IFRS Sustainability Reference Group

Quarterly Meeting

11 & 12 March 2025

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Overview

1. General updates for members

2. ISSB technical work plan to 2026

3. Proposed amendments to IFRS S2

4. Update on research projects

5. Update on SASB Standards

6. Q&A

1. General updates for members

Objectives

1. Contribute individually, in sub-groups or collectively to the ISSB's technical agenda.

2. Bring diverse stakeholder perspectives through ad-hoc consultation on the ISSB's technical work

3. Facilitate effective technical discussions on sustainability standard-setting issues, including:

    - specific discussion topics, industry considerations, geographic/jurisdictional considerations,
    - feasibility of providing high-quality, transparent, comparable and decision-useful information to primary users of general purpose financial reports, and
    - the relevance of information for decisions about providing resources to a company

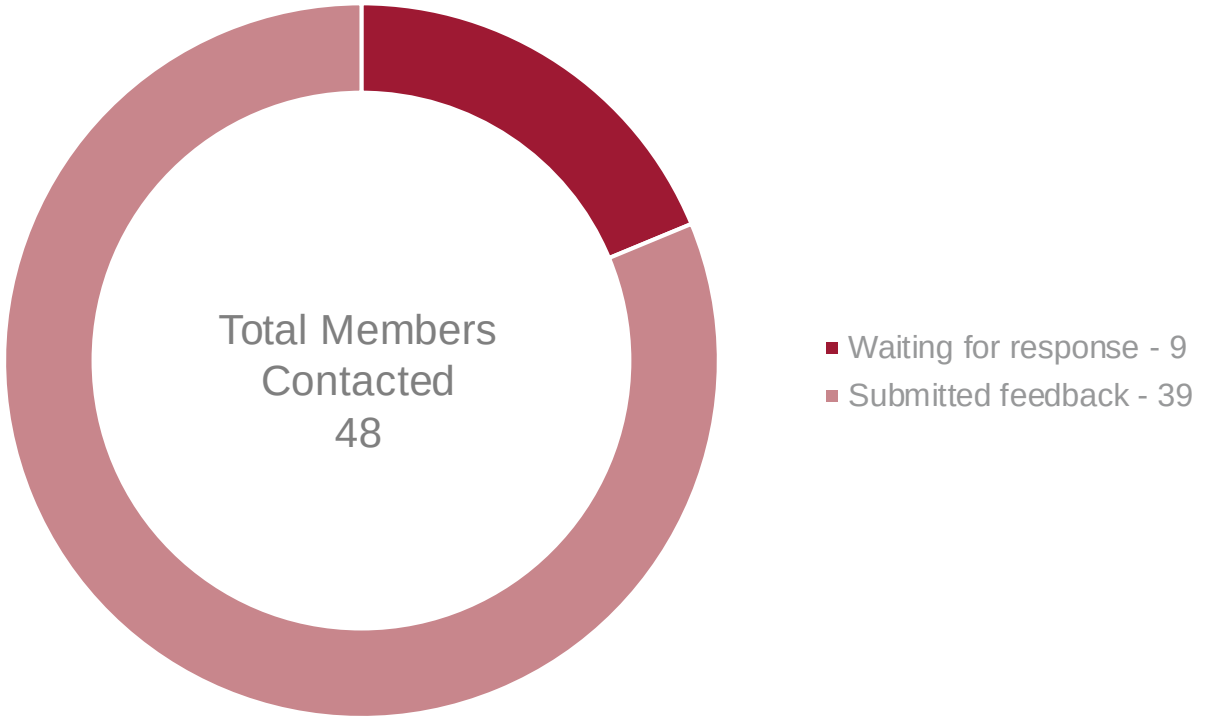
Membership

1. Members enable representation across jurisdictions, preparers, users, and industries.
2. Members are expected to have professional competence and practical preparer or user or related experience of sustainability disclosures and/or general purpose financial reports.
3. Membership is granted to the individual rather than the individual's affiliated organisation.
4. Members are expected to serve for a two-year term to facilitate continuity.
5. Members are expected to actively contribute to the objectives of the SRG.

