
ISSB meeting

Date	October 2025
Project	Amendments to Greenhouse Gas Emissions Disclosures (Amendments to IFRS S2)
Topic	Potential consequential amendments to the SASB Standards
Contacts	Tim Kasim (tkasim@ifrs.org) David Bolderston (david.bolderston@ifrs.org)

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.

Purpose

1. The ISSB agreed to finalise the [*Amendments to Greenhouse Gas Emissions Disclosures*](#) (prospective amendments to IFRS S2) in its September 2025 meeting. The prospective amendments would amend some of the disclosure requirements related to financed emissions in IFRS S2 *Climate-related Disclosures* that are replicated as metrics in the SASB Standards.
2. The purpose of this paper is to set out the staff analysis and recommendations on potential consequential amendments to the SASB Standards as a consequence of the prospective amendments to IFRS S2. The Exposure Draft *Amendments to Greenhouse Gas Emissions Disclosures* included the proposal to make consequential amendments to the SASB Standards.
3. At this meeting, the ISSB will be asked to vote on the staff recommendations.

Structure of the paper

4. This paper is structured as follows:

- (a) Summary of the staff recommendations ([paragraph 5](#));
- (b) Background ([paragraphs 6–12](#));
- (c) Staff analysis ([paragraphs 13–23](#));
- (d) Staff recommendations ([paragraphs 24–25](#));
- (e) Next step ([paragraph 26](#));
- (f) Questions for the ISSB ([paragraph 27](#)); and
- (g) Appendix A—Summary of the prospective amendments to IFRS S2 agreed by the ISSB.

Summary of the staff recommendations

5. The following table summarises the staff recommendations—set out in full in [paragraphs 24–25](#)—on the potential consequential amendments to the SASB Standards.

Table 1—Summary of the staff recommendations

Topic	SASB Standards
The measurement and disclosure of Scope 3 Category 15 GHG emissions	Amend the SASB Standards—amend the financed emissions metrics in the SASB Standards to maintain alignment with IFRS S2 by (1) cross-referencing to the IFRS S2 definition of ‘financed emissions’ and clarifying that an entity is permitted to exclude derivatives from the disclosure of financed emissions and (2) requiring an explanation of what is treated as a derivative for purpose of the exclusion
The use of the Global Industry Classification Standard (GICS) in applying requirements related to financed emissions	Amend the SASB Standards—amend the cross-references to IFRS S2 in the SASB Standards

Background

Amendments to Greenhouse Gas Emissions Disclosures

6. Since IFRS S2 was issued in June 2023, the ISSB has undertaken various activities to support the implementation of the Standard, including the creation of the Transition Implementation Group on IFRS S1 and IFRS S2 (TIG) to publicly discuss stakeholder implementation questions. Additionally, the ISSB has continued to engage with jurisdictions as part of jurisdictional processes to adopt or otherwise use IFRS Sustainability Disclosure Standards. These activities informed the ISSB about the challenges faced by entities in applying specific GHG emissions requirements in IFRS S2.
7. In April 2025, the ISSB published the Exposure Draft which sets out proposed targeted amendments to IFRS S2. These amendments were developed to support entities applying the Standard by reducing the complexity, risk of potential duplicative reporting and related costs associated with applying specific GHG emissions disclosure requirements in IFRS S2 while not significantly reducing the usefulness of information for users of general purpose financial reports. That Exposure Draft proposed that the SASB Standards be amended as a consequence of the proposed changes to IFRS S2 as outlined further below (see paragraph 11). The public consultation period for the Exposure Draft closed on 27 June 2025.
8. In July 2025, the ISSB discussed a summary of preliminary feedback on the Exposure Draft and considered aspects of each proposed amendment for redeliberation based on that feedback.
9. In September 2025, the ISSB continued discussing the feedback on the Exposure Draft and agreed to finalise the proposed amendments to IFRS S2 with some changes based on feedback from stakeholders (see [Appendix A](#)). The ISSB confirmed it was satisfied that it had complied with the applicable due process requirements and has undertaken sufficient consultation and analysis to begin balloting the amendments to IFRS S2 without re-exposure.

