

BRIEFING NOTE

ISSB DECISIONS ON THE FIRST SET OF IFRS SUSTAINABILITY STANDARDS

March 2023

ABOUT THE PRI

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system. More information: www.unpri.org.

ABOUT THIS BRIEFING NOTE

From September 2022 to February 2023 the IFRS Foundation's International Sustainability Standards Board ([ISSB](#)) made decisions on its first set of Sustainability Standards. This briefing note summarises all ISSB decisions, [many of which PRI has supported](#), and therefore provides insight on what information investors might receive from portfolio companies reporting against the final Standards – although this also depends on jurisdiction-level decisions on whether and how to adopt the Standards.

The ISSB works towards delivering IFRS Sustainability Standards that constitute a global baseline of sustainability-related financial disclosures, providing financial markets with information on companies' sustainability-related risks and opportunities. The decisions summarised in this document relate to two exposure draft standards, which the ISSB consulted on last year and the PRI [provided feedback on](#). References in this document indicate the source paragraph within the exposure drafts.

The ISSB's exposure drafts are described below and summarised [in this PRI briefing note](#).

- [\[Draft\] IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information \(Draft IFRS S1\)](#) – applies to reporting on sustainability-related financial risks and opportunities for all sustainability issues, particularly those for which the IFRS Foundation has yet to publish issue-specific standards.
- [\[Draft\] IFRS S2 – Climate-related Disclosures \(Draft IFRS S2\)](#) – applies to reporting on climate-related financial risks and opportunities.

The ISSB aims to issue final IFRS Sustainability Standards by the end of Q2 2023. Further information on PRI's engagement with the ISSB is available [here](#).

For more information, contact:

René Van Merrienboer
Director, Sustainable Markets
rene.van-merrienboer@unpri.org

Benjamin Taylor
Analyst, Driving Meaningful Data
benjamin.taylor@unpri.org

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HIGH-LEVEL OVERVIEW OF ISSB DECISIONS

The ISSB confirmed a 2024 effective date for its Standards and tentatively agreed on several edits. These are briefly summarised below and further outlined in the remainder of this briefing note.

DECISIONS RELATED TO IFRS S1

Theme	Changes
1) Application timeline	<ul style="list-style-type: none"> Allow an exemption from reporting against IFRS S1 in the first year of reporting.
2) Objective	<ul style="list-style-type: none"> Clarify relationship between sustainability risks, opportunities and impacts. Remove references to “enterprise value” and “significant” risks/opportunities.
3) Industry metrics	<ul style="list-style-type: none"> Resolve consistency errors and enhance international applicability. Render SASB industry metrics voluntary at this stage.
4) Strategy	<ul style="list-style-type: none"> On financial effects of sustainability risks / opportunities, require: <ul style="list-style-type: none"> quantitative information on these where possible; and an explanation of their connection with sustainability risks / opportunities. Specify that the following should be based on “reasonable and supportable information that is available at the reporting date without undue cost or effort”: <ul style="list-style-type: none"> identifying sustainability risks / opportunities and their financial effects; and determining the scope of the value chain.
5) Materiality assessment	<ul style="list-style-type: none"> Permit consideration of other standards to identify and report on sustainability risks/opportunities, and include further guidance on the materiality assessment.
6) General features	<ul style="list-style-type: none"> Require the provision of sustainability-related financial information at the same time as financial statements, with temporary relief provisions. Insert requirements on estimation uncertainty, assumptions, and judgments.

