
ISSB meeting

Date	January 2025
Project	Supporting Implementation of IFRS S1 and IFRS S2
Topic	Due process steps and permission to ballot
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This paper has been prepared for discussion at a public meeting of the International Sustainability Standards Board (ISSB). This paper does not represent the views of the ISSB or any individual ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the ISSB *Update*.

Purpose

1. Agenda Papers 9A, 9B and 9C for this meeting include staff recommendations for the International Sustainability Standards Board (ISSB) to make targeted amendments to IFRS S2 *Climate-related Disclosures* in response to stakeholder feedback on application challenges identified in implementing the Standard.
2. The purpose of this paper is to summarise the due process steps the ISSB has and will undertake in developing the proposed amendments to IFRS S2. This paper also summarises the staff analysis and recommendations related to the comment period and effective date for such proposed amendments.
3. The ISSB will be asked:
 - (a) whether it is satisfied that it has complied with the applicable due process steps and to give the staff permission to begin the balloting process for publishing an exposure draft (ED) to propose amendments to IFRS S2;
 - (b) to indicate if, at this stage, any ISSB member plans 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.

Structure of the paper

- 4. This paper is structured as follows:
 - (a) Due process steps and permission to begin the balloting process;
 - (b) Comment period for the ED;
 - (c) Effective date and transition;
 - (d) Questions for the ISSB members; and
 - (e) Appendix A—Due process steps in developing the proposed amendments to IFRS S2.

Due process steps and permission to begin the balloting process

- 5. The *Due Process Handbook* specifies the due process steps required for publishing an ED. When the ISSB has reached general agreement on the technical matters in a project and has considered the likely effects of the proposals, the staff presents a paper to summarise the steps the ISSB has taken in developing the proposals (see paragraphs 6.4–6.6 of the *Due Process Handbook*).
- 6. Appendix A of this paper sets out a summary of the due process steps the ISSB has and will undertake in developing an ED to propose amendments to IFRS S2. The staff thinks the ISSB has complied with all due process steps required to date, will complete all the remaining due process steps and has undertaken sufficient consultation and analysis to begin the process for balloting the ED.
- 7. Balloting is a drafting, review and approval process to ensure a project document is well written and accurately reflects the ISSB’s decisions. The ISSB will review and

approve the ballot draft of the ED. Once the ballot draft of the ED is approved, the ISSB publishes the ED for public consultation.¹

8. In accordance with the IFRS Foundation Due Process (as set out in the *Due Process Handbook*), amendments to IFRS Sustainability Disclosure Standards cannot be made without public consultation. The staff notes that:
 - (a) the ED will set out the proposed amendments to IFRS S2, reflecting ISSB's decisions based on the best available information at the time. The benefit of publishing the ED is that the ISSB will receive a wide range of stakeholder feedback to ensure that it has sufficient evidence to inform its decisions about the effectiveness of the proposed amendments to IFRS S2 in responding to the related application challenges.
 - (b) As required for all EDs, this ED will include the proposed amendments and basis for conclusions outlining the rationale for proposed amendments. In addition, as necessary, proposed amendments to the existing Basis for Conclusions on IFRS S2 will be included in the ED.
9. In accordance with paragraph 6.9 of the *Due Process Handbook*:
 - (a) if the ISSB is satisfied that it has addressed all due process steps required in developing an ED, it votes to have the technical staff prepare the ED for balloting. The staff will request permission to begin that process at this meeting.
 - (b) any ISSB members who intend to dissent from the proposals in the ED should make their intentions known at this time. Therefore, the staff also asks whether any ISSB members plan to dissent from the proposals in the ED.

¹ Information about the balloting process can be found at: <https://www.ifrs.org/about-us/how-we-set-ifrs-standards/what-is-balloting/>.

Comment period for the ED

10. As part of the due process steps for developing an ED, the ISSB decides an appropriate comment period for the ED. The *Due Process Handbook* states that normally the ISSB allows a comment period of 120 days for an ED. However, if the matter is narrow in scope and urgent the ISSB may set a comment period of less than 120 days but no less than 30 days after consulting and obtaining approval from the Due Process Oversight Committee (DPOC) (see paragraph 6.7 of the *Due Process Handbook*).
11. In setting the comment period for the ED, the staff thinks that the ISSB needs to strike a balance between the need to:
 - (a) allow stakeholders sufficient time to consider the proposals and provide feedback to the ISSB; and
 - (b) finalise any amendments to IFRS S2 on a timely basis to provide support to those that are using and/or in the process of implementing IFRS S1 and IFRS S2.
12. Therefore, the staff thinks the ISSB should consider the minimum time needed to strike this balance. Striking this balance is particularly important for the ISSB given its objective of providing timely support to those using the Standards. In particular, there would be significant benefits for stakeholders, including entities and jurisdictional bodies, to minimise disruption if the ISSB were to provide clarity and certainty about the amendments as early as is possible.
13. The staff thinks a shortened comment period is warranted on the basis of both the nature of the proposed amendments and the urgency related to providing timely support to those using the Standards. Specifically:
 - (a) nature of the amendments:
 - (i) narrow in scope—all aspects of the proposed amendments are narrow-scope amendments affecting only particular requirements in IFRS S2

