



June 17, 2025

IFRS Foundation
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By E-mail: commentletters@ifrs.org

Re: Invitation to Comment—Exposure Draft Amendments to Greenhouse Gas Emissions Disclosures: Proposed amendments to IFRS S2¹

The New York State Society of Certified Public Accountants (NYCPA), representing more than 18,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above-captioned proposed regulations.

The NYCPA's Sustainability Accounting and Reporting Community of Practice (Community) deliberated the exposure draft and prepared the attached comments.. If you would like additional discussion with us, please contact, Richard Jones, the chair of the Sustainability Accounting and Reporting Community, at 516-463-6990, Edward Esposito, the vice chair of the Sustainability Accounting and Reporting Community, at 917-796-6845, or Keith Lazarus, NYCPA staff, at 212-719-8378.

Sincerely,

NYCPA


NYCPA
Kevin Matz
President

Attachment

¹ <https://www.ifrs.org/content/dam/ifrs/project/amendments-greenhouse-gas-s2/issb-ed-2025-1-greenhouse-gas-s2.pdf>



**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

COMMENTS ON

**INVITATION TO COMMENT— EXPOSURE DRAFT AMENDMENTS TO
GREENHOUSE GAS EMISSIONS DISCLOSURES: PROPOSED AMENDMENTS
TO IFRS S2**

June 17, 2025

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New York State Society of Certified Public Accountants

Comments on

Invitation to Comment— Exposure Draft Amendments to Greenhouse Gas Emissions Disclosures: Proposed amendments to IFRS S2

General Comments

The NYCPA appreciates the efforts of the International Sustainability Standards Board (ISSB) to prioritize the implementation of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.

In general, we support efforts by the ISSB to clarify the applicability of and provide reasonable relief from the disclosure guidance of the IFRS Sustainability Disclosure Standards. Additionally, regarding its proposed amendments to IFRS S2, we encourage maintaining comparability and consistency in the application of the disclosure requirements and avoiding any duplication of reporting costs for preparers in certain jurisdictions.

Specific Comments

Question 1: Measurement and disclosures of Scope 3 Category 15 greenhouse gas (GHG) emissions. The ISSB proposes to permit entities to limit their disclosure of Scope 3 Category 15 GHG emissions. This limitation would permit entities to exclude some of their Scope 3 Category 15 GHG emissions, including those emissions associated with derivatives, facilitated emissions and insurance-associated emissions, when measuring and disclosing Scope 3 GHG emissions in accordance with paragraph 29(a)(i)(3) of IFRS S2.

(a) The ISSB proposes to add paragraph 29A(a), which would permit an entity to limit its disclosure of Scope 3 Category 15 GHG emissions to financed emissions, as defined in IFRS S2 (being those emissions attributed to loans and investments made by an entity to an investee or counterparty). For the purposes of the limitation, the proposed paragraph 29A(a) would expressly permit an entity to exclude GHG emissions associated with derivatives. Consequently, this paragraph would permit an entity to exclude emissions associated with derivatives, facilitated emissions or insurance-associated emissions from its disclosure of Scope 3 GHG emissions.

The proposed amendment would not prevent an entity from choosing to disclose GHG emissions associated with derivatives, facilitated emissions or insurance-associated emissions should it elect to do so.

Paragraphs BC7-BC24 of the Basis for Conclusions describe the reasons for the proposed amendment. Do you agree with the proposed amendment? Why or why?

Response 1(a): We agree with the proposed amendment permitting entities to exclude Scope 3 Category 15 GHG emissions disclosures associated with derivatives, facilitated emissions, or insurance-associated emissions. However, we believe the ISSB should describe or explain

the applicability of the proposed amendment in situations in which the reporting entity applies a measurement approach other than the GHG Protocol, as proposed in paragraphs 29(a)(ii) and discussed in paragraphs (BC23-25).

