The jurisdictional journey towards globally comparable information for capital markets

Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards

AT A GLANCE

The *Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards* (*Jurisdictional Guide*) aims to promote globally consistent and comparable climate and other sustainability-related disclosures for capital markets through the adoption or other use of ISSB Standards internationally. It supersedes the *Preview of the Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards*, published in February 2024, and builds on *The jurisdictional journey towards implementing IFRS S1 and IFRS S2—Adoption Guide overview*, published in July 2023, which was welcomed by the International Organization of Securities Commissions (IOSCO).

The *Jurisdictional Guide* also builds on IOSCO's endorsement of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* and IOSCO's call to its members to consider ways in which they might 'adopt, apply or otherwise be informed by' the ISSB Standards within the context of their jurisdictional arrangements in a way that promotes consistent and comparable climate and other sustainability-related disclosures for capital markets.

In the *Jurisdictional Guide*, *'adoption or other use of ISSB Standards'* refers to the range of approaches that jurisdictions may take to 'adopt, apply or otherwise be informed by' ISSB Standards when introducing sustainability-related disclosure requirements in their legal and regulatory frameworks. This range includes approaches that involve the adoption or other use of IFRS S1 and IFRS S2 directly, as well as the introduction of local sustainability-related disclosure requirements (or standards) designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2.

The *Jurisdictional Guide* aims:

- to support jurisdictions by providing **information** that they may find helpful as they design and plan their journeys to the adoption or other use of ISSB Standards; and
- to support **transparency** for capital markets, regulators, other relevant authorities and other stakeholders on the progress towards the provision of comparable information about sustainability-related risks and opportunities for global capital markets by setting out the features considered when describing and summarising jurisdictional approaches towards the adoption or other use of ISSB Standards.

Terms defined in the Glossary are in *italics* the first time they appear in the *Jurisdictional Guide*.

The objective of the *Jurisdictional Guide* is to promote globally consistent and comparable climate and other sustainability-related disclosures for capital markets through the adoption or other use of ISSB Standards internationally, with ISSB Standards being introduced in a way that takes into account jurisdictional considerations.

The *Jurisdictional Guide* focuses on supporting jurisdictional journeys towards globally comparable information for capital markets through the adoption or other use of ISSB Standards. This *Jurisdictional Guide* is the inaugural guide. The IFRS Foundation will refine and update the *Jurisdictional Guide* to consider the development of ISSB Standards beyond IFRS S1 and IFRS S2 and various approaches to adopt or otherwise use IFRS S1 and IFRS S2 in jurisdictions as these approaches become evident over time. The IFRS Foundation expects to start a review to update the *Jurisdictional Guide* within three years after its finalisation.

The IFRS Foundation plans to develop and publish high-level *jurisdictional profiles*, informed by bilateral discussions with jurisdictions. These profiles will be developed using the features set out in the *Jurisdictional Guide*. The profiles will describe the status of and progress towards the introduction of sustainability-related disclosure requirements—including the adoption or other use of ISSB Standards—in individual jurisdictions. The profiles will be prepared when a jurisdiction's approach to sustainability reporting is finalised and no longer subject to consultation—that is, when jurisdictions have formally announced or finalised their decisions on the adoption or other use of ISSB Standards or have otherwise introduced sustainability-related disclosure requirements.

With the *Jurisdictional Guide* and the publication of jurisdictional profiles, the IFRS Foundation intends to provide transparency to capital markets, regulators, other relevant authorities and other stakeholders on jurisdictional progress towards the adoption or other use of ISSB Standards.

This transparency will enable these stakeholders to understand the extent to which emerging disclosure requirements in various jurisdictions will support the global consistency and comparability of climate and other sustainability-related information.

The *Jurisdictional Guide* will also better equip the IFRS Foundation to undertake and coordinate its own efforts to support international regulators, other relevant authorities, and international organisations (including the Monitoring Board of the IFRS Foundation, IOSCO and the Financial Stability Board) in encouraging and monitoring the adoption or other use of ISSB Standards in a way that promotes globally consistent and comparable climate and other sustainability-related disclosures for investors.

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INTRODUCTION

Background

1 The objective of the IFRS Foundation—as set out in its *Constitution*—is to develop, in the public interest, high-quality, globally accepted standards (referred to as 'IFRS Standards') for general purpose financial reporting and to promote and facilitate the global adoption, use and rigorous application of IFRS Standards.[1]

2 IFRS Standards are developed by the two standard-setting bodies of the IFRS Foundation:

- the International Accounting Standards Board (IASB); and
- the International Sustainability Standards Board (ISSB).

3 The IASB is responsible for developing a set of accounting standards (referred to as 'IFRS Accounting Standards') and the ISSB is responsible for developing a set of sustainability disclosure standards (referred to as 'IFRS Sustainability Disclosure Standards' or 'ISSB Standards').

4 These complementary sets of IFRS Standards are intended to result in the provision of high-quality, transparent and comparable information in financial statements and in sustainability disclosures that is useful to investors and other participants in the world's capital markets in making economic decisions. Other parties, such as regulators, other relevant authorities and members of the public other than investors, may also find information in financial statements and in sustainability disclosures useful.

IFRS Accounting Standards

5 Global adherence to IFRS Accounting Standards has shown the benefits of alignment with a single set of international standards. IFRS Accounting Standards have enhanced the information provided to investors domestically and across borders, increasing investment diversification and opportunities, allowing entities to raise capital more efficiently, reducing the cost of capital and avoiding the complexities of navigating a patchwork of various requirements.

6 The International Organization of Securities Commissions (IOSCO) has recognised the benefits of global accounting standards. In 2000, IOSCO recommended that its members allow IFRS Accounting Standards to be used on their exchanges for cross-border offerings. Since then, IFRS Accounting Standards have become the 'de facto' global language of financial reporting, used extensively across developed, emerging and developing economies. A large number of jurisdictions now require the use of IFRS Accounting Standards for all or most publicly listed entities, while other jurisdictions permit their use.

1 See the *Constitution* of the IFRS Foundation, as updated in November 2021.

IFRS Sustainability Disclosure Standards

7 In June 2023, the ISSB issued its inaugural Standards—IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*—following extensive engagement and consultation with stakeholders globally. The ISSB developed IFRS S1 and IFRS S2 in response to:

- the demand from investors and other market participants for rigorous, reliable and comparable information from entities about sustainability-related risks and opportunities;
- the identification by global policymaking and regulatory bodies, such as the G7, the G20, IOSCO and the Financial Stability Board (FSB) of the delivery of high-quality sustainability information as an essential enabler for the proper functioning of capital markets—building trust, resilience, efficiency, transparency and accountability; and
- the desire of many policymakers, regulators and investors globally to address the fragmented landscape of voluntary sustainability-related standards and requirements that add cost, complexity and risk to entities and investors.

8 IFRS S1 and IFRS S2 are designed to deliver the benefits of globally comparable information on climate and other sustainability-related risks and opportunities for capital markets. The Standards aim to facilitate the transition from a landscape of voluntary sustainability-related disclosures provided in accordance with a wide variety of sustainability reporting frameworks to a regime in which entities disclose sustainability-related information in accordance with globally accepted standards operating within legal and regulatory frameworks.

9 The ISSB has concluded that the benefits of implementing IFRS S1 and IFRS S2 will outweigh the costs. However, the ISSB also acknowledges that this transition will entail substantial change management and that entities could face implementation challenges and costs that will vary depending on their state of preparedness and other entity- or jurisdiction-specific circumstances.

10 In considering the extent to which the benefits of implementing IFRS S1 and IFRS S2 outweigh the implementation challenges and costs, the ISSB has observed that jurisdictional adherence to a global reporting framework can be an important determinant of capital providers' confidence in a capital market's disclosure regime. The international credibility of a jurisdiction's capital markets is inherently related to the soundness of its regulatory framework and its adherence to international principles, standards and best practices. Globally accepted standards generally result in domestic entities having better access to international capital markets. They also encourage foreign direct investment and unlock capital flows. Implementing globally accepted standards may also avoid risk premiums arising from global investors' potential lack of understanding of local standards or variations from or adaptations of international standards.[2]

2 See *Effects Analysis on IFRS S1 and IFRS S2* (https://www.ifrs.org/content/dam/ifrs/project/general-sustainability-related-disclosures/effects-analysis.pdf).

IOSCO's endorsement

11 Widespread and comprehensive adoption or other use of ISSB Standards by jurisdictions is critical in delivering consistent and comparable climate and other sustainability-related financial information for capital markets around the world and in addressing observed shortcomings in transparency and comparability of information identified by market participants and global regulatory bodies.

12 In its June 2021 *Report on Sustainability-related Issuer Disclosures*, IOSCO reiterated the urgent need to improve the consistency, comparability and reliability of sustainability reporting for investors. IOSCO described its work to support investors' informational needs and the ability of markets to price sustainability-related risks and opportunities and facilitate capital allocation. IOSCO noted the need for enhanced transparency and comparability to inform investment decision-making and protect investors from 'greenwashing'.[3]

13 IOSCO's fact-finding work also revealed that investors' needs were not being sufficiently met and that many market participants, including issuers,[4] were waiting for regulators to help drive clarity, consistency and quality of sustainability reporting across jurisdictions.

14 In July 2023, IOSCO sent a strong signal to jurisdictions around the world that the ISSB Standards are fit for purpose for capital market use. After an independent and comprehensive review, IOSCO concluded that the ISSB Standards are appropriate as a global framework for:

- the disclosure of sustainability-related financial information in both capital raising and trading; and
- helping globally integrated financial markets to accurately assess relevant sustainability-related risks and opportunities and to form an appropriate basis for the development of a robust assurance framework for such disclosure.

15 Accordingly, IOSCO:

- called on its members (capital market authorities from more than 130 jurisdictions) to consider ways in which they might adopt, apply or otherwise be informed by the ISSB Standards in a way that promotes consistent and comparable climate and other sustainability-related disclosures for investors; and
- encouraged jurisdictions to consider implementing the ISSB Standards for compulsory application or to allow for entities to use the ISSB Standards voluntarily in their jurisdictions in the absence of a framework.

3 See IOSCO's June 2021 *Report on Sustainability-related Issuer Disclosures* on the IOSCO website: https://www.iosco.org/library/pubdocs/pdf/IOSCOPD678.pdf.

