

To: Corporate Reporting - Investments & Sustainable Finance WG
From: Cléa Gobet
Date: 10-06-2025
Reference: ECO-CRISF-25-200

Subject: Final contribution to IFRS survey on Amendments to Greenhouse Gas Emissions Disclosures

Introduction

The International Sustainability Standards Board (ISSB) published the Exposure Draft Amendments to Greenhouse Gas Emissions Disclosures on 28 April 2025 ([here](#)). The Secretariat will submit the survey by the 27 June deadline.

Survey

Question 1—Measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions

The ISSB proposes to permit entities to limit their disclosure of Scope 3 Category 15 greenhouse gas emissions. This limitation would permit entities to exclude some of their Scope 3 Category 15 greenhouse gas emissions, including those emissions associated with derivatives, facilitated emissions and insurance-associated emissions, when measuring and disclosing Scope 3 greenhouse gas 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 greenhouse gas 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 greenhouse gas 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 greenhouse gas emissions.

The proposed amendment would not prevent an entity from choosing to disclose greenhouse gas 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 not?

- ☒ Broadly agree
- ☐ Broadly disagree
- ☐ Neither agree nor disagree

Optional: Please explain

European insurers support the ISSB's proposal to permit entities to limit disclosure of Scope 3 Category 15 emissions.

Insurance associated emissions

The European insurance sector has been one of the first industries to highlight the risks from global warming and climate change and to support actions to reduce GHG emissions, to increase adaptation and resilience, and to make transition plans a cross-sectoral requirement. European insurers are already facilitating the transition to a sustainable, resilient, and net-zero economy through their underwriting, investments, and risk management expertise.

Insurers recognise the important role they play in the climate transition and the need for transparent, decision-useful information on climate-related risks and opportunities associated with their underwriting activities, supported by robust metrics. However, we caution against moving too quickly toward mandatory disclosure of Insurance-Associated Emissions (IAEs), as this remains an immature area of reporting. There is currently no harmonised definition of IAEs, no broad consensus on their relevance, and no mature methodology for measurement.

While initiatives such as the Partnership for Carbon Accounting Financials (PCAF) 'Part C' standard have made progress in developing metrics for attributing emissions to underwriting activities, adoption remains limited, and concerns remain regarding the reliability and applicability of these methodologies across different insurance business models.

We therefore stress the need for a shared and operational definition of IAEs. In our view, IAEs should refer specifically to emissions associated with underwriting portfolios in the (re)insurance sector. Other emissions, such as those related to claims management, should be reported under Scope 3 Category 11 ("Use of sold products"), rather than Category 15.

At present, only a limited number of insurers disclose IAEs, and even fewer have set quantitative targets—typically confined to specific lines of business. While the sector has been proactive in supporting the climate transition, the reporting of IAEs remains in its infancy. Significant challenges persist, including methodological uncertainty, limited data availability, and proportionality concerns, particularly for smaller entities. These factors justify a cautious and flexible approach.

We welcome the ISSB's acknowledgement of these practical and methodological challenges by allowing reporting entities to exclude IAEs from Scope 3 emissions disclosures. This flexibility helps maintain the credibility of sustainability-related reporting by focusing quantitative disclosures on Financed Emissions associated with investments, while allowing time for best practices in IAE reporting to develop.

A broader perspective is needed. Insurers can contribute to the low-carbon transition not only through absolute emissions reductions, but also by supporting transitioning clients, offering products and services that promote adaptation and resilience, and engaging in claims management and risk prevention practices that incentivise repair, reuse, and behavioural change. These tools are at least as important—and in some cases more effective—than quantitative emissions metrics in supporting the real economy transition.

Derivatives

There is currently no widely adopted methodology for calculating financed emissions attributable to derivative contracts, making it inappropriate to mandate their disclosure within IFRS S2. Derivatives are typically used by insurers and financial institutions for hedging, liability matching, or risk management purposes, rather than direct investment in emission-generating activities. Attempting to attribute emissions to these instruments could lead to un-economic outcomes and would not provide decision-useful information for users of sustainability reports. This position aligns with current practice and reflects the practical and conceptual challenges of linking derivatives to underlying emissions.

(b) The ISSB also proposes to add paragraph 29A(b), which would require an entity that limits its disclosure of Scope 3 Category 15 greenhouse gas 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 greenhouse gas 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 greenhouse gas 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 greenhouse gas emissions 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 greenhouse gas emissions, 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 greenhouse gas emissions to explain the derivatives it excluded.

Paragraphs BC7–BC24 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?

- ☐ Broadly agree
- ☒ Broadly disagree
- ☐ Neither agree nor disagree

Optional: Please explain

European insurers acknowledge the ISSB's intention to strike a balance between transparency and feasibility through paragraph 29A(b), and we welcome the flexibility to use definitions and data aligned with entities' own financial statements, in line with the IFRS S1 principle of "connected information." This approach allows insurers to provide information that is more relevant and meaningful to stakeholders, particularly given the complexities introduced by IFRS 17 and the absence of standardised concepts such as Gross Written Premium under IFRS.

