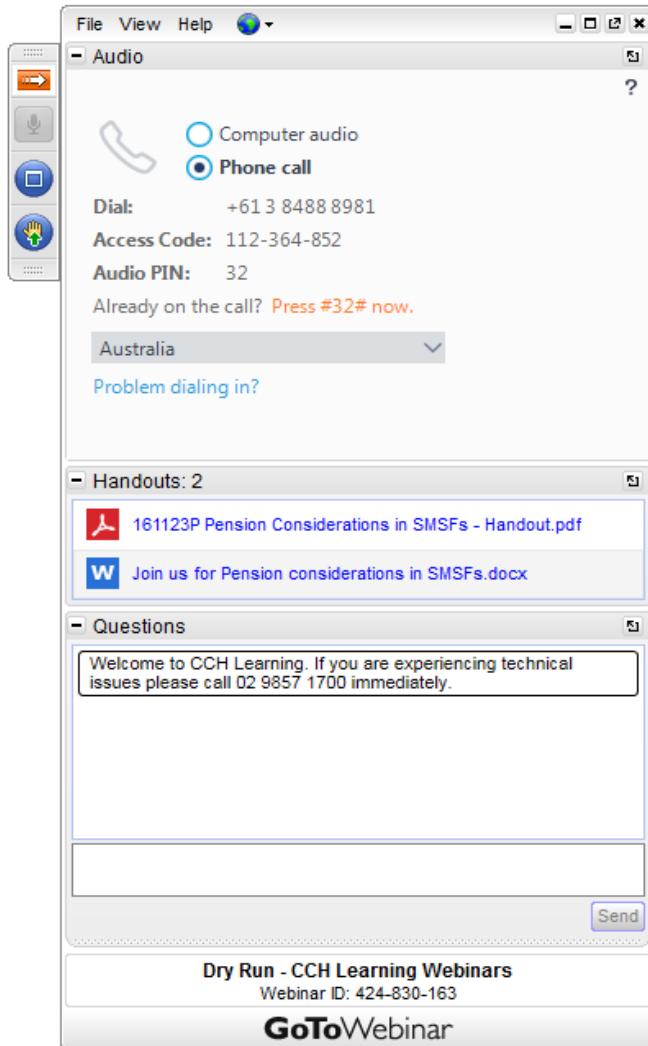

The New IFRS S1 re General Sustainability – related Disclosures

Aletta Boshoff & Dean Ardern

Thursday 6 April 2023



How to participate today



- Handouts Section - PowerPoint
- Sound Problems? Toggle between Audio and Phone
- Within 24-48 hours you will receive an email notification of the e-learning Recording

Questions?



Susannah Gynther
Moderator

Type your
question and hit
Send





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Your Presenters



- Aletta Boshoff
- Partner & National Leader, IFRS & Corporate Reporting, ESG & Sustainability



- Dean Ardern
- Director IFRS & Corporate Reporting

A vertical image on the left side of the slide showing a bright sun setting over a dark, silhouetted landscape. The sky is a gradient of orange and yellow.

ACKNOWLEDGEMENT OF COUNTRY

We would like to begin by acknowledging the Traditional Owners of the land on which we meet today, and pay our respects to Elders past, present, and emerging.

We extend that respect to Aboriginal and Torres Strait Islander peoples here today.



TODAY'S AGENDA

- ▶ Current Status of Sustainability Reporting in Australia
- ▶ 30 June 2023 Reporting - TCFD Recommendations
- ▶ International Sustainability Standards Board (ISSB)
- ▶ ED IFRS S1 *General Sustainability-related Disclosures*
- ▶ Next Steps

A close-up photograph of a person's hand, with a gold ring on the ring finger, holding a small green seedling with two leaves over a mound of dark, rich soil. The background is blurred, showing more soil and a wooden handle. The overall scene conveys a sense of growth, care, and sustainability.

CURRENT STATUS OF SUSTAINABILITY REPORTING IN AUSTRALIA

ASIC'S FOCUS AREAS FOR 31 DECEMBER 2022 REPORTING

- Climate change risk could have a material impact on the future prospects of entities. Directors may also consider whether to disclose information that would be relevant under the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Given common reporting pillars, following the TCFD recommendations will help position companies for any future reporting under standards being developed by the International Sustainability Standards Board.

<https://asic.gov.au/about-asic/news-centre/find-a-media-release/2022-releases/22-333mr-asic-highlights-focus-areas-for-31-december-2022-reporting/>

Issued 1 December 2022

WHAT ARE ASIC'S EXPECTATIONS ON SUSTAINABILITY-RELATED DISCLOSURES?

Directors should be aware that ASIC continues to encourage listed companies to use the TCFD's recommendations as the primary framework for voluntary climate-related disclosures, including the [Guidance on Metrics, Targets, and Transition Plans](#). In doing so, companies should be well placed to transition to any future disclosure standards in Australia such as those proposed by the International Sustainability Standards Board (ISSB).

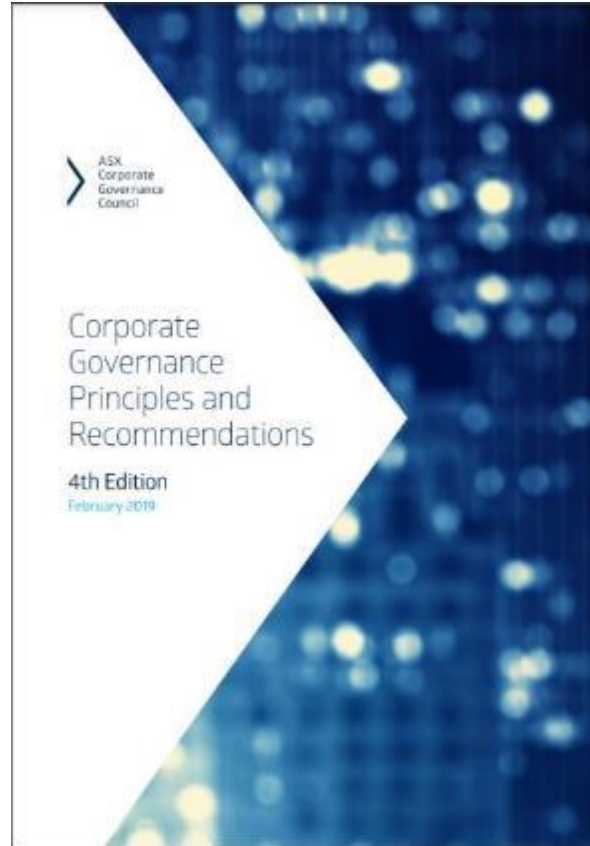
As the ISSB progresses with its proposals and other related developments evolve, directors will need to carefully consider what kind of governance structures might be required to be developed now, in order to best support company disclosure and reporting in the future, having regard to the likely deeper connection between sustainability reporting and financial reporting.

