

To: Corporate Reporting - Investments & Sustainable Finance WG
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Subject: ISSB approves IFRS S2 relief on Scope 3 Category 15

Summary

On 25 September the International Sustainability Standards Board (ISSB) approved amendments to IFRS S2 Climate-related Disclosures relating to Scope 3 Category 15 greenhouse gas (GHG) emissions [here](#).

The proposed amendments provide a relief allowing entities to **limit their measurement and disclosure of Scope 3 Category 15 emissions to financed emissions**, thereby excluding other financial activities such as derivatives, facilitated emissions, and insurance-associated emissions.

Entities applying this relief are required to:

- Explain what instruments are treated as derivatives for the purposes of the relief and disclose if this differs from treatment in financial statements.
- Disclose the other excluded financial activities.
- Present total Category 15 emissions, and if relevant, a subtotal showing financed emissions.

The ISSB confirmed:

- No formal definition of “derivatives” will be introduced, leaving entities to exercise judgement.
- The relief will not have a fixed end date but may be reassessed during the post-implementation review of IFRS S2 as methodologies mature.

The ISSB emphasised that entities are still required to disclose climate-related risks (including transition risks) under IFRS S2, even if certain emissions are excluded. The ISSB will consider clarifying the rationale in the Basis for Conclusions and may provide educational material to support consistent application.

Next steps

The changes scheduled to come into effect on **1 January 2027**. In addition, the ISSB committed to explain the rationale for the relief in the amended Basis for Conclusions, provide additional guidance to clarify the disclosure objective, and continue monitoring developments in measurement methodologies for Category 15 GHG emissions, with the possibility of reassessing the relief during the post-implementation review of IFRS S2.