Staff paper

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Topic	**Determining content in industry-based materials**
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Introduction

1. This paper provides the International Sustainability Standards Board (ISSB) with the staff's analysis and recommendations on determining the content of the ISSB's industry-based materials, principally the SASB Standards and *Industry-based Guidance on Implementing IFRS S2*. In particular, the paper considers how the ISSB determines the content of those materials when the same or similar information is specified elsewhere in its literature, including when industry-based materials provide additional industry-specific focus, tailoring or disaggregation.

2. This paper forms part of the ISSB's consideration of the role of industry-based materials within its literature, which the ISSB discussed at its October 2026 meeting (Agenda Paper 6).

Purpose

3. Stakeholder feedback has raised questions about the role of industry-based materials, including why some information required by IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* or IFRS S2 *Climate-related Disclosures* is also specified in those materials while other information is not.

The range of stakeholder views indicates a need for the ISSB to clarify the relationship between these parts of its literature and how it determines the content of industry-based materials.

4. This paper recommends clarifying the approach used to determine the content of industry-based materials. The 'clarified approach' comprises:

   (a) a design principle for industry-based materials; and

   (b) the basis for determining industry-based content.

5. This paper applies the clarified approach to Scope 1 greenhouse gas emissions metrics and makes a staff recommendation based on that application. It also identifies further analysis needed before the staff can make recommendations on Scope 2 and Scope 3 greenhouse gas emissions.

Summary of staff recommendations

6. **Design principle for industry-based materials**. The staff recommends that the ISSB clarify that information specified elsewhere in the ISSB literature (such as in ISSB Standards or an ISSB Practice Statement) does not, on its own, determine whether that information is also specified in industry-based materials.

7. **Basis for determining industry-based content**. The staff recommends that the ISSB clarify that it determines the content of industry-based materials by assessing whether characteristics of business models, activities or other common features that characterise participation in an industry provide a basis for specifying information in those materials, with that assessment informed by the considerations in paragraphs 63–64.

8. **Scope 1 greenhouse gas emissions metrics**. The staff recommends that the ISSB retain the Scope 1 greenhouse gas emissions metrics in the industry-based materials, including those proposed in the Phase 1 exposure drafts, unless applying the basis for

determining industry-based content described in paragraph 70 supports amending or removing particular metrics.

Structure of the paper

9. The paper is structured as follows:

   (a) scope of the paper (paragraphs 10–12);

   (b) background (paragraphs 13–30);

   (c) role and design of industry-based materials (paragraphs 31–57);

   (d) basis for determining industry-based content (paragraphs 58–70);

   (e) application of the clarified approach to greenhouse gas emissions metrics (paragraphs 71–85);

   (f) next steps (paragraph 86); and

   (g) questions for the ISSB (paragraph 87).

Scope of the paper

10. The scope of this paper is the approach used to determine the content of industry-based materials. This includes a focus on when the same or similar information is specified elsewhere in the ISSB literature.

11. Although the analysis in this paper focuses principally on the SASB Standards and *Industry-based Guidance on Implementing IFRS S2*, the clarified approach that the staff recommends is not dependent on the location, form or status of industry-based content within the ISSB literature. Therefore, the approach can also inform decisions about industry-based requirements within the ISSB Standards.

12. This paper does not address:

   (a) specific recommendations about Scope 2 or Scope 3 greenhouse gas emissions metrics in the industry-based materials;

(b) when to develop requirements that apply on a cross-industry basis (for example, when 'thematic standard-setting' might be appropriate or when cross-industry metrics should be included in ISSB literature);

(c) the relationship between IFRS S1 and IFRS S2, including where they specify the same or similar content;

(d) the relationship between ISSB Standards and the proposed Practice Statement *Nature-related Disclosures*, including where they specify the same or similar content;

(e) ISSB educational materials; and

(f) any changes to the status of the industry-based materials.