<https://asic.gov.au/about-asic/news-centre/articles/asic-s-current-focus-what-are-the-regulator-s-expectations-on-sustainability-related-disclosures/>

Issued 7 December 2022

ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS?

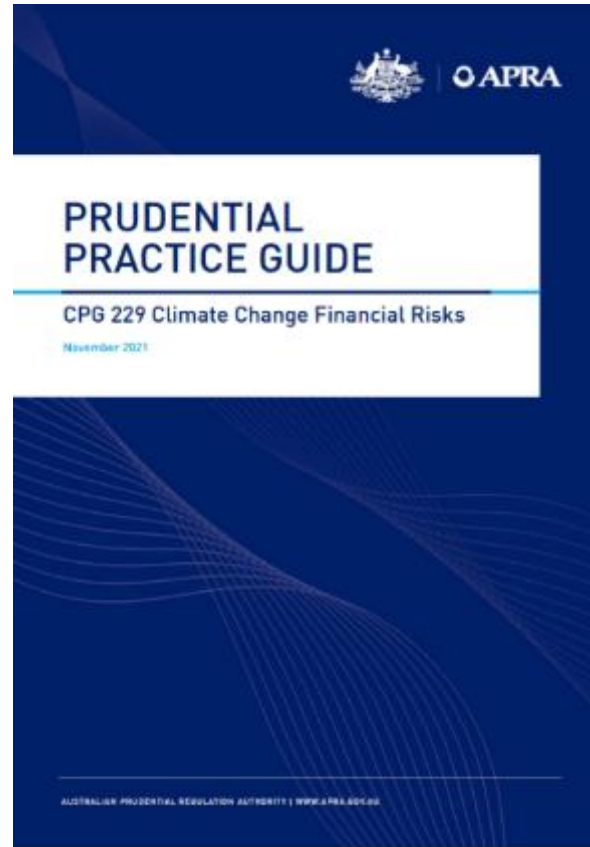
- ▶ Issued in February 2019 for application for financial years beginning on or after 1 January 2020, the ASX Corporate Governance Council's fourth edition of the ASX Corporate Governance Principles and Recommendations (ASX Principles and Recommendations) now **make reference to climate-related risk and the TCFD Recommendations**
- ▶ The ASX Principles and Recommendations also require a company to disclose material exposure to **economic, environmental and social sustainability risks** and how the entity manages or intends to manage those risks



<https://www.asx.com.au/documents/regulation/cgc-principles-and-recommendations-fourth-edn.pdf>

APRA PRUDENTIAL PRACTICE GUIDE CPG 229 *CLIMATE CHANGE FINANCIAL RISKS*

- ▶ In November 2021, APRA issued Prudential Practice Guide CPG 229 Climate Change Financial Risks (CPG 229).
- ▶ While not mandatory, CPG 229 aims to assist APRA-regulated institutions in complying with Prudential Standards
 - CPS 220 Risk Management,
 - SPS 220 Risk Management,
 - CPS 510 Governance,
 - SPS 510 Governance and,
 - more generally, to outline prudent practices in relation to climate change financial risk management



<https://www.apra.gov.au/sites/default/files/2021-11/Final%20Prudential%20Practice%20Guide%20CPG%20229%20Climate%20Change%20Financial%20Risks.pdf>

THE TREASURY CONSULTATION PAPER



International alignment of disclosures

It is common among international jurisdictions with mandatory climate disclosure that those requirements are TCFD-aligned. While the TCFD recommendations have seen strong uptake in Australia, they leave significant scope for disclosures to vary in reporting across entities. The ISSB aims to fill this gap by providing the necessary standardisation and comparability between climate disclosures, as part of a comprehensive global baseline of sustainability-related disclosure standards.

The Government has committed to requiring businesses to make climate-related disclosures regarding governance, strategy, risk management, targets and metrics – including greenhouse gasses. As these are common disclosure pillars under both the TCFD and ISSB, there is scope to deliver a reporting requirement that is initially TCFD-aligned and able to reflect ISSB standards when they become available for jurisdictional adoption.



**30 JUNE 2023 REPORTING -
TCFD RECOMMENDATIONS**

TCFD RECOMMENDATIONS

<https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf>



Figure 1

Key Features of Recommendations

- Adoptable by all organizations
- Included in financial filings
- Designed to solicit decision-useful, forward-looking information on financial impacts
- Strong focus on risks and opportunities related to transition to lower-carbon economy

