IFRS Foundation

Staff paper

Agenda reference: DP6

IFRS Foundation Trustees meeting – Due Process Oversight Committee

Date	**March 2025**
Topic	**Approval for a shortened comment period for proposed amendments to IFRS S2**
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Purpose

1. The ISSB has decided to begin the process to publish an exposure draft to propose amendments to IFRS S2 *Climate-related Disclosures* (Exposure Draft *Amendments to the Disclosure of Greenhouse Gas Emissions)* as part of its activities to support implementation and consistent application of the Standard. The ISSB has decided to set a comment period of 60 days given the targeted, narrow-scope and urgent nature of the amendments. **The purpose of this paper is to seek the Due Process Oversight Committee's (DPOC) approval for a shortened comment period of 60 days for the Exposure Draft as required by the *Due Process Handbook*.**

2. For reference, Appendix B of this paper reproduces Agenda Paper 9D *Due process steps and permission to ballot* of the January 2025 ISSB meeting. This summarises the due process steps in developing the proposed amendments to IFRS S2, including the staff analysis and recommendations related to the comment period for the Exposure Draft.

Structure of the paper

3. This paper is structured as follows:

(a) background to the proposed amendments to IFRS S2;

(b) comment period for the Exposure Draft;

(c) *for reference* Appendix A—Amendment criteria for the implementation phase of the Standards; and

(d) *for reference* Appendix B—Agenda Paper 9D *Due process steps and permission to ballot* of the January 2025 ISSB meeting.

Background to the proposed amendments to IFRS S2

4. Following the issuance of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2, the ISSB decided that supporting the implementation of IFRS S1 and IFRS S2 by entities is its highest priority as part of the work plan that was published following its *Consultation on Agenda Priorities*.[1] 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.[2] 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.[3]

5. A primary role of the TIG is to enable matters to be highlighted that should be brought to the ISSB's attention. The ISSB became aware of some challenges identified through the work of the TIG and the ISSB's various stakeholder engagement, including its engagement with jurisdictional stakeholders as part of the jurisdictional processes to adopt or otherwise use IFRS Sustainability Disclosure Standards.

[1] The Feedback Statement on the *Consultation on Agenda Priorities* can be found at https://www.ifrs.org/content/dam/ifrs/project/issb-consultation-on-agenda-priorities/agenda-consultation-feedback-statementjune-2024.pdf

[2] The educational materials published to support the implementation of IFRS S1 and IFRS S2 can be found at https://www.ifrs.org/supporting-implementation/supporting-materials-for-ifrs-sustainability-disclosure-standards/

[3] The TIG meetings are publicly webcast. All meeting recordings, agenda papers and meeting summaries can be found at https://www.ifrs.org/groups/tig-ifrs-s1-and-ifrs-s2/#meetings

6. The ISSB is aware of the need to carefully consider the timely support needed for preparers implementing the Standards, the need to consider the usefulness of information for users of general purpose financial reports and the need for certainty for those implementing and jurisdictions in the process of adopting the Standards. To balance the risks and benefits of amendments during the implementation phase of the Standards, the ISSB sets a high bar for considering amendments.

7. At the September 2024 TIG meeting, TIG members highlighted some challenges which, in the staff view, warranted further consideration by the ISSB. At the November 2024 ISSB meeting, the staff referred these matters to the ISSB to consider whether they warrant further action including amending the Standards.

8. At the November 2024 ISSB meeting, the ISSB set out the criteria for evaluating amendments to IFRS S1 or IFRS S2 during the implementation phase of the Standards. The ISSB subsequently evaluated each proposed amendment against these criteria and also considered other relevant factors (such as the timing of making the amendments) in deciding whether and how to propose the amendments to IFRS S2. Appendix A reproduces the ISSB's amendment criteria for the implementation phase of the Standards.

9. At the January 2025 ISSB meeting, the ISSB decided to propose amendments to IFRS S2 to support the implementation and consistent application of the Standard.[4] The matters considered in the proposed amendments all relate to the measurement and disclosures associated with greenhouse gas (GHG) emissions, specifically:

   (a) the measurement and disclosure of Scope 3 Category 15 GHG emissions associated with derivatives and specific financial activities related to investment banking (referred to as 'facilitated emissions') and insurance and reinsurance underwriting (referred to 'insurance-associated emissions');

[4] The ISSB's decisions to propose amendments to IFRS S2 are summarised in the *ISSB Update January 2025* which can be found at https://www.ifrs.org/news-and-events/updates/issb/2025/issb-update-january-2025/#2

(b) the use of the Global Industry Classification Standard in applying specific requirements related to the provision of information about financed emissions;

(c) the use of global warming potential (GWP) values based on a 100-year time horizon from the latest Intergovernmental Panel on Climate Change assessment available at the reporting date, if a jurisdiction requires the use of different GWP values for the measurement of GHG emissions; and

(d) the use of a method other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) for measuring GHG emissions, if a jurisdiction requires the use of a different measurement method for a part of the entity.

10. At the January 2025 ISSB meeting, the ISSB discussed the due process steps for developing the proposed amendments to IFRS S2. All 14 ISSB members confirmed they were satisfied the ISSB has complied with the applicable due process requirements and that sufficient consultation and analysis has been undertaken to begin the balloting process for the Exposure Draft.

11. The ISSB plans to publish the Exposure Draft in the second quarter of 2025.

Comment period for the Exposure Draft

12. The *Due Process Handbook* states that normally the ISSB allows a comment period of 120 days for an Exposure Draft. 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 DPOC (see paragraph 6.7 of the *Due Process Handbook*).

