
ISSB meeting

Date	January 2025
Project	Supporting Implementation of IFRS S1 and IFRS S2
Topic	Cover note
Contacts	Dianora Aria De Marco (dianora.demarco@ifrs.org) David Bolderston (david.bolderston@ifrs.org)

This paper has been prepared for discussion at a public meeting of the International Sustainability Standards Board ('ISSB' or 'Board'). It does not purport to represent the views of any individual member of the International Sustainability Standards Board or staff. Comments on the application of IFRS Standards do not purport to set out acceptable or unacceptable application of IFRS Standards.

Purpose

1. The papers prepared for this meeting provide an update to the International Sustainability Standards Board (ISSB) on the work related to supporting the implementation of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* and specifically on matters related to potential amendments to IFRS S2.
2. This cover note is structured as follows:
 - (a) Background;
 - (b) Overview of the papers for this meeting; and
 - (c) Next steps.

Background

3. Following the issuance of IFRS S1 and IFRS S2, the ISSB decided that supporting the implementation of IFRS S1 and IFRS S2 by entities in jurisdictions around the world is its highest priority in the work plan that was published following its *Consultation*

*on Agenda Priorities.*¹ A primary focus on this activity is essential to creating a global baseline of sustainability-related financial disclosures.

4. The ISSB has undertaken various activities to support the implementation of IFRS S1 and IFRS S2, including developing educational materials that explain concepts in IFRS S1 and IFRS S2. The ISSB has also established the Transition Implementation Group on IFRS S1 and IFRS S2 (TIG) to publicly discuss stakeholder questions related to implementing IFRS S1 and IFRS S2. After each TIG meeting, the staff provides a summary of the TIG discussion to the ISSB and discusses the summary at an ISSB meeting. This gives the ISSB the opportunity to ask questions and discuss *any* of the matters addressed at TIG meetings.
5. The staff considers information obtained from the TIG and other channels and, when necessary, refers specific feedback to the ISSB about application challenges identified in implementing IFRS S1 and IFRS S2 that might warrant further action. Particularly, if a matter indicates that there are application challenges or concerns that might warrant further action, including matters that highlight a risk of diversity in practice, the staff refers this feedback to the ISSB for further consideration. The ISSB might decide, for example, to address the matter by amending an ISSB Standard. It is important to note that—should the ISSB decide to amend an ISSB Standard—the amendments would be subject to the IFRS Foundation due process for amendments to the ISSB Standards, including developing an exposure draft for public consultation.²
6. During the September 2024 TIG meeting, TIG members highlighted implementation challenges and concerns related to three implementation questions that, in the staff view, warrant further consideration by the ISSB. These application challenges and concerns and the staff preliminary views on the potential amendments to address such

¹The *Feedback Statement on IFRS Sustainability Disclosure Standards* can be found at <https://www.ifrs.org/content/dam/ifrs/project/issb-consultation-on-agenda-priorities/agenda-consultation-feedback-statement-june-2024.pdf>

² The IFRS Foundation Trustees have a due process oversight committee (DPOC) which is responsible for overseeing the standard-setting due process and maintaining the [Due Process Handbook](#). The *Due Process Handbook* includes the due process requirements of the ISSB related to its standard-setting activities and the requirements for developing materials to support the consistent application of ISSB Standards. This includes the due process requirements related to: standard-setting projects (such as those to amend a Standard), conducting post-implementation reviews (PIR), and developing educational material.

challenges and concerns are set out in Agenda Paper 9D *Concerns and implementation challenges related to IFRS S2* of the November 2024 ISSB meeting.

7. During the November 2024 ISSB meeting, the ISSB also discussed:
 - (a) the implications of amending IFRS S1 or IFRS S2 in response to stakeholder feedback on application challenges arising from implementation, as set out in Agenda Paper 9A *Implications of amending IFRS S1 or IFRS S2—Risks and benefits*; and
 - (b) the criteria for evaluating potential amendments to IFRS S1 or IFRS S2 in response to stakeholder feedback on application challenges arising from implementation (amendment criteria for application challenges), as set out in Agenda Paper 9B *Criteria for evaluating potential amendments to IFRS S1 or IFRS S2*.

