
ISSB Meeting

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Project	Supporting implementation of IFRS S1 and IFRS S2
Topic	Educational material
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This paper has been prepared for discussion at a public meeting of the International Sustainability Standards Board (ISSB). This paper does not represent the views of the ISSB or any individual ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the ISSB *Update*.

Objective

1. The objective of this paper is to provide an update on the activities being undertaken to support the implementation and consistent application of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.
2. This paper expands on one particular activity, the development of educational material, due to broad interest and attention in this area.
3. As the purpose of this paper is to inform the ISSB about the activities to support IFRS S1 and IFRS S2 implementation, including the staff's considerations for the development of educational material, the staff is not asking the ISSB to make any decisions.

Executive summary

4. The staff is undertaking a range of coordinated activities, which – both individually and in combination – are intended to support the implementation and application of IFRS S1 and IFRS S2, following their issuance in June 2023.

5. One of those activities is the development of education material, which can help further build a common understanding of IFRS S1 and IFRS S2 by summarising, explaining or illustrating disclosure requirements and how they might be applied. The staff has developed a systematic approach to prioritise matters for the development of educational material. The staff's approach is designed to ensure educational material is anchored in and informed by stakeholder feedback.
6. Educational material for some matters is already under development. The staff has also identified a priority list of matters for which work to develop educational material is likely to advance in the near term. The staff aims to begin publishing educational material before the end of the year.

Structure of the paper

7. This paper is structured as follows:
 - (a) Background (paragraphs 8–13);
 - (b) Staff discussion on activities supporting implementation (paragraphs 14–19);
 - (c) Staff considerations for the development of educational material (paragraphs 20–25);
 - (d) Educational material under development or planned for development and other next steps (paragraphs 26–33); and
 - (e) Questions for the ISSB (paragraph 34).

Background

8. In June 2023, the ISSB issued its first two standards, IFRS S1 and IFRS S2. These Standards reflect the redeliberations of the ISSB, which were informed by extensive feedback from stakeholders. In issuing IFRS S1 and IFRS S2, the ISSB aims to establish a comprehensive global baseline of sustainability-related disclosures to meet the needs of capital markets.

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9. In May 2023, the ISSB published the Request for Information Consultation on Agenda Priorities (RFI). The comment period for the RFI ended on 1 September 2023, and the staff is now analysing the feedback provided by stakeholders, which will inform the ISSB’s two-year work plan. The RFI discussed two primary bodies of work—foundational work and new research and standard-setting work. The RFI described ‘foundational work’ as committed work and activities to build upon the foundation created by IFRS S1 and IFRS S2.
10. One of the sets of activities included in foundational work—and the subject of this paper—is supporting the implementation of IFRS S1 and IFRS S2. The RFI referred to a number of activities intended to support the implementation of IFRS S1 and IFRS S2, including the establishment of a transition implementation group and engaging with jurisdictional partners worldwide to deliver education and build awareness of the ISSB Standards.
11. This paper discusses implementation support activities broadly, while expanding on a particular activity, the development of educational material. As described in the RFI:
- The ISSB will develop or strengthen guidance and materials to explain the core concepts that underpin the ISSB Standards and to assist in addressing any challenges identified for preparers, auditors, investors and regulators. These materials will complement and supplement any materials that are included in or published with IFRS S1 and IFRS S2.
12. Educational material is one type of material that can be used to support the implementation and application of the Standards. Educational material is described in the IFRS Foundation *Due Process Handbook* (see Appendix A). The staff thinks it is important to highlight that educational material cannot add or change requirements in the Standards. Rather, it can only summarise, explain or illustrate existing requirements or how they might be applied. If material goes beyond this (and thus changes requirements), it cannot be considered educational material, so different due process is applicable. Given its scope, educational material is developed by the staff and is subject to quality assurance processes – including reviews by ISSB members – but not to public

consultation. The staff notes that educational material can take various forms, including articles, presentations, and webcasts.