DECISIONS RELATED TO IFRS S2

Theme	Changes
1) Transition plans	<ul style="list-style-type: none"> Require reporting on assumptions / dependencies underlying transition plans.
2) Resilience analysis	<ul style="list-style-type: none"> Require the use of scenario analysis to report on climate resilience and identify climate risks / opportunities. Provide application guidance on conducting scenario analysis.
3) Metrics	<ul style="list-style-type: none"> Require further information on how GHG emissions were measured. Clarify that disclosure of Scope 3 GHG emissions and exposure to climate-related risks / opportunities should be based on “reasonable and supportable information... available at the reporting date without undue cost or effort”. Remove the requirement to disclose GHG emissions intensity. Allow for a one-year exemption from reporting Scope 3 GHG emissions.
4) Targets	<ul style="list-style-type: none"> Require reporting on how climate-related targets were informed by the latest international agreement, and/or jurisdictional commitments arising from this. Require further reporting on the scope of targets and the use of carbon credits.

IFRS S1 – GENERAL REQUIREMENTS FOR DISCLOSURE OF SUSTAINABILITY-RELATED FINANCIAL INFORMATION

On Draft IFRS S1, the ISSB tentatively confirmed changes to requirements and guidance related to:

- 1) Application timeline
- 2) Objective.
- 3) Industry metrics.
- 4) Strategy.
- 5) Materiality assessment.
- 6) General features.

1) APPLICATION TIMELINE

The ISSB decided to allow companies to only report against IFRS S2 in their first year of reporting using ISSB standards. Companies would then be expected to also report against IFRS S1, which covers all non-climate sustainability issues, in the second year of reporting.¹

2) OBJECTIVE

Exposure draft

Draft IFRS S1 contained an “Objective” section which set out the aim of reporting under IFRS Sustainability Standards – to provide **material sustainability-related financial information on significant sustainability-related risks and opportunities** to which an entity is exposed, that would allow primary users (investors, lenders and other creditors) to assess the implications of these risks and opportunities on the entity’s **enterprise value**² [1-7]. Draft IFRS S1 also included the concept of enterprise value in its description of how entities should assess materiality [2].

Removed elements

The ISSB tentatively agreed to remove the term “enterprise value” from the objective of IFRS S1 and description of the materiality assessment, and to instead use the same definition of “material” as within IFRS Accounting Standards:³

- **“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”⁴**

In addition, to avoid confusion the ISSB tentatively decided to remove references to “significant” sustainability-related risks and opportunities.⁵

¹ International Sustainability Standards Board, 2023, [ISSB decides to prioritise climate-related disclosures to support initial application](#).

² Defined as reflecting “expectations of the amount, timing and certainty of future cash flows over the short, medium and long term and the value of those cash flows in the light of the entity’s risk profile, and its access to finance and cost of capital” [5].

³ International Sustainability Standards Board, 2022, [ISSB Update October 2022](#).

⁴ IFRS Foundation, 2018, [Definition of Material: Amendments to IAS 1 and IAS 8](#)

⁵ International Sustainability Standards Board, 2022, [ISSB Update October 2022](#).

Additional elements

To clarify the relationship between an entity's sustainability-related risks, opportunities, and impacts, the ISSB tentatively agreed to:

- Introduce the below definition of “sustainability” within IFRS S1:
 - **“The ability for a company to sustainably maintain resources and relationships with, and manage its dependencies and impacts within, its whole business ecosystem over the short, medium and long term.”**⁶
- Introduce guidance within the objective of IFRS S1, describing:
 - how the value that an entity creates, preserves or erodes for itself and for its investors and creditors is inextricably linked to the value the entity creates for other stakeholders, society and the natural environment;
 - how an entity uses its resources and relationships in creating value for itself and for its investors and creditors;
 - how an entity's reliance on its resources and relationships, and the entity's negative or positive effects on its resources and relationships, can give rise to sustainability-related risks and opportunities for the entity; and
 - how sustainability-related risks and opportunities can affect an entity's performance, prospects, business model, strategy, and the value the entity creates for itself and for its investors and creditors over the short, medium and long-term.⁷

The intention is for entities to explain to investors how they are working within their business ecosystems – addressing the impacts, risks and opportunities that can affect their performance and prospects – to deliver financial value for investors.⁸

With the changes described above, disclosures under IFRS S1 and IFRS S2 may include elements of an entity's sustainability performance / impacts. However, the extent of this remains uncertain until it becomes clear how the definition of “sustainability” is incorporated into the final standards and interacts with other fundamental concepts such as “sustainability-related financial information”.

