# Article information:

What you need to know about new ISSB standard IFRS S2 | EY - Global  
<https://www.ey.com/en_gl/ifrs/what-you-need-to-know-about-new-issb-standard-ifrs-s2>

# Article summary:

1. The ISSB's IFRS S2 standard requires companies to disclose their governance, strategy, risk management, and metrics related to climate change, including the use of scenario analysis.

2. Companies are required to disclose their greenhouse gas emissions, including both direct and indirect emissions along their value chain.

3. The standard provides temporary relief for disclosing Scope 3 emissions in the first year of application, recognizing the challenges in data collection and influence over these emissions.

# Article rating:

May be slightly imbalanced: The article presents the information in a generally reliable way, but there are minor points of consideration that could be explored further or claims that are not fully backed by appropriate evidence. Some perspectives may also be omitted, and you are encouraged to use the research topics section to explore the topic further.

# Article analysis:

The article provides an overview of the new International Sustainability Standards Board (ISSB) standard IFRS S2, which focuses on climate-related disclosures. While the article highlights some important aspects of the standard, there are several areas where a critical analysis is warranted.

Firstly, the article emphasizes the importance of scenario analysis in understanding climate-related risks and opportunities. While this is indeed a valuable tool, the article does not mention any potential limitations or challenges associated with scenario analysis. For example, it can be difficult to accurately predict future climate scenarios and their impact on businesses. Additionally, scenario analysis relies heavily on assumptions and subjective judgments, which may introduce biases into the results.

Furthermore, the article discusses the disclosure requirements for greenhouse gas (GHG) emissions. It mentions that companies are required to disclose absolute gross GHG emissions but fails to mention any specific targets or benchmarks for reducing these emissions. Without such targets, it is unclear how companies will be held accountable for their emissions and whether they are making meaningful progress towards mitigating climate change.

The article also briefly mentions Scope 3 emissions, which are indirect emissions along a company's value chain. However, it does not delve into the challenges associated with measuring and reporting Scope 3 emissions. These emissions can be difficult to quantify as they depend on factors outside a company's direct control. Ignoring these challenges may lead to incomplete or inaccurate reporting of a company's overall carbon footprint.

Additionally, while the article acknowledges that companies may not always be able to influence their Scope 3 emissions in the short term, it does not explore potential strategies or solutions for addressing these emissions in the long term. This omission limits the discussion on how companies can effectively reduce their carbon footprint throughout their value chain.

Another aspect that warrants critical analysis is the potential bias in favor of sustainability reporting and climate change mitigation efforts. The article presents these initiatives as necessary and beneficial without adequately exploring potential drawbacks or alternative perspectives. It is important to consider the costs and trade-offs associated with sustainability reporting, as well as potential unintended consequences.

Furthermore, the article does not provide a balanced view by presenting counterarguments or alternative viewpoints. This one-sided reporting may lead readers to form biased opinions without considering different perspectives on the topic.

Lastly, the article has a promotional tone, positioning IFRS S2 as a groundbreaking standard that will facilitate greater understanding and transition to a net-zero economy. While it is important to highlight the potential benefits of the standard, it is equally important to critically evaluate its limitations and potential risks.

In conclusion, while the article provides an overview of the new ISSB standard IFRS S2 and highlights some important aspects of climate-related disclosures, it lacks critical analysis and presents a biased perspective. It fails to address potential limitations and challenges associated with scenario analysis and Scope 3 emissions reporting. Additionally, it does not present alternative viewpoints or explore potential drawbacks of sustainability reporting efforts. A more balanced and critical analysis would provide readers with a more comprehensive understanding of the topic.

# Topics for further research:

* Limitations and challenges of scenario analysis in climate-related risk assessment
* Targets and benchmarks for reducing greenhouse gas emissions in sustainability reporting
* Measurement and reporting challenges of Scope 3 emissions in corporate carbon footprints
* Strategies and solutions for addressing Scope 3 emissions in the long term
* Costs
* trade-offs
* and unintended consequences of sustainability reporting initiatives
* Alternative perspectives on the importance and effectiveness of climate change mitigation efforts

# Report location:

<https://www.fullpicture.app/item/80fccd01977604e9ed728158d70068db>