ISSB Meeting

Date	**February 2023**
Project	**General Sustainability-related Disclosures and Climate-related Disclosures**
Topic	**Due process and permission to ballot**
Contacts	**Keertana Anandraj** (keertana.anandraj@ifrs.org) **Samuel Prestidge** (sprestidge@ifrs.org)

Introduction

1. This paper:

   (a) summarises the due process steps undertaken throughout the General Sustainability-related Disclosures and the Climate-related Disclosures projects and asks the International Sustainability Standards Board (ISSB) if it is satisfied that the mandatory due process steps have been met in finalising redeliberations of the Exposure Draft IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* ([draft] S1) and Exposure Draft IFRS S2 *Climate-related Disclosures* ([draft] S2);

   (b) requests permission for the staff to begin the balloting process for IFRS S1 and IFRS S2 (discussed in paragraphs 32-33); and

   (c) asks whether any ISSB member intends to dissent from the publication of IFRS S1 or IFRS S2.

Structure

2. This paper is structured as follows:

   (a) background (paragraphs 3-6);

   (b) summary of due process steps (paragraph 7);

   (c) due process steps (paragraphs 8-31);

      (i) public meetings (paragraphs 10-11);

      (ii) due process documents published and comment letters considered in a timely manner (paragraph 12);

      (iii) whether the proposals should be re-exposed (paragraphs 13-22);

      (iv) public hearings, consultative groups, reporting to IFRS Foundation bodies, and other outreach activities (paragraphs 23-30);

      (v) informing the DPOC (paragraph 31);

   (d) permission to begin the balloting process (paragraphs 32-33);

   (e) questions for the ISSB (paragraph 34);

(f) appendices;

(i) Appendix A—summary of due process steps to date, as required to finalise the Standards; and

(ii) Appendix B—summary of changes to [draft] S1 and [draft] S2 as a result of the ISSB's redeliberation in response to feedback in the comment letters to the exposure drafts.

Background

3. The due process steps taken in developing IFRS S1 and IFRS S2 are subject to the due process provisions outlined in the IFRS Foundation *Constitution*, the IFRS Foundation *Due Process Handbook* (Handbook, updated in August 2020) and are overseen by the IFRS Foundation Trustee's Due Process Oversight Committee (DPOC).

4. In October 2021, the IFRS Foundation Trustees (Trustees) approved the amendments to the *Constitution* to establish the ISSB within the Foundation's governance structure. As part of the amendments to the *Constitution* the Chair and Vice-Chair(s) of the ISSB were provided the ability to publish exposure drafts on climate-related disclosures and/or general requirements prior to the ISSB being a quorate Board, subject to oversight by the DPOC.

5. In reaching this decision, the Trustees noted:

(a) feedback that there is an urgent need for the ISSB's standards (particularly climate);

(b) the preparatory work of the Technical Readiness Working Group (TRWG) on the related prototype standards from April 2021 was mature and of high quality (specifically the TRWG's work had been subject to review and comment by a technical expert group of the International Organization of Securities Commissions (IOSCO) and had also involved input from TRWG members' key stakeholder groups); and

(c) that this due process provision was designed to be targeted and temporary.

6. In March 2022, the DPOC agreed that the ISSB will apply the due process specified for the IASB in the Handbook for corresponding technical activities, in addition to the due process specified for the ISSB in the *Constitution*, subject to any differences that are determined necessary and that have been approved by the DPOC. Moreover, the ISSB's technical activities are subject to oversight by the DPOC in the same way as the IASB[1].

Summary of due process steps

7. The following section outlines the due process steps undertaken during the General Sustainability-related Disclosures and the Climate-related Disclosures projects. This section is supplemented by Appendix A, which provides further detail of the due process steps taken in developing IFRS S1 and IFRS S2.

Due process steps

8. The Handbook outlines the following mandatory and non-mandatory steps prior to issuing an IFRS Standard:

[1] IFRS Foundation, 'IFRS Foundation Trustees Meeting', *IFRS Foundation*, https://www.ifrs.org/content/dam/ifrs/meetings/2022/march/dpoc/ap1d-dpoc-issb-due-process.pdf, (accessed 2 February 2023).

Minimum safeguards

3.43 The [ISSB is] required to follow some steps before they can issue an IFRS Standard. These steps are designed to be the minimum safeguards to ensure the integrity of the standard-setting.

3.44 The due process steps that are mandatory include:

(a) debating any proposals in one or more public meetings;

(b) exposing for public comment a draft of any proposed new IFRS Sustainability Disclosure Standards, proposed amendment to a Standard—with minimum comment periods;

(c) considering in a timely manner comment letters received on the proposals;

(d) considering whether the proposals should be exposed again;

(e) consulting the [relevant jurisdictional institutions] and the IFRS Advisory Council (Advisory Council) on the work plan, major projects, project proposals and work priorities; and

'Comply or explain' steps

3.45 Other steps specified in the *Due Process Handbook* are not mandatory. They include:

(a) publishing a discussion document for major projects (for example, a discussion paper) before an exposure draft is developed;

(b) establishing consultative groups or other types of specialist advisory groups for major projects;

(c) holding public hearings; and

(d) undertaking fieldwork.

3.46 If the [ISSB] decides not to undertake those non-mandatory steps, it informs the DPOC of its decision and reasons for not undertaking the steps.

9. Paragraphs 10-31 explain how the ISSB has met the due process steps set out in the Handbook for IFRS S1 and IFRS S2. Throughout this paper, the staff has noted the due process steps as 'mandatory' or 'optional' to reflect whether the specific step is part of the minimum safeguards or whether the step is non-mandatory.

Public meetings (mandatory)

10. All ISSB meetings have been public. The ISSB became quorate and held its first meeting in July 2022. All staff papers have been posted, meetings recorded and the decisions documented in the relevant section of the project's website.[2]

[2] IFRS Foundation, 'Climate-related Disclosures', *IFRS Foundation*, https://www.ifrs.org/projects/work-plan/climate-related-disclosures/#meetings, (accessed 2 February 2023).
IFRS Foundation, 'General Sustainability-related Disclosures', *IFRS Foundation*, https://www.ifrs.org/projects/work-plan/general-sustainability-related-disclosures/#meetings, (accessed 2 February 2023).

11. The ISSB held supplementary virtual meetings in early November. Supplementary board meetings are used at the IFRS Foundation when there is a need for accelerated decision-making. The ISSB chose to deliberate in early November to accelerate key decision-making and maintain momentum prior to the COP27 climate conference and to provide further clarity on proposals relating to the interoperability of its standards with jurisdictional proposals.

Due process documents published and comment letters considered in a timely manner (mandatory and optional)

12. The table below summarises the documents exposed for comment, the consultation periods and the number of comment letters received on the proposals. During the consultation period, 328 individual and group outreach events were conducted.

<table>
<tr><th>Date Issued</th><th>Name of Document</th><th>End of Comment Period</th><th>Comment Letters</th><th>ISSB Votes and Dissents</th></tr>
<tr><td>March 2022</td><td>Exposure Draft - [Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</td><td>July 2022</td><td>720</td><td rowspan="2">The ISSB Chair and Vice Chair decided to publish [draft] S1 and [draft] S2 prior to the ISSB being quorate (see paragraphs 3-6 of this paper). Note that permission to do so was granted by the Constitution and the DPOC confirmed this decision.</td></tr>
<tr><td>March 2022</td><td>Exposure Draft - [Draft] IFRS S2 Climate-related Disclosures</td><td>July 2022</td><td>690</td></tr>
</table>

Whether the proposals should be re-exposed (mandatory)

13. The Handbook sets out the criteria to be considered with regard to re-exposure as follows:

> **Re-exposure criteria**
>
> 6.25 In considering whether there is a need for re-exposure, the [ISSB]:
>
> (a) identifies substantial issues that emerged during the comment period on the exposure draft and that it had not previously considered;
>
> (b) assesses the evidence that it has considered;
>
> (c) determines whether it has sufficiently understood the issues, implications and likely effects of the new requirements and actively sought the views of interested parties; and

> (d) considers whether the various viewpoints were appropriately aired in the exposure draft and adequately discussed and reviewed in the basis for conclusions.
>
> 6.26 It is inevitable that the final proposals will include changes from those originally proposed. The fact that there are changes does not compel the [ISSB] to re-expose the proposals. The [ISSB] needs to consider **whether the revised proposals include any fundamental changes on which respondents have not had the opportunity to comment** because they were not contemplated or discussed in the basis for conclusions accompanying the exposure draft. The [ISSB] also needs to consider **whether it will learn anything new by re-exposing the proposals. If the [ISSB] is satisfied that the revised proposals respond to the feedback received and that it is unlikely that re-exposure will reveal any new concerns, it should proceed to finalise the proposed requirements.**
>
> 6.27 The more extensive and fundamental the changes from the exposure draft and current practice the more likely the proposals should be re-exposed. However, **the [ISSB] needs to weigh the cost of delaying improvements to financial reporting against the relative urgency for the need to change** and what additional steps it has taken to consult since the exposure draft was published. The use of consultative groups or targeted consultation can give the [ISSB] information to support a decision to finalise a proposal without the need for re-exposure. […] [emphasis added]

14. The staff observes that **the changes made to the exposure drafts are informed by, and in response to, feedback received**. Most of these changes have been minor amendments to the proposals. Many of these minor changes are drafting amendments focused on providing greater clarity on what is required to be disclosed. Some of these minor amendments relate to decisions the ISSB has made on key matters related to [draft] S1 and [draft] S2 that are important to achieving interoperability with jurisdictional requirements, including those of European Financial Reporting Advisory Group and the US Securities Exchange Commission. The staff does not think these amendments represent fundamental changes, and as these amendments have been made in response to feedback received (which was supported, as appropriate, by targeted consultation during redeliberations), the staff thinks that these amendments do not 'include any fundamental changes on which respondents have not had the opportunity to comment''.

15. There are seven areas of change that the staff has highlighted in this paper as they are more significant. The staff has assessed these against the requirements in paragraph 6.26 of the Handbook—ie whether the revised proposals include any fundamental changes on which respondents have not had the opportunity to comment. **The staff is of the view that, on the basis of the analysis of the proposed changes from the exposure drafts against the re-exposure criteria in paragraphs 6.25-6.27 of the Handbook, the proposed amendments to [draft] S1 and [draft] S2 should be finalised without re-exposure.**

16. These changes are summarised in this paragraph and discussed in further detail in paragraph 18. These changes relate to:

    (a) **proportionality [scalability]**—the ISSB's decision to introduce proportionality mechanisms to address challenges that may affect a subset of preparers: those that are less able to comply with the disclosure requirements proposed in the exposure drafts. An overview of the ISSB's decisions with regards to proportionality can be found in Agenda Paper 3D & 4C: *General Sustainability-related Disclosures and Climate-related Disclosures—Proportionality and support for those applying IFRS S1 and IFRS S2.*

(b) **transition relief**—the ISSB's decision to provide temporary exemptions from specific requirements, including the decision to provide a temporary exemption from the requirement for an entity to report its sustainability-related financial disclosures at the same time as its related financial statements and the decision that entities not be required to provide disclosures about Scope 3 greenhouse gas (GHG) emissions (in the first year(s)[3] that [draft] S2 is applied).