Background

13. This section provides background information in four parts:

(a) recent consultations;

(b) information specified in both ISSB Standards and industry-based materials;

(c) current ISSB approach to greenhouse gas emissions metrics; and

(d) summary of stakeholder feedback.

Recent consultations

14. The staff analysis and recommendations in this paper respond to feedback on the exposure drafts published in July 2025 and March 2026 proposing amendments to the SASB Standards and *Industry-based Guidance on Implementing IFRS S2.*

15. The staff previously summarised feedback on the 2025 consultation in papers discussed by the ISSB in February, March and May 2026. Agenda Paper 6 discussed at the October 2026 ISSB meeting focused on another topic about the relationship between IFRS Sustainability Disclosure Standards and the industry-based materials. Agenda Papers 6A, 6B, 6C and 6D to be discussed at this meeting provide summaries

of feedback on the 2026 consultation. The summary of feedback in this paper focuses on feedback from the 2025 and 2026 consultations relevant to determining content in industry-based materials.

Information specified in both ISSB Standards and industry-based materials

16. Information required for disclosure by IFRS S1 or IFRS S2 is also selectively specified in industry-based materials. In some cases, the industry-based materials specify substantially the same or similar information. In other cases, they provide additional industry-specific focus, tailoring or disaggregation in relation to the requirements in IFRS S1 or IFRS S2 (for example, information about a particular greenhouse gas, such as methane).

17. The exposure drafts proposed amendments to enhance the industry-based materials, including to improve alignment with IFRS S1 and IFRS S2. Some proposed amendments replace wording that could result in different disclosures with wording aligned with the related requirements in IFRS S1 or IFRS S2. Other proposed amendments add cross-references to related requirements in those Standards.

Current ISSB approach to greenhouse gas emissions metrics

18. IFRS S2 requires an entity to disclose material information about its Scope 1 greenhouse gas emissions. The SASB Standards specify metrics about Scope 1 greenhouse gas emissions for 22 industries. Those metrics are typically associated with disclosure topics relating to climate-related risks or opportunities, particularly transition risks, for industries in which activities generate direct greenhouse gas emissions. Their inclusion reflects an industry-based assessment that information about Scope 1 greenhouse gas emissions is likely to be relevant to investors given the typical activities conducted by entities in the industry.

19. IFRS S2 also requires an entity to disclose material information about its Scope 2 and Scope 3 greenhouse gas emissions. The SASB Standards have historically treated transition risks arising from an entity's own operations differently from those arising from its value chain. Consistent with that approach, the SASB Standards specify Scope 1 greenhouse gas emissions but generally do not specify Scope 2 or Scope 3 greenhouse gas emissions metrics. Instead, disclosure topics relating to indirect emissions typically include metrics focused on underlying activities, emissions drivers and the management of associated risks.

20. The approach described in paragraphs 18–19 was developed by the SASB before the ISSB assumed responsibility for the SASB Standards. When the ISSB issued *Industry-based Guidance on Implementing IFRS S2* (in conjunction with the publication of IFRS S2), it retained this historical approach to specifying information about greenhouse gas emissions, except for the addition of disclosure requirements about financed emissions to IFRS S2 for specified activities.

21. The 2025 and 2026 exposure drafts proposed selected amendments to greenhouse gas emissions content. For example, proposals for particular industries included disaggregation of methane emissions and specified information about greenhouse gas emissions associated with transmission and distribution losses in the Electric Utilities & Power Generators industry. The 2026 exposure draft sought to provide incremental, useful guidance for entities to use when applying IFRS S2 requirements related to Scope 1, Scope 2 and Scope 3 greenhouse gas emissions. However, the exposure drafts did not propose a fundamental change to the approach on greenhouse gas emissions metrics in the industry-based materials.

22. Feedback on the exposure drafts has prompted the staff to consider more broadly what should determine whether information specified elsewhere in the ISSB literature is also specified in industry-based materials.

