ISSB standards: IFRS S1 and IFRS S2, the complete practitioner course

A full practitioner course on the ISSB's IFRS S1 and IFRS S2: the standards' origins and users, financial materiality and the general requirements, the four core content areas, climate governance and strategy, scenario analysis and financial effects, the cross-industry and industry metrics, greenhouse gas disclosures with the December 2025 amendments, the reliefs, adoption around the world and in India — with worked examples, exercises with model answers, a case study and a final exam with a certificate.

Facts checked November 2026. Read online, take the exam and get a certificate: intellitick.com/learn/issb/

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Lesson 1 · Module 1 — Foundations

The ISSB, its standards and their users

In this lesson you will learn to

- ✓ Explain who the ISSB is and what IFRS S1 and S2 are for
- ✓ Describe how the TCFD and SASB fit into the ISSB standards
- ✓ Explain where the disclosures go and who reads them
- ✓ Explain how adoption works through jurisdictions

The International Sustainability Standards Board (ISSB), set up by the IFRS Foundation — the body behind IFRS Accounting Standards — issued its first two standards in June 2023: IFRS S1, the general requirements, and IFRS S2, on climate.

What the standards are for

Both are written for **investors, lenders and other creditors**. They answer one question: which sustainability-related risks and opportunities could reasonably be expected to affect the company's **cash flows, access to finance or cost of capital** over the short, medium or long term [1](#ref-1)? This is **financial materiality** — the outside-in view, which differs from the impact view of GRI and the double view of the ESRS.

- The information goes in the company's **general purpose financial reports**, for the **same reporting entity** as the financial statements [1](#ref-1).
- Both standards are effective for annual periods beginning on or after **1 January 2024**, where a jurisdiction has adopted them; early application is permitted [1](#ref-1) [2](#ref-2).

Where the standards came from

- **TCFD.** The Task Force on Climate-related Financial Disclosures' recommendations are fully incorporated in IFRS S2: a company applying IFRS S2 meets them. The Task Force disbanded in October 2023, and the IFRS Foundation took over monitoring companies' climate disclosures [6](#ref-6).
- **SASB Standards.** Industry-specific standards now maintained by the ISSB; IFRS S1 requires companies to refer to them, and IFRS S2's industry-based metrics draw on them [1](#ref-1) [2](#ref-2).
- **CDSB Framework** and other material consolidated into the IFRS Foundation also inform the guidance.

How the standards become mandatory

The ISSB writes the standards; **jurisdictions** decide whether and how to require them — fully, partly, or with phasing. By September 2026 more than 45 jurisdictions were adopting or otherwise using them [5] (#ref-5). India's mandatory regime for listed companies remains the BRSR (Module 4).

Exercise: Who is the audience?

A company's sustainability team drafts its IFRS S2 report around its effects on local communities and biodiversity, with little on how climate could affect its finances. What is wrong, and what should change?

Model answer

The ISSB standards are written for **investors and lenders**, and ask about sustainability-related **risks and opportunities that could affect the company's prospects** — its cash flows, access to finance and cost of capital. Impacts on communities and biodiversity belong in IFRS S2 only to the extent they create financial risks or opportunities for the company. The report should be reorganised around climate-related physical and transition risks and opportunities, their current and anticipated financial effects, the company's resilience, and the metrics and targets that show progress. The community and biodiversity material may belong in a GRI or ESRS report.

Lesson 2 · Module 1 — Foundations

IFRS S1: the general requirements

In this lesson you will learn to

- Apply IFRS S1's definition of materiality
- Identify sustainability-related risks and opportunities using SASB and other sources of guidance
- Apply the rules on the reporting entity, value chain, connected information, timing and comparatives
- Write a statement of compliance and handle judgements, estimates and errors

IFRS S1 sets the rules every ISSB report follows: what to disclose about sustainability-related risks and opportunities, how to decide what is material, and how the disclosures connect to the financial statements.

Materiality

Information is **material** if omitting, misstating or obscuring it could reasonably be expected to influence decisions that primary users make on the basis of the general purpose financial reports [1](#ref-1). Materiality is judged in the context of the entity — its size, nature and circumstances — and reassessed at each reporting date.

Identifying risks and opportunities

IFRS S1 asks a company to identify the sustainability-related risks and opportunities that could reasonably be expected to affect its prospects. To do so it **shall refer to** the industry topics in the **SASB Standards** and consider their applicability, and **may** consider other sources — the CDSB Framework guidance, the practices of other companies in its industry, and the GRI Standards and ESRS where they help meet investors' information needs [1](#ref-1).

The general rules

Rule	What it means
Reporting entity	The same as for the financial statements — the consolidated group
Value chain	Risks and opportunities across the value chain, not only in own operations
Connected information	Links between sustainability disclosures, and between them and the financial statements — consistent data and assumptions
Timing	Reported at the same time as the related financial statements, for the same period (a first-year relief exists)
Comparatives	Previous-period information for all amounts (a first-year relief exists)
Statement of compliance	An explicit, unreserved statement of compliance, only if all requirements are met
Judgements and estimates	Disclosure of significant judgements and of measurement uncertainty
Errors	Material prior-period errors corrected in comparatives

Source: IFRS S1[1](#ref-1).

