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## ISSB meeting

Date	<b>September 2025</b>
Project	<b>Amendments to Greenhouse Gas Emissions Disclosures (Amendments to IFRS S2)</b>
Topic	<b>Effective date and transition</b>
Contacts	<b>Tim Kasim (<a href="mailto:tkasim@ifrs.org">tkasim@ifrs.org</a>)</b> <b>David Bolderston (<a href="mailto:david.bolderston@ifrs.org">david.bolderston@ifrs.org</a>)</b>

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<sup>®</sup> Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the ISSB Update.

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## Purpose

1. In April 2025, the International Sustainability Standards Board (ISSB) published the [Exposure Draft \*Amendments to Greenhouse Gas Emissions Disclosures\*](#). The Exposure Draft sets out proposed targeted amendments to IFRS S2 *Climate-related Disclosures* in response to application challenges related to greenhouse gas (GHG) emissions requirements.
2. Agenda Paper 9 sets out the structure of the agenda papers for this meeting, background on the proposed amendments to IFRS S2, the summary statistics of stakeholder feedback, and the next steps.
3. This paper focuses on the effective date and transition for the amendments.
4. At this meeting, the ISSB will be asked to vote on the staff recommendations on the effective date and transition for the amendments.

## Structure of the paper

5. This paper is structured as follows:

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- (a) Overview of the proposal;
  - (b) Feedback summary;
  - (c) Staff analysis of stakeholder feedback;
  - (d) Staff recommendations;
  - (e) Questions for the ISSB; and
  - (f) Appendix A—Extracts from Questions for respondents in the Exposure Draft.

## Overview of the proposal

6. The Exposure Draft proposes setting an effective date such that the amendments would be effective as soon as possible and permit early application to enable an entity to apply the amendments. The reasons for this are:
- (a) the nature of the amendments—the amendments are narrow in scope, targeted and directly respond to challenges raised by stakeholders by providing additional relief or clarifying existing relief in IFRS S2.
  - (b) the urgency of the amendments—many entities and jurisdictions are already in the process of implementing, adopting or otherwise using IFRS S2. These stakeholders might want to apply the amendments at the same time as the implementation and adoption of the Standard.

## Feedback summary

7. Almost all respondents agree with Question 5 in the Exposure Draft which asks about the proposal to set an early effective date for the amendments and permit early applications. Of these respondents, some highlighted the importance of an early effective date and permitting early application to support entities' implementation of IFRS S2 as the amendments would address the application challenges identified during the implementation phase of the Standard. A few also said that they agree with

this approach because the amendments provide clarification and additional relief which would make it easier for entities and reduce the costs of application.

European insurers support the ISSB's proposal to make the amendments to IFRS S2 effective as soon as possible, with the option for early application. Given the narrow, targeted nature of the amendments and their focus on clarifying or easing existing requirements, (re)insurers welcome the ability to apply them without delay. This approach is especially appropriate as many insurance companies and jurisdictions are already in the midst of implementing or aligning with IFRS S2, and the timely application of these amendments would help ensure consistency, reduce compliance burdens, and avoid unnecessary duplication of reporting efforts. (Comment letter 118: European Insurance CFO Forum).

8. A few respondents disagree and neither agree nor disagree with Question 5 in the Exposure Draft. Some respondents who disagree or neither agree nor disagree highlight concerns about the potential additional burden for entities resulting from specific aspects of the proposed amendments. For example, the Sustainability Standards Boards of Japan (SSBJ) said that the proposed disclosure requirements for entities applying the Category 15 relief (see Agenda Paper 9A) and the proposed hierarchy of industry-classification systems (see Agenda Paper 9B) might necessitate changes to entities' existing reporting practice and the ISSB should allow sufficient time, if the ISSB decides to finalise the amendments as proposed.
9. Apart from commenting on the effective date, a few respondents highlighted the importance of considering the time needed for jurisdictions to incorporate the amendments into their regulatory framework. For example, the SSBJ said that jurisdictions would need sufficient time to incorporate the amendments into their regulatory framework.