3) INDUSTRY METRICS

The ISSB's decisions related to industry metrics are summarised in Figure 1 below, and further detailed within relevant ISSB updates.⁹

Figure 1: ISSB decisions related to industry metrics

⁶ International Sustainability Standards Board, 2022, [ISSB describes the concept of sustainability and its articulation with financial value creation, and announces plans to advance work on natural ecosystems and just transition](#).

⁷ Ibid.

⁸ Ibid.

⁹ International Sustainability Standards Board, 2022, [ISSB Update October 2022](#); and International Sustainability Standards Board, 2022, [ISSB Update December 2022](#).

Exposure draft requirements	Changes
<ul style="list-style-type: none"> ■ Requirement to disclose industry metrics [29], listed in Draft IFRS S2 Appendix B. ■ Informed by SASB standards and cover sustainability issues including but not limited to climate change. 	<ul style="list-style-type: none"> ■ SASB industry metrics will be included as illustrative guidance. ■ ISSB will resolve consistency errors and enhance their international applicability.

4) STRATEGY

Exposure draft

The “strategy” section of Draft IFRS S1 contained disclosure requirements on:

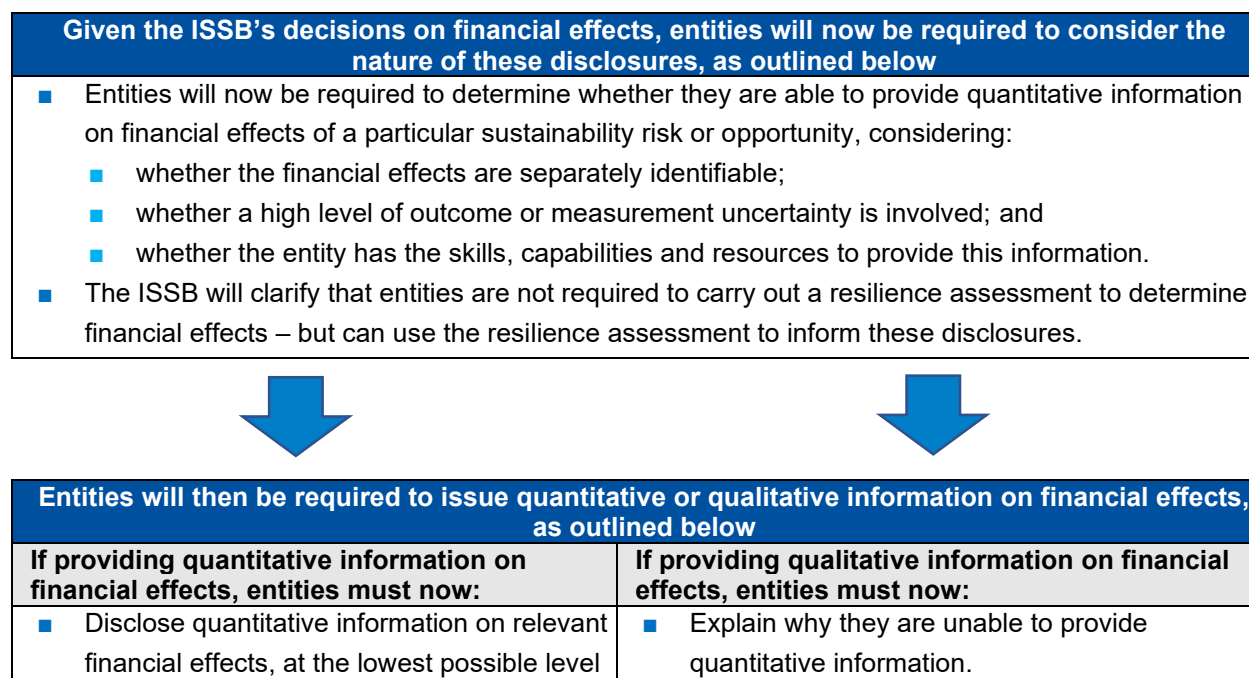
- entities’ sustainability-related risks / opportunities [16], and how they are responding to these [21];
- current and anticipated effects of sustainability-related risks and opportunities on the value chain [20], financial position, financial performance and cash flows [22]; and
- resilience to sustainability-related risks and opportunities, and how this was assessed [23].