(c) **the objective of S1**—clarification of the objective of [draft] S1 describing:

(i) how the value that an entity creates, preserves or erodes for itself and for its investors and creditors is inextricably linked to the value the entity creates for other stakeholders, society and the natural environment;

(ii) how an entity uses resources and relationships in creating value for itself and for its investors and creditors;

(iii) how an entity's reliance on resources and relationships and the entity's negative or positive effects on resources and relationships can give rise to sustainability-related risks and opportunities for the entity; and

(iv) how sustainability-related risks and opportunities can affect an entity's performance, prospects, business model, strategy, and the value the entity creates for itself and for its investors and creditors over the short, medium and long term.

(d) **sources of guidance to identify sustainability-related risks and opportunities and disclosures**—the ISSB's decision confirming that an entity be directed to use guidance from materials other than IFRS Sustainability Disclosure Standards to identify sustainability-related risks and opportunities and to prepare related disclosures in the absence of an applicable IFRS Sustainability Disclosure Standard. In particular, the ISSB has confirmed the requirement to consider the SASB Standards and amended the requirement to permit, but not require, the CDSB Framework to be considered in identifying both sustainability-related risks and opportunities and in preparing disclosures about those risks and opportunities. In Agenda Paper 3A: *General Sustainability-related Disclosures—Sources of guidance to identify sustainability-related risks and opportunities and disclosures*, at this month's ISSB meeting (February 2023) the staff has also recommended that when identifying disclosures about sustainability-related risks and opportunities entities be permitted, but not required, to consider the GRI Standards and the European Sustainability Reporting Standards (ESRS). In addition, the staff has also recommended in AP3A that the references to 'other standard-setting bodies whose requirements are designed to meet the needs of users of general purpose financial reporting' and 'entities that operate in the same industries or geographies' may be considered by preparers, both in the identification of sustainability-related risks and opportunities and in the identification of disclosures about those risks and opportunities, but is not a requirement.

(e) **industry-specific information**—several related decisions made by the ISSB regarding the industry-based requirements proposed as Appendix B of [draft] S2:

(i) the ISSB's decision that IFRS S2 require industry-specific information be provided but that the materials proposed as Appendix B of [draft] S2 become illustrative materials rather than being required disclosures, for a period of time.

[3] The ISSB will discuss the duration of the temporary relief in February 2023 as part of its decision on effective dates (see Agenda Paper 3B & 4A: *General Sustainability-related Disclosures and Climate-related Disclosures—Effective date*).

(ii) the ISSB also indicated an intention to make Appendix B of [draft] S2 a required part of IFRS S2 at a later date subject to further analysis and further public consultation (ie this would be subject to a future exposure draft).

(iii) the ISSB also decided to confirm that the disclosure requirements for financed emissions proposed for activities associated with three industries—Asset Management & Custody Activities, Commercial Banks and Insurance be part of the disclosures required by IFRS S2 (ie be 'application guidance') as part of the requirement for entities engaged in these activities to disclose their Scope 3 GHG emissions.

(f) **climate resilience**—the ISSB's decision to require an entity to assess its climate resilience using a method of climate-related scenario analysis (that is commensurate with its circumstances). This included the decision to develop application guidance based on guidance from the Task Force on Climate-Related Financial Disclosures (TCFD), putting entities on a path to develop their capabilities and strengthen their disclosures over time.

(g) **the measurement of Scope 3 GHG emissions**—the ISSB's decision to introduce a framework for measuring Scope 3 GHG emissions, as described in paragraphs 48-50 in Agenda Paper 4B: *Climate-related Disclosures—Scope 3 greenhouse gas emissions* from the December 2022 ISSB meeting.

17. Paragraph 6.26 of the Handbook notes that it is inevitable that the final proposals will include changes from those originally proposed, and that the fact that there are changes would not in and of itself compel the ISSB to re-expose.

Consideration of Changes

18. The staff has assessed the seven areas of change and whether these include any fundamental changes that respondents have not had the opportunity to comment on. In particular:

(a) **proportionality [scalability]—**the staff observes that the proportionality mechanisms do not exempt entities from providing required disclosures, nor has the introduction of proportionality mechanisms typically introduced additional disclosure requirements. In the instance when a proportionality mechanism has included introducing additional disclosure requirements, this has been to introduce an alternative, more qualitative disclosure or analysis supporting a disclosure that is less burdensome to provide. The staff believes that such alternative disclosures do not represent fundamental changes to the requirements. The staff notes that the exposure drafts already included some instances of proportionality using the test of 'unable to do so' and while there were questions about the meaning of that term, the notion of proportionality and, when appropriate, alternative disclosures, was well supported.

(b) **transition relief**—the staff notes that the overall ambition of the proposed requirements remains the same. Respondents identified a few areas of the standards where entities may require additional time to prepare to meet the requirements, which is why the ISSB has decided to provide entities with more time. These reliefs are targeted, short-term and only provide transitional relief. As a result, staff believes that the decisions made do not represent fundamental changes to the requirements.

(c) **the objective of S1**—the staff notes that the clarification of the objective of S1 is directly in response to feedback received during the comment period that [draft] S1 may not have sufficiently described sustainability-related risks and opportunities in the context of enterprise value and sustainability more broadly. The ISSB's decisions build on concepts from the Integrated Reporting Framework which sets out an articulation of a broader concept of value that was identified as effectively providing context for the specific objective of [draft] S1. In the staff's view the concepts in [draft] S1 and the Integrated Reporting Framework and their link to the value of the entity for users of general purpose reporting is fundamentally the same. As a result, the staff think that the decisions made do not represent fundamental changes to the requirements that were proposed in [draft] S1.

(d) **sources of guidance to identify sustainability-related risks and opportunities and disclosures**—the staff notes that the ISSB's decisions are in response to comment letters raising concerns with the required multiple sources of guidance to consider when identifying sustainability-related risks and opportunities and associated disclosures, including the open-ended nature of the proposed requirement. Specifically, preparers noted the burden in being required to consider a potentially open-ended list of guidance and the challenge assurance providers would face in assuring this. Hence, the ISSB has limited the situation in which an entity is required to consider materials ('shall consider') to reference the SASB Standards rather than the full list of materials included in [draft] S1. The ISSB has amended the requirement so that preparers 'may consider' the CDSB Framework application guidance. At this month's meeting, the staff has also recommended that when identifying disclosures about sustainability-related risks and opportunities entities are permitted, but not required, to consider the GRI Standards and the ESRS. The staff has also recommended that the references to 'other standard-setting bodies whose requirements are designed to meet the needs of users of general purpose financial reporting' and 'entities that operate in the same industries or geographies' may be considered sources, both in the identification of sustainability-related risks and opportunities and in the identification of disclosures about those risks and opportunities. If the ISSB votes in favour of the staff's recommendation, the staff thinks that the overall ambition of the requirements will remain the same in that preparers have a broad source of materials they are able to reference and there is guidance to facilitate the provision of useful information to users of general purpose financial reporting. Doing so reduces the burden for preparers who may already be familiar with the sources of guidance referenced in [draft] S1 by enabling them to leverage those sources to meet the requirements of [draft] S1 and also reduces the burden by restricted the sources a preparer *must* reference. reference.

(e) **industry-specific information**—the staff notes that while the industry-specific requirements that were proposed in Appendix B of [draft] S2 will become illustrative materials that accompany the Standard, there will still be a requirement in IFRS S2 to provide industry-specific information and to refer to and consider the applicability of the illustrative materials as a relevant source for preparers in complying with IFRS S2. The decision to change the status of the industry-based materials was made in direct response to feedback received during the comment period. Separately, the staff notes that the requirement to disclose information about financed emissions (ie, Category 15 of Scope 3) for activities associated with three industries—Asset Management & Custody Activities, Commercial Banks and Insurance has *not* changed compared to the Exposure Draft, ie these disclosures would still be required.

(f) **climate resilience**—the staff notes that the ISSB's decision to require an entity to assess its climate resilience using climate-related scenario analysis does not fundamentally change the requirements proposed in the exposure draft. Whereas the exposure draft (implicitly) set a high bar of requiring (sophisticated) climate-related scenario analysis unless an entity is unable to meet that bar (in which case the entity would be required to use an alternative method or technique), the amendment works in the opposite direction, requiring an entity to maximise its use of reasonable and supportable information without incurring undue cost or effort. Thus, the ambition is that the amendment is a more effective way to achieve the same objective and retain similar proportionality. Furthermore, this amendment addresses feedback from the consultation that on the one hand, requiring climate-related scenario analysis is feasible for entities and useful for users of general purpose financial reporting, but on the other hand, that requiring sophisticated climate-related scenario analysis could create an undue reporting burden for entities that are less experienced or less well-resourced due to cost and complexity. As a result, the ISSB decided that entities be required to always use climate-related scenario analysis but apply a method of climate-related scenario analysis commensurate with their circumstances.

(g) **the measurement of Scope 3 GHG emissions**—the staff notes that the introduction of a Scope 3 GHG emissions measurement framework does not fundamentally change the requirements in paragraph 21(a) of [draft] S2—ie the entity is required to disclose its Scope 3 GHG emissions (when material) as posed in [draft] S2. This framework was introduced based on feedback that there were significant challenges to do with the data availability and data quality associated with the measurement of Scope 3 GHG emissions. Responding to this feedback, the ISSB introduced a framework that requires an entity to prioritise the elements listed in paragraph 48 of Agenda Paper 4B: *Climate-related Disclosure—Scope 3 greenhouse gas emissions* (December 2022) using reasonable and supportable information that is available to an entity without undue cost or effort, confirmed that direct measurement is not the only way of measuring Scope 3 GHG emissions and provided comfort to preparers that the ISSB is not asking it to occur undue cost or efforts in estimating its Scope 3 GHG emissions information.

Opportunity to Comment

19. The staff notes that respondents have had the opportunity to comment on [draft] S1 and [draft] S2 during the 120 day comment period. As mentioned in paragraph 12, the ISSB and the technical staff conducted 328 individual and group outreach events reaching stakeholders across the globe (additional outreach conducted by the ISSB and the staff is outlined in paragraphs 23-31 and in Appendix A). Further, the ISSB received 720 comment letters on [draft] S1 and 690 comment letters on [draft] S2. As mentioned previously, the changes to [draft] S1 and [draft] S2 are in response to feedback received on the exposure drafts, and as such the staff believes that the revised proposals do not include any fundamental changes on which respondents have not had the opportunity to comment.

