
ISSB meeting

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Project	General Sustainability-related Disclosures and Climate-related Disclosures
Topic	Plan for redeliberations
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Objective

1. This paper discusses the proposed plan for redeliberating the Exposure Draft IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* ([draft] S1) and Exposure Draft IFRS S2 *Climate-related Disclosure* ([draft] S2) proposals.
2. The purpose of this paper is to:
 - (a) outline the staff's proposed project plan;
 - (b) seek confirmation from the ISSB on the proposed plan; and
 - (c) seek confirmation from the ISSB on the topics for redeliberations.

Structure of the paper

3. This paper is structured as follows:
 - (a) Background (paragraphs 4-7);
 - (b) Summary of feedback on the exposure drafts (paragraphs 8-16);
 - (c) Plan for redeliberations (paragraphs 17-84);
 - (i) Factors to consider (paragraphs 18-31);
 - (ii) General approach to redeliberations (paragraphs 32-39);
 - (iii) Topics for redeliberations (paragraph 40-84);
 - (d) Project timing (paragraph 85); and
 - (e) Questions for the ISSB (paragraph 86).

Background

4. [Draft] S1 and [draft] S2 were developed in response to calls from users of general purpose financial reporting (users) for more consistent, complete, comparable and verifiable information, including consistent metrics and standardised qualitative disclosures, to help them assess how sustainability-related matters and the associated risks and opportunities affect:
 - (a) an entity's financial position and financial performance;

- (b) an amount, timing and certainty of the entity's future cash flows over the short, medium and long term and, therefore, the assessment of enterprise value by users; and
 - (c) an entity's strategy and business model.
5. [Draft] S1 and [draft] S2 are based on the two prototypes published on the IFRS Foundation website in November 2021, developed by the Technical Readiness Working Group (TRWG): *Prototype General Requirements for Disclosure of Sustainability-related Financial Information* (General Requirements Prototype) and *Prototype Climate-related Disclosures Requirements* (Climate Prototype). The prototypes included the recommendations by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and components of the frameworks and standards of international sustainability bodies, including CDSB and the Value Reporting Foundation (previously the SASB Foundation and the International Integrated Reporting Council), as published in a prototype of a sustainability-related financial disclosure presentation standard in December 2020. Therefore, [draft] S1 and [draft] S2 build upon the TCFD Recommendations and other sustainability-related frameworks and standards, including the CSDB Framework, the SASB Standards and the Integrated Reporting Framework and also upon the IFRS Accounting Standards.
6. The proposals in [draft] S1 and [draft] S2 are intended to facilitate the provision of comparable information for global markets. These requirements are designed to enable users of general purpose financial reporting to assess entities' exposure to and management of sustainability-related risks and opportunities, across markets, to facilitate capital allocation and stewardship decisions.
7. [Draft] S1 proposes requiring an entity to provide material information about all significant sustainability-related risks and opportunities that affect enterprise value. It is, therefore, intended that the disclosures proposed to be required by [draft] S2 would enable an entity to meet the requirements in [draft] S1 to provide material information about risks and opportunities related to climate change. For example, when an entity determines that information about a climate-related risk or opportunity is material, it would be required to apply the cross-industry requirements described in [draft] S2 together with the applicable industry-based climate-related requirements included in Appendix B in [draft] S2.

Summary of feedback on the exposure drafts

8. The stakeholder response to the comment period on [draft] S1 and [draft] S2 was robust in terms of the volume of responses and the diversity of respondents. Approximately 700 respondents submitted comment letters and/or surveys on each [draft] S1 and on [draft] S2. These respondents represented a range of stakeholder types and geographies. The strong response rate suggests significant and widespread interest across the global capital markets in the proposals, including the work of the ISSB to develop IFRS Sustainability Disclosure Standards more broadly.
9. Almost all respondents supported the ISSB's overall aim to develop a comprehensive global baseline of sustainability-related financial disclosures for the capital markets. They strongly welcomed the intention to consolidate multiple standards and frameworks into a single set of high-quality sustainability disclosures standards.
10. Most respondents welcomed the timely publication of [draft] S1 along with [draft] S2. Many encouraged the ISSB to continue moving at pace in issuing the final standards, with some respondents emphasising the importance of both timeliness and quality.
11. Most respondents supported the overall positioning of [draft] S1 as an overarching standard which sets out the general requirements designed to apply across the IFRS Sustainability Disclosure Standards. While there is a broad support for [draft] S1, most respondents also asked for greater support, guidance, and examples to support the application of the proposals. This includes requests for greater clarity on some of the fundamental aspects of the proposals in [draft] S1 and challenges in implementing certain aspects of the proposals.