Proportionality

Several requirements let a company use **all reasonable and supportable information available at the reporting date without undue cost or effort** — for example, to determine the scope of the value chain and to estimate anticipated financial effects — and consider its **skills, capabilities and resources** for some judgements[1](#ref-1) [2](#ref-2).

Exercise: Connected information

An Indian cement company's IFRS S2 draft says it expects a carbon price of ₹2,000 per tonne by 2030 in its transition risk analysis. Its financial statements' impairment test for kilns assumes no carbon cost. What does IFRS S1 require?

Model answer

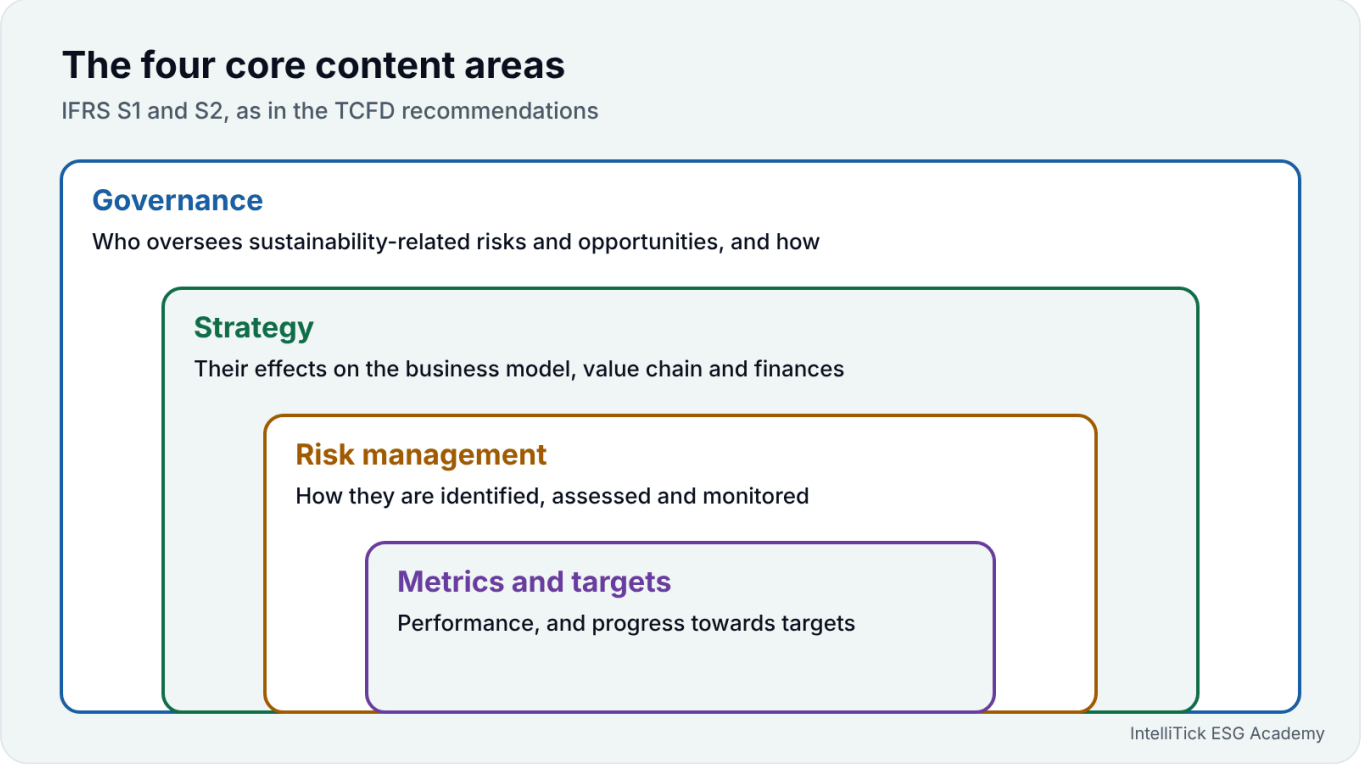
Connected information: the sustainability disclosures and the financial statements should use consistent data and assumptions, to the extent possible, and explain differences. The company should either align the assumptions — reflecting the expected carbon cost in the impairment test where appropriate under IAS 36 — or explain why they differ (for example, the impairment test uses only enacted policy, while the scenario analysis tests a plausible future). An unexplained inconsistency would undermine both reports.

The four core content areas

In this lesson you will learn to

- ✓ Describe what governance, strategy, risk management and metrics and targets each require
- ✓ Distinguish governance of risks from management of risks
- ✓ Avoid duplication across the four areas by cross-referencing

IFRS S1 and S2 organise disclosures in four core content areas — the same as the TCFD.



The four core content areas

Area	What the company discloses
Governance	The body or individuals responsible for oversight; how responsibilities are reflected in mandates; skills; how and how often they are informed; how they consider risks in strategy, major transactions and risk management; how targets are set and monitored, including links to remuneration; management's role
Strategy	The risks and opportunities and their time horizons; effects on the business model and value chain; effects on strategy and decision-making; current and anticipated financial effects; resilience

Area	What the company discloses
Risk management	The processes and policies to identify, assess, prioritise and monitor risks — inputs, parameters, scenario analysis use; how opportunities are identified; integration with overall risk management
Metrics and targets	Metrics required by the standards, industry metrics, metrics the company uses, and targets with progress

Source: IFRS S1[1](#ref-1).