Additionally, in Paragraph 29A(b)(i), the exposure draft (ED) requires an entity to disclose the financial activities that the entity has excluded related to derivatives, etc., which we support. However, in paragraph 29A(b)(ii) the Board requires an entity to disclose “the amount of other financial activities it excluded.” The term “other financial activities” is not explained or defined in the proposed amendment. We believe that inclusion of the reference to “other financial activities” suggests that an entity would be permitted to exclude other Scope 3 Category 15 GHG emissions that are not specifically excluded by this amendment, which we do not support, absent a description linking that term specifically to the derivatives exclusion.

(b) The ISSB also proposes to add paragraph 29A(b), which would require an entity that limits its disclosure of Scope 3 Category 15 GHG emissions, in accordance with the proposed paragraph 29A(a), to provide information that enables users of general purpose financial reports to understand the magnitude of the derivatives and financial activities associated with the entity’s Scope 3 Category 15 GHG emissions that are excluded. Therefore, the ISSB proposes to add:

- paragraph 29A(b)(i) which would require an entity that has excluded derivatives from its measurement and disclosure of Scope 3 Category 15 GHG emissions to disclose the amount of derivatives it excluded; and
- paragraph 29A(b)(ii) which would require an entity that has excluded any other financial activities from its measurement and disclosure of Scope 3 Category 15 GHG to disclose the amount of other financial activities it excluded.

The term “derivatives” is not defined in IFRS Sustainability Disclosure Standards, and the ISSB does not propose to define this term. As a result, an entity is required to apply judgement to determine what it treats as derivatives for the purposes of limiting its disclosure of Scope 3 Category 15 GHG, in accordance with the proposed paragraph 29A(a). The proposed paragraph 29A(b)(i) would require an entity that has excluded derivatives from its measurement and disclosure of Scope 3 Category 15 GHG emissions to explain the derivatives it excluded.

Paragraphs BC7-BC24 of the Basis of Conclusions describe the reasons for the proposed disclosure requirements. Do you agree with the proposed disclosure requirements? Why or why not?

Response 1(b): We recommend that the ISSB limit the application of the disclosures to derivatives, as defined by the applicable financial accounting and reporting framework used by the reporting entity which will promote both interoperability and comparability (or at least limiting the lack of comparability).

Question 2: Use of the Global Industry Classification Standard (GICS) in applying specific requirements related to financed emissions Paragraphs 29(a)(vi)(2) and B62-B63 of IFRS S2 require entities with commercial banking or insurance activities to disclose additional information about their financed emissions. These entities are required to use the GICS for classifying counterparties when disaggregating their financed emissions information in accordance with paragraphs B62(a)(i) and B63(a)(i) of IFRS S2.

(a) The ISSB proposes to amend the requirements in paragraph B62(a)(i) and B63(a)(i) of IFRS S2 and to add paragraphs B62A-B62B and B63A-B63B that would provide relief to an entity from using GICS in some circumstances. Under the proposals, an entity can use an alternative industry-classification system in some circumstances when disaggregating financial emissions information disclosed in accordance with paragraphs B62(a)-B62(b) and B63(a)-B63(b) of IFRS S2.

Paragraphs BC25-BC38 of the Basis for Conclusions describe the reasons for the proposed amendment. Do you agree with the proposed amendment? Why or why not?

Response 2(a): We agree with the proposed amendment which provides “relief” to entities “from using GICS, in some circumstances.” We believe, for the sake of comparability, the ISSB should continue to indicate a preference for GICS and limit the allowable “relief” from the use of GICS to only situations where a specific jurisdiction requires an alternative industry classification system.

(b) The ISSB also proposes to add paragraphs B62C and B63C to require an entity to disclose the industry-classification system used to disaggregate its financed emissions information and, if the entity does not use GICS, to explain the basis for its industry-classification system selection.

Paragraphs BC25-BC38 of the Basis for Conclusions describe the reasons for the proposed disclosure requirements. Do you agree with the proposed disclosure requirements? Why or why not?

Response 2(b): Yes, we agree that an entity must disclose the reasons for not using GICS, which was “specifically designed for use in global capital markets and it regularly maintained. It is widely used in the investment industry in most jurisdictions due to its integration into a wide range of systems, tools and resources used in global capital markets.”² “GICS was developed . . . in 1999 in response to the global financial community’s need for a reliable, complete and standard industry classification system.”³ Therefore, an entity must have a good reason not to use it.