12. The summary of comments on [draft] S1 is outlined in Agenda Paper 3A *General Sustainability-related Disclosures—Summary of comments*.
13. The proposals in [draft] S2 were generally well-received by respondents, in particular by users of general purpose financial reporting, who expressed strong agreement with the proposed objective and the specific proposals. Respondents noted the urgency of climate-related disclosure, citing significant risks that climate change presents to individual entities as well as to financial stability and the world's capital markets more broadly.
14. Most respondents agreed that most of the proposed requirements would result in disclosures that enable users of general purpose financial reporting to assess the effects of climate-related risks and opportunities on an entity's enterprise value. Almost all respondents agreed with the proposals on governance, strategy, risk management, the cross-industry metric categories and targets. Views were mixed on specific proposals, including those relating to Scope 3 greenhouse gas (GHG) emissions, the use of scenario analysis and the industry-based requirements. Many respondents, in particular users, broadly agreed with these proposals, however, many other respondents, in particular preparers, commented on operational challenges associated with the proposals.
15. While respondents generally expressed agreement with most of the proposals in [draft] S1 and [draft] S2, most respondents, across stakeholder groups, also raised concerns about the range of capabilities and preparedness of entities around the world to apply the proposals in [draft] S1 and [draft] S2. In particular, many respondents, in particular preparers and regulators, noted that some disclosures will require significant resources, both in a transition phase (for example, investments in new systems), and on an ongoing basis (for example, human resources). Furthermore, most respondents, particularly preparers, noted that there is a need for more illustrative examples and guidance on specific requirements to aid application.
16. The summary of comments on [draft] S2 is outlined in Agenda Paper 4A *Climate-related Disclosures—Summary of comments*.

Plan for redeliberations

17. In planning the redeliberations, we considered the following:
 - (a) factors to consider in deciding how to approach redeliberations (paragraphs 18-31);
 - (b) general approach to redeliberations (paragraphs 32-39); and
 - (c) topics for redeliberations (paragraphs 40–84).

Factors to consider

18. We believe there are five main factors to consider in deciding how to approach the deliberations:
 - (a) timeliness and maintaining momentum (paragraphs 19-21);
 - (b) leveraging existing sustainability-related frameworks and standards (paragraphs 22-24);
 - (c) linkages between topics (paragraphs 25-26);
 - (d) future work plan (paragraphs 27-29); and
 - (e) efficiency (paragraph 30-31).

Timeliness and maintaining momentum

19. Completing the project on a timely basis is important. Stakeholders, including users, have expressed the need for timely completion of these standards. Most respondents therefore welcomed the speed at which the exposure drafts were published and how the exposure drafts build on existing sustainability-related standards and frameworks, because this may ease application by preparers that are already familiar with these standards and frameworks.
20. Timeliness has therefore been a key consideration and was highlighted in responses to the IFRS Foundation Trustees' 2020 consultation on sustainability reporting. The Trustees decided in March 2022 to grant special powers to the Chair and Vice-Chair of the ISSB to enable timely publication of initial exposure drafts for stakeholder input, to balance the need to advance the work of the ISSB on a timely basis while obtaining input from interested parties. This furthermore allowed the exposure drafts to be out for consultation at a similar time to relevant jurisdictional initiatives, including those in Europe and the US.
21. Considering timeliness continues to be an important as part of the redeliberations to address respondents' feedback and to maintain the momentum which has been positively received by ISSB's stakeholders.