Disclosures may be combined or cross-referenced to avoid duplication — for example, a single governance description that covers climate and other sustainability topics.

Exercise: Sort the statements

Assign each to its core content area:

1. "The Audit and Risk Committee reviews climate risks quarterly."
2. "We expect water shortages to raise costs at our Gujarat plants from 2030."
3. "Climate risks are scored on the same five-point scale as our other enterprise risks."
4. "Scope 1 and 2 emissions fell 8% to 1.24 million tCO_2e."
5. "Twenty per cent of the CEO's bonus depends on our decarbonisation targets."

Model answer

1. **Governance** — oversight body and frequency.
2. **Strategy** — a risk, its time horizon and its anticipated effect.
3. **Risk management** — the process and its integration with enterprise risk management.
4. **Metrics and targets** — a metric with progress.
5. **Governance** (how targets link to remuneration) — and the percentage is also a **cross-industry metric** under IFRS S2.

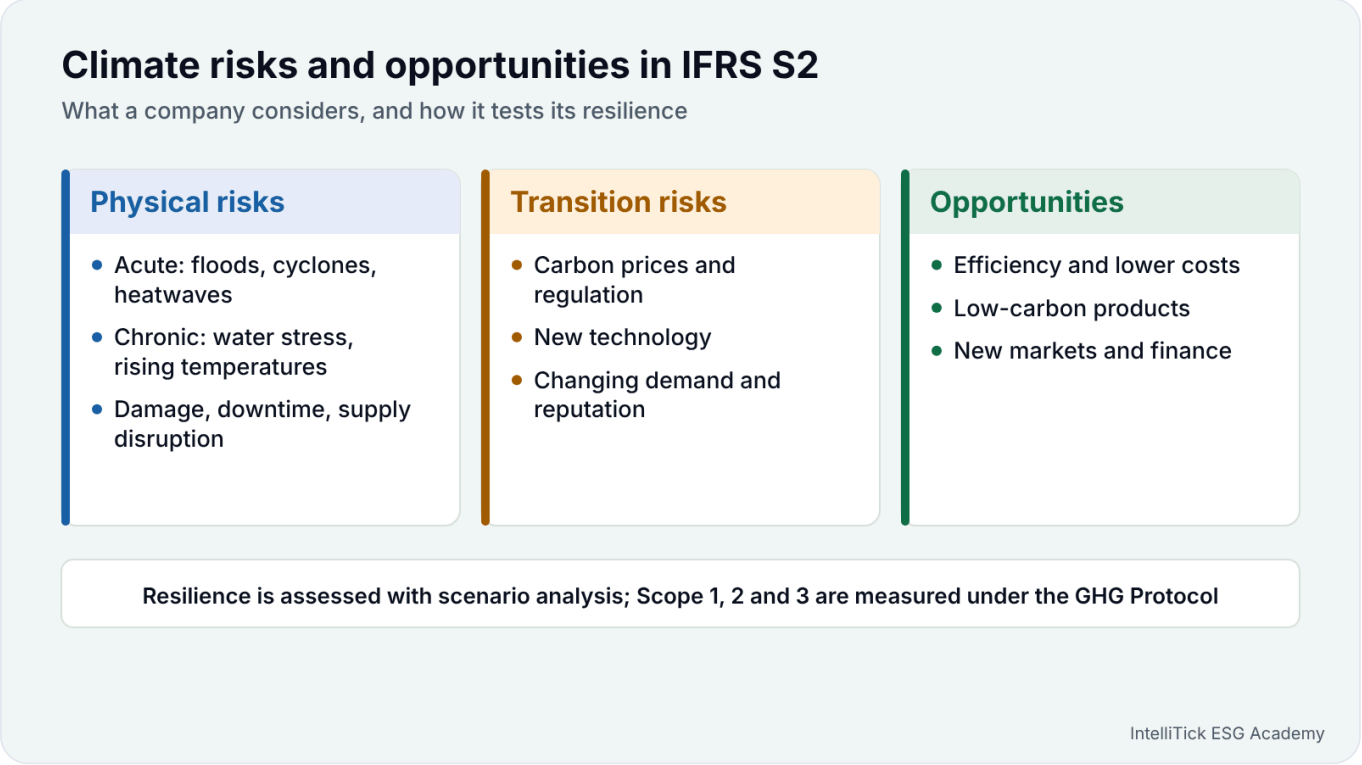
Lesson 4 · Module 2 — IFRS S2 in depth

IFRS S2: climate risks, strategy, financial effects and resilience

In this lesson you will learn to

- ✓ Identify physical and transition risks and opportunities for a business, with time horizons
- ✓ Describe effects on the business model, strategy and any transition plan
- ✓ Disclose current and anticipated financial effects, quantitatively where possible
- ✓ Design a scenario analysis commensurate with the company's circumstances

IFRS S2 applies the four areas to climate. Its heart is strategy: what climate change could do to the business, what the company is doing about it, what it means for the numbers, and whether the strategy holds up under different futures.



