



# World Standard-setters Conference 2024

**Implementation of IFRS S1  
and IFRS S2**

#WSS2024



# Presenters

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**Ndidi Nnoli-Edozien**  
ISSB Member



**David Bolderston**  
ISSB Technical  
Director



**Sundip Jadeja**  
ISSB Technical Staff–  
IFRS S1 Lead



**Gabriel Benedict**  
ISSB Technical  
Fellow

# Agenda

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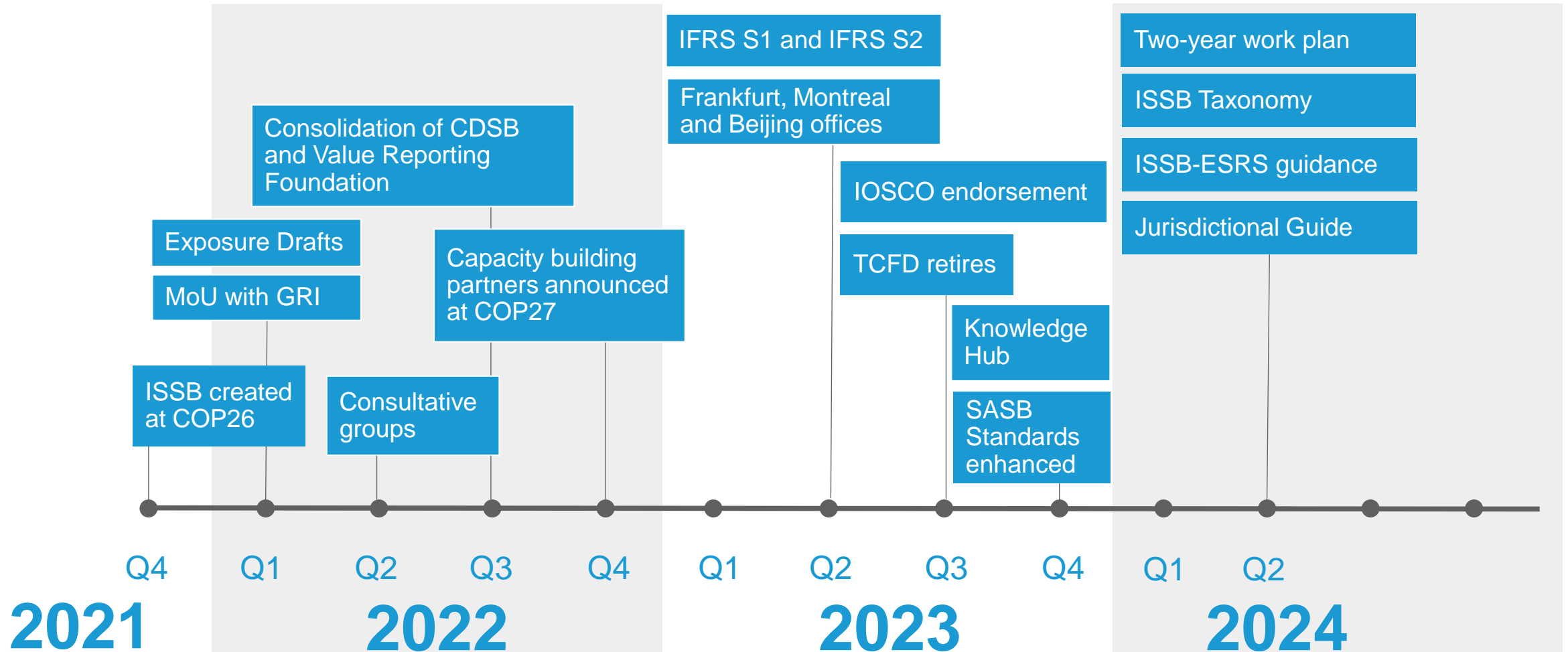
- 1 Introduction
- 2 Educational material
- 3 Transition Implementation Group on IFRS S1 and IFRS S2
- 4 Capacity building
- 5 IFRS Sustainability Disclosure Taxonomy
- 6 SASB Standards
- 7 Other key developments

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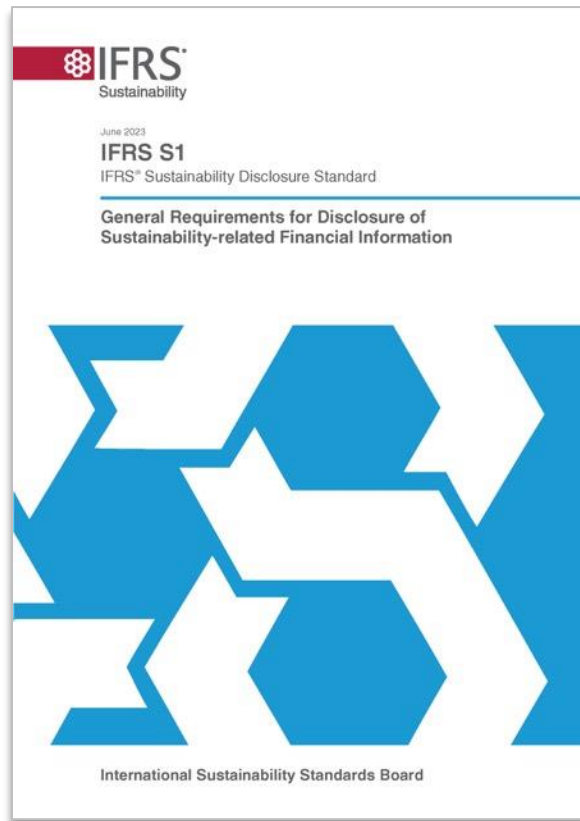
# Introduction