Leveraging existing sustainability-related frameworks and standards

22. In developing the exposure drafts the ISSB sought to build on the work of investor-focused reporting initiatives in line with the strategic direction set out by the IFRS Foundation Trustees when they announced the creation of the ISSB. The ISSB Chair and Vice-Chair carried this through in the proposals by incorporating and/or building on the TCFD Recommendations, and other sustainability-related frameworks and standards, including the CDSB Framework and the SASB Standards. As a result, the proposals benefited from over 10-years of development of sustainability-related frameworks and standards, including an extensive body of prior stakeholder input.
23. This can benefit the ISSB in the redeliberations by providing a deeper history and context around specific disclosure requirements. For example, in evaluating alternative options on a particular topic the ISSB may be able to benefit from prior stakeholder input and observations on the current application of other sustainability-related standards and frameworks.
24. With this benefit noted, due consideration must of course be given to the feedback received on [draft] S1 and [draft] S2, including the value of input provided by the many stakeholders that may be new to sustainability-related financial disclosures. It is also noted that the ISSB is developing a global baseline so particular consideration must be given to the range of companies and jurisdictions in which the proposals would be applied. In addition, the intention is that the ISSB's standards be introduced as requirements by jurisdictions which is a new aspect for consideration.

Linkages between topics

25. There are many linkages between topics within each Exposure Draft, as well as linkages on topics between the two exposure drafts. It is important to consider the linkages because decisions on one topic may affect the approach taken on another topic. It may be appropriate to consider some topics together to avoid potentially having to revisit decisions in one topic after the related topic is discussed. In addition, these linkages also may inform the sequence of topics that the staff recommends for redeliberations.
26. For example, many respondents commented on the proposed disclosure requirements related to current and anticipated financial effects. Because the proposed disclosure requirements in [draft] S2 closely mirror those in [draft] S1, the staff recommends that this topic is redeliberated by the ISSB for both projects at the same time. This recommendation does not imply that the decisions the ISSB makes must be the same for both projects, but rather than the ISSB should approach decision making

on this topic for both projects at the same time to provide adequate understanding of the implications for decisions that are made in an efficient manner.

Future work plan

27. The ISSB is currently preparing for a consultation on agenda priorities to further develop the ISSB's work plan. While this effort constitutes a separate project from the General Sustainability-related Disclosures and Climate-related Disclosures projects, the staff notes the relevance of this proposed plan for redeliberations of [draft] S1 and [draft] S2.
28. Specifically, some of the feedback received on the exposure drafts either extends beyond the scope of General Sustainability-related Disclosures and Climate-related Disclosures or can be viewed as a natural extension in the next phase of the ISSB's work. In many instances, this feedback relates to the application of [draft] S1 for sustainability-related disclosures that are not related to climate. In other instances, feedback directly related to [draft] S2 may be informative for the ISSB's future work on climate-related disclosure requirements. For example, the ISSB may take a position in the redeliberations on a specific topic within the [draft] S2 that the feedback warrants action, but that action is better taken through a future project on the ISSB's agenda to ensure that redeliberations are focused or for reasons such as complexity, rapidly evolving practices and/or lack of insight into costs of application.
29. As a result, there may be instances in the redeliberations of [draft] S1 and/or [draft] S2 when the staff recommends that the ISSB make a decision with an understanding that a topic should be considered as part of the development of its work plan.

Efficiency

30. Efficient use of resources and the ISSB's time is important. Considering efficiency, the staff has developed this plan for redeliberations to focus the ISSB on a proposed set of specific topics, while excluding other topics. Each topic that is proposed for redeliberations has been recommended by the staff for specific reasons related to the respondents' feedback on [draft] S1 and [draft] S2. Obtaining a confirmation from the ISSB on the list of topics for redeliberations as early as possible will enable the redeliberations to proceed as efficiently as possible.
31. The proposed plan approaches redeliberations on each topic in one of two ways. For less complex topics, the staff plans to bring a paper to the ISSB for discussion and decision-making in a single ISSB meeting. For more complex matters, the staff plans a staged approach that is further outlined in paragraph 39(b).