20. In particular, the staff notes that for some matters, including the seven areas of changes outlined in paragraph 16 of this paper, the ISSB and the technical staff has conducted additional targeted outreach. For example, in the lead up to its December 2022 ISSB meeting, further outreach was conducted to obtain feedback from representatives located in jurisdictions in the Global South. This included discussion about proportionality mechanisms in the proposals and feedback on the proposed measurement framework for Scope 3 GHG emissions in the December 2022 Agenda Paper 4B: *Climate-related Disclosures—Scope 3 greenhouse gas emissions*.

21. The staff noted in paragraph 16(e) and 18(e) that the ISSB's decisions regarding industry-specific requirements constitute a more significant change from the exposure draft, including a change in status of the materials proposed in Appendix B to [draft] S2. The staff notes that this was done in response to feedback from respondents to the consultation and, further, that the ISSB has indicated an intention that the topics and metrics proposed in Appendix B to [draft] S2 will become required disclosures after a period of time subject to further public consultation. In the meantime, an entity will be required to refer to and consider the applicability of these materials as a means of meeting the requirement in IFRS S2 to provide industry-specific disclosures. While these decisions by the ISSB does represent a significant change to the requirements proposed in [draft] S2, it is one that respondents have had an opportunity to comment on during the comment letter period (Q11 in the Invitation to Comment for [draft] S2) and during consultations following. Therefore, staff does not expect that re-exposure would reveal any new concerns.

22. Finally, the staff notes that the consultation closed on 29 July 2022, and as such, that the comments received on the consultation are recent, and likely to still be relevant.

Public hearings, consultative groups, reporting to IFRS Foundation bodies, and other outreach activities (mandatory and optional)

23. The ISSB, and the staff, have throughout the process held a large number of meetings with a broad range of stakeholders to highlight the proposals and to understand concerns raised by affected parties. In addition, ISSB members and the staff have:

(a) participated at many public events to exchange views with stakeholders;

(b) maintained a regular and active dialogue with regulators, standard-setters and industry representative groups; and

(c) obtained the views of users of general purpose financial reporting through targeted meetings and attendance at user forums in Africa, Asia-Oceania, Europe, and the Americas.

24. Following the publication of [draft] S1 and [draft] S2, the ISSB held a series of outreach events. Some took the form of discussion forums and were organised in conjunction with national standard setters and others. The ISSB and the staff met with stakeholders in 328 individual and group meetings, concluding the outreach in July 2022. This included six events in Africa, 60 in Asia-Oceania, 63 in Europe, 102 in the Americas, and 97 other events globally. Of these, 96 were with preparers, 83 with investors, 41 with accountants and auditors, 26 with regulators and policy-makers, 17 with standard-setters, 43 with a mix of stakeholders, and 22 with academics, students, commercial partners, media, and public interest groups.

25. Since receiving comment letters on [draft] S1 and [draft] S2, the ISSB has continued to hold outreach events, the majority of which took the form of discussion forums and were organised in conjunction with national standard setters and other stakeholders. The ISSB and the staff met with stakeholders in 143 individual and group meetings from August 2022 – December 2023. This included 13 events in Africa, 28 in Asia-Oceania, 51 in Europe, 23 in the Americas, and 28 other events globally.

Consultative Groups

26. The IFRS Foundation and the ISSB have multiple consultative groups covering a range of stakeholders (as detailed in Appendix A). As part of the consultation and redeliberation of [draft] S1 and [draft] S2, the ISSB and the staff have consulted with IFRS Foundation consultative groups including new ISSB consultative groups (including consultative bodies inherited from the consolidated organisations[4]). In particular, the ISSB's Sustainability Consultative Committee was updated on the progress of the projects at each of its meetings in September and October 2022 and the ISSB Investor Advisory Group (IIAG) was updated at each of its meetings in October and December 2022.[5] Additionally, the IFRS Taxonomy Consultative Group was updated on the progress of the projects at each of its meetings in July and December 2022 and the staff sought the expertise of the Jurisdictional Working Group in May, July, September, October, November and December 2022 as well as in January 2023.

Advisory Council

27. ISSB members discussed both projects with the IFRS Advisory Council in April and October 2022. In addition, the projects were mentioned as part of the general session on the work plan at each of the Council's meetings.

Jurisdictional Working Group

28. The Jurisdictional Working Group (JWG) is a working group consisting of jurisdictional representatives and representatives from the IFRS Foundation formed to specifically focus on interoperability and the

[4] The ISSB was formed to address a fragmented landscape of voluntary disclosure requirements that add cost, complexity, and risk to both companies and investors. As a result, the ISSB built standards from the Taskforce on Climate-related Financial Disclosures (TCFD), the Climate Disclosure Standards Board (CDSB), the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC).

[5] Note that the IIAG was formerly the SASB Standards Investor Advisory Group and they, too, were updated on the projects at their final meeting in June 2022.

global baseline.[6] The ISSB and the staff have met with the JWG in May, July, September, October, November and December 2022 and in January 2023 where the JWG has commented on public board papers and informed redeliberations.

Other outreach activities

29. The staff has also used the ISSB's website to inform stakeholders about the status of the ISSB's deliberations. In addition to the posting of papers, decision summaries and ISSB meeting webcasts, the website of the General Sustainability-related Disclosures and Climate-related Disclosures projects have included regularly updated material as follows:

    (a) current stage tab on project website: a high-level summary of progress on the projects, describing the main ISSB proposals;

    (b) monthly ISSB updates: high-level summary of the tentative decisions the ISSB has made, published shortly after that month's ISSB meetings, in addition to regular press releases and short video updates on key decisions made during redeliberations;

    (c) feedback statement: an overview summarising the feedback received from respondents and the ISSB's responses, including tentative decisions to date (at the time of this writing, the Feedback Statement is in the process of being drafted and it will be completed by the time of publication of IFRS S1 and IFRS S2);

    (d) a podcast that summarises the key points of meetings, including substantial or important discussions; and

    (e) project news about updated materials and upcoming meetings

30. Interested parties have also been notified when these items have been updated, using subscriber email alerts. As of January 2023, at least 11,000 web users were following the sustainability standards development news alert system.

Informing the DPOC

31. The DPOC was informed of progress on both projects in March, May and October 2022. In addition, the DPOC receives monthly update reports on matters specifically relating to due process. The DPOC will review the due process of IFRS S1 and IFRS S2 in March 2023.

Permission to begin the balloting process

32. At this meeting, the ISSB will complete the planned technical decisions needed to finalise IFRS Sustainability Disclosure Standards on general sustainability-related and climate-related disclosures. The staff believes that:

    (a) all of the required steps in the Handbook have been complied with. Also, the ISSB has satisfied many of the optional due process steps set out in the Handbook, specifically discussed in Appendix A to this paper; and

    (b) the proposals for [draft] S1 and [draft] S2 are sufficiently developed (see Appendix B to this paper) and therefore, the staff can proceed to begin the balloting process for the Standards.

[6] The Jurisdictional Working Group consists of representatives from the Chinese Ministry of Finance, the European Commission and the European Financial Reporting Advisory Group, the Japanese Financial Services Authority and the Sustainability Standards Board of Japan Preparation Committee, the United Kingdom Financial Conduct Authority and the United Kingdom Financial Reporting Council, and the U.S. Securities and Exchange Commission.

33. Accordingly, the staff is seeking permission to begin the balloting process. As a necessary step before beginning the balloting process, at this month's meeting (see Agenda Paper 3B and 4A: *General Sustainability-related Disclosures and Climate-related Disclosures – Effective Date)* the staff has recommended an effective date for S1 and S2 [and related transitional provisions] for the ISSB to decide. As usual, the staff will consider the need for future ISSB discussions of issues that may arise during the balloting process.

Questions for the ISSB

34. The staff present these questions for the ISSB:

Questions for the ISSB
1. Is the ISSB satisfied that all the mandatory due process steps have been met in these projects?
2. Does the ISSB agree with our recommendation not to re-expose [draft] S1 and [draft] S2?
3. Do any ISSB members intend to dissent from the publication of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* or IFRS S2 *Climate-related Disclosures*? If so, on what grounds?
4. Does the ISSB grant the staff permission to begin the balloting process for IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*?

Appendix A: Due process summary

Table 1 shows how the ISSB has complied with the due process steps to date, as required to finalise the Standards in accordance with the Handbook.

Due Process Handbook	***Step***	***Required/ Optional***	***Metrics or evidence***	***Evidence provided to DPOC***	***Actions***
Consideration of information gathered during consultation					
3.68	The ISSB post all of the comment letters that are received in relation to [draft] S1 and [draft] S2 on the project pages.	Required	Letters posted on the project pages.	The ISSB has reported on progress as part of its regular reporting at Trustee meetings, including summary statistics of respondents.	[Draft] S1 attracted 720 comment letters. [Draft] S2 attracted 690 comment letters. All comment letters received and relevant statistics were posted in the website. The staff's outreach and comment letter summaries are also available on the relevant section of the project's website for [draft] S1 and [draft] S2.
3.2–3.5	ISSB meetings are held in public, with papers being available for observers. All decisions are made in public sessions.	Required	Meetings held. Project webpages contains a full description with up-to-date information. Meeting papers posted in a timely fashion.	The DPOC have been regularly updated regarding the ISSB's work progressing on IFRS S1 and IFRS S2. This has included updates at public DPOC meetings and via the monthly report on due process matters submitted by the staff to the DPOC. The DPOC will review the due process over the project life cycle, and how any issues about the due	**ISSB meetings:** The ISSB discussed 35 staff papers on the projects at 9 ISSB meetings between July 2022 and February 2023. All staff papers, recording of the meetings and the ISSB Updates (summarising the tentative decisions made by the ISSB) are published in the relevant section of the project pages on the IFRS Foundation website.

				process have been/are being addressed.	**Project webpages:** The project webpages contain descriptions with up-to-date information on the projects. In addition to the normal posting of papers, decision summaries and ISSB meeting webcasts, the project website for both [draft] S1 and [draft] S2 has included material as follows: • *Project Update:* A high level summary of progress on the project, describing the main ISSB proposals. • A podcast that summarises the key points of meetings where there where substantial or important discussions on [draft] S1 and [draft] S2, and places those discussions in context. • Project news about updated materials and upcoming meetings. **DPOC:** The DPOC was informed of progress on the projects at each of its meetings in March, June and October 2022.