13. As agreed by the ISSB at its July 2023 meeting, the development of educational material is already underway to explain and illustrate how preparers might apply some requirements in IFRS S2 to disclose information about some nature and social aspects of climate-related risks and opportunities.

Staff discussion on supporting implementation

14. The effective implementation and application of IFRS S1 and IFRS S2 is critical to delivering the global baseline of sustainability-related disclosures for capital markets and ensuring that the information provided is of a high quality and comparable. Activities to support this objective are broad and varied in order to meet the varying requests from stakeholders but are mutually reinforcing.
15. For many preparers and other stakeholders, the disclosure of sustainability-related financial information will be new. Hence, stakeholders have expressed a desire for support in understanding the requirements when implementing and applying IFRS S1 and IFRS S2, beyond the guidance included in or published alongside both Standards. Such requests from stakeholders have come from a variety of sources reflecting a variety of different perspectives and as described in paragraphs 10–12, the ISSB and IFRS Foundation may choose to respond in a variety of different ways, including the development of educational material or through other means.
16. The staff notes that the ISSB and IFRS Foundation has an important role to play in supporting the implementation and application of IFRS S1 and IFRS S2, to enable high quality disclosures to be provided and to support a consistent understanding of the requirements in the Standards. This is particularly important given that, in applying IFRS S1 and IFRS S2, it will be the first time many companies prepare sustainability disclosures. In addition, even for those who have previously provided sustainability disclosures the IFRS Sustainability Disclosure Standards are introducing a new approach to such disclosures, including requiring that the information be included as

part of a company's general purpose financial reports with connections to the financial statements. Given this, it is important that the ISSB supports stakeholders on a timely basis.

17. The staff is undertaking a range of coordinated activities, which – individually and in combination – are intended to support the implementation and application of IFRS S1 and IFRS S2. Some activities may be used in combination to address stakeholder feedback. Where stakeholders seek summaries or explanations of existing requirements or illustrations of how they might be applied, one option is the development of educational material. Paragraphs 20–26 outline the staff's considerations for the development of educational material. Where stakeholders have questions on implementation that indicate that IFRS S1 or IFRS S2 could be applied in different ways resulting in diversity in practice, such questions can be submitted to the [Transition Implementation Group on IFRS S1 and IFRS S2](#) (TIG). The TIG has been established to inform the ISSB about implementation questions, which will help the ISSB determine, what, if any, action will be needed to address those questions, as well as providing a public forum for stakeholders to learn about IFRS S1 and IFRS S2 from others involved with implementation. The staff notes that TIG discussions may help identify matters on which educational material would be beneficial.
18. To deliver education and build awareness to support the adoption and use of IFRS Sustainability Disclosure Standards, the IFRS Foundation and ISSB are also undertaking capacity building activities. This includes the establishment of a [Partnership Framework for capacity building](#) for effective implementation and adoption of sustainability-related disclosure practices and the [development of an ISSB Hub](#). Additionally, to facilitate the effective and efficient digital consumption and exchange of reports prepared in accordance with the IFRS Sustainability Disclosure Standards, the ISSB has exposed the [Proposed IFRS Sustainability Disclosure Taxonomy](#) for feedback from stakeholders. The comment period for the Proposed IFRS Sustainability Disclosure Taxonomy closed on 26 September 2023 and the staff is currently analysing feedback.

19. The activities described in paragraphs 17–18 emphasise the range of complementary activities that can help support the implementation and application of IFRS S1 and IFRS S2. The staff notes that this is not intended to be a comprehensive description of implementation support and that the activities pursued are likely to evolve over time as stakeholders advance in their journey of implementation and ongoing application of IFRS S1 and IFRS S2.