4 The term 'issuer' should be understood as broadly referring to entities raising funds or capital on public markets.

IFRS Foundation’s strategy to support the adoption or other use of ISSB Standards

16 The IFRS Foundation is committed to continuing to engage with and support regulators and other relevant authorities, including national standard-setters, as they adopt or otherwise use the ISSB Standards. In the *Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards* (*Jurisdictional Guide*), ‘adopt or otherwise use’ and ‘adoption or other use’ of ISSB Standards refer to the range of approaches that jurisdictions may take to ‘adopt, apply or otherwise be informed by’ ISSB Standards when introducing sustainability-related disclosure requirements in their legal and regulatory frameworks. This range includes approaches that involve the adoption or other use of IFRS S1 and IFRS S2 directly, as well as the introduction of local sustainability-related disclosure requirements (or standards) designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2 (referred to as *‘requirements with functionally aligned outcomes’*).[5]

17 The IFRS Foundation will help jurisdictions respond to challenges to facilitate timely and consistent adoption or other use of ISSB Standards. This support comprises:

- the inclusion of proportionality mechanisms in IFRS S1 and IFRS S2;
- the provision of transition reliefs from some disclosure requirements in IFRS S1 and IFRS S2 for the first annual reporting period in which an entity applies the Standards (referred to as *‘transition standard reliefs’*);
- the publication of the *Jurisdictional Guide* to help regulators and other relevant authorities prepare for the adoption or other use of ISSB Standards; and
- the provision of additional support, including training and capacity building programmes for entities, regulators and other relevant authorities.

Figure 1—IFRS Foundation’s strategy to support the adoption or other use of ISSB Standards

Proportionality and guidance built into IFRS S1 and IFRS S2	Transition reliefs
Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards	Additional support—including capacity building for entities, regulators and other relevant authorities

5 Local sustainability-related disclosure requirements (or standards) designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2 provide the same information and outcomes on sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports. Functionally aligned sustainability-related disclosures need to meet the criteria articulated in the Conceptual Foundations, Core Content and General Requirements in paragraphs 10–72 of IFRS S1, among other things.

Proportionality mechanisms and guidance

18 Some entities might face challenges in applying ISSB Standards for the first time or for other reasons, such as a lack of resources because of their size, the cost of implementing the necessary systems, the quality of external data available in their markets or the difficulty in obtaining the necessary expertise to apply the Standards.

19 Feedback from stakeholders encouraged the ISSB to consider matters of proportionality and the range of capabilities and preparedness of entities around the world to apply the ISSB Standards. In developing IFRS S1 and IFRS S2, the ISSB has sought to balance entities' needs and their state of readiness with investors' need for enhanced transparency and comparability with respect to the information on which they base their investment decisions.

20 The ISSB has introduced in IFRS S1 and IFRS S2 the concept of 'reasonable and supportable information that is available at the reporting date without undue cost or effort'. This concept applies to the information required to be used to prepare disclosures and is intended to help entities provide the disclosures required by the Standards in areas in which there is a high level of measurement or outcome uncertainty. The concept, which has previously been used by the IASB, will support entities by guiding them to consider information that is reasonably available and by clarifying that they need not carry out an exhaustive search for information.

21 The ISSB has also introduced the concept of 'the skills, capabilities and resources available to the entity' to address proportionality. This concept allows entities to apply qualitative approaches (instead of quantitative approaches) in several instances in IFRS S1 and IFRS S2. This concept was introduced to ensure that entities are able to apply the requirements in a way that is proportionate to their circumstances while still providing useful information for investors.

22 Table 1 summarises the mechanisms in IFRS S1 and IFRS S2 related to proportionality.

Table 1—Mechanisms related to proportionality

	Information used limited to what is reasonable, supportable and available without undue cost or effort	Qualitative approaches allowed if an entity lacks skills, capabilities or resources
Determination of anticipated financial effects	Yes	Yes
Climate-related scenario analysis	Yes	Yes
Measurement of Scope 3 greenhouse gas (GHG) emissions	Yes	–
Identification of risks and opportunities	Yes	–
Determination of the scope of the value chain	Yes	–
Calculation of metrics in some cross-industry categories	Yes	–

23 The introduction of mechanisms to address proportionality in IFRS S1 and IFRS S2 is intended to assist entities, particularly when the Standards are first applied. Guidance on key requirements (including illustrative examples) is provided in the Standards to aid application. The mechanisms are likely to be particularly helpful for entities that might be less able to comply with the disclosure requirements in the Standards.

Transition standard reliefs

24 The ISSB has provided transition standard reliefs from specified requirements in IFRS S1 and IFRS S2 to facilitate the initial application of the Standards. These temporary reliefs are available to all entities in the first year they apply IFRS S1 and IFRS S2.

25 The pace of progress in adopting ISSB Standards will vary by jurisdiction. Jurisdictions could consider the scaling and phasing in of requirements in the Standards based on various parameters, including the size and relative preparedness of entities, and the industries and market segments in which they operate. For example, jurisdictions might choose to consider providing brief extensions of the transition standard reliefs for periods beyond those included in IFRS S1 and IFRS S2 to facilitate the first-time application of the Standards.

Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards

26 The delivery of globally consistent, comparable and reliable sustainability-related disclosures has reached a critical point. Jurisdictions around the world are introducing proposals or consulting stakeholders on proposed pathways to adopt or otherwise use ISSB Standards in their regulatory frameworks. The *Jurisdictional Guide*'s main purpose is to support jurisdictions as they design and plan their journeys to adopt or otherwise use ISSB Standards. It is also intended to provide transparency on how the IFRS Foundation describes the approaches by jurisdictions in adopting or otherwise using ISSB Standards in the development of their regulatory frameworks.

27 In developing the *Jurisdictional Guide*, the IFRS Foundation's ultimate objective is to promote globally consistent and comparable climate and other sustainability-related disclosures for capital markets, through the adoption or other use of ISSB Standards internationally, with IFRS S1 and IFRS S2 being introduced in a way that takes into account jurisdictional considerations. The *Jurisdictional Guide* balances jurisdictional considerations about the scalability or phasing in of requirements in IFRS S1 and IFRS S2 and jurisdictional priorities for incorporation into the prevailing legal and regulatory frameworks with the need to deliver the comparability, consistency and reliability required by capital markets.

28 The *Jurisdictional Guide*:

- provides a framework to support regulators and other relevant authorities as they design and plan their journeys to the adoption or other use of ISSB Standards.
- sets out features to inform and describe jurisdictional approaches for the adoption or other use of ISSB Standards in the development of regulatory frameworks, promoting consistency in approaches for jurisdictions and supporting regulators, other relevant authorities and entities in making the transition to full application of the disclosures required by IFRS S1 and IFRS S2.

- sets out the basis for the development of jurisdictional profiles that describe jurisdictional approaches. These profiles aim to provide capital markets, regulators, other relevant authorities and other stakeholders with greater transparency on jurisdictional progress towards the provision of globally comparable information through the adoption or other use of ISSB Standards. This transparency will enable them to understand the extent to which emerging disclosure requirements support the consistency and comparability of climate and other sustainability-related information provided by entities to investors and in various jurisdictions. Jurisdictional approaches may evolve over time as jurisdictions advance in their journeys to introduce or enhance sustainability-related disclosure requirements.
- intends to reduce fragmentation in sustainability-related disclosure requirements by promoting less variation in how ISSB Standards are adopted or otherwise used by jurisdictions (including their approach to scaling and phasing), thus supporting comparability of disclosures.
- intends to better equip the IFRS Foundation to undertake and coordinate its own efforts to support international regulators, other relevant authorities and international organisations (including the Monitoring Board of the IFRS Foundation, IOSCO and the FSB) in encouraging and monitoring the adoption or other use of ISSB Standards in a way that promotes globally consistent and comparable information for capital markets.

29 The *Jurisdictional Guide* provides the foundation for, and encourages, bilateral discussions between regulators and other relevant authorities and the IFRS Foundation on effective pathways for the provision of globally comparable information about sustainability-related risks and opportunities for capital markets. This dialogue will also assist the IFRS Foundation in identifying educational and capacity building needs in various jurisdictions and will inform the development of a Regulatory Implementation Programme to address the needs of regulators and other relevant authorities.

30 The *Jurisdictional Guide* is also intended to support regulators and other relevant authorities in identifying jurisdictions following a similar jurisdictional approach, enabling them to provide mutual support and share experiences either bilaterally or through international or regional bodies.

31 The *Jurisdictional Guide* comprises three sections:

- *Section 1—The journey towards the adoption or other use of ISSB Standards* includes **information** helpful to jurisdictions as they design and plan their journeys to the adoption or other use of ISSB Standards.
- *Section 2—Regulatory Implementation Programme* outlines the IFRS Foundation's **Regulatory Implementation Programme** to assist regulators and other relevant authorities as they design their pathways and take decisions relating to the adoption or other use of ISSB Standards.
- *Section 3—Features and descriptions of jurisdictional approaches to adopt or otherwise use ISSB Standards* sets out the **features** considered when describing and summarising jurisdictional progress towards the adoption or other use of ISSB Standards. The description of jurisdictional approaches will be used to inform, summarise and provide transparency to capital markets, regulators, other relevant authorities and other stakeholders on jurisdictional progress towards the adoption or other use of ISSB Standards.

Additional support and tools for implementation

32 The ISSB has published the IFRS Sustainability Disclosure Taxonomy to facilitate structured digital reporting as well as effective ways to consume, extract and analyse sustainability-related financial information when IFRS S1 and IFRS S2 are applied. The IFRS Sustainability Disclosure Taxonomy can improve global accessibility and comparability, and facilitate connections between sustainability-related risks and opportunities and other financial information.

33 The IFRS Foundation supports capacity building for the implementation and adoption of ISSB Standards through its Partnership Framework, which is designed to support entities, investors and other capital market stakeholders as they prepare to use ISSB Standards. The IFRS Foundation is working with public and private organisations, at global and local levels, to ensure accelerated readiness for jurisdictions to adopt or otherwise use ISSB Standards.[6]

6 The list of the IFRS Foundation's partners for capacity building is available on the IFRS Foundation website: https://www.ifrs.org/use-around-the-world/partnership-framework-for-capacity-building/.

SECTION 1—THE JOURNEY TOWARDS THE ADOPTION OR OTHER USE OF ISSB STANDARDS

34 This section of the *Jurisdictional Guide* includes information that jurisdictions could consider in designing and planning their journey towards the adoption or other use of ISSB Standards.