SRG Members appointed & meeting attendance

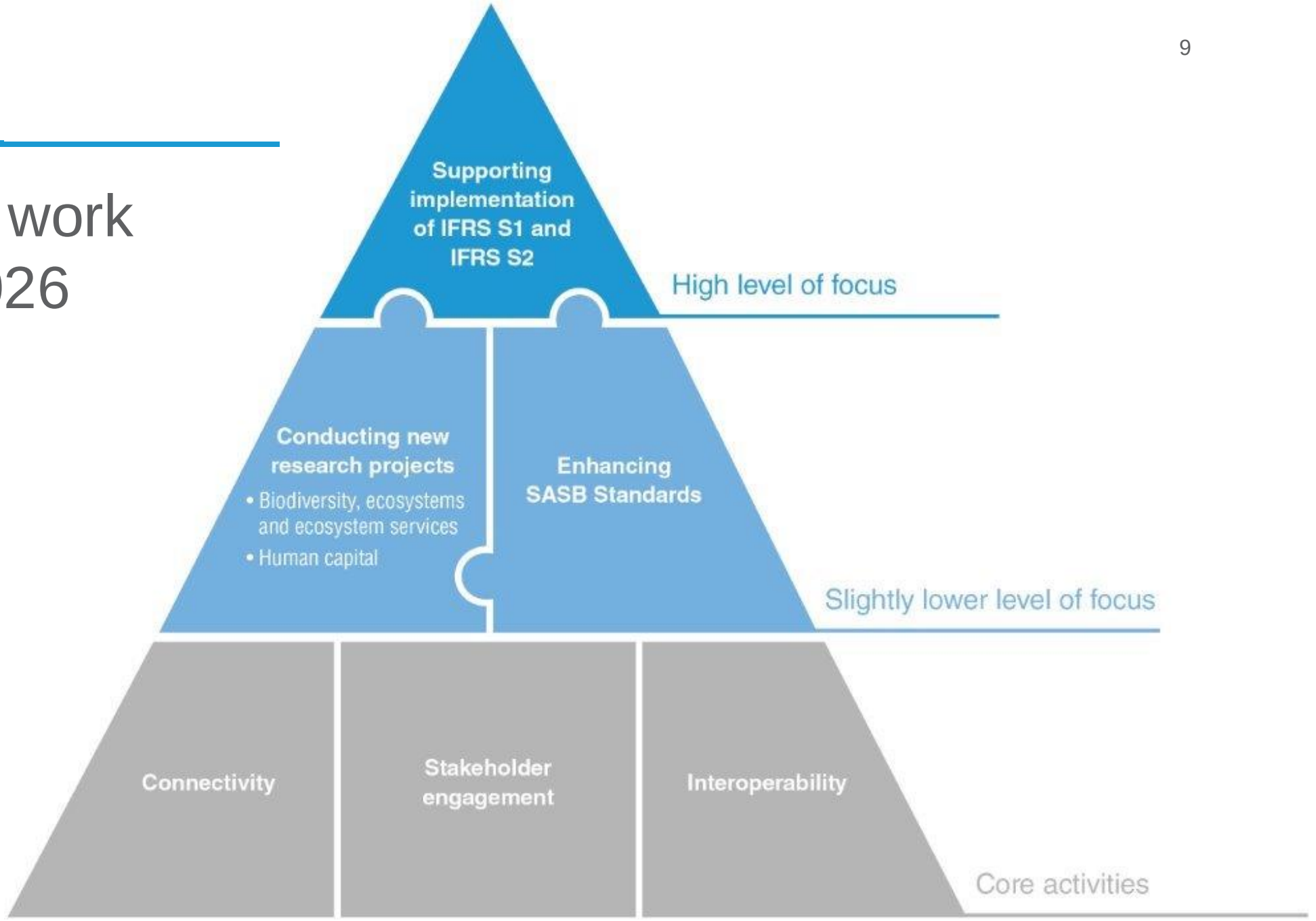
	Number of members	Term started
Phase 1	88	1 October 2024
Phase 2	29	1 December 2024
Total	**117**	

SRG Members engaged



2. ISSB Technical work plan to 2026

Technical work plan to 2026



Current priorities

Implementation

Support the implementation of IFRS S1 and IFRS S2, including through **educational activities** and advancing the IFRS Foundation's **capacity building programme** to help ensure companies, regulators and other stakeholders are well prepared to use the ISSB Standards

Adoption

Advance jurisdictional adoption of the ISSB Standards through bilateral dialogue with governments and regulators to support them on their journey to requiring sustainability-related disclosures in their jurisdiction

