
Update on ISSB's activities

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Global developments – In brief



More than **45** jurisdictions on the journey to the adoption of ISSB Standards



Companies in **12** jurisdictions reporting sustainability information based on ISSB Standards for FY2025 – companies in additional **6** jurisdictions reporting in FY2026



First waves of reports prepared applying ISSB Standards



Delegated Acts of revised European Sustainability Reporting Standards (ESRS)
EFRAG consultation on ESRS for Third Country Groups (**ESRS-40a**)



ISSB forthcoming **nature**-related disclosure proposals

Adoption



When to expect ISSB-based disclosures

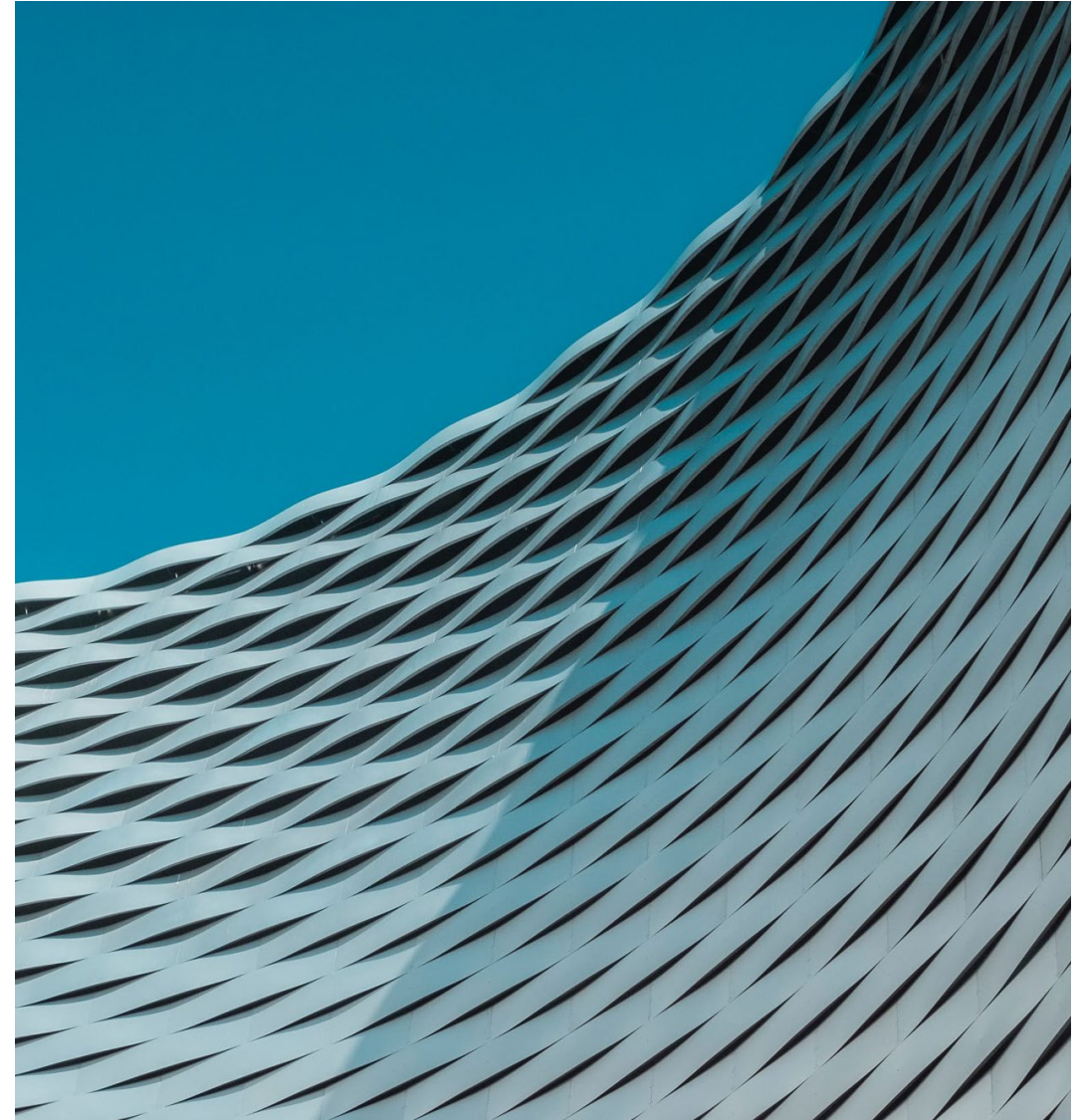
2025 reporting year	Australia, Bangladesh, EU, Hong Kong SAR*, Malaysia, Mexico, Pakistan, Singapore, Sri Lanka, Tanzania, Türkiye (2024), Zambia
2026	Brazil*, Chile, Jordan*, Philippines, Qatar, Chinese Taipei
2027	Ghana, Indonesia, Kazakhstan*, Japan, Kenya, Rwanda, South Korea, Thailand
2028 or later	Honduras, Mongolia*, New Zealand*, Nigeria*, Oman*, Panama, Peru, Uganda, Zimbabwe*
To be determined	Bolivia, Canada, China, Costa Rica, El Salvador, Ethiopia, Kyrgyzstan, Nepal, Switzerland, United Kingdom*, Uzbekistan