These requirements will remain applicable under IFRS S1.¹⁰

Additional elements

The ISSB tentatively agreed to introduce additional requirements on current and anticipated financial effects of sustainability-related risks and opportunities.¹¹ These requirements are summarised below.

Figure 2: ISSB decisions related to financial effects of sustainability risks and opportunities



¹⁰ International Sustainability Standards Board, 2022, [ISSB Update October 2022](#).

¹¹ International Sustainability Standards Board, 2023, [ISSB Update January 2023](#).

<p>of aggregation across sustainability risks / opportunities.</p>	<ul style="list-style-type: none"> ■ Disclose qualitative information on the effects – including identifying line items, totals and subtotals within financial statements that are likely to be affected by the risks / opportunities.
<ul style="list-style-type: none"> ■ Explain the connections between: (i) sustainability-related risks and opportunities; and (ii) current and anticipated financial effects, where information in an entity’s financial statements has been (or is expected to be) affected by those risks and opportunities. 	

In addition, to improve proportionality the ISSB tentatively decided to specify that the following should be based on “reasonable and supportable information that is available at the reporting date without undue cost or effort”, and to provide guidance in these areas:

- identifying sustainability-related risks and opportunities;
- determining the scope of the value chain to apply value chain-related requirements (e.g. Scope 3 GHG emissions); and
- determining anticipated effects of sustainability-related risks and opportunities on financial performance, financial position and cash flows.¹²

Finally, the ISSB tentatively agreed to introduce an exemption from disclosing commercially sensitive information on sustainability opportunities, under conditions set out within the [January 2023 ISSB update](#). When applying the exemption, entities will be required to report their use of the exemption, and to reassess whether the information still qualifies for the exemption at each reporting date.¹³

5) MATERIALITY ASSESSMENT

Exposure draft

Under Draft IFRS S1 entities could comply with the Standard without disclosing against certain provisions, where either (i) entities deem information resulting from these provisions to be non-material [60]; or (ii) local laws and regulations prevent them from disclosing this information [62].

In addition, Draft IFRS S1 would have required entities to consider a list of sources when identifying their sustainability-related risks / opportunities and disclosures about these. The list included SASB standards, CDSB Framework application guidance, materials of other standard setters whose requirements are designed to meet the needs of users of general purpose financial reporting, and industry practice [51].

The proposed materiality assessment requirements will remain applicable under IFRS S1.

However, it is important to note that under Draft IFRS S1 materiality was dependent on effects with respect to enterprise value. This is no longer the case given the ISSB’s decision to remove the term “enterprise value” from the objective of IFRS S1 and description of the materiality assessment, and instead use the same definition of “material” as within IFRS Accounting Standards.

¹² International Sustainability Standards Board, 2023, [ISSB Update January 2023](#).

¹³ Ibid.

Additional elements

The ISSB tentatively decided to confirm the requirement to consider SASB Standards, but also to allow for consideration of CDSB materials,¹⁴ the European Sustainability Reporting Standards and GRI Standards¹⁵ in the absence of a relevant IFRS Sustainability Standard.