General approach to redeliberations

32. Considering the factors discussed above, the staff has developed the following general approach to redeliberations:
 - (a) assess feedback on the exposure drafts (paragraphs 33-34);
 - (b) establish the scope of topics for redeliberations (and indicative timeline for decision-making) (paragraphs 35-38); and
 - (c) establish the approach on topics for redeliberations (paragraph 39).

Assess feedback

33. The staff presented a preliminary view on key themes arising from market outreach at the July ISSB meeting. The staff has summarised and analysed the feedback received from comment letters and survey responses. The summary of comment letter feedback on [draft] S1 and [draft] S2 is available in

Agenda Paper 3A *General Sustainability-related Disclosures—Summary of comments* and Agenda Paper 4A *Climate-related Disclosures—Summary of comments*, respectively.

34. The staff has identified topics that were well-received, topics that received mixed feedback, and topics where new or different information was provided by stakeholders that may alter the ISSB's reasoning on the disclosure requirements. This understanding helps inform the list of topics proposed for redeliberations (see paragraphs 40-84).

Establish the scope of topics for redeliberations

35. The staff has developed a proposed list of topics for redeliberation (see paragraphs 40-84). We view it as essential to obtain confirmation from the ISSB early in the redeliberations phase that this list of topics is appropriate. The factors discussed in paragraphs 18-31, including timeliness and maintaining momentum, have been considered by the staff in proposing this list of topics for redeliberations. As such, the staff has sought to keep the list as disciplined as possible.
36. In determining which topics the staff recommends for redeliberations by the ISSB, the staff considered the following:
- (a) *topics that were well-received* – for project topics that were generally well received, including agreement for the proposals (or a lack of dissenting views) we expect the ISSB to proceed with those as proposed in [draft] S1 and [draft] S2, subject to drafting suggestions.
 - (b) *topics that received mixed feedback* – topics where mixed feedback has been received, including feedback to add to, remove or modify the proposed requirements, are recommended to be considered for possible redeliberations. In preparing the list of topics proposed for redeliberations that received mixed feedback, the staff has focused on topics where stakeholders provided new or emphasised different information than what was relied on in determining the proposals (as outlined in the Basis for Conclusions for each Exposure Draft).
 - (c) *topics that are relatively well-established by existing sustainability standards and frameworks* – the staff has also considered the extent to which [draft] S1 and [draft] S2 relies on existing standards and frameworks, including the extent to which the proposals align with existing or emerging practices. In developing the list of topics for redeliberations, the staff has focused more heavily on those topics that are newer or vary from existing sustainability standards and frameworks. However, the staff has also considered feedback received and note that there are many stakeholders that are new to sustainability-related financial disclosures, indicating that while certain topics may have been incorporated from existing standards or frameworks, such topics may still be appropriate for redeliberations.
 - (d) *topics that may be better addressed through the future work plan of the ISSB* – the staff has also considered which topics are appropriate to address now (in line with the project objectives) versus those topics that could be addressed subsequent to finalisation of S1 and S2, including by building out further materials to support the application of S1.
37. The staff notes the importance of obtaining confirmation from the ISSB on the list of topics for redeliberations at this meeting, or as soon as possible. Obtaining this information as early as possible facilitates planning to enable the redeliberations to proceed as efficiently as possible.
38. The staff notes that there may be additional topics beyond the list of proposed topics for redeliberations where clarifications, modifications or other minor improvements should be considered by the ISSB. In these cases, the staff intends to provide the ISSB with specific proposed improvements to the disclosure requirements, along with brief supporting rationale in future papers. On these topics, the staff will not be proposing substantial modifications to [draft] S1 and [draft] S2 or other changes that significantly alter the objectives of the disclosure requirements. As a result, these

topics are excluded from the list of topics proposed for redeliberations but a summary of the proposed changes will be included in board papers brought to the ISSB for approval.