Summary of stakeholder feedback

23. As noted in previous feedback summaries, some respondents to the 2025 consultation sought greater specificity and clarity on the relationship of the industry-based materials to the ISSB Standards. In response, the ISSB sought feedback on this topic in the 2026 consultation. The Invitation to Comment included the following question:

> **Question 5** asked respondents whether they agreed with the ISSB's proposed approach to amending the SASB Standards relative to content already in the IFRS Sustainability Disclosure Standards, and whether the relationship between the SASB Standards and the IFRS Sustainability Disclosure Standards is sufficiently clear.

24. Feedback on the 2025 and 2026 consultations indicates there is a general understanding among stakeholders of how ISSB Standards and the industry-based materials are intended to interact, and broad support for the industry-based materials to include industry-specific content which provides additional detail that supports the application of IFRS S1 and IFRS S2. For example, almost all respondents commenting on the proposed methane emissions disaggregation supported the proposal (although respondents expressed different views on some aspects of the proposed metrics).

25. However, some stakeholders commented that the relationship between the ISSB Standards and industry-based materials was not sufficiently clear or could be clarified further. Among stakeholders commenting on that relationship, views varied about whether information specified in IFRS S1 or IFRS S2 should also be specified in industry-based materials.

    (a) Some stakeholders preferred an ‘incremental approach’. These stakeholders generally viewed the role of industry-based materials as providing industry-specific information that supplements the requirements in IFRS S1 and IFRS S2. On that basis, these stakeholders suggested removing content they considered duplicative of requirements in IFRS S1 or IFRS S2 and retaining content that specifies additional industry-specific information. Their comments

focused most often on Scope 1 greenhouse gas emissions metrics, although some referred to other content.

(b) Conversely, some stakeholders suggested adding more content to the industry-based materials that is already required by IFRS S2. Some of these stakeholders suggested adding Scope 2 or Scope 3 greenhouse gas emissions metrics selectively in industries in which they considered the metrics likely to be relevant. These respondents often did not directly or explicitly discuss whether information already required by IFRS S2 should also be specified in industry-based materials. Instead, they typically made suggestions based on perceived gaps in the climate-related content in the industry-based materials. For example, they expressed the view that omitting this content could result in industry-based materials providing an incomplete picture of the typical climate-related risks and opportunities for an industry.

(c) A few respondents advocated adding Scope 1, Scope 2 and Scope 3 greenhouse gas emissions content to all the industry-based materials, which they stated would make the materials more complete and better aligned with IFRS S2.

26. Stakeholders also commented on content that tailors or disaggregates information required by IFRS S1 or IFRS S2. Feedback generally supported the role of industry-based materials in providing this additional specificity. The proposed methane emissions metrics referenced in paragraph 24 provides an example where almost all respondents who commented on the proposed disaggregation were supportive of industry-specific disaggregation.

27. A few stakeholders also commented on what preparers might infer from the presence or absence of content in industry-based materials. In relation to greenhouse gas emissions metrics, a few stakeholders expressed concern that specifying Scope 1 greenhouse gas emissions metrics, but not Scope 2 or Scope 3 greenhouse gas emissions metrics, could be interpreted as indicating that only information about Scope 1 greenhouse gas emissions is likely to be relevant.

28. This concern was raised both by stakeholders advocating the removal of content they considered to duplicate requirements in IFRS S2 and by stakeholders advocating the addition of Scope 2 and Scope 3 greenhouse gas emissions metrics. Although those stakeholders proposed different solutions, their comments reflect a common concern about whether the basis for including or omitting content in the industry-based materials is sufficiently clear.

29. Overall, the wide range of stakeholder views indicates a need for the ISSB to clarify the role of industry-based materials and the basis it uses to determine their content. In particular, the feedback raises two related questions:

    (a) should the fact that information that is specified elsewhere in the ISSB literature affect whether that information is also specified in industry-based materials; and

    (b) how can the basis that the ISSB uses to determine the content of the industry-based materials be clarified?

