IFRS Sustainability

Agenda Paper: 1b

Global Preparers Forum meeting

13 November 2026

Update on the ISSB's Activities

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Global developments – In brief



Nearly **50** jurisdictions on the journey to the adoption of ISSB Standards



Companies in **12** jurisdictions reporting sustainability information based on ISSB Standards for FY2025 – companies in additional **6** jurisdictions reporting in FY2026



First waves of reports prepared applying ISSB Standards



Delegated Acts of revised European Sustainability Reporting Standards (ESRS)
EFRAG consultation on ESRS for Third Country Groups (**ESRS-40a**)



ISSB **nature**-related disclosure proposals

When to expect ISSB-based disclosures by jurisdictional effective dates

2025 reporting year	Australia, Bangladesh, EU, Hong Kong SAR*, Malaysia, Mexico, Pakistan, Singapore, Sri Lanka, Tanzania, Türkiye (2024), Zambia
2026	Brazil*, Jordan*, Maldives, Philippines, Qatar, Chinese Taipei
2027	Chile, Ghana, Indonesia, Kazakhstan*, Japan, Kenya, Rwanda, South Korea, Thailand, Uzbekistan*, United Kingdom*
2028 or later	Cambodia, Honduras, Mongolia*, New Zealand*, Nigeria*, Oman*, Panama, Peru, Uganda, Zimbabwe*
To be determined	Bolivia, Canada, China, Costa Rica, El Salvador, Ethiopia, Kyrgyzstan, Nepal, Switzerland,

- *Jurisdictions that explicitly permit and have special guidelines for the use of ISSB Standards before regulatory action is completed*

Jurisdictional profiles - jurisdictional approaches that have been **finalised**

23 profiles

- 19 targeting full adoption of ISSB Standards
- 3 targeting adopting climate requirements in ISSB Standards
- 1 targeting partially incorporating ISSB Standards

Americas	Asia-Oceania		EMEA	
Brazil Chile Mexico	Australia Bangladesh Cambodia Hong Kong SAR Japan Malaysia	Pakistan Philippines Singapore Sri Lanka Chinese Taipei	Ghana Jordan Kenya Nigeria Qatar	Rwanda Tanzania Türkiye Zambia Zimbabwe

Discover details of jurisdictional approaches via online profiles and snapshots

Snapshots - jurisdictional approaches that are **subject to finalisation**

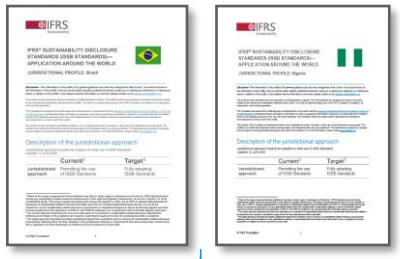
13 jurisdictions:

- 10 have proposed or finalised standards that are fully aligned with ISSB Standards or designed to deliver functionally aligned outcomes
- 2 have proposed local standards based on ISSB Standards
- 1 considering permitting use of ISSB Standards

Americas	Asia-Oceania	EMEA
Bolivia	China	Switzerland
Canada	Indonesia	Uganda
Costa Rica	Kyrgyzstan	UK
El Salvador	Maldives	
Panama	South Korea	
	Thailand	

Discover details of jurisdictional approaches via online profiles and snapshots

Key information within jurisdictional profiles



1 Jurisdictional approaches

- Profiles describe the jurisdictional approaches to adoption or other use of ISSB Standards, in line with the 7 **articulated in the Jurisdictional Guide**
- Include information about jurisdiction's stated target and current status of its sustainability-related disclosure requirements

2 Details on features

- regulatory approach
- relevant authority or authorities
- reporting entity (who)
- effective date
- requirements
- focus and scope of sustainability-related risks and opportunities
- timing, location and reporting entity
- any extension of transition reliefs
- any jurisdictional modifications
- any additional disclosure requirements

IFRS Sustainability

Addressing cross-border challenges through ISSB Passporting



Globally comparable and efficient disclosures via passporting

The ISSB was established as part of the IFRS Foundation because of investor, company and international policy maker demand for:

decision-useful, comparable information

ending the ‘alphabet soup’ of voluntary initiatives

an efficient reporting landscape

Achieving these goals is contingent on ISSB Standards being adopted on a global and widespread basis.