Alignment between the SASB Standards and ISSB Standards

10. The ISSB made consequential amendments to the SASB Standards when it issued IFRS S2 to align the climate-related content in the SASB Standards with IFRS S2. As part of those consequential amendments, the disclosure topic of financed emissions was added to the *Asset Management & Custody Activities*, *Commercial Banking* and *Insurance* SASB Standards to align the requirements to provide information about financed emissions with the requirements in IFRS S2. These consequential amendments were proposed to keep the SASB Standards aligned with the related content in the ISSB Standards. This alignment supports consistent application of the SASB Standards and reduces cost for preparers such as those using SASB Standards in preparation for implementing ISSB Standards, and also supports the comparability of the resulting disclosures.¹
11. As a consequence of proposing amendments to the IFRS S2 requirements that are related to financed emissions, the Exposure Draft proposing amendments to IFRS S2 included a proposal to amend the *Asset Management & Custody Activities*, *Commercial Banking* and *Insurance* SASB Standards to maintain this alignment. Table A1 of the Exposure Draft highlighted necessary changes in the disclosure topic of financed emissions of these SASB Standards, if the ISSB decides to proceed to amend IFRS S2.
12. Including potential consequential amendments to other Standards as part of an exposure draft is consistent with paragraph 6.2 of the [IFRS Foundation Due Process Handbook](#). While there are particular due process requirements available for the SASB Standards, amendments to the SASB Standards made as a consequence of the amendments to IFRS S2 could be balloted alongside the prospective amendments to IFRS S2 and, thus be subject to the same due process. This would improve efficiency of the standard-setting process for such consequential amendments.

¹ [Agenda Paper 6 of the May 2023 ISSB meeting](#) explains the reasons for adding the disclosure topic of financed emissions to the SASB Standards.

Staff analysis

13. The staff analysis focuses on amendments to IFRS S2 requirements that are replicated as metrics in the SASB Standards to identify the potential consequential amendments. The staff identified the requirements in paragraphs B61–B63 of IFRS S2 are replicated as metrics related to the disclosure topic of financed emissions in the SASB Standards. The prospective amendments to IFRS S2 would change these IFRS S2 requirements. Therefore, consideration for potential consequential amendments to the SASB Standards is necessary for these metrics to maintain alignment with IFRS S2.
14. The staff notes that the *Industry-based Guidance on Implementing IFRS S2* (IFRS S2 industry-based guidance) *does not* include the disclosure topic of financed emissions (unlike the SASB Standards). This is because the requirements related to financed emissions are provided in IFRS S2 rather than in the IFRS S2 industry-based guidance. Therefore no amendments are necessary to the IFRS S2 industry-based guidance.

Financed emissions disclosure topic in the SASB Standards

15. The disclosure topic of financed emissions is included in the *Asset Management & Custody Activities*, *Commercial Banking* and *Insurance* SASB Standards. This disclosure topic includes financed emissions metrics that are identical to the requirements to disclose additional information about an entity's financed emissions in paragraphs B61–B63 of IFRS S2. It also includes cross-references to those paragraphs for preparing the financed emissions metrics.
16. For example, the *Commercial Banking* SASB Standard includes the following metric which is identical to the requirement in paragraph B62(a) of IFRS S2 and includes a cross-reference to paragraph B62 of IFRS S2 for preparing the disclosure.

FN-CB-410b.1. Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3

- 1 The entity shall disclose its absolute gross financed emissions, disaggregated by Scope 1, Scope 2, and Scope 3 emissions for each industry by asset class.
- 1.1 In preparing this disclosure, the entity shall apply the requirements for measuring greenhouse gas emissions in accordance with paragraph 29(a) of IFRS S2 *Climate-related Disclosures* (S2) and the corresponding requirements in paragraph B62 for entities with commercial banking activities.
- 1.2 In applying paragraph B62 of S2, the entity shall apply the principles of aggregation and disaggregation from paragraphs B29 and B30 of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*.

