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## IFRS Foundation Trustees meeting – Due Process Oversight Committee

Date **March 2025**  
Topic **Update on ISSB technical activities**  
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This document is prepared for discussion at a public meeting of the IFRS Foundation Trustees' Due Process Oversight Committee (DPOC). The Trustees are responsible for governance of the IFRS Foundation, oversight of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB), and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation *Constitution*.

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### Purpose

1. This report provides the Due Process Oversight Committee (DPOC) with an update on the activities of the International Sustainability Standards Board (ISSB) since the last update to the DPOC in October 2024. The report covers the period from October 2024 to February 2025 and addresses the following matters:
  - (a) supporting implementation of IFRS S1 and IFRS S2;
  - (b) research projects on biodiversity, ecosystems and ecosystems services and human capital;
  - (c) enhancements to the SASB Standards;
  - (d) the IFRS Sustainability Disclosure Taxonomy; and
  - (e) the engagement of the ISSB's consultative groups.
2. [Appendix A](#) provides an overview of projects on the ISSB's Work Plan and its technical priorities.
3. The report aims to assist the DPOC in fulfilling its role of overseeing the due process activities of the ISSB, as set out in paragraphs 2.1–2.15 of the *Due Process Handbook* (Handbook). *No decisions are required of the DPOC—accordingly, all information in this report is for noting only.*

### Due process matters in the period for noting

#### ***Supporting implementation of IFRS S1 and IFRS S2***

##### **Development of educational materials**

4. The IFRS Foundation has published the following pieces of Educational Material during the period to support the implementation of the ISSB Standards:
  - (a) Guide to help identify and disclose material information—the guide helps companies to identify sustainability-related risks and opportunities that could reasonably be expected to affect their prospects, and identify and disclose material information about sustainability-related risks and opportunities they have identified;
  - (b) Proportionality Mechanisms—a three-part webcast covering the proportionality mechanisms built into IFRS S1 and IFRS S2; and
  - (c) Applying a 'Climate First approach'—a guide which aims to help companies understand how to report only climate-related information when applicable using ISSB Standards.
5. The ISSB continues to engage with stakeholders, including through the Transition Implementation Group (TIG) and other forums to understand where educational material could be developed to

support the implementation of IFRS S1 and IFRS S2. Material is currently in development to support stakeholders in their understanding of the requirements in IFRS S2 on:

- (a) Climate-related scenario analysis;
- (b) Sources of guidance established in IFRS S1; and
- (c) Disclosures about transition plans.

6. In December 2024, the ISSB and the IASB collaborated to produce a webcast series with episodes discussing how IFRS Accounting Standards and ISSB Standards complement each other and provided examples to illustrate how applying the Standards together results in complementary and connected reported information. Additionally, a new dedicated connectivity webpage hosting all connectivity-related resources and updates was launched.

### **Applying the ISSB Standards**

7. In response to stakeholder feedback on application challenges arising from implementation the ISSB discussed the criteria for evaluating potential amendments to IFRS S1 or IFRS S2 at its November 2024 meeting. At that meeting the ISSB established criteria to help determine if amendments to the ISSB Standards were necessary. The ISSB will consider amending the ISSB Standards:

- (a) only if the ISSB identifies a demonstrated need beyond the other options it has to improve the implementation of the ISSB Standards (such as the development and publication of educational material);
- (b) the amendment would not result in a significant loss of useful information;
- (c) the amendment would not unduly disrupt entities' processes for implementing or jurisdictional processes for adopting or using IFRS S1 and IFRS S2, including:
  - (i) reducing interoperability between the IFRS Sustainability Disclosure Standards and either the European Sustainability Reporting Standards or the GRI Standards.
  - (ii) reducing connectivity between the IFRS Sustainability Disclosure Standards and the IFRS Accounting Standards; and
  - (iii) increasing the complexity of applying the requirements in IFRS S1 or IFRS S2, reducing the proportionality of the Standards.

8. In January 2025 the ISSB discussed amending IFRS S2 in response to application challenges identified in implementing IFRS S2. The ISSB decided that the proposed amendments to IFRS S2 met the criteria agreed by the ISSB for amending the ISSB Standards to:

- (a) disclosing Scope 3 Category 15 greenhouse gas (GHG) emissions (i.e. GHG emissions that arise from a company's financial investments);
- (b) using alternative global warming potential (GWP) values;
- (c) applying the jurisdictional relief to use a method other than the GHG Protocol Corporate Standard to measure GHG emissions; and
- (d) using the Global Industry Classification Standard (GICS) when disaggregating financed emissions by industry.

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9. The proposed amendments are particularly relevant for companies with insurance or investment banking activities and have been identified through the TIG process. The TIG discussed these areas at its September 2024 meeting.
  10. Agenda paper DP6 explains the rationale for a shortened comment period for the exposure draft of these amendments to IFRS S2 and seeks the DPOC's approval for the shortened comment period.

