

Two years in: adoption of the ISSB Standards

Bridging ambition and action in sustainability reporting



Foreword

Two years have passed since the International Sustainability Standards Board (ISSB) issued its first sustainability disclosure standards: IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 – Climate-related Disclosures (referred to as IFRS Sustainability Disclosures Standards - IFRS SDS).

Since their release in June 2023, jurisdictions worldwide have moved toward adoption or other use of the standards, supported by the ISSB's capacity-building efforts and educational resources. The first wave of corporate reports referencing the standards is now emerging, ranging from partial application to full alignment. In the UAE, leading listed entities are showing strong momentum in adopting these global standards, marking a shift toward more consistent and robust sustainability reporting.

Jurisdictional adoption

To date, over 30 jurisdictions—representing more than half of the global GDP—have taken steps toward the adoption or other use of the ISSB Standards¹. These jurisdictions are approaching implementation in diverse ways: some have committed to future adoption, others have adopted the standards in full, while some have chosen to adopt IFRS S2 only, making IFRS S1 optional. Some jurisdictions are also allowing extended transition periods to support market readiness.

In the Middle East, momentum is building. Qatar became the first country in the region to officially announce its intention to adopt the ISSB Standards. In late 2024, the Qatar Financial Centre Regulatory Authority (QFCRA) issued a consultation paper proposing adoption of the standards as issued. The requirements are expected to apply to relevant entities beginning 1 January 2026.

Jordan has also acted; the Amman Stock Exchange has required its top 20 listed companies to begin applying the ISSB Standards—mandating IFRS S2—starting in 2026.

While no additional announcements have been made by other countries in the region so far, the broader global momentum behind the ISSB Standards is undeniable. With strong endorsements from key organizations such as the International Organization of Securities Commissions (IOSCO), the Sustainable Stock Exchanges Initiative, and others, it's increasingly clear that the ISSB Standards are on track to become the new global norm for sustainability-related financial disclosures.



¹"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 aligned outcomes"); [IFRS - Jurisdictions representing over half the global economy by GDP take steps towards ISSB Standards](#).

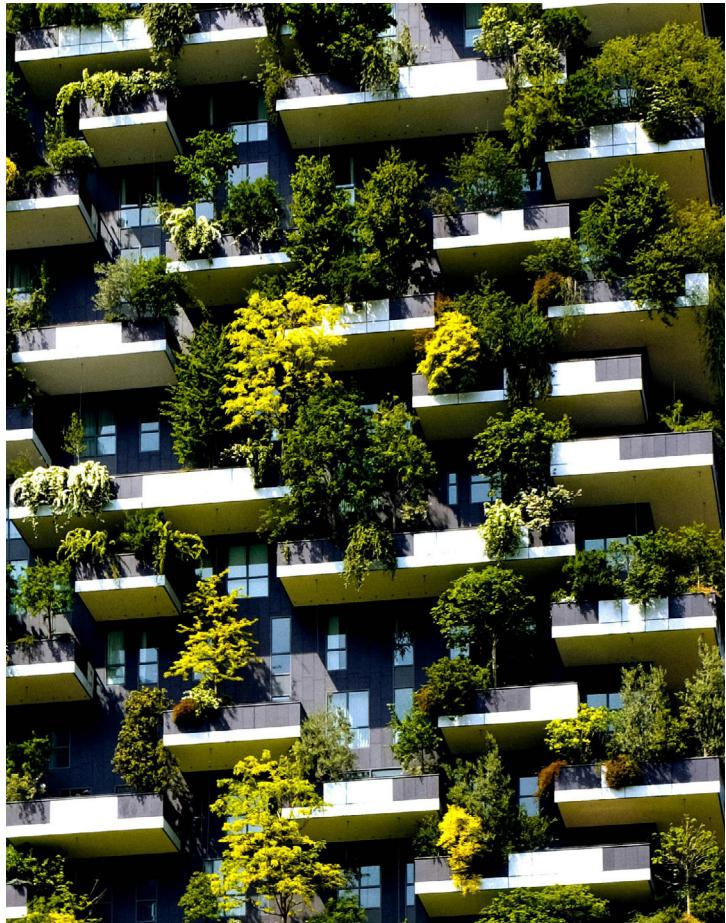
What's next for the ISSB Standards?