10. A few respondents asked about whether an entity applying the proposed relief would be required to disclose revised comparative information. Of these respondents, a few suggested that the ISSB provide clarification about whether comparatives would be required to be revised and a few suggest the ISSB provide a transition relief to make it easier to apply the proposed relief by exempting entities applying the proposed relief that had previously reported using IFRS S2 from disclosing revised comparative information.

## Staff analysis of stakeholder feedback

### *Effective date*

11. The feedback shows overwhelming support for setting an early effective date and permitting early application for the amendments. A few respondents highlighted the importance of considering any additional costs or burden to entities resulting from the amendments in setting the amendments' effective date. The staff believes that any additional costs or burden would be limited as the amendments proposed are (1) optional and (2) intended to make it easier for entities to apply IFRS S2 and, thus would result in lower costs and burden to entities. Agenda Paper 9A–9D provides analysis of stakeholder feedback and how the ISSB could respond to the feedback to ensure that the amendments would meet the intended objective of making it easier for entities to apply IFRS S2, while considering the information needs of primary users of general purpose financial reports (primary users).
12. Assuming that the ISSB votes in favour of the staff recommendations the overall changes would introduce reliefs about the breadth of coverage of Scope 3 Category 15 GHG emissions disclosure, not requiring the use of Global Industry Classification Standard (GICS) for disaggregation of financed emissions information by industry and incremental jurisdictional relief in respect of the measurement of GHG emissions. These reliefs are accompanied by some disclosures to support transparency. This includes:

- (a) information about the financial activities excluded from an entity's Category 15 Scope 3 GHG emissions amounts;
  - (b) information about the industry-classification system used to disaggregate financed emissions information by industry and the reason for using that system;
  - (c) incremental information about the measurement methods other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (GHG Protocol) that an entity has used and the disaggregation of the amount of GHG emissions measured using those methods (when material); and<sup>1</sup>
  - (d) incremental information about the global warming potential (GWP) values used other than those required by IFRS S2 and the disaggregation of the amount of GHG emissions measured using those GWP values (when material).<sup>2</sup>
13. However, items (b)–(d) in paragraph 12 are either straightforward qualitative explanations or potential disaggregation of amounts that an entity must calculate in order to apply IFRS S2 as a consequence of applying the relief. Further, if the ISSB votes in favour of the staff recommendation in respect of item (a) above, this information would have been changed to being qualitative in nature so it is not expected to be burdensome to prepare. Consequently, the staff believes that, overall, the nature of the changes support setting an early effective date and permitting early application would support entities application of IFRS S2.
14. A few national standard-setters highlighted the importance of considering the time needed for jurisdictions to incorporate the amendments into their regulatory

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<sup>1</sup> An entity applying the amended jurisdictional relief from using the GHG Protocol Corporate Standard is required to disaggregate the amount of GHG emissions measured using the alternative methods, when material (paragraphs B29–B30 of IFRS S1).

<sup>2</sup> An entity applying the amended jurisdictional relief from using GWP values from the latest IPCC assessment is required to disclose the inputs and assumptions used to measure GHG emissions (paragraph 29(a)(iii)(1) of IFRS S2) and to disaggregate the amount of GHG emissions measured using the alternative GWP values, when material (paragraphs B29 and B30 of IFRS S1).

framework in setting the effective date of the amendments. The staff acknowledges that some national standard-setters and/ or regulators will need time to incorporate the amendments. For example, jurisdictions that have developed Standards that are designed to provide functionally aligned outcomes with ISSB Standards rather than directly referencing IFRS S2 will need to make amendments if they want to continue to be aligned with these aspects of IFRS S2.

15. The staff notes that the amendments relate to or provide optional reliefs that are designed in such a way that they would not affect jurisdictional alignment with IFRS Sustainability Disclosure Standards, even if a jurisdiction decides not to incorporate these amendments or is unable to set an effective date aligned to IFRS Sustainability Disclosure Standards because of additional time needed to incorporate the amendments into regulatory frameworks. However, the staff acknowledges that when jurisdictions want to retain the same options as those included in IFRS S2 that objective would be supported by setting an effective date that would facilitate completion of their processes prior to the effective date of the amendments to IFRS S2.