# ISSB milestones

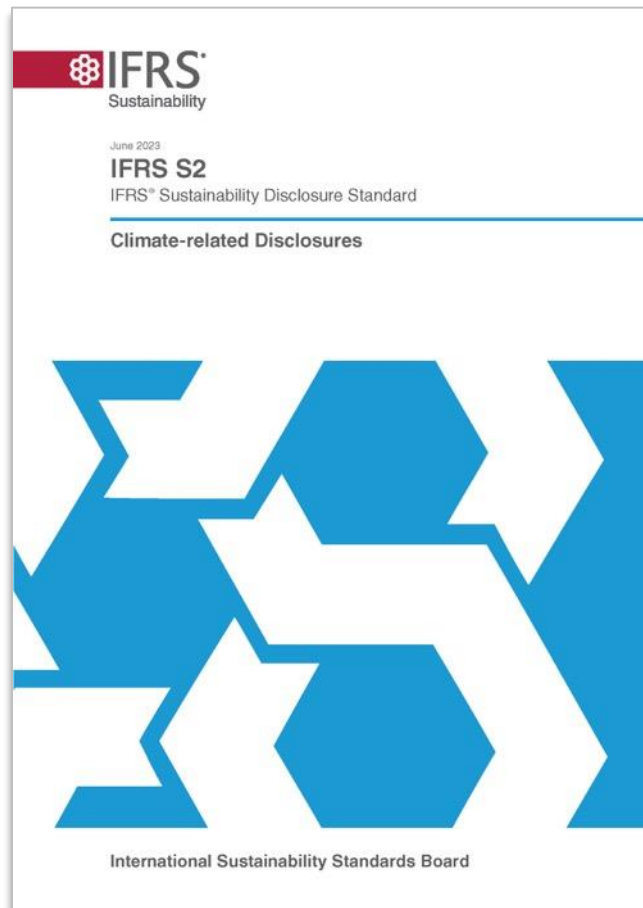


# IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*



- Asks for disclosure of **material information** about **sustainability-related risks and opportunities** with the financial statements, to meet investor information needs
- Applies **TCFD architecture** whenever providing information about sustainability
- Requires **industry-specific disclosures**
- For matters other than climate (IFRS S2) refers to **sources to help companies** identify sustainability-related risks and opportunities and information
- Can be used in conjunction with **any accounting requirements (GAAP)**

# IFRS S2: Climate-related Disclosures



- Incorporates the **TCFD recommendations**
- To meet investor information needs, IFRS S2:
  - is used in accordance with **IFRS S1**
  - requires disclosure of **material information about climate-related risks and opportunities**, including physical and transition risks
  - requires **industry-specific disclosures**, which are supported by accompanying guidance built on SASB Standards

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## 2024 priorities

### Implementation

- Capacity building
- Public forum for implementation questions through Transition Implementation Group
- Educational material
- Digital taxonomy
- Support use of the SASB Standards

### Adoption

- Work with jurisdictions following publication of Jurisdictional Guide
- Regulatory Implementation Programme
- Provide transparency on progress
- Encourage voluntary application of the ISSB Standards