Advance market adoption of the ISSB Standards by companies choosing to use the Standards to communicate to investors

Work Plan

Advance the ISSB's work to **build out the global baseline of sustainability-related disclosures** following feedback to the recent consultation on the ISSB's future agenda

How we are supporting S1 and S2 implementation

November 2024

New educational material helps companies identify **material information** about sustainability-related risks and opportunities

December 2024

New webcast series explains **connectivity** between the financial statements and sustainability-related financial disclosures

IOSCO's Growth and Emerging Markets Committee launches a **Network to support adoption** of ISSB Standards

January 2025

New educational material outlines **proportionality mechanisms** built into ISSB Standards

New educational material describes how to report **only climate-related information** using ISSB Standards

ISSB decides to propose targeted **amendments to IFRS S2**

February 2025

ISSB appoints members to its **IFRS Sustainability Reference Group** to provide expert views and technical input into the development of ISSB Standards

Stakeholder event informs future guidance on **transition plan disclosures** to support application of IFRS S2

3. Proposed amendments for IFRS S2

Targeted amendments to IFRS S2

Project objective

Supporting the implementation of IFRS S1 and IFRS S2 is the ISSB's highest priority.

The amendments would **address feedback** market participants shared about challenges to applying IFRS S2.

Next steps

The ISSB expects to publish an exposure draft of proposed amendments to IFRS S2 around Q2 2025.

Project status

In January 2025, the ISSB agreed to propose targeted amendments that would provide clarification and reliefs related to GHG emissions disclosures:

- the measurement and disclosure of **Scope 3 Category 15** GHG emissions associated with:
  - **derivatives** and
  - specific financial activities related to
    - **investment banking** ('facilitated emissions') and
    - **insurance and re-insurance** underwriting ('associated emissions')
- use of global warming potential (GWP) values not from the latest IPCC assessment **when a jurisdiction requires a specific GWP value**
- use of the GHG Protocol Corporate Standard when a jurisdiction requires a different method **for part of a reporting entity**
- use of the **Global Industry Classification Standard (GICS)** for disaggregating financed emissions

ISSB targets amending S2 by end of year

4. Update on research projects

Research projects

The ISSB is researching disclosure about risks and opportunities associated with:

Biodiversity, ecosystems and ecosystem services

Might include matters related to water management, land-use management, pollution (for example, emissions into air, water and soil), resource depletion, and biodiversity risk management (for example, rehabilitation/restoration)

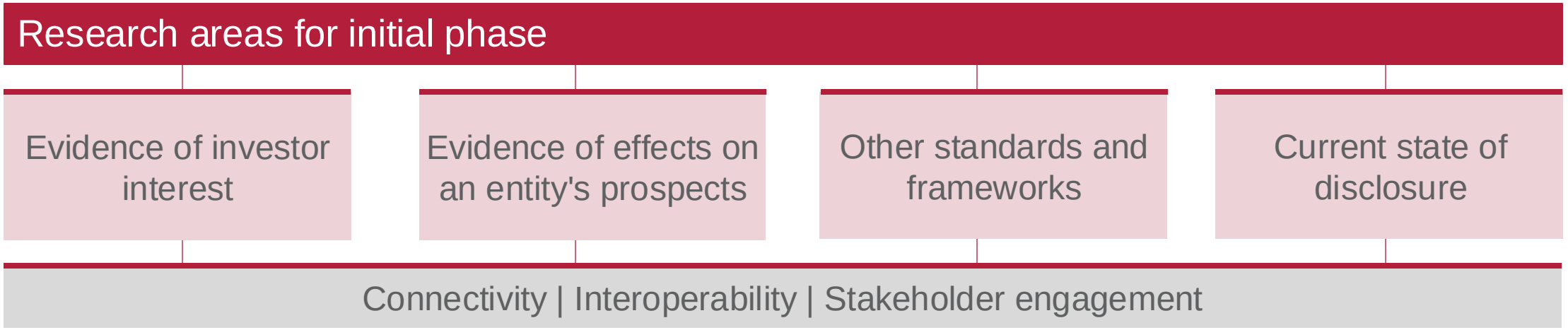
Human capital

Relates to workers in an entity's direct operations or those in its value chain, including workforce-related human rights. Might include matters such as worker wellbeing, pay and benefits, diversity and inclusion, and working conditions in the value chain.