Climate risks and opportunities under IFRS S2

Risks and opportunities

- **Physical risks** — **acute** events such as floods, cyclones and heatwaves, and **chronic** shifts such as water stress, rising temperatures and sea-level rise.
- **Transition risks** — policy and legal (carbon prices, emission limits), technology, market (changing demand, input costs) and reputation.

- **Opportunities** — resource efficiency, lower-carbon products, new markets, resilience.

For each, the company describes the time horizon over which it could reasonably be expected to occur, and how it defines short, medium and long term [2](#ref-2).

Effects on the business and its strategy

- **Business model and value chain** — where in the value chain risks and opportunities are concentrated (geographies, facilities, assets).
- **Strategy and decision-making** — how the company is responding, including changes to its business model, direct and indirect mitigation and adaptation, and any **climate-related transition plan**, with its key assumptions and dependencies; how it will resource the plan; and progress on plans disclosed earlier [2](#ref-2).

Financial effects

The company discloses **current** effects (on financial position, performance and cash flows in the period) and **anticipated** effects over the short, medium and long term — including where there is a significant risk of a material adjustment to carrying amounts within the next year [2](#ref-2).

Quantitative information may be a single amount or a range. A company need not provide quantitative information if the effects are not separately identifiable, if measurement uncertainty is so high that the information would not be useful, or — for anticipated effects — if it lacks the skills, capabilities or resources; it then explains why and gives qualitative information [2](#ref-2).

Worked example

A quantified anticipated effect. A steel exporter estimates that CBAM on its EU sales could cost €18–26 million a year from 2027, based on 2026 shipments of 220,000 tonnes, its verified embedded emissions and a range of EU carbon prices. It discloses the range, the assumptions and the actions under way to reduce embedded emissions.

Climate resilience and scenario analysis

The company assesses its **climate resilience** using **climate-related scenario analysis**, with an approach **commensurate with its circumstances** — considering all reasonable and supportable

information available without undue cost or effort, and its skills, capabilities and resources [2 (#ref-2)]. It discloses:

- the scenarios used and their sources, including at least whether one is aligned with the latest international agreement on climate change;
- the time horizons, the scope of operations covered, and key assumptions — policies, macroeconomic trends, energy use and mix, technology;
- what the analysis found about resilience, and the areas of significant uncertainty.

Scenario analysis can be **qualitative** (narratives), **quantitative**, or both; companies with greater exposure and capability are expected to do more.

Exercise: Build a risk register

A cold-chain logistics company operates 40 warehouses in coastal and northern Indian cities and a fleet of 1,200 diesel trucks. Identify two physical risks, two transition risks and one opportunity, each with a time horizon and a possible financial effect.

Model answer

Type	Risk or opportunity	Horizon	Possible financial effect
Physical (acute)	Flooding of coastal warehouses during cyclones	Short to medium	Spoilage losses, repair costs, higher insurance premiums
Physical (chronic)	Rising temperatures and heatwaves in northern cities	Medium to long	Higher refrigeration electricity costs; equipment failures
Transition (policy)	Tighter fuel-efficiency and emission rules, possible carbon pricing on diesel	Medium	Higher operating costs; capital expenditure on new trucks
Transition (market)	Customers requiring low-emission logistics for their Scope 3	Short to medium	Loss of contracts if not met
Opportunity	Electric and CNG trucks and rooftop solar on warehouses	Medium	Lower fuel and power costs; new contracts with customers setting Scope 3 targets

Each would then be assessed in the risk management process and, where material, quantified as an anticipated financial effect.

Lesson 5 · Module 2 — IFRS S2 in depth

IFRS S2: cross-industry metrics, industry metrics and targets

In this lesson you will learn to

- ✓ Prepare the seven cross-industry metric categories
- ✓ Find and apply the industry-based metrics
- ✓ Disclose climate targets fully, including GHG targets and the use of carbon credits

IFRS S2 asks for metrics in three groups: seven cross-industry categories every company reports, industry-based metrics for the company's business, and the targets the company has set or is required to meet.

The seven cross-industry metric categories

#	Category	What to disclose
1	**Greenhouse gases**	Scope 1, 2 and 3 (next lesson)
2	**Transition risks**	Amount and percentage of assets or business activities vulnerable to transition risks
3	**Physical risks**	Amount and percentage of assets or business activities vulnerable to physical risks
4	**Climate-related opportunities**	Amount and percentage of assets or business activities aligned with opportunities
5	**Capital deployment**	Capital expenditure, financing or investment deployed towards climate-related risks and opportunities
6	**Internal carbon prices**	Whether and how a carbon price is used in decision-making, and the price per tonne
7	**Remuneration**	Whether and how climate considerations are factored into executive remuneration, and the percentage of executive pay linked to them

Source: IFRS S2 [2] (#ref-2).

Industry-based metrics

IFRS S2 asks companies to consider the industry-based metrics associated with their business models — drawn from the SASB Standards — for example, for cement, the percentage of alternative fuels; for banks, financed emissions by sector; for electric utilities, the generation mix[2](#ref-2).

Targets

For each climate-related target — set by the company or required by law — disclose[2](#ref-2):

- the metric, the objective (mitigation, adaptation, conformance with science-based initiatives), and the part of the entity it applies to;
- the period, the base period and milestones;
- whether it is absolute or intensity-based;
- how it was set and whether it was validated by a third party;
- performance against it and an analysis of trends.

