



Sustainability Standards Advisory Forum meeting

Date **July 2023**

Project **S1/S2 Implementation**

Topic **Implementation of IFRS S1 and IFRS S2**

Contacts **Caroline Clark-Maxwell**

This paper has been prepared for discussion at a public meeting of the Sustainability Standards Advisory Forum (SSAF). This paper does not represent the views of the International Sustainability Standards Board (ISSB) or any individual ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the ISSB *Update*.

Purpose of this session

Purpose of this session

To discuss the International Sustainability Standards Board's (ISSB) plans to support stakeholders in the implementation of IFRS S1 and IFRS S2

Question for SSAF members

- What implementation support will stakeholders in your jurisdiction require in the implementation of IFRS S1 and IFRS S2?

When to start to apply IFRS S1 and IFRS S2?

- **Effective** for annual reporting periods beginning on or after **1 January 2024**
- **Available for use before** that date to the extent a company applies both Standards at the same time
- If a company applies before 2024 it will **disclose that fact**

Considerations

- Responding to investor demand
- Built on well-established standards and frameworks
- Transition reliefs
- Use of information that is reasonable and supportable and is available without undue cost or effort
- Committed to capacity building and providing guidance
- 18,000+ companies will collect data required by IFRS S2 to disclose on the CDP platform in 2024



Mechanisms that support application

- Use of well-known **terminology and concepts**
- Proportionate:
 - the instruction to **use reasonable and supportable** information available without **undue cost or effort**
 - consideration of **skills, capabilities and resources**
- Help through:
 - **guidance** within the Standards and educational materials
 - **sources of guidance** to identify sustainability-related risks and opportunities, and metrics
 - other clarifications, such as permitting **qualitative** scenario analysis and qualitative information on financial effects
- Transitional **reliefs**



Supporting materials



Application Guidance

Guidance, sometimes presented as an appendix to a Standard. This is just a question of location – this material is still a required piece of the standard



Accompanying Guidance

Guidance issued alongside a Standard to assist companies, demonstrating how the requirements in the Standard could be applied often using examples (non mandatory)



Educational materials

Separate materials developed to help companies apply the Standards

Published with the Standards.

Published over time to meet preparer needs.

IFRS S1 guidance



Application Guidance

- Identifying sustainability-related risks and opportunities and disclosing material information about such risks and opportunities
- Material information
- Connected information



Accompanying Guidance

- Guidance on who 'primary users' are and how companies should apply sources of guidance
- Examples of considering and applying the SASB Standards

IFRS S2 guidance



Application Guidance

- Applying scenario analysis to assess climate resilience
- Measuring Scope 1-3, plus a framework for measuring Scope 3
- Disclosing information:
 - relevant to financed emissions
 - relevant to cross-industry metric categories
 - about climate-related targets



Accompanying Guidance

- Metrics that could be disclosed relevant to cross-industry metric categories
- Examples of disclosing GHG emissions information applying the principles in IFRS S1 for aggregation and disaggregation
- Industry-based guidance on identifying appropriate disclosures associated with common business models and activities in a particular industry

