

**AY-2. Are you responding as an individual, or on behalf of an organisation?**

- Organisation

**AY-3. Please provide the name of the organisation you are responding on behalf of:**

Group of Latin American Accounting Standard Setters (GLENIF - GLASS)

**AY-10. Please provide any additional details relevant to you (if responding as an individual) or your organisation (if responding on behalf of an organisation).**

The overall objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions with respect to all Exposure Drafts, Requests for Information and Discussion Papers issued by the IASB and ISSB, and to generate proposals originated from the regional initiatives. Therefore, GLASS aims to have a unified regional opinion before the IASB and ISSB. GLASS is constituted by: Argentina (Chair), Bolivia, Brazil (Board), Chile, Colombia (Board), Costa Rica (Board), Dominican Republic, Ecuador, Guatemala, Honduras, Mexico (Board), Panama, Paraguay, Peru (Board), Uruguay (Board) and Venezuela (Vice Chair).

**CL-1. Please provide your cover letter in the text box below.**

Buenos Aires, Argentina, 27 June 2025 International Sustainability Standards Board (ISSB) Columbus Building 7 Westferry Circus Canary Wharf London E14 4HD United Kingdom RE: Exposure Draft ISSB/PN/2025/1 – Amendments to Greenhouse Gas Emissions Disclosures: Proposed amendments to IFRS S2 Dear members of the International Sustainability Standards Board (ISSB): The Group of Latin American Accounting Standards Setters (GLASS) thanks you for the opportunity to comment on the ISSB's Exposure Draft ISSB/ED/2025/1 (the ED), which proposes amendments to IFRS S2— Climate related Disclosures regarding the measurement and disclosure of greenhouse gas emissions (GHG). Due Process This response summarises the views of the countries that comprise GLASS, in accordance with the due process established by our organisation. Discussions on the ED were conducted within the framework of a Technical Working Group (TWG), composed of members of the Permanent Sustainability Commission of GLASS. All member countries were invited to appoint representatives to this group and carried out internal technical analyses and consultations. Based on this work, the TWG prepared a document containing the agreed responses and technical rationale, which was submitted to and approved by the Board of Directors of GLASS. General Comments GLASS agrees with the proposals contained in the ED and appreciates that the ISSB has initiated this process of modification, which will improve the viability of the widespread application of IFRS S2, considering it important to complement with illustrative examples and educational material to provide practical guidelines that allow the application of this important standard, in the aspects that we detail in the attachment to this communication. We especially highlight the approach aimed at reducing compliance costs to increase the clarity of technical requirements and allow better compatibility with local regulatory frameworks already existing in various jurisdictions. For this reason, we encourage the ISSB to continue advancing in the effective internationalization of its regulatory framework, building requirements that are inclusive, technically sound and adaptable to the diverse institutional and regulatory realities of its users around the world. Specific Comments We attach below our responses to the specific questions in the ED. Contact Should you require any clarification regarding our comments, please contact us at [glenif@glenif.org](mailto:glenif@glenif.org). Yours sincerely, Hernán P. Casinelli President Group of Latin American Accounting Standards Setters (GLASS)

**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.

#### **01-A Response. Do you agree with the proposed amendment? Why or why not?**

- Broadly agree

GLASS supports the introduction of paragraph 29A(a), in line with what is explained in the Basis for Conclusions, thereby resolving the practical challenges associated with the measurement and disclosure of certain Scope 3, Category 15 issuances, particularly those related to derivatives, investment banking activities (facilitated issuances) and insurance. GLASS notes with satisfaction that this limitation does not prevent institutions from voluntarily choosing to disclose additional emissions, which favors transparency to the extent that there are capacities to do so.

(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.

### **01-B Response. Do you agree with the proposed disclosure requirements? Why or why not?**

- Broadly agree

With respect to paragraph 29A(b), GLASS agrees with the requirement to disclose the magnitude of the excluded activities, as it provides users with critical information about the relative incompleteness of the data disclosed. This qualitative and quantitative disclosure complements the exemption, without imposing an undue burden. GLASS does not agree with not defining the term "derivatives", which although there is a definition in the Glossary of IFRS Accounting Standards, such a gap in the standards issued by the ISSB could generate multiple interpretations that lead to inconsistency or a lack of comparability in the information issued by the entities. One member of GLASS expressed an adverse comment regarding the proposals contained in paragraph 29A, based on the fact that the measurement of all categories of information on Scope 3 Category 15 emissions should always be considered for the preparation of the sustainability reports of the entities. In addition, recommendations were received to provide illustrative examples to quantify the magnitude of derivatives and other excluded activities, to promote consistency between jurisdictions, especially those in which there are no regulatory reporting frameworks that can be used as a reference.

### **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.

### **02-A Response. Do you agree with the proposed amendment? Why or why not?**

- Broadly agree

GLASS agrees with the modifications proposed by the ISSB regarding the use of alternative systems to GICS for industrial classification of counterparties in the disclosure of financed emissions. As noted in the Basis for Conclusions, GLASS welcomes the ISSB's recognition of the practical challenges, as well as the licensing and adaptation costs associated with mandatory use of GICS—particularly in jurisdictions using different classification systems, such

as CIIU in Latin America, NACE in Europe, or NAICS in North America. The original requirement to use GICS exclusively posed a significant risk of duplicated effort and represented an unnecessary barrier to effective implementation of IFRS S2 in many emerging and developing economies. Consequently, the flexibility introduced by these proposed amendments enables better alignment with local regulatory frameworks without compromising the information's usefulness.

(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.