Research projects—design and approach

Current phase: building the foundation (‘collecting the dots’)
Q3 2024–Q2 2025

Next phase: analysing the implications (‘connecting the dots’)
Q2 2025–



Findings of the research thus far

BEES: key takeaways

- Investor interest in and use of BEES-related information is nascent but rapidly developing.
- More complex than climate, with no universal metric like GHG emissions for nature.
- Regulation and policy is a key driver of investor interest.
- Considerable variation among sectors/industries, with different activities, impacts and dependencies giving rise to different risk/return profiles.
- Nature-related risks are localised, making aggregation a challenge.
- Other standards and frameworks (eg, EFRAG, GRI and TNFD) are similar to IFRS S1 and SASB Standards, with variation concentrated in the areas of strategy and metrics/targets.
- Companies already disclose BEES-related information, but consistency and comparability are poor.

Human capital: key takeaways

- Strong interest among all investors in some information, but other topics of interest vary by sector and/or jurisdiction.
- Investor interest predominantly driven by a desire to manage risks and/or enhance returns.
- Topics of interest are varied and often complex, including working conditions, involuntary labour, health, safety and wellbeing, diversity and inclusion, pay and benefits, recruitment and retention, and workforce composition.
- Investor interest and company reporting practices vary considerably between an entity's own workforce and the workers in its value chain.
- Other standards and frameworks are similar to IFRS S1 and SASB Standards, but with certain areas of difference or greater specificity.
- Companies already disclose human capital-related information, including in general purpose financial reports, but consistency and comparability are poor.

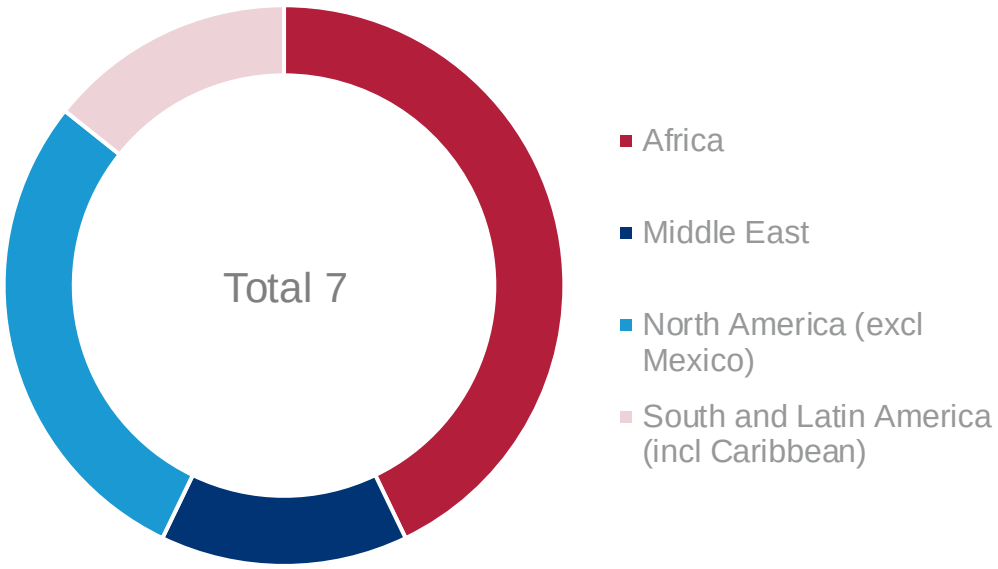
Next steps

- We are implementing the research using a phased approach:
    - first build a foundation of knowledge and understanding
    - then synthesise findings and analyse implications for the **necessity** and **feasibility** of potential standard-setting.
- In the coming months, the staff expects to present findings for the remaining areas of the initial phase
- Based on feedback from the ISSB, the staff will aim to transition to the next phase of research during H1 2025
- The ISSB has a range of options for concluding the research phase of its work in the future

Possible paths forward

- **Educational materials** explaining existing requirements in IFRS S1, IFRS S2 and SASB Standards that are relevant to BEES- or human capital-related disclosures
- New **application guidance** with specific context on BEES- and human capital-related disclosures
- **Thematic standard setting** addressing one or more of governance, strategy, risk management, metrics and targets
- **Industry-based standard setting**
- **Combination** of the above