1.1—The policy decision

1.1.1—Identify the policy rationale for the adoption or other use of ISSB Standards

35 The journey towards adopting or otherwise using ISSB Standards starts with the determination by a jurisdiction to introduce sustainability-related disclosure requirements in its legal or regulatory framework to enhance the transparency, efficiency and integrity of its capital market and to ensure the consistency and comparability of disclosed information help mitigate greenwashing and address global demands from investors. The decision to adopt or otherwise use ISSB Standards is a sovereign decision. Each jurisdiction can and should make this choice based on its own circumstances, starting point and state of readiness, while considering the benefits of widespread adoption or other use of ISSB Standards for the effective functioning of global capital markets.

36 The policy rationale in various jurisdictions for the adoption or other use of ISSB Standards may vary and might take into account that:

- as stated by IOSCO in its *Methodology for Assessing Implementation of the IOSCO Objectives and Principles of Securities Regulation*:

  > full disclosure of information material to investors' decisions is the most important means for ensuring investor protection. Investors are, thereby, better able to assess the potential risks and rewards of their investments and, thus, to protect their own interests. As key components of disclosure requirements, accounting and auditing standards should be in place and they should be of a high and internationally acceptable quality.

- as noted by IOSCO in its June 2021 *Report on Sustainability-related Issuer Disclosures*:

  > the regulatory framework should ensure that issuers deliver information material to investors' informed investment decisions on an ongoing basis. These principles support IOSCO's objectives of fostering investor protection, and the promotion of fair, efficient and transparent markets. This requires consideration of the adequacy, accuracy and timeliness of both financial and sustainability-related disclosures, including disclosure of risks that are material to investors' decisions.

- the adoption or other use of ISSB Standards can help address the 'country or market discount' factor that can arise from investors' lack of familiarity or uncertainty about the quality, reliability and comprehensiveness of local requirements for sustainability-related financial information or their alignment with international standards.

- the adoption or other use of ISSB Standards is expected to improve domestic entities' access to foreign capital markets and encourage foreign direct investment.
- the adoption or other use of ISSB Standards can help minimise the costs associated with varying reporting requirements borne by domestic entities that need to comply with the reporting frameworks in various jurisdictions and regard the adoption or other use of ISSB Standards as central to an effective and transparent reporting regime. The degree to which a jurisdiction's capital markets are integrated into the global financial system and the jurisdiction's economy is integrated into global or regional trade and industry supply chains might be relevant factors in this context.

37 Developing a jurisdiction's policy on the adoption or other use of ISSB Standards should involve considering the jurisdiction's unique starting point, including the state of readiness of the applicable corporate reporting ecosystem. The pace of adoption or other use of ISSB Standards may vary depending on a range of factors. In some cases, a jurisdiction's relevant regulatory and policy framework is well defined, with clear governance and statutory arrangements, and the state of readiness of market participants and their experience in sustainability-related reporting allows for a straightforward and streamlined approach for the adoption or other use of ISSB Standards.

38 In other cases, the state of readiness may influence the pace of adoption or other use of ISSB Standards, whether any scalability or phasing-in considerations should be applied and the ability to leverage current sustainability-related disclosure requirements and market practices.

39 ISSB Standards support entities in meeting the needs of investors so that the information disclosed is useful in making decisions about providing resources to the entity.[7] Some jurisdictions may have an interest in introducing additional sustainability disclosure requirements to meet jurisdiction-specific requirements or broader stakeholder needs beyond the needs of investors.

40 In such cases, introducing additional disclosure requirements to address these information needs can still deliver functionally aligned outcomes if doing so does not obscure information required by ISSB Standards.[8] Functionally aligned outcomes can be achieved even if the additional disclosure requirements are intended to meet the needs of stakeholders beyond investors.

7 IFRS S1 defines general purpose financial reports as 'reports that provide financial information about a reporting entity that is useful to primary users in making decisions relating to providing resources to the entity. Those decisions involve decisions about: (a) buying, selling or holding equity and debt instruments; (b) providing or selling loans and other forms of credit; or (c) exercising rights to vote on, or otherwise influence, the entity's management's actions that affect the use of the entity's economic resources. General purpose financial reports include—but are not restricted to—an entity's general purpose financial statements and sustainability-related financial disclosures'.

8 This reflects the requirements of IFRS S1. In particular, paragraph 62 of IFRS S1 states that 'an entity may disclose information required by an IFRS Sustainability Disclosure Standard in the same location as information disclosed to meet other requirements, such as information required by regulators. The entity shall ensure that the sustainability-related financial disclosures are clearly identifiable and not obscured by that additional information'. Additionally, paragraph B27 of IFRS S1 states that 'an entity shall identify its sustainability-related financial disclosures clearly and distinguish them from other information provided by the entity. An entity shall not obscure material information. Information is obscured if it is communicated in a way that would have a similar effect for primary users to omitting or misstating that information'. Paragraph B27 of IFRS S1 provides examples of circumstances that might result in material information being obscured.

41 Market participants, including investors and entities, require clarity on the policy rationale behind the planned jurisdictional steps towards the adoption or other use of ISSB Standards. Appropriate engagement and involvement with market participants can help build a degree of consensus that supports implementation measures. Market participants can benefit from a clear and timely explanation by regulators or other relevant authorities of:

- the rationale for a jurisdiction to adopt or otherwise use ISSB Standards;
- the jurisdiction's roadmap (see Section 1.2—*The project plan*) and pathway to adoption or other use of ISSB Standards, taking into consideration the jurisdiction's particular circumstances;
- the entities that are subject to the sustainability-related disclosure requirements and any scalability or phasing-in considerations; and
- the development of the adoption process, transitional arrangements and the final regulatory regime that will prevail in the jurisdiction.

1.1.2—Decide which entities are in scope and date of application

42 The policy rationale for the adoption or other use of ISSB Standards and a jurisdiction's state of readiness will influence the decision about which entities are in scope and the date of application of the requirements. The levels of investor demand and maturity of sustainability reporting differ across entities and jurisdictions. As entities progress over time in their understanding, governance, data collection and ability to assess sustainability matters, jurisdictions might choose to consider scalability or the phasing in of requirements for various entities in a way that allows the system to mature at pace.

43 In deciding which entities should apply sustainability-related disclosure requirements, consideration should be given to a jurisdiction's current regulatory framework. For example, if a jurisdiction has introduced regulatory requirements or set guidance based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, Sustainability Accounting Standards Board (SASB) Standards or the Integrated Reporting Framework, and these reporting frameworks and standards are widely used by entities that will be subject to the sustainability-reporting regulation, the transition to ISSB Standards may be easier because important elements of these reporting frameworks and standards are built into ISSB Standards.

44 The transition to ISSB Standards may also be easier in jurisdictions where the Global Reporting Initiative (GRI) Standards are widely used. Furthermore, paragraph 57 of IFRS S1 requires that, in the absence of an IFRS Sustainability Disclosure Standard that specifically applies to a sustainability-related risk or opportunity, an entity shall apply judgement to identify information that is relevant to the decision-making of users of general purpose financial reports and that faithfully represents the sustainability-related risk or opportunity. Appendix C of IFRS S1 states that an entity may refer to and consider the applicability of the GRI Standards and the European Sustainability Reporting Standards in making that judgement, to the extent these sources assist the entity in meeting the objective of IFRS S1 and do not conflict with IFRS Sustainability Disclosure Standards.

45 Jurisdictions might decide to require ISSB Standards or other sustainability-related disclosure requirements for *publicly accountable entities* only, or they might permit or later require non-publicly accountable entities to apply ISSB Standards or other sustainability-related disclosure requirements. Jurisdictions might also decide to encourage non-publicly accountable entities to apply the TCFD recommendations as a first step to prepare for the application of ISSB Standards or other sustainability-related disclosure requirements.

1.1.3—Explain how the process to adopt or otherwise use ISSB Standards will proceed

46 In developing the policy decision, it is important to explain to market participants how the policy will be implemented so they are informed about how the change is going to happen and can plan accordingly.

47 Some jurisdictions may require the adoption or other use of ISSB Standards following various strategies, including:

- introducing the requirements as of a single effective date, or perhaps as of a series of dates for entities of different sizes; and
- making progress in their journeys over a transition period, perhaps with a series of milestones towards adoption or other use of ISSB Standards.

48 Making progress over a period of time may be a useful strategy for adoption or other use of ISSB Standards if it is necessary for a jurisdiction to build professional capacity in multiple levels of the corporate reporting ecosystem. Capacity building may be needed not only for entities, but also for assurance providers, regulators and other relevant authorities.

49 However, it is important to consider some potential shortcomings with strategies that do not result in the delivery of globally comparable sustainability-related financial information or that delay such comparability during the transition period. Shortcomings could include:

- not fully eliminating the risk of a jurisdictional ‘country or market discount’ until all the relevant requirements have been introduced. Throughout the transition period to full disclosures, investors will be unable to access full and comprehensive sustainability-related financial information from the relevant entities in the jurisdiction.
- entities with cross-border activities continuing to need to comply with potentially different requirements in another jurisdiction.
- not providing full comparability. Making progress over a period of time does not provide full comparability in sustainability-related disclosures from one year to the next, because reporting requirements will evolve throughout the transition. It also does not allow full comparability of information between entities of different sizes that are at different stages of applying the ISSB Standards or other sustainability-related disclosure requirements.

1.2—The project plan

1.2.1—Develop a project plan (roadmap)

50 Successful adoption or other use of ISSB Standards can benefit from developing and communicating a detailed jurisdictional project plan (often referred to as a roadmap), with clear objectives and milestones that establish accountability. The roadmap will help entities start to plan and design their implementation programmes and make progress with implementation projects while the regulatory framework is being confirmed.

51 The publication of a roadmap complete with objectives and milestones also helps identify obstacles that must be overcome for the adoption or other use of ISSB Standards.

1.2.2—Roles and responsibilities: identify and communicate who is in charge and who should be involved

52 Jurisdictions that have managed a successful adoption process for IFRS Accounting Standards have tended to identify and equip either a single organisation or an inter-agency committee with the necessary statutory powers to drive the project.

53 Clarity on the authority leading the adoption process in a jurisdiction also helps streamline communications and engagement with the IFRS Foundation.