Figure 1

Climate-Related Risks, Opportunities, and Financial Impact

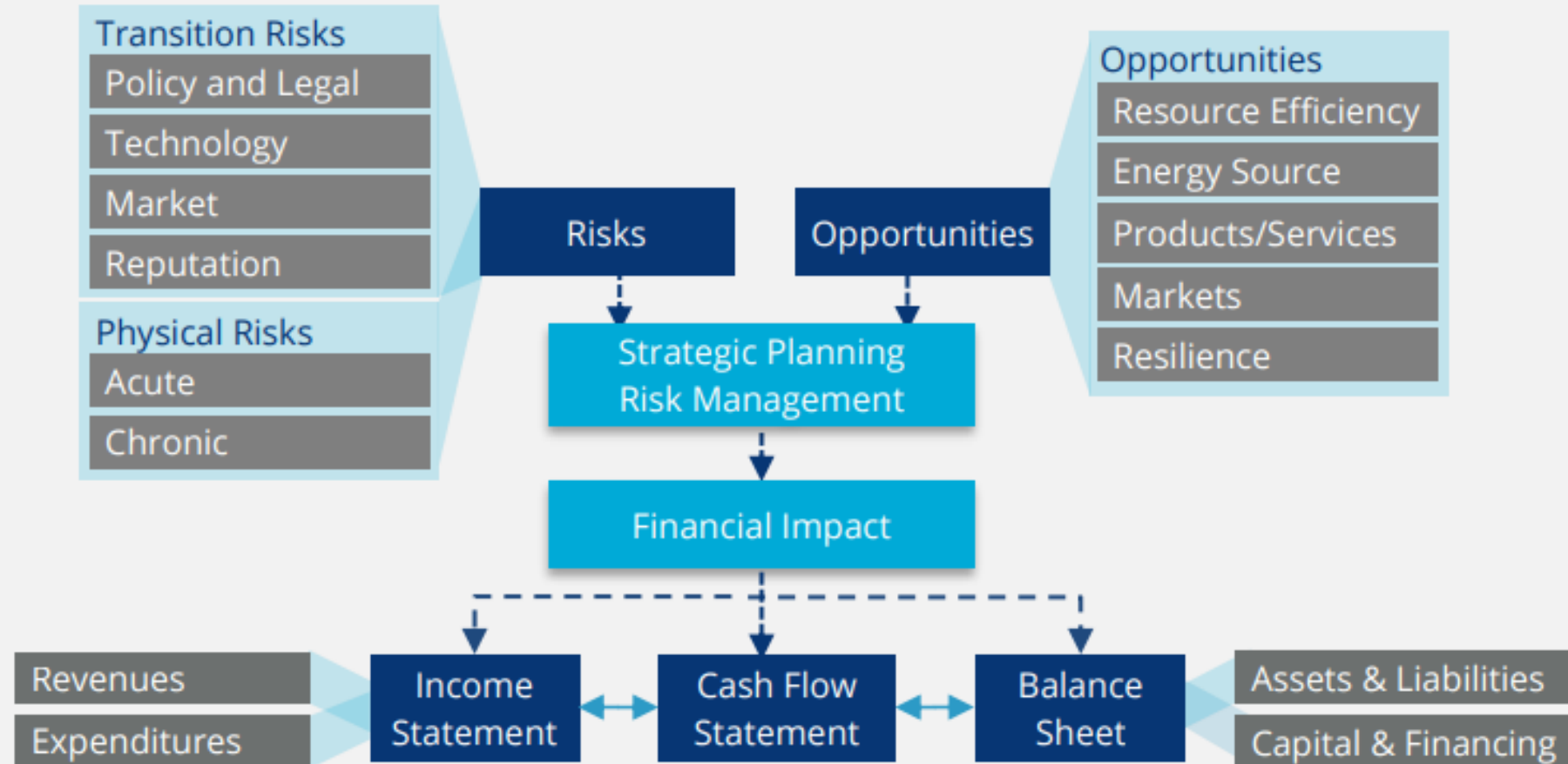


Figure 2

Core Elements of Recommended Climate-Related Financial Disclosures



Governance

The organization's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

4 Pillars

Figure 4

Recommendations and Supporting Recommended Disclosures

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	a) Describe the organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	b) Describe the organization's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

11
Recommendations

Figure 6

Principles for Effective Disclosures

- 1 Disclosures should represent relevant information
- 2 Disclosures should be specific and complete
- 3 Disclosures should be clear, balanced, and understandable
- 4 Disclosures should be consistent over time
- 5 Disclosures should be comparable among companies within a sector, industry, or portfolio
- 6 Disclosures should be reliable, verifiable, and objective
- 7 Disclosures should be provided on a timely basis

WHAT ABOUT SCOPE 1, 2 AND 3 EMISSIONS?

Metrics and Targets

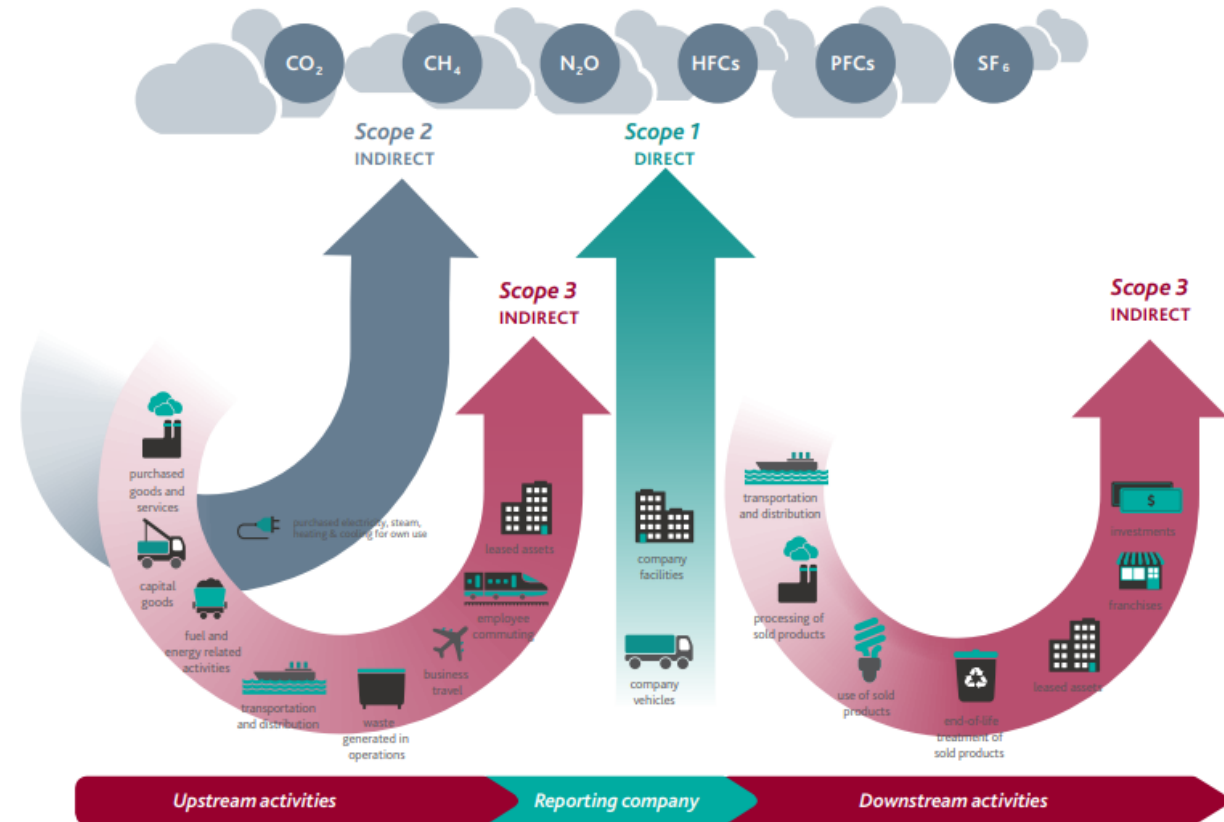
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended Disclosures

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.