Although over 45 jurisdictions are on a journey to adopt or otherwise use the ISSB Standards, jurisdictional variations could result in global fragmentation and cross-border challenges.

ISSB passporting is an option granted by jurisdictions

ISSB passporting is an **option** granted by jurisdictional authorities **through regulation** that allows foreign issuers or local subsidiaries of foreign entities to comply with local requirements by using the **ISSB Standards as issued by the ISSB** as the basis for reporting.

ISSB passporting is a next step that builds logically from IOSCO's endorsement of ISSB Standards.

ISSB passporting is a jurisdictional decision. It can operate through:

- Use of **ISSB Standards as issued by the ISSB** (the ISSB 'global baseline') or
- An **ISSB global baseline + building blocks** approach, with additional 'visa' requirements responsive to incremental jurisdictional disclosure policy objectives

ISSB passporting prevents regulatory alphabet soup



Why now?

To prevent evolution from voluntary 'alphabet soup' to regulatory 'alphabet soup'

Jurisdictions on the journey to adoption or other use of ISSB Standards have differing adoption approaches (extending transition reliefs, or introducing variations) which can:

- **hinder comparability** and cost effectiveness
- **complicate realisation** of the international regulatory community's shared vision of a global baseline

Inefficiencies and burdens should be avoided in the early years of jurisdictional adoption:

- **before companies invest** in systems, processes and advisory support around divergent requirements
- **before fragmented practices** become embedded in regulation and markets.

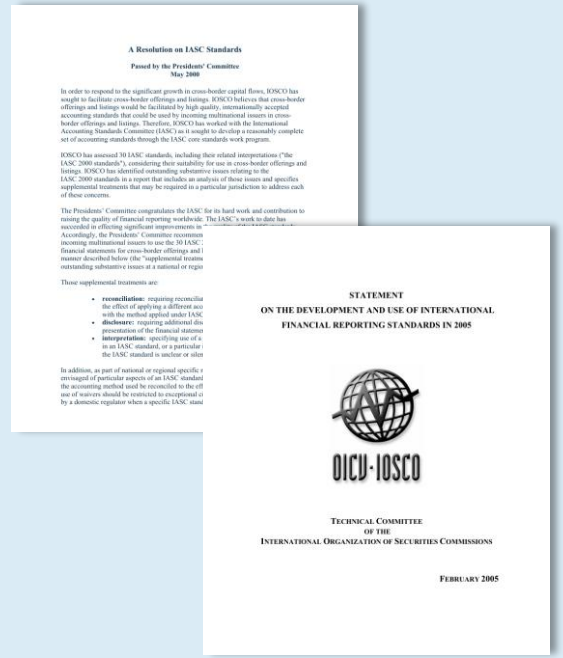
IFRS Accounting Standards ‘as issued by the IASB’ are a reference for passporting

Case study

IFRS Accounting Standards

In a 2000 resolution and a 2005 statement, IOSCO supported IFRS Accounting Standards and recommended that its members allow multinational issuers to use IFRS Standards in cross-border offerings and listings.

Today, there is widespread use of IFRS Accounting Standards as a global passport for cross-border purposes.



The benefits of ISSB passporting impacts multiple stakeholder groups

For…	Benefits
investors	• disclosures that use a familiar ‘common language’ for reporting: ISSB Standards as the global baseline lower cost and effort and improve comparability
preparers	• cost savings from efficient use of reporting resources (systems and human capital) • improved access to foreign capital markets
regulators	• simplification through an existing regulatory tool • pragmatic option of using an IOSCO-endorsed ‘common language’ • increased attractiveness of local capital market for global investors and foreign entities
the ecosystem	• higher quality and globally comparable disclosures from streamlining and effectiveness

Examples: ISSB passporting currently in place

Japan 	Hong Kong 
ISSB passporting for foreign listed entities	**ISSB passporting for domestic and foreign entities**
Foreign entities subject to sustainability reporting requirements in Japan may apply local standards (called SSBJ Standards, which are functionally aligned with ISSB Standards), but they also have the **option to use ISSB Standards**, in which case they must state compliance with the standards 'as issued by the ISSB'.	Listed companies subject to the sustainability reporting requirements have the **option to use ISSB Standards**. This option applies to foreign and domestic entities.
Source: Article 19-9, paragraph 6 of the Cabinet Office Ordinance	*Source: Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code*