54 Whether involved as part of a committee for the adoption or other use of ISSB Standards or through other consultative arrangements, relevant parties may include:

- governmental and ministerial authorities responsible for introducing changes to legislation or regulation related to sustainable finance and/or sustainability reporting.
- securities, prudential and other relevant regulatory authorities with mandates related to capital market functioning, listing rules and protection of the interests of primary capital providers, and with responsibility for the enforcement and monitoring of associated regulation, including reporting requirements.
- any national standard-setter responsible for sustainability, accounting or corporate reporting.
- representatives of investors, as the primary users of general purpose financial reports of domestic entities.
- representatives of corporate associations or industry bodies, as the parties best placed to collect questions the adoption process might address and to provide input on the costs and benefits related to the adoption or other use of ISSB Standards or the state of preparedness of domestic entities.
- representatives of assurance providers and consultancy firms, because of their wide networks, their roles in communicating with many entities or helping to design entities' implementation programmes, and their insights regarding levels of preparedness and assurability. These providers typically have access to international networks which they can use to share experiences from other jurisdictions.

- representatives of professional bodies and academic institutions, as the organisations responsible for designing and delivering training for today's professionals and the curricula for upcoming generations of students.

1.2.3—Identify issues in local legislation and regulation

55 The regulatory or legal reporting framework in a jurisdiction might require other legislation or regulation to be implemented before the jurisdiction can effectively adopt or otherwise use ISSB Standards.

56 For IFRS Accounting Standards, the IFRS Foundation has observed a variety of adoption approaches, ranging from incorporation by reference, whereby the application of each new Standard is automatically required under local law or regulation, to endorsement processes that require specific actions by local bodies on a standard-by-standard basis. For the adoption or other use of ISSB Standards, the policy decision should address details of the adoption process of ISSB Standards both initially and on an ongoing basis.

57 IOSCO's endorsement of ISSB Standards may support jurisdictional decision-making and streamline jurisdictional processes for the formal adoption or other use of ISSB Standards into regulatory frameworks. Jurisdictions should take into account the complexities and delays that might arise in the context of a duplicative process in considering whether the ISSB Standards effectively deliver consistent and comparable information for capital markets.

58 Jurisdictions may consider a multi-staged adoption or other use of ISSB Standards. For example, jurisdictions willing to accelerate the adoption or other use of ISSB Standards could initially set requirements for listed entities through listing rules before enacting other legislation that might be more complex and require involvement of various elements of the jurisdiction's policymaking.

59 The role and purpose of the IFRS Foundation is not to determine jurisdictional roadmaps, nor does it have extensive expertise in jurisdictional company law or rulemaking. However, the IFRS Foundation has and will continue to gain experience from jurisdictional adoption of IFRS Accounting Standards and ISSB Standards, and is committed to sharing such experiences with jurisdictions as they develop and execute their roadmaps towards the adoption or other use of ISSB Standards.

1.2.4—Copyright, licensing and translation

Intellectual property rights

60 IFRS Standards are original standards created by the IFRS Foundation through its standard-setting bodies, the IASB and the ISSB. The IFRS Foundation owns the worldwide copyright to IFRS Standards in all languages in respect of which all rights are reserved. The IFRS Foundation owns the exclusive right to reproduce IFRS Standards, or to authorise others to reproduce IFRS Standards, use, build from or refer to IFRS Standards for the development of local standards, or to translate IFRS Standards. The IFRS Foundation offers a variety of intellectual property agreements and licences, each based on the legal framework surrounding a jurisdiction's adoption strategy and language requirements.

61 The IFRS Foundation's trade marks are registered and protected globally and may not be used without the prior written consent of the IFRS Foundation or an appropriate licence being in place.

62 The protection of the IFRS Foundation's intellectual property is essential to maintaining the reputation of IFRS Standards and necessary to support global use and recognition of IFRS Standards and the IFRS Foundation's mission.

63 The IFRS Foundation strongly encourages jurisdictions to contact its Translation, Adoption and Copyright team at tac@ifrs.org to discuss the requirements regarding the use of the IFRS Foundation's intellectual property and/or trade marks for the jurisdiction before making definitive plans for the use of the IFRS Foundation's intellectual property and brand, and issuing a roadmap towards the adoption or other use of ISSB Standards.

Translations

64 The IFRS Foundation recognises the central role of providing ISSB Standards and supporting material in various languages. The IFRS Foundation, therefore, seeks the close cooperation of jurisdictions and organisations interested in producing translations of ISSB Standards and related material or for using ISSB Standards for the development of local sustainability-related disclosure requirements (or standards). Moreover, the translation of ISSB Standards is often also an important component in a jurisdiction's decision to adopt or otherwise use ISSB Standards.

65 It is in the interest of any jurisdiction adopting or otherwise using ISSB Standards that the translations are of a high quality. Jurisdictions adopting or permitting the use of ISSB Standards will only be able to benefit from the comparability and transparency of information that ISSB Standards provide if they are rendered accurately and completely into jurisdictions' languages.

66 For more information on copyright and translation, please refer to the IFRS Foundation *Licensing Policy for Reproduction and Translation of IFRS Standards for Adoption*.

1.3—Resources

1.3.1—Identify and plan resources

67 Adopting or otherwise using ISSB Standards may require resources that are highly specialised and technical. Access to those resources might be especially challenging in developing economies and for non-publicly accountable entities.

68 As ISSB Standards are adopted or otherwise used globally, the number of local professionals who know and understand ISSB Standards is likely to increase. This increase in expertise is expected to occur even in jurisdictions that have not adopted or otherwise used ISSB Standards because domestic entities may apply ISSB Standards to prepare general purpose financial reports for use in security offerings locally or elsewhere, or as part of their supply chain relationships. Knowing the local circumstances is the first step towards identifying the resources necessary for the adoption process.

1.3.2—Capacity building by the IFRS Foundation

69 The IFRS Foundation is making resources available that many jurisdictions might find helpful, including the knowledge hub, which brings together content curated by the IFRS Foundation and others. The IFRS Foundation expects these resources will help entities get started when ISSB Standards are adopted or otherwise used in their jurisdiction.

70 The IFRS Foundation is supporting adoption or other use of ISSB Standards by jurisdictions and implementation of ISSB Standards by entities through its *Partnership Framework for Capacity Building* and is working with other organisations that are also active and can help, such as:

- local and regional development banks;
- regional standard-setting groups; and
- professional and standard-setting bodies.

71 Building capacity to adopt or otherwise use ISSB Standards is not limited to entities, investors and assurance providers. Securities and prudential regulators also need to consider capacity needs.

72 Confidence in a jurisdiction's financial reporting system rests on the standards that govern reporting and on the perceived quality of (regulatory) enforcement. The IFRS Foundation has protocols and working arrangements with regulators to support adoption and use of ISSB Standards.

SECTION 2—REGULATORY IMPLEMENTATION PROGRAMME

73 Realising the mission to deliver globally comparable information to capital markets requires widespread adoption or other use of ISSB Standards that is consistent with respect to the scope of application and phasing in of specific requirements.

74 Accordingly, the IFRS Foundation is keen to work with international bodies, regulators, other relevant authorities and policymakers, as well as other stakeholders, to deliver educational content and capacity building to assist them in their decision-making and planning for the adoption or other use of ISSB Standards. The IFRS Foundation is working closely with IOSCO and other partners to design a programme to enhance regulators' understanding and capabilities in the areas of climate and other sustainability-related disclosures.

75 The jurisdictional profiles and descriptions of jurisdictional approaches will enhance the IFRS Foundation's understanding of capacity building needs across stakeholder groups. This information will support the IFRS Foundation in identifying regulatory-related capacity building needs and to coordinate its own efforts to support regulators and other relevant authorities in adopting or otherwise using ISSB Standards.

76 The IFRS Foundation is developing a Regulatory Implementation Programme (Programme) as a vehicle to assist regulators and other relevant authorities in the design of their pathways and as they make decisions relating to the adoption or other use of ISSB Standards.

77 The goal of the Programme is:

- to inform regulators and other relevant authorities of considerations regarding regulatory structures, processes and outcomes relevant to the adoption or other use of ISSB Standards.
- to outline the policy rationale for adoption or other use of ISSB Standards, including the rationale for consistent adoption approaches.
- to provide regulators, other relevant authorities and policymakers with clarity on how their proposed approaches will be described in accordance with the *Jurisdictional Guide* and how the approaches compare to experiences in other jurisdictions. The description of jurisdictional approaches would include, among other considerations, information about time lines of when and which entities apply IFRS S1 and IFRS S2 (or requirements designed to provide functionally aligned outcomes).

78 With this Programme, the IFRS Foundation, in collaboration with its partners, intends to provide practical tools, educational material and capacity building to support regulators and other relevant authorities in their journeys to adopt or otherwise use ISSB Standards. The Programme will build on capacity building, educational and other supporting materials made available by the IFRS Foundation and the ISSB to support the use of ISSB Standards.

79 The regulatory-related capacity building and technical assistance programmes will be designed to address the various jurisdictional adoption approaches, the comprehensiveness of the adoption choices and the time lines towards adoption or other use of ISSB Standards.

80 The materials of the Programme will be prepared to suit the perspectives of regulators and other relevant authorities that have the mandate, competence and statutory powers to determine the disclosure requirements and the applicable framework for publicly accountable entities providing general purpose financial reports. In most instances, competence rests with capital market authorities and securities regulators. The materials will also take into account the views of other complementary adopting authorities, such as prudential and financial stability authorities. The materials will facilitate the consideration, adoption and implementation of ISSB Standards—for example, assisting regulators and other relevant authorities, clearly and effectively on-boarding entities and effectively phasing in supervision. Consideration will also be given to the introduction of assurance and related supervision.

81 The IFRS Foundation has published a *Regulatory Implementation Programme Outline*, which provides an overview of the content of the Programme and how its components can support regulators and other relevant authorities. These components and educational materials will be produced over the coming months, based on the needs identified through the IFRS Foundation and its partners engaging with jurisdictions.

SECTION 3—FEATURES AND DESCRIPTIONS OF JURISDICTIONAL APPROACHES TO ADOPT OR OTHERWISE USE ISSB STANDARDS

3.1—Benefits of transparency and visibility on jurisdictional approaches

82 The publication of IFRS S1 and IFRS S2 in June 2023 was an important milestone and a first step towards forming a common global language for sustainability-related financial disclosures for use in capital markets. Timely, consistent and comprehensive adoption or other use of ISSB Standards is essential to delivering the information on sustainability-related risks and opportunities for informed investment decisions and to achieve the degree of global consistency and comparability that markets and investors need.

83 In order to provide transparency and visibility to the markets, the IFRS Foundation is of the view that capital markets, regulators, other relevant authorities and other stakeholders can benefit from having access to information about steps being taken by jurisdictions in their adoption journeys.