Measurement and disclosure of Scope 3 Category 15 GHG emissions

17. The *Asset Management & Custody Activities, Commercial Banking and Insurance* SASB Standards include a financed emissions metric relating to the disclosure of absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 (see paragraphs 15–16). The prospective amendments to IFRS S2 would change the requirement for an entity to disclose Scope 3 Category 15 GHG emissions in accordance with paragraph 29(a)(i)(3) of IFRS S2 by clarifying the scope of GHG emissions required to be measured.
18. The prospective amendments to IFRS S2 that were agreed by the ISSB in September 2025 would clarify that an entity is permitted to limit what is included in its measurement and disclosure of Scope 3 Category 15 GHG emissions to *financed emissions*, as defined by IFRS S2. The related metrics in the SASB Standards already

refers to financed emissions, therefore there is arguably no need to include the scope limitation in the SASB Standards. The scope of the requirement in IFRS S2 would be aligned with the SASB Standards so long as both Standards adopt the same definition of ‘financed emissions’. To reinforce that financed emissions is defined using the same definition as in IFRS S2, the ISSB could add a cross-reference to the IFRS S2 definition of financed emissions in the SASB Standards.²

19. The ISSB agreed to add a requirement in IFRS S2 to disclose the total Category 15 GHG emissions and the financed emissions included in that total. The requirement provides transparency about the extent to which an entity limits their measurement and disclosure of Category 15 GHG emissions when applying the permitted limitation. The staff believe that this requirement is not needed in the SASB Standards as the relevant metric is *limited* to financed emissions.
20. In addition, the ISSB agreed that the amendments to IFRS S2 would clarify that for the purposes of this limitation, an entity is permitted to exclude any GHG emissions associated with derivatives. This clarification was considered necessary because by simply referencing financed emissions it might not be clear that the proposed amendment would permit an entity to exclude emissions associated with derivatives. Therefore, the staff believes that it would be beneficial to support clarity to also provide this clarification in the SASB Standards to ensure alignment between the requirements in IFRS S2 and the related content in the SASB Standards.
21. Additionally, the ISSB agreed that an entity that limits its disclosure to financed emissions would be required to:
 - (a) *describe the financial activities excluded*: this disclosure requirement would not be needed in the SASB Standards because it relates to how an entity has applied the limitation to its Scope 3 Category 15 GHG emissions. The staff

² IFRS S2 defines ‘financed emissions’ as the portion of gross greenhouse gas emissions of an investee or counterparty attributed to the loans and investments made by an entity to the investee or counterparty. These emissions are part of Scope 3 Category 15 (investments) as defined in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

believe that this disclosure is not necessary because the scope of the related metrics in the SASB Standards is already limited to financed emissions.

- (b) *explain what it treated as a derivative for the purpose of applying the limitation:* the staff believe that this disclosure requirement would be needed if the SASB Standards are amended—consistent with IFRS S2—to permit entities to exclude derivatives from its financed emissions disclosure, consistent with IFRS S2 (see paragraph 20). This would support the comparability of information provided applying the SASB Standards as a standalone resource and those provided applying IFRS S2.

The use of GICS in applying requirements related to financed emissions

22. The *Commercial Banking and Insurance* SASB Standards cross-reference paragraphs B62 and B63 of IFRS S2 respectively for the corresponding requirements for preparing the financed emissions information. The amendments to IFRS S2 agreed by the ISSB would change these IFRS S2 paragraphs and potentially add new paragraphs. Therefore, the cross-references to paragraphs B62–B63 of IFRS S2 in the SASB Standards would need to be updated to incorporate the new paragraphs setting out the amended IFRS S2 requirements.
23. The staff notes that the *Investment Banking & Brokerage* SASB Standard includes a reference to GICS. However the metrics in that Standard are not related to disaggregating information related to financed emissions. These metrics are not directly related to the matter proposed in the Exposure Draft and, thus the staff believes that this matter is beyond the scope of the consequential amendments.³ Therefore the staff proposes that no changes be made to the SASB Standards at this time in relation to these paragraphs.⁴