13. At the January 2025 ISSB meeting, the ISSB tentatively decided to allow a 60-day comment period for the Exposure Draft (subject to approval by the DPOC). All 14 ISSB members agreed with this decision.

14. The ISSB agreed with the staff's view that 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 and certainty for jurisdictions in the process of adopting the Standards. Specifically:

(a) nature of the amendments:

(i) narrow in scope—all aspects of the proposed amendments are narrow-scope affecting only particular requirements in IFRS S2 and two of the four amendments affect only entities that engage in specific financial activities, ie they primarily will affect financial institutions rather than all entities.

(ii) targeted in nature—all of the proposed amendments relate to GHG emissions disclosure requirements.

(iii) responsive to challenges raised by stakeholders—the proposed amendments **provide relief or additional clarity** 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. The proposals introduce reliefs and in all cases entities (or jurisdictions) could choose not to change their approach to the application of IFRS S2 (ie an entity could elect not to apply the reliefs and thus continue with application in accordance with IFRS S2 without amendment thus avoiding any disruption as a result of the changes). New disclosure requirements are proposed only for entities applying the relief and these new disclosures apply to two of the four proposed amendments and are not extensive in nature.

(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. We are in fact aware of several jurisdictions that are seeking to navigate the GICS issue—by acting on a timely basis the ISSB will facilitate the adoption of an approach that can be used consistently by jurisdictions.

15. The staff notes that a 60-day comment period can facilitate publication of the final amendments in 2025, subject to the ISSB considering stakeholder feedback on the Exposure Draft during its redeliberation of the proposals. The staff expects there will 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. Paragraphs 10–17 of Agenda Paper 9D of the January 2025 ISSB meeting set out the rationale for the recommended comment period (see Appendix B).

16. The ISSB is aware that an important consideration in shortening the comment period is making the Exposure Draft accessible including in languages other than English, so to ensure that stakeholders are aware of the proposed amendments. We expect many stakeholders to be interested in the Exposure Draft so it will be important to ensure that translated versions are available on a timely basis and that significant effort is made directly and in conjunction with others (such as national standard-setters and regulators) to raise awareness of the Exposure Draft. The project planning includes consideration of timely translation of the Exposure Draft. The staff believes that a 60-day comment period will still enable adequate international participation in the consultation process.

17. The staff is therefore seeking the DPOC's approval of a comment period of 60 days for the Exposure Draft.

Question for the DPOC
Does the DPOC approve a shortened comment period of 60 days for the Exposure Draft?

Appendix A—Amendment criteria for the implementation phase of the Standards[5]

A1. Any amendments made to IFRS S1 or IFRS S2 in response to stakeholder feedback on application challenges identified in implementing the Standards would need to meet the ISSB implementation amendment criteria:

(a) be considered only if the ISSB identifies a demonstrated need, after it has explored all other options, to respond to pervasive application challenges arising from implementation, including concerns related to diversity in practice.

(b) not result in a significant loss of useful information, including significant reduction of the qualitative characteristics of useful sustainability-related financial information, compared with that provided by entities applying the issued requirements in IFRS S1 and IFRS S2.

(c) not unduly disrupt entities’ processes for implementing or jurisdictional processes for adopting or using IFRS S1 and IFRS S2. The ISSB would balance the need for amendments with the potential disruption they could cause. The ISSB would seek to avoid amendments that, compared to the issued requirements, would:

(i) reduce interoperability between the IFRS Sustainability Disclosure Standards and either the European Sustainability Reporting Standards or the GRI Standards.

(ii) reduce connectivity between the IFRS Sustainability Disclosure Standards and the IFRS Accounting Standards.

(iii) increase the complexity of applying the requirements in IFRS S1 or IFRS S2, reducing the proportionality of the Standards.

A2. The ISSB would also consider other relevant factors in deciding whether and how to propose amendments.

[5] This is the criteria as voted on by the ISSB at the November 2024 ISSB meeting.

Appendix B—Agenda Paper 9D *Due process steps and permission to ballot* of the January 2025 ISSB meeting

Staff paper

Agenda reference: 9D

ISSB meeting

Date	**January 2025**
Project	**Supporting Implementation of IFRS S1 and IFRS S2**
Topic	**Due process steps and permission to ballot**
Contacts	**Tim Kasim** (tkasim@ifrs.org) **Dianora Aria De Marco** (dianora.demarco@ifrs.org) **David Bolderston** (david.bolderston@ifrs.org)

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.

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

(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.

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.

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; and[3]

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[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

(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]

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 determined[6]; 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.

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[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

[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

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 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.

Steps	*Actions*
ISSB meetings held in public, with papers available for observers. All decisions are made in public sessions	The ISSB discussed the proposed amendments at its meetings in November 2024 and January 2025. Details are available on the IFRS Foundation website. 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. A summary of each ISSB meeting is included in ISSB Update.
Consultation with the Trustees of the IFRS Foundation (Trustees) and the IFRS Advisory Council.	The Trustees and the Advisory Council will be informed about the proposed amendments to IFRS S2 as part of the regular reporting to them.
Analysis of the likely effects of the forthcoming Standard or major amendment, for example, initial costs or ongoing associated costs.	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. The likely effects of the proposed amendments are discussed in Agenda Papers 9A and 9C for this meeting. Analysis of the likely effects will be included in the ED (as part of its Basis for Conclusions).
Consultative groups used, if formed.	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

Steps	Actions
	TIG 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.