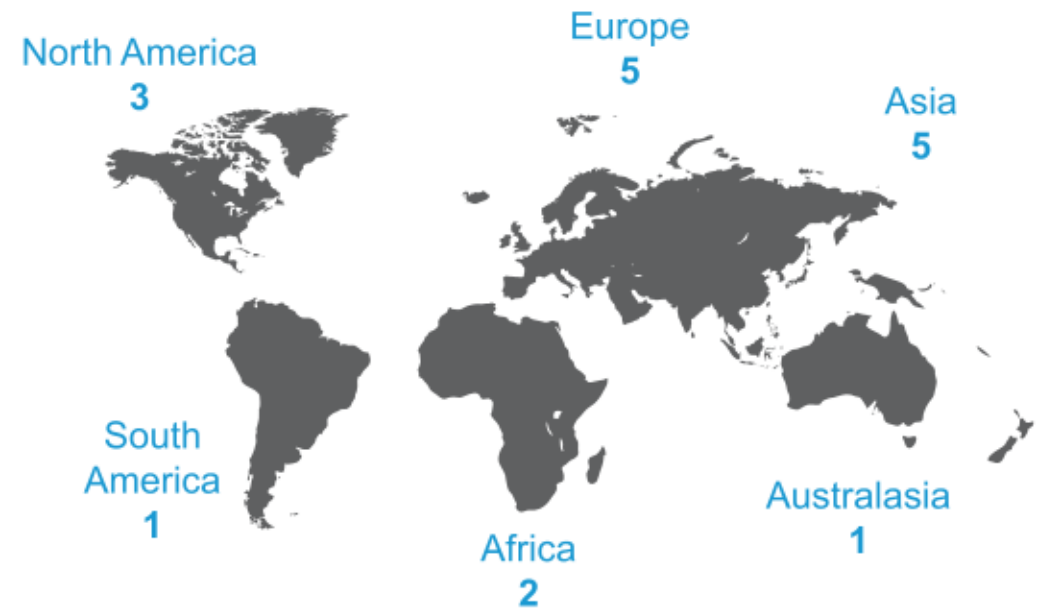
Measurement and disclosure of **Scope 3 Category 15** GHG emissions beyond financed emissions

Classification system used to disaggregate financed emissions information for relevant entities

Measurement method and **global warming potential values** used to measure GHG emissions