84 IOSCO reflected in its *Board Priorities—Work Program 2023–2024* that its Sustainable Finance Task Force 'will review how different jurisdictions are using the new standards and take additional monitoring and capacity building initiatives, as needed.' In its *Update to IOSCO 2023–24 Work programme: March 2024–March 2025 Workplan*, IOSCO reflected that '2024 will see on-going engagement with the ISSB on capacity building as jurisdictions consider ways in which they might adopt, apply or otherwise be informed by the ISSB standards S1 and S2.' It also noted in relation to its project on the 'Implementation by emerging markets of international standards for sustainability corporate disclosures' that 'IOSCO is conducting a stock-take among its members to understand the level of readiness and the steps taken by these jurisdictions to adopt and implement the ISSB standards locally. The results of this survey will inform the capacity building programme initiatives to be taken in 2024 to support members.'

85 The FSB reflected in its 2023 report *Roadmap for Addressing Financial Risks from Climate Change Progress* that it 'will continue to report annually to the G20 on progress in implementation by jurisdictions and firms of disclosures and reporting in line with international standards'.

86 Investors and other stakeholders have expressed a strong interest in the delivery of globally comparable climate and other sustainability-related information for capital markets. Many of these investors operate across jurisdictional borders and manage investment portfolios that are globally diversified and comprise investments in securities from entities operating in various jurisdictions.

87 The IFRS Foundation's engagement with local investors in many jurisdictions and global investors, including through the ISSB Investor Advisory Group,[9] emphasised the need of investors to be able to follow and understand jurisdictional approaches towards the introduction of sustainability-related disclosure requirements, including the adoption or other use of ISSB Standards. An appropriate understanding of jurisdictional approaches can help investors to assess, compare and price sustainability-related risks and opportunities, and to ensure it is clear when information is provided on a consistent and comparable basis.

88 Investors have also reiterated their lack of resources to conduct comprehensive monitoring across jurisdictions.

89 The IFRS Foundation acknowledges that jurisdictions could progress towards the introduction of sustainability-related disclosure requirements at a different pace and might be at different stages in their regulatory cycle and adoption pathways. Clarity on the overall direction and transitional considerations can help local and global stakeholders suitably engage with jurisdictions in the early stages of their roadmaps.

90 The main objective of describing jurisdictional approaches towards the introduction of sustainability-related disclosure requirements—including the adoption or other use of ISSB Standards—is to provide information to jurisdictions seeking guidance and support, as well as to capital markets and other stakeholders that want to understand progress. This tool can also assist jurisdictions willing to learn and draw from the experience of other jurisdictions in the adoption or other use of ISSB Standards.

91 In the view of the IFRS Foundation, there are several benefits from providing greater transparency and visibility through descriptions of jurisdictional approaches and progress towards the introduction of sustainability-related disclosure requirements, including the adoption or other use of ISSB Standards. These benefits include:

- providing capital markets, regulators, other relevant authorities and other stakeholders with greater detail and granularity on the range of approaches jurisdictions may take towards the introduction of sustainability-related disclosure requirements, including the adoption or other use of ISSB Standards;
- supporting regulators and other relevant authorities in identifying jurisdictions following a similar jurisdictional approach, enabling them to provide mutual support and share experiences either bilaterally or through international or regional bodies; and
- supporting the IFRS Foundation in the identification of capacity building needs and in coordinating its own efforts to support the adoption or other use of ISSB Standards globally.

9 Information about the ISSB Investor Advisory Group is available on the IFRS Foundation website: https://www.ifrs.org/groups/issb-investor-advisory-group/.

3.2—Jurisdictional profiles and descriptions of jurisdictional approaches

92 To achieve the benefits set out in Section 3.1—*Benefits of transparency and visibility on jurisdictional approaches*, the IFRS Foundation plans to develop and publish high-level jurisdictional profiles, informed by bilateral discussions with jurisdictions. These profiles will be developed using the features set out in Section 3.3—*Features of jurisdictional approaches* and will be prepared when a jurisdiction's approach to sustainability reporting is finalised and no longer subject to consultation—that is, when jurisdictions have formally announced or finalised their decisions on the adoption or other use of ISSB Standards or have otherwise introduced sustainability-related disclosure requirements.[10] The jurisdictional profiles will include information about:

- the **stated jurisdictional target** that a jurisdiction aims to achieve for sustainability-related disclosure requirements, including adopting or otherwise using ISSB Standards or introducing requirements with functionally aligned outcomes. This target could reflect: (i) the final milestone in the jurisdictional roadmap towards the introduction of sustainability-related disclosure requirements[11] or (ii) requirements that have already been introduced by law or regulation but application by entities will be required at a future date; and
- the **most up-to-date status** of a jurisdiction's sustainability-related disclosure requirements, including the adoption or other use of ISSB Standards, that entities in the jurisdiction are required or permitted to apply at the time the jurisdictional profile is published.

93 The IFRS Foundation's consideration of the features for jurisdictional approaches will inform the jurisdictional profiles and an overarching summary description of each jurisdiction's approach.

94 The jurisdictional profiles will be informed by and developed in conjunction with the regulators and other relevant authorities in the jurisdictions and will require a high-level analysis of the jurisdictional approach. The jurisdictional profiles will describe the scope of the jurisdictional approach, including any deviations or modifications from the ISSB Standards.

95 The publication of jurisdictional profiles and overarching summary descriptions will enable stakeholders to understand the extent to which emerging disclosure requirements will support the consistency and comparability of climate and other sustainability-related information provided by entities to investors in various jurisdictions.

96 Together with this *Jurisdictional Guide*, the jurisdictional profiles will better equip the IFRS Foundation to undertake and coordinate its own efforts to support international regulators, other relevant authorities and international organisations (including the Monitoring Board of the IFRS Foundation, IOSCO and the FSB) in encouraging and monitoring the adoption or other use of ISSB Standards in a way that promotes globally consistent and comparable climate and other sustainability-related disclosures for investors.

10 The content to be included in jurisdictional profiles is intended for general information only and may change from time to time. The jurisdictional profiles will be updated periodically.

11 The stated jurisdictional target could be achieved in a single step if the jurisdiction requires implementation of sustainability-related disclosure requirements at a single point in time or phased in through a series of steps for implementation at various points in time.

3.3—Features of jurisdictional approaches

97 The IFRS Foundation anticipated in *The jurisdictional journey towards implementing IFRS S1 and IFRS S2—Adoption Guide overview*, published in July 2023, some features it will consider to understand and describe the approaches of jurisdictions that have formally considered the adoption or other use of ISSB Standards, or have otherwise introduced regulations or sustainability-related disclosure requirements, or set guidance or expectations for sustainability-related disclosures.

98 The *Preview of the Inaugural Jurisdictional Guide on the adoption or other use of ISSB Standards* advanced the features that will form the basis of the description of jurisdictional approaches and the jurisdictional profiles. The IFRS Foundation has identified several features that help to inform the understanding of a jurisdiction's approach towards the introduction of sustainability-related disclosure requirements, including the adoption or other use of ISSB Standards. The features relate to the introduction of sustainability-related disclosure requirements in the jurisdiction's regulatory framework, instead of to the application of the requirements or the extent of use of the requirements by entities, which may in some cases be voluntary and not reflect the regulatory framework.

99 The features are designed to acknowledge differences in structural, regulatory and institutional factors in various jurisdictions and to allow for the application of judgement in analysing a jurisdiction's approach.

100 Table 2 summarises the features the IFRS Foundation considers to inform and describe jurisdictional approaches towards the introduction of sustainability-related disclosure requirements, including the adoption or other use of ISSB Standards.

Table 2—Features of jurisdictional approaches

Section	Feature	Relevant aspect of feature
3.3.1	Regulatory or legal standing	Introduction of a legislative or regulatory requirement to apply ISSB Standards or to otherwise introduce sustainability-related disclosure requirements
3.3.2	Degree of alignment	Extent to which ISSB Standards are fully transposed into regulatory frameworks or, if not fully transposed, the degree of alignment of local standards and ISSB Standards
3.3.3	Targeted entities—publicly accountable entities	Extent to which requirements are applicable to all or most domestic publicly accountable entities
3.3.4	Publicly accountable entities—market segments	When applicable, extent to which requirements are applied to first (prime, premium or senior) and second (standard) tiers of publicly accountable entities

Section	Feature	Relevant aspect of feature
3.3.5	Placement of disclosures	Whether disclosures are required to be included in general purpose financial reports[12]
3.3.6	Reporting entity	Requirements for consolidated sustainability-related financial information
3.3.7	Dual reporting	Any requirements for dual reporting
3.3.8	Effective date	Extent to which requirements refer to currently effective ISSB Standards (noting that IFRS S1 and IFRS S2 include transition standard reliefs)
3.3.9	Transition reliefs	Extent and nature of phasing in of specific requirements in ISSB Standards and extensions of transition standard reliefs (referred to as *'transition adoption reliefs'*)
3.3.10	Jurisdictional modifications	Extent and nature of *jurisdictional modifications* (jurisdictional modifications are defined as changes to or exemption from requirements in ISSB Standards other than transition adoption reliefs)
3.3.11	Additional disclosure requirements	Whether additional disclosures introduced into requirements obscure information required by ISSB Standards

3.3.1—Regulatory or legal standing

101 IOSCO's statement on the endorsement of ISSB Standards recognises that jurisdictions might use various ways and mechanisms to introduce ISSB Standards into their regulatory frameworks, taking into account their jurisdictional arrangements. These include mechanisms to adopt or otherwise use ISSB Standards.

102 In the *Jurisdictional Guide*, the adoption or other use of ISSB Standards is understood as requiring regulatory or legal action by a jurisdiction.

103 The IFRS Foundation intends to describe in the jurisdictional profiles the sustainability-related disclosure requirements introduced in the jurisdiction's legal and regulatory framework.

12 IFRS S1 notes that there are various possible locations in an entity's general purpose financial reports in which to disclose sustainability-related financial information. Sustainability-related financial disclosures could be included in an entity's management commentary or a similar report when it forms part of an entity's general purpose financial reports. Management commentary or a similar report is a required report in many jurisdictions. It might be known by or included in reports with various names, such as 'management report', 'management's discussion and analysis', 'operating and financial review', 'integrated report' or 'strategic report'.

Permitting ISSB Standards

104 Jurisdictions could introduce sustainability-related disclosure requirements in their legal and regulatory frameworks by permitting the use of ISSB Standards or other sustainability-related disclosure requirements.

105 Permitting the use of ISSB Standards or requirements with functionally aligned outcomes could be an initial step in the journey to adopt or otherwise use ISSB Standards. This strategy would allow a transition period during which market participants can gain practical understanding of the application of ISSB Standards before they become mandatory in the jurisdictions.