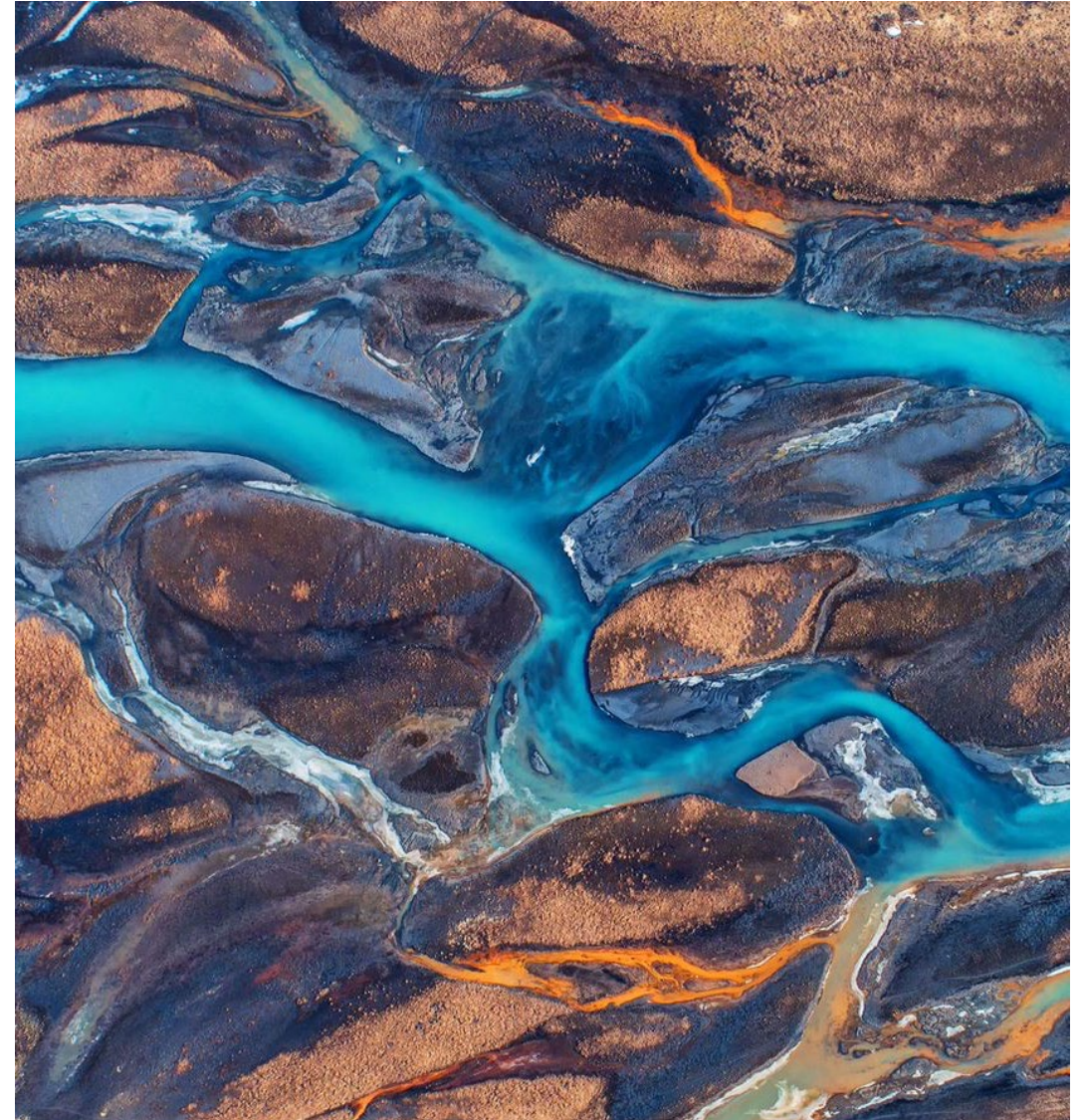
Implementation support and education

Capacity building initiative

- Development of general educational materials for all stakeholders (including investors)
- Development of specific educational materials for stakeholders in emerging and developing economies as well as smaller companies

