Transition Implementation Group on IFRS S1 and IFRS S2

Date	**November 2025**
Topic	**Summary of Transition Implementation Group on IFRS S1 and IFRS S2 meeting held on 20 November 2025**
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Summary of the Transition Implementation Group on IFRS S1 and IFRS S2 (TIG) meeting held on 20 November 2025

1. The TIG met on 20 November 2025. These notes summarise the meeting discussion.

2. Agenda Paper 9 for the January 2026 meeting of the International Sustainability Standards Board (ISSB) provides the ISSB with a copy of this summary.

3. The discussions at the TIG meetings are based on agenda papers that provide an analysis of implementation questions received. These agenda papers provide a basis for TIG members, as market experts involved in the implementation of IFRS S1 and IFRS S2, to understand the implementation questions and share their views on the analysis.

4. TIG members discussed topics in the following staff papers:

   (a) Agenda Paper 1 *Reporting on other questions submitted* (paragraphs 6–7 of this paper);

   (b) Agenda Paper 2 *GHG emissions attributable to a group related to transactions between entities in the group* (paragraphs 8–21 of this paper); and

   (c) Agenda Paper 3 *Scope 3 GHG emissions applying IFRS S2* (paragraphs 22–32 of this paper).

5. TIG members also received a copy of the submissions log, which includes all questions submitted to the TIG.[1]

Agenda Paper 1 *Reporting on other questions submitted*

6. Agenda Paper 1 summarises implementation questions submitted to the TIG that do not meet the TIG submission criteria.[2] The submissions in Agenda Paper 1 are all categorised as questions that can be answered by applying the words in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.

TIG members discussion

7. TIG members expressed agreement with the responses provided in Agenda Paper 1. Some TIG members emphasised particular points in the responses provided and shared feedback that could be useful in applying IFRS S1 and IFRS S2. Specifically, comments were provided about:

    (a) submission number 23, which addresses whether there is a conflict between the requirements in paragraphs B37 and B61(a) of IFRS S2 related to providing additional information about financed emissions for asset managers. Specifically, although an asset manager is required to disaggregate financed emissions by Scope 1, Scope 2 and Scope 3, it was noted that in some cases, disaggregating financed emissions in other ways, such as by asset class or by industry, might also be required as a result of applying the disaggregation requirements in IFRS S1 (paragraphs B29–B30 of IFRS S1).

    (b) submission number 24, which addresses how disclosures prepared applying ISSB Standards are required to be organised within an entity's sustainability

[1] The November 2025 submissions log can be accessed at the following link: November 2025 Submissions log. The TIG Agenda Papers and submissions logs can be found on the IFRS Foundation website: IFRS - Transition Implementation Group on IFRS S1 and IFRS S2.

[2] The criteria for assessing the implementation questions discussed at the TIG meeting are specified in the TIG Terms of Reference, which can be found at https://www.ifrs.org/groups/tig-ifrs-s1-and-ifrs-s2/submission-guidelines/

report, particularly when provided alongside other information that is not required by ISSB Standards. Specifically, it was noted that:

(i) paragraph 61 of IFRS S1 is also relevant in addition to paragraph 60 of IFRS S1 because it provides further explanation about the location of disclosures requirement. Paragraph 61 states that sustainability-related financial disclosures could be included in an entity's management commentary or a similar report when it forms part of an entity's general purpose financial reports.

(ii) the connected information requirements in IFRS S1 to provide information in a manner that enables users of general purpose financial reports to understand particular connections—such as the connections between the items to which the information relates—are relevant to this question, which might include considerations about the location of information and how that location might support information being connected.

(c) submission number 27, which addresses a question about whether an entity that participates in insurance activities but also participates in asset management activities via a subsidiary is required to disclose information about transition risk and financed emissions for the assets that are managed by its subsidiary. Specifically, it was noted that:

(i) materiality is an important consideration to ensure that, if there are different activities in a group, disclosures focus on material information about those activities.

(ii) if information is provided about multiple activities or businesses within a group, the information could be distinguished by using headings to aid understandability.