106 Other jurisdictions could permit the use of ISSB Standards or other sustainability-related disclosure requirements on a more permanent basis. Permission could be extended to only some entities (for example, foreign issuers), while other entities (for example, domestic issuers) would be subject to domestic sustainability-related disclosure requirements.

107 The IFRS Foundation intends to describe in the jurisdictional profiles the jurisdiction's introduction of a permission to use ISSB Standards or other sustainability-related disclosure requirements.

108 The IFRS Foundation plans to monitor periodically the implementation and application of ISSB Standards or requirements with functionally aligned outcomes by entities in jurisdictions that permit and encourage the use of ISSB Standards. Specifically, the IFRS Foundation will monitor the uptake of ISSB Standards by publicly accountable entities and their relative weight in relation to the jurisdiction's overall market capitalisation.

109 The jurisdictional profile and jurisdictional approach of a jurisdiction that initially permits the use of ISSB Standards or other sustainability-related disclosure requirements will be updated if the jurisdiction later requires, by law or regulation, entities to apply ISSB Standards or other sustainability-related disclosure requirements.

3.3.2—Degree of alignment

110 The description of a jurisdictional approach considers the degree to which the disclosures included within a jurisdiction's regulatory requirements are functionally aligned to disclosures required by IFRS S1 and IFRS S2.

111 The jurisdictional profile considers:

(a) whether a jurisdiction has incorporated requirements that transpose ISSB Standards into its regulatory framework by instituting a legal requirement for all or most domestic publicly accountable entities to apply IFRS S1 and IFRS S2 as issued by the ISSB; or

(b) in situations in which ISSB Standards are not fully transposed into the jurisdiction's regulatory framework, the degree of alignment between local sustainability-related disclosure requirements (or standards) and IFRS S1 and IFRS S2, and whether those local requirements (or standards) are designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2.

3.3.3—Targeted entities—publicly accountable entities

112 When making policy determinations on the introduction of sustainability-related disclosure requirements, jurisdictions determine which entities will be subject to these requirements. The IFRS Foundation's objective is to set IFRS Standards that result in the provision of high-quality, transparent and comparable information in financial statements and in sustainability disclosures that is useful to investors and other participants in the world's capital markets in making economic decisions. In the light of this objective, investors' needs for consistent and comparable sustainability-related financial information is the most relevant factor for the IFRS Foundation when considering a jurisdiction's requirements.

113 For the purpose of this *Jurisdictional Guide*, publicly accountable entities are:

(a) entities whose securities are traded in a public market or entities in the process of issuing securities for trading in a public market (sometimes called listed entities or public entities);[13] and

(b) entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses (for example, banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks) and have a significant weight in the jurisdiction, regardless of their ownership structure or listed status.[14]

114 For the purpose of this *Jurisdictional Guide*, publicly accountable entities do not include:

(a) entities whose securities are traded in private markets;

(b) entities whose securities are traded in relatively small public securities markets;

(c) entities that are generally characterised by small shareholder bases or low liquidity, or that are not subject to extensive corporate governance disclosure requirements;

(d) entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses and do not have a significant weight in the jurisdiction; or

(e) other entities such as private entities and entities without public accountability that are often referred to as SMEs.

115 Publicly accountable entities may extend beyond listed entities in some jurisdictions. Furthermore, some jurisdictions might not have entities listed on a stock exchange, but might have many deposit-taking institutions (for example, banks, insurance companies and credit unions). The jurisdictional profile identifies requirements for publicly accountable entities even if the jurisdiction does not have a stock exchange.

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13 Public markets can be regulated by laws (such as a companies act, accountancy law or securities law) or regulations (such as regulations imposed by securities regulators).

14 The principles and approach used to identify publicly accountable entities are consistent with the definition of public accountability in the *IFRS for SMEs* Accounting Standard. However, the definition differs because it does not refer to the weight of an entity in the jurisdiction.

116 In describing a jurisdictional approach towards the introduction of sustainability-related disclosure requirements—including the adoption or other use of ISSB Standards—the jurisdictional profile considers, among other things, if the jurisdiction has introduced in law or regulation:

(a) sustainability-related disclosure requirements for all or most domestic publicly accountable entities; and

(b) permission for domestic and/or foreign publicly accountable entities to use ISSB Standards or other sustainability-related disclosure requirements.

117 A jurisdictional profile also considers situations in which a jurisdiction requires or permits the use of ISSB Standards or other sustainability-related disclosure requirements for foreign publicly accountable entities, but not for domestic publicly accountable entities.

3.3.4—Publicly accountable entities—market segments

118 Many jurisdictions classify publicly accountable entities (often also referred to as issuers, filers or registrants) according to domestic stock market segments that reflect specific parameters. These parameters include the size of an entity, an entity's cross-border and global orientation based on its shareholder base, an entity's volume of traded securities, or financial, liquidity and corporate governance thresholds.

119 Depending on the parameter used, publicly accountable entities might be classified into market tiers. For example:

- **first tier**—prime, premium or senior;
- **second tier**—standard; or
- **third tier**—growth, entry or venture.

120 Jurisdictions may have particular market structures or follow various market tiering or segmentation structures. The concept of first and second tiers is intended to capture large listed entities that have a significant volume of traded securities, a large shareholder base and high annual revenue.

121 Typically, entities in the first and second tiers (prime, premium or senior, and standard) are subject to the highest standards of transparency and are required to meet extended disclosure requirements. Entities in the third tier (growth, entry or venture) are usually subject to less stringent standards of transparency.

122 For the purpose of this *Jurisdictional Guide*, the notion of 'most' publicly accountable entities:

(a) encompasses mainly listed entities in a jurisdiction that are classified in the first and second tiers, including entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses (for example, banks, insurance companies and credit unions) and have a significant weight in the jurisdiction, regardless of their ownership structure or listed status. The concept of 'most' publicly accountable entities is intended to capture the weight of the entities in relation to the economy or activity in the jurisdiction, instead of the number of entities subject to the requirements. The concept is based on the relative weight of listed entities captured by the requirements in relation to the jurisdiction's gross domestic product or the overall market capitalisation in the main equity index.[15]

(b) does not include other entities such as private entities and entities without public accountability that are often referred to as SMEs or entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses and do not have a significant weight in the jurisdiction. Requirements and exemptions for entities in the third tier and other entities (such as SMEs) are not aspects considered in the description of the jurisdictional approach.

123 In describing a jurisdictional approach towards the introduction of sustainability-related disclosure requirements—including the adoption or other use of ISSB Standards—the jurisdictional profile considers, among other things, if the jurisdiction has introduced in law or regulation sustainability-related disclosure requirements:

(a) for all or most entities in the first and second market tiers of publicly accountable entities, irrespective of the requirements for entities in the third tier; or

(b) that capture all or most large listed entities that have a significant volume of traded securities, a large shareholder base and high annual revenue.

124 The requirements introduced in law or regulation for entities in the third tier, for entities without public accountability or for other entities such as SMEs are not considered in the description of the jurisdictional approach and the jurisdictional profile.

3.3.5—Placement of disclosures

125 Disclosures provided applying ISSB Standards are intended to meet the needs of investors so that the information disclosed is useful to them in making decisions about providing resources to an entity.

126 Disclosures required by IFRS S1 and IFRS S2 are designed to be included in general purpose financial reports. Accordingly, IFRS S1 requires that the information be provided as part of these reports.

15 The relative weight of listed entities is determined based on their equity market capitalisation, which refers to the aggregate equity market value of entities whose common shares trade in secondary markets averaged over five years.

127 A jurisdictional profile describes whether sustainability-related financial disclosures are required or permitted to be provided as part of the general purpose financial report.[16]

128 The jurisdictional profile does not include information required or permitted by jurisdictions to be provided outside general purpose financial reports. Such information is not considered in the description of the jurisdictional approach.

3.3.6—Reporting entity

129 IFRS S1 requires that sustainability-related financial disclosures be for the same reporting entity as for the related general purpose financial statements. Paragraph B38 of IFRS S1 states:

> For example, consolidated financial statements prepared in accordance with IFRS Accounting Standards provide information about the parent and its subsidiaries as a single reporting entity. Consequently, that entity's sustainability-related financial disclosures shall enable users of general purpose financial reports to understand the effects of the sustainability-related risks and opportunities on the cash flows, access to finance and cost of capital over the short, medium and long term for that same parent and its subsidiaries.

130 Requirements for consolidated sustainability-related financial information will be considered in jurisdictional profiles and in the description of the jurisdictional approach. Requirements for separate sustainability-related financial information are not considered in the jurisdictional profile and in the description of the jurisdictional approach.

3.3.7—Dual reporting

131 Publicly accountable entities may be required to assert compliance with local sustainability-related disclosure requirements (or standards) as well as asserting compliance with ISSB Standards (often referred to as dual reporting).

132 In describing a jurisdictional approach towards the introduction of sustainability-related disclosure requirements—including the adoption or other use of ISSB Standards—the jurisdictional profile considers, among other things, if the jurisdiction has introduced law or regulation that requires or permits dual reporting. However, a requirement for dual reporting does not affect how a jurisdictional approach is described.

3.3.8—Effective date

133 The description of a jurisdiction's approach towards the introduction of sustainability-related disclosure requirements—including the adoption or other use of ISSB Standards—is based on the jurisdictional approach in relation to the requirements in IFRS S1 and IFRS S2 that are effective (that is, requirements in place in that jurisdiction at the time of the description of the jurisdictional approach will be considered relative to the requirements in effect in IFRS S1 and IFRS S2 as issued by the ISSB).

16 For example, it describes whether sustainability-related financial disclosures are required or permitted to be included in an entity's management commentary or a similar report when it forms part of an entity's general purpose financial reports. See also footnote 12.

134 As a matter of policy, the ISSB sets effective dates in its Standards in order to deliver timely, consistent and comparable sustainability-related financial information to investors. Accordingly, extending the date from which ISSB Standards are applicable in a jurisdiction, beyond the date specified in a particular Standard, will delay the provision of consistent and comparable sustainability-related financial information to investors. Such an outcome should be carefully considered by jurisdictions.

135 Nonetheless, a jurisdiction planning its pathways towards the adoption or other use of ISSB Standards might choose to consider delaying the implementation of some elements in ISSB Standards, by extending the date when one or more elements in the Standards become effective in the jurisdiction. Such extensions might apply to all or most publicly accountable entities or for one or more classes of publicly accountable entities.