For **GHG emissions targets**, also: which gases and scopes, whether it is a **gross or net** target (a net target must be accompanied by the related gross target), whether it is a sectoral decarbonisation approach, and the planned use of **carbon credits** — the extent to which the target relies on them, the scheme that will verify them, the type of credit (nature-based or technological, removal or avoidance), and other factors on their credibility[2](#ref-2).

Exercise: Prepare the cross-industry metrics

A manufacturer has total assets of ₹12,000 crore. Plants worth ₹3,600 crore are in districts with high flood risk; ₹2,400 crore of coal-fired boilers would need replacement under a plausible carbon price; ₹900 crore of assets produce components for electric vehicles. Capital expenditure on decarbonisation was ₹420 crore. It uses an internal carbon price of ₹2,500 per tonne in investment decisions. Ten per cent of the CEO's variable pay depends on emissions targets. Prepare metrics 2 to 7.

Model answer

- **Transition risks:** ₹2,400 crore = **20%** of assets vulnerable (coal-fired boilers).
- **Physical risks:** ₹3,600 crore = **30%** of assets vulnerable (flood-exposed plants).
- **Opportunities:** ₹900 crore = **7.5%** of assets aligned (EV components).
- **Capital deployment: ₹420 crore** of capital expenditure towards climate-related risks and opportunities.
- **Internal carbon price: ₹2,500 per tonne**, applied to investment appraisal — describe how.
- **Remuneration:** climate factored into executive pay; **10%** of the CEO's variable pay linked to emissions targets (state the share of total executive remuneration as the standard asks).

Lesson 6 · Module 2 — IFRS S2 in depth

IFRS S2: greenhouse gas emissions and the 2025 amendments

In this lesson you will learn to

- ✓ Prepare Scope 1, 2 and 3 disclosures as IFRS S2 requires
- ✓ Disaggregate emissions between the consolidated group and other investees
- ✓ Apply the Scope 3 measurement framework
- ✓ Apply the December 2025 amendments, including financed emissions

IFRS S2 requires absolute gross Scope 1, Scope 2 and Scope 3 emissions, measured with the GHG Protocol Corporate Standard, with the approach, inputs and assumptions explained [2] [9].

The requirements

- **Scope 1 and 2**, each **disaggregated** between the consolidated accounting group and other investees (associates, joint ventures, unconsolidated subsidiaries).
- **Scope 2 location-based**, plus information about contractual instruments that is needed to understand Scope 2.
- **Scope 3** by category, with the categories included.
- **GWPs** from the latest IPCC assessment available at the reporting date, converted to CO_2e.
- **The measurement approach**, inputs and assumptions, and the reasons for choosing them, and changes in the period [2].

In India, the location-based Scope 2 uses the Central Electricity Authority's grid factor — 0.710 tCO_2/MWh for FY 2024-25 in CEA's version 22 [11].

The Scope 3 measurement framework

Scope 3 is measured with a framework that prioritises, in judging which inputs to use [2]:

1. data based on **direct measurement**;
2. data from **specific activities** in the value chain (primary data);
3. **timely** data that faithfully represents the jurisdiction and technology;
4. **verified** data.

The company discloses the share of Scope 3 measured using inputs from value chain partners. Financial institutions disclose **financed emissions** (category 15) by industry and asset class.

The December 2025 amendments

The ISSB amended the GHG requirements in December 2025, effective for annual periods beginning on or after **1 January 2027**, with early application permitted [4] (#ref-4) [8] (#ref-8) :

Amendment	Effect
Category 15 limited to financed emissions	A company may limit category 15 to financed emissions (loans, project finance, bonds, equity investments, undrawn commitments, assets under management), and exclude emissions related to derivatives — explaining what it excluded
Industry classification	Financed emissions may be disaggregated using an industry classification other than GICS, where more meaningful, with the reason
Jurisdictional measurement methods	Where law requires a different GHG measurement method, the company may use it, for all or part of the entity, while the requirement applies
Jurisdictional GWPs	Likewise for GWP values required by law

If category 15 is included, the company discloses total category 15 emissions and the financed-emissions subtotal [8] (#ref-8) .

Exercise: Disaggregate Scope 1 and 2

A group's inventory (operational control) shows Scope 1 = 2,40,000 tCO_2e and Scope 2 (location-based) = 1,80,000 tCO_2e. Of these, an associate it operates under a management contract (30% owned, equity-accounted) contributes Scope 1 = 30,000 and Scope 2 = 20,000. How should the figures be presented under IFRS S2?

Model answer

IFRS S2 asks for Scope 1 and 2 disaggregated between the **consolidated accounting group** and **other investees**:

	Consolidated group	Other investees (the associate)	Total
Scope 1	2,10,000	30,000	2,40,000
Scope 2 (location-based)	1,60,000	20,000	1,80,000

The group explains its consolidation approach (operational control, under which the associate it operates is included), and gives information on contractual instruments for Scope 2.

First-year reliefs and adoption around the world

In this lesson you will learn to

- ✓ Apply the first-year transition reliefs
- ✓ Explain how jurisdictions adopt the standards, and why a company's effective date depends on its regulator
- ✓ Explain the role of assurance

To help companies start, the ISSB gave several reliefs in the first year a company applies the standards; jurisdictions often add phasing of their own.