** Jurisdictions that explicitly permit and have special guidelines for the use of ISSB Standards before regulatory action is completed*

ISSB passporting

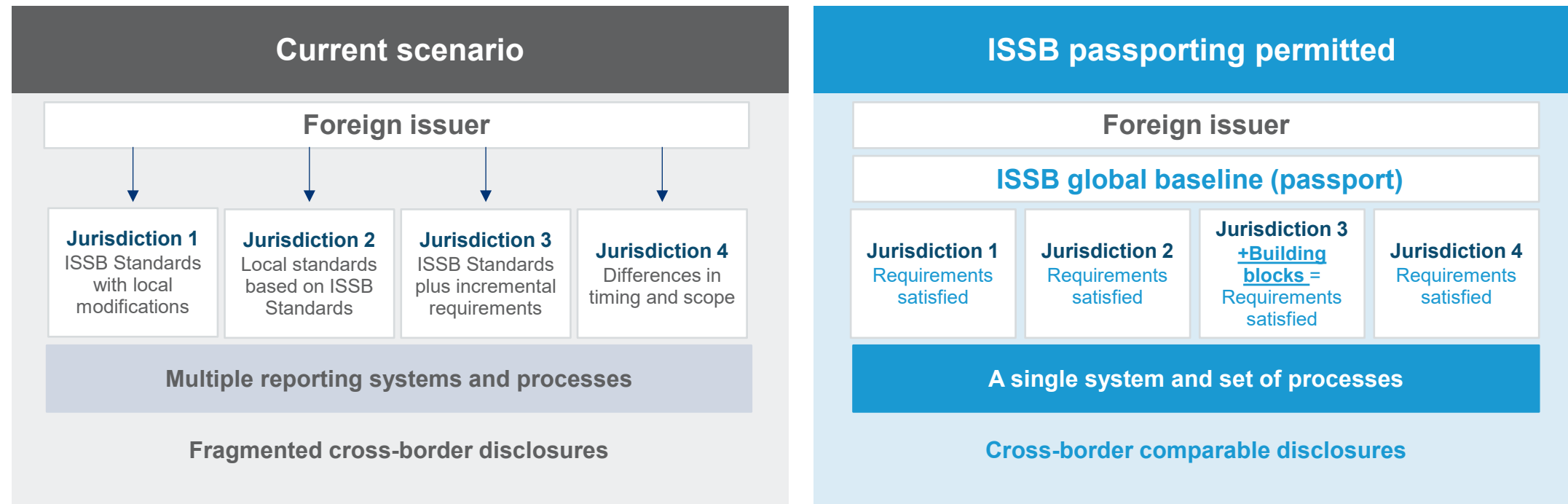
An **option** granted by jurisdictional authorities **through regulation** that allows foreign issuers or local subsidiaries of foreign entities to comply with local requirements by using the **ISSB Standards as issued by the ISSB** as the basis for reporting

- A next step that builds logically from IOSCO's endorsement of ISSB Standards
- Compatible with an '**ISSB+**' approach, with additional 'visa' requirements responsive to incremental jurisdictional disclosure policy objectives
- A jurisdictional decision



ISSB passporting for meeting jurisdictional requirements

ISSB passporting would allow foreign entities to comply with jurisdictional variations under one disclosure umbrella - **ISSB Standards as issued by the ISSB (ISSB ‘global baseline’)**



Entities in this case being foreign issuers or local subsidiaries of foreign entities.