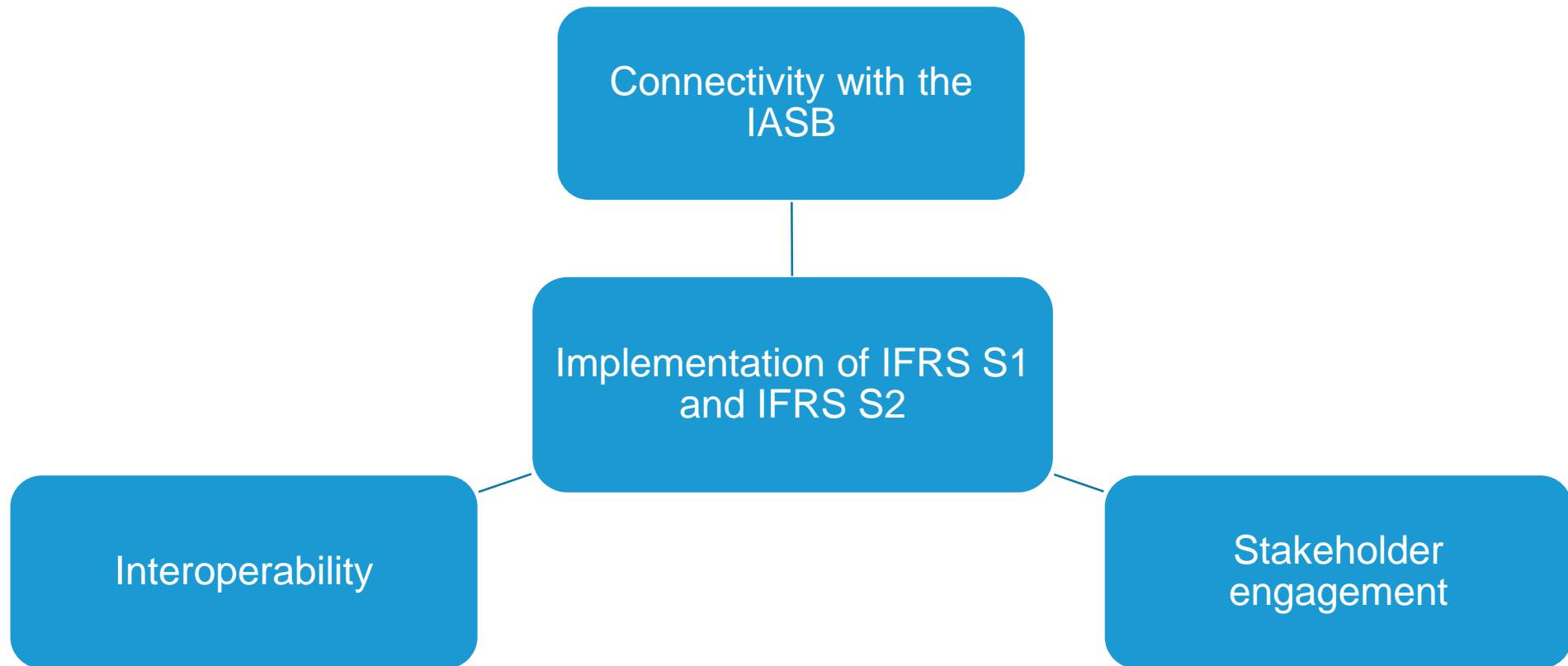
### Work plan

- Advance two-year work plan following consultation on future priorities



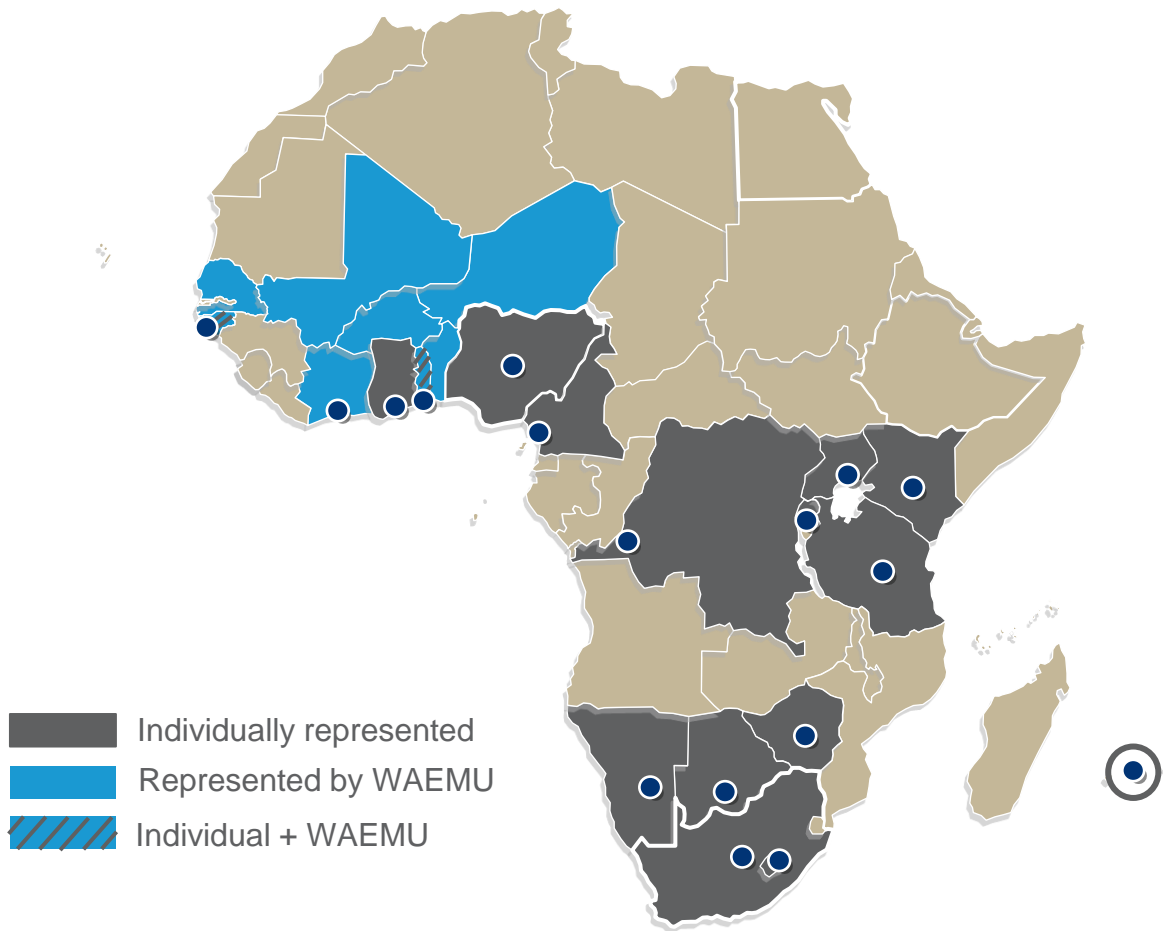
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# Fundamental to all activities



# Africa's progressive pathway to ISSB adoption

Over 40 regulatory bodies representing 23 African countries, at different stages of their ISSB adoption journey convened in Mauritius in May 2024.



**Countries represented:**

- Botswana
- Cameroon
- DRC
- Ghana
- Guinea-Bissau
- Kenya
- Lesotho
- Mauritius
- Namibia
- Nigeria
- Rwanda
- South Africa
- Tanzania
- Togo
- Uganda
- WAEMU (*Benin, Burkina Faso, Côte D'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo*)

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## Educational material



# Supporting materials



## Application Guidance

Guidance, sometimes presented as an appendix to a Standard. This is just a question of location – this material is still a required piece of the standard



## Accompanying Guidance

Guidance issued alongside a Standard to assist companies, demonstrating how the requirements in the Standard could be applied often using examples (non mandatory)



## Educational materials

Separate materials developed to help companies apply the Standards

*Published with the Standards.*

*Published over time to meet preparer needs.*

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## Educational material

### Available now:

- Comparison of IFRS S2 with the TCFD recommendations
- Nature and social aspects of climate-related risks and opportunities
- Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards
- Using the SASB Standards to meet the requirements in IFRS S1
- How to apply the Integrated Reporting Framework with IFRS S1 and IFRS S2
- Current and anticipated financial effects
- ESRS–ISSB Standards Interoperability Guidance

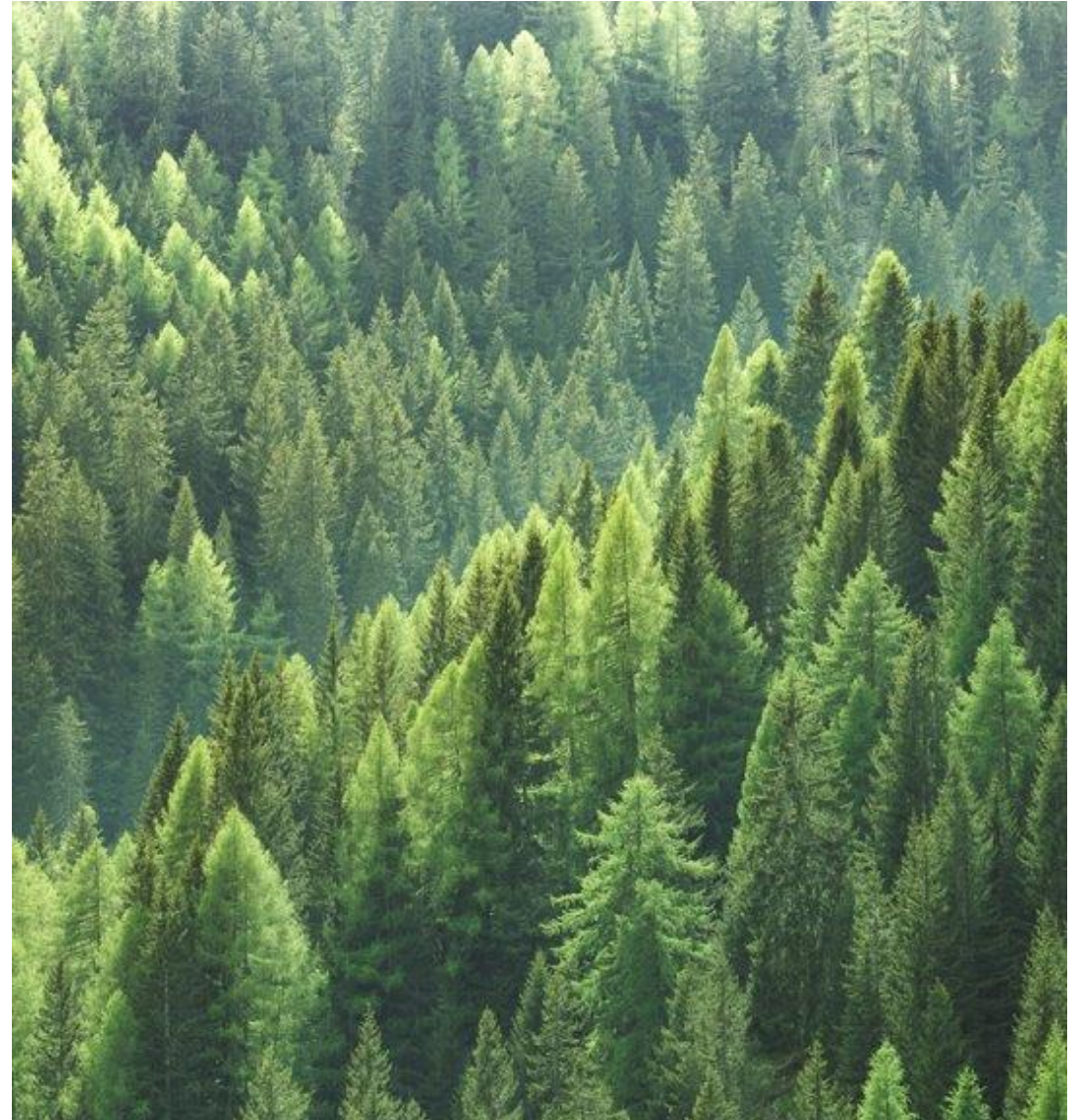
### In development – materials about:

- Materiality
- Proportionality mechanisms
- Scenario analysis
- Applying IFRS S1 when only reporting on climate-related risks and opportunities

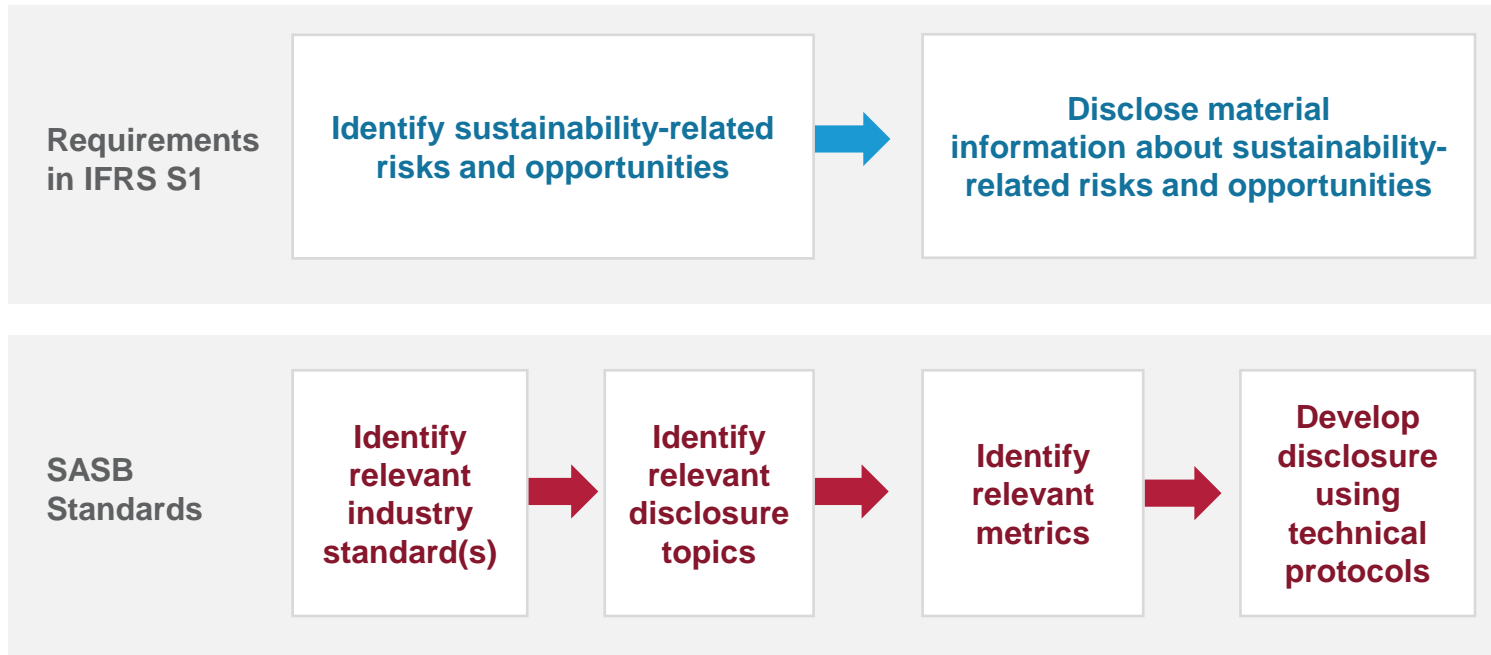
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# Nature and social aspects of climate

- Helps companies consider ‘nature and social aspects’ of climate-related risks and opportunities when they prepare climate-related disclosures
- ‘Nature’ aspects might include those related to water or deforestation
- ‘Social’ aspects might include the just transition to a lower-carbon economy
- Helps companies apply IFRS S2 but does not affect any of the requirements in the Standard.



# Using the SASB Standards to meet the requirements in IFRS S1



Visit [ifrs.org](https://www.ifrs.org) to access the [material](#)



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# Current and Anticipated Financial Effects

Two-part webcast that covers current and anticipated financial effects disclosure requirements, including:

Overarching requirements

Current reporting period

Next annual reporting period

**Part 1**

Over the short, medium and long term

Mechanisms to facilitate application and mechanisms to address proportionality

**Part 2**

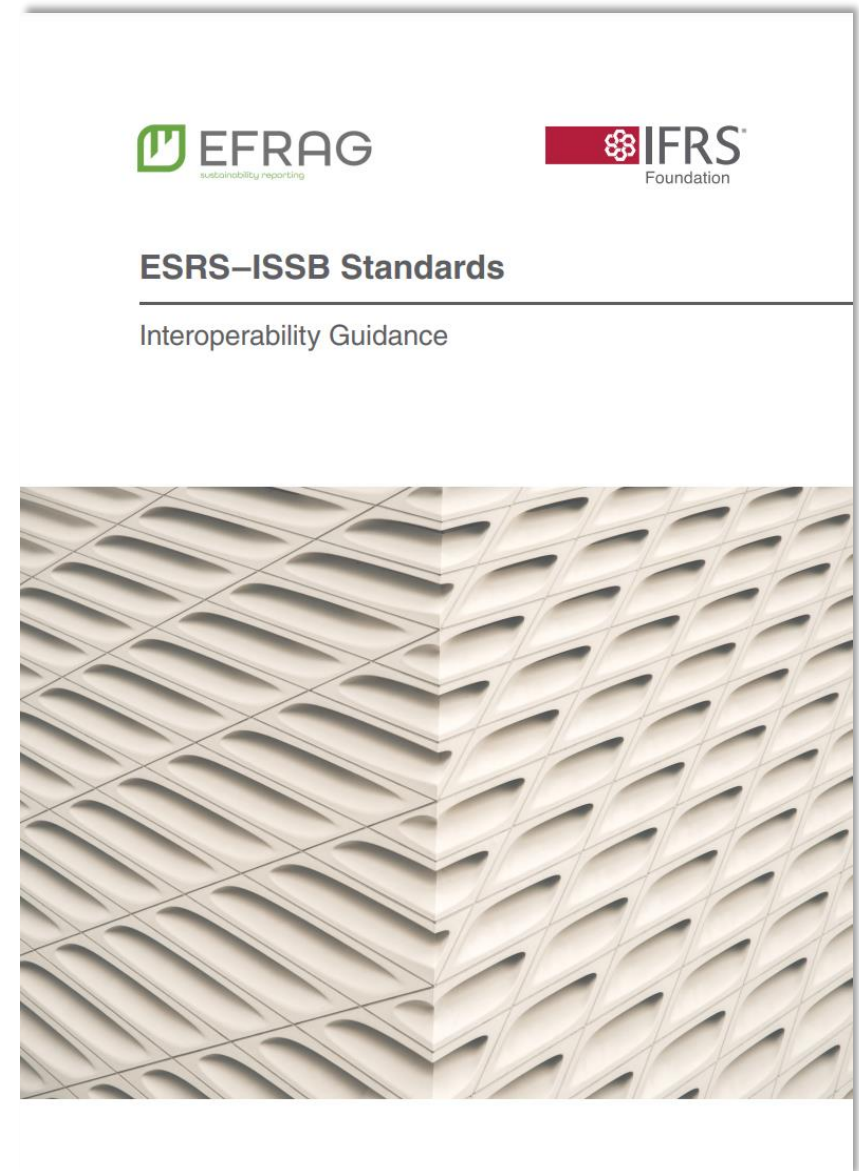
**Learning objective:**

Understand current and anticipated financial effects requirements and how to provide useful information about a company's strategy for managing its sustainability-related risks and opportunities.



# ESRS – ISSB Standards Interoperability Guidance

- **Provides practical support** that explains how companies can efficiently comply with both sets of standards.
- Illustrates the **high level of alignment** achieved between ISSB Standards and ESRS
- Describes alignment of general requirements including key concepts such as **materiality, presentation and disclosures** for sustainability topics other than climate.
- Includes **detailed analysis of climate-related disclosures**
- Explains why companies will **still need to use both** sets of standards, but makes it **easier to navigate** doing so



## Supporting materials for IFRS Sustainability Disclosure Standards

### IFRS SUSTAINABILITY DISCLOSURE STANDARDS

### NEWS

The International Sustainability Standards Board (ISSB) issued its inaugural standards—IFRS S1 and IFRS S2—on 26 June 2023. The Standards have ushered in a new era of sustainability-related financial disclosures in capital markets worldwide.

Click on a Sustainability Disclosure Standard below to see information about all the ISSB's activities and educational material to support application of that Sustainability Disclosure Standard. You will also find a link to the Standard issued. The Standards are also available through the [IFRS Sustainability Standards Navigator](#).

#### Related information

[IFRS Sustainability Standards Navigator](#)

[ISSB issues inaugural global sustainability disclosure standards](#)

[Knowledge hub](#)

Supporting materials for our Standards

[IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information](#) >

[IFRS S2 Climate-related Disclosures](#) >



+ Educational materials

+ Webcasts and webinars

+ Transition Implementation Group (TIG)

+ Sources of guidance

+ IFRS Sustainability knowledge hub

+ Other IFRS Sustainability resources

+ Technical enquiries and implementation questions

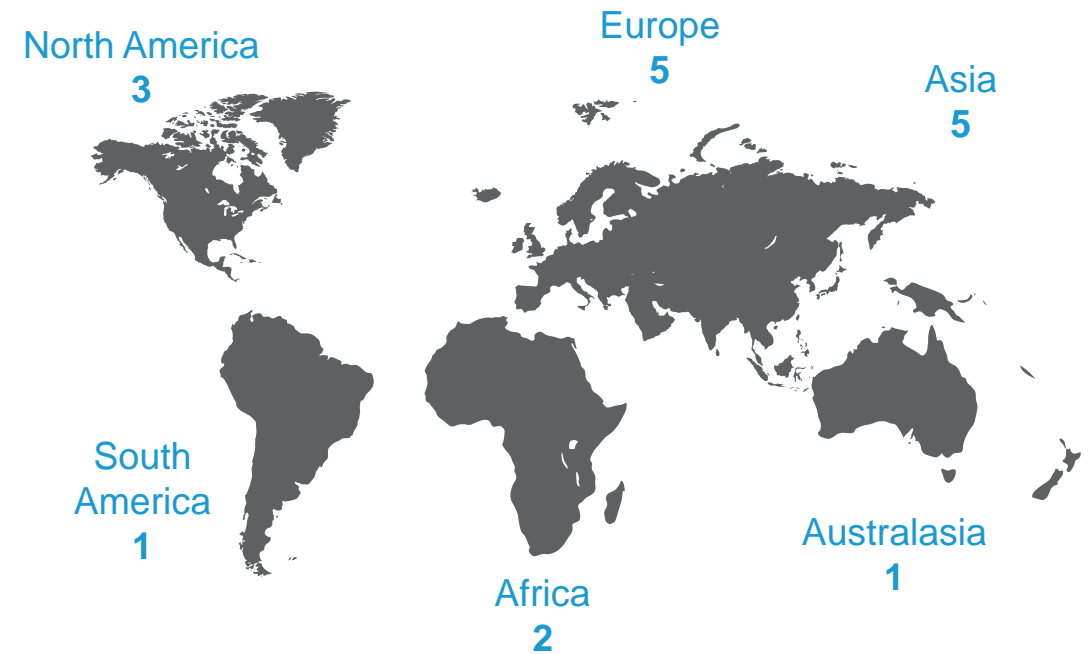
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# Transition Implementation Group on IFRS S1 and IFRS S2



# Transition Implementation Group on IFRS S1 and IFRS S2

- Public forum for all stakeholders to share implementation questions with the ISSB and to follow discussion of those questions
  - 17 members (13 preparers, 4 assurance providers)
  - 3 official observers
- Consistent with previous IASB (and FASB) groups, summaries of the meetings will be published. These summaries are educational in nature
- Meeting summaries and recordings published on [ifrs.org](https://www.ifrs.org)
- Discussions help the ISSB determine what, if any, action needed to address implementation questions (eg webinars, case studies, other educational material)