(iii) it is important to consider the connected information requirements in IFRS S1 when providing information about different parts of the business. For example, to provide information in a manner that enables primary users to relate that information to information provided in the related financial statements, an entity might consider using descriptions of its activities that are consistent with those used in its operating segment disclosures.

Agenda Paper 2 *GHG emissions attributable to a group related to transactions between entities in the group*

8. Agenda Paper 2 addresses a submission about how an entity applies the requirements in IFRS S2 related to measuring and disclosing GHG emissions, specifically in circumstances in which the reporting entity is a consolidated accounting group (group) and there are transactions between entities within the group.

9. As part of explaining the rationale for the question, the submission included an example. The example poses the question in the context of the sale of a product between a subsidiary and its parent with the following fact pattern:

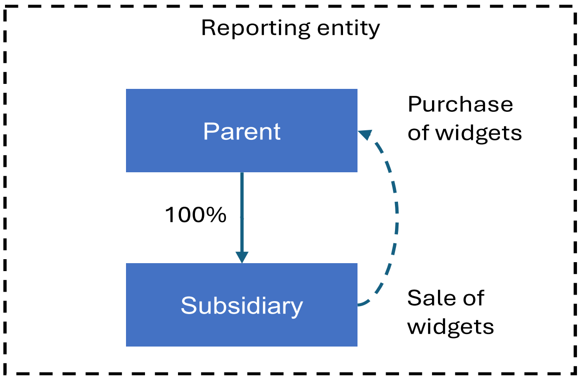
   (a) The reporting entity consists of a parent and a wholly-owned subsidiary.

   (b) The subsidiary manufactures widgets by purchasing raw materials and, through manufacturing processes, creating widgets.

   (c) During the reporting period the subsidiary sells widgets to its parent (the transaction).

   (d) The reporting entity prepares sustainability-related financial disclosures applying ISSB Standards.

Figure A: Example of a transaction between entities within a group



10. The submission asks whether GHG emissions attributable to the intercompany transaction should be included in the group's measure of GHG emissions.[3,4]

11. Agenda Paper 2 sets out the requirements in IFRS S1 that are relevant to the submission:

    (a) paragraph 8 of IFRS S1 specifies that an entity is not required to apply a particular set of generally accepted accounting principles or practices (GAAP) when applying IFRS Sustainability Disclosure Standards;

    (b) paragraph 20 of IFRS S1 states that an entity's sustainability-related financial disclosures shall be for the same reporting entity as the related financial statements;

    (c) paragraph B38 of IFRS S1 provides an example in which an entity prepares it sustainability-related financial disclosures for a parent and its subsidiaries presented as those of a single reporting entity because the entity's related financial statements are consolidated financial statements (so for a parent and its subsidiaries presented as those of a single reporting entity); and

    (d) paragraph 29(a) of IFRS S2 sets out the requirements for disclosing Scope 1, Scope 2 and Scope 3 GHG emissions.

12. In response to the submission, the staff's view is that if an entity's related financial statements are that of a group, the sustainability-related financial disclosures provided applying ISSB Standards must reflect the group as a single economic entity. As a result the GHG emissions attributable to intercompany transactions that do not exist from the group's perspective, are not included in the measurement of the group's GHG emissions.

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[3] The submission also asks in the scenario in which an associate or joint venture—rather than a subsidiary—sells widgets to a member of the group, whether GHG emissions attributable to the transaction should be included in the group's measure of GHG emissions. The staff did not address this question at this point in time because the International Accounting Standards Board (IASB) is currently working on a project related to this topic. The project—which aims to reduce diversity in practice related to the application of the equity method for investments in associates and joint ventures applying IAS 28 Investments in Associates and Joint Ventures—includes consideration as to how transactions between an investor and its associate or joint venture are reflected in the equity method. Refer to the IASB project page for more information: Equity Method.

[4] Transactions between entities within the consolidated accounting group (reporting entity) are generally referred to as intercompany transactions in GAAP. For the purposes of this paper, the staff have used this term in the same way.