3.44(e)	Consulting the IFRS Advisory Council.	Required	Discussions with the Advisory Council.	ISSB members and the staff have met with the Advisory Council to provide updates on the progression of the work at various stages and notably engaged the Advisory Council to further understand stakeholders' perspectives during the exposure period on the two exposure drafts.	ISSB members discussed the project with the IFRS Advisory Council in April and October 2022. In addition, the Trustees and the IFRS Advisory Council have been informed of the project's progress as part of the regular reporting process to them.
3.59–3.66	Consultative groups used, if formed.	Optional	Extent of consultative group meetings, and evidence of substantive involvement in issues. Consultative group review of the two exposure drafts.	The ISSB and the staff updated the DPOC on the engagement of consultative groups.	The IASB's Capital Markets Advisory Committee was updated on the progress of the projects at its meeting in June 2022. The IASB's Global Preparers Forum was updated on the progress of the projects at each of its meetings, ie in June, and November 2022. The IASB's Emerging Economies group was updated on the progress of the projects at its meeting in May 2022. The IASB's Islamic Finance Consultative Group was updated on the progress of the projects at each of its meetings, ie in May and November 2022.

					The IFRS Taxonomy Consultative Group was updated on the progress of the projects at each of its meetings, ie July and December 2022. The ISSB's Sustainability Consultative Group was updated on the progress of the projects at each of its meetings, ie in September and October 2022. The staff has sought the expertise of the Jurisdictional Working Group in May, July, September, October, November and December 2022 as well as in January and February 2023. In October 2022, both the ISSB Investor Advisory Group (IIAG) and the Technical Reference Group held their inaugural meetings and were updated on the progress of the project. The IIAG met again in December 2022. The IIAG was formerly the SASB Standards Investor Advisory Group and they, too, were updated on the projects at their final meeting in June 2022.
3.76–3.81	Analysis of likely effects of the forthcoming Standards or major amendment, for	Required	Publication of the Effect Analysis.	The ISSB will provide the Effect Analysis to the DPOC at the point of the publication of IFRS S1 and IFRS S2.	Information relating to the potential costs and benefits of IFRS S1 and IFRS S2 was included in the exposure drafts, including questions for stakeholders to provide comments. The ISSB and the staff have

	example, costs or on-going associated costs.				also met with a number of stakeholders, including users of general purpose financial reporting, preparers, industry groups and advisory bodies to understand the effects of the proposed standards, including the cost of implementing the proposals, as well as the benefits from improved sustainability-related disclosures. The ISSB will publish an Effect Analysis Report when IFRS S1 and IFRS S2 are issued. The ISSB will review this Effect Analysis Report as part of the balloting process.
	Email alerts are issued to registered recipients.	Optional	Evidence that alerts have occurred.	The DPOC has received a report of outreach activities.	As of January 2023, at least 11,000 web users are following the sustainability standards development news alert system.
3.69	Outreach meetings to promote debate and hear views on proposals that are published for public comment.	Optional	Extent of meetings held, including efforts aimed at investors.	The DPOC has received a report of outreach activities.	As of January 2023, ISSB members and the staff: - held approximately 328 meetings with individuals and groups of preparers, users of general purpose financial reporting, actuaries, auditors, regulators and others in order to test proposals, hear views, explore implications and understand concerns raised by affected parties since the 2022

					exposure drafts were published but prior to the comment letter deadline. - appeared at many public events to exchange views with constituents. - maintained a regular and active dialogue with regulators, standard-setters and industry representative groups. The ISSB and the staff also sought to balance outreach in the biggest jurisdictions with outreach in smaller markets that are expected to grow, and in markets with which we have had less interaction. During redeliberations, ISSB members and the staff have held extensive discussions to understand the issues raised in the comment letters. Those proposals were subsequently discussed with groups representing views from Asia-Oceania, North America and Europe.
3.50–3.53	Regional discussion forums are organised with national standard-setters and the ISSB.	Optional	Extent of meetings held.	The DPOC has received a report of outreach activities.	At the World Standard-Setters Conference, held in London in September 2022, there were 100 delegates from 60 organisations. Representatives of national standard setters attended breakout rooms to discuss updates to [draft] S1 and [draft] S2. Of the 100 total participants, about 60 attended

					the breakout sessions covering topics such as ISSB digital taxonomy, ISSB advisory bodies, ISSB agenda consultation, ISSB redeliberations of the proposals in the first two ISSB Exposure Drafts, and the ISSB standard-setting process.
3.75	Round tables between external participants and members of the ISSB.	Optional	Extent of meetings held.	The DPOC has received a report of outreach activities.	Further outreach was conducted to obtain feedback from representatives located in jurisdictions in the Global South.
3.70–3.74	Fieldwork	Optional	Extend of field tests undertaken.		Field tests were not undertaken. It is noted that the proposals in [draft] S1 and [draft] S2 were based on established practice including the TCFD Recommendations, the CDSB Framework, and the SASB Standards.

Finalisation					
2.12	Due process steps are reviewed by the ISSB.	Required	Summary of all due process steps have been discussed by the ISSB before a Standard is issued.	The DPOC will receive a summary report of the due process steps that have been followed before the standards are issued.	This table provides an overview of the due process steps followed and will be presented to the DPOC at a future meeting.
6.25–6.29	Need for re-exposure of a Standard is considered.	Required	An analysis of the need to re-expose is considered at a public ISSB meeting, using the agreed criteria.	The ISSB will consider if there is a need to re-expose [draft] S1 and/or [draft] S2 at its February 2023 meeting. The DPOC will be informed of the ISSB's discussion in line with the due process requirements.	The staff think that the revisions to the 2022 Exposure Drafts respond to the feedback received and do not think that re-exposure would reveal any new information. The staff are recommending that the ISSB does not re-expose the proposed standards for another round of public comment.
6.35–6.36	The ISSB sets an effective date for the Standard, considering the need for effective implementation, generally providing at least a year. The consideration for an 'effective date' for IFRS S1 and S2 differs from the IASB's as the ISSB's standards are not yet mandated for use globally. For further information see Agenda	Required	Effective date set, with full consideration of the implementation challenges.	The ISSB will discuss its consideration of the effective date with the DPOC in line with due process requirements.	As a necessary step before beginning the balloting process, at this month's meeting (see Agenda Paper 3B and 4A: *General Sustainability-related Disclosures and Climate-related Disclosures – Effective Date)* the staff has recommended an effective date for S1 and S2 [and related transitional provisions] for the ISSB to decide.

	Paper 3B & 4A: *General Sustainability-related Disclosures and Climate-related Disclosures – Effective Date*.				
Drafting					
3.28	Drafting quality assurance steps are adequate.	Required	The Translations team has been included in the review process. The IFRS Foundation Digital Reporting team has been included in the review process.	The DPOC will receive a summary report of the due process steps that have been followed before the standards are issued.	This step will be completed toward the end of the project.
3.31–3.33	Drafting quality assurance steps are adequate.	Optional	The Editorial team has been included in the review process.	The DPOC will receive a summary report of the due process steps that have been followed before a standard is issued, including the extent to which external reviewers have been used in the drafting process.	This step will be completed toward the end of the project.
3.31–3.33	Drafting quality assurance steps are adequate.	Optional	Draft for editorial review has been made available to external parties and the comments have been	The DPOC will receive a summary report of the due process steps that have been	This step will be completed toward the end of the project. The staff intend to send a draft of the standard to external parties for review

			collected and considered by the ISSB.	followed before the standards are issued.	before finalisation. This process allows external parties to review and report back to the staff on the clarity and understandability of the draft, mainly with editorial comments. The external review process does not grant external parties the opportunity to question the ISSB's technical decisions.
Publication					
6.37	Press release to announce final Standard.	Required	Press release has been announced in a timely fashion. Media coverage of the release.		This step will be completed toward the end of the project.
6.38	A Feedback Statement is provided which provides high level executive summaries of the Standard and explains how the ISSB has responded to the comments received.	Required	Publication of the Feedback Statement.	The ISSB will be provided a copy of the Feedback Statement to the DPOC at the point of the Standards' publication.	This step will be completed toward the end of the project.
6.38	Podcast to provide interested parties with high level updates or	Optional	Number of podcasts held.	The DPOC has received a report of outreach activities.	Podcasts have been recorded throughout the life of the project as stated under references 6.17 and 6.38.

	other useful information about the Standard.				Additionally, two-minute social media summaries are published daily during ISSB meeting weeks titled ‘Today from the ISSB’.
	Standard is published.	Required	Official release.	The DPOC has been informed of the release.	This step will be completed toward the end of the project.

Appendix B: Revisions to the exposure drafts

Table 2 summarises the changes to [draft] S1 and [draft] S2 as a result of the ISSB's redeliberation in response to feedback in the comment letters to the exposure drafts.

ED Proposals	Summary of Feedback Received	Tentative Decisions
[draft] S1 and [draft] S2: Scalability/proportionality	The ISSB received feedback that respondents welcomed how the exposure drafts build on the TCFD recommendations, because these recommendations are well understood by entities and users of general purpose financial reporting globally, and because these recommendations are mandated in some jurisdictions as well voluntarily adopted by many organisations in other jurisdictions. The ISSB also received feedback that it should give more consideration to the range of capabilities and preparedness of entities around the world to apply the proposals, in particular because: • disclosures would require significant resources, both in a transition phase and more permanently, which would be especially challenging for a subset of preparers; and	In September 2022, the ISSB discussed how it could give more consideration to the range of capabilities and preparedness of entities around the world to apply the proposals in [draft] S1 and [draft] S2. The mechanisms the ISSB could use to address this issue are referred to as mechanisms for addressing 'scalability'. The ISSB considered the factors to be used to evaluate which scalability mechanisms would be appropriate for responding to any identified scalability challenges. The ISSB tentatively decided that mechanisms should be identified to enable disclosure requirements to be scalable, when relevant. In particular, the ISSB considered whether: (a) to amend the proposed disclosure requirements so that an entity, based on specific criterion related to scalability, would not be required to provide a particular disclosure (or would be required to provide an alternative disclosure that is simpler to apply); (b) to amend the proposed disclosure requirements so that an entity that meets a criterion of being unable to provide a disclosure is required to explain how it meets the criterion; (c) to provide materials to assist preparers in the application of the standards, which include the ISSB providing guidance to support application; (d) to provide materials to assist preparers in the application of the standards, which include referring to other sustainability-related protocols, frameworks and guidance as resources for further guidance, measurement methodologies and inputs to calculations to support application; and