The first-year reliefs

1. **Climate first.** A company may report only on climate in its first year, and on its other sustainability-related risks and opportunities from the second [3](#ref-3).
2. **Timing.** It need not publish its sustainability disclosures at the same time as the related financial statements in the first year.
3. **No comparatives** in the first year.
4. **Scope 3.** It need not disclose Scope 3 emissions in the first year.
5. **Measurement method.** It may continue to use a method other than the GHG Protocol if it used one immediately before.

Source: IFRS S1 and S2 [1](#ref-1) [2](#ref-2).

Adoption

By September 2026, more than 45 jurisdictions were adopting or otherwise using the ISSB standards [5](#ref-5). Their approaches differ — full adoption, climate-first, phased by company size, or adapted national standards — so the effective date and scope for a company depend on its regulator. A company reporting voluntarily may apply the standards at any time.

Assurance

The ISSB standards do not themselves require assurance; jurisdictions decide. Where assurance is required or chosen, it is typically given under the IAASB's ISSA 5000 or a national equivalent — in India, ICAI's SSA 5000 from financial years beginning on or after 1 April 2027.

Exercise: Plan a first year

An Indian IT services company decides to publish a voluntary IFRS S1 and S2 report for FY 2026-27, alongside its BRSR. Which reliefs would you use, and what would you plan for the second year?

Model answer

- **Year 1 (FY 2026-27):** climate only (IFRS S2), no comparatives, Scope 3 omitted if the data is not ready, publication after the annual report if needed. Use the BRSR's Scope 1 and 2 (location-based Scope 2) and governance information as the base.
- **Year 2 (FY 2027-28):** other material sustainability-related risks and opportunities under IFRS S1 — for an IT company, likely human capital (talent, attrition), data security, and energy use in data centres, guided by the SASB industry topics; comparatives; **Scope 3** (categories 1, 6 and 7 are likely to be material for IT services, plus 11 for products, if any); publication with the annual report. The December 2025 amendments apply from 2027 if relevant.

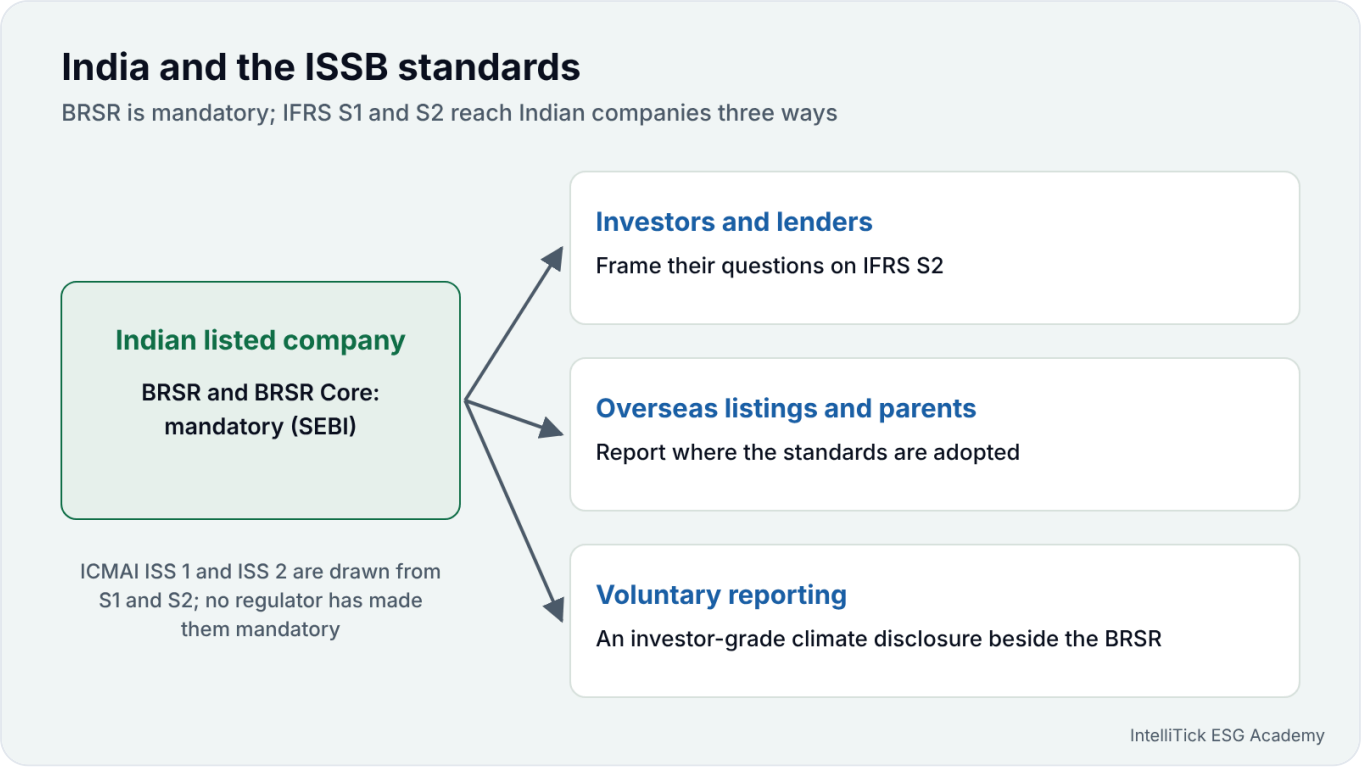
Lesson 8 · Module 3 — Applying the standards