BEES & Human Capital (Phase I) – SRG Members engaged



5. Update on SASB Standards

Enhancing the SASB Standards: workstreams

Phase I – initial priority industries

Extractives & Minerals Processing sector

Oil & Gas (four industries)
Metals & Mining
Construction Materials
Iron & Steel Producers
Coal Operations

Infrastructure sector

Electric Utilities & Power Generators

Food & Beverage sector*

Agricultural Products
Processed Foods
Meat, Poultry & Dairy

**subject to ISSB and stakeholder capacity*

Targeted amendments

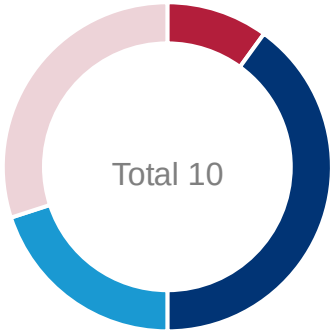
- In addition to priority industries, the ISSB will also consider amendments to other SASB Standards to maintain consistency of metrics across different industries, where appropriate

Phase II priorities

- The ISSB is **seeking input on which additional industries or topics in the SASB Standards should be prioritised** in the next phase of work, including enhancements to **SICS®**
- Staff targeting launch of second phase of enhancements during early **2H 2025**

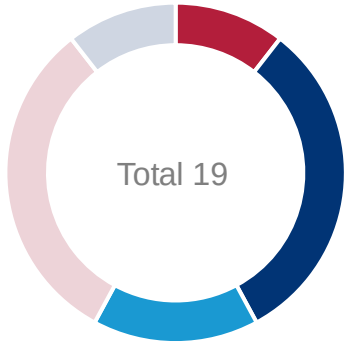
SASB Enhancements – SRG Members engaged

Electric Utilities



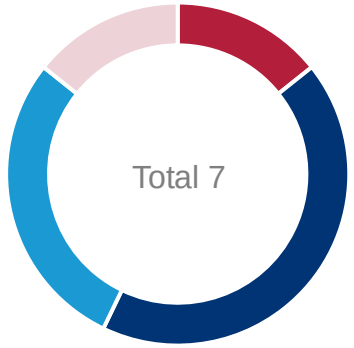
- Africa
- Asia-Oceania
- Europe
- North America (excl Mexico)

Extractives



- Africa
- Asia-Oceania
- Europe
- North America (excl Mexico)
- South and Latin America (incl Caribbean)

Food & Beverages



- Africa
- Asia-Oceania
- Europe
- South and Latin America (incl Caribbean)

Stakeholder feedback on potential enhancements

Not a comprehensive or definitive list of enhancements but rather an illustration of the feedback collected (more detailed information is included in Agenda Paper 6 *Project update: Enhancing the SASB Standards*)

General feedback

- Concern about the fragmentation of the disclosure landscape and the high cost of reporting
- Many preparers emphasised the relatively simple and targeted approach of the SASB Standards fits their communication needs to investors
- Generally favourable views regarding the content in the 12 priority SASB Standards, particularly the industry descriptions and disclosure topics
- Feedback largely focused on potential enhancements to metrics and underlying technical guidance

SASB enhancements: Next steps

Exposure drafts of proposed amendments are now under development, targeting:

- **Q2 2025** for the Extractives sector (8 industries) & Processed Foods industry
- **Q4 2025** for Agricultural Products, Meat, Poultry & Dairy, and Electric Utilities industries

The recent board paper for the ISSB's upcoming March meeting contains new details on project approach, including:

- Using SASB Standards to support implementation of IFRS S1 and IFRS S2
- Using exposure drafts to consult on:
  - Changing the name of the SASB Standards to 'ISSB industry-based guidance' (or similar)
  - Making corresponding amendments to the IFRS S2 industry-based guidance
- Connections to research projects and approach to interoperability

IFRS Sustainability

6. Q&A

IFRS Sustainability

Next SRG quarterly meeting **Q2 2025**

- **Option 1**
  - 10 June at 5 PM PT / 8 PM ET
  - 11 June at 8 AM CST / 9 AM JST / 10 AM AET
- **Option 2**
  - 11 June at 10 AM ET / 11 AM BRT / 4 PM CEST / 4 PM SAST

IFRS Sustainability

Visit ifrs.org to find out more

- Access the Standards and supporting materials
- Sign up for news alerts and listen to our podcast
- Respond to live consultations
- Visit the Knowledge Hub
- Observe ISSB meetings
- Learn about digital financial reporting resources
- Join the team