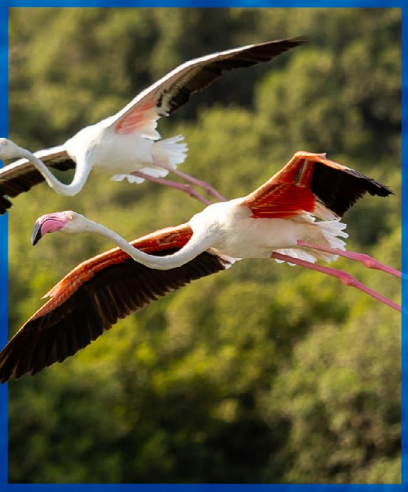
Navigating the ISSB Standards

An overview of the standards and the reporting journey

KPMG. Make the Difference.



In November 2021 the International Financial Reporting Standards (IFRS) Foundation Trustees announced the creation of a new standard-setting board - The International Sustainability Standards Board (ISSB) with the mission to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' Sustainability-Related Risks and Opportunities (SROs).

The first two standards: IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) were issued on 26 June 2023.

Entities that follow IFRS Accounting Standards are not required to also follow IFRS Sustainability Standards. In addition, entities that follow GAAP or any other local accounting framework can adopt IFRS Sustainability Standards, with modifications where needed.

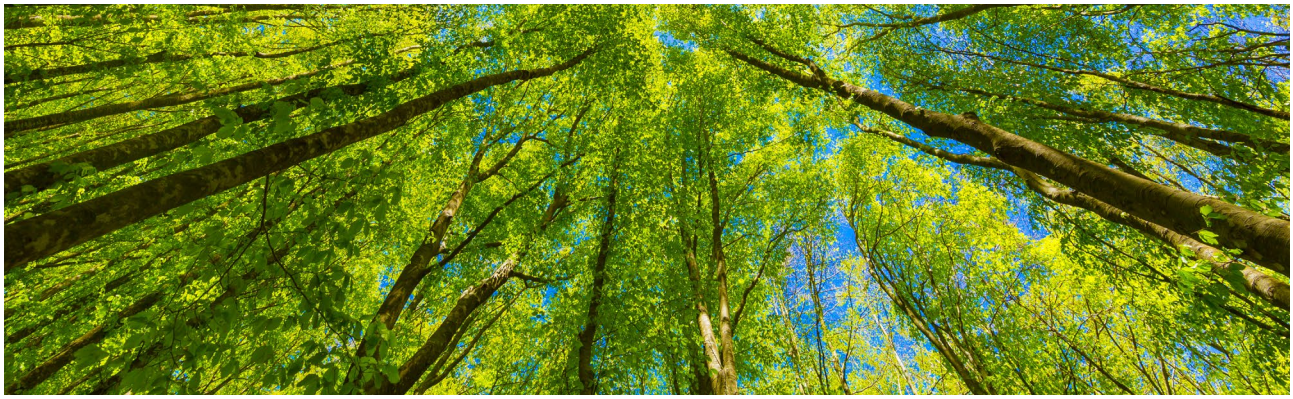
01 Jurisdictional adoption

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 Standards. 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.

02 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 and 2025 sustainability and integrated reports, a number of UAE entities referenced or used the ISSB Standards. 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.



© 2026 KPMG Middle East LLP, a Jersey limited liability partnership, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

At a glance

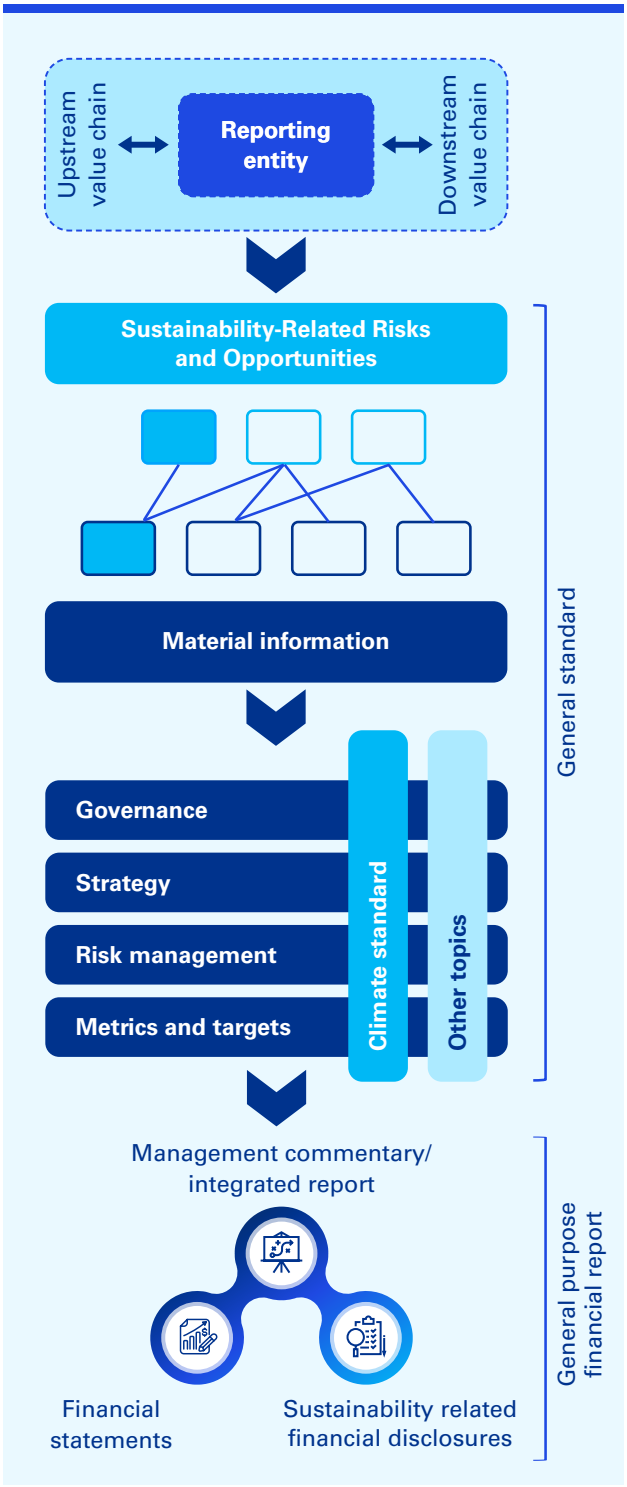
The general standard underpins reporting under all IFRS Sustainability Disclosure Standards, defining the scope and objectives of reporting and providing core content, presentation and practical requirements. It requires disclosure of material information on all Sustainability-Related Risks and Opportunities that could reasonably be expected to affect the company's prospects – not just those related to climate.