IFRS S2 in India: BRSR, ICMAI and voluntary reporting

In this lesson you will learn to

- ✓ Explain where India stands on the ISSB standards, and the legal exposure of a voluntary report
- ✓ Map the BRSR to IFRS S2, and identify the gaps
- ✓ Plan a voluntary IFRS S2 report on top of a BRSR

India's mandatory regime for listed companies is the BRSR and BRSR Core. The ISSB standards are not mandatory in India, but Indian companies meet them through investors, overseas listings and parents, and voluntary reporting. [5](#ref-5)



How Indian companies meet the ISSB standards

The Institute of Cost Accountants of India has issued **ISS 1 and ISS 2**, standards drawn from IFRS S1 and S2, with guidance notes[7](#ref-7); no regulator has made them mandatory.

Mapping the BRSR to IFRS S2

IFRS S2	What the BRSR already gives	Gap
Governance	Section B items 7–10: director's statement, highest authority, board committee, reviews [10] (#ref-10)	Climate-specific oversight, skills, link to remuneration
Strategy	Section A item 26: material issues with financial implications [10] (#ref-10)	Physical and transition risk analysis, time horizons, financial effects, transition plan, scenario analysis
Risk management	Little	The climate risk process and its integration with enterprise risk
GHG emissions	Scope 1 and 2 (BRSR Core); Scope 3 as leadership indicator [10] (#ref-10)	Scope 2 location-based stated as such; Scope 3 by category; disaggregation by investee
Other cross-industry metrics	Energy, water	Assets vulnerable to risks, opportunities, capital deployment, carbon price, remuneration
Industry metrics	Partly	SASB industry metrics
Targets	Section B items 5–6 [10] (#ref-10)	Full target disclosures, including carbon credits

Voluntary, but not free of legal risk

No Indian regulator requires IFRS S2, so there is no penalty for not using it. But a listed company that publishes climate information — in its annual report, its BRSR or a separate report it files with the exchanges — is making disclosures under SEBI's LODR Regulations, which require them to be accurate and not misleading, and the BRSR it files must meet SEBI's format and timetable [10] (#ref-10). In practice:

- **say exactly what you comply with** — "prepared in accordance with IFRS S2" only if every requirement is met, apart from reliefs that are stated; otherwise "informed by IFRS S2";
- **use the same figures as the BRSR** — Scope 1 and 2 from the assured BRSR Core inventory, with any differences explained;
- **give anticipated financial effects with their assumptions**, and update them when the assumptions change.

A voluntary IFRS S2 report, step by step

1. Reuse the BRSR's governance description; add climate oversight.
2. Run a climate risk assessment with the risk team; integrate it into enterprise risk management.
3. Start scenario analysis qualitatively — two or three scenarios — and quantify the biggest risks.
4. Take Scope 1 and 2 from the assured BRSR Core inventory; state that Scope 2 is location-based; disaggregate investees.
5. Add the cross-industry metrics and the SASB industry metrics.
6. Describe targets in full.
7. Use the first-year reliefs where needed, and say so.

Exercise: Spot the gaps

A listed Indian chemicals company asks what it must add to its BRSR to publish an IFRS S2 report. Name five additions.

Model answer

1. **Climate risk assessment** — physical and transition risks and opportunities, with time horizons, integrated into enterprise risk management.
2. **Financial effects** — current and anticipated, quantified where possible (for example, carbon costs on exports to the EU under CBAM, water risk at plants).
3. **Climate resilience and scenario analysis** — commensurate with its circumstances.
4. **The remaining cross-industry metrics** — assets vulnerable to transition and physical risks, opportunities, capital deployment, internal carbon price, remuneration — and the SASB industry metrics for chemicals.
5. **GHG detail** — location-based Scope 2 stated as such, Scope 3 by category (or the first-year relief), disaggregation between the consolidated group and other investees, measurement approach and GWPs.

Lesson 9 · Module 4 — Capstone

Case study: Godavari Power Components' first IFRS S2 report

In this lesson you will learn to

- ✓ Apply IFRS S2 end to end for one company
- ✓ Prepare risks, financial effects, metrics and GHG disclosures from the data
- ✓ Decide which reliefs to use

Godavari Power Components Ltd is a fictional Indian maker of transformers and switchgear, listed in India, with a London-listed bond whose investors ask for IFRS S2 information. The figures are illustrative.

The data

- Revenue ₹6,800 crore; total assets ₹9,500 crore; three plants (two in Gujarat on the coast, one in Madhya Pradesh).
- Scope 1: 28,000 tCO_2e (including SF_6 leakage in testing of switchgear: 1.1 tonnes of SF_6). Scope 2: 62,000 MWh of grid electricity.
- Plants on the coast: book value ₹2,800 crore; storm-surge risk rising.
- Revenue from grid equipment for renewable energy projects: ₹2,040 crore.
- Capital expenditure on new SF_6-free switchgear line and rooftop solar: ₹310 crore.
- No internal carbon price; no climate link in executive pay.

