

Sustainability Reporting Board

MEETING PACK

for

SRB Meeting #005 (PUBLIC PAPERS)

Friday, 7 March 2025

9:30 am (NZDT)

Held at:

XRB Boardroom

Level 6, 154 Featherston Street, Wellington

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Agenda

Attached Documents:

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AGENDA

SRB MEETING #005 (PUBLIC PAPERS)

| | |
|---------------------------|--|
| Name: | Sustainability Reporting Board |
| Date: | Friday, 7 March 2025 |
| Time: | 9:30 am to 4:30 am (NZDT) |
| Location: | XRB Boardroom, Level 6, 154 Featherston Street, Wellington |
| Committee Members: | Becky Lloyd (Committee Chair), Alec Tang, Alison Howard, Carolyn Mortland, Jackie Cheyne, Joe Hanita |
| Attendees: | Dr Amelia Sharman, Jack Bisset, Jeremie Madamour, Judy Ryan, Lisa Kelsey, Nicola van Rooijen, Rikki Owen, Wendy Venter |
| Apologies: | Mathew Nelson |

1. Private Section

1.1 Private Agenda Item 9:30 am (20 min)

2. Private Section

2.1 Private Agenda Item 9:50 am (5 min)

For Noting

3. Updates (public)

3.1 Chair update 9:55 am (10 min)

Becky Lloyd

For Noting

3.2 Documents open for comment 10:05 am (1 min)

Lisa Kelsey

For Noting

Supporting Documents:

| | |
|---|---|
| 3.2.a Documents open for comment - 7 Mar 25.pdf | 6 |
|---|---|

3.3 International monitoring 10:06 am (4 min)

Lisa Kelsey

For Noting

Supporting Documents:

| | |
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| | | |
|------------|----------------------------|-------------------|
| 3.4 | Guidance | 10:10 am (20 min) |
| | Jeremie Madamour | |
| | For Noting | |
| 3.5 | MORNING TEA | 10:30 am (15 min) |
| 4. | Private Section | |
| 4.1 | Private Agenda Item | 10:45 am (60 min) |
| | For Noting | |
| 5. | Private Section | |
| 5.1 | Private Agenda Item | 11:45 am (60 min) |
| | For Discussion | |
| 5.2 | LUNCH | 12:45 pm (30 min) |
| 5.3 | Private Agenda Item | 1:15 pm (60 min) |
| | For Discussion | |
| 6. | Private Section | |
| 6.1 | Private Agenda Item | 2:15 pm (15 min) |
| | For Noting | |
| 6.2 | Private Agenda Item | 2:30 pm (20 min) |
| | For Noting | |
| 6.3 | AFTERNOON TEA | 2:50 pm (15 min) |
| 7. | Private Section | |
| 7.1 | Private Agenda Item | 3:05 pm (30 min) |
| | For Noting | |
| 7.2 | Private Agenda Item | 3:35 pm (15 min) |
| 8. | Private Section | |
| 8.1 | Private Agenda Item | 3:50 pm (40 min) |
| | For Discussion | |

9. Private Section

9.1 Private Agenda Item

4:30 pm (5 min)

9.2 Next meeting

Next meeting: SRB Meeting #006 - 8 Apr 2025, 9:00 am



Date: 26 February 2025

To: SRB Members

From: Lisa Kelsey

Subject: Documents open for comment

Purpose and introduction¹

1. To inform the Board about documents currently open (or forthcoming) for comment. This memo also includes an update on the Inquiry into banking competition.

Recommendation

2. That the Board:
 - (a) NOTE the documents currently open for comment;
 - (b) NOTE the proposed responses in each of the below tables and, where relevant, provides feedback on our proposed approach for developing submissions;
 - (c) NOTE the update on the *Inquiry into banking competition* (see paragraphs 5 to 7).

Domestic

3. There are no relevant documents issued by domestic organisations that are currently open for comment.

International

4. Table 2 identifies relevant documents issued by international standard-setting bodies that are currently open for comment.

Table 2: International documents open for comment

| Document | Organisation | International due date | Comments on SRB response |
|--|------------------------------|------------------------|--|
| IPSASB SRS ED 1 Climate-related Disclosures | IPSASB | 28 February 2024 | At its meeting on the 27 November 2024, the Board agreed to comment on the IPSASB's ED. The Board provided feedback on a draft comment letter to the IPSASB at its meeting on the 19 February 2025. The Board agreed to finalise the comment letter to the IPSASB out of session via circular resolution. |
| Exposure Draft Proposed Amendments to the IFRS Foundation Due Process Handbook | The IFRS Foundation Trustees | 28 March 2025 | The IFRS Foundation Trustees have published proposed updates to the Due Process Handbook (Handbook) to reflect the creation of the International Sustainability Standards Board (ISSB) in 2021. The Exposure Draft also includes some proposed enhancements and clarifications to the explanation of: |

¹ This memo refers to the work of the International Accounting Standards Board (IASB), International Sustainability Standards Board (ISSB), International Public Sector Accounting Standards Board (IPSASB) and uses registered trademarks, for example, IFRS® Sustainability Disclosure Standards, ISSB® papers and IPSASB SRS™.

| Document | Organisation | International due date | Comments on SRB response |
|----------|--------------|------------------------|---|
| | | | <ul style="list-style-type: none"> the purpose of post-implementation reviews of IFRS Standards; the IFRS Interpretations Committee's work with the IASB to support consistent application of IFRS Accounting Standards; the process of consulting on packages of minor improvements to the Standards; and the review process for education materials. <p>Staff worked through the proposals with staff from the Accounting Team and our recommendation is that neither Board should comment on the ED.</p> |

Update on the Adjustments to the climate-related disclosures regime discussion document

- Submissions to this consultation closed on 14 February 2025. See agenda item 5.1 for more information on this topic.