	• entities may need more support to apply the standards, including guidance and examples on specific disclosures.	(e) to amend the proposed disclosure requirements to differentiate the application by entities, by identifying requirements that are 'basic' and 'advanced' that could be utilised by a jurisdiction for a transition period. The ISSB tentatively decided on factors to assess which scalability mechanisms are appropriate for responding to specific scalability challenges: (a) whether the scalability challenges are temporary (in other words transitional) or more permanent (for example, due to data availability); (b) the extent to which the set of entities with a scalability challenge can be specifically identified; (c) the extent of available market guidance, methods, industry-practices and techniques; and (d) the maturity of the underlying methods and techniques that underpin the disclosure requirement. Since September 2022, the ISSB staff has used the mechanisms and factors to consider scalability. Refer to Agenda Paper 3D & 4C: *General Sustainability-related Disclosures and Climate-related Disclosures— Proportionality and support for those applying IFRS S1 and IFRS S2* (February 2023) for a full list of subsequent decisions relating to proportionality.
<u>[draft] S1 and [draft] S2:</u> Reasonable and supportable information that is available at the reporting date without undue cost or effort	The ISSB received feedback from respondents on the application of particular areas of IFRS S1 and IFRS S2. Specifically: • respondents requested greater clarity about how to apply particular proposed requirements that would involve a high level of measurement or outcome uncertainty; and	In January 2023, the ISSB discussed the challenges entities could encounter in applying proposed disclosure requirements in draft IFRS S1 and draft IFRS S2 that involve a high level of measurement or outcome uncertainty. The ISSB tentatively decided to introduce the concept of 'reasonable and supportable information that is available at the reporting date without undue cost of effort' into IFRS S1 and IFRS S2, to help an entity to apply specific requirements in the Standards when: (a) identifying sustainability-related risks and opportunities; (b) applying value-chain-related requirements (specifically those regarding the scope of the entity's value chain and the entity's measurement of its Scope 3 GHG emissions);

	• respondents noted that entities with resource constraints may not be able to take on as exhaustive a search for information needed to comply with disclosure requirements without incurring costs and effort.	(c) determining anticipated effects on an entity's financial performance, financial position and cash flows; (d) applying climate-related scenario analysis; and (e) calculating the amount and percentage of assets or business activities vulnerable to transition risks, vulnerable to physical risks and aligned with climate-related opportunities.
[draft] S1 and [draft] S2: Financial position, financial performance and cash flows (current and anticipated effects), and connected information	The ISSB received feedback on its proposals for disclosures of sustainability-related risks and opportunities on an entity's financial position, financial performance and cash flow. Specifically: • most respondents agreed with the proposed requirements; • some respondents noted that clarity is needed on the criteria for when quantitative information is required and when an entity would only disclose qualitative information because the entity is unable to provide quantitative information; • users of general purpose financial reporting agreed with the quantitative disclosures but also acknowledged the importance of qualitative information to further contextualise this quantitative information;	In October 2022, the ISSB discussed key matters in [draft] S1 and [draft] S2 that are important to achieving greater interoperability between the ISSB's proposed global baseline and jurisdiction-specific requirements. In relation to the proposed requirements in [draft] S2 about current effects, the ISSB also tentatively decided to confirm: (a) that paragraph 14 of [draft] S2 would require an entity to disclose information about the effects of climate-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period (ie the current effects); (b) that separate disclosures are not required for physical risks, transition risks and climate-related opportunities, except as set out in paragraph 21(b)–(d) of [draft] S2; and (c) the requirement for separate disclosures about assets subject to physical risks, transition risks and climate-related opportunities, in the form of metrics as specified in paragraph 21(b)–(d) of [draft] S2. In January 2023, the ISSB tentatively decided to amend [draft] S1 and [draft] S2: (a) to clarify that if the information in an entity's financial statements has been affected or is expected to be affected by sustainability-related risks and opportunities, the entity would be required to explain the connections between those risks and opportunities and their current and anticipated financial effects. In explaining these connections, the entity would be required to avoid unnecessary duplication and would be permitted to provide information by cross-reference to the general purpose financial statements. An entity can provide information by cross-reference subject to the specified conditions.

	• some respondents noted that an entity's circumstances (such as skills, capabilities or resources available to the entity) could prevent it from disclosing information in relation to anticipated financial effects of sustainability-related risks and opportunities; • some respondents noted that illustrative examples would be useful to help entities assess whether they have met the requirements; • some respondents have asked for more clarity about the meaning of the phrase 'over time' and whether it is meant to be different from the term 'over short, medium and long term' used in a few requirements in [draft] S1 and [draft] S2; and • the comment letters suggest that there is not a clear and shared understanding of the type of quantitative or qualitative information entities shall provide in response to the proposed current and anticipated financial effects requirements.	(b) to clarify that an entity would be required to provide quantitative and qualitative information about the current and anticipated effects of sustainability-related risks and opportunities on the entity's financial position, financial performance and cash flows. If the entity were unable to provide quantitative information, it would be required to provide qualitative information. (c) to clarify that an entity would be required to determine whether it is able to provide quantitative information about the financial effects of a particular sustainability-related risk or opportunity, taking into consideration: (i) whether the financial effects of that sustainability-related risk or opportunity are separately identifiable; (ii) whether a high level of outcome or measurement uncertainty is involved in quantifying the financial effects of that sustainability-related risk or opportunity; (iii) in case of the anticipated financial effects only, whether the entity has the skills, capabilities and resources to provide quantitative information about those effects (addressing the need for scalability and proportionality). (d) to clarify that if an entity is unable to provide quantitative information about the financial effects of a particular sustainability-related risk or opportunity, the entity is required to: (i) explain why it is unable to provide quantitative information about the financial effects of that sustainability-related risk or opportunity; (ii) provide qualitative information about the financial effects of that sustainability-related risk or opportunity, including identifying line items, totals and subtotals within financial statements that are likely to be affected by that sustainability-related risk or opportunity; and (iii) provide quantitative information about sustainability-related risks and opportunities—including that particular sustainability-related risk or opportunity—at

		the lowest possible level of aggregation at which the entity is able to provide that information. In making these decisions, the ISSB noted that an entity would: (a) apply judgement in applying the requirements on current and anticipated financial effects; (b) provide more useful information to primary users of financial statements by making that information more specific; and (c) identify sustainability-related risks and opportunities as a starting point in identifying useful information about current and anticipated financial effects of those risks and opportunities. Furthermore, the ISSB tentatively decided: (a) to amend [draft] S1 and [draft] S2: (i) to use consistent language to refer to the reporting period for which sustainability-related financial disclosures are prepared and to refer to the financial statements for that reporting period; and (ii) to consistently use the phrase ‘short, medium and long term’ instead of ‘over time’. (b) to amend [draft] S1 and [draft] S2 to clarify: (i) the relationship between resilience assessment requirements and the requirements for the entity to disclose current and anticipated financial effects. This clarification would emphasise that these requirements can be applied independently but the resilience assessment can inform the disclosure of current and anticipated financial effects. (ii) that an entity would not be required to carry out a resilience assessment to determine current and anticipated financial effects of sustainability-related risks and opportunities.

[draft] S1 and [draft] S2: Metrics and targets objective	The ISSB received feedback on the proposed objective of metrics and targets. Specifically, some stakeholders have noted that market participants may interpret the objective of disclosures around metrics and targets as being limited to disclosures on metrics and targets the entity uses.	In January 2023, the ISSB discussed the proposed objective of the metrics and targets disclosures in [draft] S1 and [draft] S2. The ISSB tentatively decided to clarify that the objective is to require an entity to disclose information about both: (a) the metrics the entity uses to measure, monitor and manage sustainability-related risks and opportunities (even if those metrics are not required by IFRS Sustainability Disclosure Standards); and (b) the metrics required by the IFRS Sustainability Disclosure Standards (even if the entity does not use those metrics).
[draft] S1: Fundamental concepts, including enterprise value; breadth of reporting required; 'significant' sustainability-related risk or opportunity; identifying significant sustainability-related risks and opportunities and disclosures (including using the materials of other standard-setters); and application of materiality assessment	The ISSB received feedback on the concepts of materiality, enterprise value, breadth of reporting required, 'significant' sustainability-related risk or opportunity and application of materiality assessment. Specifically: • many respondents agreed with the proposals on materiality, but some respondents presented anticipated challenges associated with the focus on enterprise value; • some respondents were seeking more clarity on the concept of enterprise value; • some respondents questions whether enterprise value is an appropriate term to anchor material sustainability-related disclosures around as they perceived	In October 2022, the ISSB redeliberated the objective of [draft] S1, and some of its proposed requirements and defined terms. The ISSB tentatively agreed that: (a) the purpose of [draft] S1 is to require entities to meet the information needs of the primary users of general purpose financial reporting; (b) 'material' in [draft] S1 shares the same definition as that used in IFRS Accounting Standards; and (c) the definitions of 'value chain' and 'reporting entity' as proposed in [draft] S1 should remain unchanged. The ISSB also tentatively decided: (a) to amend [draft] S1 by removing the definition of 'enterprise value' and the words 'to assess enterprise value' from the objective and description of materiality, while planning to continue to redeliberate the meaning of 'enterprise value' at a future meeting (in particular, how the term could be more clearly articulated and how it is related to material sustainability-related financial information); and (b) to remove the word 'significant' from the proposed requirements to describe which sustainability risks and opportunities an entity would be required to disclose, while continuing to redeliberate the application of materiality and the process used by

	enterprise value to be too narrow a scope to capture information that may be decision-useful to users of general purpose financial reporting; • many respondents expressed concerns about the use of 'significant' before the phrase 'sustainability-related risks and opportunities' and its relationship with materiality; • some respondents suggested defining 'sustainability' or providing further guidance to help clarify the requirements; and • many respondents emphasised the importance for the ISSB to work with jurisdictions in developing a global baseline, specifically key differences in concepts, terminologies, and definitions remain between the ISSB's proposals and jurisdictional initiatives. The ISSB received feedback on identifying significant sustainability-related risks and opportunities and disclosures. Specifically: • many respondents agreed with the ISSB's approach of building on	preparers to identify an entity's sustainability-related risks and opportunities in order to provide useful information to primary users. In October 2022, the ISSB also discussed key matters in [draft] S1 that are important to achieving greater interoperability between the ISSB's proposed global baseline and jurisdiction-specific requirements. The ISSB tentatively confirmed: (a) the use of the four pillars, described by the Financial Stability Board's Task Force on Climate-related Financial Disclosures, to structure the core content of the disclosure requirements proposed in [draft] S1 and [draft] S2—that is, information will be required on governance; strategy; risk management; and metrics and targets; and (b) the meaning of the global baseline—in particular, that the proposed disclosures that IFRS Sustainability Disclosure Standards would require an entity to make are designed to meet the information needs of investors, creditors and other lenders; that the information to be provided in such disclosures is subject to an assessment of materiality; and that the information can be presented with information disclosed to meet other requirements, such as specific jurisdictional regulatory requirements, but cannot be obscured by that additional information. (c) to confirm that, consistent with [draft] S1 and [draft] S2, short-, medium- and long-term time horizons are not defined. The ISSB met on 3 November 2022 to discuss the sources of guidance an entity would use to identify sustainability-related risks and opportunities and to prepare the related disclosures. The ISSB tentatively decided to confirm, with modifications, the general approach in paragraphs 50–54 of [draft] S1 that would permit an entity to use guidance from materials other than IFRS Sustainability Disclosure Standards to identify sustainability-related risks and opportunities and to prepare related disclosures. In particular, the ISSB tentatively decided: (c) to confirm the requirements proposed in paragraph 53 for identifying information to disclose in the absence of an IFRS Sustainability Disclosure Standard that applies specifically to a sustainability-related risk or opportunity.

