



Progress update

IFRS[®] Sustainability Disclosure Standards

December 2022



ISSB December 2022 summary

This month's focus

Explaining materiality by adapting existing IFRS Foundation guidance and describing the scope of 'sustainability'.

Confirming details on greenhouse gas emissions reporting, industry-specific materials and next steps for the agenda consultation.

Agenda consultation

After finalising its first standards, the ISSB will:

Work on foundational activities

Capacity-building guidance and materials on climate-related topics – biodiversity, water and the 'just transition'

Consult on 'what next'

The short-list for the agenda consultation in H1 2023 includes biodiversity, human capital, human rights and connectivity in reporting (including Integrated Reporting)

Latest status on topics discussed

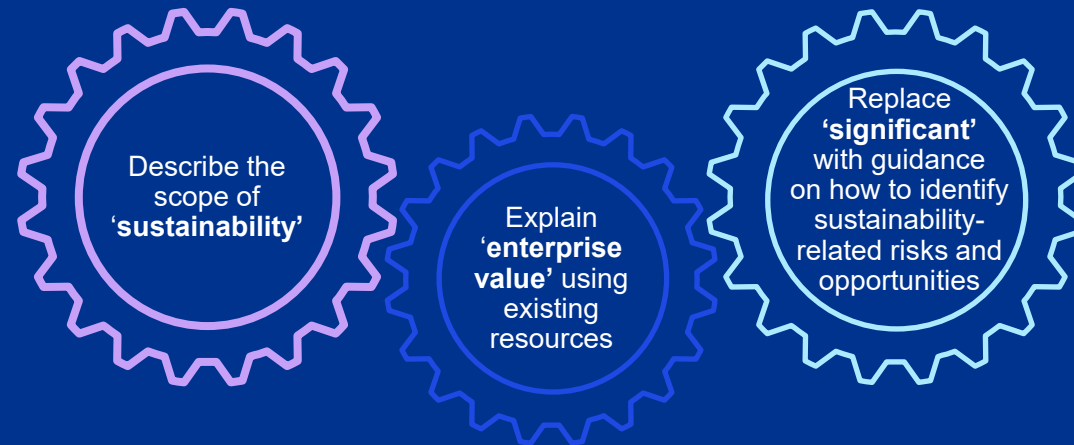
at International Sustainability Standards Board (ISSB) meeting in December

Understanding what to report

Companies make materiality judgements to focus their reporting on **sustainability-related information** that is useful to primary users.

Information about how the company **creates and erodes value** can be material because it helps users assess the company's future prospects.

The ISSB plans to make changes to its general requirements proposal:



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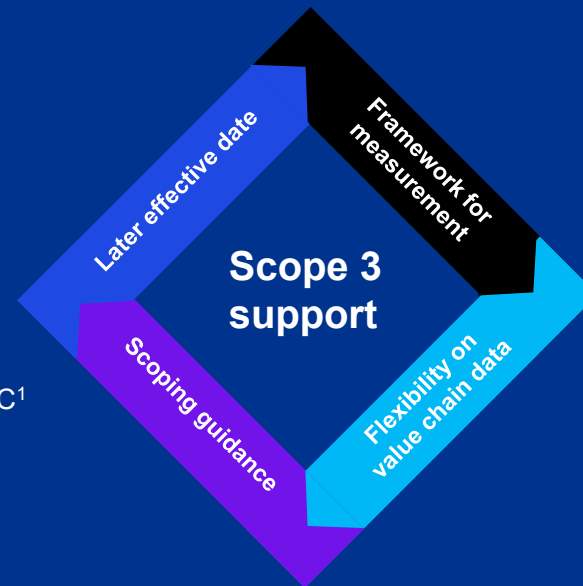
Latest status on topics discussed at ISSB meeting in December

Greenhouse gas emissions

The ISSB is continuing to progress the climate proposal through decisions that aim to **clarify, amend** and **confirm** specific areas of the proposal.

For example, the ISSB agreed to:

- provide **support** for disclosing Scope 3 emissions
- clarify requirements for Scope 2 emissions – requiring **location-based** disclosures
- require specific global warming potentials from the IPCC¹ when **measuring emissions**, but allow companies to choose appropriate emissions factors
- require disclosure of **financed emissions** for certain financing activities but not for **facilitated emissions**



Industry-specific materials

The ISSB agreed that the climate proposal would require industry-specific disclosures, but for now it would classify the content in Appendix B of proposed IFRS S2 as **illustrative examples**.

The ISSB plans to make content based on SASB² **mandatory in future**, after further consultation.



For more information visit our Sustainability reporting resource centre

Bookmark the page to read our insights and follow the development of the standards.

1. Intergovernmental Panel on Climate Change.

2. Sustainability Accounting Standards Board (SASB).

Journey to the first IFRS Sustainability Disclosure Standards



¹ Proposed IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and proposed IFRS S2 *Climate-related Disclosures*.

Action list

key areas chosen for redeliberation based on comment letter responses

GENERAL REQUIREMENTS

- ✓ **Scope and breadth of reporting** – Five topics including **application of materiality**, value chain reporting, the **meaning of terms including ‘enterprise value’ and ‘significant’** and **identifying sustainability-related risks and opportunities and disclosures***
- ✓ **Connected information** between topics and with the financial statements, plus IASB collaboration
- ✓ **Frequency of reporting** including location requirements
- ✓ **Updating estimates** in comparative information

CLIMATE

- ✓ Disclosures on **strategy, decision making and transition plans and targets**
- ✓ **Climate resilience and scenario analysis**
- ✓ **GHG emissions***, particularly Scope 3 and measurement methods
- ✓ **Industry-based topics***, including financed and facilitated emissions

CROSS-CUTTING

- ✓ **Scalability** of the standards for all types of global company
- ✓ **Financial effects** of sustainability- and climate-related risks and opportunities

***Discussed in the December meeting.**



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