Figure 3: Sources to consider when identifying risks / opportunities and disclosures about these

In absence of a relevant issue-specific IFRS Sustainability Standard, entities:	
Must consider	<ul style="list-style-type: none">■ SASB Standards
May consider	<ul style="list-style-type: none">■ CDSB materials■ Materials of other investor-focused standard setters■ Sustainability risks and opportunities identified by entities that operate in the same industries or geographies■ Final European Sustainability Reporting Standards■ GRI Standards

In a related decision, the ISSB tentatively agreed to require disclosure on the guidance used in preparing sustainability-related financial disclosures.¹⁶

Furthermore, the ISSB tentatively voted to introduce further application guidance on the materiality assessment, covering:

- the distinction between: (i) identifying sustainability-related risks and opportunities about which information must be provided; and (ii) identifying material information about these risks and opportunities;
- how entities with complex business models (e.g. spanning multiple industries) might approach the materiality assessment using the SASB Standards; and
- how to assess which sustainability-related risks and opportunities in the value chain are relevant to users of general purpose financial reporting, using Scope 3 GHG emissions as an example.¹⁷

6) GENERAL FEATURES

Exposure draft

Draft IFRS S1 contained a “General features” section specifying how to report sustainability-related financial information on all sustainability issues, including under IFRS S1, IFRS S2 and future issue-specific IFRS Sustainability Standards.

The section covered the following areas:

- Reporting entity (reporting boundaries) [37-41].
- Connected information (connectivity) [42-44].

¹⁴ International Sustainability Standards Board, 2022, [ISSB progresses discussions on reference to other standards to support increased interoperability](#).

¹⁵ International Sustainability Standards Board, 2023, [ISSB Update February 2023](#).

¹⁶ International Sustainability Standards Board, 2023, [ISSB Update January 2023](#).

¹⁷ International Sustainability Standards Board, 2022, [ISSB Update December 2022](#).

- Fair presentation [45-49].
- Comparative information [63-65].
- Frequency of reporting [66-71].
- Location of information [72-78].
- Errors and sources of estimation and outcome uncertainty [79-90].
- Qualitative characteristics of useful sustainability-related financial information [Appendix C].

These proposed requirements will remain applicable under IFRS S1.

Additional elements

The ISSB tentatively confirmed the requirement to report sustainability-related financial information at the same time as the financial statements. However, it also tentatively decided to allow entities to temporarily publish this information later,¹⁸ as illustrated in Figure 4 below.

Figure 4: Transitional deadlines for publishing sustainability information

Does the entity issue H1/Q2 interim reports?	Deadline for publishing sustainability information under short-term transitional relief
Required provide H1/Q2 interim reports	<ul style="list-style-type: none"> ■ Temporarily allowed to publish sustainability information at the same time as H1/Q2 interim reports.
Voluntarily provide H1/Q2 interim reports	<ul style="list-style-type: none"> ■ Temporarily allowed to publish sustainability information: <ul style="list-style-type: none"> ■ at the same time as H1/Q2 interim reports; or ■ no later than nine months after the end of the entity's annual reporting period.
Do not provide H1/Q2 interim reports	<ul style="list-style-type: none"> ■ Temporarily allowed to publish sustainability information no later than nine months after the end of the entity's annual reporting period.

In addition, the ISSB tentatively agreed to introduce requirements for entities to report:

- estimation uncertainty with a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year;
- significant differences between the financial data and assumptions used to prepare sustainability-related financial disclosures and financial statements; and
- judgments that had the most significant effects on disclosures related to sustainability-related risks and opportunities.¹⁹

In a related decision, the ISSB tentatively agreed to provide illustrative guidance on reporting judgments, assumptions and estimates.²⁰

¹⁸ International Sustainability Standards Board, 2023, [ISSB Update February 2023](#).

¹⁹ International Sustainability Standards Board, 2023, [ISSB Update January 2023](#).

²⁰ Ibid.

Finally, with respect to value chain-related disclosures, the ISSB tentatively decided to introduce a requirement for entities to reassess the scope of their sustainability-related risks and opportunities, were a significant event or change of circumstances to occur.²¹

²¹ International Sustainability Standards Board, 2022, [ISSB Update December 2022](#).

