IFRS Sustainability Reference Group

Quarterly Meeting

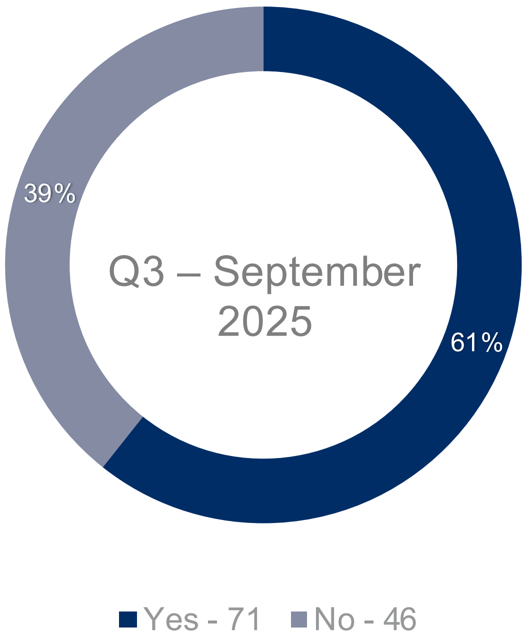
September 2026

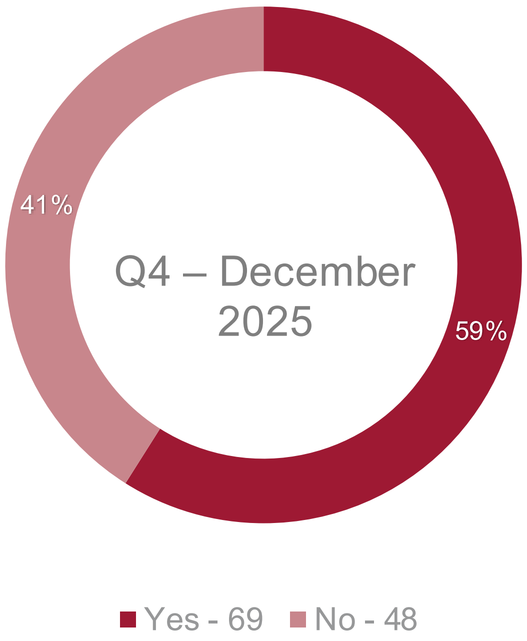
Overview

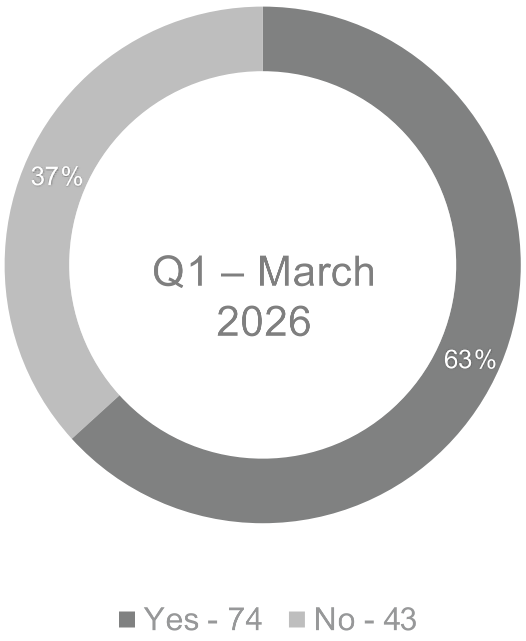
1. General updates for members
2. IFRS Foundation update
3. Jurisdictional developments
4. SASB Standards update
5. Nature-related disclosures update
6. Human Capital research project update
7. Q&A session