and two of the four amendments only affect entities that engage in specific financial activities, ie they do not affect all entities.

- (ii) targeted in nature—all of the proposed amendments relate to greenhouse gas (GHG) emissions disclosure requirements, specifically:
 - 1. application of the jurisdictional relief that provides relief for entities related to the measurement of GHG emissions; and
 - 2. application of the requirement to disclose emissions for a specific category of Scope 3 GHG emissions and application of the requirement to disaggregate GHG emissions for particular financial activities.
 - (iii) responsive to challenges raised by stakeholders—the proposed amendments provide relief or clarity in response to application challenges, and therefore the staff thinks that the proposed amendments would not be burdensome to entities and are not expected to significantly reduce the usefulness of information provided to users of general purpose financial reports. New disclosure requirements are proposed only for entities applying the relief and these new disclosures apply to two of the four proposed amendments.
- (b) urgency of the amendments:
- (i) urgently needed by preparers—many entities are already in the process of implementing IFRS S1 and IFRS S2. We expect that some entities will want to apply the amendments at the same time they first apply IFRS S1 and IFRS S2.
 - (ii) providing certainty to jurisdictions—many jurisdictions have already decided to use or are taking steps to introduce ISSB Standards in their legal or regulatory frameworks. We expect that some jurisdictions will want to adopt the amendments as early as is possible.

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14. Based on the nature and urgency of the amendments, the staff thinks that a comment period of 60 days strikes an appropriate balance between providing timely support and providing sufficient time for stakeholders to consider and respond to the proposed amendments. The staff thinks that a 60-day comment period will enable the ISSB to target finalising the amendments in 2025, which would include the ISSB considering stakeholder feedback on the ED during its redeliberations of the proposals.
15. We expect many stakeholders around the world to be interested in the ED so it will be important to ensure that translated versions of the ED are available on a timely basis and that we make efforts directly and in conjunction with others (such as national standard-setters and regulators) to raise awareness of the ED. The staff believes that a 60-day comment period will still enable adequate international participation in the consultation process.
16. The staff notes that there is significant precedent at the IFRS Foundation in the work of the IASB in having comment periods of less than 120 days for EDs for narrow-scope matters particularly when the need for amendments are urgent. For example, the following EDs published by the IASB had a shortened comment period of:
- (a) 90-day comment period for the ED proposing amendments to IFRS 17 *Insurance Contracts* to support the implementation of the Standard published in 2019;²
 - (b) 60-day comment period for the ED proposing amendments to IFRS 17 to provide a transition option on initial application of the Standard published in 2021; and³
 - (c) 14-day comment period for the ED proposing amendments to IFRS 16 *Leases* related to covid-19-related rent concessions published in 2021.⁴

² Information about the shortened comment period for the ED proposing an amendment to IFRS 17 *Insurance Contracts* which is published in 2019 can be found at <https://www.ifrs.org/content/dam/ifrs/meetings/2019/april/dpoc/ap1-amendments-to-ifrs-17-comment-period.pdf>

³ Information about the shortened comment period for the ED proposing an amendment to IFRS 17 which is published in 2021 can be found at <https://www.ifrs.org/content/dam/ifrs/meetings/2021/june/dpoc/ap1c-dpoc-financial-instruments.pdf>

⁴ Information about the shortened comment period for the ED proposing an amendment to IFRS 16 *Leases* which is published in 2021 can be found at <https://www.ifrs.org/content/dam/ifrs/meetings/2020/april/dpoc/2020-04-leases-dpoc-paper.pdf>

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17. Therefore, the staff recommends setting a comment period of 60 days, subject to consultation and approval from the DPOC.⁵