30. This paper addresses these questions by considering the role of industry-based materials, proposing a design principle for their relationship with other parts of the ISSB literature and clarifying a basis for determining their content. Disclosures about greenhouse gas emissions are used as a helpful illustration of the considerations.

Role and design of industry-based materials

31. To clarify the approach used to determine the content of industry-based materials, this paper considers:

    (a) the established standard-setting foundation, including the concepts that guide the development of ISSB literature;

    (b) how industry-based research interacts with thematic research; and

    (c) the distinct role of industry-based materials.

Established standard-setting foundation

32. The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to investors in making decisions relating to providing resources to the entity. Consistent with that objective, the ISSB develops requirements, guidance and other content designed to elicit information that meets investors' information needs. An important consideration is also the cost and efficiency of preparation for those applying the ISSB's literature.

33. IFRS S1 establishes the conceptual foundations for sustainability-related financial disclosures. It specifies that, to be useful, sustainability-related financial information must be relevant and faithfully represent what it purports to represent. The usefulness of that information is enhanced if it is comparable, verifiable, timely and understandable.

34. These concepts underpin the requirements in IFRS S1 and provide a consistent basis for the ISSB in developing requirements, guidance and other content. The resulting requirements, guidance and other content may differ in scope, form and degree of specificity.

35. Standard-setting judgements about the types of information likely to meet primary users' information needs are distinct from an entity's materiality judgements. ISSB standard-setting judgements can inform, but do not replace, an entity's materiality judgements.

36. When applying the ISSB's literature, an entity makes materiality judgements. IFRS S1 specifies that materiality is an entity-specific aspect of relevance and requires an entity to disclose material information about sustainability-related risks and opportunities that could reasonably be expected to affect its prospects. Materiality judgements are specific to an entity and the ISSB's literature does not predetermine what information is material.

37. This paper does not introduce a new concept of usefulness, relevance or materiality, or a separate conceptual basis for industry-based standard-setting. Instead, it draws on

the ISSB's existing standard-setting foundation to clarify the role of industry-based materials and the basis the ISSB uses to determine their content.

Industry research and complementary directions of standard-setting

38. Industry-based research considers the business models, activities or other common features that characterise participation in an industry, including the impacts and dependencies associated with them. This research can support the identification of sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects and information about those risks and opportunities that is likely to be useful to investors.

39. While industry-based research may be focused on the development of industry-based disclosure requirements or guidance, patterns identified through that research across multiple industries can also inform the development of disclosure requirements or guidance that applies more broadly.

40. Conversely, research focused on a particular sustainability-related matter (which may be referred to as thematic research) can inform the development of requirements and guidance in the industry-based materials.

41. Research can therefore proceed through an industry lens, through the lens of a particular sustainability-related matter or by drawing on both perspectives. Neither starting point is inherently preferable to the other. Instead, they are complementary because each perspective can generate evidence that informs the development of requirements, guidance or other content in various parts of the ISSB literature.

42. The starting point for research does not predetermine the standard-setting outcome, such as the scope, form or degree of specificity of any resulting requirements, guidance or other content. Depending on the role of the relevant parts of the ISSB literature, the evidence obtained through research might result in requirements or guidance that apply more broadly, in industry-based materials or in both. Broader treatment and industry-based treatment are therefore not mutually exclusive. The

same or similar information might be specified in both, depending on the respective role of each part of the ISSB literature.

43. This paper does not seek to determine when requirements or guidance that apply more broadly should be developed. Instead, these complementary research directions illustrate why it is important to consider the role that industry-based materials perform within the ISSB literature.

Distinct role of industry-based materials

44. Industry-based materials use characteristics of business models, activities and other common features that characterise participation in an industry to:

    (a) support the identification of sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects; and

    (b) specify information likely to be relevant to investors about those risks and opportunities.