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## 2024 TIG meetings

- Three TIG meetings held this year to discuss eight implementation questions
- Topics discussed by the TIG, include:
  - ❑ how the Standards can be used to inform an understanding of specific disclosure requirements
  - ❑ revision of preceding period estimated amounts
  - ❑ comparative information
  - ❑ identification of sustainability-related risks and consideration of risk mitigation activities
  - ❑ GHG emissions, including what emissions are included in Scope 3 GHG emissions, application of the jurisdictional relief on the measurement method and use of GWP values

Submission guidelines and form to submit questions are available at [ifrs.org](https://www.ifrs.org)

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# Capacity Building



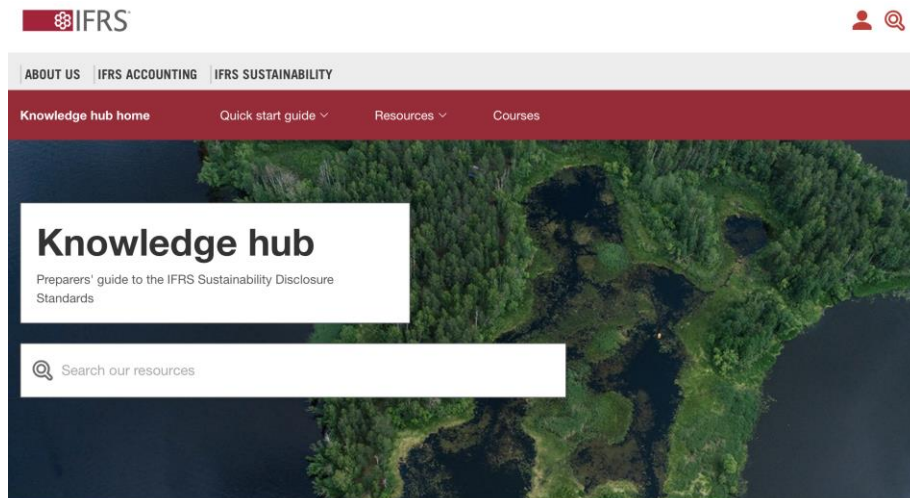
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# Capacity Building

1. Awareness raising and stakeholder outreach
2. Partnership Framework
3. High-quality resources and educational materials
4. Tailored training and engagement programs for key audiences



# Knowledge hub



## Knowledge Hub

- Central platform for educational material for preparers
- Free online resource for preparers to support them in getting ready for IFRS S1 and S2
- Easy to navigate and searchable repository, e.g. case studies, good practice guidance, webinars, research publications, learning pages
- Platform for partners to showcase their material

## Videos



### IFRS S1 introduction

General overview of IFRS S1 presented by ISSB Vice-Chair Sue Lloyd and Acting Executive Technical Director Bryan Esterly

[Watch video](#)



### IFRS S2 introduction

Key features of IFRS S2 presented by ISSB Vice-Chair Sue Lloyd and ISSB Technical Staff—IFRS S2 Lead Caroline Clark-Maxwell

[Watch video](#)



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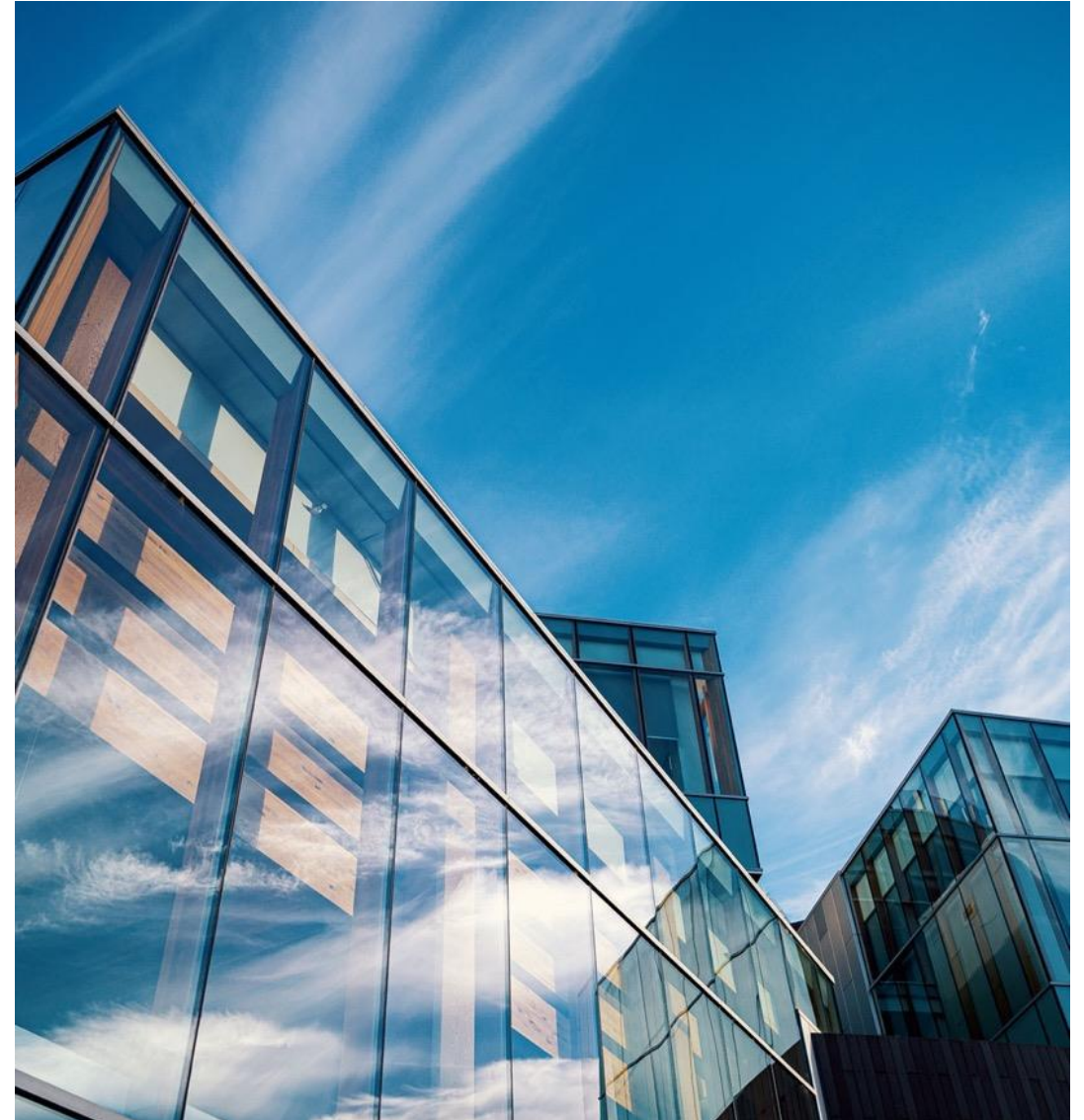
# IFRS Sustainability Disclosure Taxonomy