Source: Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard

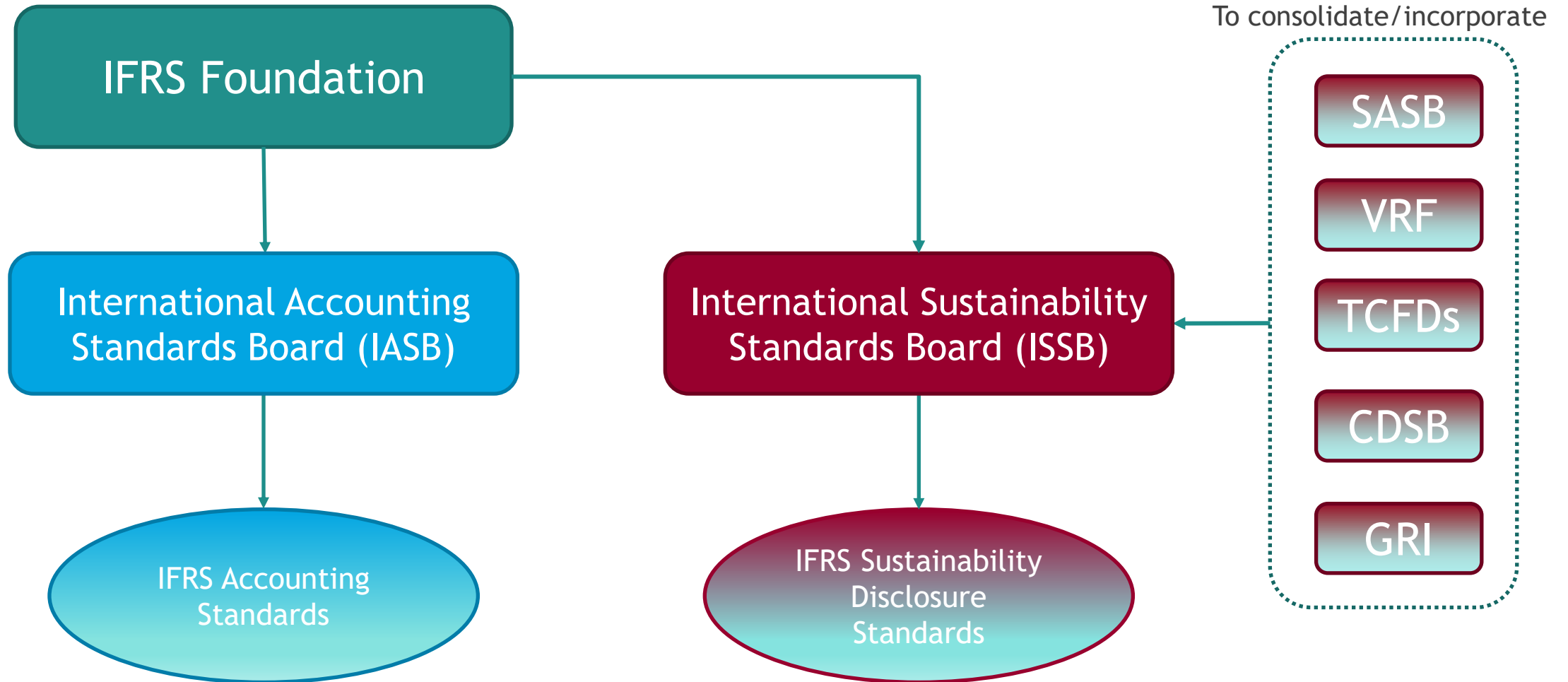


INTERNATIONAL SUSTAINABILITY STANDARDS BOARD (ISSB)

IDEAS | PEOPLE | TRUST



COP26: CREATION OF INTERNATIONAL SUSTAINABILITY STANDARDS BOARD



DEVELOPING SUSTAINABILITY DISCLOSURE STANDARDS

ED IFRS S1

*General Requirements for
Disclosure of Sustainability-
related Financial
Information*

ED IFRS S2

Climate-related Disclosures



**ED IFRS S1 - GENERAL
SUSTAINABILITY-
RELATED DISCLOSURES**

ED IFRS S1 - GENERAL SUSTAINABILITY-RELATED DISCLOSURES

- ▶ IAS 1 *Presentation of Financial Statements* defines a complete set of financial statements and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* provides guidance on the establishment and implementation of accounting policies
- ▶ ED IFRS 1 is designed to be the sustainability equivalent of these Standards
 - A complete set of sustainability-related financial disclosures **presents fairly** the sustainability-related risks and opportunities to which a company is exposed that are relevant to its enterprise value
 - **Guidance** is provided to enable reporting by a company on all significant sustainability-related risks and opportunities

WHAT IS ESG & SUSTAINABILITY?



ED IFRS S1 - GENERAL SUSTAINABILITY-RELATED DISCLOSURES

- ▶ Disclose material information about all **significant** sustainability-related risks and opportunities
 - **Materiality is in the context of enterprise value**
- ▶ **Enterprise value** - total value of equity and net debt
 - Reflect the timing and uncertainty of future cash flows in the short, medium and long term
 - Information relevant to enterprise value could be wider than information in financial statements
- ▶ Sustainability disclosures must be made available **at the same time as financial statements** in order for compliance with IFRS Sustainability Disclosure Standards (SDS) to be achieved

Definition of materiality to be the same as for IFRS Accounting Standards
Concept of enterprise value removed

ED IFRS S1 - GENERAL SUSTAINABILITY-RELATED DISCLOSURES

- ▶ Framework for disclosures is based on TCFD pillars
 - Governance
 - Strategy
 - Risk management
 - Metrics and targets



ED IFRS S1 - GENERAL SUSTAINABILITY-RELATED DISCLOSURES

Governance

Information to enable investors to understand the governance processes, controls and procedures used to monitor and manage significant sustainability-related risks and opportunities.

Strategy

Information to enable investors to assess a company's strategy for addressing significant sustainability-related risks and opportunities, whether these risks and opportunities are incorporated into its strategic planning, including financial planning; and whether they are core to its strategy.

Risk management

Information to enable investors to understand the process by which a company identifies, assesses and manages current and anticipated sustainability-related risks and opportunities and whether that process is integrated into its overall risk management processes. This information helps an investor evaluate the company's overall risk profile and risk management processes.

Metrics and targets

Information to enable investors to understand how a company measures, monitors and manages significant sustainability-related risks and opportunities and assesses its performance, including progress towards the targets it has set.