Approach on topics for redeliberations

39. Where the ISSB has confirmed a topic for redeliberations, the staff plans to approach redeliberations using the following approaches:
- (a) In instances where a matter is less complex, the staff may bring analysis and recommendations and ask to the ISSB to make a decision in a single meeting.
 - (b) In instances where a matter is more complex, the staff proposes a staged approach to deliberations. Using this approach, the staff would initially bring a paper to discuss the feedback received in the context of the proposal and seek a discussion of whether there is a need to consider modifications and/or the range of alternative approaches. The staff will seek a general direction from the ISSB as an outcome of these discussions. Subsequently, the staff would bring a paper in line with the general direction established by the ISSB to discuss and facilitate a decision.

Topics for redeliberations

40. The staff notes that there has been widespread support for the proposed requirements in [draft] S1 and [draft] S2. As a result, the proposed redeliberations plan focuses on a limited number of topics that the staff believes are appropriate to redeliberate based on feedback received.
41. The individual topics proposed for redeliberations include:
- (a) joint topics for redeliberations relevant to both [draft] S1 and [draft] S2 (paragraphs 43-48)
 - (i) scalability;
 - (ii) current and anticipated effects of sustainability-related and climate-related risks and opportunities on an entity's financial performance, financial position and cash flows;
 - (b) topics for redeliberations for [draft] S1 (paragraphs 49-64);
 - (i) enterprise value;
 - (ii) breadth of reporting required;
 - (iii) 'significant' sustainability-related risk or opportunity;
 - (iv) identifying significant sustainability-related risks and opportunities and disclosures (including using materials of other standard setters);
 - (v) application of the materiality assessment;
 - (vi) connected information;
 - (vii) frequency of reporting;
 - (c) topics for redeliberations for [draft] S2 (paragraphs 65-84);
 - (i) strategy and decision-making, including transition planning;
 - (ii) climate resilience;

- (iii) greenhouse gas emissions; and
 - (iv) industry-based requirements, including financed and facilitated emissions
42. In addition to the above, the staff also plans to provide papers to the ISSB in the latter stages of redeliberations that addresses effective dates, including recommendations for the ISSB to facilitate decisions.

Proposed joint topics for redeliberations ([draft] S1 and [draft] S2)

Scalability

43. Most respondents suggested that the ISSB should give more consideration to the range of capabilities and preparedness of entities around the world to apply the proposals in the [draft] S1 and [draft] S2. We have therefore brought Agenda Paper 3C & 4C *General Sustainability-related Disclosures and Climate-related Disclosures—Scalability* to this September ISSB meeting, which sets out the staff analysis and recommendations for a set of mechanisms the ISSB could use to address scalability.
44. These scalability mechanisms are intended as a list of options ('mechanisms') the staff can use to inform recommendations to the ISSB in subsequent papers relating to [draft] S1 and [draft] S2. The mechanisms for addressing scalability focus on potential amendments to the proposed requirements in the exposure drafts, as well as identifying and developing materials to assist preparers in application.
45. Future papers will include, when relevant, the staff recommendations on which mechanism to use for addressing scalability challenges

Current and anticipated financial effects

46. Respondents raised concerns about the requirements to disclose the current and anticipated financial effects of sustainability-related and climate-related financial risks and opportunities, including:
- (a) how the current and anticipated financial effects should be quantified given measurement uncertainties, assumptions and estimates associated with risks and opportunities overtime;
 - (b) the conditions that must be satisfied in order for an entity to state that it is unable to provide information;
 - (c) legal challenges associated with disclosure of forward-looking information; and
 - (d) how to attribute particular financial effects to specific risks/opportunities when effects often arise from a combination of risks and opportunities.

See paragraphs 58-59 of Agenda Paper 3A *General Sustainability-related Disclosures—Summary of comments* and paragraphs 53-64 of Agenda Paper 4A *Climate-related Disclosures—Summary of comments*.

47. The ISSB will need to consider whether greater clarity and time is needed for preparers provide disclosures on current and anticipated financial effects to address the above concerns.
48. Considering this requirement is proposed in relation to sustainability-related and climate-related financial risks and opportunities in [draft] S1 and [draft] S2, this planned board paper on current and anticipated financial effects will cover both draft standards.