IFRS S1 and IFRS S2 represent only the initial step in the ISSB's broader vision for a comprehensive suite of sustainability-related financial disclosure standards. The ISSB continues to explore future standard-setting priorities, with research underway on topics such as human capital, biodiversity, ecosystems, and ecosystem services. At the same time, feedback on IFRS S2—from regulators, preparers, and investors highlighted areas where additional clarity could support more effective application ([read more in our article](#)). In response, the ISSB is proposing targeted amendments to IFRS S2 and continues its work to enhance the Sustainability Accounting Standards Board (SASB) Standards, ensuring their global relevance and applicability.²

How UAE entities are reacting to the standards

The UAE market continues to lead the region in sustainability reporting. The Securities and Commodities Authority (SCA) mandated sustainability disclosures for listed entities starting from 2021, setting a strong foundation. With the issuance of the ISSB Standards, many listed companies began analyzing the new requirements and exploring alignment.

In their 2024 sustainability and integrated reports, a number of UAE entities referenced the ISSB Standards. Some entities have clearly referenced the ISSB Standards as the basis for preparing their sustainability reports. Others have signaled early-stage adoption by referencing the standards and highlighting foundational activities—such as financial materiality assessments—that are aligned with the IFRS Sustainability Disclosure Standards.



Insight from the experiences of early adopters

Reflecting on our experience supporting clients on their adoption journeys towards compliance with the ISSB Standards, several key lessons have emerged:

- **Securing internal buy-in is critical.** Adopting the new standards requires coordinated efforts across multiple departments—and in some cases, external stakeholders. Ensuring early alignment and support from leadership and key functions is essential for a smooth and effective implementation journey.
- **Establishing a dedicated cross-functional working group adds real value.** This team should be responsible for driving the adoption process and include representatives from all relevant departments, such as finance, risk, sustainability, operations, and compliance. A structured governance approach supports clarity and accountability.
- **Engaging the right subject matter experts, particularly from operations, during the materiality assessment process is vital.** Their input ensures that the results are grounded in the organization's full operational context and collective expertise, leading to more relevant and credible disclosures.

² Read more on [IFRS - Enhancing the SASB Standards](#).

Key challenges

Entities evaluating the possibility of following the ISSB Standards highlighted a number of challenges:

- **Data limitations remain a key obstacle, particularly for externally sourced information.** In many cases, data collection is still conducted manually and shared on spreadsheets through email, making it difficult to maintain a clear audit trail. Additionally, the absence of robust controls around data gathering adds further complexity and increases the risk of inconsistencies or errors.
- **Linking sustainability-related disclosures to the financial statements is still a developing area.** Entities are navigating how to quantify the financial effects of specific sustainability-related risks and opportunities, as well as how to estimate their expected impact. This remains an area where further maturity is needed.
- **A significant number of technology solutions have entered the market.** While digital tools can be valuable enablers, the abundance of options is causing confusion for reporting entities trying to determine which solution is right for them—and whether now is the right time to invest in such platforms.
- **Broader reporting considerations are also coming into play. Many UAE entities have historically reported using GRI or other voluntary frameworks.** With growing momentum around ISSB and anticipated requirements under ESRS (for UAE groups that meet specific thresholds), organizations are now questioning how to manage multiple reporting requirements. This includes evaluating interoperability between frameworks and determining the best path forward for consistent, efficient, and meaningful disclosure.

These challenges are part of a natural learning curve, and they highlight the importance of strategic planning, phased implementation, and cross-functional collaboration during the adoption journey.



The road ahead

Each reporting entity should begin by gaining a robust understanding of the new standards and evaluating the benefits of early adoption, whilst recognizing that adoption could become mandatory. The scale of the challenge will vary depending on the entity's current maturity in sustainability reporting. As such, organizations should develop tailored sustainability reporting strategies that address necessary systems, teams, data, and supporting processes. It is crucial that entities act now—building on existing practices—to ensure they are prepared to meet the requirements of the new standards.

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