Update on the Inquiry into banking competition

- At its meeting on the 29 August 2024, the SRB agreed that staff should submit on the [Finance and Expenditure Committee's Inquiry into banking competition](#). The SRB agreed that the staff submission would contain factual information about the climate-related disclosure regime, including any relevant international context. The XRB staff submission is available on the XRB website [here](#).
- The closing date for submissions was 25 September 2024. The Finance and Expenditure Committee (the committee) received over 140 written submissions in response to its call for public submissions. Written submissions have been published online and are available on the [Parliament website](#). Over 60 submitters asked to speak to the committee at public hearings.
- The committee held [public hearings](#) on the inquiry over October to December 2024. The committee invited members of the Primary Production Committee to attend all hearings, due to its particular interest in the relationship between rural bank lending and banking competition.
- Staff are working on a way to pull out any comments on Climate-related disclosures from the 176 submissions and advice that have been released to the public by select committee.

Update on the GRI Project for Climate Change Standards

- The GRI's Climate Change and Energy Standard exposure drafts were made available for public comment between November 2023 and February 2024. The XRB submitted in February 2024.
- The GRI received 86 submissions and the Global Sustainability Standards Board has stated that it is now reviewing comments received. An updated timeline of the project, or the comments received on the exposure drafts, have yet to be published in the coming months. The current timeline on the GRI website notes that the standards were expected to be released in Q1 2025.



Date: 26 February 2025

To: SRB Members

From: Lisa Kelsey (Sustainability Team)

Subject: Update on international and jurisdictional monitoring

Purpose and introduction¹

1. The purpose of this paper is to provide the Board with an update of our international and jurisdictional monitoring.
2. This paper covers the period from 14 November 2024 to 26 February 2025.

Recommendations

3. The Board is asked to NOTE this update.

Structure of this memo

4. The remaining sections in this memo are:

[Australia](#)

[ISSB](#)

[GHG ISB](#)

[IPSASB](#)

[ISO](#)

[PCAF](#)

[EFRAG's SRB](#)

[European Commission](#)

[GRI's GSSB](#)

[TNFD](#)

[IASB](#)

[TISFD](#)

[CDP, DJSI, FTSE4Good](#)

[Jurisdictional updates](#)

Australia

ASIC

5. Comments on ASIC's consultation [CP 380 Sustainability reporting](#) closed on 19 December 2024.
6. The consultation paper sought feedback on:
 - (a) ASIC's proposals to issue a regulatory guide for entities required to prepare a sustainability report under Ch 2M of the Corporations Act;

¹ This memo refers to the work of the International Sustainability Standards Board (ISSB) and uses registered trademarks of the IFRS Foundation (for example, IFRS® Sustainability Disclosure Standards, and ISSB® papers).

- (b) ASIC's proposals to facilitate sustainability reporting relief for stapled entities, and
- (c) broader questions, issues or uncertainties that may inform our approach to any future guidance.

AASB meetings

7. The first meeting for the AASB for 2025 is on 6-7 March 2025. The AASB will be discussing and providing feedback on [draft] project plans for the following three priority projects (see [Appendix B](#) for more detail):
 - (a) AASB S2 Implementation;
 - (b) AASB S2 Proportionality; and
 - (c) AASB S2 Industry-based information.
8. As part of the [draft] project plan for implementation, AASB staff are proposing to set up an Implementation Advisory Panel on AASB S2.
9. On the topic of proportionality, AASB staff consider it premature to undertake targeted or comprehensive standard-setting activities at this stage in response to stakeholder concerns raised in feedback on ED SR1 on potential implementation challenges. AASB staff consider that supporting and monitoring activities would best serve Group 3 entities at this stage. Reliance will be placed on the existing proportionality mechanisms in AASB S2 (i.e. those from IFRS S2).
10. AASB Staff note in the agenda paper on proportionality that effectively communicating the proportionality mechanisms within AASB S2 is crucial for alleviating stakeholders' concerns about potential compliance challenges.

ISSB

ISSB Meetings

11. The ISSB met four times during the period. [Appendix C](#) contains a summary of discussions and decisions made at these meetings. A key highlight is the decision made by the ISSB to issue proposed amendments to IFRS S2 *Climate-related Disclosures*. These proposed amendments are as a result of application challenges with implementing IFRS S2. These application challenges were raised with the ISSB TIG in the first instance. The ISSB are planning to issue an exposure draft in the second quarter of 2025 with a 60-day comment period (see paragraphs 14 to 22 of [Appendix C](#)).
12. In respect of the 'enhancing the SASB Standards project', ISSB staff are continuing to target the issue of exposure drafts in the first half of 2025 for the 12 SASB Standards that the ISSB has prioritised for enhancements.

ISSB TIG Meetings

13. There were no TIG meetings held during the period covered by this memo. On the 11 February the ISSB released an [implementation Insights Podcast](#), the podcast includes a discussion on the various educational materials that have been issued to support the implementation of the ISSB Standards and also summaries the discussions of the TIG that were held in 2024.

Other ISSB activities

14. The ISSB has been busy during the period issuing educational materials and other resources to support the implementation of its Standards. In this section we have provided an overview of the educational materials that have been issued.

New guide: [Applying IFRS S1 when reporting only climate-related disclosures in accordance with IFRS S2](#)

15. IFRS S1 includes transitional reliefs, one of which allows an entity to disclose information on only climate-related risks and opportunities (in accordance with IFRS S2) in its first annual reporting period. This new guide issued by the ISSB clarifies which requirements from IFRS S1 are applicable when an entity elects to take a climate first approach.