### ***Transition provisions for comparative information***

16. Transition provisions are provided in IFRS Standards essentially to set out how an entity *already using a Standard* treats any changes in reporting arising from amendments to the Standard. Transition reliefs provide approaches to make the application of a change in a Standard simpler for such entities. There are entities already applying the IFRS Sustainability Disclosure Standards and thus some respondents asked about the transition for those entities applying the amended requirements in the Standard.
17. A few respondents asked or suggested adding a transition relief to exempt entities that have already commenced application of IFRS S2 and that apply the new relief from the requirement to disclose revised comparative information in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (see

- paragraph 10). The Exposure Draft does not include any transition relief for comparative information.
18. IFRS S1 does not specifically address how amendments to IFRS Sustainability Disclosure Standards should be applied by entities (ie there are no default transition provisions). However, the staff note that IFRS S1 requires comparative information to be revised or restated, unless impracticable, in a number of circumstances including if an entity:
- (a) identifies new information in relation to an estimated amount disclosed in the preceding period (paragraph B50 of IFRS S1); or
  - (b) redefines or replaces a metric in the reporting period (paragraphs 52 and B52 of IFRS S1).
19. The purpose of such requirements are to support primary users' understanding of the trends in an entity's performance in relation to its sustainability-related risks and opportunities (see paragraph BC150 of the Basis for Conclusions on IFRS S1). For the avoidance of doubt as to whether the requirements in IFRS S1 would require adjustments to comparative information as a result of application of the proposed amendments the staff thinks that specific transition requirements should be provided to clarify the requirements for adjusting comparative information for entities applying the amended requirements. The staff thinks that such requirements should result in the provision of information that supports primary users' understanding of the trends in an entity's performance in relation to its sustainability-related risks and opportunities consistent with the purpose of these requirements in IFRS S1 outlined in paragraph 18 of this paper.
20. The staff thinks adjustments to comparative information as a result of applying the amendments in the reporting period would support primary users' understanding of trends, particularly adjustments to:
- (a) the disclosure of Scope 3 Category 15 GHG emissions in the preceding period to identify a subtotal of the financed emissions included (see Agenda Paper 9B);

- (b) the disaggregation of financed emissions information by industry in the preceding period so that it is provided consistently using an industry-classification selected in the reporting period (see Agenda Paper 9C); and
- (c) the amount of GHG emissions disclosed in the preceding period so that it is measured consistently using the jurisdictional measurement method and jurisdictional GWP values if an entity elects to use them in the reporting period (see Agenda Paper 9D).

*Potential costs and burden for adjusting comparative information*

21. The staff anticipates that the number of affected entities would be limited given the ISSB's timely response to propose the amendments before most jurisdictional requirements become effective. However the staff understands that some entities might be affected, for example: (1) entities that have been required to apply the Turkish Sustainability Reporting Standards for annual reporting periods starting on or after 1 January 2024 or (2) entities that have voluntarily applied sustainability-related financial disclosures in compliance with IFRS S1 and IFRS S2 for annual reporting periods starting on or after 1 January 2024.<sup>3</sup> The staff notes however that there are factors that mean the population of and potential costs and burden for entities affected would be further reduced (see paragraphs 22–25).
22. IFRS S2 includes transition reliefs intended to support entities in their first annual reporting period applying the Standard. The staff observes that these transition reliefs would significantly limit the extent to which entities would be affected as entities applying these existing transition reliefs in IFRS S2 would have no comparative information to adjust irrespective of the amendments:
- (a) *relief from disclosing comparative in the first annual reporting period (paragraph C3 of IFRS S2):* an entity commencing application of IFRS S2 after the amendments are issued would have the option to apply the

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<sup>3</sup> The effective date of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* is 1 January 2024.



amendments and not disclose comparative in its first annual reporting period, applying paragraph C3 of IFRS S2.