IFRS S2 – CLIMATE-RELATED DISCLOSURES

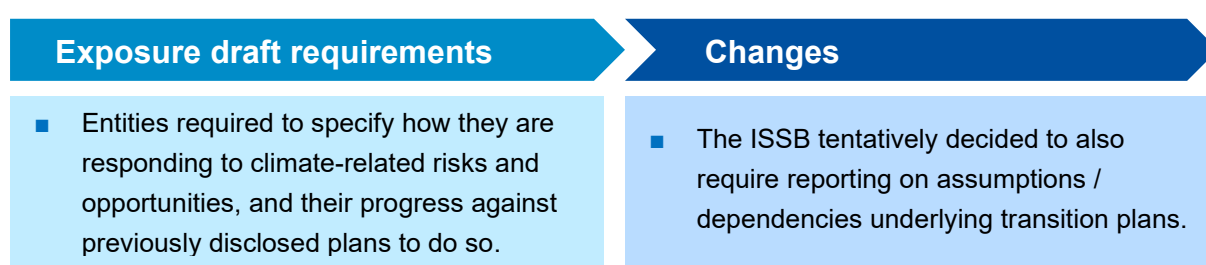
Relative to Draft IFRS S2, the ISSB tentatively agreed on changes to reporting on:

- 1) Transition plans.
- 2) Resilience analysis.
- 3) Metrics.
- 4) Targets.

1) TRANSITION PLANS

The ISSB's decisions related to transition plans are summarised in Figure 5 below, and further detailed within the November 2022 ISSB update.²²

Figure 5: ISSB decisions related to transition plans



2) RESILIENCE ANALYSIS

Exposure draft

Draft IFRS S2 contained requirements for entities to specify how they assessed their resilience to climate-related risks and opportunities, the results of this assessment and implications for business planning and strategy. Entities would have needed to publish different disclosures on resilience analysis methodology, depending on whether they conducted resilience analysis using: (i) climate-related scenario analysis; or (ii) an alternate methodology [15].

Additional elements

The ISSB tentatively voted to confirm the above requirements, with one important exception – IFRS S2 will now require entities to use quantitative, partially quantitative or qualitative scenario analysis to report on climate resilience and identify climate-related risks and opportunities.²³

Furthermore, the ISSB took several tentative decisions to improve proportionality, including requiring entities to select a method of scenario analysis:

- that involves considering “all reasonable and supportable information available at the reporting date without undue cost or effort”; and
- that is commensurate with their circumstances – entities will be required to consider:

²² International Sustainability Standards Board, 2022, [ISSB Update November 2022](#).

²³ International Sustainability Standards Board, 2022, [ISSB Update October 2022](#).

- the degree to which they are exposed to climate-related risks and opportunities; and
- their available skills, capabilities and resources for conducting scenario analysis.²⁴

Finally, the ISSB tentatively decided to introduce application guidance on scenario analysis, including:

- support in implementing the TCFD's guidance on scenario analysis;
- guidance on the types of climate scenarios an entity should use depending on their circumstances, including where the use of a Paris-aligned scenario may be relevant; and
- an acknowledgement that 'off-the-shelf scenarios' such as those from the Network for Greening the Financial System (NGFS) may be useful resources for entities.²⁵

3) METRICS

Exposure draft

Draft IFRS S2 contained requirements for entities to disclose the following cross-industry metrics [21]:

- Scope 1 and 2 GHG emissions, and emissions intensity;
- Scope 3 GHG emissions;
- amount and percentage of assets or business activities: (i) vulnerable to transition risks; (ii) vulnerable to physical risks; and (iii) aligned with climate-related opportunities;
- amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities;
- internal carbon price, including price per mtCO₂e and how this is applied in decision-making; and
- percentage of executive management remuneration linked to climate-related considerations and how these considerations are factored into executive remuneration.

Draft IFRS S2 Appendix B also contained industry-based metrics [B17], including financed emissions.