45. This industry lens is useful because entities with similar business models and activities are likely to be exposed to similar sustainability-related risks and opportunities and therefore give rise to similar investor information needs. It also reflects that the nature of those risks and opportunities can differ depending on the activities undertaken by an entity.

46. Industry-based materials can therefore support an entity in identifying sustainability-related risks and opportunities that could reasonably be expected to affect its prospects and information about those risks and opportunities likely to be useful to investors. Consistent with this role, IFRS S1 requires an entity to refer to and consider the applicability of the disclosure topics in the SASB Standards when identifying sustainability-related risks and opportunities and, in specified circumstances, the associated metrics when identifying information to disclose. The industry-based guidance that accompanies IFRS S2 plays the same role and is referred to in the same way for climate-related disclosures provided in accordance with IFRS S2.

47. Industry-based materials specify disclosure topics and associated metrics for particular industries. The metrics can specify what is measured, how it is measured and how the resulting information is categorised or disaggregated in an industry context. This specification can assist an entity in making judgements about the information to disclose to meet the overarching requirement in ISSB Standards to provide material information.

48. Industry-based materials can also support comparability by reducing diversity in reporting practice among entities with similar business models or activities. An entity nevertheless determines what information is material in its own circumstances.

49. Industry-based materials also support efficient application of IFRS S1 and IFRS S2. The materials are expected to reduce application costs and assist entities in making materiality judgements by focusing on the disclosure of information likely to be useful to investors. In this regard, the industry-based materials play an important role in supporting the implementation of the ISSB Standards, including by providing guidance about sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities carrying out particular activities.

50. The functions described in paragraphs 44–49 are not necessarily fulfilled by the presence of the same or similar content elsewhere in the ISSB literature (such as IFRS S2). Industry-based materials continue to perform those functions, including by supporting the identification of sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects and specifying information about those risks and opportunities that is likely to be useful to investors given the industry context.

51. In sum, industry-based materials can fulfil their distinct role even when the same or similar information is specified elsewhere in the ISSB literature. Specifying information elsewhere therefore does not, on its own, provide a basis for excluding that information from industry-based materials. Excluding information for that reason could constrain the ability of industry-based materials to perform their intended role.

The staff therefore recommends clarifying this relationship through the design principle in paragraph 56.

Alternative design for industry-based materials

52. The staff also considered an alternative approach under which industry-based materials would be limited to only specify incremental information. Under this approach, information already specified elsewhere would not be repeated in the industry-based materials even when industry characteristics provide a basis for including that content. Industry-based materials could continue to provide additional industry-specific content, including tailoring, categorisation or disaggregation of information required by IFRS S1 or IFRS S2.

53. Advantages of this approach include reducing repetition and the volume of industry-based content, which could contribute to perceptions of a simpler and more integrated body of ISSB literature. The approach could also reduce some of the effort required by the ISSB and its stakeholders to maintain industry-based content over time. Furthermore, a clearer allocation of content between industry-based materials and other ISSB literature could reduce confusion among stakeholders about the relationship between them.

54. Disadvantages of this approach include constraining the ability of industry-based materials to support entities in the identification of information that is likely to be relevant to investors. Content would be excluded because it is specified elsewhere in the ISSB literature, even when industry characteristics provide a basis for including that content. Consequently, the industry-based materials would provide a less complete industry-based view and could provide less support for entities in identifying information that is likely to be relevant given their business model, thereby placing a greater burden on entities. The approach could also reduce the support that the industry-based materials provide for identifying comparable information among entities with similar business models or activities.

55. On balance, the staff does not recommend this alternative. Although it could offer benefits in terms of simplicity and maintenance, limiting industry-based materials to incremental content could reduce the support they provide to entities and constrain their ability to provide an industry-based view of information likely to be relevant to investors.

Staff recommendation 1: design principle for industry-based materials

56. The staff recommends that the ISSB clarify that information specified elsewhere in the ISSB literature does not, on its own, determine whether that information is also specified in industry-based materials.