New webcast: [Proportionality mechanisms in IFRS Sustainability Disclosure Standards](#)

16. The ISSB has created a webinar to explain the proportionality mechanisms built into IFRS S1 and S2. They are available to an entity for in meeting the following requirements in IFRS S2:

Table—Proportionality mechanisms

| | Information used limited to what is reasonable, supportable and available without undue cost or effort | Qualitative approaches allowed if a company lacks skills, capabilities or resources |
|--|--|---|
| Determination of anticipated financial effects | Yes | Yes |
| Climate-related scenario analysis | Yes | Yes |
| Measurement of Scope 3 greenhouse gas (GHG) emissions | Yes | — |
| Identification of risks and opportunities | Yes | — |
| Determination of the scope of the value chain | Yes | — |
| Calculation of metrics in some cross-industry categories | Yes | — |

17. An entity is required to use all reasonable and supportable information that is available to it at the reporting date without undue cost and effort. When preparing disclosures for specific requirements, this establishes parameters for:
- The type of information to consider; and
 - The effort required.
18. It is important to note that the entity **MUST** provide disclosures. An entity is unable to disclose nothing on the basis that there is no reasonable and supportable information available without undue cost and effort because the information was determined by the ISSB to be useful to investors.
19. The examples provided in the webinar that might be appropriate for GHG emissions include:
- previous period information from entities in the value chain as a basis for estimation;
 - latest activity industry averages; and
 - emission factors available to the company.

20. XRB staff find this interpretation interesting, especially in relation to scope 3 GHG emissions. The assumption that all sources of emissions are measurable (in some way or form) is, in our view, highly optimistic. And furthermore, if they are measurable, that there is a way of measuring them that does not involve 'undue cost & effort' is also highly optimistic.

New webcast series: [Connectivity between the financial statements and sustainability-related financial disclosures](#)

21. Staff from the IASB and ISSB have put together four webcasts discussing how IFRS Accounting Standards and IFRS Sustainability Disclosure Standards complement each other. Through practical examples, they illustrate how applying the Standards together results in complementary and connected reported information.

New guide: [Sustainability-related risks and opportunities and the disclosure of material information](#)

22. This educational material describes the characteristics of material information and the concept of sustainability-related risks and opportunities. It also explains the requirements related to identifying and disclosing material information about sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects.

Other related to ISSB

23. On the 18 December 2024, IOSCO announced the launch of its Growth and Emerging Markets (GEM) Committee Network for Adoption of Other use of ISSB Standards².

IFRS Foundation

24. On the 19 December 2024, the IFRS Foundation Trustees published proposed updates to the [Due Process Handbook](#) to reflect the creation of the International Sustainability Standards Board (ISSB) in 2021. Refer to the Documents open for comment agenda paper for further information on this exposure draft.

GHG ISB

25. In its latest [newsletter](#) GHG Protocol published an outline of its key milestones in relation to the Standards development which is currently taking place. It is targeting 2026 for public consultation on the revised standards and issue in 2027. All TWG are meeting regularly but no final decisions or updates have yet been announced.
26. The GHG Protocol's Land Sector and Removals Advisory Committee was unable to achieve consensus on two issues — 1) agricultural leakage quantification and 2) forest carbon accounting. To support resolution of the issues a Forest Carbon Accounting TWG has been appointed. Consequently, the Land Sector and Removals Standard and Guidance is now expected to be published in Q4 2025.

² <https://www.ifrs.org/news-and-events/news/2024/12/iosco-gem-launches-support-network-issb-standards/>

| Workstream | 2025 | 2026 | 2027 | 2028 |
|--------------------------------|--|--|--|--|
| Corporate Standard | <ul style="list-style-type: none"> Summary of decisions taken on key issues as of Q4 2025 agreed by the TWG and ISB | <ul style="list-style-type: none"> Draft revised Corporate Standard for public consultation | <ul style="list-style-type: none"> Revised Corporate Standard | |
| Scope 2 | <ul style="list-style-type: none"> Draft revised text on key requirements for public consultation | <ul style="list-style-type: none"> Revised text on key requirements Draft revised Scope 2 Standard and Guidance for public consultation on topics not included in the 2025 public consultation | <ul style="list-style-type: none"> Revised Scope 2 Standard and Guidance | |
| Scope 3 | <ul style="list-style-type: none"> Summary of decisions taken on key issues as of Q4 2025 agreed by the TWG and ISB | <ul style="list-style-type: none"> Draft revised Scope 3 Standard and Guidance for public consultation | <ul style="list-style-type: none"> Revised Scope 3 Standard and Guidance | |
| Actions and Market Instruments | <ul style="list-style-type: none"> Summary of decisions taken on key issues as of Q4 2025 agreed by the TWG and ISB Targeted public consultation on select key issues related to actions and market instruments at the end of 2025 to inform subsequent standard development | | <ul style="list-style-type: none"> Draft standard and guidance on impacts of actions and market instruments for public consultation | <ul style="list-style-type: none"> Standard and guidance on impacts of actions and market instruments |
| Land Sector and Removals | <ul style="list-style-type: none"> Land Sector and Removals Standard and Guidance | | | |

IPSASB

27. See Documents open for comment agenda paper for information on [IPSASB SRS ED 1 Climate-related Disclosures](#).

ISO

28. [ISO 32212 -Sustainable finance](#) - The draft standard for Net zero transition planning for financial institutions is progressing and is in the working group stage.
29. ISO 14064 - ISO is currently developing guidance for quantifying and reporting GHG emissions for organisations to supplement ISO 14064:1. This document ISO 14064-4 is intended to replace the guidance previously published in 2013 ([ISO/TR 14069:2013](#)).
30. [ISO/CD 14064-5](#) is in the committee stage of development. This standard provides guidelines for the use of remote methods for validation and verification of GHG statements.
31. ISO 14060 Net Zero Aligned Organisations is under development with the working group. There is a lot of interest internationally in the development of this standard.
32. A public consultation on [ISO/DGuide 84](#) Guidelines for addressing climate change in standards closed on 10 February 2025.

