Transition Implementation Group on IFRS S1 and IFRS S2

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Topic	**Summary of Transition Implementation Group on IFRS S1 and IFRS S2 meeting held on 23 July 2026**
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Summary of the Transition Implementation Group on IFRS S1 and IFRS S2 (TIG) meeting held on 23 July 2026

1. The TIG met on 23 July 2026. These notes summarise the meeting discussion. A copy of this summary will be provided to the International Sustainability Standards Board (ISSB) at its next meeting in September 2026.

2. 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 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, to understand the implementation questions and share their views on the analysis.

3. At the July 2026 meeting TIG members discussed Agenda Paper 1 *Climate-related targets*. TIG members also received a copy of the submissions log, which includes all questions submitted to the TIG.[1]

[1] The July 2026 submissions log can be accessed at the following link: July 2026 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

Agenda Paper 1 *Climate-related targets*

4. Agenda Paper 1 addresses a question about the meaning of the term 'targets' used in the requirements about climate-related targets in IFRS S2. This question has been asked because IFRS S2 does not define the terms 'targets' or 'climate-related targets'.[2] Three specific questions were asked:

   (a) *Question 1*: Are the requirements in IFRS S2 to provide information about climate-related targets limited to greenhouse gas (GHG) emissions targets?

   (b) *Question 2*: Are the requirements in IFRS S2 to provide information about climate-related targets limited to things that are explicitly referred to or labelled as 'targets'? That is, do the requirements also apply to something that is not explicitly referred to as a 'target', such as a net-zero 'commitment'?

   (c) *Question 3*: Are the requirements in IFRS S2 to provide information about climate-related targets limited to targets approved by a particular governance or management body of the entity?

5. Agenda Paper 1 sets out the requirements in IFRS S2 that are relevant to the implementation question:

   (a) Paragraph 27 of IFRS S2 sets out the disclosure objective for metrics and targets;

   (b) Paragraph 28(c) of IFRS S2 sets out what an entity is required to disclose to achieve the objective in paragraph 27 of IFRS S2 in relation to the disclosure of climate-related targets;

   (c) Paragraph 33 of IFRS S2 sets out specific disclosure requirements on climate-related targets;

   (d) Paragraph 36 of IFRS S2 sets out additional disclosure requirements on GHG emissions targets; and

[2] The staff note that the TIG discussed a question about undefined terms in March 2024 and specifically about how different components of IFRS Sustainability Disclosure Standards and the related materials can be used to inform an understanding of disclosure requirements that use undefined terms and require the application of judgement. Therefore, in responding to this question the staff note that, in addition to this TIG summary, the TIG summary of the March 2024 TIG meeting can also be a helpful resource.

(e) Paragraph BC140 of the *Basis for Conclusions on IFRS S2* Climate-related Disclosures explains that IFRS S2 differentiates between climate-related targets and GHG emissions targets.

6. In response to Question 1, it is the staff's view that climate-related targets required to be disclosed by IFRS S2 are not limited to GHG emissions targets. The use of the word 'includes' in paragraph 33 of IFRS S2 means that a GHG emissions target is one example of a climate-related target and that not all climate-related targets are GHG emissions targets. Paragraph BC140 of the Basis for Conclusions on IFRS S2 confirms this and explains that there are other types of climate-related targets beyond GHG emissions targets that are in scope of the disclosure requirements on climate-related targets.

7. In response to Questions 2 and 3, it is the staff's view that climate-related targets required to be disclosed are not limited to things that are explicitly referred to or labelled as 'targets', or targets that have been approved by a particular governance or management body of the entity. This is because IFRS S2 does not specify that targets must be explicitly referred to or labelled as a 'target', nor does it specify that targets must be approved by a particular governance or management body.

8. The staff think that in some cases it will be clear that something is a climate-related target, such as a target to meet a specific level of GHG emissions that an entity is required to meet by law or regulation, and in other cases judgement might be required to make this determination. In applying judgement, the disclosure objective (paragraph 27 of IFRS S2) and related disclosure requirement (paragraph 28(c) of IFRS S2) on climate-related targets support an understanding of the meaning of the term 'targets' and what is in scope of the climate-related targets disclosure requirements.

9. The staff analysis in Agenda Paper 1 explains that the term 'climate-related targets' comprises both targets that are set by an entity and targets an entity is required to meet by law or regulation. The staff analysis also explains that in applying judgement to identify whether something is a climate-related target, an entity considers whether:

(a) it is used to mitigate or adapt to its climate-related risks or take advantage of its climate-related opportunities (for example, it has been set to respond to the entity's climate-related risks and opportunities);

(b) it provides information about an entity's performance in relation to such climate-related risks or opportunities; and

(c) progress toward the 'target' can be monitored or measured, such as through the use of metrics that are used by the entity's governance body or management.