Question 3: Jurisdictional relief from using the GHG Protocol Corporate Standard. The ISSB proposes to amend paragraphs 29(a)(ii) and B24 of IFRS S2 to clarify the scope of the jurisdictional relief available if an entity is required by a jurisdictional authority or an exchange

² Agenda Paper 4D of the December 2022 ISSB meeting, paragraphs 44–45, which can be accessed at: <https://www.ifrs.org/content/dam/ifrs/meetings/2022/december/issb/ap4d-climate-related-disclosures-financed-and-facilitated-emissions.pdf>

³ MSCI and Standard & Poor’s Frequently Asked Questions about GICS, accessed on the internet on May 28, 2025 at: <https://www.msci.com/documents/10199/5973a128-47f0-4317-b083-716a10207b50>

on which it is listed to use a method other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) to measure GHG emissions for a part of the entity. The amendment would clarify that this relief, which permits an entity to use a different method for measuring GHG emissions, is available for the relevant part of the entity when such a jurisdictional or exchange requirement applies to an entity in whole or in part, for as long as that requirement is applicable.

Paragraphs BC39-BC43 of the Basis for Conclusions describe the reasons for the proposed amendment. Do you agree with the proposed amendment? Why or why not?

Response 3: Yes, we agree with the proposed amendment.

Question 4: Applicability of jurisdictional relief for global warming potential (GWP) values. The ISSB proposes to amend paragraphs B21-B22 of IFRS S2 to extend the jurisdictional relief in the Standard. The ISSB proposes that if an entity is required, in whole or in part, by a jurisdictional authority or exchange on which it is listed to use GWP values other than the GWP values that are required by paragraphs B21-B22 of IFRS S2, the entity would be permitted to use the GWP values required by such a jurisdictional authority or an exchange for the relevant part of the entity, for as long as that requirement is applicable.

Paragraphs BC44-BC49 of the Basis for Conclusions describe the reasons for the proposed amendment. Do you agree with the proposed amendment? Why or why not?

Response 4: We chose not to respond to question 4.

Question 5: Effective Date. The ISSB proposes to add paragraphs C1A-C1B which would specify the effective date of the amendments. The ISSB expects the amendments would make it easier for entities to apply IFRS S2 and would support entities in implementing the Standard. Consequently, the ISSB proposes to set the effective date so that the amendments would be effective as early as possible and to permit early application.

Paragraph BC50-BC51 of the Basis for Conclusions describe the reasons for the proposal. Do you agree with the proposed approach for setting the effective date of the amendments and permitting early application? Why or why not?

Response 5: We agree with the proposed approach for setting the effective date of the amendments and permitting early application as set forth in paragraph BC50 (a) and (b), should the related amendments be adopted. These are narrow-scope amendments meant to address specific stakeholders and should be allowed early adoption to facilitate reporting on a timely basis. We agree that the entity should disclose its early application.

Question 6: Other Comments.

Do you have any other comments on the proposals set out in the Exposure Draft?

Response 6:

a) Suggested Name Change for IFRS S2: The proposed ED is named “Greenhouse Gas Emissions Disclosures” while IFRS S2 is named “Climate-related Disclosures,” which is not aligned nor representative of the full contents of the ED. Therefore, the naming should be aligned and representative of the content of IFRS S2.

In addition, since a goal of this ED is to increase adoption of IFRS S2 in all jurisdictions around the world, this is an opportune time for the ISSB to deliberate a name change for IFRS 2 that will align with this ED and influence adoption in certain jurisdictions where climate-related disclosures have lost favor primarily due to political considerations. Accordingly, we suggest the following name change:

IFRS S2 Greenhouse Gas Emissions and Climate-related Disclosures.

b) Use of GICS for SASB or future ISSB Sector Standards: The Sustainability Accounting Standards Board (SASB), which has been absorbed by the IFRS Foundation, established industry sector standards based upon their own Sustainable Industry Classification System, which differs from GICS. We suggest that when the ISSB updates the SASB standards, they should revise the classification system such that it’s consistent with GICS in order to make it easy for international investors and entities to make comparisons.