***Research projects on biodiversity, ecosystems and ecosystems services and human capital***

11. The ISSB is currently working on two research projects as part of its two-year work plan:
  - (a) Biodiversity, ecosystems and ecosystems services; and
  - (b) Human Capital.
12. During the initial research stage staff is undertaking detailed research of the current disclosures on the topic areas and are engaging with key stakeholders to further inform the research. This has included:
  - (a) conducting a jurisdictional survey via the Sustainability Standards Advisory Forum to inform the ISSB's understanding of any existing requirements in jurisdictions that could inform the ISSB's future work;
  - (b) engaging with investors to understand their interest in Biodiversity, ecosystems and ecosystems services and Human Capital; and
  - (c) analysing current reporting practice across both research topics to further understand the current state of disclosure.
13. During the period the staff has engaged the board across both topic areas as it advances its research. The staff will initiate the next phase of work in Q2 2025 to focus on:
  - (a) analysing the implications of the findings thus far;
  - (b) considering synergies with other components of the work plan, including enhancements to SASB Standards; and
  - (c) developing recommendations to the ISSB regarding the necessity and feasibility of standard-setting.

***Enhancements to the SASB Standards***

14. The ISSB is preparing exposure drafts of proposed amendments to a set of SASB Standards that the ISSB has prioritised as a part of its 2024–2026 work plan. The ISSB decided in July to start developing exposure drafts of enhancements to:
  - (a) all eight SASB Standards in the Extractives & Minerals Processing sector;
  - (b) the Electric Utilities & Power Generators SASB Standard in the Infrastructure sector; and
  - (c) three SASB Standards in the Food & Beverage sector—subject to assessing whether the ISSB and its stakeholders have the capacity to do so (the ISSB noted that it would be 'highly desirable' that these three industries be included in the initial phase of work);

- (d) to consider making targeted amendments to other SASB Standards to ensure that measurement of common topics remains consistent among industries, where appropriate; and
15. The ISSB also decided to research:
- (a) priorities for the second phase of the project; and
  - (b) how to enhance the Sustainable Industry Classification System® (SICS).
16. In December 2024 the ISSB received an update on the project activities performed by the staff and discussed the stakeholder feedback from recent engagements held by the staff. The ISSB was informed that:
- (a) staff has engaged bilaterally and through ‘roundtable’ group formats with a diverse group of stakeholders;
  - (b) staff has collaborated on stakeholder engagement with fellow staff working on the ISSB’s research projects to understand industry-specific aspects of biodiversity, ecosystems and ecosystem services and human capital;
  - (c) As of 26 November 2024 the staff had conducted 114 sector-specific engagements, comprising a mix of preparers, investors and subject matter experts across a diverse range of geographies; and
  - (d) Combined with research project outreach, staff has heard feedback from over 400 stakeholders.
17. The staff will work with the ISSB’s SASB Standards Board Advisors to develop an exposure draft of proposed amendments to the priority SASB Standards, which will then be subject to ratification by the ISSB in accordance with the established due process. Issuance of the exposure drafts continues to be targeted for the first half of 2025.

### ***Development of the IFRS Sustainability Disclosure Taxonomy***

18. The ISSB issued the IFRS Sustainability Disclosure Taxonomy on 30 April 2024. The staff and the ISSB continue to engage with stakeholders including with jurisdictions in support of the implementation of the IFRS Sustainability Disclosure Taxonomy and are engaging the International Taxonomy Consultative Group to further understand implementation challenges to identify specific areas the ISSB can provide further support.

### ***Consultative Groups***

19. The ISSB has engaged its consultative groups throughout the period. Details of the work of the individual consultative groups and details of the meetings during the period are provided in [Appendix B](#).

## Appendix A—Overview of projects on the Work Plan and ISSB technical priorities

Project	Objective	Next due process step	Date	Current activity	Last due process document
Amendments to the Disclosure of Greenhouse Gas Emissions (Amendments to IFRS S2)	To support the implementation of IFRS S2, publish Exposure Draft with proposed targeted amendments to IFRS S2 to simplify some requirements for greenhouse gas emission disclosures.	Exposure Draft	Q2 2025	The ISSB is currently advancing to develop an exposure draft on Amendments to the Disclosure of Greenhouse Gas Emissions (Amendments to IFRS S2)	IFRS S1 and IFRS S2 published June 2023
Biodiversity, ecosystems and ecosystems services	To explore the feasibility and necessity of developing ISSB requirements related to Biodiversity, ecosystems and ecosystems services, taking into account investors' information needs and the likely costs for entities of preparing such information.	Review research	H1 2025	The ISSB staff is currently engaging in research on the current state of disclosure in relation to Biodiversity, ecosystems and ecosystems services and plan to engage the ISSB on its initial findings in the coming months.	Request for Information published May 2023
Human Capital	To explore the feasibility and necessity of developing ISSB requirements related to Human Capital, taking into account investors' information needs and the likely costs for entities of preparing such information.	Review research	H1 2025	The ISSB staff is currently engaging in research on the current state of disclosure in relation to Biodiversity, ecosystems and ecosystems services and plan to engage the ISSB on its initial findings in the coming months.	Request for Information published May 2023
Enhancements to the SASB Standards	As part of its 2024–2026 work plan, the ISSB will enhance the SASB Standards with the objective of promptly supporting the high-quality implementation of IFRS S1 and IFRS S2.	Exposure Drafts	Q1 2025		