ED IFRS S1 - GENERAL SUSTAINABILITY-RELATED DISCLOSURES

Governance

12 **The objective of sustainability-related financial disclosures on governance is to enable users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage sustainability-related risks and opportunities.**

13 To achieve this objective, an entity shall disclose information about the governance body or bodies (which can include a board, committee or equivalent body charged with governance) with oversight of sustainability-related risks and opportunities, and information about management's role in those processes. Specifically, an entity shall disclose:

- (a) the identity of the body or individual within a body responsible for oversight of sustainability-related risks and opportunities;
- (b) how the body's responsibilities for sustainability-related risks and opportunities are reflected in the entity's terms of reference, board mandates and other related policies;
- (c) how the body ensures that the appropriate skills and competencies are available to oversee strategies designed to respond to sustainability-related risks and opportunities;
- (d) how and how often the body and its committees (audit, risk or other committees) are informed about sustainability-related risks and opportunities;
- (e) how the body and its committees consider sustainability-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions, and its risk management policies, including any assessment of trade-offs and analysis of sensitivity to uncertainty that may be required;
- (f) how the body and its committees oversee the setting of targets related to significant sustainability-related risks and opportunities, and monitor progress towards them (see paragraphs 27–35), including whether and how related performance metrics are included in remuneration policies; and
- (g) a description of management's role in assessing and managing sustainability-related risks and opportunities, including whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee. The description shall include information about whether dedicated controls and procedures are applied to management of sustainability-related risks and opportunities and, if so, how they are integrated with other internal functions.

ED IFRS S1 - GENERAL SUSTAINABILITY-RELATED DISCLOSURES

Strategy

- 14 The objective of sustainability-related financial disclosures on strategy is to enable users of general purpose financial reporting to understand an entity's strategy for addressing significant sustainability-related risks and opportunities.
- 15 To achieve this objective, an entity shall disclose information about:
- (a) the significant sustainability-related risks and opportunities that it reasonably expects could affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term (see paragraphs 16–19);
 - (b) the effects of significant sustainability-related risks and opportunities on its business model and *value chain* (see paragraph 20);
 - (c) the effects of significant sustainability-related risks and opportunities on its strategy and decision-making (see paragraph 21);
 - (d) the effects of significant sustainability-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term—including how sustainability-related risks and opportunities are included in the entity's financial planning (see paragraph 22); and
 - (e) the resilience of its strategy (including its business model) to significant sustainability-related risks (see paragraphs 23–24).

ED IFRS S1 - GENERAL SUSTAINABILITY-RELATED DISCLOSURES

Risk management

- 25 The objective of sustainability-related financial disclosures on risk management is to enable users of general purpose financial reporting to understand the process, or processes, by which sustainability-related risks and opportunities are identified, assessed and managed. These disclosures shall enable users to assess whether those processes are integrated into the entity's overall risk management processes and to evaluate the entity's overall risk profile and risk management processes.

- 26 To achieve this objective, an entity shall disclose:
- (a) the process, or processes, it uses to identify sustainability-related:
 - (i) risks; and
 - (ii) opportunities;
 - (b) the process, or processes, it uses to identify sustainability-related risks for risk management purposes, including when applicable:
 - (i) how it assesses the likelihood and effects associated with such risks (such as the qualitative factors, quantitative thresholds and other criteria used);
 - (ii) how it prioritises sustainability-related risks relative to other types of risks, including its use of risk-assessment tools;
 - (iii) the input parameters it uses (for example, data sources, the scope of operations covered and the detail used in assumptions); and
 - (iv) whether it has changed the processes used compared to the prior reporting period;
 - (c) the process, or processes, it uses to identify, assess and prioritise sustainability-related opportunities;
 - (d) the process, or processes, it uses to monitor and manage the sustainability-related:
 - (i) risks, including related policies; and
 - (ii) opportunities, including related policies;
 - (e) the extent to which and how the sustainability-related risk identification, assessment and management process, or processes, are integrated into the entity's overall risk management process; and
 - (f) the extent to which and how the sustainability-related opportunity identification, assessment and management process, or processes, are integrated into the entity's overall management process.

ED IFRS S1 - GENERAL SUSTAINABILITY-RELATED DISCLOSURES

Metrics and targets

- 27 The objective of sustainability-related financial disclosures on metrics and targets is to enable users of general purpose financial reporting to understand how an entity measures, monitors and manages its significant sustainability-related risks and opportunities. These disclosures shall enable users to understand how the entity assesses its performance, including progress towards the targets it has set.
- 30 An entity shall disclose the metrics it uses to manage and monitor sustainability-related risks and opportunities; and the metrics it uses to measure performance, including progress towards the targets it has set.
- 31 When a metric has been developed by an entity, it shall disclose:
- (a) how the metric is defined, including whether it is an absolute measure or expressed in relation to another metric (such as revenue or floor space) and any sources that have been used to construct the metric;
 - (b) whether measurement of the metric is validated by an external body and, if so, which body; and
 - (c) explanations of the methods used to calculate the targets and the inputs to the calculation, including the significant assumptions made and the limitations of those methods.
- 32 An entity shall disclose the targets it has set to assess progress towards achieving its strategic goals, specifying:
- (a) the metric used;
 - (b) the period over which the target applies;
 - (c) the base period from which progress is measured; and
 - (d) any milestones or interim targets.
- 33 An entity shall disclose:
- (a) performance against its disclosed targets and an analysis of trends or significant changes in its performance; and
 - (b) revisions to its targets and the explanation for those revisions.
- 34 The definition and calculation of metrics, including metrics used to set and monitor targets, shall be consistent over time. If a metric or target is redefined or replaced, an entity shall:
- (a) explain the changes;
 - (b) explain the reasons for those changes, including why any replacement metric provides more useful information; and
 - (c) provide restated comparative figures, unless it is impracticable to do so.
- 35 An entity shall label metrics and targets using meaningful, clear and precise names and descriptions.