The climate standard applies the core content requirements and expands on them with climate-specific reporting requirements – e.g. information on transition plans, scenario analysis and climate-specific metrics and targets. It also provides industry-specific guidance based on the SASB Standards.

For topics other than climate, preparers will need to seek guidance on appropriate disclosures from other sources identified in the general standard – e.g.the SASB Standards.

Over time, it is expected that the ISSB will release additional standards.





© 2026 KPMG Middle East LLP, a Jersey limited liability partnership, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Start your reporting journey

Adopting the new ISSB standards is similar to the adoption of any new reporting standards. It begins with assessing the impact and creating a roadmap to address the gaps identified. However, as sustainability standards differ from accounting standards, there are a few additional steps that need to be considered.



A key starting point is the materiality assessment - the process of identifying risks and opportunities that meet the objectives of the ISSB Standards. These Sustainability-Related Risks and Opportunities are issues that could reasonably be expected to impact an entity's cash flows, access to finance, or cost of capital over the short, medium, or long term.

Once SROs are identified, conducting a disclosure gap assessment becomes straightforward. However, it is important to note that determining data sources and evaluating the quality of these data is often a lengthy exercise, especially during the first year of adoption.

Equally important is the assessment of the operating model. Organizations must understand their existing reporting processes, policies, internal controls, and the capabilities of the teams responsible for data collection and reporting. Technology applications supporting sustainability reporting should also be reviewed. In principle, the sustainability reporting process should match the quality and robustness of financial reporting-especially to meet assurance requirements.

Based on these assessments, companies can then develop a clear roadmap outlining the way forward, establishing priorities for each action item, and defining the expected timeline to achieve full compliance with the ISSB Standards.

© 2026 KPMG Middle East LLP, a Jersey limited liability partnership, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

About KPMG Middle East

KPMG Middle East LLP is a part of the KPMG global organization of independent member firms that operate in 142 countries and territories and are affiliated with KPMG International Limited. We provide audit, tax and advisory services to public and private sector clients across Saudi Arabia, United Arab Emirates, Jordan, Lebanon, Oman, and Iraq, contracting through separate legal entities. We have a strong legacy in the region, where we have been established for over 50 years. KPMG Middle East LLP is well-connected with its global member network and combines its local knowledge with international expertise.

KPMG serves the diverse needs of businesses, governments, public-sector agencies, not-for-profit organizations, and the capital markets.

Our commitment to quality and service excellence underpins everything we do. We strive to deliver to the highest standards for our stakeholders, building trust through our actions and behaviors, both professionally and personally.

Our values guide our day-to-day behavior, informing how we act, the decisions we make, and how we work with each other, our clients, and all our stakeholders.



Integrity
We do what is right.



Excellence
We never stop learning and improving.



Courage
We think and act boldly.



Together
We respect each other and draw strength in our differences.



For Better
We do what matters.

Our purpose is to inspire confidence and empower change. By inspiring confidence in our people, clients and society, we help empower the change needed to solve the toughest challenges and lead the way forward.

KPMG's Impact Plan guides our commitments to serving our clients, people and communities across four categories: Planet, People, Prosperity, and Governance. These four priority areas assist us in defining and managing our environmental, social, economic and governance impacts to create a more sustainable future. We aim to deliver growth with purpose. We unite the best of KPMG to help our clients fulfil their purpose and deliver against the United Nations Sustainable Development Goals, so all our communities can thrive and prosper.

We are dedicated to delivering growth with purpose, helping our clients achieve their goals, and advancing sustainable progress to ensure that all our communities thrive. Empowered by our values, and committed to our purpose, our people are our greatest strength. Together, we are building a values-led organization of the future. For better.

Disclaimer: Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

KPMG © 2026 KPMG Middle East LLP, a Jersey limited liability partnership, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Contacts



Charles Batchelor
Senior Advisor
KPMG Middle East
cbatchelor1@kpmg.com



Lamis Jarrar
Director
KPMG Middle East
ljarrar@kpmg.com



Khadeejeh Ghanem
Associate Director
KPMG Middle East
kghanem@kpmg.com

www.kpmg.com/ae

www.kpmg.com/om

www.kpmg.com/sa

Follow us on:

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG Middle East LLP, a Jersey limited liability partnership, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

May 2026