13. The staff's view is supported by analysis of (1) the reporting entity requirements in IFRS S1 and the concept of a group as a single economic entity (2) the application of that concept in the preparation of consolidated financial statements and (3) how that concept would apply in the preparation of sustainability-related financial disclosures for a group:

(a) *the requirements related to the reporting entity and the concept of a group of entities representing a single economic entity*: The staff analysis notes that paragraph 20 of IFRS S1 requires the reporting entity for sustainability-related financial disclosures to be the same as that for the related financial statements. Paragraph 8 of IFRS S1 specifies that an entity is not required to apply a particular set of accounting requirements. Therefore, the reporting entity for sustainability-related financial disclosures is determined by the GAAP used in preparing the related financial statements. In the case of consolidated financial statements, generally—including those prepared in accordance with IFRS Accounting Standards and US GAAP—a group of entities comprising a parent and its subsidiaries is a single economic entity. The alignment of the reporting entity for the sustainability-related financial disclosures and the related financial statements is a conceptual foundation of ISSB Standards that supports the provision of connected information.

(b) *the preparation of a reporting entity's consolidated financial statements to reflect a group as a single economic entity;* The staff analysis analogises to the application of accounting concepts. In particular, the analysis notes that in the preparation of a reporting entity's consolidated financial statements, to present information about the group as a single economic entity, the transactions between members of the group—recognised in the individual financial statements of entities within the group—are eliminated.[5] For example, applying IFRS Accounting Standards, the sale of goods between a parent and its wholly-owned subsidiary would be 'eliminated' in the consolidated financial statements. This is generally referred to as an 'intercompany

[5] The staff note that some effects that arise as a result of intercompany transactions might not be eliminated on consolidation, such as the those arising from foreign exchange exposures.

elimination' such that the group's financial performance and position reflects transactions and other events from the perspective of the group as a single economic entity. Paragraphs 23-26 of Agenda Paper 2 illustrate this concept using the fact pattern submitted.

(c) *the preparation of a reporting entity's sustainability-related financial disclosures to reflect a group as a single economic entity:* The staff analysis notes that, because the concept of the reporting entity is the same in both the financial statements and sustainability-related financial disclosures, intercompany transactions are treated the same way in the consolidated financial statements and the sustainability-related financial disclosures. Therefore, because intercompany transactions are eliminated in the consolidated financial statements to reflect the group as a single economic entity, they would also be eliminated for purposes of the sustainability-related financial disclosures. Thus, only GHG emissions that are attributable to the group—from the perspective of the group as single economic entity—are captured. The identification of intercompany transactions to eliminate in the preparation of the related financial statements is therefore useful in the preparation of the sustainability-related financial disclosures.

14. The staff analysis applies the concept of the group as a single economic entity to the example included in the submission (the example is set out in paragraph 9 of this paper). Applying the concept, the staff's view is that GHG emissions attributable to the purchase of widgets (by the parent) and the sale of widgets (by the subsidiary) would not be reflected from the group's perspective. This is because from the perspective of the group as a single economic entity, the widgets have not been sold externally and as a result from the group's perspective a transaction did not take place.

15. However, the transportation of the widgets from the subsidiary to the parent did occur from the perspective of the group, so the GHG emissions attributable to transportation—whether those are emitted by vehicles owned by the subsidiary or an entity outside the group—are included in the group's measurement of GHG emissions. The inclusion of GHG emissions attributable to transportation highlights that a group's measure of GHG emissions might include emissions *related* to

intercompany transactions. This is because activities related to an intercompany transaction could still represent activities from the group's perspective, such as the transportation of widgets from the subsidiary to the parent in the example submitted. An entity needs to consider the perspective of the group and only reflect GHG emissions attributable to activities which reflect this perspective.

16. ISSB Standards do not prescribe a particular way to prepare the required information. An entity could measure the GHG emissions at the group level by identifying the GHG emissions that are a consequence of activities from the perspective of the group as a single economic entity ('top-down' approach), ie as outlined in paragraphs 14-15 of this paper. Alternatively, an entity could measure the GHG emissions of the group by taking a similar approach to that often used in the preparation of consolidated financial statements, that is calculating GHG emissions for the parent and each individual subsidiary and then making necessary adjustments to eliminate GHG emissions related to intercompany transactions to reflect the perspective of the group's GHG emissions as a single economic entity ('bottom-up' approach). This approach is illustrated in the Appendix of Agenda Paper 2.