	established sustainability reporting standards and frameworks, including the role that existing standards and frameworks can serve in helping to comply with the proposed requirements in [draft] S1; • there is a risk that disclosures could lack comparability and usefulness for users of general purpose financial reporting absent specific tools and guidance; • some assurance providers commented that it is not clear how a preparer could demonstrate that they considered sources of guidance; and • some respondents suggested that instead of 'shall' consider the proposals could be modified to 'may' consider for some or all of the sources of guidance.	(d) to confirm the requirement to consider the SASB Standards as proposed in paragraphs 51(a) and 54. (e) to amend paragraphs 51(b) and 54 to state that preparers are permitted, but not required, to consider the CDSB Framework in identifying both sustainability-related risks and opportunities and in preparing disclosures about those risks and opportunities. In December 2022, the ISSB tentatively decided to clarify the objective of [draft] S1 by describing: (a) how the value that an entity creates, preserves or erodes for itself and for its investors and creditors is inextricably linked to the value the entity creates for other stakeholders, society and the natural environment; (b) how an entity uses its resources and relationships in creating value for itself and for its investors and creditors; (c) how an entity's reliance on its resources and relationships and the entity's negative or positive effects on its resources and relationships can give rise to sustainability-related risks and opportunities for the entity; and (d) how sustainability-related risks and opportunities can affect an entity's performance, prospects, business model, strategy, and the value the entity creates for itself and for its investors and creditors over the short, medium and long term. The ISSB also tentatively decided to expand and clarify aspects of the [draft] S1 Illustrative Guidance: (a) to clarify the distinction and connection between: (i) identifying sustainability-related risks and opportunities; and (ii) identifying material information about those risks and opportunities

		(b) to provide additional guidance to help an entity identify the sustainability-related risks and opportunities about which it is required to provide information. Such guidance might include: (i) a general description of sustainability-related risks and opportunities; (ii) a description of factors the entity could consider in identifying sustainability-related risks and opportunities; and (iii) a description of the process the entity might follow in identifying sustainability-related risks and opportunities. (c) to provide additional guidance to help an entity identify material information in the context of sustainability-related financial disclosures. Such guidance might discuss: (i) primary users of an entity's sustainability-related financial disclosures and the decisions they make; (ii) how to make materiality judgements that take into account an entity's specific circumstances; and (iii) how to make materiality judgements in conditions of uncertainty. (d) to illustrate how an entity with a complex business model, such as one that spans multiple industries, might approach identifying sustainability-related risks and opportunities and identifying material information about those risks and opportunities using the SASB Standards. At this month's meeting (February 2023) the staff have recommended the ISSB amend: (a) the references to 'other standard-setting bodies whose requirements are designed to meet the needs of users of general purpose financial reporting' and 'entities that operate in the same industries or geographies' to state that preparers may consider such sources, both in the identification of sustainability-related risks and opportunities and in

		the identification of disclosures about those risks and opportunities, but that such consideration is not a requirement; (b) the sources of guidance to explicitly state that preparers may consider the GRI Standards to identify disclosures about sustainability-related risks and opportunities that meet the objectives of [draft] S1; and (c) the sources of guidance to explicitly state that preparers may consider ESRS to identify disclosures about sustainability-related risks and opportunities that meet the objectives of [draft] S1.
[draft] S1: Commercially sensitive information about opportunities	The ISSB received feedback related to concerns around commercially sensitivity. Specifically: • many respondents raised concerns about the disclosure requirements proposed in [draft] S1 which could result in the disclosure of confidential or commercially sensitive information; • some respondents requested requirements that would allow preparers to omit information that is considered confidential or sensitive; • a few respondents provided feedback on the requirements proposed in [draft] S2 whereby entities must disclose the process used to identify, assess and manage climate-related	In January 2023, the ISSB discussed feedback on the proposed requirements for an entity to disclose information about its sustainability-related opportunities—specifically, the feedback that some of this information could be commercially sensitive. The ISSB tentatively decided to introduce an exemption in IFRS S1 that, in limited circumstances, would permit an entity to exclude information from its disclosure of its sustainability-related opportunities, when that information is commercially sensitive. An entity would be permitted to apply this exemption only if: (a) the entity has a specific reason for not disclosing information, such that keeping the information from being publicly available would provide the entity with an economic benefit that would translate to a competitive advantage; (b) the entity's disclosure of the information could 'be expected to prejudice seriously' the economic benefits the entity is able to realise in pursuing the opportunity; and (c) the entity determines it is not possible to disclose the information in a manner or at a level of aggregation that would resolve the entity's concerns about commercial sensitivity. When applying the exemption, by item of information omitted, an entity would be required: (a) to disclose the fact that it has used the exemption; and

	opportunities, noting that this could involve disclosure of commercially sensitive information The staff noted that a pervasive theme emerged regarding stakeholder concerns about being required to disclose commercially sensitive information related to opportunities, in particular: • that such information could reveal too much detail associated with corporate strategy and planned actions, which is integral to competitive advantage; and • enable competitors to reverse engineer strategic decisions and obtain deep insights into the company's strategy or gain a direct competitive advantage	(b) to reassess, at each reporting date, whether the information still qualifies for the exemption. The ISSB also tentatively decided to specify that this exemption would: (a) not be applicable to information that is already publicly available; (b) not permit an entity to use commercial sensitivity as a justification for broad non-disclosure; and (c) not permit an entity to omit information about risks from its disclosures. This exemption would apply in relation to commercially sensitive information about sustainability-related opportunities unless stated otherwise by IFRS Sustainability Disclosure Standards and would be available in limited circumstances only when the information is not publicly available.
[draft] S1: Timing of reporting	The ISSB received feedback on proposed requirement for an entity to report its sustainability-related financial disclosures at the same time as its related financial statements. Specifically: • most respondents agree with the requirements to disclose their sustainability-related financial	In November 2022, the ISSB discussed the proposed requirement in [draft] S1 for an entity to report its sustainability-related financial disclosures at the same time as its related financial statements. The ISSB tentatively decided: (a) to confirm the proposed requirement for an entity to report its sustainability-related financial disclosures at the same time as its related financial statements. (b) to introduce short-term transitional relief that would permit an entity to report its sustainability-related financial disclosures after its financial statements. (c) to permit an entity, as part of this transitional relief, to report its annual sustainability-related financial disclosures at the same time as its H1/Q2 earnings reporting.

	disclosures at the same time as their financial statements; • respondents said that disclosing information for the same period at the same time as the financial statements will likely provide users with a coherent, holistic, and connected picture of an entity's performance and its sustainability-related risks and opportunities, which will enable them to make more informed capital allocation decisions; • many respondents identified concerns about the practical application of these requirements, including increased reporting burden and significant costs, especially in the first years of application and that more time to collect and aggregate sustainability-related data is needed; and • transitional relief would be welcome in the short-term given that this reporting is new for many entities.	

[draft] S1: Disclosure of judgements, assumptions and estimates	The ISSB received feedback on an entity's use of judgements, assumptions and estimates. Specifically, some respondents asked the ISSB to introduce a requirement for an entity to disclose judgements, assumptions and estimates that the entity made in preparing and presenting its sustainability-related financial disclosures. These respondents said: • it is important for users of general purpose financial reporting to understand judgements that an entity has made in preparing and presenting its sustainability-related financial disclosures that have the most significant effect on the information provided in those disclosures; • it is important for users to understand significant judgements that an entity has made when the entity applies requirements from the sources of guidance identified in [draft] S1; • it is important for users to understand significant assumptions and estimates used in preparing an	In January 2023, the ISSB discussed the proposed requirements in [draft] S1 for an entity to disclose the judgements, assumptions and estimates it makes in applying IFRS Sustainability Disclosure Standards. The ISSB tentatively decided: (a) to introduce a requirement for an entity to disclose the judgements it has made that have had the most significant effects on its disclosures about its sustainability-related risks and opportunities. (b) to amend paragraph 55 of draft IFRS S1 to require an entity to identify the sources of guidance it has used in preparing its sustainability-related financial disclosures, in the absence of an IFRS Sustainability Disclosure Standard. This requirement would include identifying the industry or industries specified in industry-based sources of guidance used by the entity (such as IFRS Sustainability Disclosure Standards, SASB Standards or other industry-based sources of guidance). (c) to clarify that the disclosure requirements on estimation uncertainty relating to metrics in paragraph 79 of draft IFRS S1 also apply to current and anticipated effects of sustainability-related risks and opportunities on the entity's financial position, financial performance and cash flows. This estimation uncertainty includes estimation uncertainty that has a significant risk of resulting in a material adjustment within the next financial year to the carrying amounts of assets and liabilities reported in the entity's financial statements. (d) to clarify that the words 'to the extent possible' in paragraph 80 of draft IFRS S1 mean 'to the extent possible considering the requirements of IFRS Accounting Standards or other relevant generally accepted accounting principles'. (e) to require an entity to disclose information about significant differences between the financial data and assumptions the entity uses to prepare its sustainability-related financial disclosures and the financial data and assumptions the entity uses to prepare its financial statements.

	entity's sustainability-related financial disclosures; and • these disclosures are important to enable assurance providers to assure the entity's sustainability-related financial disclosures and for regulators to enforce compliance	(f) to provide guidance on the disclosure of judgements, assumptions and estimates that an entity is required to make in applying IFRS Sustainability Disclosure Standards, including: (i) examples that would be included in the illustrative guidance on IFRS S1; and (ii) educational materials that would be provided in the future.
[draft] S1: Updated estimates and comparative information	The ISSB received feedback on the proposed requirements on comparative information. Specifically: • most respondents agreed with the proposed requirement that entities disclose comparative information that reflects updated estimates; • respondents noted that the application of the proposed requirement may create challenges, including complexity of updating estimates for previous periods, distinguishing effects of new information available before and after the reporting date, distinguishing requirements related to errors and estimates more clearly, and lack of clarity on what to restate and in what circumstances; and	In November 2022, the ISSB discussed the proposed requirement in [draft] S1 for an entity to disclose comparative information that reflects updated estimates. The ISSB tentatively decided: (a) to amend the proposed requirement set out in paragraph 64 of [draft] S1 to limit the requirement to revise comparative information to reflect updated estimates, so it would apply to estimates for the previous reporting period disclosed in that previous period, and would not apply to forward-looking estimates disclosed in that previous period; (b) to provide illustrative guidance to help an entity apply the requirement. Such guidance may include: (i) examples of situations in which an entity would be required and would not be required to revise comparative information to reflect updated estimates; (ii) examples and explanations of ways to present revised comparative information to reflect updated estimates; and (iii) explanations to distinguish three situations in which an entity would be required to revise comparative information: (1) to reflect updated estimates, (2) to reflect a redefined or replaced metric or target, or (3) to correct errors.