Staff considerations for the development of educational material

20. The staff intends to develop educational material that is anchored in and informed by stakeholder feedback. The staff thinks it is necessary to find a balance between being proactive and responsive, while also developing a systematic approach to monitor, evaluate and respond to questions being raised by stakeholders. This approach is designed to identify priority matters to address and whether the development of educational material is a suitable approach for the circumstances (as opposed to the range of other implementation support activities). The staff acknowledges that the prioritisation of matters for the development of educational material is not a precise exercise and will require judgement. However, the staff thinks its approach has helped – and will continue to help – prioritise those matters that are most helpful to the greatest number of stakeholders at the appropriate time. Paragraphs 21–25 describe some of the factors that may influence the staff’s prioritisation or timing of a matter for the development of educational material.
21. First and foremost, the staff will consider the relevance of the requests from stakeholders to the work of the ISSB (and the IFRS Foundation). Some of the stakeholder requests received to date relate to matters that are outside the remit of the IFRS Foundation and the ISSB. For example, many requests have been received for material relating to jurisdiction-specific adoption questions and to the role of assurance. Similarly, as explained in paragraph 12, if requests for support go beyond summarising, explaining or illustrating existing requirements, it cannot be considered educational material. For example, there may be circumstances where it is necessary to consider

- amendments or clarifications, which thereby require different due process (these circumstances are not the subject of this paper).
22. The staff will also aim to focus its efforts on developing educational material for those matters that will be most helpful to the greatest number of stakeholders at a given time. Thus, for example, the staff will typically prioritise matters that are prevalent across a wide range of industries and jurisdictions. Similarly, the staff will seek to prioritise the core concepts and requirements that underpin IFRS S1 and IFRS S2 to enable a common understanding and consistent application across all the requirements in the Standards and matters that could most profoundly affect the disclosures that are provided.
 23. The staff will also consider the interactions and the synergies that may exist between matters relating to IFRS S1 and IFRS S2. For example, in considering matters raised about the requirements in IFRS S1 on (a) identifying risks and opportunities and (b) disclosing material information, the staff will consider the connected nature of the requirements. Similarly, the staff will consider whether there are connections with other ISSB or IASB projects when prioritising educational material.
 24. The staff notes that before it can develop educational material on a particular matter, it may need to conduct further investigation to better understand the questions being raised by stakeholders. Meanwhile, other matters may require minimal investigation before educational material is developed. As such, the staff aims to achieve an appropriate balance between those matters for which educational material can be developed quickly and efficiently and those matters for which the staff will need more time to develop educational material.
 25. Finally, it is important to consider that market understanding of IFRS S1 and IFRS S2 will mature over time. Therefore, the questions and potential challenges identified by stakeholders are likely to change accordingly. As such, the staff intends to develop educational material in multiple phases to help ensure its work is responsive to questions and challenges that may arise over time as stakeholders implement and apply IFRS S1 and IFRS S2.

Educational material under development or planned for development and other next steps

26. As previously agreed with the ISSB, the staff is currently developing educational material to explain and illustrate how preparers might apply some requirements in IFRS S2 to disclose information about some nature and social aspects of climate-related risks and opportunities, as noted in paragraph 13. The development of this educational material is progressing swiftly.
27. The staff also intends to develop educational material on the requirements on current and anticipated financial effects (paragraphs 34–40 of IFRS S1 and paragraphs 15–21 of IFRS S2) and is gathering input from stakeholders to inform this work. This responds to continued requests from stakeholders for additional explanation of these requirements. These requirements include proportionality mechanisms, such as those requiring companies to ‘use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort’, and to ‘use an approach that is commensurate with the skills, capabilities and resources that are available to the entity’. The staff notes that these proportionality mechanisms are also found in other requirements in IFRS S1 and IFRS S2. The staff will consider whether separate but related educational material on these proportionality mechanisms should be developed, which is another area where stakeholders have requested further educational material.
28. Educational material is also under development to support the interoperability of IFRS S1 and IFRS S2 with other relevant standards. Examples of such materials include those relating to interoperability with the European Sustainability Reporting Standards and those relating to greenhouse gas (GHG) emissions disclosures in the Global Reporting Initiative (GRI) Standards.
29. In addition to the development of educational material that is already underway (as described in paragraphs 26–28), the staff has identified a short list of matters for which work to develop educational material is likely to be prioritised, as stakeholders have expressed a need for more support.

