

## Sustainability Reporting Standard-Setters' Updates – Cover Note

### Objectives of the Discussion

The objectives of the IAASB discussion is to receive updates from two key standard setters, the ISSB<sup>1</sup> and GRI<sup>2</sup> about their activities with a focus on areas for cooperation and emerging risks and opportunities, and to discuss those matters with the Board.

### Background

1. Although ISSA 5000<sup>3</sup> is framework neutral, it is appropriate to consider relevant general purpose sustainability reporting frameworks in the development of adoption and implementation (A&I) resources. Significant global (e.g. ISSB, GRI) and jurisdictional (e.g. ESRS)<sup>4</sup> frameworks for sustainability reporting are being used by many entities globally to report on sustainability-related financial disclosures and their sustainability performance (in particular their impacts on the economy, environment and people) respectively. In addition, assurance reports are being obtained on sustainability information reported under these standards. The IAASB is monitoring the developments in sustainability reporting for key sustainability reporting standard setters, including ISSB, GRI and EFRAG<sup>5</sup>, responsible for developing the ESRS.
2. Since the ISSB issued its sustainability Disclosure Standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* in 2023, it has been working with stakeholders on adoption and implementation. The IAASB, jointly with the IESBA, have been meeting with the ISSB every quarter to benefit from their experience in adoption and implementation of their standards, so that the IFEA Boards can benefit from lessons learned from the rollout of a new suite of standards and the approach taken to providing a pathway to successful adoption through jurisdictional roadmaps and capacity-building for effective implementation.
3. The European Union's (EU) Corporate Sustainability Reporting Directive (CSRD) replaced the Non-Financial Reporting Directive (NFRD), significantly expanding the scope and depth of environmental, social and governance (ESG) disclosures, requiring around 50,000 companies—including many non-EU firms with substantial EU operations—to report on ESG matters using the ESRS. Reporting began in 2025 for large public-interest entities, with phased implementation for other companies. However, in response to concerns about complexity and administrative burden, the European Commission introduced the "Simplification Omnibus Package" in early 2025. This proposal reduces the number of companies in scope by about 80%, simplifies due diligence and taxonomy requirements, and seeks to streamline ESRS disclosures by approximately 60%. EFRAG has proposed changes that

<sup>1</sup> International Sustainability Standards Board

<sup>2</sup> Global Reporting Initiative

<sup>3</sup> International Standard on Sustainability Assurance ISSA 5000<sup>TM</sup> *General Requirements for Sustainability Assurance Engagements*.

<sup>4</sup> European Sustainability Reporting Standards

<sup>5</sup> European Financial Reporting Advisory Group

emphasize fair presentation, reduce narrative detail, and improve alignment with international standards. The revised ESRS are expected to be adopted in 2026 following public consultation<sup>6</sup> and EU legislative assessment.

4. In 2025, GRI released two major new Topic Standards—GRI 102: Climate Change and GRI 103: Energy—which will take effect in January 2027. These standards reflect evolving stakeholder demands for deeper, more actionable disclosures, including requirements on transition plans, just transition impacts, carbon credits, and energy efficiency. GRI has also expanded its GRI Academy offerings, launched the ESRS Professional Certification Program, and introduced the GRI-ESRS Linkage Service to help companies align with EU reporting requirements under CSRD. Additionally, GRI unveiled a digital Sustainability Taxonomy to streamline machine-readable disclosures and improve data interoperability with frameworks like ISSB and ESRS.

## Presentations

5. The ISSB and GRI have each been invited to present to the Board to provide an update on their activities with a focus on areas for cooperation and emerging risks and opportunities. Both ISSB and GRI last presented to the Board in December 2024. In addition to this cover note, meeting materials comprise slide decks for each presentation, which will be distributed in the week before the Board meeting.

6. The sustainability reporting standard-setters updates will be received as follows:

### SESSION 1 (September 15): **ISSB Update**

ISSB Presenter: Sue Lloyd, Vice-Chair of the ISSB

### SESSION 2 (September 17): **GRI Update**

GRI Presenters:

- Carol Adams, Chair of the Global Sustainability Standards Board (GSSB)
- Bastian Buck, Chief Standards Officer, GRI

7. The presentations will include reflections on:

- Areas where the ISSB or GRI and the IAASB (as well as our fellow Board IESBA) may benefit from cooperation. This may include opportunities for aligning messaging, presentations at events and sharing stakeholder feedback.
- Emerging risks and opportunities, their impact and the standard-setters' response.

## Discussion

8. Following their respective presentations, the ISSB and the GRI presenters will be available to have a discussion with the Board.

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<sup>6</sup> EFRAG published revised and simplified Exposure Drafts of ESRS on July 31, 2025 for a 60-day consultation period. EFRAG's final technical advice to the European Commission is due November 30, 2025. In view of these developments, IAASB Staff will endeavor to arrange an update to the Board at the December 2025 IAASB meeting.