17. Regardless of the approach taken, an entity will need to ensure that the measurement of GHG emissions reflects the emissions from the perspective of the group as a single economic entity if the related financial statements are consolidated.

18. Agenda Paper 2 notes that ISSB Standards require GHG emissions to be measured using the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (GHG Protocol Corporate Standard). The application of the GHG Protocol Corporate Standard does not affect the representation of the group as a single economic entity. Irrespective of the approach taken to measure emissions (ie whether the equity share or control approach is applied) the emissions reflected must be those of the reporting entity. The choice made in applying the GHG Protocol Corporate

Standard only affects whether GHG emissions attributable to the single economic entity are reflected as either direct or indirect emissions.[6]

TIG members discussion

19. TIG members discussed the analysis in Agenda Paper 2. Overall, TIG members expressed agreement with the staff analysis and staff view.

20. TIG members emphasised particular points in the paper and shared feedback that could be useful regarding the application of the requirements. Specifically, TIG members:

    (a) noted that the paper clearly explains the concept of reflecting the perspective of a group as a single economic entity and how this concept applies to the measurement of GHG emissions. TIG members also shared observations that the paper is helpful for those that may not be familiar with financial accounting and for those that may not be familiar with how to apply financial accounting concepts to GHG emissions measurement.

    (b) appreciated the technical analysis, however, they emphasised that it was most important and helpful to focus on the principle of reflecting GHG emissions from the perspective of the group as a single economic entity, rather than focusing on the process.

    (c) noted that the approach to measuring and disclosing GHG emissions related to the intercompany transaction described in the paper is logical and aligns with practice, in which GHG emissions related to intercompany transactions are excluded from the measurement of a group's GHG emissions.

    (d) shared reflections about what they have seen in practice to measure GHG emissions from the group's perspective, which included both the preparation of a group's measure of GHG emissions through:

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[6] See the educational material *Greenhouse Gas Emissions Disclosure requirements applying IFRS S2 Climate-related Disclosures* for additional guidance about the use of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (GHG Protocol Corporate Standard) applying IFRS S2. Specifically, Question 2 in relation to the required use of GHG Protocol Standards applying IFRS S2 and Question 6 for the interaction between the reporting entity and the selection of a measurement approach using the GHG Protocol Corporate Standard.

(i) a consolidation process including intercompany eliminations (bottom-up approach)—as illustrated in the Appendix of Agenda Paper 2—which is generally used in the preparation of consolidated financial statements; and

(ii) a group-level process to identify and measure GHG emissions (top-down approach) which several TIG members noted is used more often in the preparation of sustainability-related financial disclosures for a group at this point in time.

(e) agreed with the staff analysis that ISSB Standards do not require a particular approach to be taken but found it useful that an illustration of the bottom-up approach was used to explain the principle. TIG members noted that companies take different approaches based on their facts and circumstances such as if an entity's jurisdiction has a requirement for standalone sustainability reporting for a member of the group (consistent with the points noted in paragraph 30 of Agenda Paper 2).

(f) noted that intercompany eliminations in the consolidated financial statements following a bottom-up approach generally involve the offsetting of equal amounts, for example, the elimination of the amount of intercompany payables against intercompany receivables for a particular transaction. However, this might not be possible for GHG emissions as amounts measured by the relevant group entities might not be equal and offsetting. Nevertheless, in both cases, the principle is that the amounts related to the intercompany transaction is eliminated.

(g) noted that companies that operate in multiple jurisdictions, including via subsidiaries, may have jurisdictional GHG emissions reporting requirements at different levels in the group and that the paper is also useful in explaining the approach to measuring GHG emissions for subsidiaries. In explaining the concept of reflecting the group perspective, the paper highlights that the subsidiary (and parent only) perspective is different from the group perspective. So, in the example submitted, from the subsidiary perspective a sale did occur and therefore GHG emissions attributed to that sale need to be included in the subsidiary's measurement of GHG emissions despite not being included in the group's measurement of GHG emissions.

(h) acknowledged that there are other sources of GHG emissions related to intercompany transactions—in addition to those from transportation that were included in the example in the submission—that may, depending on the particular fact pattern, reflect emissions that have occurred at the group level and thus should be reflected in the measurement of the group's GHG emissions.