ISSB Standards and European Sustainability Reporting Standards (ESRS)

- **High degree of alignment** in climate-related disclosures to provide information to investors
- Additional requirements in ESRS to disclose impacts that do not create risks or opportunities for a company's prospects and to provide information **to stakeholders other than investors**
- Some **additional requirements** in ISSB Standards (for example, financed emissions)
- ESRS simplification has led to **further efficiencies**. For example, on:
 - presentation of information
 - industry-based disclosures
 - anticipated financial effects

	ISSB Standards	ESRS
Use	45+ jurisdictions	EU member states (with different rules for non-EU companies with EU subsidiaries)
Materiality	Investor-based	Investor (aligned with ISSB) and information for other stakeholders

Further alignment achieved between ISSB Standards and ESRS following EU Omnibus

Presentation

- Companies reporting in compliance with ESRS have the *option* to present information in a format other than the prescribed: General, Environmental, Social and Governance pillars – so more feasible to build from reports prepared applying ISSB Standards

Anticipated financial effects

- Proportionality mechanisms in ISSB Standards introduced in ESRS
- Aligned outcome of disclosure when applying either ISSB Standards or ESRS
- A company seeking to comply with ISSB Standards will not be able to use full ESRS transition relief that permits delay in providing this information

Use of IFRS Industry Based Guidance

- Companies can meet requirement to provide entity specific disclosures using IFRS Industry Based Guidance, including the SASB Standards (moved from temporary to permanent)

Transition plan disclosures

- Transition plan disclosure requirements in ESRS informed by the IFRS guidance on the topic

Delegated Acts of revised European Sustainability Reporting Standards (ESRS) published on 3 July 2026



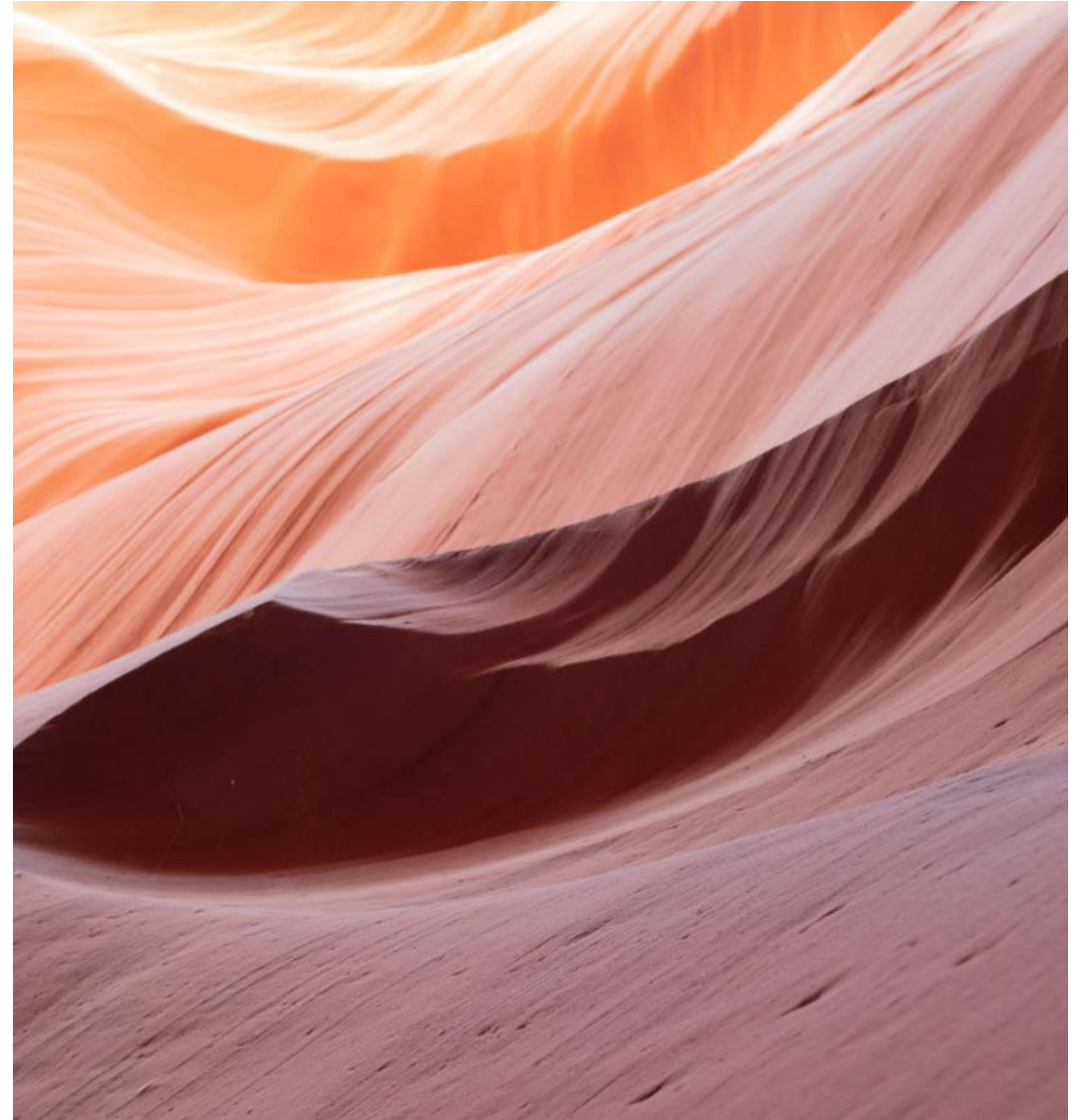
ESRS for non-EU parent companies (ESRS-40a)