	• many respondents welcome the relief for disclosures to state where it is impracticable to adjust one or more prior periods to achieve comparability with the current period but some requested guidance on the definition of impracticability.	
[draft] S2: Strategy and decision-making and climate-related targets	The ISSB received feedback on its proposed requirements on strategy and decision-making and climate related targets. Specifically, that most respondents agreed with the proposals. However, some respondents said that the proposals for strategy and decision making overlapped with the proposed requirements for climate-related targets. The ISSB received feedback on strategy and decision-making (including transition planning). Specifically: • most respondents agreed with the proposal; but • some respondents said the proposed disclosure requirements for transition plans were too high-level, lacked clarity and that additional disclosure requirements were needed.	In October 2022, the ISSB discussed key matters in [draft] S2 that are important to achieving greater interoperability between the ISSB's proposed global baseline and jurisdiction-specific requirements. In relation to emissions targets, the ISSB tentatively decided: (a) to confirm the proposed requirement to disclose the intended use of carbon credits but to clarify that an entity's net emissions target(s) and intended use of carbon credits should be disclosed separately from the entity's gross emission reduction target(s); (b) to use the term 'carbon credit' in [draft] S2 in the context of offsetting emissions in the transition plan; (c) to clarify the different types of targets—in particular, that, under the proposed requirements, a climate-related target is set by an entity to address aspects of its climate-related risks and opportunities (paragraph 13(a) of [draft] S2) and the role of emissions targets in transitioning to a low-carbon economy (paragraph 13(b) of [draft] S2); and (d) to clarify that an entity would be required to disclose any emissions targets it has set (both net emission targets and gross emissions reduction targets) and those it is required to meet by local legislation. In November 2022, the ISSB considered feedback from respondents on the proposed requirements in [draft] S2 for an entity to disclose information about its strategy and decision-

	The ISSB received feedback on climate-related targets. Specifically: • most respondents agreed with the proposal that an entity would be required to disclose its climate-related targets; • many respondents suggested that entities should be required to disclose additional information about the targets it has set (or is required to set), including the scope of the target; • some respondents suggested an entity's intended use of carbon credits should be disclosed separately from an entity's gross emission reduction targets; and • a few respondents suggested it may be useful to require an entity to specify the 'latest international agreement of climate change' it used to compare to its climate-related targets.	making, including its transition plans towards a lower-carbon economy and its climate-related targets. The ISSB tentatively decided: (a) to confirm and clarify the proposed requirements in paragraphs 13 and 23 of [draft] S2 for an entity to disclose how climate-related risks and opportunities affect its strategy and decision-making, its plans to transition towards a lower-carbon economy, and its climate-related targets. (b) to require an entity to disclose the assumptions it makes and the dependencies it identifies in developing its transition plans. (c) not to introduce a requirement for an entity to disclose the implications for its transition plans if its assumptions are not met. (d) to require an entity to disclose additional information about its climate-related targets, including: (i) the scope of the entity's targets. (ii) the greenhouse gases and the emission scopes that are covered by the entity's emission targets. (iii) which international agreement on climate change the entity is referencing when applying the requirements in paragraph 23 of [draft] S2. In January 2023, the ISSB tentatively decided to amend the proposed requirement in paragraph 23(e) to require an entity to disclose how any climate-related targets it has set have been informed by the latest international agreement on climate change, including disclosing the jurisdictional commitments that arise from that agreement. The ISSB tentatively decided that the basis for conclusions on IFRS S2 would explain what this requirement will enable users of general purpose financial reporting to understand. These tentative decisions would not affect the other requirement in paragraph 23(e) for an entity to disclose whether its climate-related targets were validated by a third party.

[draft] S2: Climate resilience	The ISSB received feedback related to its proposed requirements on climate resilience and scenario analysis. Specifically: • most respondents agreed that the items listed in paragraph 15(a) of [draft] S2 reflect what users of general purpose financial reporting need to understand about the climate resilience of an entity's strategy; • some respondents argued that allowing a range of alternative approaches may impair the comparability and usefulness of disclosure; • some respondents commented that requiring climate-related scenario analysis would create an undue reporting burden for smaller, less experienced or less well-resourced entities due to costs and complexity; • some other respondents commented that requiring climate-related scenario analysis is feasible and useful for a majority of entities;	In [October 2022](), the ISSB discussed key matters in [draft] S2 that are important to achieving greater interoperability between the ISSB's proposed global baseline and jurisdiction-specific requirements. In relation to climate resilience, the ISSB tentatively decided: (a) to confirm paragraph 15(a) of [draft] S2, requiring an entity to disclose the results of its assessment of climate resilience and the particular information set out in that paragraph; (b) to confirm paragraph 15(b) of [draft] S2, requiring an entity to describe how its climate resilience assessment has been conducted; (c) to confirm paragraph 15(b)(i)(4) of [draft] S2, requiring an entity to disclose whether it has used, among its scenarios, a scenario aligned with the latest international agreement on climate change, thus also confirming: that the latest international agreement on climate change (ie the Paris Agreement) is not 'hard coded' into the requirements; and that entities are not required to use a specific scenario related to the latest international agreement on climate change or a 1.5C° scenario; and (d) to require an entity to disclose whether and how it uses climate-related scenario analysis to inform its identification of climate-related risks and opportunities. The ISSB met on [1 November 2022]() to consider feedback from respondents on the proposed requirements for an entity to disclose its resilience to climate-related changes, developments and uncertainties. The ISSB tentatively decided: (a) to require an entity to assess its climate resilience using a method of climate-related scenario analysis commensurate with the entity's circumstances subject to further work to clarify the criteria for an entity to select a method of analysis. (b) to remove references to 'alternative methods' of assessing resilience from paragraph 15. (c) to develop application guidance for paragraph 15 based on guidance from the TCFD. (d) to amend the definition of 'climate resilience' in Appendix A to [draft] S2 to clarify that, in relation to uncertainties associated with climate change, an entity's climate resilience includes its strategic and operational resilience.

	• some respondents requested additional guidance and clarity on the proposed requirements on scenario analysis; • responses were mixed on the effectiveness of the 'unable to do so' mechanism: whilst many respondents agreed with ensuring a proportionality element to the requirement to use scenario analysis, some respondents said the 'unable to do so' mechanism may allow entities to opt out of performing climate-related scenario analysis.	(e) to clarify that an entity would be required to disclose annually the information on climate resilience described in paragraph 15—even if the entity does not conduct scenario analysis annually. (f) to amend the terminology in paragraph 15 to clarify that 'analysis' describes the tool (scenario analysis) that an entity is required to use in order to assess its climate resilience; and also to clarify that 'assessment' in that paragraph describes the entity's objective when it uses scenario analysis to assess its climate resilience. (g) to explore developing guidance based on third-party materials to help an entity choose relevant scenarios for assessing and preparing disclosures on climate resilience. In January 2023, the ISSB tentatively decided to require an entity to prepare these disclosures using a method of climate-related scenario analysis that requires it to consider all reasonable and supportable information available at the reporting date without undue cost or effort. Such information could include information about past events, current conditions and forecasts of future economic conditions. The ISSB also tentatively decided to require an entity, when selecting a method of climate-related scenario analysis that is commensurate with its circumstances, to take into consideration: (a) the degree to which the entity is exposed to climate-related risks and opportunities; and (b) the entity's available skills, capabilities and resources for conducting climate-related scenario analysis. The ISSB emphasised that application guidance would build on materials published by the TCFD, putting entities on a path to develop their capabilities and strengthen their disclosures over time.

[draft] S2: GHG emissions	The ISSB received feedback on its proposed GHG emissions disclosures. Specifically: • most respondents agreed with the proposed requirement for entities to disclose its absolute gross GHG emissions generated during the reporting period, in particular with regards to the disclosure of Scope 1 and Scope 2 GHG emissions; • most respondents agreed that entities should be required to disclose Scope 1 and Scope 2 GHG emissions separately for the consolidated accounting group (the parent and its subsidiaries), saying that such disclosure would help users of general purpose financial reporting understand and compare the total emissions for entities with different business structure; • most users of general purpose financial reporting and those representing multilateral organisations agreed with the proposal to require the disclosure of absolute gross Scope 3 GHG emissions by all entities;	In October 2022, the ISSB discussed the proposals for an entity to disclose its Scope 1 and Scope 2 GHG emissions. The ISSB tentatively decided to proceed with the proposed requirement for an entity to disclose: (a) its absolute gross GHG emissions generated during the reporting period, expressed as metric tonnes of CO2 equivalent, for its Scope 1 and Scope 2 GHG emissions; (b) the approach it used to include its Scope 1 and Scope 2 GHG emissions for the unconsolidated investees (ie associates, joint ventures, unconsolidated subsidiaries or affiliates not included in paragraph 21(a)(iii)(1) of [draft] S2); and (c) the reason, or reasons, for the entity's choice of approach required by paragraph 21(a)(iv) of [draft] S2, and how that relates to the disclosure objective in paragraph 19 of [draft] S2. Furthermore, the ISSB tentatively decided to proceed with, but clarify, the proposed requirements for an entity to disclose its Scope 1 and Scope 2 GHG emissions disaggregated separately for: (a) the consolidated accounting group (ie the entity's parent and its subsidiaries); and (b) the unconsolidated investees. In October 2022, the ISSB also discussed the proposals for an entity to disclose its Scope 3 GHG emissions. The ISSB tentatively decided: (a) to proceed with its proposal to require an entity to disclose its Scope 3 GHG emissions, subject to relief that would address the data availability and data quality challenges raised by respondents in the consultation; and (b) to confirm that such a disclosure would include information about which of the 15 Scope 3 GHG emissions categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard are included within the entity's measure of Scope 3 emissions. In October 2022, the ISSB also discussed its proposals to require an entity to measure and disclose its Scope 1, Scope 2 and Scope 3 GHG emissions in accordance with the GHG