³ *Investment Banking & Brokerage* SASB Standard includes metrics which reference GICS related to (1) classifying transactions when disaggregating revenue by industry (FN-IB-410a.1) and (2) for classifying investees and borrowers when disaggregating the number and total value of investments and loans (FN-IB-410a.2).

⁴ An identical reference to GICS is also made in the *Investment Banking & Brokerage* volume of the IFRS S2 industry-based guidance and this is also beyond the scope of the consequential amendments. This reference is not expected to pose the same application challenges that the prospective amendments to IFRS S2 seeks to address. This is because, although consideration of the applicability of the IFRS S2 industry-based guidance is required, application itself is not required (see [Using ISSB Industry-based Guidance when applying ISSB Standards](#)).

Staff recommendations

24. The staff recommends the ISSB amends the SASB Standards to align with the prospective amendments to IFRS S2 agreed by the ISSB in September 2025 relating to the measurement and disclosure of Scope 3 Category 15 GHG emissions (see [paragraphs 17–21](#)). Specifically, the recommendation is to amend the financed emissions metrics in the *Asset Management & Custody Activities*, *Commercial Banking* and *Insurance* SASB Standards by:
- (a) cross-referencing to the IFRS S2 definition of ‘financed emissions’ and clarifying that an entity is permitted to exclude GHG emissions attributable to derivatives when disclosing the financed emissions metrics in those SASB Standards.
 - (b) requiring an entity, that has excluded GHG emissions attributable to derivatives, to explain what it treated as a derivative for the purpose of the exclusion to enable an understanding of how it applied the relief, such as by describing whether the items meet the definition of a derivative in accordance with the generally accepted accounting principles or practices applied (GAAP) applied in the related financial statements.
25. The staff also recommends the ISSB amends the SASB Standards to align with the prospective amendments to IFRS S2 agreed by the ISSB in September 2025 relating to the use of GICS in applying requirements related to financed emissions (see [paragraphs 22–23](#))—by updating the cross-references to paragraphs B62–B63 of IFRS S2 in the *Commercial Banking* and *Insurance* SASB Standards to reflect the changes in IFRS S2.

Next step

26. Subject to the ISSB’s decisions at this meeting, the staff suggests that the consequential amendments to the SASB Standards be balloted alongside the prospective amendments to IFRS S2. The plan is to issue the amendments to IFRS S2 and these consequential amendments to the SASB Standards in December 2025.

Questions for the ISSB

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

Questions for the ISSB

1. Do you have any comments or questions on the materials presented in this paper?
2. Do you agree with the staff recommendation set out in [paragraph 24](#) to amend the financed emissions metrics in the *Asset Management & Custody Activities*, *Commercial Banking* and *Insurance* SASB Standards by:
 - a) cross-referencing to the IFRS S2 definition of ‘financed emissions’ and clarifying that an entity is permitted to exclude GHG emissions attributable to derivatives when disclosing the financed emissions metrics in those SASB Standards?
 - b) requiring an entity, that has excluded GHG emissions attributable to derivatives, to explain what it treated as a derivative for the purpose of the exclusion to enable an understanding of how it applied the relief, such as by describing whether the items meet the definition of a derivative in accordance with the GAAP applied in the related financial statements?
3. Do you agree with the staff recommendation set out in [paragraph 25](#) to update the cross-references to paragraphs B62–B63 of IFRS S2 in the *Commercial Banking* and *Insurance* SASB Standards to reflect the changes in IFRS S2?