Effective date and transition

18. An ISSB Standard, including an amendment to an ISSB Standard, has an effective date and transition requirements. The mandatory effective date is set so that jurisdictions have sufficient time to incorporate the new requirements into their legal systems and so that those applying the Standards have sufficient time to prepare for the new requirements (see paragraph 6.35 of the *Due Process Handbook*).
19. The amendments that are being considered will make it easier for entities to apply IFRS S2 (refer to Agenda Papers 9A–9C for this meeting) and are intended to provide urgently needed support to entities as they implement the Standards. Therefore, the staff recommends that the ISSB makes the amendments available as soon as possible by:
- (a) setting the effective date such that the final amendments would be effective as soon as possible. In the staff’s view, the exact effective date of the amendments would be best determined after the ISSB has exposed and considered the feedback on the proposed amendments and when the timing of publication of any final amendments can be more precisely determined⁶; and
 - (b) permitting early application to enable an entity to apply the amendments as early as is possible, that is, sooner than the effective date of the amendments.
20. If the ISSB agrees with the above recommendations regarding the effective date of the amendments, this view would be set out in the Basis for Conclusions to the ED and stakeholders would be asked for feedback on the appropriate effective date and whether they agree that early application should be permitted. This feedback would

⁵ Subject to the ISSB approval, the staff will request DPOC approval for a shortened comment period.

⁶ It is noted that this is the typical approach taken in exposure drafts issued by the IFRS Foundation not least due to the uncertainty about the timing of publication of any final amendments at the time the proposals are published.

then inform the ISSB’s determination of the effective date during redeliberations of the proposals.

Questions for the ISSB members

21. The staff presents the following questions for the ISSB.

Questions for the ISSB

1. **General**—does the ISSB have any comments or questions on the considerations set out in this paper?
2. **Permission to begin the process for balloting the ED**—is the ISSB satisfied that it has complied with the applicable due process steps to begin the process for balloting the ED to propose amendments to IFRS S2?
3. **Dissent**—does any ISSB member plan to dissent from the publication of the ED? If so, on what grounds?
4. **Comment period**—does the ISSB agree with the staff recommendation for setting a comment period of 60 days for the ED (subject to DPOC approval)?
5. **Effective date**—does the ISSB agree with the staff recommendation that an early effective date is appropriate and to permit early application of the amendments (with the actual effective date being determined in redeliberations considering stakeholder feedback)?

Appendix A—Due process steps in developing the proposed amendments to IFRS S2

A1. The due process steps the ISSB has and will undertake in developing the proposed amendments to IFRS S2 are summarised below.

<i>Steps</i>	<i>Actions</i>
ISSB meetings held in public, with papers available for observers. All decisions are made in public sessions.	<p>The ISSB discussed the proposed amendments at its meetings in November 2024 and January 2025. Details are available on the IFRS Foundation website.</p> <p>Agenda papers are posted on the IFRS Foundation website on a timely basis before every meeting. There were no late posting of agenda papers to be reported to the DPOC.</p> <p>A summary of each ISSB meeting is included in ISSB Update.</p>
Consultation with the Trustees of the IFRS Foundation (Trustees) and the IFRS Advisory Council.	<p>The Trustees and the Advisory Council will be informed about the proposed amendments to IFRS S2 as part of the regular reporting to them.</p>
Analysis of the likely effects of the forthcoming Standard or major amendment, for example, initial costs or ongoing associated costs.	<p>The proposed amendments are narrow in scope and expected to provide support to entities in responding to the application challenges identified in implementing IFRS S2.</p> <p>The likely effects of the proposed amendments are discussed in Agenda Papers 9A and 9C for this meeting.</p> <p>Analysis of the likely effects will be included in the ED (as part of its Basis for Conclusions).</p>
Consultative groups used, if formed.	<p>Three out of four of the application challenges and concerns relating to the proposed amendments were discussed by the Transition Implementation Group on IFRS S1 and IFRS S2 (TIG). The members of the TIG include preparers and assurance providers with practical and direct knowledge of implementing IFRS S1 and IFRS S2. The TIG</p>

<i>Steps</i>	<i>Actions</i>
	comprise a diverse mix of members from different geographies, company sizes and industries.
Podcasts to provide interested parties with high-level updates or other useful information about specific projects.	Podcasts have been published after each meeting on the IFRS Foundation website to provide a general update on the discussion at each ISSB meeting. Additionally, two-minute social media summaries are published daily during ISSB meeting weeks titled 'Today from the ISSB'.
Finalisation	
Due process steps reviewed by the ISSB.	This step is being met by this agenda paper—see paragraphs 5–9.
The ED has an appropriate comment period.	This step is being met by this agenda paper—see paragraphs 10–17.
Drafting	
Drafting quality assurance steps are adequate.	The translation, editorial and taxonomy teams will review drafts during the balloting process.
Publication	
ED published.	The ED will be published on the IFRS Foundation website.
Press release to announce publication of ED.	A press release and other communications materials will be published along with the ED.