Exercise: Task 1 — Risks and opportunities

Name two risks and one opportunity, with the cross-industry metric each relates to.

Model answer

- **Physical risk:** storm surge and flooding at the two coastal plants — **₹2,800 crore = 29.5% of assets** vulnerable to physical risk.
- **Transition risk:** tightening rules on **SF_6**, a gas with a very high GWP used in switchgear — demand may shift to SF_6-free products; assets tied to SF_6 product lines are vulnerable to transition risk (quantify from the fixed asset register).
- **Opportunity:** the grid build-out for renewable energy — **₹2,040 crore = 30% of revenue** from climate-related opportunities.

Exercise: Task 2 — GHG

Calculate the SF_6 contribution to Scope 1 (AR6 GWP 24,300) and location-based Scope 2 (0.710 tCO_2/MWh, CEA version 22[11](#ref-11)). What share of Scope 1 is SF_6?

Model answer

- **SF_6:** 1.1 t × 24,300 = **26,730 tCO_2e** — **95%** of Scope 1 (26,730 ÷ 28,000). The material source is not fuel but a test gas — a classic finding, and the key to the transition plan.
- **Scope 2 (location-based):** 62,000 × 0.710 = **44,020 tCO_2e**.

Exercise: Task 3 — Other metrics and reliefs

Complete the remaining cross-industry metrics and decide which reliefs Godavari should use in its first year.

Model answer

- **Capital deployment: ₹310 crore** towards climate-related risks and opportunities (SF_6-free line, rooftop solar).
- **Internal carbon price:** none used — say so, and whether one is planned.
- **Remuneration:** climate not factored into executive pay — **0%**; say so.
- **Reliefs:** climate first (IFRS S2 only), no comparatives, and Scope 3 omitted if not ready — but category 11 (SF_6 leakage from sold switchgear over its life) may be material and should be planned for year 2.

Lesson 10 · Reference

Glossary and checklists

In this lesson you will learn to

- ✓ Use the vocabulary of ISSB reporting precisely
- ✓ Keep a checklist for a first IFRS S2 report

The reference you will come back to: the vocabulary of ISSB reporting, and a checklist for a first IFRS S2 report.

Glossary

Term	Meaning
ISSB	International Sustainability Standards Board of the IFRS Foundation
IFRS S1 / IFRS S2	General requirements / climate-related disclosures [1](#ref-1) [2](#ref-2)
Financial materiality	Information that could reasonably be expected to influence investors' decisions
General purpose financial reports	Reports that include the financial statements and sustainability-related financial disclosures
Connected information	Consistency and links between disclosures and with the financial statements
SASB Standards	Industry-based standards maintained by the ISSB; the source of industry topics and metrics
TCFD	The Task Force on Climate-related Financial Disclosures, whose recommendations IFRS S2 incorporates [6](#ref-6)
Physical / transition risk	Risks from climate change itself / from the move to a lower-carbon economy
Scenario analysis	Assessing resilience under different plausible futures
Cross-industry metrics	The seven metric categories every company reports under IFRS S2
Financed emissions	Scope 3 category 15 emissions from loans and investments

Term	Meaning
ISS 1 / ISS 2	ICMAI's standards drawn from IFRS S1 and S2 [7](#ref-7)

Checklist for a first IFRS S2 report

- Reporting entity = the financial statements' group; period aligned.
- Climate risks and opportunities identified with time horizons; SASB topics considered.
- Governance: oversight body, frequency, skills, remuneration link.
- Strategy: business model effects, transition plan, financial effects, scenario analysis.
- Risk management: process and integration.
- Metrics: seven cross-industry categories, industry metrics, targets in full.
- GHG: Scope 1, 2 (location-based) and 3 by category; disaggregation; GWPs; method.
- Reliefs used, stated.
- Connected information checked against the financial statements.
- Statement of compliance only if complete.

Sources used in this course

1. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information — IFRS Foundation. June 2023; checked November 2026
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3. ISSB decides to prioritise climate-related disclosures to support initial application — IFRS Foundation. April 2023; checked November 2026
4. ISSB issues targeted amendments to IFRS S2 — IFRS Foundation. 11 December 2025; checked November 2026
5. Adoption of IFRS Sustainability Disclosure Standards (World Standard-setters Conference plenary) — IFRS Foundation. September 2026; checked November 2026
6. TCFD (the Task Force's recommendations and their transfer to the ISSB) — IFRS Foundation. checked November 2026
7. ICMAI Sustainability Standards ISS 1 and ISS 2, with guidance notes — Institute of Cost Accountants of India. January 2026; checked November 2026
8. ISSB publishes Amendments to IFRS S2 — Amendments to Greenhouse Gas Emissions Disclosures — BDO. December 2025; checked November 2026
9. GHG Protocol Corporate Accounting and Reporting Standard, Revised Edition — WRI and WBCSD. 2004; checked November 2026
10. Master Circular for compliance with the SEBI (LODR) Regulations, 2015 — Annexures 16 and 17A — SEBI (copy published by NSDL). 30 January 2026; checked November 2026
11. CO2 Baseline Database for the Indian Power Sector, User Guide, Version 22.0 — Central Electricity Authority. August 2026; checked November 2026