These requirements will remain within IFRS S2, except for GHG emissions intensity.²⁶

At sector-specific level, the ISSB tentatively decided to confirm requirements on financed emissions [B17] proposed within Draft IFRS S2, although entities will no longer be required to:

- disclose GHG emissions intensity of financed emissions per unit of physical or economic activity;
- disaggregate disclosures by "carbon-related industries"; and
- include derivatives in their calculation of financed emissions.²⁷

Additional disclosures

The ISSB tentatively agreed to require disclosure of Scope 2 GHG emissions using the location-based method – reflecting the average emissions intensity of an entity's local grid – along with relevant information about contractual instruments in relation to managing purchased energy.²⁸

²⁴ International Sustainability Standards Board, 2023, [ISSB Update January 2023](#).

²⁵ International Sustainability Standards Board, 2022, [ISSB Update November 2022](#) and International Sustainability Standards Board, 2022, [ISSB confirms requirement to use climate-related scenario analysis](#).

²⁶ International Sustainability Standards Board, 2022, [ISSB Update December 2022](#).

²⁷ Ibid.

²⁸ Ibid.

However, most of the ISSB’s tentative decisions pertain to reporting on Scope 3 and total GHG emissions. These decisions are summarised in Figure 6 below and further outlined in ISSB updates.²⁹

Figure 6: GHG emissions – additional requirements, guidance and relief measures

Addition	Scope 3 GHG emissions	Total GHG emissions
Required disclosures	<ul style="list-style-type: none"> ■ To what extent (e.g. as a percentage) Scope 3 GHG emissions were estimated using: (i) inputs from activities in the value chain; and (ii) inputs that are verified. ■ Which of the fifteen Scope 3 GHG emissions categories are included in the measurement of Scope 3 GHG emissions. ■ If an entity determines it is impracticable to estimate its Scope 3 GHG emissions, how the entity is managing these. 	<ul style="list-style-type: none"> ■ How and why entities used specific inputs, assumptions and estimation techniques to measure their GHG emissions. ■ Changes to estimation techniques and significant assumptions during the reporting period.
Guidance	<ul style="list-style-type: none"> ■ Guidance on measuring Scope 3 GHG emissions. 	<ul style="list-style-type: none"> ■ N/a.
Relief measures	<ul style="list-style-type: none"> ■ Exemption from disclosing Scope 3 GHG emissions in the first reporting year. ■ Clarification that disclosures of Scope 3 GHG emissions (as well as exposure to climate risks and opportunities) should be based on “reasonable and supportable information ... available at the reporting date without undue cost or effort.” 	<ul style="list-style-type: none"> ■ Permission for entities that currently use a GHG emissions measurement methodology different from the GHG Protocol Corporate Standard to continue using this for one year. ■ Permission for entities to measure their GHG emissions using information from reporting periods different from their own, applicable: <ul style="list-style-type: none"> ■ where the information arises from entities in the value chain with different reporting periods; and ■ under conditions outlined within the December 2022 ISSB update.

4) TARGETS

Exposure draft

Draft IFRS S2 contained requirements for entities to disclose information on their climate-related targets [13, 23], including but not limited to:

²⁹ International Sustainability Standards Board, 2022, [ISSB Update December 2022](#); International Sustainability Standards Board, 2023, [ISSB Update January 2023](#); and International Sustainability Standards Board, 2023, [ISSB Update February 2023](#).

- base period and period over which the target applies;
- whether the target is absolute or intensity-based;
- objective, metrics used to assess progress and any milestones or interim targets;
- how the target compares with those targeted in the latest international agreement on climate change (currently the Paris Agreement) and whether it was derived using a sectoral decarbonisation approach;
- whether the target was validated by a third party; and
- information on the use of offsets and emissions reductions to be achieved in the value chain.

