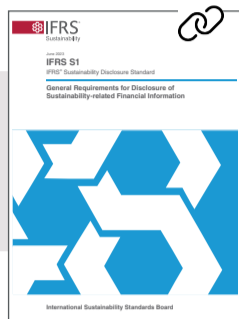


Use IFRS Sustainability Disclosure Standards and sources of guidance referred to in IFRS S1 to identify sustainability-related risks and opportunities

In identifying sustainability-related risks and opportunities that could reasonably be expected to affect a company's prospects, a company shall apply IFRS Sustainability Disclosure Standards.

Refer to sources of guidance listed in IFRS S1



Apply other IFRS Sustainability Disclosure Standards



Required to consider SASB disclosure Topics



What are SASB Disclosure topics?

The [SASB Standards](#) are a useful tool to help companies identify sustainability-related risks and opportunities. In the SASB Standards, [disclosure topics and metrics](#) are organised by industry, enabling a company to identify sustainability-related risks and opportunities that are applicable to its business model and associated activities.

How to use them?

A company is required to refer to and consider the disclosure topics in the SASB Standards and consider whether they are applicable to its business and its disclosures. A company might conclude that the disclosure topics are not applicable.

May consider other investor-focused sources of guidance



The ISSB standards identify a number of resources that a company may consider in addition to the SASB Standards.

What are other investor-focused sources of guidance?

Other investor-focused sources of guidance include:

- the [CDSB Framework Application Guidance for Water-related Disclosures](#) and the [CDSB Framework Application Guidance for Biodiversity-related Disclosures](#)
- the most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the information needs of users of general purpose financial reports; and
- the sustainability-related risks and opportunities identified by companies that operate in the same industry or geographical region.

How to use them?

A company is permitted to refer to these other sources of guidance to identify sustainability-related risks and opportunities may—to the extent that guidance from these sources does not conflict with the IFRS Sustainability Disclosure Standards or guidance associated with them.

What are IFRS Sustainability Disclosure Standards?

In addition to IFRS S1, companies are required to refer to other applicable IFRS Sustainability Disclosure Standards that specifically apply.

ISSB Standards include definitions of sustainability-related risks and opportunities to which the standard applies. For example, IFRS S2 defines climate-related transition and physical risks and climate-related opportunities to which IFRS S2 applies.

How to use them?

Preparers should review the IFRS Sustainability Disclosure Standards to determine whether other specific standards apply. For example, if climate-related risks and opportunities are relevant to your business model, use IFRS S2 when identifying and disclosing information about climate-related risks and opportunities.

Required to consider Industry-based Guidance on Implementing IFRS S2 Climate-related Disclosures



What it is:

IFRS S2 includes industry-specific guidance (derived from SASB Standards). This guidance covers 68 industries and it suggests possible ways to identify, measure and disclose information about climate-related risks and opportunities.

How does a company use the guidance?

A company is required to consider the disclosure topics in the industry-based Guidance on Climate Related Disclosures and use its judgement to determine whether they are applicable to its business.

Questions to consider when using sources of guidance to identify sustainability-related risks and opportunities

- Have you considered the applicability of the IFRS disclosure topics defined in the [Industry-based Guidance on implementing Climate-related Disclosures](#) to identify climate-related risks and opportunities?
- Have you considered the applicability of SASB Standard disclosure topics or other sources of guidance referred to in IFRS S1?
- Are the other sources of guidance you are considering focused on investor needs?

For more information:
[Access IFRS S1 and IFRS 2](#)

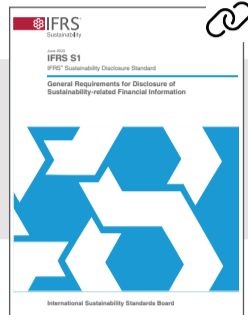
Questions to consider when assessing the scope and completeness of sustainability-related risks and opportunities

- Have you identified all of the sustainability-related risks and opportunities that could reasonably be expected to affect the company's prospects?
- Are there other sustainability-related risks and opportunities that have been identified in previous risk assessments undertaken by the company that could reasonably be expected to affect the company's prospects?
- Have you assessed all upstream and downstream value chain activities to identify critical dependencies on resources and relationships, and to identify significant external environment influences?
- Have you assessed impacts and dependencies on your value chain over short-, medium- and long-term time horizons?

Use IFRS Sustainability Disclosure Standards and sources of guidance referred to in IFRS S1 to identify information (including metrics) that could be material

After identifying sustainability-related risks and opportunities that could reasonably be expected to affect the company's prospects, companies will identify and disclose material information about those sustainability-related risks and opportunities.

Refer to sources of guidance listed in IFRS S1



Apply other IFRS Sustainability Disclosure Standards



Required to consider metrics associated with disclosure topics in the SASB Standards

What are the metrics in SASB Standards?