Example: potential ISSB passporting? ESRS for non-EU parent companies (ESRS-40a)

Proposal currently open for consultation

- EFRAG public consultation closed 31 October

Companies affected

- Non-EU parent companies with significant operations in the EU

Potential ISSB passporting using the building block approach

Allow use of ISSB reporting as a starting point

Require additional, impact-focused disclosures to comply with ESRS-40a

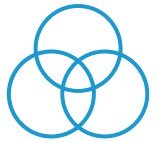
Achieve outcome of information about impacts, risks and opportunities

Opportunities to comply with ESRS-40a efficiently



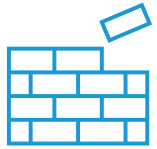
Users of the information and materiality assessment

- Investors and others (ESRS-40a)
- Investors (ISSB Standards)



Disclosures overlap

- ESRS-40a focus on impacts for investors and others
- Impacts can lead to risks and opportunities covered by the ISSB Standards



Building block approach available to companies (ISSB+)

- Use ISSB reporting as a starting point
- Provide additional specified disclosures to comply with ESRS-40a
- Result in information about impacts, risks and opportunities (as does option to apply ESRS)

Authorities address ISSB passporting in the Jurisdictional Adopters Working Group

Purpose of the JAWG

Enable a dialogue between the ISSB and jurisdictional authorities

Promote globally comparable sustainability-related disclosures for capital markets

Focus

- **Strategic regulatory considerations** for jurisdictional adoption and use of ISSB Standards
- **Cross-border considerations** including use of ISSB Standards as a **global passport**
- **Strategic input** to the ISSB as it embarks on **new research and standard setting work**
- Share insights on emerging **supervisory and enforcement provisions**, including the introduction of safe harbours and clarity of preparers' statements of compliance
- Raise awareness on matters that may require **educational materials** and other **capacity building** support

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Nature-related disclosures



ISSB proposals for nature-related disclosures



Use Practice Statement **together** with IFRS S1 and IFRS S2 to provide **incremental disclosures**. IFRS S1 **already requires** disclosures related to nature. A Practice Statement adds specific nature content to support high-quality, comparable nature-related disclosures.



Help companies **understand** what nature-related risks and opportunities are and how they can affect a company's **prospects**



Specify aspects about **material** information on nature for companies to disclose to investors



Draw on **TNFD** Framework



Use of Practice Statement not required for companies to **comply** with ISSB Standards



A **jurisdiction** could require companies to use the Practice Statement



Open for consultation until 19 February 2027

How does a Practice Statement work?

- IFRS S1 requires material information to be provided about nature but **does not include specific content** about nature
- The **Practice Statement provides complementary content** to support the provision of high-quality decision-useful nature-related disclosures when using ISSB Standards
- Companies and jurisdictions can **apply/adopt ISSB Standards without using** a Practice Statement
- But it is **available for companies to apply** and for **jurisdictions to make available or to mandate**
- To assert compliance with the Practice Statement a company must meet **all its requirements**
- So when a company complies with it, the Practice Statement has the **same effect** as applying an IFRS Standard



Nature-related disclosures in ISSB Standards

IFRS Practice Statement adds specificity, helping companies to meet investor information needs

OPTION1

IFRS S1 | IFRS S2

Report nature-related information

- Reporting won't reflect specificity provided by the Practice Statement
- Statement of compliance: 'prepared in accordance with IFRS Sustainability Disclosure Standards'

OPTION 2

IFRS S1 | IFRS S2 + Nature-related Practice Statement

Report nature-related information

- Reporting reflects specificity provided by the Practice Statement, including incremental disclosures
- Statement of compliance: 'prepared in accordance with IFRS Sustainability Disclosure Standards and IFRS Sustainability Disclosure Practice Statement 1'

Use of the Practice Statement supports the provision of high-quality nature-related disclosures