PCAF

33. PCAF launched a [consultation](#) on new methods and guidance in December 2024. Consultation closes 28 February 2025. There are two documents in the consultation: Part A and Part C.
34. Part A introduces a combination of new methods and guidance for measuring financed emissions. It covers:

- (a) Use of proceeds accounting (method)
 - (b) Sub-sovereign debt including sub-sovereign bonds and loans (method)
 - (c) Securitizations and structured products (method)
 - (d) Financed avoided emissions and forward-looking metrics (guidance)
 - (e) Inventory fluctuations (guidance)
 - (f) Undrawn loan commitments (guidance). This ensures interoperability between PCAF and IFRS S2 by defining a calculation method for financed emissions from undrawn loan commitments. This will enable financial institutions to fully comply with the IFRS S2 reporting requirement.
 - (g) Part C contains methods for two new lines of business under the Insurance standard
 - (h) Treaty reinsurance (method)
 - (i) Project reinsurance (method)
35. Judy Ryan met with Prabina Khanal, Asia Pacific Coordinator PCAF in January. Prabina noted that PCAF had developed a disclosure checklist for entities using PCAF which has received good feedback. She also noted that PCAF policy teams have been working with IFRS and EFRAG to try and smooth implementation of PCAF methods within both IFRS and EFRAG disclosures. PCAF has developed guidance on additional requirements to align PCAF with IFRS S2 requirements which is part of the Part A consultation (Part A Consultation guidance on undrawn loan commitments).

EFRAG's SRB

Non-EU parent companies

36. In November 2024, EFRAG published [working drafts](#) of sustainability reporting standards for non-EU parent companies (NESRS) required under the Corporate Sustainability Reporting Directive. The NESRS standards will apply to non-EU companies that generate over €150 million per year in the EU and that have in the EU either a branch with a turnover exceeding €40 million or a subsidiary that is a large company or a listed SME.
37. The proposals for NESRS companies are less demanding than for companies listed on a European exchange. The main differences are:
- (a) ESRS focus on impacts, risks and opportunities whereas the working drafts of NESRS only focus on impacts, this means that, unlike ESRS, the working drafts of NESRS do not require a company to undertake a double materiality assessment. Consequently, no reporting will be required on risks and opportunities or the resilience of the company's business model and strategy in relation to risks and opportunities.
 - (b) In relation to value chain reporting, an option to exclude information about the impacts of sales of goods or provision of services on natural and legal persons located outside the EU. Some EFRAG members abstained or voted against this exemption proposal.
38. The NESRS will be subject to a review and consultation process before being submitted to the EU. There will be a four-month consultation starting in Q1 2025 with a view to EFRAG finalising the standards by December 2025, and formal adoption by the European Commission by June 2026. The

requirement will take effect from the 2028 financial year and the first reports will be published in 2029.

VSME

39. On 17 December 2024, the SRB issued the Voluntary Sustainability Reporting Standard for non-listed SMEs (VSME).³
40. The VSME is designed for undertakings that are not in the mandatory scope of the Corporate Sustainability Reporting Directive ('CSRD'). EFRAG's work on the VSME is based on the [European Commission's SME Relief Package](#) of September 2023 which refers to this specific standard as a measure to support SMEs in accessing sustainable finance (*"EFRAG will develop a voluntary standard for non-listed SMEs. SMEs can use this to standardise the sustainability information they wish to report, creating better opportunities to obtain green financing and thus facilitating the transition to a sustainable economy"*).
41. Stakeholders stressed the necessity to complement the VSME with a series of digital online tools, additional guidance and complementary materials that would serve to facilitate the uptake of the standard by SMEs and broad market acceptance. EFRAG in 2025 will activate a series of initiatives, including the issuance of support guides and educational material, outreaches, awareness raising events and the monitoring of emerging tools and platforms.

EFRAG ESRS Q&A Platform

42. On 6 December 2025, EFRAG released further updates to its Compilation of Explanations to respond to stakeholders' technical questions on the ESRS, which now includes a total of 157 explanations released between January and November 2024.⁴ XRB staff understand that the time and effort required from EFRAG to publish these explanations is considerable.

European Commission

43. In January 2025 the European Commission published a 'Competitiveness Compass' identifying three core areas for action and five 'horizontal enablers', one of which is simplification. On 26 February 2025, the Commission will issue an 'omnibus package' which includes proposals for simplifying sustainability reporting. It states that the Commission will re-open the core text of the CSRD, including simplifying the double materiality assessment.

GRI's GSSB

44. At its meeting on 23 January 2025, the GSSB approved the Exposure drafts for three financial services sector standards – banking, capital markets and insurance. Public exposure is proposed to commence in early March and run until the end of May.

³ <https://www.efrag.org/en/news-and-calendar/news/efrag-releases-the-voluntary-sustainability-reporting-standard-for-nonlisted-smes-vsme>

⁴ <https://www.efrag.org/en/news-and-calendar/news/efrag-esrs-qa-platform-64-new-explanations-available-updating-the-compilation-of-explanations-to-a>

45. 22 topics have been identified as likely to be material for most or all organisations in the banking and capital markets sectors, while 23 have been identified for the insurance sector. Of these 21 are common across all three sectors.
46. Five of the most likely material topics do not have a corresponding GRI Topic Standard or applicable Topic Standard disclosures. Three of these are introduced as new topics in the GRI Standards (financial health and inclusion, public and customer health and safety, incorporating sustainability in investment, conflict-affected and high-risk areas, local communities and rights of Indigenous Peoples).
47. All likely material topics include additional sector reporting.

TNFD

48. TNFD released four new sets of [sector guidance](#):
 - (a) Apparel, textiles and footwear;
 - (b) Beverages;
 - (c) Construction materials; and
 - (d) Engineering, construction & real estate.
49. And draft guidance for three further sectors:
 - (a) Fishing;
 - (b) Marine transportation & cruise lines; and
 - (c) Water utilities & services.
50. This brings the total number of sectors with final guidance from the TNFD to 13.

IASB

Management Commentary⁵

51. The IASB has completed its technical decision-making on the revised [IFRS Practice Statement 1 Management Commentary](#). The IASB will now move into the drafting phase, with the updated Practice Statement expected to be published in the first half of 2025.

Climate-related and Other Uncertainties in the Financial Statements

52. In July 2024, the International Accounting Standards Board (IASB) published the Exposure Draft *Climate-related and Other Uncertainties in the Financial Statements* (the ED). The ED proposed eight examples illustrating how an entity applies the requirements in IFRS Accounting Standards to report the effects of climate-related and other uncertainties in its financial statements.
53. The NZASB made a submission on this ED with input from the Sustainability Team. The feedback period ended on 28 November 2024.⁶

⁵ Also known as management's discussion and analysis (MD&A) is a report prepared for a company's investors and is required in many jurisdictions.