Support implementation by companies

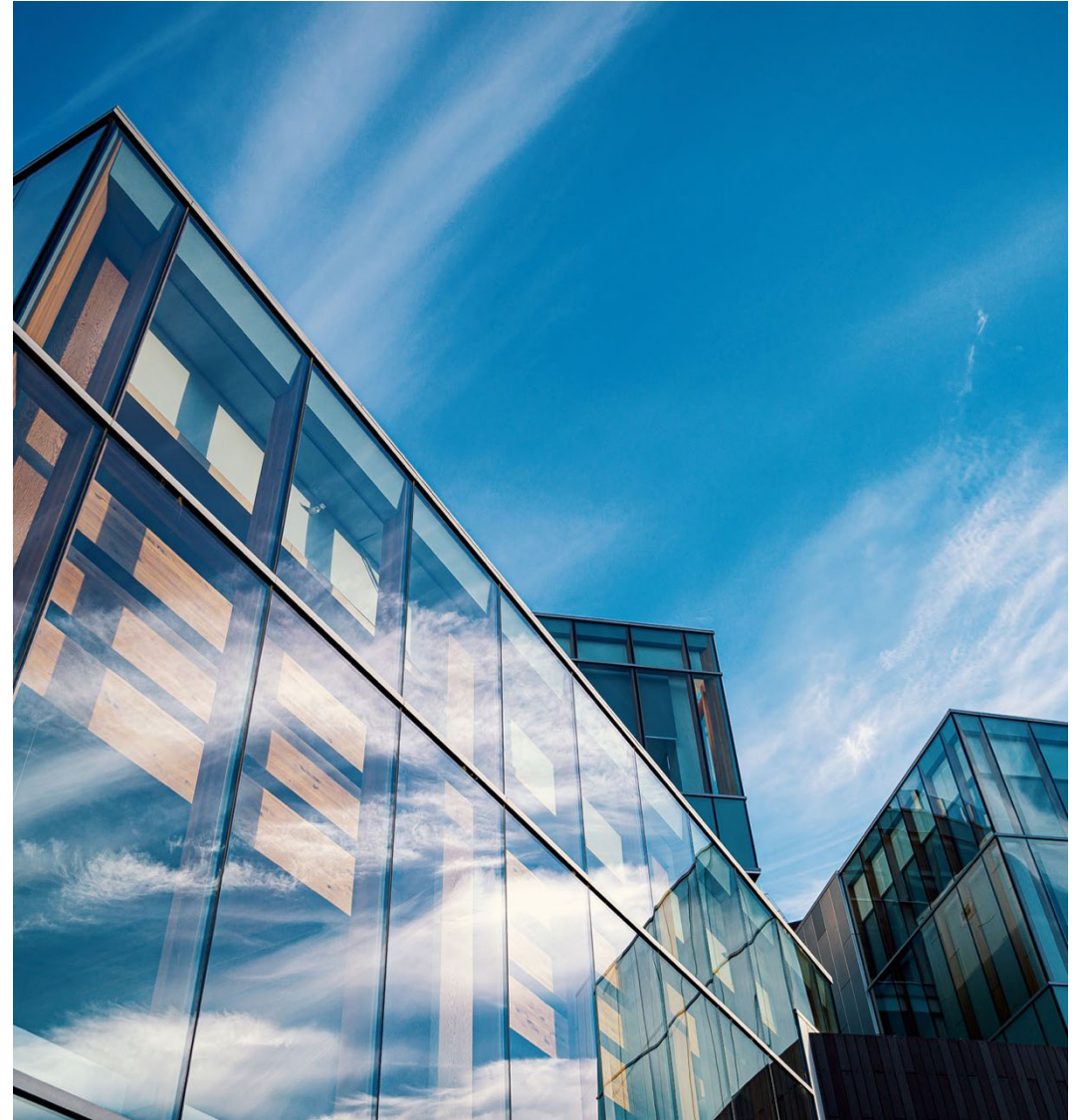
- Transition Implementation Group - a public forum for stakeholders to follow the discussion of questions raised on implementation by those applying the Standards



How and why to prepare

The ISSB Standards can deliver

- **For investors:** access to more consistent, comparable, verifiable and comprehensive disclosures.
- **For companies:** positive effects on areas such as governance, strategy, access to capital, cost of capital, reputation, and employee and stakeholder engagement.
- **For financial markets:** improved transparency about sustainability-related risks is expected to contribute to long-term financial stability.



How to get started

- Evaluate **internal systems and processes** for collecting, aggregating, validating sustainability-related information across the company and its value chain
- Consider the sustainability-related **risks and opportunities** that affect the business
- Get familiar with the **fundamental concepts** within IFRS S1



Resources

- **Basis for Conclusions** on IFRS S1
- **Basis for Conclusions** on IFRS S2
- **Accompanying Guidance** for IFRS S1
- **Accompanying Guidance** for IFRS S2

- **Effects Analysis** on IFRS S1 and IFRS S2
- **Project Summary** of IFRS S1 and IFRS S2
- **Feedback Statement** for IFRS S1 and IFRS S2



Visit ifrs.org to find out more

- [Access](#) the Standards and supporting materials
- Listen to the monthly [podcast](#)
- Respond to live [consultations](#)
- [Sign up](#) for news alerts
- Discover [services](#) that can support you
- [Observe](#) ISSB meetings
- [Join](#) the team