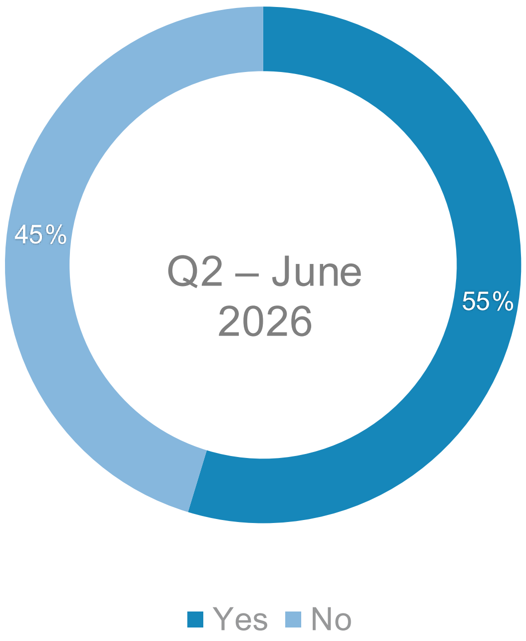
1. General updates for members

SRG members quarterly meeting attendance









SRG members engagement during Q2 2026

Topics and types of engagements*
Provided feedback on the SASB Standards Exposure Draft via email and bilateral meetings
Members also submitted Comment Letters as individual experts or on behalf of their organisations
Members organised meetings with stakeholders in their network
Bilateral meetings
In person events

**Not an exhaustive list*

2. IFRS Foundation Update

Planned leadership successions

Laura Forzani

Title: Managing Director

Succeeds: Michel Madelain

Term starts: 1 Sept 2026

Sam Woods

Title: Chair of the IASB

Succeeds: Andreas Barckow

Term starts: 1 Oct 2026

Steven Maijoor

Title: Chair of the Trustees

Succeeds: Erkki Liikanen

Term starts: 1 Jan 2027

IFRS Foundation updates

The IFRS Foundation Trustees announced a series of strategic initiatives that strengthen the IFRS Foundation's capability to serve global capital markets through high-quality IFRS Standards:

- A **five-year operating and financing plan** for the IFRS Foundation, IASB and the ISSB including progress and a path to long-term financial resilience
- An **office in Geneva**, Switzerland to open in 2027 will enhance the ISSB’s multi-location model
- Proposed updates to the **IFRS Foundation's Constitution** that reflect previously announced decisions by the trustees to gradually reduce the size of the IASB and the ISSB to 10 members beginning 2028. Comments welcome before 16 November 2026

3. Jurisdictional developments

When to expect ISSB-based disclosures

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

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

Overview: ISSB Standards and European Sustainability Reporting Standards (ESRS)

- **High degree of alignment** in climate-related disclosures to provide information to investors
- Additional requirements in ESRS to disclose impacts that do not create risks or opportunities for a company's prospects and to provide information **to stakeholders other than investors**
- Some **additional requirements** in ISSB Standards (for example, financed emissions)
- ESRS simplification has led to **further efficiencies**. For example, on:
  - presentation of information
  - industry-based disclosures
  - anticipated financial effects

	ISSB Standards	ESRS
Use	45+ jurisdictions	EU member states (with different rules for non-EU companies with EU subsidiaries)
Materiality	Investor-based	Investor (aligned with ISSB) and information for other stakeholders