Companies affected

- Non-EU parent companies with significant operations in the EU
- Mainly companies in US, UK, Switzerland, Japan, China, South Korea; many of these companies must or wish to provide ISSB-aligned reporting

Timeline

- July-October 2026: EFRAG public consultation
- January 2027: EFRAG delivers technical advice to the European Commission
- Mid-2027: expected adoption of ESRS-40a
- FY2028: first application

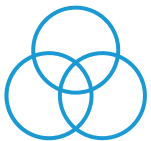


Opportunities to comply with ESRS-40a efficiently



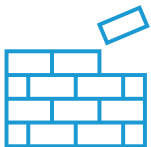
Users of the information and materiality assessment

- Investors and others (ESRS-40a)
- Investors (ISSB Standards)



Disclosures overlap

- ESRS-40a focus on impacts for investors and others
- ISSB Standards can cover impacts when providing information about risks and opportunities



Building block approach available to companies (ISSB+)

- Use ISSB reporting as a starting point
 - Provide additional specified disclosures to comply with ESRS-40a
 - Result in information about impacts, risks and opportunities (as does option to apply ESRS)
-

Implementation



Topics discussed by the TIG

General requirements and key concepts

- How the Standards can be used to inform an **understanding** of specific disclosure requirements
- Identification of sustainability-related risks and consideration of **risk mitigation activities**
- Revision of **preceding period** estimated amounts
- **Comparative** information

Climate-related disclosures

- GHG emissions
 - application of the jurisdictional relief on the measurement method and use of **GWP values**
 - what emissions are included in **Scope 3** GHG emissions
 - measurement of emissions for a **group of companies**
 - **biogenic** emissions
- Climate-related **targets**

Statement of compliance

- An entity whose sustainability-related financial disclosures comply with all the requirements of ISSB Standards shall make an **explicit and unreserved statement of compliance**
- An entity shall not describe sustainability-related financial disclosures as complying with ISSB Standards unless they **comply with all the requirements** of ISSB Standards

Refer to paragraphs 72–73 of IFRS S1

Important implications for comparability and assurance



ISSB Standards relieve a company from disclosing information otherwise required by the Standards if:

- law or regulation prohibits the company from disclosing that information; or
- information about a sustainability-related **opportunity** is commercially sensitive
 - high threshold for commercially sensitive information
 - each item of information omitted must be reassessed at each reporting date if it qualifies for exemption

First observations about assertions of compliance

Some observed inconsistencies



Fragmented market practice between explicit compliance and vague “alignment” references (for example, “based on”, “broadly aligned”)



Entities are making references **portraying compliance with ISSB Standards** while applying only subsets of requirements



