

February 2023

The ISSB took a bunch of important decisions regarding IFRS S1 and IFRS S2

The ISSB Board held a meeting this February to discuss its Exposure Drafts: [IFRS S1 General Sustainability-related Disclosures](#) and [IFRS S2 Climate-related Disclosures](#) ("Standards"). The meeting covered a range of topics, including the Standards' sources of guidance, effective date, duration of transitional reliefs and balloting process. The following is a summary of the important decisions made during this meeting and the rationale behind some of them:

1. A tentative decision to issue a requirement to allow preparers to consider, **only** in the absence of a relevant/accurate IFRS Sustainability Standard, the [Global Reporting Initiative \(GRI\) Standards](#) and the [European Sustainability Reporting Standards \(ESRS\)](#) in identifying disclosures about sustainability-related risks and opportunities. These are added as part of sources of guidance entities would be allowed to use, which will appear in the form of an appendix to the Standards. The ISSB justifies the choice of these two exceptions by their historical use and relevance and the reporting cost of companies.
2. The Standards will come into effect for the annual reporting periods beginning on or after January 2024. Entities are permitted to apply the Standards early under one condition: the application covers **both** Standards (IFRS S1 and IFRS S2). The ISSB justifies the choice of this date by the increased, '*strong*' investor demand for providing climate and sustainability information on a timely basis.
3. Approval of a package of reliefs that will be available in the **first** annual reporting period, including:
 - ⇒ A relief from requiring companies to simultaneously report sustainability-related financial disclosures and the related financial statements. In other words, entities can choose to delay the release of their sustainability reports.
 - ⇒ A relief from the provision of Scope 3 information.
 - ⇒ A relief from the requirement to measure Scopes 1-3 greenhouse gas emissions in line with the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard **only** if the entity uses a different tool in "*the annual reporting period immediately preceding its IFRS S2 initial application*". In other words, entities can continue to use their initial measurement tool/methodology before moving to use the GHG protocol tool.
 - ⇒ A relief from providing comparative information.

These reliefs are intended to justify the early application date of these Standards (2024) and ease entities' initial disclosure processes (*i.e.*, a '*softer*' start for a more sophisticated future application).

4. The balloting process and the issuance of these Standards will start around the end of the second quarter of 2023.

For more details, please listen to [ISSB's 22 February Podcast Episode](#) or read the [ISSB Update February 2023](#).

Asset Managers Failing to Back a Considerable Number of E&S Shareholder Resolutions

[ShareAction](#) analyzed the way the largest global asset managers voted on shareholder resolutions addressing current environmental and social issues in 2022. When the findings of this analysis are compared to those of 2021, it is clear that asset managers are backing fewer resolutions in 2022, and that many resolutions would have passed if they had received a favorable vote from those managers. However, environmental issues received greater support from investors than important social issues. To read the summary of analysis findings posted in February 2023, please click [here](#).

Japan's Financial Regulator is seeking to enhance shareholder engagement with

This February, the [Financial Services Agency \(FSA\)](#) announced [its plans](#) to put in place an 'action programme' of enhancement measures to encourage and deepen company engagement with investors. This comes as one of the steps taken in the [corporate governance reform](#) mission this financial regulator is currently leading.