Transition Implementation Group on IFRS S1 and IFRS S2

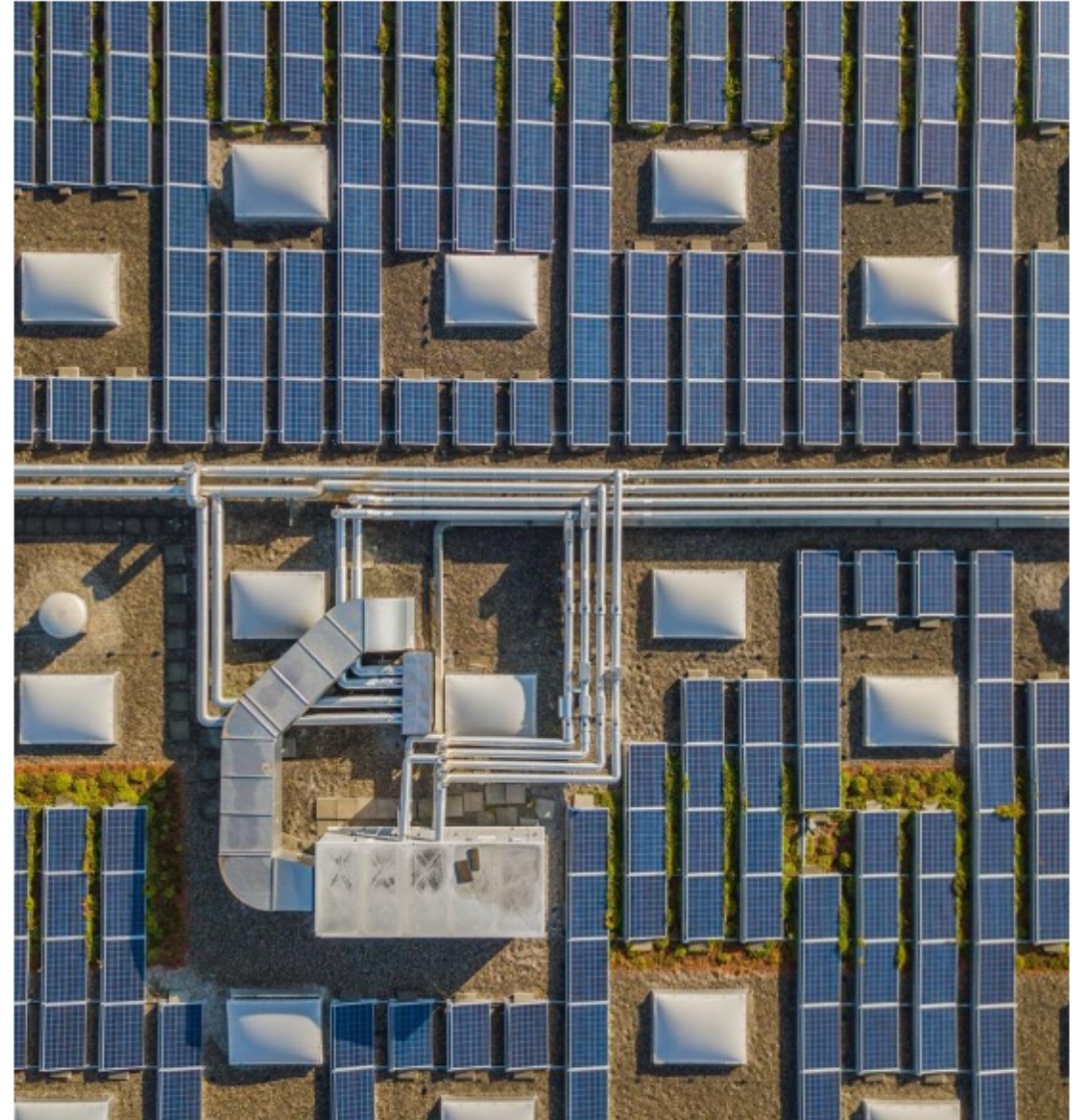
- Public forum for all stakeholders to share implementation questions with the ISSB and to follow discussion of those questions
 - 17 members (13 preparers, 4 assurance providers)
 - 3 official observers
- Consistent with previous IASB (and FASB) groups, summaries of the meetings will be published. These 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)



Submit a question to the TIG

- **Any stakeholder** can submit a question, so long as the issues raised:
 - **are related to, or arise from**, the implementation of IFRS S1 and/or IFRS S2
 - may result in possible **diversity in practice**
 - are expected to be **pervasive**, i.e. relevant to a wide group of stakeholders
- In your submission, include a **detailed description** of the possible ways in which the Standard(s) could be applied
- The form and your name will **not be made public**

[Submission guidelines and form](https://www.ifrs.org) are available at ifrs.org





Jurisdictional Guide

- **Guide:** helps jurisdictions design and plan their adoption journeys. Sets out features considered when describing jurisdictional approaches

Overarching



Rationale

- **Guide:** supports jurisdictions assess the case for adopting ISSB Standards and understand the benefits cited by jurisdictions
- **Tool:** reviews each area of benefit and determines primary and secondary rationales and target benefits for adoption

Assess the case



Readiness

- **Guide:** support jurisdictions assess market readiness by considering preparer, ecosystem and support system readiness
- **Tool:** operationalises the guide, setting out focus areas of assessment, potential assessment approaches and matters for consideration

Assess the case



Profiles

- **Profiles:** provide information on jurisdictional approaches towards adoption and the status of jurisdictions in their adoption journeys

Develop a roadmap



Roadmap Development

- **Tool:** supports jurisdictions navigate considerations and decision points and develop an adoption roadmap
- **Interactive templates** for the seven jurisdictional approaches for a jurisdiction to assess how its decisions and corresponding outcomes combine

Develop a roadmap

Knowledge Hub

Supporting application of ISSB Standards

FAQs, guides and resources curated by the IFRS Foundation and third-party organisations

Includes four self-paced e-learning modules to dive deeper into ISSB Standards



Visit ifrs.org to find out more

Learn more

- Access [Standards and guidance](#)
- Learn via [IFRS Sustainability Knowledge Hub](#)
- Pursue [FSA Credential](#)

Track progress

- Observe [ISSB meetings](#)
- Listen to [our podcast](#)
- Register for [news alerts](#)

Get involved

- Submit [implementation questions](#)
- Respond to [consultations](#)
- Join [IFRS Sustainability Alliance](#)
- License [ISSB Standards](#)