These requirements will remain within IFRS S2, although entities will now be required to report how their climate-related targets were “**informed by**” (rather than “compare to”) the latest international agreement, and/or jurisdictional commitments such as Nationally Determined Contributions (NDCs) arising from that agreement.³⁰

Additional disclosures

The ISSB tentatively decided to introduce the following additional disclosure requirements on targets:

- the scope of targets and the greenhouse gases and emissions scopes covered³¹, as was recommended by the PRI;³² and
- separate disclosure of an entity’s (i) net emissions reduction target(s) and intended use of carbon credits; and (ii) gross emissions reduction target(s).³³

³⁰ International Sustainability Standards Board, 2023, [ISSB Update January 2023](#).

³¹ International Sustainability Standards Board, 2022, [ISSB Update November 2022](#).

³² PRI, 2022, [Consultation Response – Exposure Draft IFRS S2 Climate-related Disclosures](#), page 25.

³³ International Sustainability Standards Board, 2022, [ISSB Update October 2022](#).

NEXT STEPS

FINALISATION OF IFRS S1 AND IFRS S2

The ISSB confirmed that its first set of IFRS Sustainability Standards would become effective in January 2024, independent of jurisdiction-level adoption decisions. Entities will have the option to apply the Standards early, if they apply IFRS S1 and IFRS S2 at the same time.³⁴ The ISSB also approved entering the drafting, review and approval (“balloting”) process for the Standards.³⁵

IOSCO welcomed these decisions in a statement.³⁶ Once IFRS Sustainability Standards are finalised, IOSCO will assess whether to endorse them. This would be an important catalyst for the global adoption of the Standards into jurisdictional reporting requirements by public authorities.

The ISSB aims to issue its first set of Standards by the end of Q2 2023. In the nearer term the Board will focus on developing further guidance and training materials, engaging with jurisdictions to prepare for the effective rollout of its Standards, and on capacity building to facilitate adoption among emerging / developing economies and smaller companies.^{37, 38}

FUTURE ISSB WORKPLAN

In December 2022 the ISSB tentatively agreed to seek feedback on the following areas, as part of its forthcoming [Consultation on Agenda Priorities](#) to determine its 2024-2025 workplan:

- a potential joint project with the International Accounting Standards Board (IASB) on improving connectivity in reporting, building on the Integrated Reporting Framework; and
- research projects to guide potential future standard-setting on three sustainability issues:
 - biodiversity, ecosystems and ecosystem services;
 - human capital, initially focusing on diversity, equity and inclusion; and
 - human rights, initially focusing on labour rights and communities’ rights in the value chain.³⁹

The PRI will aim to respond to the ISSB’s Consultation on Agenda Priorities, to communicate the needs of responsible investors as it relates to the Board’s future workplan.

In addition, the ISSB intends to undertake the following “foundational work”:

- provide supporting materials and develop a digital taxonomy to enable digital reporting;
- coordinate work with the International Accounting Standards Board (IASB) to support connectivity in the two boards’ requirements, and consider operability with the work of other standard setters including GRI and EFRAG;
- enhance the international applicability of SASB Standards; and

³⁴ International Sustainability Standards Board, 2023, [ISSB Update February 2023](#).

³⁵ Ibid.

³⁶ International Organization of Securities Commissions, 2023, [IOSCO welcomes the ISSB’s decision to enter into the finalisation phase of its inaugural corporate sustainability reporting standards](#).

³⁷ International Sustainability Standards Board, 2023, [ISSB ramps up activities to support global implementation ahead of issuing inaugural standards end Q2 2023](#).

³⁸ Note the PRI is a partner to the ISSB’s [Partnership Framework for capacity building](#).

³⁹ International Sustainability Standards Board, 2022, [ISSB Update December 2022](#).

- consider incremental enhancements to IFRS S2 in relation to natural ecosystems and human capital aspects of the just transition.⁴⁰

⁴⁰ International Sustainability Standards Board, 2022, [ISSB unanimously confirms Scope 3 GHG emissions disclosure requirements with strong application support, among key decisions](#).