21. TIG members shared practical insights related to measuring and disclosing greenhouse gas (GHG) emissions in circumstances in which the reporting entity is a group and there are transactions between entities within the group. Specifically, TIG members:

(a) emphasised that the approach taken may be influenced by how an entity (and the group) links its systems for the preparation of financial statements with systems and processes for reporting sustainability-related financial disclosures. A TIG member also noted the importance of controls and documentation as part of the preparation of sustainability-related financial disclosures in addition to systems and processes.

(b) noted that because of the current state of GHG emissions data that is available, as well as evolving methodological developments, at this point in time many companies are measuring GHG emissions using a top-down approach.

(c) noted that the paper focuses on transactions between group companies (in particular, a parent and its subsidiary) but that the question of the measurement of GHG emissions when transactions have occurred with associates and joint ventures is also important.

Agenda Paper 3 *Scope 3 GHG emissions applying IFRS S2*

22. Agenda Paper 3 addresses a submission about whether the requirement in IFRS S2 to measure and disclose Scope 3 greenhouse gas (GHG) emissions is limited to

emissions captured by the 15 categories in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) (GHG Protocol Value Chain Standard).

23. The implementation question has been asked because the IFRS S2 definition of Scope 3 GHG emissions uses the word 'include' when referring to the 15 categories—that is, indicating the 15 categories are a non-exhaustive list and thus Scope 3 GHG emissions include emissions beyond those captured by the 15 categories—whereas market practice has been to focus the disclosure of Scope 3 GHG emissions to the 15 categories. The submission also refers to paragraph B32 of IFRS S2 which states that an entity is required to consider its entire value chain and all 15 categories as described in the GHG Protocol Value Chain Standard.

24. This question is important for entities applying IFRS S2 that are exposed to climate-related transition risk related to upstream or downstream activities that are not captured by the 15 categories. As an example of this scenario, the submission notes that service companies could be considered to have indirect emissions associated with the services they provide that may not be captured within the 15 categories.

25. Agenda Paper 3 sets out the requirements in IFRS S1 that are relevant to the submission:

   (a) Paragraph 29(a)(i)(3) of IFRS S2 sets out the requirement to disclose Scope 3 GHG emissions;

   (b) Paragraph 29(a)(vi)(1) of IFRS S2 sets out a specific requirement to disclose the categories included within an entity's measure of Scope 3 GHG emissions;

   (c) Appendix A of IFRS S2 provides the definition of 'Scope 3 greenhouse gas emissions' and the definition of 'Scope 3 categories';

   (d) Paragraph B32 of IFRS S2 sets out specific requirements related to disclosing Scope 3 GHG emissions and specifies that an entity must consider all 15 categories of Scope 3 GHG emissions as described in the GHG Protocol Value Chain Standard;

(e) Paragraphs B33–B34 of IFRS S2 include requirements related to Scope 3 GHG emissions and reference the 15 categories; and

(f) Paragraphs BC80 and BC87 of the Basis for Conclusions on IFRS S2 also reference the 15 categories of Scope 3 GHG emissions.

26. The staff's view is that a reasonable reading of IFRS S2 is that an entity is required to include Scope 3 GHG emissions for the 15 categories but that emissions beyond those categories are ***not*** required to be measured. In arriving at this view, the staff note that the prominence of the 15 categories—including as it relates to specific disclosure requirements about Scope 3 GHG emissions—could reasonably be read as indicating a requirement to ensure GHG emissions from the 15 categories are included but that GHG emissions from other sources are not required to be measured. This includes that the definition of 'Scope 3 categories' in Appendix A of IFRS S2 states that Scope 3 GHG emissions *are* categorised into the 15 categories. This wording could be read as implying that all Scope 3 GHG emissions can be categorised into the 15 categories and thus the requirement to disclose Scope 3 GHG emissions is limited to those captured by the 15 categories.

27. Although the staff view is that the *requirement* to disclose Scope 3 GHG emissions is limited to the 15 categories, the staff acknowledge that the *definition* of Scope 3 GHG emissions in IFRS S2 is *not* limited to the 15 categories, because:

(a) the definition refers to indirect emissions from all of an entity's activities (that is, the activities in the entity's value chain); and

(b) the definition states that indirect emissions 'include' the 15 categories and the word 'include' is generally used in IFRS Standards to describe an open population.