10. In addition to these considerations, the staff analysis notes that the specific disclosure requirements in paragraph 33 of IFRS S2—which provide information about the characteristics of an entity's climate-related targets—are useful in understanding what is meant by 'climate-related targets' in practice.

11. In summary of the staff view, the staff notes that whether an entity explicitly refers to or labels something as a 'target' or whether something is approved by a particular governance or management body, does not determine if it is within the scope of IFRS S2 disclosure requirements about targets. Instead, an entity is required to consider the disclosure objective and the disclosure requirements related to targets and apply judgement. For example, whether a plan to reduce GHG emissions by X% by 20XX is referred to or labelled as a 'target', 'commitment' or 'objective' does not determine whether it is within the scope of IFRS S2. Instead, an entity considers the facts and circumstances related to the plan to reduce GHG emissions to address the entity's climate-related risks or opportunities and applies judgement considering the climate-related targets disclosure objective and related disclosure requirements.

12. In providing the staff view, the staff notes that as part of identifying targets to disclose in accordance with IFRS S2, an entity considers whether information about a climate-related target would be material. The staff notes that while IFRS S2 does not require a target to be approved by a particular governance or management body to be in scope of the climate-related targets requirements, whether a target has been approved by a particular body might be a factor to consider in determining whether information about the target would be material. For example, if a target *has* been approved by the board of directors of an entity, this could indicate that information about the target is

more likely to be material. Similarly, if the regulatory implications of not meeting a target would have significant consequences for the entity (such as the potential imposition of large fines), that could indicate that information about the target is more likely to be material.

13. The staff also notes that, ultimately, IFRS S2 requires an entity to disclose decision-useful information about its climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Information about an entity's strategy for managing those risks and opportunities includes information about an entity's response (including planned response) to mitigate or adapt to those risks and take advantage of those opportunities. Disclosing climate-related targets provides primary users with specificity about an entity's response to its climate-related risks and opportunities and how it is progressing against those plans, in addition to its performance and progress in relation to targets required by law or regulation.[3] This information, therefore, provides relevant information that supports primary users' understanding about both how an entity is managing its risks and opportunities as well as how an entity's prospects might be affected because of that response.

14. Agenda Paper 1 includes two examples to illustrate how an entity might identify climate-related targets by considering the related disclosure objective and the disclosure requirements. The examples illustrate different things that could be identified as climate-related targets.

Other considerations

15. The staff note in Agenda Paper 1 that Questions 2 and 3 could also be asked in relation to requirements on disclosures about targets in IFRS S1. Consistent with IFRS S2, in the staff's view, what is in scope of the IFRS S1 disclosure requirements about targets is not dependent either on something explicitly being called a 'target', or a target being approved by a specific governance or management body. Therefore, in

[3] The staff note that the connection between an entity's strategy to manage its climate-related risks and opportunities and information about targets is made in the Basis for Conclusions on IFRS S2. Specifically, paragraph BC51 of the Basis for Conclusions on IFRS S2 states that in the context of an entity's climate-related transition plan, an entity might set a target to reduce its GHG emissions. Disclosing information about such target would support primary users' understanding of the timing and pathway of the entity's plan to reduce its GHG emissions.

the absence of a definition of 'targets' in IFRS S1, an entity would apply judgement to determine what is meant by 'targets' by considering the disclosure objective and disclosure requirements on targets in IFRS S1.

16. The staff also note that other paragraphs of IFRS S2 require additional information to be provided about the targets identified applying paragraph 28(c) of IFRS S2 related to the governance of targets and the entity's strategy related to targets. The staff note these requirements highlight the usefulness of information about climate-related targets for primary users, not only as it relates to understanding performance and progress in relation to climate-related risks and opportunities, but also about how an entity plans to achieve those targets as part of its strategy and how those targets are governed.

TIG members discussion

17. TIG members discussed the analysis in Agenda Paper 1. Overall, TIG members expressed agreement with the staff analysis and staff view.

18. TIG members emphasised particular points in the paper and shared feedback that could be useful regarding the application of the requirements in IFRS S2. Specifically, TIG members:

(a) emphasised that the disclosure requirements on targets in IFRS S2 are not limited to GHG emissions targets and that this is an important reminder that an entity must consider (1) targets associated with other climate-related risks beyond those risks related to GHG emissions and (2) targets associated with climate-related opportunities.

(b) emphasised that the requirements in IFRS S2 to disclose climate-related targets refer to two types of targets, both targets set by an entity and targets an entity is required to meet by law or regulation. This classification could be helpful for entities to determine the scope of what would be considered climate-related targets.