136 The phasing in of specific requirements in IFRS S1 and IFRS S2 and the corresponding extension of transition reliefs are important aspects that underpin the description of the jurisdictional approach towards the adoption or other use of ISSB Standards. To ensure the provision of globally comparable information for capital markets, such phasing in should be limited only to transition standard reliefs.

3.3.9—Transition reliefs

137 The transition standard reliefs in IFRS S1 and IFRS S2 relate to:

- **'climate-first' reporting**—IFRS S1 enables an entity to disclose information on only climate-related risks and opportunities (in accordance with IFRS S2) in the first annual reporting period in which the entity applies IFRS S1. The entity is only required to disclose information related to other (non-climate) sustainability-related risks and opportunities from the second year it applies IFRS S1.
- **the timing of reporting**—IFRS S1 requires an entity to report its sustainability-related financial disclosures at the same time as its related financial statements, covering the same reporting period. However, in the first annual reporting period, IFRS S1 provides transition relief and enables an entity to report its annual sustainability-related financial disclosures after it has published the related financial statements, along with its half-year financial reports.
- **comparative disclosures**—comparative information is not required to be disclosed in the first annual reporting period in which an entity applies IFRS S1 and IFRS S2. In the second year of disclosure, an entity must provide comparative information on sustainability-related risks and opportunities, including climate. However, if an entity decides to apply the relief to disclose information on only climate-related risks and opportunities in the first annual reporting period, it does not need to provide comparative information about its sustainability-related risks and opportunities apart from climate in its second year.

- **GHG Protocol**—IFRS S2 requires an entity to use the *GHG Protocol: A Corporate Accounting and Reporting Standard (2004)* to measure greenhouse gas (GHG) emissions, unless the entity is required by regulation to use a different measurement method. However, IFRS S2 allows an entity already using a different measurement method to continue to use that method in the first year it applies IFRS S2.
- **Scope 3 GHG emissions**—IFRS S2 provides a transition relief in the first annual reporting period from disclosing Scope 3 GHG emissions.

138 With the objective to deliver globally comparable information for capital markets, the IFRS Foundation considers whether extensions of transition standard reliefs (referred to as 'transition adoption reliefs') are limited to:

- 'climate-first' reporting;
- the timing of reporting;
- GHG Protocol; and
- Scope 3 GHG emissions.

139 For the purpose of providing transparency and visibility to the market on future developments, it would be good practice for a jurisdiction to articulate publicly in its roadmap the reasons for introducing transition adoption reliefs and the rationale for phasing in requirements associated with the differing listing status of publicly accountable entities.

140 A jurisdictional profile:

(a) considers whether the phasing in of requirements is limited only to transition standard reliefs or involves the deferral or delay of other requirements in IFRS S1 and IFRS S2; and

(b) considers any extension of transition standard reliefs and describes the extent and length of transition adoption reliefs.

Changes in the jurisdictional profiles and description of jurisdictional approaches when transition adoption reliefs expire or are removed

141 On expiry or removal of the transition adoption reliefs, the IFRS Foundation updates the jurisdictional profile and the description of the jurisdictional approach, considering whether the jurisdiction has introduced any modifications to or provided relief for other requirements set out in IFRS S1 and IFRS S2.

3.3.10—Jurisdictional modifications

142 For the purpose of this *Jurisdictional Guide*, jurisdictional modifications are defined as changes to or exemption from requirements in ISSB Standards other than transition adoption reliefs. Transition adoption reliefs or phasing in that extends beyond specified time frames, as well as permanent exemptions or amendments in requirements of elements included in ISSB Standards, are jurisdictional modifications to ISSB Standards.

143 Jurisdictional modifications to what is required by ISSB Standards, in particular those that result in removing or excluding requirements in ISSB Standards, could conflict with the objective of delivering timely, consistent and comparable sustainability-related financial information to users of general purpose financial reports.

144 The IFRS Foundation considers the nature, pervasiveness, effect, quantity and stated permanence of jurisdictional modifications when it develops its descriptions of jurisdictional approaches to adopt or otherwise use ISSB Standards.

145 The jurisdictional profiles are expected to include a section explaining whether the jurisdiction has introduced any modifications to what is required by IFRS S1 and IFRS S2. Each jurisdictional profile will describe the nature and extent of any modifications, and is expected to be updated to reflect the introduction of requirements from ISSB Standards that were not required initially by the jurisdiction.

Renaming or renumbering ISSB Standards

146 If a jurisdiction, in adopting ISSB Standards as local standards, renames or renumbers ISSB Standards by contractual agreement with the IFRS Foundation, but does not otherwise modify the ISSB Standards, such renaming or renumbering does not affect the jurisdictional profile and the description of the jurisdictional approach.

Removal or exclusion of an alternative treatment included in ISSB Standards

147 A jurisdiction could consider restricting, removing or excluding options, permissions or alternative treatments set out in IFRS S1 and IFRS S2.[17] A jurisdiction could also specify the alternative that must be used. Restricting, removing or excluding options might affect interoperability with other jurisdictions requiring specific treatments or with other standards, such as the GRI Standards. The removal or exclusion of alternative treatments may be considered in developing the jurisdictional profile.

148 The ISSB included in IFRS S1 and IFRS S2 the concept of 'reasonable and supportable information that is available at the reporting date without undue cost or effort', drawn from a similar concept in IFRS Accounting Standards. This concept is intended to help entities establish parameters about the type of information they need to consider, and the associated effort required to obtain such information, to support disclosures. A jurisdiction could:

- opt to remove the relief of considering undue cost or effort for some entities or particular industries;
- provide further guidance and context for the application of undue cost or effort considerations; or
- require disclosure of information that would otherwise be disclosed subject to judgement by the entity when applying IFRS S1 or IFRS S2.

17 For example, a jurisdiction might choose to consider the removal or exclusion of some sources of guidance in IFRS S1 for the identification of sustainability-related risks and opportunities or limiting the alternatives for GHG measurement methods applying IFRS S2, requiring the use of the GHG Protocol in all circumstances.

149 The removal or qualification of these reliefs will be considered in developing the jurisdictional profile and will not affect the description of the jurisdictional approach to the extent the removal or qualification does not conflict with the requirements of IFRS S1 or IFRS S2, or obscure information required by those Standards.

150 IFRS S1 and IFRS S2 require an entity to provide quantitative information on current and anticipated financial effects and connected information unless it is 'unable to do so', in which case the entity is required to provide qualitative information. Additionally, and in particular for anticipated financial effects, the ISSB decided that an entity should consider its skills, capabilities and resources in determining if it is 'able' to provide quantitative information. A jurisdiction may consider providing additional guidance for the application of these requirements and may establish thresholds to help determine an entity's ability to provide quantitative information due to its skills, capabilities and resources. As long as the additional guidance does not conflict with ISSB Standards, the provision of additional guidance by a jurisdiction does not affect the description of the jurisdictional approach.

3.3.11—Additional disclosure requirements

151 ISSB Standards support publicly accountable entities in meeting the needs of investors so that the information disclosed is useful in making decisions about providing resources to the entity. Publicly accountable entities may also be required by a jurisdiction to provide information on, or may choose voluntarily to report on, sustainability matters intended to meet the information needs of stakeholders other than investors. Jurisdictions could decide to introduce additional sustainability disclosure requirements for publicly accountable entities to meet jurisdiction-specific requirements or broader stakeholder needs. Additional disclosure requirements do not affect the description of the jurisdictional approach as long as the requirements do not obscure information required by ISSB Standards to meet the needs of investors.

152 In cases in which, following bilateral discussions with a jurisdiction and in accordance with the IFRS Foundation's understanding, a jurisdiction's additional sustainability disclosure requirements obscure information required by the ISSB Standards, this circumstance will affect how the jurisdictional approach is described in the jurisdictional profile.

153 IFRS S1 requires entities reporting their sustainability-related financial disclosures in accordance with ISSB Standards to make an explicit and unreserved statement of compliance. Assertion of compliance with ISSB Standards is possible only if the entity complies with all requirements in ISSB Standards. Entities that apply all requirements in ISSB Standards (and only those entities) are able to assert compliance with ISSB Standards as issued by the ISSB.

3.4—Jurisdictional approaches to adopt or otherwise use ISSB Standards

154 The descriptions of jurisdictional approaches and progress towards globally comparable information through the adoption or other use of ISSB Standards focus on:

(a) jurisdictions that have:

- adopted or otherwise used ISSB Standards; or
- introduced other sustainability-related disclosure requirements;

(b) jurisdictions that are in the process of:

- adopting or otherwise using ISSB Standards; or
- introducing other sustainability-related disclosure requirements; or

(c) jurisdictions that have taken steps towards:

- adoption or other use of ISSB Standards; or
- the introduction of other sustainability-related disclosure requirements.

155 The description of jurisdictional approaches and progress towards the introduction of sustainability-related disclosure requirements—including the adoption or other use of ISSB Standards—is based on the commitments published in a jurisdictional roadmap or other authoritative documents. To be meaningful to stakeholders, such commitments should ideally include concrete time lines for the adoption or other use of ISSB Standards or for the introduction of other sustainability-related disclosure requirements.

156 The description of jurisdictional approaches requires an analysis of each feature discussed in Section 3.3—*Features of jurisdictional approaches*. The description is therefore based on a holistic analysis of the overall effect of all the features, instead of an analysis of any individual feature.

157 Strategies to introduce sustainability-related disclosure requirements into regulatory frameworks could take a variety of forms, including the direct use of ISSB Standards or the introduction of local requirements (or standards) that are designed with explicit reference to IFRS S1 and IFRS S2. A jurisdiction also could introduce local requirements (or standards) that may mention, but do not contain content generally based on, IFRS S1 and IFRS S2, in which case the jurisdictional profile can reflect this fact.

158 If the jurisdiction's strategy involves making progress over a transition period, perhaps with a series of milestones towards meeting the stated jurisdictional target, the IFRS Foundation describes jurisdictional approaches considering in particular:

- publicly announced roadmaps for the adoption or other use of ISSB Standards, or the introduction of other sustainability-related disclosure requirements;
- the series of steps jurisdictions will take over time towards the adoption or other use of ISSB Standards, or the introduction of other sustainability-related disclosure requirements with interim milestones; and
- the effects of any scalability or transition reliefs that support the phased-in introduction of requirements that adopt or otherwise use ISSB Standards, or the introduction of other sustainability-related disclosure requirements.

Jurisdictional profiles will be updated as jurisdictions make progress, or as transition reliefs expire, in line with their roadmaps towards the final goal in their approach to adopt or otherwise use ISSB Standards or introduce other sustainability-related disclosure requirements.