- (b) *relief from disclosing Scope 3 GHG emissions in the first annual reporting period (paragraph C4(b) of IFRS S2)*: an entity commencing application of IFRS S2 before or after the amendments are issued would have no comparative information to adjust for its Scope 3 GHG emissions disclosure if it opts not to disclose Scope 3 GHG emissions in its first annual reporting period, applying paragraph C4(b) of IFRS S2.

23. An entity applying the proposed amendments relating to the measurement and disclosure of Scope 3 Category 15 GHG emissions and the use of GICS for disaggregating financed emissions information would have no comparative information to adjust, if it applies the transition relief from disclosing Scope 3 GHG emissions in the first annual reporting period (paragraph C4(b) of IFRS S2). Consequently, the staff thinks the most likely areas affecting entities relate to the disclosures of Scope 1 and Scope 2 GHG emissions and apply the amended jurisdictional relief from using the GHG Protocol Corporate Standard and the GWP values from the latest IPCC assessment.
24. The staff anticipates that the costs and burden of disclosing revised comparative information would not be significant. The staff believes an entity would have most of the information needed to disclose revised comparative information applying such relief. For example, an entity that uses an alternative method for measuring GHG emissions for a part of the entity, that is subject to a jurisdictional requirement, would be able to use information about the GHG emissions for that part of the entity in the preceding period reported to meet that jurisdictional requirement.
25. Consequently, the staff believes that the potential costs to entities of disclosing a revised comparative amount are outweighed by the benefits of supporting primary users' understanding of trends.

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## Staff recommendations

26. The staff recommends the ISSB requires an effective date of 1 January 2027, with early application permitted, for the proposed amendments to IFRS S2. Such an effective date is aligned with the ISSB's proposed approach to make the amendments applicable as soon as possible to support entities' implementation and application of the Standards whilst supporting jurisdictions that choose to adopt the amendments to complete their processes prior to the effective date of the amendments to IFRS S2.
27. The staff recommends the ISSB requires an entity, in the first annual reporting period in which the entity applies the amendments, to adjust comparative information, unless it is impracticable to do so, such that:
- (a) if an entity disclosed Scope 3 Category 15 GHG emissions in the preceding period, a subtotal of the financed emissions is provided as if the new requirement been applied in the preceding period;
  - (b) if disaggregated financed emissions information by industry is provided in the preceding period, the industry-classification system applied as a result of the new requirements is reflected in the preceding period; and
  - (c) if the entity elects to use the jurisdictional relief from the use of GHG Protocol Corporate Standard or the GWP values required by IFRS S2 as a result of applying the amendments, the GHG emissions disclosed are adjusted such that they are measured as if that election was made in the preceding period.

## Questions for the ISSB

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

Questions for the ISSB
1. Do you have any comments or questions on the summary of stakeholder feedback and the staff analysis and recommendations presented in this paper?

**Questions for the ISSB**

2. Do you agree with the staff recommendation for the effective date of the proposed amendments to IFRS S2, as set out in [paragraph 26](#)?
3. Do you agree with the staff recommendation for the transition requirements for the proposed amendments to IFRS S2, as set out in [paragraph 27](#)?

## Appendix A—Extracts from Questions for respondents in the Exposure Draft

- A1. Question 5 in the Exposure Draft *Amendments to Greenhouse Gas Emissions Disclosures* is reproduced below.

Question 5—Effective date
<p>The ISSB proposes to add paragraphs C1A–C1B which would specify the effective date of the amendments. The ISSB expects the amendments would make it easier for entities to apply IFRS S2 and would support entities in implementing the Standard. Consequently, the ISSB proposes to set the effective date so that the amendments would be effective as early as possible and to permit early application.</p> <p>Paragraphs BC50–BC51 of the Basis for Conclusions describe the reasons for the proposal.</p> <p>Do you agree with the proposed approach for setting the effective date of the amendments and permitting early application? Why or why not?</p>