57. Based on the recommended design principle:

    (a) A matter does not need to be unique to an industry to warrant inclusion in industry-based materials. A decision to specify information elsewhere because it has broader relevance is separate from the decision about whether it is also specified in industry-based materials.

    (b) Industry-based materials can include both information that is incremental to the rest of the ISSB literature and information that is specified elsewhere in that literature. Whether such information is specified in industry-based materials depends on the basis for determining the content of those materials (described in paragraph 70).

Basis for determining industry-based content

58. The design principle in paragraph 56 clarifies that information specified elsewhere in the ISSB literature does not, on its own, determine whether information is also specified in industry-based materials. The design principle does not determine the particular content of those materials.

59. Building on the established standard-setting foundation and the ISSB's existing approach to enhancing industry-based materials, the staff recommends clarifying the

basis used to determine their content. Specifically, the staff recommends clarifying that the ISSB determines the industry-based content by assessing whether characteristics of business models, activities or other common features that characterise participation in an industry provide a basis for specifying information in those materials.

60. In making this determination, the ISSB considers which sustainability-related risks and opportunities could reasonably be expected to affect an entity's prospects, what information about those risks and opportunities is likely to be useful to investors and whether the benefits of providing and using that information are likely to justify the costs.

61. For clarity, information does not need to be uniquely associated with a single industry to be specified in industry-based materials. The relevant assessment is whether characteristics of business models, activities or other common features that characterise participation in an industry provide a basis for specifying the information in those materials.

62. Paragraphs 63–64 set out considerations that inform the recommended determination and support its consistent application.

Considerations informing the determination

63. The staff has identified considerations to inform the determination described in paragraph 59 and support its consistent application:

    (a) industry linkage—whether and how characteristics of business models, activities or other common features that characterise participation in an industry affect:

        (i) which sustainability-related risks and opportunities could reasonably be expected to affect an entity's prospects; and

        (ii) what information about those risks and opportunities is likely to be relevant to investors;

(b) comparability—whether explicitly specifying the information in industry-based materials would support comparison among entities with similar business models or activities;

(c) industry specificity—whether tailoring, categorisation, measurement or disaggregation based on characteristics of the industry would enhance the usefulness of the information;

(d) application support—whether industry characteristics provide a basis for identifying, framing or otherwise supporting application of related requirements elsewhere in the ISSB literature;

(e) costs and benefits—whether the benefits of providing and using the information are likely to justify the costs for preparers and users, including the effect on the volume and complexity of information provided; and

(f) implications of inclusion or omission—what preparers and users might reasonably infer from specifying information in selected industry-based materials or not specifying it in others.

64. The ISSB would also consider practical standard-setting matters, including whether it can develop and maintain the particular industry-based content effectively. This assessment would consider the implications for entities and other stakeholders of applying the industry-based materials and implementing changes when those materials are updated, including the consultation and stakeholder engagement needed to maintain the content.

65. These considerations can overlap, and other matters might be relevant depending on the information and industries being considered. The considerations are intended to inform the ISSB's standard-setting judgement. They are not intended to serve as criteria or a formulaic test. The relative importance of each consideration might differ depending on the circumstances.

66. In applying the considerations in paragraphs 63–64, the staff evaluated what stakeholders might infer from the ISSB's decisions to specify, or not specify, information in industry-based materials. This analysis supports three conclusions:

    (a) whether information is specified, or not specified, in industry-based materials does not determine whether that information is material for an entity;

    (b) specifying information in industry-based materials reflects a standard-setting judgement based on the characteristics of business models, activities or other common features that characterise participation in an industry; and

    (c) the ISSB's standard-setting judgements can inform, but do not replace, an entity's own judgements.

67. Specifying information in industry-based materials reflects the ISSB's assessment that characteristics of business models, activities or other common features that characterise participation in an industry provide a basis for specifying that information. This can inform an entity's own judgements about the materiality of that information. However, it does not mean that the information is relevant or material for every entity undertaking activities associated with that industry.