ISSB drawing on TNFD's work

- To deliver **efficiencies, reduce fragmentation** and enable the ISSB to build on **leading practice**
- **800+** companies globally already committed to TNFD
- ISSB **drawing on** TNFD where relevant to meet **investor information needs**:
  - like TNFD takes a non-siloed approach, addressing nature across all nature topics
  - utilises the TNFD recommendations
  - references the 'Locate, Evaluate, Assess, Prepare' or 'LEAP' approach
  - allows use of TNFD disclosure metrics
- TNFD has **completed its technical work on disclosure** and is focused on supporting the ISSB's work

"**I welcome the publication of the ISSB's Exposure Draft on nature-related disclosures, which draws extensively on the TNFD's framework.** This milestone builds on the momentum achieved over the past five years by TNFD in driving better nature-related reporting and is a testament to both the progress made and the significant demand for high-quality nature-related information.

"**At TNFD, we have now completed our own technical work** on assessment and disclosure, and we are focused on **providing continued support to the ISSB** as it finalises its proposals and delivering capacity-building initiatives around the world."

TNFD Co-Chair David Craig

The rationale for the ISSB's proposed approach to nature

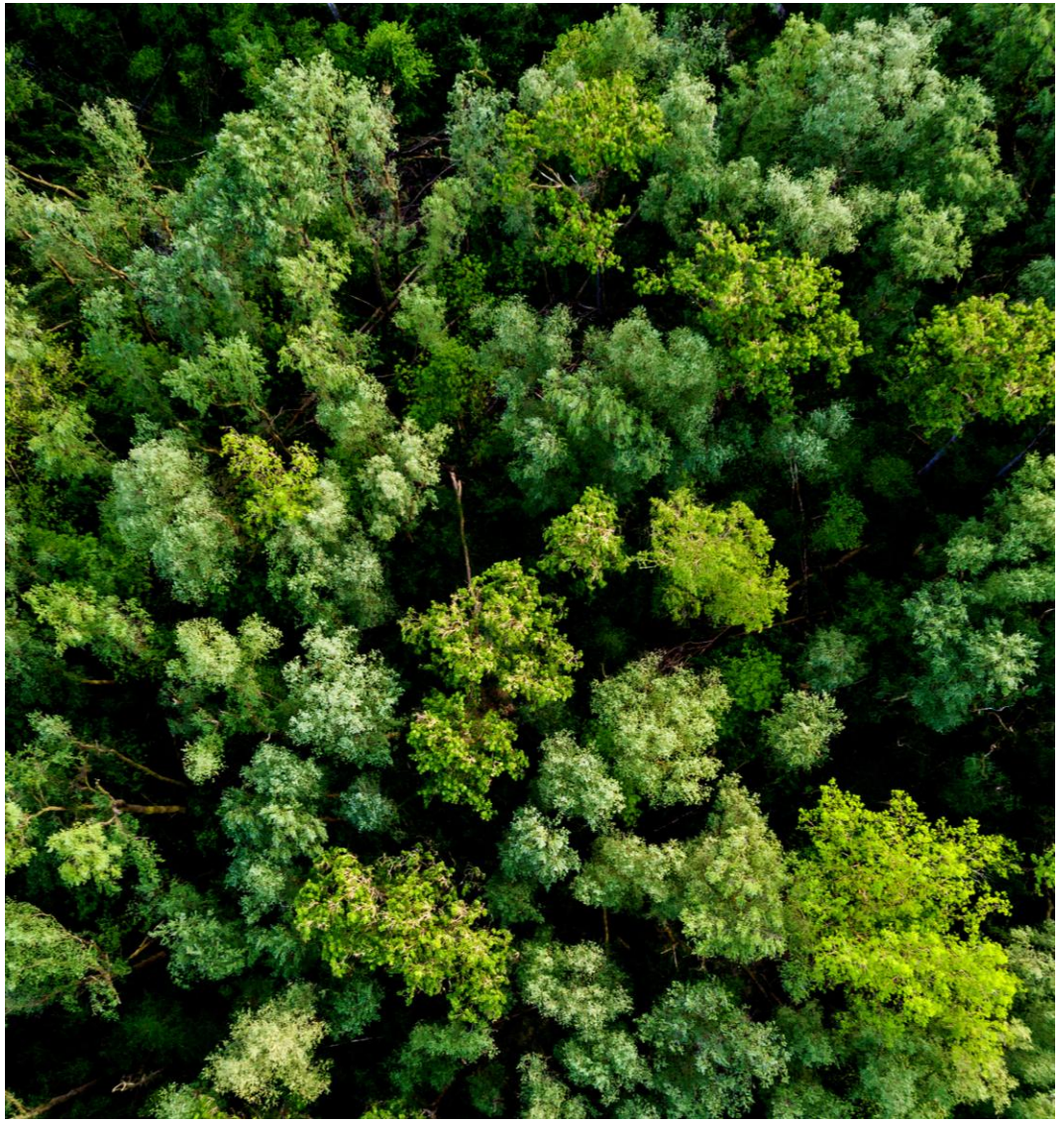
- Supports **improved** nature-related disclosure
- Supports **implementation** of IFRS S1
- Minimises **disruption** to adoption and implementation of ISSB Standards
- Those using TNFD **well positioned** to apply the Practice Statement
- Supports provision of nature-related information as part of an ISSB report **avoiding siloes**