The metrics in SASB Standards accompany disclosure topics and are designed to individually or collectively provide useful information regarding a company's performance for a specific disclosure topic.

How to use them?

If a company has determined that a disclosure topic in the SASB Standards is applicable to its business and its disclosures, the next step is consider the metrics associated with that disclosure topic are also applicable to the disclosures. A company might conclude that the metrics specified in the SASB Standards are not applicable to its disclosures.

May—to the extent that these sources assist the company in meeting the objective of IFRS S1 and do not conflict with IFRS Sustainability Disclosure Standards—refer to and consider the applicability of:

- the [CDSB Framework Application Guidance for Water-related Disclosures](#) and the [CDSB Framework Application Guidance for Biodiversity-related Disclosures](#);
- the most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the information needs of users of general purpose financial reports;
- the information, including metrics, disclosed by companies that operate in the same industry or geographical region.
- the Global Reporting Initiative Standards; and*
- the European Sustainability Reporting Standards.*

* If a company uses these sources of guidance without applying the requirements in IFRS Sustainability Disclosure Standards, the company shall not make an explicit and unreserved statement of compliance with IFRS Sustainability Disclosure Standards.

Question to consider when identifying applicable Standards:

- Is there a specific IFRS Sustainability Disclosure Standard that applies to the sustainability-related risk and opportunity identified?
 - If so, refer to the specific IFRS Sustainability Disclosure Standard to disclose relevant material information about that sustainability-related risk or opportunity
 - For example, use the IFRS S2 Climate-related Disclosures Standard to prepare and disclose material information about the company's climate-related sustainability risks and opportunities.
- If there is no specific IFRS Sustainability Disclosure Standard that applies to the risk or opportunity identified, apply IFRS S1 and consider the sources of guidance referred to in IFRS S1.

Required to consider Industry-based Guidance on Implementing IFRS S2 Climate-related Disclosures

What it is:

IFRS S2 includes industry-specific guidance (derived from SASB Standards). This guidance covers 68 industries and it suggests possible ways to identify, measure and disclose information about climate-related risks and opportunities.

How to use it:

A company is required to consider the applicability of metrics the industry-based *Guidance on Climate Related Disclosures*.

A company will apply judgment to determine whether the metrics referred to in the guidance are applicable.

Questions to consider when using sources of guidance to identify material information

- Have you considered the applicability of the disclosure topics and the associated metrics defined in the Industry-based Guidance on implementing Climate-related Disclosures to the company's disclosures about climate-related risks and opportunities?
- Have you considered the applicability of metrics associated with SASB disclosure topics?
- Have you considered the other sources of guidance referred to in IFRS S1?
- Is there additional company-specific information about sustainability-related risks and opportunities that is not included in the sources of guidance and would be decision-useful to investors?

For more information:
[Access IFRS S1 and IFRS 2](#)

Checklist for making materiality judgements

- Is the information—either by itself or in combination with other information—material in the context of the company’s sustainability-related financial disclosures taken as a whole?
- Have you considered both quantitative and qualitative factors?
- Have you considered the potential effect of future events on the amount, timing and uncertainty of the company’s future cash flows over the short, medium and long term?
- Have you considered the range of possible outcomes and the likelihood of the possible outcomes within that range?

Checklist for ensuring material information is not obscured

- Have you ensured that material information is clearly distinguished from immaterial information?
- Have you ensured that items of information that are similar are not inappropriately disaggregated?
- Have you ensured that items of information that are dissimilar are not inappropriately aggregated?

Examples of circumstances that might result in material information being obscured include those where:

- material information is not clearly distinguished from additional information that is not material;
- material information is disclosed in the sustainability-related financial disclosures, but the language used is vague or unclear;
- material information about a sustainability-related risk or opportunity is scattered throughout the sustainability-related financial disclosures;
- items of information that are dissimilar are inappropriately aggregated;
- items of information that are similar are inappropriately disaggregated; and
- the understandability of the sustainability-related financial disclosures is reduced because of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Questions to consider when assessing information to disclose

- Does the information provide a complete, neutral and accurate depiction of those sustainability-related risks and opportunities?
- Is information disclosed comparable, verifiable, timely and understandable?
- Does the information disclosed cover the same reporting period as the related financial statements?
- Is the information presented in a manner that enables users to understand connections:
 - between various sustainability-related risks and opportunities that could reasonably be expected to affect the company’s prospects;
 - between disclosures on governance, strategy, risk management and metrics and targets; and
 - across its sustainability-related financial disclosures and other general purpose financial reports published by the company (eg financial statements).
- Are data and assumptions used in preparing the sustainability-related financial disclosures consistent with the corresponding data and assumptions used in preparing the related financial statements?
- Would the omission, misstatement or obscuring of information about critical dependencies on resources and relationships, or significant external environment influences, reasonably be expected to influence primary users’ decisions and/or compromise their common information needs?