⁶ The submission to the IASB is on the XRB website, see <https://www.xrb.govt.nz/dmsdocument/5338/>

54. A summary of the feedback to the ED was provided at the [IASB-ISSB joint meeting](#) on the 19 February 2025.
55. Respondents generally agreed with the approach to provide illustrative examples accompanying IFRS Accounting Standards however question particular aspects of the examples. Most respondents say more should be done to connect the information an entity provides in its financial statements and its sustainability disclosures.
56. The IASB or the ISSB were not asked to make any decisions at the joint meeting.

TISFD

57. The Taskforce on Inequality and Social-related Financial Disclosures (TISFD) has [announced](#) the members of its Steering Committee.
58. [The Steering Committee](#), led by TISFD co-chairs Peter Bakker, Sharan Burrow, Arunma Oteh, and Gabriela Ramos, is made up of 25 senior leaders from financial institutions, business, labour, and civil society in 15 countries across six continents.
59. The committee will oversee the development of a comprehensive global framework for financial disclosures focused on people, guidance on metrics and implementation strategies, and educational tools to support adoption across industries. It will advance TISFD's mission to incentivize business and financial practices that create fairer and stronger societies and economies

CDP, DJSI, FTSE4Good

60. CDP released a report 18-Feb-25 'Showcasing Cities' Investment Needs For Aligned Multilevel Climate Action'. This Snapshot of CDP's 2024 city climate projects:
 - (a) Offers actionable insights into the demand for climate finance in cities;
 - (b) Showcases the variety of projects cities are seeking to advance for adaptation and mitigation;
 - (c) Highlights best practice actions in project data disclosure; and
 - (d) Shows how city data reported through CDP-ICLEI Track can support multilevel climate action, through two CHAMP endorser case studies.
61. In December 2024, FTSE [announced](#) that its partnership with the Transition Pathway Initiative had supported the development of two new fixed income index series, the FTSE Fixed Income Corporate ITP Focused Glidepath Index Series and the FTSE Fixed Income TPI Climate Transition Index Series.

Jurisdictional updates

62. [Appendix A](#) includes a brief update on the jurisdictions we have prioritised as "Priority 3: Awareness". This update focuses on how these jurisdictions are adopting, applying or otherwise been informed by the ISSB Standards.
63. The ISSB also provides a list of ongoing and completed jurisdictional consultations at national and supra-national level on sustainability-related disclosures.⁷

⁷ See [Jurisdictional sustainability consultations](#)

Appendix A: Jurisdictional updates

| Jurisdiction | Update |
|--------------|--|
| UK | <p>The Financial Reporting Council (FRC), in its role as the Secretariat to the UK Sustainability Disclosure Technical Advisory Committee (the TAC), has published the Committee's final recommendations to the Secretary of State for Business and Trade, recommending endorsement of the first two IFRS Sustainability Disclosure Standards for use in the UK.</p> <p>https://www.frc.org.uk/news-and-events/news/2024/12/uk-sustainability-tac-issues-final-recommendations/</p> <p>The UK will publish its draft S1 and S2 with a consultation starting in March 2025.</p> <p>On 18 December 2024, the United Kingdom (UK) Sustainability Disclosure Technical Advisory Committee's published their final recommendations to the Secretary of State for Business and Trade, where they recommended endorsing the first two ISSB standards for use in the UK. Such recommendation included minor amendments to the IFRS S1 and S2 standards, including extending "climate-first" relief to two years. Following consultation, the UK government is expected to make a decision on whether to endorse the ISSB standards to create the UK Sustainability Reporting Standards (UK SRS) for voluntary use for UK-listed companies. Subject to an affirmative endorsement decision, the UK Financial Conduct Authority (FCA) is then expected to consult on amending the UK Listing Rules to move from the Taskforce on Climate-related Financial Disclosures (TCFD) to the UK SRS and clarifying its expectations for listed companies' transition plan disclosures.</p> |
| US | <p>The U.S. Securities and Exchange Commission (SEC) has halted its legal defence of the climate disclosure rule, effectively signalling that the regulation will not survive.</p> <p>On 16 December 2024, the California Air Resources Board published an 'Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation'. It is aimed at gathering information about approaches to implementation. It does not include concrete proposals. Submissions closed in February 2025.</p> |
| Canada | <p>On the 18 December 2024, the Canadian Sustainability Standards Board (CSSB) announced the release of CSDS 1, <i>General Requirements for Disclosure of Sustainability-related Financial Information</i>, and CSDS 2, <i>Climate-related Disclosures</i>, Canada's inaugural sustainability disclosure standards.</p> <p>https://www.frascanada.ca/en/cssb/news-listings/csds1_csds2_launch</p> <p>Pehta LP has developed "auditable impact reporting shaped by indigenous communities". The framework appears very prescriptive and has a focus on financial returns to indigenous communities. The project team will conduct a more detailed comparison of the Pehta Framework with He Tauria.</p> <p>https://www.pehta.com/</p> |

Appendix B: AASB meetings

1. At its November 2024 meeting, the AASB considered an updated AASB Work Program. In the Sustainability Reporting pillar of the Work Program, the following three projects were determined to be of the highest priority:
 - (a) AASB S2: Implementation support;
 - (b) AASB S2: Proportionality; and
 - (c) AASB S2: Industry-based information.
2. At its meeting on 7 March 2025, the AASB will discuss and provide feedback on [draft] project plans for the three projects listed in paragraph 1. AASB Staff intend for [draft] project plans to be finalised out-of-session by the Chair. Project plans would then be included in public papers for noting at the next AASB Board meeting.

AASB S2: Implementation support

3. Table 1 provides a summary of AASB staff's proposed activities. Of note is the proposal to set up an Implementation Advisory Panel on AASB S2.