28. In providing the staff view, the staff highlight that regardless of the specific requirements related to Scope 3 GHG emissions, an entity is required to provide material information about its climate-related risks and opportunities. Climate-related risks include climate-related transition risks. Therefore, entities that are exposed to climate-related transition risk related to upstream or downstream activities that are not

captured by the 15 categories would be required to provide material information about those activities (but that information is not required to be the amount of such GHG emissions).

29. The staff note in the agenda paper that there are many ways in which an entity might provide products or services that facilitate or otherwise are associated with indirect GHG emissions. The GHG Protocol Value Chain Standard includes some GHG emissions that could be described as capturing an entity's role in facilitating GHG emissions. For example, one category—category 15—includes GHG emissions attributable to debt underwriting activities that can be described as facilitated emissions. However, many other products or services could be described as facilitating emissions in a way that is not captured by the 15 categories. Agenda Paper 3 includes, in a staff note, examples of entities that provide services that are not captured by the 15 categories and apply IFRS S2 based on the read of Scope 3 GHG emissions requirements outlined in paragraph 26 of this paper. In such circumstances, providing additional material information to enable primary users to understand the entity's climate-related risks and opportunities *could* include disclosing GHG emissions attributed to services not captured by the 15 categories, or other information about those services.

TIG members discussion

30. TIG members discussed the analysis in Agenda Paper 3. Overall, TIG members expressed agreement with the staff analysis and supported the staff view that IFRS S2 could reasonably be read as ***not*** requiring an entity to measure and disclose Scope 3 GHG emissions beyond the 15 categories.

31. TIG members emphasised particular points in the paper and shared feedback that could be useful regarding the application of the requirements. Specifically, TIG members:

    (a) agreed with the staff view that the requirement to measure Scope 3 GHG emissions requires emissions from the 15 categories to be included but that GHG emissions from other sources are not required to be measured, noting the prominence of the 15 categories including as it relates to specific disclosure requirements.

(b) emphasised the point—expressed in paragraph 27 of Agenda Paper 3—that there is an overarching requirement to ensure that the objective in paragraph 1 of IFRS S2 is satisfied. That is, that an entity is required to disclose material information about its climate-related risks and opportunities, including information about climate-related transition risk. Many TIG members noted that if an entity has activities in its value chain that are not captured by the 15 categories of Scope 3 GHG emissions, and those activities give rise to climate-related risks and opportunities, the entity would be required to provide information about those activities to meet the overarching objective of IFRS S2. TIG members also emphasised that GHG emission metrics are *one* type of information about climate-related risks and opportunities, and that there are other types of information about climate-related risks and opportunities that can meet the disclosure objective of IFRS S2.

(c) noted that the list of disclosure requirements in paragraph 37 of Agenda Paper 3—such as the current and anticipated effects of climate-related risks on the entity's business model and value chain—highlights how the application of IFRS S2 results in material information being provided about climate-related transition risk including in a situation where an entity's activities are not captured by the 15 categories of Scope 3 GHG emissions.

(d) noted that if an entity has set a Scope 3 target that includes GHG emissions beyond the 15 categories, there are applicable requirements related to providing information about climate-related targets (paragraphs 33–35 of IFRS S2) including about the entity's performance against each target.

(e) emphasised the importance of the understandability of disclosures and transparency, for example, in applying the requirements in paragraph 29(a)(iii) of IFRS S2 to provide information about the measurement approach, inputs and assumptions an entity uses to measure its greenhouse gas emissions.

32. TIG members shared practical insights related to the disclosure of information about an entity's GHG emissions in the context of the paper. Specifically, TIG members noted that both qualitative or narrative information rather than quantitative information (GHG emissions) about activities that are not captured by the 15 categories might meet the overarching objective of IFRS S2.

Next steps

33. The timing of the next meeting of the TIG will be confirmed in due course. The TIG submissions log, included in the November 2025 TIG meeting materials, summarises implementation questions received as at 3 November 2025.