CONNECTED INFORMATION

- ▶ Provide information that enables an assessment of connections between different sustainability-related risks and opportunities
- ▶ Disclose how sustainability-related financial information is related to information in the financial statements

FAIR PRESENTATION

- ▶ Apply IFRS Sustainability Disclosure Standards
- ▶ Also required to consider:
 - Disclosure topics in industry-based SASB Standards
 - ISSB non-mandatory guidance (e.g. CDSB Framework application guidance for water and biodiversity related disclosures)
 - Most recent pronouncements of other standard setters where requirements are designed to meet investor needs
 - Sustainability-related risks and opportunities identified by companies in the same industries / geographical areas

ED IFRS S1 - GENERAL SUSTAINABILITY-RELATED DISCLOSURES

Identify all sustainability-related topics for disclosure

Apply mandatory IFRS SDS topics (e.g. IFRS S2 on climate)

For other topics: refer to other sources (industry-based SASB standards, CDSB Framework, other standard-setting bodies, etc.). ISSB will use SASB for future topics, therefore, SASB may be reasonable starting point

ED IFRS S1 - GENERAL SUSTAINABILITY-RELATED DISCLOSURES

- ▶ Information related to a company's value chain
 - Sustainability-related risks and opportunities across the value chain
 - Includes:
 - Supply, marketing and distribution channels (e.g. materials and service sourcing, products and service sale and delivery)
 - Financing and regulatory environment in which the company operates
 - Human resources



GENERAL FEATURES

- ▶ Comparatives
- ▶ Frequency of reporting
- ▶ Location of information
- ▶ Errors
- ▶ Estimates
- ▶ Statement of compliance

RESTATEMENT OF COMPARATIVE INFORMATION FOR UPDATES TO ESTIMATES

- ▶ Limit restatement to estimates that apply in the reporting period, not to forward looking estimates

Examples	Recommended approach	Rationale
<p><u><i>Example 1—Historic estimates (data availability)</i></u></p> <p>An entity uses value chain data in calculating a sustainability-related metric. The entity obtains the data from 60 out of 100 of its supply chain partners at the end of 20X1. In calculating the metric, the entity extrapolates the available data. In 2022, some of the unavailable data becomes available.</p>	<p>Revise comparative information, unless doing so is impracticable.</p>	<p>Revising the comparative information to reflect the best available data in historic estimates results in the most useful information for users' trend analysis.</p>

LATEST DECISIONS - 16 FEBRUARY IN MONTREAL

Proportionality (Scalability)

- **Mechanisms to address proportionality**
 - a) Use of reasonable and supportable information that is available without undue cost or effort; and
 - b) Consideration of an entity's skills, capabilities and resources.
- **Adoption relief** available to all entities however helpful for those companies which are less able to comply with the proposed disclosure requirements
 - a) Timing of reporting relief
 - b) GHG Protocol Corporate Standard relief
 - c) Scope 3 greenhouse gas (GHG) emissions reporting relief
 - d) Comparative reporting relief

Jean-Paul Servais, Chair of the Board, International Organization of Securities Commissions (IOSCO), identified the following approaches that can lead to a balanced approach in sustainability reporting

- proportionality/ scalability - cost and effort
- phasing approach - transition reliefs (especially for scope 3)
- capacity building

LATEST DECISIONS - 16 FEBRUARY IN MONTREAL

Proportionality (Scalability)

- Additional clarifications and mechanisms to support application:
 - a) The use of ‘unable to do so’ (which has been expressed using more specific criteria);
 - b) Guidance within the Standards and educational material;
 - c) Providing ‘sources of guidance’ to identify sustainability-related risks and opportunities and disclosures;
 - d) Using existing terminology and concepts, specifically leveraging from: IFRS Accounting Standards; and sustainability-related frameworks and standards;
 - e) Contributing to ongoing efforts to support application, specifically: (i) facilitating interoperability; and (ii) enabling capacity building

“For smaller companies the focus will be looking at core data, targets, understanding the context and governance around it, looking at the guidance out there, building on the data... when standards emerge, expectation will be to see more comparable data”

- Wilhelm Mohn, Global Head of Corporate Governance, Norges Bank Investment Management

LATEST DECISIONS - 16 FEBRUARY IN MONTREAL

Proportionality (Scalability)					
Topic	Mechanisms to address proportionality			Additional clarifications/mechanisms to facilitate application	
	Reasonable and supportable ...without undue cost or effort	Consideration of skills, capabilities, and resources	Adoption relief	'Unable to do so'	Guidance, educational material, and other
Determination of anticipated financial effects	X	X		X	X
Climate-related scenario analysis	X	X			X
Measurement of Scope 3 GHG emissions	X		X		X
Identification of risks and opportunities	X				X

LATEST DECISIONS - 16 FEBRUARY IN MONTREAL

Proportionality (Scalability)					
Topic	Mechanisms to address proportionality			Additional clarifications/mechanisms to facilitate application	
	Reasonable and supportable ...without undue cost or effort	Consideration of skills, capabilities, and resources	Adoption relief	'Unable to do so'	Guidance, educational material, and other
Measurement of Scope 1 and Scope 2 GHG emissions			X		X
Determination of the scope of the value chain	X				X
Determination of current financial effects				X	X
Calculation of metrics in particular cross-industry metric categories	X				X
Other areas			X		X

LATEST DECISIONS - 16 FEBRUARY IN MONTREAL

Sustainability Symposium held in Montreal - February 2023

- ▶ The ISSB has issued a summary including 'Seven key takeaways' from the conference:
 1. ISSB Standards are nearing issuance
 2. SASB Standards are a practical tool to implement S1 and S2
 3. Global comparability remains paramount
 4. Jurisdictions are actively considering the ISSB Standards
 5. Capacity building is critical to the ISSB's success
 6. Work to advance integrated reporting remains underway
 7. Many stakeholders have enabled the ISSB to make significant progress

FEBRUARY 2023 ISSB UPDATE

- ▶ The ISSB tentatively decided to amend the requirement in draft S1 to **permit, but not require**, preparers to consider ‘the most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the needs of users of general purpose financial reporting’ in identifying sustainability-related risks and opportunities and in identifying disclosures about those risks and opportunities
- ▶ The ISSB also tentatively decided to introduce a requirement to **permit, but not require**, preparers to consider the Global Reporting Initiative Standards and the European Sustainability Reporting Standards in identifying disclosures about sustainability-related risks and opportunities. These sources of guidance will be listed in the appendices to IFRS S1

FEBRUARY 2023 ISSB UPDATE

The ISSB tentatively decided:

- to require that both IFRS S1 and IFRS S2 be effective for annual reporting periods beginning on or after 1 January 2024. All 14 ISSB members agreed with this decision.
- to confirm early application of IFRS S1 and IFRS S2 is permitted. All 14 ISSB members agreed with this decision.
- to permit early application, but only if an entity applies both IFRS S1 and IFRS S2 at the same time. All 14 ISSB members agreed with this decision.
- to confirm that if an entity applies IFRS S1 and IFRS S2 early, it is required to disclose that fact. Thirteen of 14 ISSB members agreed with this decision.