Table 1—Proposed implementation support project phasing

| | <i>H1 2025</i> | <i>H2 2025 and beyond</i> |
|--|---|--|
| Awareness raising and targeted and tailored engagement activities | <ul style="list-style-type: none"> Continued presentations and awareness-raising activities with various stakeholder groups Regular release of IFRS Foundation educational materials contextualised for Australian use Establishment and launch of AASB S2 Knowledge Hub | <ul style="list-style-type: none"> Continued presentations and awareness-raising activities with various stakeholder groups Regular release of IFRS Foundation educational materials contextualised for Australian use Maintenance of AASB S2 Knowledge Hub |
| Monitoring implementation progress activities | <ul style="list-style-type: none"> Convening of Implementation Advisory Panel on AASB S2 Commencing research to understand the implementation progress of Australian entities | <ul style="list-style-type: none"> Regular meetings of the Implementation Advisory Panel on AASB S2 Facilitating Board discussions with practitioners to better understand the implementation progress of Australian entities Continued research to understand the implementation progress of Australian entities |

AASB S2: Proportionality

4. AASB staff consider it premature to undertake targeted or comprehensive standard-setting activities at this stage in response to stakeholder concerns raised in feedback on ED SR1 on potential implementation challenges. The evolving nature of climate-related financial disclosures and the varying stages of implementation across entities necessitates a more thorough and current understanding of the challenges faced by Group 3 entities while adopting AASB S2 and the effectiveness of the proportionality mechanisms in addressing some of these challenges. Therefore, staff consider that supporting and monitoring activities would best serve Group 3 entities at this stage.

5. Specifically, staff would propose undertaking the following activities within the planned timeline in Table 3 below:

Table 3—Proposed Activities and Timeline

| | 2025 | 2026 |
|------------------------------|--|--|
| Supporting activities | <ul style="list-style-type: none"> Awareness-raising initiatives for AASB S2 and targeted and tailored engagement with Group 3 entities (e.g. workshops and webinars), in anticipation of mandatory climate-related financial disclosures starting from the periods on or after 1 July 2027¹³ | |
| Monitoring activities | <ul style="list-style-type: none"> Gathering feedback on early-phase implementation challenges via the Implementation Advisory Panel on AASB S2 | <ul style="list-style-type: none"> Facilitating proportionality-focused workshops with a focus on Group 3 preparers to create an early two-way dialogue on the proportionality mechanisms prior to mandatory reporting commencing on or after 1 July 2027 |
| | <ul style="list-style-type: none"> Facilitating direct engagement between the Board and practitioners by inviting relevant practitioners to share their practical insights and experiences of Group 3 entities' implementation with the Board Engaging researchers to assess the implementation readiness of Group 3 entities. | |

AASB S2: Industry-based information

6. During technical deliberations on AASB S2, the AASB decided to depart from the IFRS S2 baseline—as an interim measure—by not requiring an entity to:
- refer to and consider the SASB Standards and the IBG; or
 - provide industry-based disclosures.
7. To signal the interim nature of this decision, the AASB added a project to the AASB Work Program to determine the appropriate basis and content of climate-related industry-based information in AASB S2. The AASB signalled its intention to finalise requirements for climate-related industry-based information by 2030, in line with Treasury's policy position statement.
8. AASB Staff propose splitting the industry-based information project into two phases:
- Phase 1 activities will focus on supporting the ISSB's Enhancing the SASB Standards project and conducting additional research through 2025–2026.
 - Phase 2 activities will focus on standard-setting activities through 2027–2028.
9. Table 1 provides a more comprehensive description of Phase 1 and Phase 2 activities.

Table 1—Proposed industry-based information project phasing

| |
|--|
| Phase 1 Activities International influence and research |
| H1 2025 → H2 2026 |
| <p>1. International influence (supporting the Enhancing the SASB Standards project)</p> <ul style="list-style-type: none"> Support ISSB outreach with Australian stakeholders by facilitating consultations with relevant individual stakeholders and industry groups. Provide feedback to the <i>Enhancing the SASB Standards</i> project representing Australian perspectives, including providing perspectives on exposure drafts and continuing ongoing dialogue with ISSB staff. |
| <p>2. Research⁷</p> <ul style="list-style-type: none"> Conduct a desktop analysis of existing SASB disclosures within Australia, noting that a number of listed Australian entities currently voluntarily disclose industry-based information using the SASB Standards. Conduct a desktop analysis of existing industry-based disclosures by Australian entities that do not currently utilise the SASB Standards (initially scope limited to listed Group 1 entities). Targeted outreach (via interviews) with investors and other relevant users to understand: <ul style="list-style-type: none"> users' industry-based information needs, particularly in the context of climate-related financial disclosures; and whether current disclosures meet users' industry-based information needs. Targeted outreach (via interviews) with domestic preparers that currently disclose industry-based information to understand: <ul style="list-style-type: none"> motivations for preparers to voluntarily report using the SASB Standards; the processes preparers follow to report using the SASB Standards, including their choice of industry standards, disclosure topics and metrics disclosed; and whether industry considerations are used by preparers when identifying risks and opportunities and preparing strategy disclosures under climate-related financial disclosures. Targeted outreach (via interviews) with domestic preparers that do not currently disclose industry-based information to understand: <ul style="list-style-type: none"> any considerations preparers may have made to decide whether they should voluntarily report using the SASB Standards; whether there are demands for industry-based information, such as disclosures using the SASB Standards, from preparers' stakeholders. |
| Phase 2 Activities Domestic standard-setting activities |
| H1 2027 → H2 2028 |
| <p>1. Exposure Draft of Industry-based Guidance on Implementing AASB S2</p> <p>Develop a domestic Exposure Draft for climate-related industry-based information requirements, based on <i>Industry-based Guidance on Implementing IFRS S2</i>, once ISSB updates have been finalised and AASB research phase has been completed.</p> |
| <p>2. Technical deliberations and standard-setting⁸</p> <p>Staff present recommendations to the Board for deliberation and decision-making (providing for a suitable public comment and technical deliberation period to complete any potential standard-setting activities by the proposed commencement date for mandated disclosure of industry-based information of 2030).</p> |

Appendix C: ISSB meetings

1. This appendix summarises the meetings held by the ISSB during the period.

20 – 21 February 2025

Biodiversity, Ecosystems and Ecosystem Services

2. The ISSB received:
 - (a) updates on the project; and
 - (b) an overview of the work of the Taskforce on Nature-related Financial Disclosures (TNFD).