Appendix A—Summary of the prospective amendments to IFRS S2 agreed by the ISSB

A1. The ISSB's tentative decisions on the prospective amendments to IFRS S2 is summarised in the [ISSB Update September 2025](#). An extract of this summary is reproduced below.

(...)

Relief from measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions beyond financed emissions (Agenda Paper 9A)

The ISSB tentatively decided to finalise the proposed relief from the requirements to measure and disclose Category 15 GHG emissions beyond financed emissions (relief).

All 12 ISSB members present agreed with this decision. Two members were absent.

The ISSB also tentatively decided:

- a. to clarify the intention of the relief in the amended *Basis for Conclusions on IFRS S2 Climate-related Disclosures*; and
- b. to continue monitoring developments in measurement methodologies for Category 15 GHG emissions.

All 12 ISSB members present agreed with this decision. Two members were absent.

Disclosure requirements for use of the relief related to Scope 3 Category 15 greenhouse gas emissions (Agenda Paper 9B)

The ISSB tentatively decided to finalise the proposed requirement to disclose information about what an entity excludes from Category 15 GHG emissions when using the relief, subject to:

- a. replacing the requirement to disclose the amount of derivatives and financial activities excluded from an entity's measurement and disclosure of Category 15 GHG emissions with a requirement to describe the financial activities excluded, including activities associated with derivatives.

Eleven of the 12 ISSB members present agreed with this decision. Two members were absent.

- b. requiring that an entity explain what it treated as a derivative for the purpose of applying the relief to enable an understanding of how it applied the relief, such as by describing whether the items meet the definition of a derivative in accordance with the generally accepted accounting principles or practices applied in the related financial statements.

Nine of the 12 ISSB members present agreed with this decision. Two members were absent.

- c. adding a requirement to disclose the total Category 15 GHG emissions and a subtotal of the financed emissions that are included within the entity's measurement and disclosure of Category 15 GHG emissions, if the entity includes GHG emissions beyond financed emissions.

All 12 ISSB members present agreed with this decision. Two members were absent.

- d. The ISSB also tentatively decided to provide guidance to explain the objective of the requirements related to the disclosure of financial activities excluded from Category 15 GHG emissions.

Eleven of the 12 ISSB members present agreed with this decision. Two members were absent.

Use of Global Industry Classification Standard (GICS) in applying specific requirements related to financed emissions (Agenda Paper 9C)

The ISSB tentatively decided to finalise the proposal to amend the requirement to use GICS to disaggregate financed emissions information by industry, subject to replacing the hierarchy of industry-classification systems set out in the Exposure Draft with a less prescriptive approach. The ISSB based this approach on an aspect of the proposal set out in paragraphs B62B(d) and B63B(d) of the Exposure Draft. This approach would require an entity that participates in commercial banking or insurance activities:

- a. to select an industry-classification system that enables it to classify counterparties by industry in a manner that results in information that is useful for understanding the entity's exposure to climate-related transition risks; and
- b. to prioritise—with all else being equal—selecting a commonly used industry-classification system that would support the comparability of information between entities.

All 12 ISSB members present agreed with this decision. Two members were absent.

The ISSB tentatively decided to finalise the proposed requirement for an entity to select and use a single industry-classification system, subject to clarifying that an entity that participates in both commercial banking and insurance activities is not required to use the same industry-classification system to classify counterparties for its commercial banking and insurance activities when disaggregating financed emissions information by industry.

All 12 ISSB members present agreed with this decision. Two members were absent.

The ISSB also tentatively decided to finalise the proposed requirement to disclose information about the industry-classification system used, with minor changes to reflect the ISSB's decision to take a less prescriptive approach. The requirement would require an entity to disclose:

- a. the industry-classification system used to disaggregate the entity's financed emissions information by industry; and
- b. the reason, or reasons, for the entity's choice of industry-classification system and how using that system enables the entity to classify counterparties by industry in a manner that results in information that is useful for understanding the entity's exposure to climate-related transition risks.

All 12 ISSB members present agreed with this decision. Two members were absent.

(...)