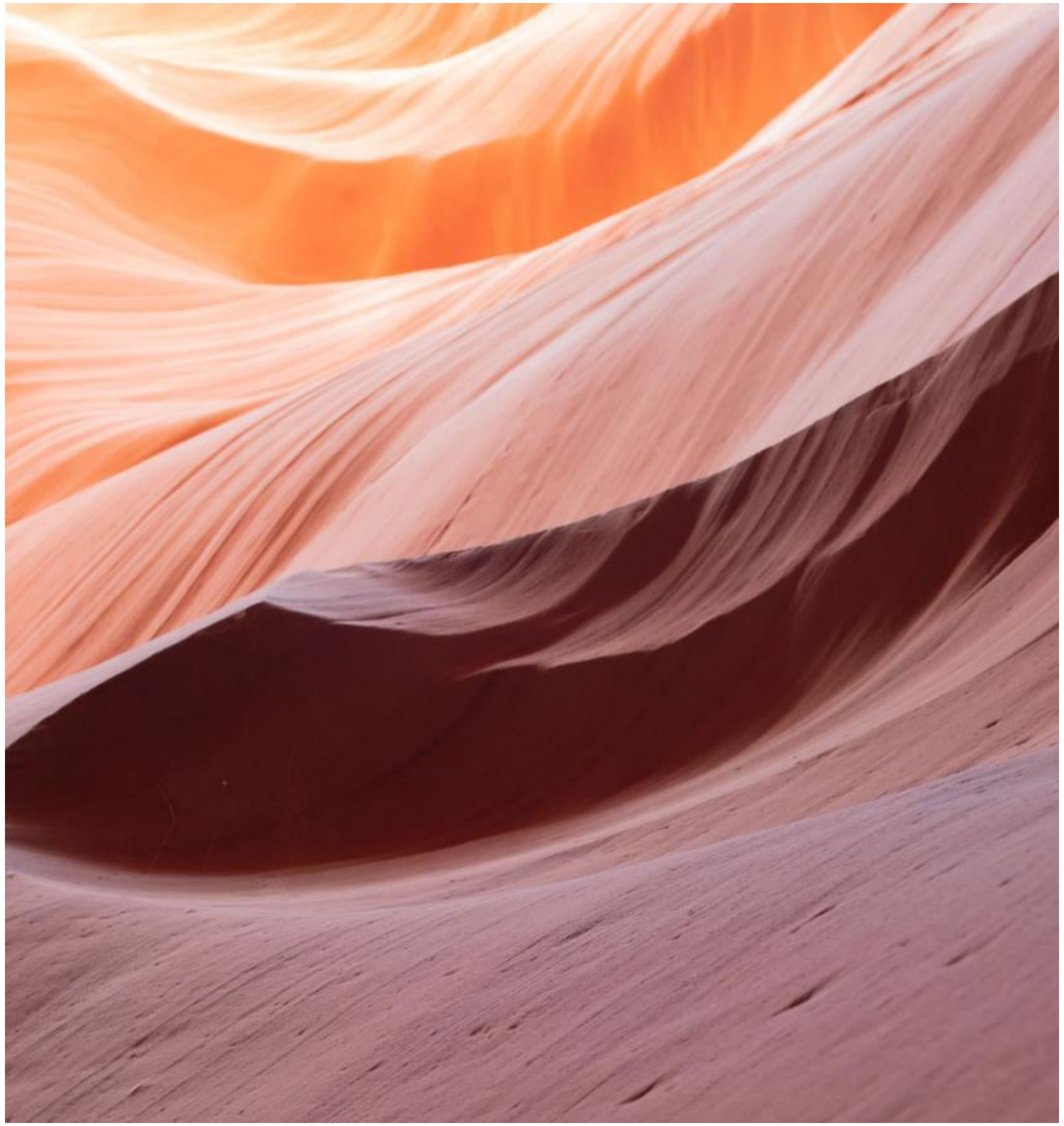
ESRS for non-EU parent companies (ESRS-40a)

Companies affected

- Non-EU parent companies with significant operations in the EU
- Mainly companies in US, UK, Switzerland, Japan, China, South Korea; many of these companies must or wish to provide ISSB-aligned reporting

Timeline

- July-October 2026: EFRAG public consultation
- January 2027: EFRAG delivers technical advice to the European Commission
- Mid-2027: expected adoption of ESRS-40a
- FY2028: first application



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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
- ISSB Standards can cover impacts when providing information about risks and opportunities

Building block approach available to companies
- 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)

4. SASB Standards update

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Phased approach to the project

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
- Staff analysis and board redeliberations are ongoing

Phase 2

- ISSB decided in July 2026 to enhance the six SASB Standards in the **Technology and Communications** sector
- Comprehensive approach – industry classifications, disclosure topics and metrics all in-scope
- Incorporating stakeholder feedback received during Phase 1 of the project

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**
- Sector **identified by investors as a top priority** for improved disclosures to enable them to address how these dynamics are affecting entity 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. Potential 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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5. Nature-related disclosures update

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The proposed way forward for nature

Form of a **Practice Statement**

Specifies nature-related considerations and material information for companies to disclose to investors. Can be applied voluntarily or mandated.