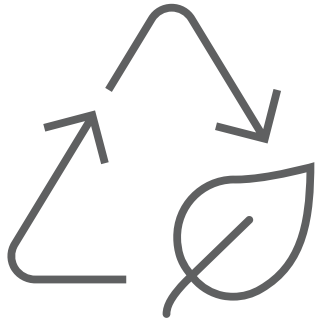
Creates **confusing signals** for investors and increases efforts for assurance providers and regulators to determine the basis of reporting

Standard setting

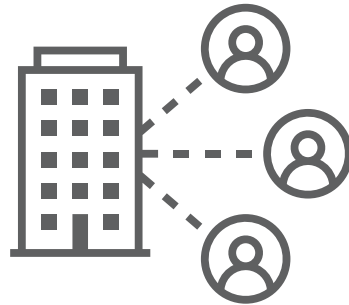


Areas of focus

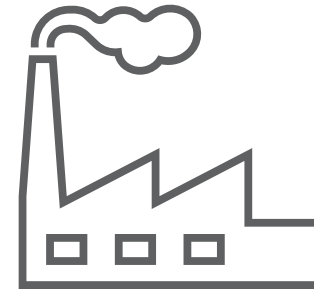
Nature



Human Capital



Industry-based guidance



The proposed way forward for nature



IFRS **Practice Statement**
Same due process as for a
Standard



Specify aspects about **material**
information on nature for companies
to disclose to investors



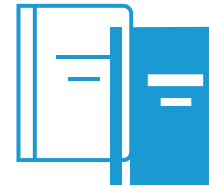
Use of Practice Statement not
required for companies to **comply**
with ISSB Standards



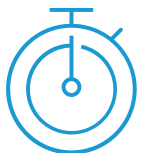
Draw on **TNFD** Framework



A **jurisdiction** can require
companies to use the Practice
Statement



Use **together** with IFRS S1 and
IFRS S2



Target draft Practice Statement for
October 2026

IFRS S1 already requires nature-related
disclosures - the Practice Statement will support
high-quality, comparable nature disclosures

Content of the proposed Practice Statement

Materials that support understanding, including:

- Key **definitions**
- Option to use TNFD **LEAP** approach to identify nature-related risks and opportunities
- Importance of **location**
- Importance of considering **Indigenous Peoples, Local Communities** and affected stakeholders

Specific proposed disclosures:

- **New metric on vulnerability** to nature-related risks and alignment with nature-related opportunities
- Continued (shall) reference to **SASB Standards** and (may) reference to **GRI Standards** and **ESRS**
- New (may) reference to **TNFD metrics**
- Information about resilience informed by **scenario analysis**



Reinforce importance of **connecting nature and climate**-related content



Statement of compliance when comply with ISSB Standards and the Practice Statement

Human Capital-related disclosures

Approach

- Research shows:
 - investor interest in topics and metrics can vary by sector and jurisdiction
 - links between financial outcomes and many human capital factors
- Majority of other standards and frameworks aligned with IFRS S1 but provide additional detail on human capital topics, primarily in an entity's direct operations
- No established equivalent of TCFD or TNFD to draw on

Current focus

- Assess whether standard-setting is likely to result in improvements to human capital disclosure in a feasible and cost-effective way
- Synthesise phase one findings across:
 - **necessity:** whether there is a clear need for improved disclosure to investors
 - **feasibility:** whether there is likely to be a practical and efficient approach to developing disclosure requirements

Next milestone

- Decide project direction (for example, whether to move from research to standard-setting phase)
- Consider technical analysis, resourcing and market appetite for additional disclosures on this matter

Next step: project update discussion at September 2026 ISSB meeting



Industry-based guidance in SASB Standards

Phase 1

- Amendments to **12 industries** from the Extractives and Minerals Processing, Food and Beverage and Infrastructure sectors
 - ISSB consulted on 9 industries and targeted amendments in 2025 and is now discussing feedback
 - ISSB consultation on 3 remaining industries closed in July 2026
- Targeted amendments to 41 additional industries on key topics including water, energy, and workforce health and safety

Phase 2

- Researching next stage of work, including which sectors, industries and/or topics to prioritise
- Incorporating feedback on challenges faced by stakeholders during Phase 1
- ISSB discussion in July 2026 – decision to enhance the six SASB Standards in the **Technology and Communications** sector

Q&A



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