In this context, we have reservations about the requirement to disclose the monetary amount of activities excluded from the calculation of Scope 3 emissions. For derivatives, the lack of a clear link to underlying emissions—except in specific cases such as commodity derivatives—means such disclosures risk being misleading. Given that derivatives are often used for hedging and are already reflected in financed emissions, narrative explanations would provide more clarity and relevance for users.

Similarly, disclosing the amount of insurance activity excluded from Scope 3 Category 15 reporting could be misinterpreted, as figures like gross written premium do not reflect insurers' level of influence or the societal role of insurance. Narrative disclosures would better capture the rationale for exclusions and highlight alternative levers—such as underwriting policies, risk prevention, and client engagement—through which insurers support decarbonisation.

Question 2—Use of the Global Industry Classification Standard 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 Global Industry Classification Standard (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 paragraphs 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 financed 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?

- ☒ Broadly agree
- ☐ Broadly disagree
- ☐ Neither agree nor disagree

Optional: Please explain

European insurers support the flexibility to use alternative industry-classification systems, as this approach balances the need for comparability with practical feasibility and avoids unnecessary legal, licensing, and cost burdens, especially for entities already subject to other regulatory frameworks. Mandating GICS across all activities could create significant implementation challenges for large, global organisations and may require unproductive annual investigations to verify GICS usage throughout the group.

Allowing institutions to apply the most appropriate classification systems for their specific business areas respects existing operational structures and enhances the usability and scalability of IFRS S2, without compromising the decision-usefulness of disclosures.

However, we are concerned that the current drafting could undermine intended flexibility, and we support clarifying the requirements to ensure the relief is meaningful and practical for preparers.

(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 amendment? Why or why not?

- ☒ Broadly agree
- ☐ Broadly disagree
- ☐ Neither agree nor disagree

Optional: Please explain

European insurers support the proposal to require entities to disclose the industry-classification system used to disaggregate financed emissions, and to explain the basis for their choice if not using GICS. This requirement promotes transparency and accountability without imposing a one-size-fits-all approach that may be impractical or costly for many insurers. By allowing flexibility in classification systems while still requiring clear disclosure of the methodology used, the proposal maintains the informational value and interpretability of financed emissions data for

users of financial reports. It also helps preserve a degree of comparability across entities, while accommodating the diverse regulatory and operational environments in which insurers operate.

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 on which it is listed to use a method other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) to measure greenhouse gas 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 greenhouse gas 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?

- ☐ Broadly agree
- ☐ Broadly disagree
- ☒ **Neither agree nor disagree**

Optional: Please explain

European insurers broadly support the clarification of the scope of jurisdictional relief for entities required to use a method other than the GHG Protocol Corporate Standard (2004) to measure greenhouse gas emissions. This amendment provides essential flexibility for entities operating in multiple jurisdictions by allowing them to comply with local regulations that may require alternative methodologies for specific parts of the entity, such as subsidiaries in different jurisdictions. By reducing duplicative reporting and administrative burden, this approach enhances regulatory alignment and ensures entities can meet both global and local requirements efficiently.

However, we emphasise that the scope of this relief must be strictly limited to situations where local regulations mandate an alternative methodology. As the GHG Protocol serves as an internationally recognised standard and reference for GHG accounting, using alternative methods risks undermining the consistency and comparability of reported data across entities and jurisdictions. Expanding this flexibility beyond cases required by local regulations could further jeopardize data alignment. We encourage the ISSB to safeguard the integrity of global reporting standards by restricting optionality in methodology selection and continuing collaboration on updates to the GHG Protocol.

Question 4—Applicability of jurisdictional relief for global warming potential 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 global warming potential (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?

- ☐ Broadly agree

☐ Broadly disagree

☒ **Neither agree nor disagree**

Optional: Please explain

European insurers support extending jurisdictional relief for the use of global warming potential (GWP) values. European insurers support this amendment because it addresses the practical challenges faced by entities operating in multiple jurisdictions that may require different GWP values than those specified in IFRS S2. The proposed relief reduces duplicative effort and compliance costs, allowing insurers to meet both local and global reporting requirements efficiently. This flexibility is particularly important for multinational insurers navigating diverse regulatory environments.

However, while we support the need for flexibility where jurisdictional authorities may require entities to use GWP values other than those specified by the IPCC, it is essential to recognise that IPCC GWP values are scientifically established and widely used at the international level. These values should remain the standard basis for global warming potential calculations to ensure consistency and comparability in reporting. By allowing practical jurisdictional adjustments while maintaining the IPCC values as the reference point, the amendment strikes a balance between regulatory coherence and operational practicality.

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.

Paragraphs 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?

Do you agree with the proposed amendment? Why or why not?

☒ **Broadly agree**

☐ Broadly disagree

☐ Neither agree nor disagree

Optional: Please explain

European insurers support the ISSB’s proposal to make the amendments to IFRS S2 effective as soon as possible, with the option for early application. Given the narrow, targeted nature of the amendments and their focus on clarifying or easing existing requirements, (re)insurers welcome the ability to apply them without delay. This approach is especially appropriate as many insurance companies and jurisdictions are already in the midst of implementing or aligning with IFRS S2, and the timely application of these amendments would help ensure consistency, reduce compliance burdens, and avoid unnecessary duplication of reporting efforts.

Question 6—Other comments

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

NA