Why your feedback is important

- We need **feedback** from a range of stakeholders around the world to understand:
  - decision-usefulness of proposed disclosures
  - whether the proposals build effectively on IFRS S1 and IFRS S2
  - the feasibility and cost of proposed requirements
  - whether those also applying GRI Standards or ESRS could do so efficiently
  - whether the form of a Practice Statement is the best approach

The feedback will inform how the ISSB finalises its nature-related requirements including their form.



How to engage

Seeking public comment on the proposals in the Nature-related Disclosures Practice Statement



Survey



Comment Letter

Visit: *ifrs.org/projects/open-for-comment*

The consultation is open for 120 days until

19 February 2027

Look out for outreach activities with the ISSB to learn more and share views

IFRS Sustainability

Enhancing the SASB Standards



Industry-based guidance in SASB Standards

Phase 1

- Amendments to **12 industries** from the Extractives and Minerals Processing, Food and Beverage and Infrastructure sectors
  - ISSB consulted on 9 industries and targeted amendments in 2025 and is now discussing feedback
  - ISSB consultation on 3 remaining industries closed in July 2026
- Targeted amendments to 41 additional industries on key topics including water, energy, and workforce health and safety

Phase 2

- ISSB discussion in July 2026 – decision to enhance the six SASB Standards in the **Technology and Communications** sector
- Incorporating feedback on challenges faced by stakeholders during Phase 1

SASB Standards enhancements timeline

2018

SASB issues 77 industry standards

2021

SASB updates three industry standards

2022

ISSB assumes responsibility for SASB Standards

2023

ISSB issues IFRS S1 and IFRS S2.

- IFRS S1 and IFRS S2 include requirement for industry-specific disclosures and reference to SASB Standards

ISSB amends SASB Standards to:

- align with IFRS S2 industry-based guidance
- enhance international applicability

2024

SASB Standards Taxonomy updated

2025

Exposure draft of proposed amendments to 9 prioritised SASB Standards and to topics across 41 additional industries. Proposed maintained alignment between SASB Standards and IFRS S2 industry-based guidance

2026

Exposure draft of proposed amendments to **three prioritised SASB Standards** and consequential amendments to IFRS S2 industry-based guidance

ISSB to look at technology and communications next

Why enhance the six SASB Standards for technology and communications companies?

- **Largest sector** in the S&P Global 1200 index with large **market capitalisation**
- Sector experiencing rapid change leading to **evolving risks and opportunities**
- Investors need **improved disclosures** to enable them to address how these dynamics are affecting or could affect a company's prospects

Evolving risks and opportunities arising from:

- major technological shifts
- growing resource dependencies, such as materials for semiconductors or water for data centres
- social considerations, such as data privacy or effects of AI

SASB enhancements – future ISSB discussions

Feedback on Phase 1 industries raised themes with implications for future enhancements of the ISSB's sources of industry-based guidance. Discussion areas include:



- How **SASB Standards work together with IFRS S1 and IFRS S2**, including treatment of disclosures that appear in both, such as greenhouse gas emissions



- Whether and how **proportionality mechanisms** in ISSB Standards could be extended to SASB Standards to ensure industry-based guidance is useful to a broad range of preparers



- What **criteria for inclusion of disclosure topics** would best support identification of risks and opportunities

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