Background on other BEES-related standards and frameworks and Comparison of other BEES-related standards and frameworks to IFRS S1 and SASB Standards (Agenda Papers [3A–3B](#))

3. The ISSB discussed:
 - (a) the applicability of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and the SASB Standards to disclosures related to biodiversity, ecosystems and ecosystem services; and
 - (b) aspects of other standards and frameworks related to biodiversity, ecosystems and ecosystem services that the ISSB might consider in developing standards, amendments, guidance, educational materials or other resources.
4. The ISSB was not asked to make any decisions.

Nature-related risks and opportunities—The TNFD recommendations ([Agenda Paper 3C](#))

5. The ISSB received an overview of the TNFD's work, presented by TNFD Executive Director Tony Goldner and TNFD Technical Director Emily McKenzie.
6. The ISSB was not asked to make any decisions. The ISSB will continue discussions on this project. It will also further consider opportunities to promote interoperability between IFRS Sustainability Disclosure Standards and other widely used standards and frameworks and build on those materials.

Human Capital ([Agenda Paper 4](#))

7. The ISSB received an update on the project, including research on:
 - (a) [investor interest](#) in information about risks and opportunities related to human capital; and
 - (b) the effects of these risks and opportunities [on entities' prospects](#).
8. The ISSB was not asked to make any decisions. The ISSB will receive further updates on this research project.

29 January 2025

Biodiversity, Ecosystems and Ecosystem Services and Human Capital

9. The ISSB received updates on its research projects. It discussed:
 - (a) [findings on evidence of investor interest](#) in risks and opportunities related to biodiversity, ecosystems and ecosystem services; and
 - (b) information about matters related to biodiversity, ecosystems, ecosystem services and human capital that an [entity applying IFRS Accounting Standards](#) might present or disclose in its financial statements.
10. The ISSB was not asked to make any decisions. The ISSB will receive further updates on these research projects.

Supporting the implementation of IFRS S1 and IFRS S2

11. The ISSB continued its discussions on supporting the implementation of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.
12. The ISSB discussed proposed amendments to IFRS S2, specifically:
 - (a) whether they meet the criteria the ISSB set in November 2024 for evaluating potential amendments to IFRS S1 or IFRS S2 (amendment criteria for application challenges);
 - (b) whether to propose them at this time; and
 - (c) how they could be developed to respond to application challenges identified in implementing IFRS S2.

Evaluating potential amendments to IFRS S2 using the ISSB criteria for evaluating potential amendments to IFRS S1 or IFRS S2 and Specific aspects of the potential amendments to IFRS S2 (Agenda Papers [9A](#) and [9B](#))

13. The ISSB discussed amending IFRS S2 in response to application challenges identified in implementing IFRS S2. These challenges relate to:
 - (a) the measurement and disclosure of Scope 3 Category 15 greenhouse gas (GHG) emissions associated with derivatives and specific financial activities; and
 - (b) the applicability of the jurisdictional relief in IFRS S2 for measuring GHG emissions as it relates to:
 - (i) 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 (latest IPCC assessment), if a jurisdictional authority or an exchange on which an entity is listed requires the entity to use other GWP values not based on the latest IPCC assessment; and
 - (ii) the use of a method other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (GHG Protocol Corporate Standard) for measuring GHG emissions, if a jurisdictional authority or an exchange on which an entity is listed requires

the entity to use a measurement method other than the GHG Protocol Corporate Standard for a part of the entity.

14. The ISSB decided:

- (a) the proposed amendments to IFRS S2 meet the amendment criteria for application challenges; and
- (b) it will propose amendments to these requirements at this time.

15. The ISSB tentatively decided to propose to amend IFRS S2:

- (a) to permit entities to exclude Scope 3 Category 15 GHG emissions associated with derivatives, facilitated emissions and insurance-associated emissions from the measurement and disclosure of Scope 3 Category 15 GHG emissions. Specifically, the ISSB decided to propose:
 - (i) providing the Scope 3 Category 15 GHG emissions relief by amending the requirement to disclose GHG emissions in paragraph 29(a)(i)(3) of IFRS S2 to exclude specific GHG emissions as set out in a(ii), instead of adding a transition relief.
 - (ii) limiting the scope of the relief for Scope 3 Category 15 GHG emissions by requiring an entity to disclose financed emissions as defined in IFRS S2 and not requiring an entity to measure and disclose GHG emissions associated with derivatives.
 - (iii) requiring an entity to disclose the amount of derivatives and specific financial activities it excluded from the measurement and disclosure of Scope 3 Category 15 GHG emissions as a result of this limitation in scope.

Eight of 14 ISSB members agreed with this decision.

- (iv) requiring an entity to explain the derivatives it excluded from the measurement and disclosure of Scope 3 Category 15 GHG emissions as a result of this limitation in scope (for example, whether the entity excluded derivatives that meet the definition in IFRS 9 *Financial Instruments*).
- (b) to extend the jurisdictional relief so that, if an entity, in whole or in part, is required by a jurisdictional authority or exchange on which it is listed to use GWP values that are not from the latest IPCC assessment, the entity would be permitted to use those GWP values instead of the GWP values from the latest IPCC assessment.
- (c) to clarify the jurisdictional relief so that, if an entity, in whole or in part, is required by a jurisdictional authority or exchange on which it is listed to use a method other than the GHG Protocol Corporate Standard to measure GHG emissions, the entity would be permitted to use this method instead of the GHG Protocol Corporate Standard.