8. At the November 2024 ISSB meeting, the ISSB agreed on the amendment criteria for application challenges. It was agreed that the criteria would be used as a necessary hurdle but would not be determinative in itself of whether an amendment be proposed. That is, the ISSB agreed that it would also consider other relevant factors in deciding whether to propose amendments—including the timing of such amendments and the particular amendments that could be made.

Overview of the papers for this meeting

9. The staff will present four agenda papers to the ISSB at the January 2025 ISSB meeting, as summarised in Table 1.

Table 1: Overview of January 2025 ISSB meeting agenda papers

January 2025 ISSB meeting agenda reference	Overview of agenda papers	The ISSB will be asked to
<p>9A <i>Evaluating potential amendments to IFRS S2 using the ISSB criteria for evaluating potential amendments to IFRS S1 or IFRS S2</i></p>	<p>Sets out the staff analysis and recommendations related to the three questions brought to the ISSB during the November 2024 ISSB meeting, and specifically evaluates:</p> <ul style="list-style-type: none"> (a) the potential amendments in response to these three questions using the amendment criteria for application challenges; (b) considerations related to the timing of making such potential amendments to IFRS S2; and (c) the effect of the potential amendments. 	<p>The ISSB will be asked to vote on the staff recommendations related to:</p> <ul style="list-style-type: none"> (a) whether the potential amendments to IFRS S2 meet the amendment criteria for application challenges; and (b) the timing of making such potential amendments.
<p>9B <i>Specific aspects of the potential amendments to IFRS S2</i></p>	<p>Sets out the staff analysis and recommendations on how the potential amendments could be made to effectively respond to the three application challenges discussed during the November 2024 ISSB meeting.</p>	<p>The ISSB will be asked to vote on the staff recommendations on the approach in making each of the potential amendments.</p>
<p>9C <i>Application challenges and concerns associated with the requirement to use the Global Industry Classification Standard (GICS) in IFRS S2</i></p>	<p>Summarises application challenges and concerns associated with the requirement to use GICS, which has not yet been discussed by the ISSB, and sets out the staff analysis and recommendations related to the matter.</p>	<p>The ISSB will be asked to vote on the staff recommendations on:</p> <ul style="list-style-type: none"> (a) whether potential amendments to IFRS S2 meet the amendment criteria for application challenges; (b) the timing of making such amendments; and (c) how to amend IFRS S2.

January 2025 ISSB meeting agenda reference	Overview of agenda papers	The ISSB will be asked to
9D <i>Due process steps and permission to ballot</i>	Summarises the due process steps that the ISSB has and will undertake in developing the proposed amendments to IFRS S2. Also summarises the staff analysis and recommendations related to the comment period and effective date for such proposed amendments.	<p>The ISSB will be asked:</p> <ul style="list-style-type: none"> (a) whether it is satisfied that it has complied with the applicable due process steps and to give permission to begin the balloting process for publishing an exposure draft (ED) have been complied with; (b) to indicate, at this stage, if any of the ISSB member plan to dissent from the proposals in the ED; (c) to decide the comment period for the ED; and (d) to provide input on the effective date for such proposed amendments.

Next steps

10. Subject to meeting applicable and mandatory steps in the *Due Process Handbook*, including obtaining permission from the ISSB to ballot and obtaining permission from the Due Process Oversight Committee for a reduced comment period of 60 days, the staff expects to begin the balloting process for publishing an exposure draft to propose the amendments to IFRS S2.³
11. The ISSB will need to review and approve the ballot drafts of the exposure draft before publishing it for public consultation.

³ The balloting process consists of several steps such as drafting, reviewing and approving process to ensure that project documents are well written and accurately reflect the ISSB's decisions.