	• many preparers also broadly agreed with the proposal to require the disclosure of absolute gross Scope 3 GHG emissions by all entities; • many preparers and other respondents expressed a range of concerns about particular aspects of the requirement to disclose Scope 3 GHG emissions, including data availability and data quality challenges; • most respondents agreed with the proposed requirement that an entity disclose its absolute gross GHG emissions generated during the reporting period, measured in accordance with the GHG Protocol Corporate Standard; • some respondents raised concerns about requiring GHG emissions to be measured in accordance with the GHG Protocol Corporate Standard because some entities already use other GHG emissions measurement methods such as the International Organization for Standardization's (ISO) 14064 or because some entities are required	Protocol Corporate Standard. The ISSB tentatively decided to proceed with the proposed requirement. However, it also tentatively decided to amend its proposal in order to address comments raised in the consultation period. These amendments also apply to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Specifically, the ISSB tentatively decided: (a) to amend its proposals so that an entity would be required to apply the GHG Protocol Standards subject to relief in specific circumstances; and (b) to specify that an entity is required to apply the version of the GHG Protocol Standards in force on the date that [draft] S2 was exposed for comment (31 March 2022). For the GHG Protocol Corporate Standard this is, therefore, the 2004 version, and for the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard this is the 2011 version. Some of these decisions were also made by the ISSB as part of its discussion in October 2022, on key matters in [draft] S2 that are important to achieving greater interoperability between the ISSB's proposed global baseline and jurisdiction-specific requirements. In December 2022, the ISSB discussed the proposals for an entity to disclose its Scope 1, Scope 2 and Scope 3 GHG emissions. The ISSB tentatively decided: (a) to remove the proposed requirement in paragraph 21(a)(ii) of [draft] S2 for an entity to disclose its GHG emissions intensity. (b) to confirm that [draft] S2 include no explicit requirement for an entity to disaggregate its disclosure of GHG emissions by constituent gases. (c) to introduce a requirement for an entity to use the global warming potential values in the latest assessment by the Intergovernmental Panel on Climate Change, based on a 100-year time horizon. (d) to introduce a requirement for an entity to disclose information that would enable users of general purpose financial reporting to understand how and why the entity has used specific inputs, assumptions and estimation techniques to measure its GHG emissions.

	by regulation or exchanges to report their GHG emissions using other GHG emissions measurement methods.	As part of this requirement, an entity would disclose information about changes in the estimation techniques it uses and changes in significant assumptions it makes during the reporting period. (e) to amend the requirement in paragraph 21(a)(i)(2) of [draft] S2 so that in disclosing its Scope 2 GHG emissions, an entity would be required to use the location-based method (reflecting the average emissions intensity of its local grid) along with relevant information about contractual instruments related to managing energy it has purchased. In December 2022, the ISSB also discussed the proposals for an entity to disclose its Scope 3 GHG emissions specifically. The ISSB tentatively decided: (a) to introduce reliefs for an entity disclosing its Scope 3 GHG emissions, specifically: (i) a temporary exemption from the requirement for the entity to disclose its Scope 3 GHG emissions for a minimum of one year after the effective date of IFRS S2. (ii) a relief allowing the entity to measure its Scope 3 GHG emissions using information from entities in its value chain with reporting cycles that are not aligned with the entity's reporting period, on condition that: (1) the entity uses the most recent data available without undue cost or effort to estimate and disclose its Scope 3 GHG emissions; (2) the length of the reporting periods is the same from period to period; and (3) the entity discloses the effects of significant events and changes in circumstances that occur between the reporting dates of the entities in its value chain and the date of the entity's general purpose financial reporting. (b) to introduce a framework for measuring Scope 3 GHG emissions, as described in paragraphs 48 and 50 in Agenda Paper 4B: *Climate-related Disclosures—Scope 3 greenhouse gas emissions* from the December 2022 ISSB meeting.

		(c) to introduce requirements, along with the framework for measuring Scope 3 GHG emissions, for an entity to disclose information that would enable users of general purpose financial reporting to understand how the entity measures its Scope 3 GHG emissions. Those requirements would specify that an entity disclose: (i) to what extent (for example, as a percentage of total Scope 3 GHG emissions) the Scope 3 GHG emissions disclosure is estimated using inputs from specific activities in the entity's value chain ('primary data'). All 14 ISSB members agreed with this decision. (ii) to what extent (for example, as a percentage of total Scope 3 GHG emissions) the Scope 3 GHG emissions disclosure is estimated using inputs that are verified. (iii) how the entity is managing (how it is 'thinking about') its Scope 3 GHG emissions if the entity determines it is impracticable to estimate its Scope 3 GHG emissions. (d) to introduce relief for an entity making disclosures about its value chain, namely: (i) implementation guidance to help the entity assess which sustainability-related risks and opportunities in its value chain are relevant to users of general purpose financial reporting, using Scope 3 GHG emissions as an example; and (ii) a requirement for the entity to reassess the scope of its sustainability-related risks and opportunities only if a significant event or a significant change of circumstances occurs. (e) to confirm that all entities would be required to include information about which of the 15 Scope 3 GHG emissions categories—described in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard—are included in the entity's measurement of its Scope 3 emissions, irrespective of whether its measurement was in accordance with the GHG Protocol Corporate Standard. In [January 2023](), the ISSB tentatively decided to provide relief that would allow an entity to measure its GHG emissions using information for reporting periods that are different from the

		entity's own reporting period when that information arises from entities in its value chain with reporting periods that are different from the entity's own, only if: (a) the entity measured and disclosed its GHG emissions using the most recent data available without undue cost or effort; (b) the length of the reporting periods of the entities in the entity's value chain was the same as the length of the entity's reporting period; and (c) the entity disclosed, if relevant to its GHG emissions information, the effects of significant events and changes that occurred between: (d) the reporting dates of the entities in the entity's value chain; and (e) the date of the entity's own general purpose financial reporting. The ISSB noted it would monitor whether this relief could be relevant for disclosures beyond climate.
[draft] S2: Industry-specific materials	The ISSB received feedback on the proposed industry-specific requirements in [draft] S2. Specifically: • many respondents agreed with the inclusion of industry-specific requirements, but noted that additional improvements are needed before they can be applied internationally; • many users indicated their support for industry-specific disclosures based on the variability of	In October 2022, the ISSB discussed decisions it will make regarding industry-based materials. In relation to the industry-based requirements set out in Appendix B to [draft] S2, the ISSB tentatively agreed to: (a) maintain the requirement that entities provide industry-specific disclosures; and (b) classify the content in Appendix B as illustrative examples, while stating its intention to make Appendix B mandatory in the future, subject to further consultation. In December 2022, the ISSB continues its discussion regards industry-based materials. The ISSB tentatively decided: (a) to amend [draft] S2 so that the industry-based requirements in Appendix B become part of the S2 illustrative guidance; (b) to enhance Appendix B of [draft] S2:

	sustainability-related risks and opportunities by industry; and • some respondents noted some key challenges in the short-term related to implementing industry-based materials.	(i) by responding to stakeholder feedback on the international applicability of some disclosure topics and metrics; (ii) by resolving inconsistencies between Appendix B of [draft] S2 and the SASB Standards; and (iii) by resolving inconsistencies between how some of the same or similar metrics are used in different industry-based requirements in Appendix B of [draft] S2; and (c) to amend Appendix B of [draft] S2 to correct errors in its scope introduced by the inclusion or omission of some metrics.
[draft] S2: Financed and facilitated emissions	The ISSB received feedback on the proposed requirements on financed and facilitated emissions. Specifically: • most respondents agreed with the proposed industry-based requirements for financed and facilitated emissions; • for asset management activities, some respondents supported the aggregation of financed emissions at the level of assets under management (AUM) and agreed that the proposed metric is a sufficient indicator of overall transition risk, whilst other respondents said that a breakdown by portfolio, strategy or other	In December 2022, the ISSB discussed the matters raised in the feedback on the proposals for financed and facilitated emissions in [draft] S2. The ISSB tentatively decided: (a) to confirm the proposed disclosure requirements for financed emissions for three industries—Asset Management & Custody Activities, Commercial Banks and Insurance—and to move these requirements from Appendix B to become part of the draft S2 application guidance. Therefore, an entity would be required to disclose its financed emissions as part of its Scope 3 GHG emissions disclosures. (b) to confirm, for financed emissions disclosures, proposals on: (i) the use of the term ‘financed emissions’ in the industries listed in (a); (ii) the requirement for an entity in the Asset Management & Custody Activities industry to aggregate its disclosures at the level of total assets under management but that that aggregation cannot obscure material information; (iii) the requirement for an entity to describe its methodology for calculating its financed emissions in the industries listed in (a); (iv) the use of the Global Industry Classification System for the industry-based disclosure of financed emissions;

	characteristics would be more useful; • some respondents expressed concerns about the proposed metrics for investment banking and brokerage activities to disclose facilitated GHG emissions broken down by Scope 1, 2 and 3 and by business line; • some respondents agreed with the proposal to require the use of the Global Industry Classification Standard (GICS). Other respondents said that the European classification system 'Nomenclature statistique des activités économiques dans la Communauté européenne' (NACE), or another classification system, should be used instead; • some respondents said the ISSB should specify the units of physical or economic activity used in emissions intensity measures for each sector to drive further standardisation; • respondents had mixed views about whether a prescribed calculation methodology is	(c) to remove the proposed requirement that an entity disclose the GHG emissions intensity of its financed emissions per unit of physical or economic activity; (d) to remove the proposed requirements for an entity in the Investment Banking & Brokerage industry to disclose its facilitated emissions—that is, these proposed disclosure requirements would be excluded from any part of S2; (e) to confirm and clarify the proposed requirements for an entity in the Commercial Banks industry or Insurance industry to disclose its undrawn loan commitments—that is, an entity would be required to disclose both its financial exposures and its emissions related to undrawn loan commitments; (f) to confirm and clarify the proposed requirement for an entity in the Commercial Banks industry to provide disclosures on a gross basis—that is, without considering risk mitigation. (g) to amend Appendix B to remove all references to, and requirements for an entity to disaggregate its disclosures by, 'carbon-related industries'. (h) to amend Appendix B to remove the proposed requirement for an entity to include derivatives when calculating its financed emissions. (i) Please also refer to decisions about GHG emissions more broadly as these may affect these disclosures. For example, in December 2022, the ISSB tentatively decided to introduce reliefs for an entity disclosing its Scope 3 GHG emissions, including a temporary exemption from the requirement for the entity to disclose its Scope 3 GHG emissions for a minimum of one year after the effective date of IFRS S2.

	necessary, with some respondents noting that prescribing a methodology would drive more comparable disclosures, and other respondents noting that consensus on methodology is still emerging; • some respondents asked that a later effective date relative to the rest of the standard be considered.	