68. Similarly, the absence of content from industry-based materials does not mean that the information is irrelevant or immaterial for an entity. Industry-based materials are not intended to be exhaustive in terms of identifying all possible sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects or all information about them that could be relevant. Their content might also not reflect all changes in circumstances as they arise.

69. In sum, the ISSB's decisions about the content of industry-based materials can inform an entity's judgements but do not replace them. An entity remains responsible for identifying sustainability-related risks and opportunities that could reasonably be expected to affect its prospects and determining what information about them is material based on its facts and circumstances. The ISSB's communications would need to explain these intended implications clearly.

Staff recommendation 2: basis for determining industry-based content

70. The staff recommends that the ISSB clarify that it determines the content of industry-based materials by assessing whether characteristics of business models, activities or other common features that characterise participation in an industry provide a basis for specifying information in those materials, with that assessment informed by the considerations in paragraphs 63–64.

Application of the clarified approach to greenhouse gas emissions metrics

71. The clarified approach, including the design principle and the basis for determining industry-based content, is intended to apply to industry-based content generally. Greenhouse gas emissions provide a useful illustration of the approach and is also an area in which the project on Enhancing the SASB Standards requires decisions.

72. Applying the clarified approach to greenhouse gas emissions illustrates how industry-based materials can perform a distinct yet complementary function in relation to IFRS S2. In determining the content of industry-based materials, characteristics of business models, activities or other common features can inform:

    (a) the identification of specific climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects;

    (b) the identification of information about those risks and opportunities that is likely to be relevant to investors;

    (c) industry-specific focus, tailoring or disaggregation;

    (d) comparison among entities with similar business models; and

    (e) application of IFRS S2 by identifying the emissions scopes, categories or sources that may warrant particular consideration.

73. Industry characteristics can affect the nature and magnitude of exposure to climate-related risks and opportunities, including transition risk. For example, in some

industries, entities may face transition risk because of the greenhouse gas emissions associated with their direct operations. In other industries, transition risk might arise out of the value chain. These differences can affect which emissions scopes, sources or categories, and what information about them, warrant particular consideration in industry-based materials. IFRS S2 requires entities to provide *material* information about Scope 1, Scope 2 and Scope 3 greenhouse gas emissions—the industry-based materials can assist entities in determining what information may be material.

Scope 1 greenhouse gas emissions

74. As described in paragraphs 18–19, particular industry-based materials include disclosure topics and associated metrics relating to Scope 1 greenhouse gas emissions. The staff applied the basis for determining industry-based content to make a preliminary assessment of whether the existing Scope 1 greenhouse gas emissions metrics should be retained. The staff will revisit that assessment in the Phase 1 redeliberations.

75. Characteristics of business models, activities or other common features that characterise participation in particular industries can provide a basis for specifying Scope 1 information in industry-based materials. In particular, Scope 1 content can:

(a) reflect the particular type of climate-related risk or opportunity that could reasonably be expected to affect an entity's prospects;

(b) provide a common basis for comparison among entities undertaking similar activities;

(c) support application of related requirements in IFRS S2, including the requirement to disclose information about Scope 1 greenhouse gas emissions; and

(d) provide industry-specific tailoring or disaggregation, such as information about emission sources or emissions associated with particular activities.

76. Stakeholder feedback also generally supports retaining industry-specific information that assists entities in applying IFRS S2 (though feedback was mixed on whether content should be replicated).

77. Applying the design principle, the existence of requirements relating to Scope 1 greenhouse gas emissions in IFRS S2 does not, on its own, provide a basis for removing Scope 1 greenhouse gas emissions metrics from industry-based materials. The relevant assessment is whether characteristics of business models, activities or other common features that characterise participation in an industry provide a basis for specifying Scope 1 greenhouse gas emissions metrics, informed by the considerations in paragraphs 63–64.