3.4.1—Committing to adoption or other use of ISSB Standards

159 One strategy that reflects a jurisdictional approach for the future introduction of ISSB Standards into regulatory frameworks is committing to adopt or otherwise use ISSB Standards.

160 A jurisdiction's approach is described as 'committing to adoption or other use of ISSB Standards' if the jurisdiction:

- has issued a public policy statement of intent to adopt or otherwise use ISSB Standards in the foreseeable future; and
- has published a credible roadmap to fully achieving the defined target outcome in relation to that intention.

161 Jurisdictional approaches that entail a declaration of intent by a jurisdiction either without the publication of a credible roadmap targeting completion of the process or with a process completion date later than end-2029 are not described as 'committing to adoption or other use of ISSB Standards'.

3.4.2—Partially incorporating ISSB Standards

162 One strategy for the introduction of ISSB Standards into regulatory frameworks is the partial incorporation of ISSB Standards.

163 A jurisdictional approach is described as ‘partially incorporating ISSB Standards’ if the jurisdiction has introduced in its regulatory framework requirements that include specific content of IFRS S1 and IFRS S2, but with modifications other than those that are considered in the jurisdictional approach for full adoption of ISSB Standards (Section 3.4.7—*Fully adopting ISSB Standards*) such that the requirements are not designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2. This could apply if the jurisdiction:

- has changed certain requirements in IFRS S1 and IFRS S2;
- has introduced an exemption to the requirements in IFRS S1 and IFRS S2, or otherwise incompletely adopted or otherwise used ISSB Standards; or
- has adopted IFRS S2 (or has introduced disclosure requirements designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S2) without adopting (the climate-relevant portions of) IFRS S1 (or without introducing requirements designed to deliver functionally aligned outcomes to those resulting from the application of those portions of IFRS S1).

3.4.3—Permitting the use of ISSB Standards

164 One strategy for the introduction of sustainability-related disclosure requirements into a jurisdiction’s legal and regulatory framework is permitting the use of ISSB Standards.

165 A jurisdictional approach is described as ‘permitting the use of ISSB Standards’ if the jurisdiction has made a decision and set a jurisdictional target to introduce regulation that explicitly permits and encourages the use of IFRS S1 and IFRS S2 (or requirements with functionally aligned outcomes) or has introduced this permission in its regulation.

166 A jurisdictional profile describes whether the permission to use ISSB Standards or requirements with functionally aligned outcomes extends to both domestic and foreign publicly accountable entities or only to foreign publicly accountable entities.

167 For jurisdictions that are described as ‘permitting the use of ISSB Standards’, the IFRS Foundation will monitor the uptake and the extent of effective use of IFRS S1 and IFRS S2 or requirements with functionally aligned outcomes by publicly accountable entities in the jurisdiction and will analyse trends and developments.

3.4.4—Adopting ISSB Standards with extended transition

168 One strategy that reflects a jurisdictional decision to start a pathway and proceed with a phased-in adoption or other use of ISSB Standards in regulatory frameworks is adopting ISSB Standards with extended transition.

169 A jurisdictional approach is described as ‘adopting ISSB Standards with extended transition’ if the jurisdiction:

- has phased in the introduction of IFRS S1 and IFRS S2 or requirements with functionally aligned outcomes in its regulatory framework with an extension of transition standard reliefs that will be removed or will expire within three to five years; or
- has introduced transition relief from any reference to SASB Standards in the application of IFRS S1 that will be removed or will expire within three to five years.

170 For the avoidance of doubt, a jurisdictional approach introducing transition relief from any reference to SASB Standards can be described as ‘adopting ISSB Standards with extended transition’ only if it requires the provision of industry-specific information.

3.4.5—Adopting ISSB Standards with limited transition

171 One strategy that reflects a jurisdiction’s decision to progress to an accelerated phased-in adoption of ISSB Standards into its regulatory framework is adopting ISSB Standards with limited transition.

172 A jurisdictional approach is described as ‘adopting ISSB Standards with limited transition’ if the jurisdiction has phased in the introduction of IFRS S1 and IFRS S2 (or requirements with functionally aligned outcomes) targeting full adoption with limited extensions of transition standard reliefs and these transition adoption reliefs will be removed or will expire within one to three years.

173 For jurisdictional approaches described as ‘adopting ISSB Standards with limited transition’, the transition adoption reliefs are limited to:

- ‘climate-first’ reporting;
- the timing of reporting;
- GHG Protocol; and
- Scope 3 GHG emissions.

3.4.6—Adopting climate requirements in ISSB Standards

174 One strategy that reflects a jurisdictional approach in which a decision has been made—and a jurisdictional target has been set—to adopt the climate-related reporting requirements in ISSB Standards (or local climate-related reporting requirements designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S2 in combination with the climate-relevant portions of IFRS S1) into regulatory frameworks is adopting climate requirements in ISSB Standards.

175 A jurisdictional approach is described as ‘adopting climate requirements in ISSB Standards’ if the jurisdiction has adopted IFRS S2 and (the climate-relevant portions of) IFRS S1 (or local climate-related reporting requirements designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S2 in combination with the climate-relevant portions of IFRS S1). This jurisdictional approach describes jurisdictions that have decided to introduce climate-first requirements before considering any disclosure requirements for sustainability topics beyond climate. This jurisdictional approach does not include circumstances in which IFRS S2 is adopted or otherwise used without including the climate-relevant portions of IFRS S1.

176 This jurisdictional approach describes jurisdictions that have fully and comprehensively adopted requirements that are limited to climate-related risks and opportunities, without introducing any extension of transition standard reliefs.

177 Jurisdictional approaches can be described as 'adopting climate requirements in ISSB Standards' even if they have limited disclosures to climate-related requirements for an undefined period. The *Jurisdictional Guide*, including the description of this jurisdictional approach, will be reviewed within three years after it is finalised.

3.4.7—Fully adopting ISSB Standards

178 Fully adopting ISSB Standards into regulatory frameworks is the most effective jurisdictional strategy to deliver globally comparable information for capital markets. The IFRS Foundation will continue to work with regulators and other stakeholders to support their journeys towards fully adopting ISSB Standards.

179 A jurisdictional approach is described as 'fully adopting ISSB Standards' if the jurisdiction has introduced a legislative or regulatory requirement for all or most domestic publicly accountable entities to apply IFRS S1 and IFRS S2, or requirements with functionally aligned outcomes, for consolidated sustainability-related financial information as part of general purpose financial reports with no additional ongoing transition reliefs.

180 This jurisdictional approach describes:

- jurisdictions that have directly adopted IFRS S1 and IFRS S2; or
- jurisdictions that have introduced requirements with functionally aligned outcomes.

This approach includes jurisdictions that have introduced sustainability-related disclosure requirements that go beyond the disclosure requirements in IFRS S1 and IFRS S2, provided that they have also introduced requirements with functionally aligned outcomes. Mutually agreed interoperability guidance can be an effective means of communicating how disclosures can be prepared to deliver functionally aligned outcomes.

181 Jurisdictional approaches that introduce local sustainability-related disclosure requirements (or standards) designed to follow a convergence approach could be described as 'fully adopting ISSB Standards' if the required disclosures are designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2.

182 Jurisdictional approaches that introduce jurisdictional modifications to IFRS S1 and IFRS S2 that are limited to selected aspects—such as removing options permitted in IFRS S1 and IFRS S2—may be described as 'fully adopting ISSB Standards' if the requirements are still designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2.

183 ISSB Standards are designed with the objective of meeting the information needs of investors so that the information disclosed about sustainability-related risks and opportunities is useful to investors in making decisions about providing resources to the entity.

184 Users of general purpose financial reports are most readily able to identify whether such information is aligned with ISSB Standards if jurisdictions directly adopt IFRS S1 and IFRS S2.

3.5—Assertion of compliance with ISSB Standards

185 IFRS S1 requires entities that report their sustainability-related financial disclosures in accordance with ISSB Standards to make an explicit and unreserved statement of compliance. Assertion of compliance with ISSB Standards as issued by the ISSB is only possible if the entity complies with all requirements in ISSB Standards.

186 IFRS S1 relieves an entity from disclosing information otherwise required by ISSB Standards, if law or regulation prohibits the entity from disclosing that information. It also relieves an entity from disclosing information about a sustainability-related opportunity otherwise required by ISSB Standards if that information is commercially sensitive as described in IFRS S1. An entity using these exemptions is not prevented from asserting compliance with ISSB Standards.

187 Regardless of a jurisdiction's approach, entities that apply all requirements in ISSB Standards (and only those entities) are able to assert compliance with ISSB Standards as issued by the ISSB.

188 To facilitate investors' understanding of the application of the climate-relevant requirements in ISSB Standards, entities that comply with all the requirements in IFRS S2 and with the climate-relevant provisions in IFRS S1—including those in jurisdictions described as 'adopting climate requirements in ISSB Standards'—can state that they comply with the climate-related requirements in ISSB Standards.

GLOSSARY

Term	Description
Adoption or other use of ISSB Standards	The range of approaches that a competent regulatory authority in a jurisdiction may take to adopt, apply or otherwise be informed by ISSB Standards when introducing sustainability-related disclosure requirements in the jurisdiction's legal and regulatory framework. This range includes approaches that involve the adoption or other use of IFRS S1 and IFRS S2 directly, as well as the introduction of local sustainability-related disclosure requirements (or standards) designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2.
Jurisdictional modifications	Changes to or exemption from requirements in ISSB Standards other than the transition adoption reliefs.
Jurisdictional profiles	Profiles describing the status and progress towards the introduction of sustainability-related disclosure requirements, including the adoption or other use of ISSB Standards. Jurisdictional profiles will be informed by bilateral discussions with individual jurisdictions and will describe specific jurisdictional approaches.
Publicly accountable entities	Entities whose securities are traded in a public market or entities in the process of issuing securities for trading in a public market (sometimes called listed entities or public entities) and entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses (for example, banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks) and have a significant weight in the jurisdiction, regardless of their ownership structure or listed status.
Requirements with functionally aligned outcomes	Local sustainability-related disclosure requirements (or standards) designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2.
Transition standard reliefs	Transition reliefs in IFRS S1 and IFRS S2, which are available only for the first annual reporting period, limited to: (a) 'climate-first' reporting; (b) the timing of reporting; (c) GHG Protocol; and (d) Scope 3 GHG emissions.
Transition adoption reliefs	Transition standard reliefs extended beyond the first annual reporting period.

NOTES

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