Proposed topics for redeliberations on [draft] S1**Enterprise value**

49. Some respondents seek a greater understanding on the concept of enterprise value and/or the clarity of its articulation including the extent to which this includes the impact of a company on people, planet and the economy and whether the focus on enterprise value is appropriate (see paragraph 45(a) of Agenda Paper 3A *General Sustainability-related Disclosures—Summary of comments*).
50. The ISSB will need to consider various options or other improvements including whether the focus should be explicitly on enterprise value or if it is the articulation of 'enterprise value'.

Breadth of reporting required

51. Some respondents raised concerns on the potential breadth of reporting required, meaning the proposed requirement to disclose material information on 'all' significant sustainability-related risks and opportunities, noting the wording and guidance is not sufficiently clear. Many respondents also commented that the scope of reporting on value chain could be very broad and could produce disclosures of widely varying scope (see paragraphs 45(b) and 66-68 of Agenda Paper 3A *General Sustainability-related Disclosures—Summary of comments*).
52. The ISSB will need to consider how greater clarity can be provided to preparers on the scope of reporting on sustainability-related financial information. The ISSB will also need to consider whether the term sustainability in relation to sustainability-related risks and opportunities and sustainability-related financial reporting or the term sustainability-related financial information needs to be defined or further described, and similarly whether further guidance or clarity on the application of value chain needs to be provided.

'Significant' sustainability-related risk or opportunity

53. Many respondents expressed concerns about the use of 'significant' before the phrase 'sustainability-related risks and opportunities and its relationship with materiality (see paragraphs 32-33 of Agenda Paper 3A *General Sustainability-related Disclosures—Summary of comments*).
54. The ISSB will need to consider whether the term 'significant' is needed or should be replaced with another term, and whether guidance is needed on how to determine what is 'significant' and whether greater clarity needs to be provided on the meaning of the term and its relationship with materiality.

Identifying significant sustainability-related risks and opportunities and disclosures

55. Mixed feedback was received on the proposed requirement for preparers to consider the sources of guidance listed in paragraphs 51 and 54 of the exposure draft ('Identifying sustainability-related risks and opportunities and disclosures'), including greater clarity on the words 'shall consider' and concerns about comparability and completeness of information required given the breadth of resources that 'shall be considered' (see paragraphs 78-81 of Agenda Paper 3A *General Sustainability-related Disclosures—Summary of comments*).
56. The ISSB will need to consider what is included in the list of reference materials and confirm how the materials should be used.

Materiality application

57. Respondents provided mixed feedback on whether the definition of materiality is clear in the context of sustainability-related financial information with queries on the application of materiality assessment focussed on enterprise value and the relationship with traditional financial reporting materiality (see

paragraphs 82-87 of Agenda Paper 3A *General Sustainability-related Disclosures—Summary of comments*).

58. The ISSB will need to consider whether the definition of materiality needs to be further clarified, including whether further guidance to support the application of materiality needs to be provided.

Connected information

59. Many respondents commented on the practical challenges of applying the requirements on connected information, including:

- (a) the complexity of connected disclosures between different sustainability-related risks and opportunities, and to assess how information about these risks and opportunities is linked to information in the financial statements;
- (b) clarity to determine when disclosures provide sufficient connected information;
- (c) clarity on connected information with financial statements given they might be prepared on different bases; and
- (d) the potential assurance challenges.

See paragraphs 71-75 of Agenda Paper 3A *General Sustainability-related Disclosures—Summary of comments*).

60. The ISSB will need to consider whether further clarity can be provided including guidance and examples to support preparers in providing connected information.
61. This will be considered as part of a board paper alongside 40(a)(ii) (current and anticipated financial effects), given the close relationship and interdependencies between these topics.

Frequency of reporting

62. Many respondents raised the challenge in publishing sustainability-related financial disclosures at the same time as the financial statements, at least on initial application of the standards, due to the potential reporting burden, the need to establish processes for sustainability reporting, and incompatibility with existing jurisdictional requirements (see paragraphs 92-94 of Agenda Paper 3A *General Sustainability-related Disclosures—Summary of comments*).
63. The ISSB will need to consider whether provisions should be made to provide relief to preparers in applying this proposed requirement.
64. Any changes to the timing of reporting may affect whether a preparer can provide sustainability-related financial disclosures as part of its general purpose financial reporting. Therefore, the implications on location of information will be considered in the same board paper.