78. The staff identified challenges associated with retaining the Scope 1 greenhouse gas emissions content reflected in the exposure drafts:

    (a) Retaining Scope 1 content before completing the analysis of all three greenhouse gas emissions scopes could preserve differences in their treatment that some stakeholders find difficult to understand, including because it could imply that disclosures about other scopes are not relevant.

    (b) Retaining Scope 1 content in selected industry-based materials could be interpreted as indicating that the information is relevant or material for every entity undertaking activities associated with those industries. Its absence for other industry activities could be interpreted as indicating that Scope 1 information is not relevant or material for any entity in those industries.

    (c) Retaining Scope 1 content within a broader approach that allows information required by IFRS S2 to be specified in industry-based materials could increase expectations that those materials exhaustively identify all such information for each industry. Those expectations would be difficult to meet and could make the industry-based materials more difficult to keep focused and current.

79. The staff concludes that these challenges do not outweigh the reasons for retaining the Scope 1 content, but they require continued consideration in the subsequent analysis and clear communication with stakeholders.

80. On balance, the staff thinks that the prior industry research and consultation underlying the existing disclosure topics and associated Scope 1 metrics, together with feedback on the exposure drafts, provide a basis for retaining that content in Phase 1 exposure drafts. The staff would nevertheless consider whether feedback and research available in the Phase 1 redeliberations provide a basis for amending or removing particular metrics in finalising the amendments.

81. The staff thinks that, for consistency, the same approach should apply to Phase 2 and other future work to develop or update industry-based materials. Therefore, the staff recommendation is not constrained to Phase 1.

Staff recommendation 3: Scope 1 greenhouse gas emissions metrics

82. The staff recommends that the ISSB retain the Scope 1 greenhouse gas emissions metrics in the industry-based materials, including those proposed in the Phase 1 exposure drafts, unless applying the basis for determining industry-based content described in paragraph 70 supports amending or removing particular metrics.

Further analysis on Scope 2 and Scope 3 greenhouse gas emissions

83. The staff thinks further analysis is needed regarding Scope 2 and Scope 3 greenhouse gas emissions metrics. In principle, there could be benefits to specifying such metrics in the industry-based materials in particular circumstances. Further analysis is needed to assess whether characteristics of business models, activities or other common features that characterise participation in an industry support adding metrics about Scope 2 or Scope 3 greenhouse gas emissions.

84. The analysis would likely focus on the disclosure topics associated with climate-related transition risks. For Scope 2 emissions, relevant disclosure topics could

include those concerning energy management, which typically address purchased energy and relate to risks and opportunities associated with indirect greenhouse gas emissions. For Scope 3 greenhouse gas emissions, relevant disclosure topics could include those concerning upstream or downstream value chain activities. The analysis would consider whether the industry characteristics underlying those topics provide a basis for adding metrics about Scope 3 greenhouse gas emissions generally or about particular Scope 3 greenhouse gas emissions categories, sources or activities.

85. The staff thinks that Scope 2 or Scope 3 greenhouse gas emissions metrics could be specified selectively in industry-based materials, dependent on the basis for determining industry-based content. Further analysis is needed before the staff can make specific recommendations. The analysis is likely to distinguish between Phase 1 and future work (including Phase 2), reflecting their different stages and the related due process considerations.

Next steps

86. If the ISSB agrees with the staff recommendations, we will develop an analysis for the ISSB on Scope 2 and Scope 3 greenhouse gas emissions metrics.

Questions for the ISSB

87. The staff presents the following questions for the ISSB.

Questions for the ISSB
1. Do ISSB members have any questions or comments on the contents or analysis in this paper? 2. Does the ISSB agree with staff recommendation on the design principle for industry-based materials described in paragraph 56? 3. Does the ISSB agree with staff recommendation on the basis for determining industry-based content described in paragraph 70?

Questions for the ISSB
4. Does the ISSB agree with staff recommendation on Scope 1 greenhouse gas emissions metrics described in paragraph 82?