## **02-B Response. Do you agree with the proposed disclosure requirements? Why or why not?**

- Broadly agree

With respect to sub paragraph (b), GLASS fully supports the requirement to disclose both the classification system used and the rationale behind its selection when GICS is not employed. This approach helps preserve transparency and promotes reasonable comparability, even when diverse systems are in use. Nonetheless, GLASS suggests that the ISSB consider: • Including examples of commonly accepted classification systems (such as CIIU or NACE) in educational materials or as an appendix to IFRS S2; and • Providing practical guidance for mapping between systems (for instance, mapping CIIU to GICS), which would facilitate comparability and interoperability without placing undue burden.

## **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.

## **03-Response. Do you agree with the proposed amendment? Why or why not?**

- Broadly agree

GLASS agrees with the amendment proposed by the ISSB, as it recognizes the need to align international requirements with the regulatory frameworks in force in different jurisdictions and avoids regulatory conflicts or duplication of efforts for entities subject to local regulations. We especially appreciate that the amendment allows the exemption to be applied to a portion of the entity, which is relevant for economic groups with transnational operations subject to dissimilar regulatory requirements. This type of adjustment improves the operability of IFRS S2 without compromising its conceptual integrity. Based on the regional experience of GLASS, we observe that several Latin American countries have developed their own GHG emissions reporting frameworks, either through mandatory methodologies or through

national technical guides that, while based on the GHG Protocol, present local adaptations. Examples include: • Mexico, where the General Law on Climate Change requires certain emitters to use the methodology established by the Ministry of Environment and Natural Resources (SEMARNAT). • Colombia, which has implemented a National Climate Change Policy with a national monitoring and verification system. • Costa Rica, which has developed a specific methodology for cantonal emissions inventories, adapting the global city protocol to its local situation. These cases, detailed in Annex I of this letter, justify the need to maintain and clarify the jurisdictional exemption provided for in the proposal. Finally, GLASS suggests that the ISSB accompany this provision with additional guidance to help entities clearly identify what constitutes a binding requirement from a jurisdictional authority or stock exchange, to reduce uncertainty in the practical application of the exemption.

#### **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.

#### **04-Response. Do you agree with the proposed amendment? Why or why not?**

- Broadly agree

GLASS supports the proposed amendment to paragraphs B21 and B22 of IFRS S2, as it allows entities to use Global Warming Potential (GWP) values other than those established by the Standard when such values are required by a jurisdictional authority or a stock exchange on which the entity is listed. This proposed exemption is reasonable and pragmatic, as it recognizes the diversity of regulatory frameworks that currently coexist and promotes interoperability between the global ISSB system and local requirements that may have valid scientific basis or regulatory acceptance in their respective jurisdictions. GLASS considers this amendment particularly relevant in the context of Latin America, where some countries have adopted climate reporting frameworks that use alternative greenhouse gas conversion methodologies or local adaptations of the GHG Protocol. The ISSB's proposal avoids potential regulatory conflicts and helps reduce the duplicate reporting burden, without impairing international comparability if deviations are clearly disclosed. However, GLASS recommends that the ISSB include an explicit reference to the version of the IPCC report whose GWP values should be used by default in the IFRS S2 application guide, to reduce ambiguity, facilitate the traceability of the data used, and strengthen the verifiability of the report.

#### **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.

**05-Response. Do you agree with the proposed approach for setting the effective date of the amendments and permitting early application? Why or why not?**

- Broadly agree

GLASS agrees with the proposal that the amendments be effective as soon as possible, given that the amendments do not introduce new fundamental requirements, since most of them: • clarify the scope of existing requirements; • provide practical relief; and • promote greater consistency with the reference methodological framework. In this regard, no significant additional implementation burden is expected for entities that are already advanced in preparing their information in accordance with IFRS S2. GLASS also supports allowing early application, but conditioned on full and simultaneous adoption. This restriction prevents partial or selective adoption of amendments, which could affect comparability between entities.

**Question 6—Other comments**

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

GLASS has no additional comments. APPENDIX I – EXAMPLES OF LATIN AMERICAN JURISDICTIONS WITH NATIONAL FRAMEWORKS FOR REPORTING GREENHOUSE GAS (GHG) EMISSIONS GLASS considers that the amendment proposed by the ISSB, which allows entities to apply an exemption when required by a jurisdictional authority or stock exchange to use methodologies other than the Greenhouse Gas Protocol (2004), is particularly relevant in the Latin American context. Some illustrative examples are detailed below: Mexico Regulatory framework: General Law on Climate Change (2012) Relevance: The law establishes the obligation to report GHG emissions to the Ministry of Environment and Natural Resources (SEMARNAT) using specific methodologies defined in national technical regulations. Application: Establishments that emit more than 25,000 tons of CO<sub>2</sub> equivalent must submit an annual report. Source: <https://www.gob.mx/semarnat/acciones-y-programas/registro-de-emisiones-y-transferencia-de-contaminantes-retc> Colombia Regulatory framework: National Climate Change Policy Relevance: Includes an emissions monitoring, reporting, and verification (MRV) system that articulates sectoral and territorial strategies. Application: Promotes the use of methodologies adapted for specific sectors, aligned with, but not necessarily identical to, the GHG Protocol. Source: <https://www.minambiente.gov.co/politica-nacional-de-cambio-climatico/> Costa Rica Regulatory framework: Cantonal Carbon Neutrality Country Program Relevance: Costa Rica has developed a national methodology for emissions inventories at the cantonal level, based on the Global Protocol for Communities (GPC), with local adaptations. Application: Use of specific indicators and technical criteria developed by MINAE (Ministry of Environment and Energy). Source: <https://cambioclimatico.go.cr/wp-content/uploads/2021/08/mvr.pdf>