

Clarifying IFRS S2 | What changes are being proposed? (1/2)

Area	What's proposed?	What's the impact?
Disclosing Scope 3 Category 15 GHG emissions For more information, see Financed and facilitated emissions	<p>Limit the disclosure of Scope 3 Category 15 GHG emissions to financed emissions, as defined in IFRS S2, and specifically exclude derivatives.</p> <p>Require a company to provide information about what is excluded, including the amount of derivatives and other financial activities excluded and an explanation of what a company treats as derivatives.</p>	<p>A company would not need to include emissions from the following asset classes or activities in its total Scope 3 emissions, even if they are material:</p> <ul style="list-style-type: none">derivatives;investment banking activities;underwriting activities in the insurance and reinsurance industry (insurance-associated emissions); andother Category 15 GHG emissions that are not financed emissions. <p>The relief would not be time-bound.</p> <p>There would be no change to the requirement for all types of companies to disclose financed emissions, if material.</p>
Using alternative GWP values in certain circumstances	<p>Allow a company to use the GWP values required by its local regulator or stock exchange instead of GWP values from the latest Intergovernmental Panel on Climate Change (IPCC) assessment for the part of the company to which the local requirements apply.</p>	<p>A company would no longer have to use two sets of GWP values – one to meet IFRS S2 requirements and the other to meet local jurisdictional needs.</p> <p>Irrespective of the proposals, a company is still required to disclose the measurement approach, inputs and assumptions it has used to measure its GHG emissions, which could include explaining:</p> <ul style="list-style-type: none">the GWP values used; andif applicable, why it has not used the GWP values from the latest IPCC assessment. <p>The relief would be available as long as the relevant regulator or stock exchange requires the company to use alternative GWP values.</p>

Clarifying IFRS S2 | What changes are being proposed? (2/2)

Area	What's proposed?	What's the impact?
Using the GICS when disaggregating financed emissions by industry	<p>Introduce a hierarchy for selecting the classification system for disaggregating financed emissions.</p> <ul style="list-style-type: none">a) If a company is currently using GICS in any part of its group, it would use it for the whole group.b) If the company is not currently using GICS within its group and is required by a local regulator or stock exchange to use an alternative industry-classification system for other reporting purposes, then it would use that alternative classification system.c) If neither (a) nor (b) apply, then the company can choose an industry-classification system to provide information in a manner that is useful to investors. <p>Under this hierarchy, if a company is using more than one industry-classification system, then the proposals would require it to choose one classification system.</p> <p>Require a company to disclose the industry-classification system it is using and, if it is not GICS, then explain the basis for selecting the alternative classification system.</p>	<p>A company would be able to use its existing industry-classification system instead of GICS in specific circumstances when providing disaggregated information about its financed emissions.</p> <p>The proposals would be particularly beneficial for companies that are already required to use a different classification system for prudential regulatory reporting, or those that for various reasons already use a different system to GICS.</p>
Using a method other than the GHG Protocol Corporate Standard¹ to measure GHG emissions	<p>Clarify the circumstances in which a company can use the jurisdictional relief that applies if a method other than the GHG Protocol Corporate Standard is required by a local regulator or stock exchange.</p>	<p>A parent entity applying IFRS S2 would be permitted to consolidate information from a part of its group that is prepared using a different measurement method for GHG emissions (as required by its local regulator or stock exchange).</p> <p>The proposals would reduce duplicate reporting for groups that have entities in jurisdictions with different GHG emissions measurement requirements.</p>

1. *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* (2004) (the GHG Protocol Corporate Standard).



kpmg.com/ifrs

Publication date: April 2025

© 2025 KPMG IFRG Limited, a UK company, limited by guarantee. All rights reserved.

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

KPMG International Standards Group is part of KPMG IFRG Limited.

KPMG refers to the global organisation or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit kpmg.com/governance.

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 endeavour 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 upon such information without appropriate professional advice after a thorough examination of the particular situation.

This publication contains copyright © material of the IFRS® Foundation. All rights reserved. Reproduced by KPMG IFRG Limited with the permission of the IFRS Foundation. Reproduction and use rights are strictly limited. For more information about the IFRS Foundation and rights to use its material please visit www.ifrs.org.

Disclaimer: To the extent permitted by applicable law, the IASB, the ISSB and the IFRS Foundation expressly disclaims all liability howsoever arising from this publication or any translation thereof whether in contract, tort or otherwise (including, but not limited to, liability for any negligent act or omission) to any person in respect of any claims or losses of any nature including direct, indirect, incidental or consequential loss, punitive damages, penalties or costs.

Information contained in this publication does not constitute advice and should not be substituted for the services of an appropriately qualified professional.

'ISSB™' is a Trade Mark and 'IFRS®', 'IASB®', 'IFRIC®', 'IFRS for SMEs®', 'IAS®' and 'SIC®' are registered Trade Marks of the IFRS Foundation and are used by KPMG IFRG Limited under licence subject to the terms and conditions contained therein. Please contact the IFRS Foundation for details of countries where its Trade Marks are in use and/or have been registered.