FEBRUARY 2023 ISSB UPDATE

The ISSB also tentatively decided to make available in the first annual reporting period in which an entity applies IFRS S1 and IFRS S2:

- relief from the requirement to report sustainability-related financial disclosures at the same time as the related financial statements (in accordance with the ISSB's previous decision);
- relief from the requirement to measure Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard if the entity uses a different measurement basis in the annual reporting period immediately preceding its initial application of IFRS S2; and
- relief from the requirement to disclose Scope 3 GHG emissions

MARCH 2023 ISSB MEETING

- ▶ Deliberations on IFRS SDS S1 and S2 have been completed
- ▶ ISSB Consultation on Agenda Priorities
 - Request for Information to be published in Q2 2023
 - Research projects: biodiversity, ecosystems and ecosystem services, human capital and human rights
 - Connectivity project with the IASB
 - Expand scope to focus on ‘integration in reporting’
 - Rebadge as a *potential* joint project with the IASB, ask questions about how the project could be pursued (joint with IASB?, based on Integrated Reporting Framework or Management Commentary?)

MARCH 2023 ISSB MEETING

- ▶ International Applicability of SASB Standards - targeted completion before end of 2023
 - Goal of this project is to make the SASB standards appropriate for international use given that they will be key for entities applying S1 (e.g. identifying disclosure information for sustainability topics not covered by S2)
 - The objectives of this project are:
 - identifying potential regional biases and jurisdictionally specific references throughout the SASB Standards that might be difficult for preparers operating in certain jurisdictions or across multiple jurisdictions to apply
 - ensuring the SASB Standards are GAAP-agnostic without substantially altering the Standards' structure or original intent
 - removing jurisdictionally specific references without significantly altering the costs and benefits of application
 - replacing jurisdictionally specific references with internationally applicable references when available
 - generalising applicable jurisdictional legal and regulatory references when necessary



VERY LATEST DEVELOPMENT

- ▶ Potential transitional relief re IFRS S1

A person wearing a yellow jacket, red pants, and a backpack is walking away from the camera on a wooden staircase with metal railings. The staircase is set in a dense, lush forest with many green ferns and trees. The scene is brightly lit, suggesting a sunny day. There are red decorative bars in the top-left and bottom-left corners of the image.

NEXT STEPS

IDEAS | PEOPLE | TRUST



KEY TAKE-AWAYS FROM 3-PART ISSB WEBINAR SERIES

1

The challenge of implementation of Scope 3 emission disclosures

Estimates are acceptable way to begin analysis supported by properly explainable assumptions supporting these estimates.

Commensurate level of effort expected without undue cost or effort.
For scenario analysis it could be sophisticated model using expensive data sets or reasonable analysis with narrative disclosures.

For Scope 3, ISSB to provide guidance and -temporary exemption for minimum of one year following effective date of S2.
- Relief to include information obtained from companies in value chain with different reporting cycle (more information in February Montreal meeting).

2

For smaller and medium sized organisations

Transition made pragmatic and scalable by providing guidance, educational material and working together with different jurisdictions.

Provides transitional reliefs.

3

Importance of connectivity or interoperability

Provides a robust 360 view of the corporate reporting of a company

Leads to better general purpose financial statements

Poses great opportunity in increased departmental collaboration, holistic understanding of company strategies

4

The industry based SASB standards immensely useful for preparers and investors alike

Improves comparability within a particular sector helps investors to analyse better

Helps in taking decision-centric approach as every industry have its own uniqueness.

For preparers, cost-effective and helps to analyse internally by comparing with peers in same sector

5

For companies just starting out on their sustainability journey...

Start now with TCFD framework and SASB standards, identify gaps

Develop your processes and controls

To look at this as a value creation exercise instead of compliance exercise

[Links to the recorded webinars on IFRS Foundation YouTube channel](#)