Proposed topics for redeliberations on [draft] S2

Strategy and decision-making and targets

65. We plan to make two assumptions in drafting the ISSB paper:
- (1) the ISSB will proceed with the proposal for an entity to disclose the effects of significant climate-related risks and opportunities on its strategy and decision-making, including its transition plans; and

- (2) the ISSB will proceed with the proposal for an entity to disclose its climate-related targets.
66. However, some respondents raised comments that suggested there is a need to improve the structural clarity of paragraphs 13 in [draft] S2 by delineating transition plan disclosure more specifically and reducing overlap with the disclosure requirements in paragraph 23 in [draft] S2. Some respondents asked for more granular requirements about an entity's transition plans, as they viewed the information about how an entity is adjusting its business model going forward as critical for users to assess enterprise value.
67. Furthermore, some respondents asked for further clarity on carbon offsets and carbon credits, including the role carbon offsets/credits can play in an entity's transition plans. In contrast to transition plans, respondents asked for less detail and more flexibility on information disclosed for carbon credits given the rapidly evolving nature of the carbon credit markets.
68. Discussions with European Financial Reporting Advisory Group (EFRAG) have raised topics where definitions of carbon- and emission-related terms in the glossary of [draft] S2 can be converged between IFRS S2 and European Sustainability Reporting Standards (ESRS) E1; for example, carbon credit is the term the market is converging to rather than carbon offsets. The staff will prepare a set of revised or new definitions for the ISSB to consider adding to S2.
69. We plan to bring a paper that asks the ISSB to confirm the proposal that an entity is required to disclose the effects of significant climate-related risks and opportunities on its strategy and decision-making, including its transition plans, and its climate related targets. As part of this paper, we plan to bring an analysis of alternatives, and a recommendation, for addressing the concerns raised by respondents in the consultation.

Climate resilience

70. We plan to assume that the ISSB will proceed with the proposal for an entity to disclose the results of the analysis of climate resilience and how the analysis has been conducted. Furthermore, we assume that the ISSB will proceed with the line items listed in paragraph 15(a), with further clarification if needed, as respondents to the consultation broadly agree that these reflect what users need to understand about the climate resilience of an entity's strategy. Therefore, we plan to bring a paper that asks the ISSB to confirm these aspects of the proposal.
71. However, many respondents noted that there is a significant burden on entities to use climate-related scenario analysis, in particular for entities with less experience in climate-related disclosures or for smaller entities, as these are likely to be more resource constraints. Additionally, respondents said that climate-related scenario analysis is still a developing field with challenging conceptual, methodological and application issues being worked on currently by various stakeholders.
72. We therefore plan to include an analysis of the remaining aspects of the climate resilience proposal, including when scenario analysis should be required. Furthermore, the staff will assess whether the requirement should be amended to include the use a Paris aligned scenario. Furthermore, the staff will assess the need for further clarity on what elements of the proposal require, or could require, quantitative disclosure and which elements of the proposal require, or could require, qualitative disclosure.

GHG emissions

73. We plan to assume that the ISSB will proceed with the proposal for an entity to disclose information relevant to the cross-industry metric categories, which are relevant to entities regardless of industry and business model. We plan to assume that the ISSB will *likely* proceed with the proposal that an entity to disclose its absolute gross greenhouse gas (GHG) emissions generated during the reporting period for its Scope 1 and Scope 2 GHG emissions, as almost all respondents broadly agreed that entities should be required to disclose this.