## Appendix B—Consultative Group Activities

Name	Purpose	Composition	Oversight	Meetings in period
<b>Jurisdictional Working Group</b>	Consisting of jurisdictional representatives and representatives from the IFRS Foundation has established dialogue for enhanced compatibility between the ISSB's exposure drafts and ongoing jurisdictional initiatives on sustainability disclosures.	Chinese Ministry of Finance, the European Commission, the European Financial Reporting Advisory Group, the Japanese Financial Services Authority, the Sustainability Standards Board of Japan, the United Kingdom Financial Conduct Authority and the United Kingdom Financial Reporting Council, the US Securities and Exchange Commission.	ISSB Chair and Vice Chair(s)	The JWG met in July 2024 to discuss the development of a Regulatory Implementation Programme to support the adoption of the ISSB Standards globally.
<b>Sustainability Standards Advisory Forum (SSAF)</b>	To provide an advisory forum where members can constructively contribute towards the achievement of the ISSB's goal of developing standards that provide a comprehensive global baseline of sustainability-related reporting that is interoperable with jurisdictional standards on sustainability reporting ensuring two-way engagement between the ISSB and jurisdictions as sustainability-related reporting requirements are developing.	12-16 jurisdictional and/or regional bodies.	Members of the SSAF are selected by the Trustees of the IFRS Foundation, following a call for candidates.	The SSAF met in October 2024 and discussed: <ul style="list-style-type: none"> <li>• The development of educational material to support the implementation of IFRS S1 and IFRS S2;</li> <li>• The jurisdictional survey to inform ISSB research projects</li> <li>• How interoperability considerations are being embedded into the ISSB's research projects; and</li> <li>• Enhancements to SASB Standards.</li> </ul>
<b>Sustainability Consultative Committee (SCC)</b>	To identify, inform and advise the ISSB on priority sustainability matters and related technical protocols, as well as significant interdependencies between sustainability matters.	The SCC is Chaired by the ISSB Vice-Chair, 4 permanent multilateral member organisations (IMF, OECD, UN and World Bank) and up to 9 additional expert members. Additional expert members may be drawn from organisations with relevant expertise, or appointed as individual experts without organisational association.	The permanent multilaterals and SCC Chair presents the recommendations to the IFRS Foundation Trustees, who then have final approval of the composition.	The SCC met in December 2024 and received an update on the jurisdictional adoption of the ISSB Standards and the ISSB's work on interoperability (including the ISSB's work to deliver full interoperability with the GRI Standards).
<b>Integrated Reporting and Connectivity Council</b>	To provide advice on how reporting required by the IASB and the ISSB should be integrated and on how principles and concepts from the Integrated Reporting	Members of the Council are the: a) current members of the Integrated Reporting Council of the Value Reporting Foundation; b) members of the VRF and	The Council will continue in this role for two years. At the expiry of two years the need for the separate Council will	The Integrated Reporting and Connectivity Council met in November 2024 to discuss the future of corporate reporting and

Name	Purpose	Composition	Oversight	Meetings in period
	Framework should be considered in relevant projects by the IASB and the ISSB.	CDSB Boards who meet the criteria; and c) individuals whose expertise is deemed of high standing and who meet the criteria. <IR> Ambassadors who meet the criteria will also be invited to join the Council. Members will act in their personal capacity.	be reviewed by the Trustees of the IFRS Foundation.	how 'integrated thinking' relates to the implementation of the ISSB Standards.
<b>IFRS Sustainability Reference Group (SRG)</b>	<p>The purpose of the SRG is to provide technical input to ISSB members and staff for research and standard-setting projects.</p> <p>Most of the engagement the ISSB or ISSB staff have with the SRG is undertaken virtually on an ad-hoc basis through bilateral meetings or through meetings with a small group of SRG members selected based on the topic for discussion. The full membership of the SRG is invited to a quarterly webcast meeting to share an update on the ISSB's activities.</p>	<p>The SRG is a diverse group of subject matter experts in matters of sustainability and general purpose financial reports and disclosure.</p> <p><a href="#">srg-members-list-2025</a></p>	Oversight of composition and effectiveness will be provided by the DPOC.	The SRG held its first quarterly meeting in November 2024 where the ISSB and staff provided an overview of the ISSB's current work on its research projects and the enhancements to the SASB Standards.
<b>ISSB Investor Advisory Group (IIAG)</b>	To provide strategic guidance on the development of IFRS Sustainability Disclosure Standards, helping to ensure that the investor perspective is articulated clearly and is considered in the ISSB standard-setting process. The IIAG also helps achieve widespread adoption and use of IFRS Sustainability Disclosure Standards by encouraging use of the Standards to communicate performance to investors on sustainability-related issues which impact enterprise value.	A group of leading asset owners and asset managers across markets who are committed to improving the quality and comparability of sustainability-related disclosure to investors.	Oversight of composition and effectiveness will be provided by the DPOC.	The IIAG met in December 2024 to discuss the strategy for the IIAG's engagement into 2025.