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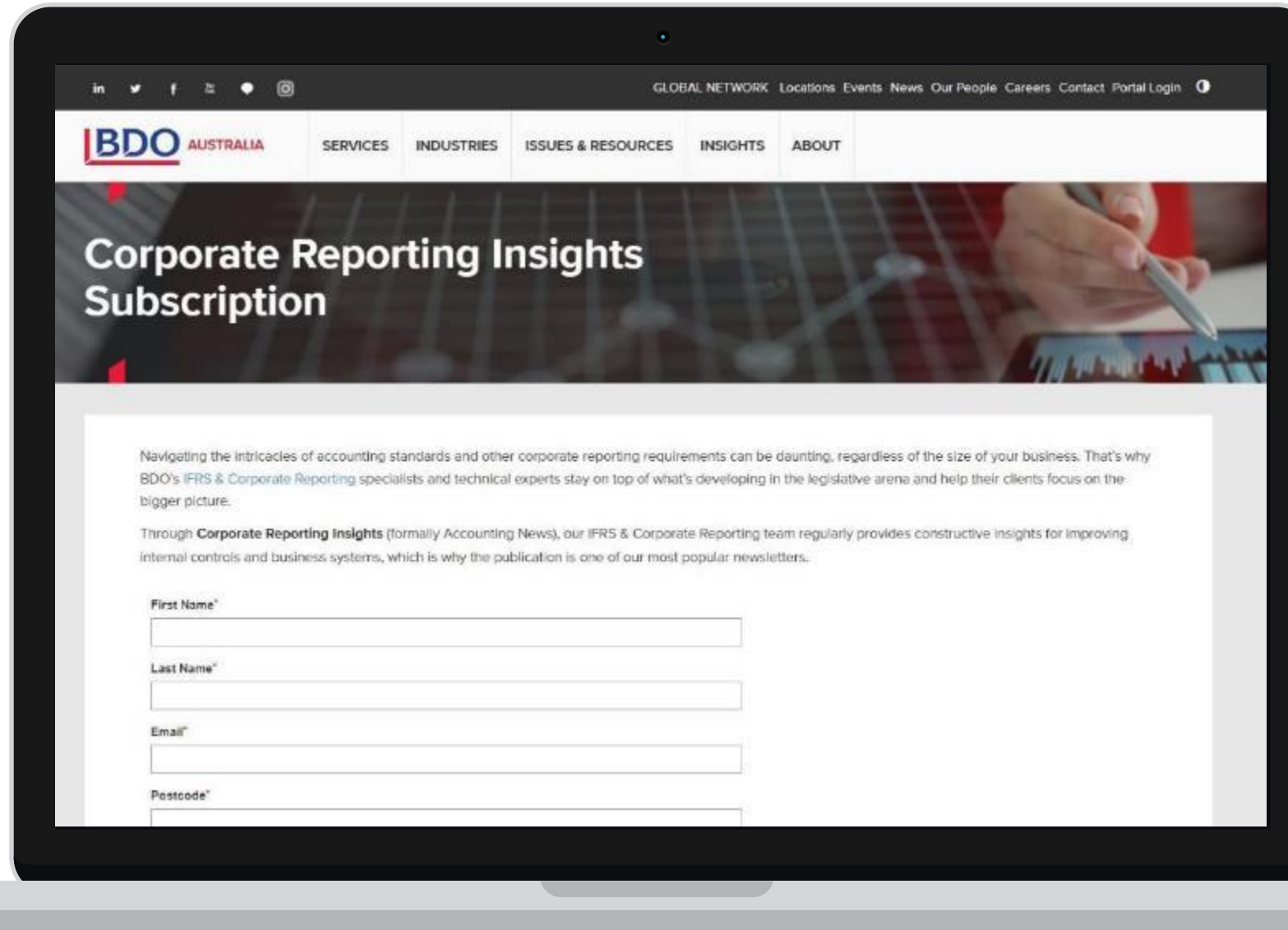
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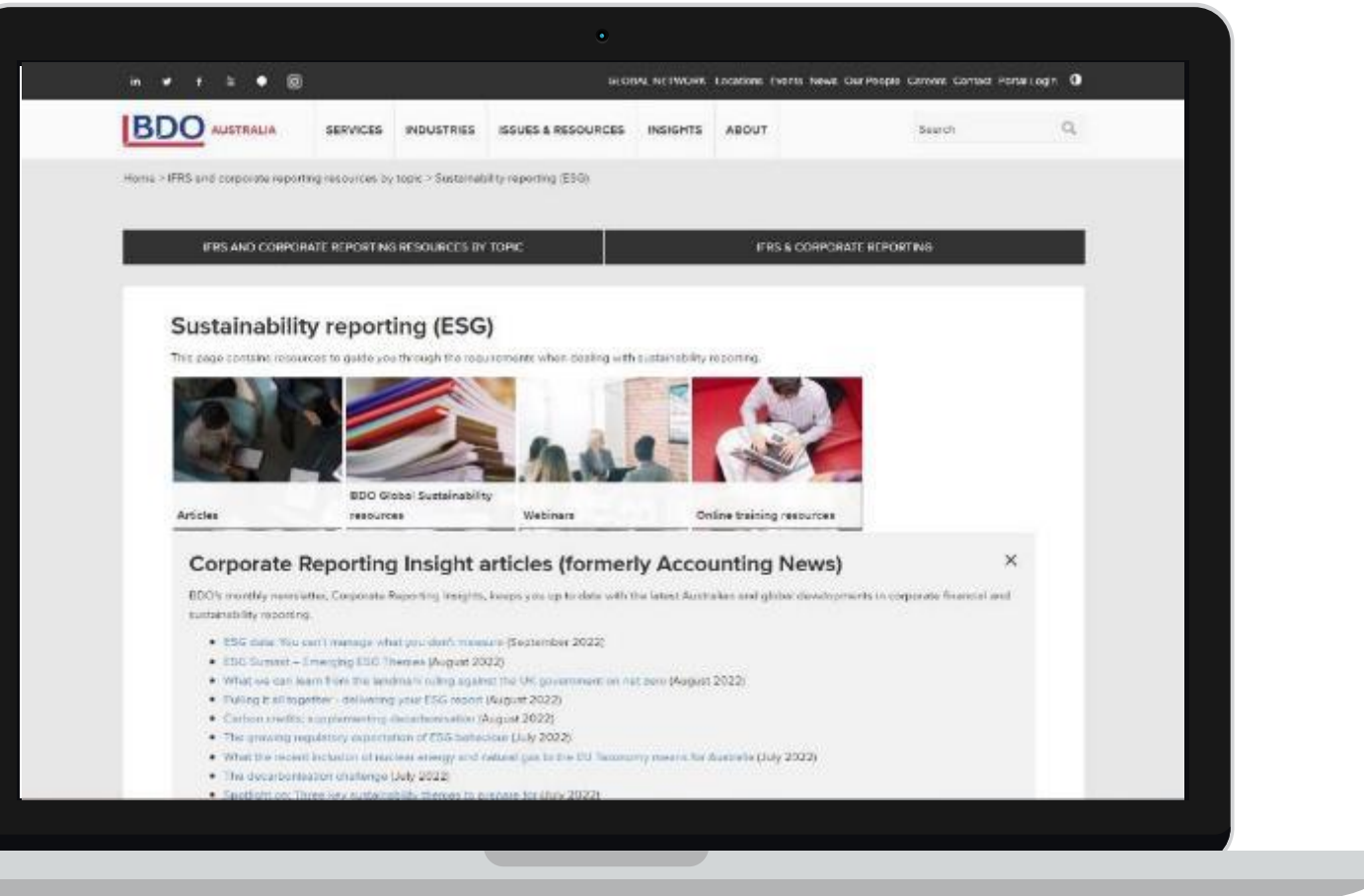
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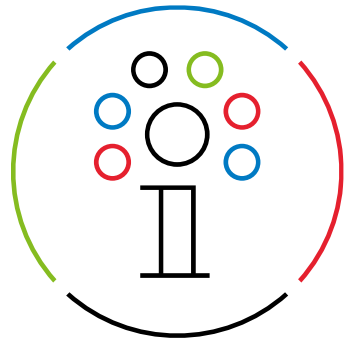


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<Questions>



You can type them in the “Questions” box now
Or contact me via:

- <Aletta Boshoff>
- <03 9603 1700>
- Aletta.Boshoff@bdo.com.au

- <Dean Ardern>
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Questions?

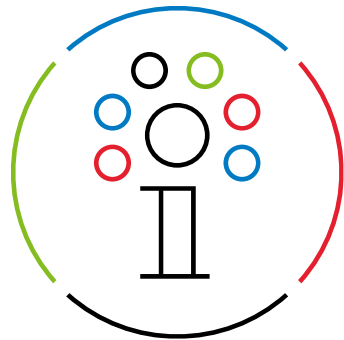


Susannah Gynther
Moderator

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Upcoming Webinars



- 12 April - Putting a Cap on Contributions and Benefits - Don't get Caught Out
- 26 April – The Tips and Traps and the Foreign Income Tax Offset
- 27 April – STP Phase 2 – A Deep Dive
- 27 April - Foreign Income and the Foreign Income Tax Offset
- 2 May - Employees v Contractors
- 3 May - Navigating Conflict in the Workplace

Questions?



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