74. However, while almost all respondents broadly agreed that an entity should be required to disclose its Scope 1 and Scope 2 GHG emissions, some respondents disagreed with aspects of the requirements relating to the underlying calculations and measurement methodologies. For example, most respondents agreed that entities should be required to disclose emissions using the GHG Protocol Corporate Standard as set out in [draft] S2. However, some respondents said that other measurement methodologies, such as the ISO 14064 series of standards, and national schemes, should be permitted as alternatives for entities to use.
75. Other, related concerns were also raised. A few respondents raised concerns about challenges with how GHG emissions were treated for investees and whether it is appropriate for the ISSB to mandate the use of third-party methodologies, such as the GHG Protocol Corporate Standard. Finally, a few respondents raised a concern that the proposed GHG emissions intensity metric lacks specificity, requiring an entity to express the GHG intensity as metric tonnes of CO₂ equivalent per unit of *physical or economic output*.
76. Furthermore, whilst most respondents agreed with the proposals regarding absolute gross Scope 3 GHG emissions, respondents expressed a range of concerns about particular aspects of the requirement. The challenges raised by these respondents included concerns about data availability, use of estimates and uncertainties about calculation methodologies
77. The staff assumes that the ISSB will agree with our plan to redeliberate aspects of the proposal, following the respondents' feedback to the consultations. As such the staff plans to present analysis and recommendations to the ISSB on this topic, including:
- (a) a high-level overview of the comment letter feedback on the proposed GHG emission disclosure requirements;
 - (b) staff analysis and recommendations to initiate the redeliberations on measurement methodology; and
 - (c) staff analysis and recommendations to initiate redeliberations on the proposed Scope 3 GHG emissions disclosure requirement.
78. In addition, staff plans to present recommendations on remaining aspects of the proposals that elicited significant feedback, including the aggregation and disaggregation of component gases and approaches to emissions intensity.

Industry-based requirements

79. We plan to make no specific assumptions when drafting the papers on the requirements included in [draft] S2 Appendix B on industry-based requirements. We plan to start with an analysis and recommendations on the role of industry-based requirements as part of the architecture of the IFRS Sustainability Disclosure Standards. We expect we will need further papers to finalise the proposals for the industry-based requirements included in [draft] S2.
80. [Draft] S2 proposed the addition of 'Transition Risk Exposure' as a disclosure topic in the industry-based disclosure requirements. Specifically, as part of that new disclosure topic, several metrics relating to financed and facilitated emissions were proposed for the following four industries—commercial banks, investment banking and brokerage, asset management and custody activities, and insurance.
81. The Invitation to Comment in the [draft] S2 asked six questions specific to the financed and facilitated emissions proposals. Over 100 comment letters responded to those questions. In addition, the staff performed targeted outreach which included more than 30 meetings with banks, insurers, asset managers, asset owners, industry bodies, research organisations, regulators and other experts.

82. Most respondents generally agreed with the proposed industry-based disclosure requirements for financed and facilitated emissions. These respondents said the proposals would result in more robust and complete disclosure and acknowledged that these proposed metrics would go beyond the requirements proposed in the cross-industry metrics and targets section of [draft] S2—in other words where paragraph 21(a) of the [draft] S2 would require entities to disclose Scope 3 emissions including Category 15 (investments).
83. However, some respondents raised concerns and questions about particular aspects of the proposals. Therefore, the staff assumed that the ISSB would agree with our plan to redeliberate aspects of the proposal, and we have prepared and brought a paper for the ISSB this September on this topic (Agenda Paper 4D *Climate-related Disclosures—Financed and facilitated emissions*).
84. Following this paper, the staff plans to develop ISSB papers on the recommendations to the proposed 'Transition Risk Exposure' disclosure topics and associated requirements. This will be further be informed by the related recommendations on [draft] S2 Appendix B.

Project timing

85. This proposed project approach has been developed recognising the need for the ISSB to advance redeliberations in a timely and efficient manner. The objective is to publish IFRS S1 and IFRS S2 as early as possible in 2023.

Questions for the ISSB

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

Questions for the IASB

1. Does the ISSB agree with the proposed plan for redeliberations?
2. Topics proposed for redeliberations:
 - (a) Do ISSB members have comments or questions on the list of topics proposed for redeliberations?
 - (b) Does the ISSB confirm the list of topics for redeliberations?