Application challenges and concerns associated with the requirement to use the Global Industry Classification Standard (GICS) in IFRS S2 ([Agenda Paper 9C](#))

16. The ISSB discussed proposed amendments to IFRS S2 in response to application challenges identified in implementing the Standard that relate to the use of the Global Industry Classification Standard (GICS) in applying requirements related to financed emissions.

17. The ISSB decided:
 - (a) the proposed amendments to IFRS S2 meet the amendment criteria for application challenges; and
 - (b) it will propose amendments to these requirements at this time.
18. The ISSB tentatively decided to propose:
 - (a) to amend the requirement for an entity to use GICS when disaggregating specific financed emissions information. The amendment would require an entity to use:
 - (i) GICS, if the entity currently uses GICS in any part of the entity to classify its lending and investment activities.
 - (ii) in circumstances not described in (i), an alternative industry-classification system if the entity or part of the entity is required by a jurisdictional authority or an exchange on which it is listed to use that system to disaggregate its lending and investment portfolios for other reporting purposes. If the entity uses more than one industry-classification system, the entity would be required to disaggregate specific financed emissions information using:
 - (1) a classification system used to report climate-related financial information; or
 - (2) in the absence of (1), a classification system used for providing financial information for other reporting purposes.
 - (iii) in circumstances not described in (i)–(ii), an industry-classification system of the entity's choice that enables it to provide disaggregated financed emissions information in a manner that is useful to users of general purpose financial reports.

Twelve of 14 ISSB members agreed with these decisions.
 - (b) to add a requirement to disclose the industry-classification system the entity uses to disaggregate financed emissions information and explain the basis for the selection, if the entity uses a system other than GICS.

Due process steps and permission to ballot ([Agenda Paper 9D](#))

19. 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 has undertaken sufficient consultation and analysis to begin the process for balloting an exposure draft of proposed amendments to IFRS S2. No ISSB member indicated an intention to dissent from the proposals in the exposure draft, but one ISSB member indicated they might do so.
20. The ISSB tentatively decided to allow a 60-day comment period for the exposure draft (subject to approval by the Due Process Oversight Committee).
21. The ISSB tentatively decided to set the effective date such that the issued amendments would be effective as soon as possible and to permit early application of the amendments.

Next step

22. The ISSB will begin the balloting process and plans to publish an exposure draft in the second quarter of 2025.

11 December 2024Human Capital

23. The ISSB received an update on this research project. The update covered the staff's preliminary findings relating to:
- (a) [evidence of investor interest](#) in information about risks and opportunities related to human capital; and
 - (b) [evidence of how these risks and opportunities](#) affect entities' prospects.
24. The ISSB was not asked to make any decisions. The ISSB will receive further updates on this research project.

Enhancing the SASB Standards

25. The ISSB discussed its [research on the 12 SASB Standards](#) prioritised for enhancements and a summary of recent stakeholder feedback on the project. The ISSB was not asked to make any decisions. The high-level questions that ISSB staff have been asking posing to stakeholders regarding the priority SASB Standards are:
- (a) Does the industry description in the Standard accurately reflect the business model and activities of a typical entity in this industry in your jurisdiction?
 - (b) Do the disclosure topics accurately describe the sustainability-related risks and opportunities that are likely to affect an entity's prospects in this industry?
 - (c) Do the metrics provide investors with decision-useful information regarding sustainability-related risks and opportunities? Are any of the metrics inapplicable or difficult to apply in your jurisdiction?
26. ISSB Staff has used the answers to these questions to identify common themes and begin to establish a list of enhancements that are of the greatest importance to stakeholders.

20-21 November 2024Biodiversity, Ecosystems and Ecosystem Services

27. The ISSB received an update on this research project. The update covered the staff's preliminary findings relating to:
- (d) [evidence of investor interest](#) in [information](#) about risks and opportunities related to biodiversity, ecosystems and ecosystem services;
 - (e) [evidence of how these risks and opportunities](#) affect entities' prospects; and

(f) [other disclosure standards and frameworks](#).

28. The ISSB was not asked to make any decisions, the ISSB will receive further updates on this research project.

Human Capital

29. The ISSB received an update on this research project. The update covered the staff's preliminary findings relating to [other disclosure standards and frameworks](#).
30. The ISSB was not asked to make any decisions, the ISSB will receive additional updates on this research project in the coming months.

Supporting the Implementation of IFRS S1 and IFRS S2

31. The ISSB discussed four papers relating to supporting the implementation of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.
32. [Paper 1](#) — Implications of amending IFRS S1 or IFRS S2—Risks and benefits — the ISSB discussed the implications of amending IFRS S1 or IFRS S2 in response to stakeholder feedback on application challenges arising from implementation. The ISSB was not asked to make any decisions.
33. [Paper 2](#) — Criteria for evaluating potential amendments to IFRS S1 or IFRS S2 — the ISSB discussed criteria for evaluating potential amendments to IFRS S1 or IFRS S2 in response to stakeholder feedback on application challenges arising from implementation. The ISSB decided that potential amendments would:
- (c) 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.
 - (d) 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.
 - (e) 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.

34. The ISSB would use these criteria to evaluate whether to propose amendments to the Standards. However, the ISSB would also consider other relevant factors in deciding whether and how to propose amendments.
35. [Paper 3](#) — Summary of the Transition Implementation Group on IFRS S1 and IFRS S2 meeting held on 19 September 2024 — the ISSB received an update on the September 2024 meeting of the Transition Implementation Group on IFRS S1 and IFRS S2. The ISSB was not asked to make any decisions.
36. [Paper 4](#) — Implementation challenges and concerns related to IFRS S2 — the ISSB received an overview of the application challenges arising from the implementation of IFRS S2 that were discussed at the September 2024 TIG meeting. The staff referred these challenges to the ISSB for further consideration. The ISSB discussed potential amendments it could consider to respond to these challenges. The ISSB was not asked to make any decisions. The ISSB will further consider the potential amendments and how to respond to these application challenges arising from implementation.