(c) noted that the absence of a definition of ‘target’ in IFRS S2 aligns with the principles-based nature of IFRS Sustainability Disclosure Standards. The absence of a definition and the fact that ‘target’ is a commonly used term reinforces that an entity applies judgement to determine what is relevant to primary users.

(d) agreed that paragraph 33 of IFRS S2—that requires information to be provided about the characteristics of a target—is helpful in identifying climate-related targets. TIG members also noted that in providing information about climate-related targets, that there may be other relevant information to disclose that is not explicitly required by paragraph 33 of IFRS S2. For example, if a target relates to a particular asset class, information about the asset class covered by the target might be relevant information to disclose.

(e) emphasised the importance of the concept of materiality when making judgements about whether to disclose information about a climate-related target. In particular, TIG members noted that in identifying material information to disclose, an entity:

   (i) might determine that information need not be disclosed for all climate-related targets identified—including those set by the entity and those the entity is required to meet by law or regulation; and

   (ii) considers the aggregation and disaggregation requirements in paragraphs B29–B30 of IFRS S1. For example, if an entity identifies targets that apply to different parts of the entity (for example, subsidiary level targets) and those targets have shared characteristics, the entity would determine whether information about those targets should be aggregated to provide material information.

(f) noted the importance of connected information requirements related to information about climate-related targets to support the provision of connected and coherent reporting—including connections between disclosures provided within an entity’s sustainability-related financial disclosures and across its sustainability-related financial disclosures and other general purpose financial reports. For example, in considering connections within an entity’s sustainability-related financial disclosures, the connections between information about climate-related targets and information about an entity's strategy for managing its climate related risks and opportunities—such as information about an entity's response to identified risks and opportunities and information about the current and anticipated financial effects of that response should be considered.

(g) noted that if an entity determines that something is not a climate-related target for the purposes of IFRS S2, then information about it might still need to be disclosed applying other requirements in IFRS S2. For example, if an entity has an ambition and determines it is not a climate-related target, information might still be provided about its ambition as part of disclosures about the entity's strategy for managing its climate related risks and opportunities—such as information about the entity's response to identified risks and opportunities and any climate-related transition plan the entity has.

(h) emphasised that IFRS S2 does not require an entity to establish targets, to manage their business in a particular way or to set targets for the purpose of disclosure. Rather, IFRS S2 requires an entity to disclose information about its performance in relation to its climate-related risks and opportunities, including any targets set as part of its approach for managing those risks and opportunities.

(i) emphasised that, although the implementation question is about the meaning of 'targets' used in IFRS S2, the analysis and staff view is also applicable to and useful in understanding targets in the context of similar requirements in relation to the disclosure about targets in IFRS S1.

19. TIG members shared practical insights related to the disclosure of climate-related targets applying IFRS S2. Specifically, TIG members:

(a) noted practical ways to help identify climate-related targets, such as:

(i) in identifying climate-related targets to disclose, an entity might apply a two-step process. In the first step, an entity uses judgement to identify its climate-related targets based on the meaning of 'targets' in IFRS S2 and as a second step considers if information about those targets is material. TIG members noted that this can be helpful to reduce the extent of the search for climate-related targets (step 1) and the number of targets an entity considers in identifying material information (step 2). For example, an entity generally knows the targets that are important to its strategy to manage its climate-related risks and opportunities and those that are used to monitor performance in relation to its climate-related risks and opportunities.

(ii) although IFRS S2 does not require targets to be approved by a particular governance or management body, in practice, it would generally be expected that an appropriate level of management would be involved in the setting and monitoring of the things that would be considered 'targets' applying IFRS S2. For example, the fact that a target has been approved by the entity's board of directors is a useful indicator about the relevance of information about the target to primary users.

(iii) although involvement of the entity's board of directors provides a good indicator to identify climate-related targets, there may be circumstances in which targets are identified that did not involve approval by an entity's board of directors such as if a subsidiary sets a target. In such a circumstance, although the parent entity's board of directors did not approve the target, the entity might determine that information about the target is relevant to disclose and material because of the importance of the subsidiary to the entity's prospects.

(b) noted the importance of documenting management's judgements in relation to identifying climate-related targets from a financial reporting process perspective, including to support consistency of management judgement over time.

(c) noted that more judgement may be required to identify whether a qualitative target is a target for the purposes of IFRS S2 disclosures. For example, it might be more difficult to ascertain whether progress towards a qualitative target can be monitored or measured, as compared to determining whether progress towards a quantitative target can be monitored or measured.

Next steps

20. The timing of the next meeting of the TIG will be confirmed in due course. The TIG submissions log, included in the July 2026 TIG meeting materials, summarises implementation questions received as at 7 July 2026.