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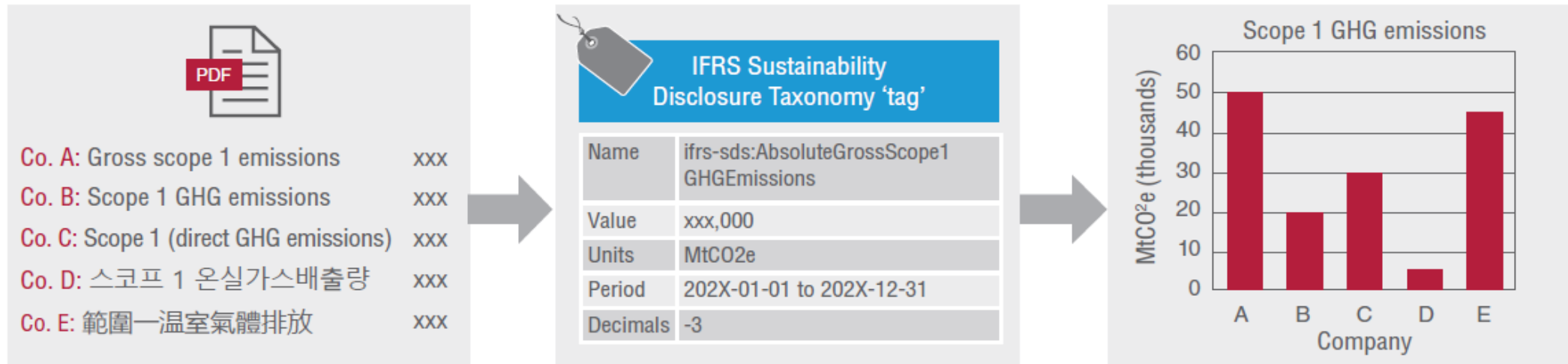
# Supporting holistic digital financial reporting

- The Taxonomy can be used together with other taxonomies used for tagging companies' financial statements
  - Consistent taxonomy design in the **IFRS Sustainability Disclosure Taxonomy** and the **IFRS Accounting Taxonomy**
  - Can also be used effectively with other taxonomies reflecting other GAAP
- Enables investors to efficiently search, extract and compare both accounting and sustainability-related financial disclosures



# Supporting investors' use of ISSB disclosures in a digital format

The ISSB Taxonomy provides the common elements (or 'tags') needed to make sustainability-related financial disclosures computer-readable



The ISSB Taxonomy reflects the requirements and accompanying materials of the ISSB Standards. **It does not introduce any new requirement.**

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# SASB Standards



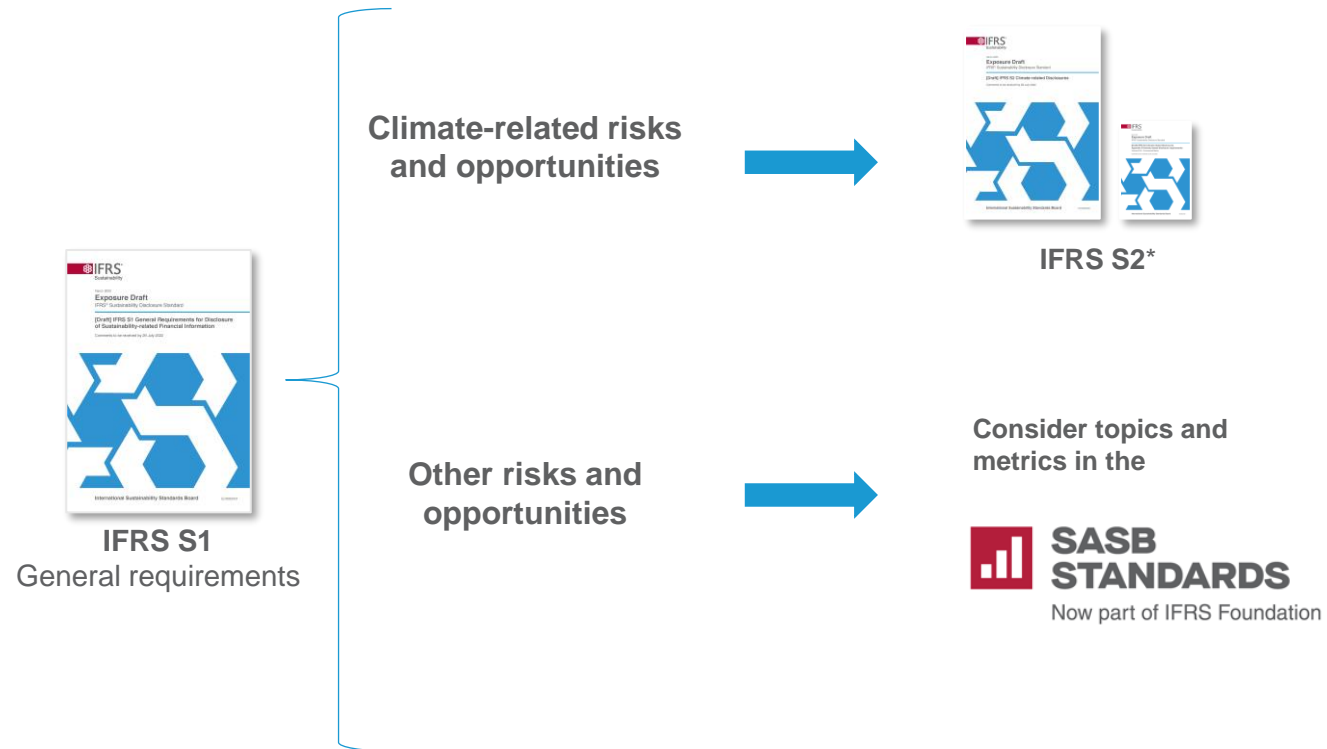
# What are SASB Standards?

- 77 industry-specific disclosure standards
- Guide to identify the sustainability factors most relevant to financial performance and company prospects for the typical company in an industry
- Developed through transparent, market-informed due process
- Around 3,500 companies in over 80 jurisdictions report using SASB Standards
- Result in comparable information for investors and other providers of capital



# Role of the SASB Standards in the ISSB Standards

- Source of guidance provided in IFRS S1 for developing sustainability-related disclosures beyond climate
- An entity **shall refer to and consider** the SASB Standards when:
  - identifying sustainability-related risks and opportunities
  - identifying information to disclose about those risks and opportunities
- An entity may determine that the disclosure topics and associated metrics in the SASB Standards are inapplicable given the entity’s specific circumstances



**\*Note:** IFRS S2 is accompanied by industry-based guidance that was derived from the climate-related metrics in the SASB Standards.