Use **together** with IFRS S1 and IFRS S2

Builds on IFRS S1 (which requires nature-related disclosures) to provide incremental requirements. Supports high-quality, comparable nature disclosures.

Drawing on **TNFD** framework

Aims to deliver efficiencies, reduce fragmentation and enable the ISSB to build on leading practice.

Consultation—feedback on Exposure Draft proposals

Form of standard-setting: Practice Statement

Balance: decision-usefulness for investors, cost-effectiveness for preparers

Requirements: core content, terms and concepts, metrics and sources of guidance and more

Clarity: usability and helpfulness of requirements to support high-quality reporting

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Nature Exposure Draft coming October 2026

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

Survey

Comment Letter

120-day consultation period

Planned outreach activities

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6. Human capital research project update

Human capital research project

Project progress so far

Date	Phase	Milestone
May 2023		Request for Information on Agenda Priorities published
April 2024		ISSB adds Human Capital research project to work plan
February 2025	Phase one research	Investor interest in human capital-related information Evidence of effects on an entity's prospects
March 2025	Phase one research	Other human capital-related standards and frameworks Current state of disclosure of human capital-related information
October 2025	Phase two research	Analytical approach for synthesising findings
December 2025	Phase two research	Findings on necessity and feasibility of standard-setting
September 2026		Project update to the ISSB

Human capital research project

Current understanding

5.4(a) Deficiency in reporting	• **Clear deficiencies exist**: a lack of relevant, decision-useful information; insufficient quality (non-standardised, inconsistent, unverifiable); and a lack of particular information on strategy and metrics.
5.4(b) Importance to users	• **Workforce information is Decision-useful for investors**: they express a strong need for it to manage risks and enhance returns, and there are well-established correlations between workforce matters and an entity's prospects.
5.4(c) Types of entities affected and prevalence	• Workforce risks and opportunities are **common across all industries and jurisdictions**, but **business model and jurisdiction can significantly influence** whether and how particular risks and opportunities arise.
5.4(d) Pervasiveness or acuteness	• The issues are **highly pervasive** because all entities have workers, but **acuteness varies** by the specific issue and internal/external factors.
Costs of preparing and reporting	• Current practices **do not meet investor needs** and new requirements would likely add incremental costs. **Fragmentation across frameworks increases costs**. **IFRS S1 may already suffice** for some subject matter.

Human capital research project

Further research required

5.4(a) Deficiency in reporting	• The **exact information required** for topics where the precise deficiency is unclear • Where and how **IFRS S1 is already providing workforce information** that meets investors needs
5.4(b) Importance to users	• More detail on **how and why workforce information is Decision-useful**, including the circumstances (geography, business model) in which it becomes Decision-useful • The **particular information (not just topics) of interest**, and the importance of emerging issues (AI)
5.4(c) Types of entities affected and prevalence	• How **business model influences the relevance** of workforce-related risks and opportunities • The **role of geography** in determining relevant workforce-related risks and opportunities
5.4(d) Pervasiveness or acuteness	• A more detailed understanding of the **relationship between specific issues and an entity's circumstances**
Costs of preparing and reporting	• Where **costs will be concentrated** (by information type and preparer type) and why • Whether/how **costs can be mitigated**

Human capital research project

Next steps

What **terms and concepts** are used to describe workforce-related matters in the sustainability standards, frameworks and initiatives most widely used today?

What **specific workforce-related information do investors need** for those topics where they expressed strong demand for improved disclosure?

How does an entity's **business model** affect the workforce-related risks and opportunities it faces?

How do **jurisdictional factors** shape the way preparers experience, manage and disclose workforce-related risks and opportunities?

To what extent are the **general requirements in IFRS S1** sufficient to elicit decision-useful information about workforce-related risks and opportunities?

7. Q&A

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Next SRG quarterly meeting **Q4 2026**

- **Option 1**
  - 8 December at 5 PM PT / 8 PM ET
  - 9 December at 9 AM CST / 10 AM JST / 11 AM AET
- **Option 2**
  - 9 December at 9 AM ET / 11 AM BRT / 3 PM CET / 4 PM SAST

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