ISSB Standards: Current State of Play

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Countries around the world continue to adopt the International Sustainability Standards Board's ("ISSB") disclosure standards. As of June 2025, 36 jurisdictions have adopted or are taking steps to introduce the ISSB Standards into national law. Following our previous Debevoise In Depth, we look in further detail at the ISSB's reporting requirements, under the guidance released to date, and cover future developments.

The ISSB Standards

The ISSB was created in 2021 during COP 26 by the IFRS Foundation, as an independent sustainability standard-setting board. The first two ISSB Standards—IFRS S1 and S2—build on the original reporting recommendations developed by the Taskforce on Climate-related Financial Disclosures ("TCFD") and form a global set of sustainability disclosures. IFRS S1 requires companies to report on their general sustainability-related risks and opportunities and IFRS S2 requires companies to report on their climate-related risks and opportunities. Like the TCFD recommendations, IFRS S1 and IFRS S2 group sustainability reporting under the four broad headings of governance, strategy, risk management, and metrics and targets. The ISSB does not require a company reporting under the ISSB Standards to obtain third-party assurance on its report, although various national laws implementing ISSB may require this.

A company that reports under the Standards discloses material information about the sustainability-related risks and opportunities it faces that could reasonably be expected to affect its cash flows, access to finance or cost of capital over the short, medium or long term. As such, ISSB is focused on materiality of sustainability information from a financial risk perspective, and defines information as "material" if omitting, misstating or obscuring the information could influence decisions that the primary users of the financial reports make based on those reports, with primary users defined as existing and potential investors, lenders and other creditors. When identifying sustainability-related risks and opportunities, reporting companies should consider the activities occurring in their own operations and value chain.

In Guidance released in November 2024 (the "November 2024 Guidance"), the IFRS states that companies should not limit their reporting of material information under the ISSB Standards to the impact of external factors on a company's financial outlook, such as known risks of human rights violations in the company's supply chain. The November 2024 Guidance points out that the effect of a company's own activities on people and the environment may give rise to sustainability-related risks and opportunities that could affect the company's prospects, such as human rights violations in its own supply chain or pollution from factories, which may lead to regulatory or reputational risks.

Guidance for Reporting

Since IFRS S1 and S2 were first published in 2023, the ISSB has published guidance dealing with particular elements of reporting under the Standards, including:

Material Information and Value Chain

In the November 2024 Guidance, the IFRS explains how companies determine if information is material and defines sustainability-related risks and opportunities. A company should ensure that it includes information to meet the needs of three types of primary users: investors, lenders and other creditors, both in terms of their common and individual needs.

The November 2024 Guidance also offers a step-by-step approach for a company to determine its sustainability-related risks and opportunities. This involves first defining the company's value chain, which encompasses the interactions, resources and relationships that a company uses and depends on through the lifecycle of its products or services. This includes its own operations, those along its supply, marketing and distribution channels, as well as the wider financing, geographical, geopolitical and regulatory environments in which it operates. The Guidance notes that there is not a single approach, and that a company could determine its sustainability-related risks and opportunities by using its contractual arrangements as a starting point. This may involve, for example, assessing which relationships the company depends on to produce goods and services, including its own workers, as well as its sources of raw materials.

Deciding Which Non-Climate-Related Sustainability Risks and Opportunities to Report On

As mentioned above, the ISSB Standards require a company to disclose "material" information, which is information about the company's sustainability-related risks and opportunities that may reasonably affect its prospects. In determining material information to disclose, companies reporting under IFRS S1 must refer to and consider the applicability of the topics and metrics in the separate standards published by the Sustainability Accounting Standards Board ("SASB"), in order to disclose information on their sustainability-related risks and opportunities for topics beyond climate.[1]

To do so, under guidance published by the IFRS in February 2024, companies should begin by identifying the relevant SASB Standard (or standards) relevant for its industry.[2] These offer a comprehensive set of disclosure guidance, organized by industry, with each industry containing relevant sustainability topics and related metrics. For example, using the SASB "Materiality Finder" tool, a company involved in "Extractives & Minerals Processing" should refer to the SASB Standard relevant for its business, such as the "Oil & Gas – Refining and Marketing" Standard. This Standard includes disclosure topics covering, for example, air quality, water management and employee health and safety, which each include relevant metrics, such as total water consumed in regions with high or extremely high baseline water stress. Having identified the relevant metrics, a company should develop disclosures based on the technical protocols, which are guidance on the definitions and presentation of metrics.

Where a company concludes that the disclosure topics under the SASB Standards are not relevant for its business, or where additional topics may be relevant, the company may consider the other sources of guidance set out under IFRS S1, including the Climate Disclosure Standards Board Framework Application Guidance. This offers guidance, for example, on biodiversity-related disclosures, based on various potential physical biodiversity-related risks, such as reductions in soil fertility or pollination for crop production. A company may also consider: (i) other standards set by national authorities; (ii) the sustainability-related risks and opportunities identified by other companies that operate in the same industry or region; or (iii) to the extent they do not conflict with the ISSB Standards, the separate GRI Standards and European Sustainability Reporting Standards under the EU's Corporate Sustainability Reporting Directive.