# ISSB maintaining and enhancing SASB Standards

## Recent updates

Enhanced the **international applicability** of the SASB Standards in 2023:

- SASB Standards **updated** based on outcomes of consultation through ~150 comment letters
- updated to remove and replace jurisdiction-specific references and definitions without significantly altering industries, topics or metrics

## Looking ahead

- **Further enhancing** the SASB Standards through phased approach
- Enhancements work deeply connected to the **other ISSB work plan projects**
- First phase focused on **initial set** of 9-12 SASB Standards
- Considering targeted amendments to other SASB Standards to **maintain consistent measurement** of common topics across industries
- Public **consultation** expected H1 2025
- **Research ongoing** to understand phase two priorities including recommendations for any enhancements to the Sustainable Industry Classification System

*The ISSB is responsible for the SASB Standards. Any proposed updates or amendments to the SASB Standards resulting from future projects will be subject to consultation in accordance with IFRS Foundation's due process*

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## Other key developments





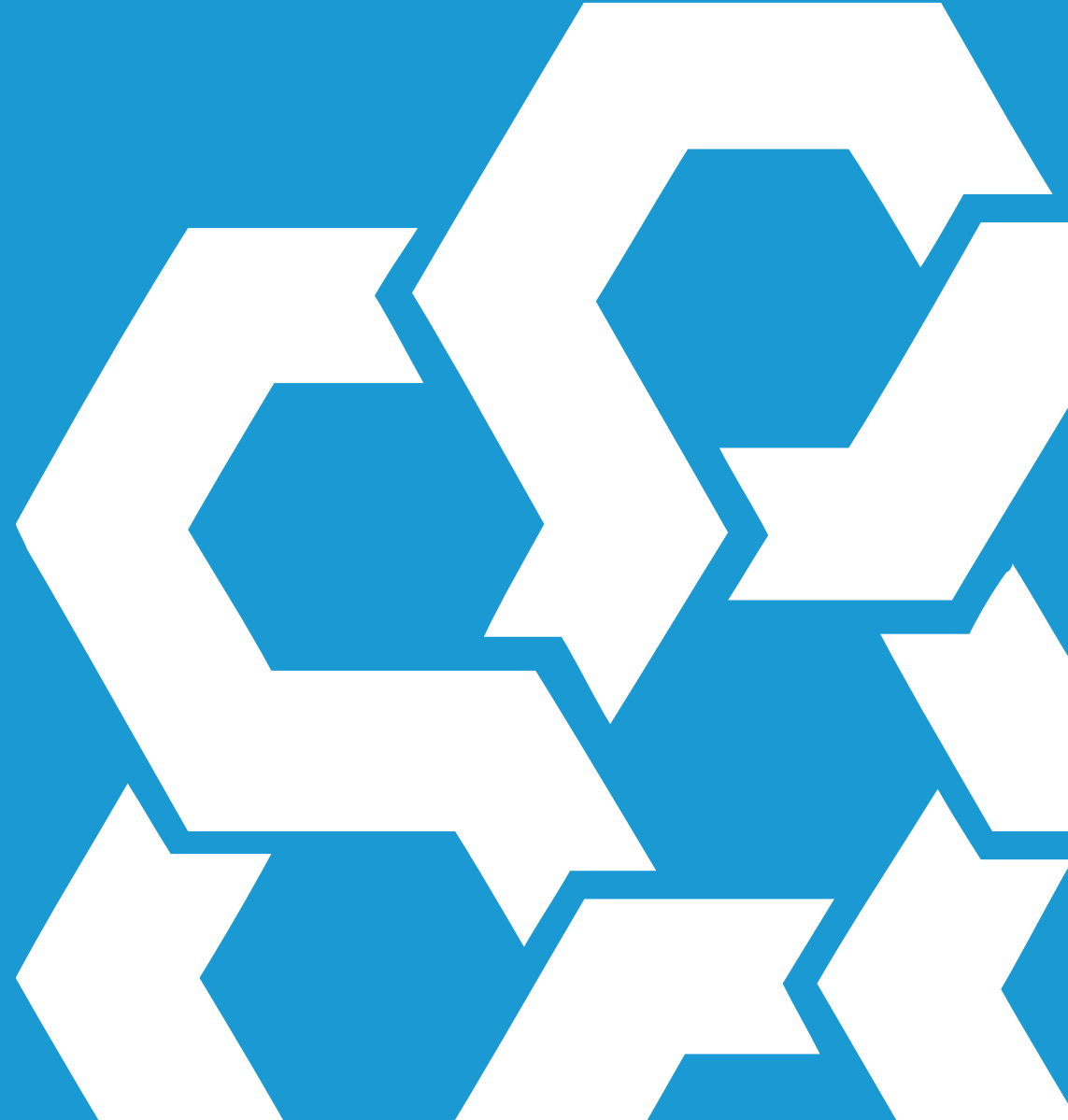
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## Other key developments

- **CDP** – ISSB’s climate standard is the foundational baseline for CDP’s climate disclosure
- **GHG Protocol** – governance arrangements in place so that the ISSB is actively engaged in updates to the GHG Protocol Corporate Standard
- **GRI** – seeking to deliver full interoperability through jointly identifying and aligning common disclosures to deliver a seamless sustainability reporting system
- **Transition Plan Taskforce (TPT)** – the IFRS Foundation has assumed responsibility for TPT’s disclosure-specific materials
- **Taskforce on Nature-related Financial Disclosures (TNFD)** – ISSB will consider how to build upon the recommendations of the TNFD to meet investors' information needs

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## Key takeaways



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# Key takeaways

1. IFRS S1 and IFRS S2 were issued over a year ago
2. Companies and jurisdictions are beginning to implement, adopt and apply the ISSB Standards → the TIG are discussing implementation questions received from stakeholders
3. To support the implementation of the ISSB Standards:
  - a) the SASB Standards have been updated to enhance their international applicability
  - b) the IFRS Sustainability Disclosure Taxonomy has been issued
4. Stakeholders will continue to be supported through:
  - a) the continued development of educational material and TIG discussions on implementation challenges
  - b) capacity building activities
  - c) ongoing enhancements to the SASB Standards

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## Visit [ifrs.org](https://www.ifrs.org) to find out more

- [Access](#) the Standards and supporting materials
- Listen to the monthly [podcast](#)
- Respond to live [consultations](#)
- [Sign up](#) for news alerts
- Learn about [digital financial reporting](#) resources
- [Observe](#) ISSB meetings
- [Join](#) the team