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30. These matters include the requirements in IFRS S1 on identifying sustainability-related risks and opportunities, including using sources of guidance, and on disclosing material information about those risks and opportunities. The staff thinks that a shared understanding of these requirements by stakeholders is critical for the effective implementation and application of IFRS S1 and IFRS S2.
 31. Other matters include the requirements in IFRS S2 on the measurement and disclosure of GHG emissions. For example, stakeholders have requested additional examples on the interaction between measurement approaches (for example, the equity share or control approach) and the requirement to disaggregate Scope 1 and Scope 2 GHG emissions between the consolidated accounting group and other investees.
 32. The staff will continue to identify and prioritise matters where stakeholders would benefit from additional material to support the effective implementation and application of IFRS S1 and IFRS S2. In accordance with the *Due Process Handbook*, the development of educational material will not take place in ISSB meetings and is not subjected to the public scrutiny that is given to the development of IFRS Standards. However, appropriate quality assurance – including review of the educational material by ISSB members – will occur in accordance with the *Due Process Handbook*.
 33. In all cases, the staff will seek to achieve an effective balance between the timely delivery of materials and an appropriate measure of investigation. We will also consider the degree to which it may be helpful to develop multiple materials on a single matter, including in different formats, to provide timely support to stakeholders. Additionally, the staff thinks that engagement and coordination with jurisdictional partners on educational material will be important to avoid a fragmented approach to the development of material. The staff aims to begin publishing educational material before the end of the year with additional materials being published throughout 2024 and beyond as needed.

Questions for the ISSB

34. The staff presents the following questions for the ISSB:

Questions for the ISSB

1. Does the ISSB have any questions or comments on the role of educational material in supporting the application and implementation of IFRS S1 and IFRS S2?
2. Does the ISSB have any questions or comments on the staff's considerations to prioritise matters relating to IFRS S1 and IFRS S2 for the development of educational material? Are there any considerations that ISSB members think the staff should factor in as part of the prioritisation process?
3. Does the ISSB have any other questions or comments about the development of educational material?

Appendix A – Excerpt from the IFRS Foundation Due Process Handbook

A1. Educational material is described in paragraphs 8.8-8.11 of the IFRS Foundation *Due Process Handbook*, which are reproduced here.

8.8 The IFRS Foundation sometimes publishes educational material related to IFRS Standards on its website, including webcasts, articles, presentations for conferences and IFRS for SMEs training material. Educational material is not part of the Standards and cannot add or change requirements in the Standards.

8.9 The development of educational material does not take place in public meetings and is not subjected to the public scrutiny that is given to the development of IFRS Standards. Nonetheless, educational material is subject to quality assurance processes reflecting the nature and complexity of the material, and to ensure that the material does not add or change requirements in the Standards and is clearly distinguished from the Standards.

8.10 In order to meet the assurances in paragraph 8.9, educational material is subjected to at least the following level of review:

- (a) high-level summaries of the requirements in an IFRS Standard, such as introductory webcasts on a new Standard, are reviewed by a Board member;
- (b) more detailed materials explaining the requirements in a Standard, such as a webcast on specific aspects of a Standard, are reviewed by two Board members; and
- (c) material explaining or illustrating how the requirements in a Standard might be applied to particular transactions or other circumstances, such as a new example demonstrating how the requirements might be applied to a particular fact pattern, are reviewed by three Board members.

8.11 The DPOC receives periodic reports on educational material published by the IFRS Foundation. The reports identify the nature of the material and the level of review undertaken and state the IFRS Foundation staff's conclusion as to whether the required level of review has been undertaken.