Deciding Climate-Related Risks and Opportunities to Report

In guidance on IFRS S2 published in December 2023, the IFRS noted that climate-related risks and opportunities should be defined broadly. These may include, for example, climate-related risks and opportunities that combine climate and nature, including related to water or deforestation. They may also include climate-related risks and opportunities associated with socio-economic aspects. The guidance gives the example of how a power

1 Note that this requirement is waived during a company's first year of applying ISSB Standards, when it may choose to disclose information on only its climate-related risks and opportunities. The ISSB published guidance on this in January 2025.

2 The IFRS notes that a company with complex business models, whose activities span a wider array of activities than those reflected in any one SASB Standard, may need to refer to and consider the relevance of more than one SASB Standard to help them identify relevant disclosure topics associated with their activities.

generation company that generates electricity from both renewable and fossil fuel sources may identify a regulatory risk if it fails to observe a law requiring companies to undertake a "just transition" to lower-carbon intensity in a way that maximizes opportunities for decent work. The company may choose to disclose information about its plans to retrain and redeploy its workforce as a result of it phasing out its fossil fuel-based plants.

Moreover, in July 2025, the ISSB also released further guidance on how a company can apply the ISSB's detailed Industry-based Guidance on implementing Climate-related Disclosures (the "Industry-based Guidance"), published in June 2023. The Industry-based Guidance is identical to the climate-related content of the SASB Standards and provides guidance for the 68 industries for which climate is identified as a material topic in the SASB Standards. In particular, the ISSB confirms that a company reporting under IFRS S2 should use the guidance in the same way that it uses SASB Standards in relation to IFRS S1—to select relevant disclosure topics and accompanying metrics, as discussed above.[3]

Greenhouse Gas Emissions

Under IFRS S2, companies are required to disclose their greenhouse gas ("GHG") emissions and asset managers are subject to specific requirements, including disclosing their absolute gross financed emissions, broken down into Scopes 1, 2 and 3. In May 2025, the IFRS published educational FAQs on this requirement, noting for example that a reporting company is not required to include all categories of Scope 3 GHG emissions, but should only include material categories, including category 15, which covers financed emissions. The FAQs also provide additional guidance on applying the "Scope 3 measurement framework" under IFRS S2, which sets out standardized rules for companies when using secondary GHG emissions data, such as data not obtained directly from activities within the company's value chain which is supplied by third parties, including industry average data, to facilitate comparison of companies' sustainability reports.

[3] The guidance further makes clear that although a company is required to consider the applicability of the Industry-based Guidance, it is not required to apply the guidance itself, for example if a company concludes that the disclosure topics and metrics in the SASB Standards and Industry-based Guidance are not relevant for its business. However, the IFRS anticipates that identification of relevant industries in the Industry-based Guidance will help companies consider disclosures potentially relevant to their own operations by considering disclosure topics and metrics for their relevant industry or industries.

Update on Global Adoption

In June 2025, the ISSB published 17 jurisdictional profiles of countries that, at the time, had either adopted or were taking steps to adopt the ISSB Standards (either in full or in part), including Australia, Brazil, Hong Kong and Nigeria, as progress towards a global baseline of sustainability disclosures for capital markets worldwide. Accompanying the jurisdictional profiles were 16 jurisdictional "snapshots" with high-level reviews of countries still adopting the ISSB Standards at the time, including China and Singapore. The United Kingdom has, in the meantime, published two draft Sustainability Reporting Standards (the "SRS") for consultation, which are substantially based on the ISSB Standards. The SRS are open for public consultation until September 17, 2025 (see our separate ESG Update).

Future Developments

The ISSB, as part of its 2024 to 2026 workplan, is currently researching disclosure about risks and opportunities beyond climate, in particular those associated with biodiversity, ecosystems and ecosystem services, and human capital. The ISSB will use this research to determine whether formal standards are required for these areas, which will likely require companies to devote more attention to these areas than by simply considering the relevant SASB Standards, as discussed above.

Moreover, in April 2025, the ISSB published a consultation on draft amendments to IFRS S2, which closed in June 2025. The amendments aim to simplify requirements on reporting GHG emissions. Companies and jurisdictions can choose whether to apply or adopt the reliefs proposed. Significantly, if the amendments are adopted, companies may limit their measurement of Category 15 or "financed" emissions to emissions attributed to loans and investments made by an entity to an investee or counterparty, excluding emissions associated with derivatives, financial activities related to investment banking, and insurance and reinsurance underwriting. The ISSB intends to consider these changes further based on consultation feedback in the second half of 2025.

In addition, to increase the usefulness of the SASB Standards, in July 2025 the ISSB published a consultation on draft amendments to the SASB Standards, closing on 30 November 2025. The proposed amendments cover wholesale changes to the disclosure requirements for nine industries, including all eight industries under the Extractives & Minerals Processing sector and the Processed Foods industry, as well as making corresponding changes to disclosures for a further 41 industries, including topics such as Water Management, Workforce Health and Safety, and Labour Practices. As part of its wider proposal, the IFRS has also published a separate consultation to make corresponding updates to its Industry-based Guidance on implementing IFRS S2, in order to maintain alignment with the climate-related content in the SASB Standards.

Separately, the ISSB has announced that it will publish proposed amendments to three further SASB Standards—Electric Utilities & Power Generators and two SASB Standards in the Food and Beverage sector—before the end of 2025 and will also consider a further set of industries under the SASB Standards to prioritize for amendment.

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Please do not hesitate to contact us with any questions.

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