



IFRS S1 and IFRS S2: Current and Anticipated Financial Effects

Part one of two

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Before we start...

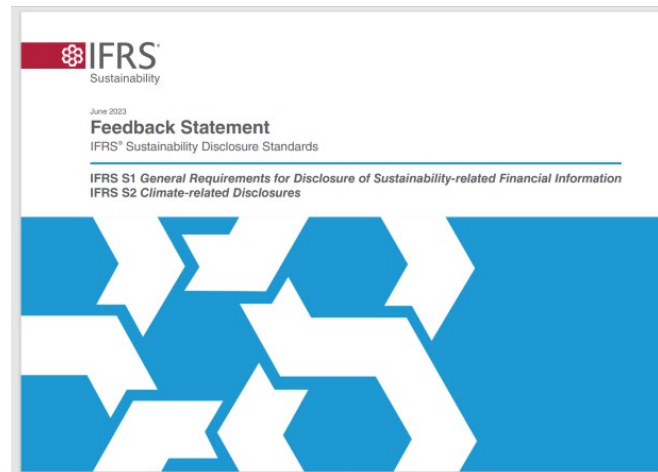
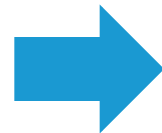
- This webcast covers a portion of the Strategy content of IFRS S1 and IFRS S2, thus should be considered alongside the full Standards.
- The Standards and related materials can be found on our website at www.ifrs.org.
- The views expressed are those of the presenters, not necessarily those of the ISSB or the IFRS Foundation.



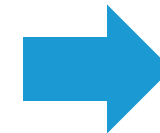
Background 1/2



These requirements are built on TCFD Strategy disclosure recommendations. These requirements are useful because they highlight which area (or areas) in the financial statements are most likely to have been, or will be, affected by sustainability-related risks or opportunities.



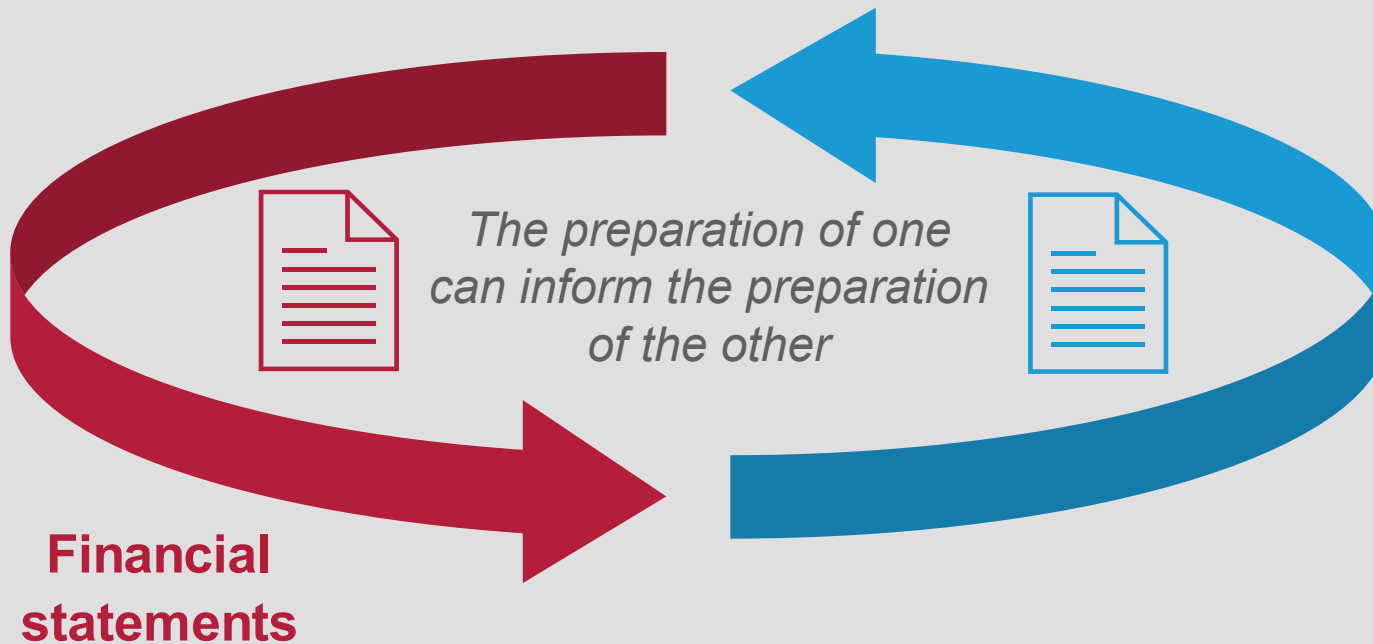
Exposure Drafts on IFRS S1 and IFRS S2 were published. Stakeholders provided feedback on what information is useful to primary users of general purpose financial reports.



Final standards issued with mechanisms to facilitate application and mechanisms to address proportionality.

Background 2/2

General purpose financial reports (reporting package)



Sustainability-related financial disclosures

current and anticipated financial effects

- + complement and expand
- + identify and explain connections

Session overview – current and anticipated financial effects

Overarching requirements

Current reporting period

Next annual reporting period

Part 1

Over the short, medium and long term

Mechanisms to facilitate application and
mechanisms to address proportionality

Part 2

Learning objective:

Understand current and anticipated financial effects requirements and how to provide useful information about a company's strategy for managing its sustainability-related risks and opportunities.

Current and anticipated financial effects within Strategy

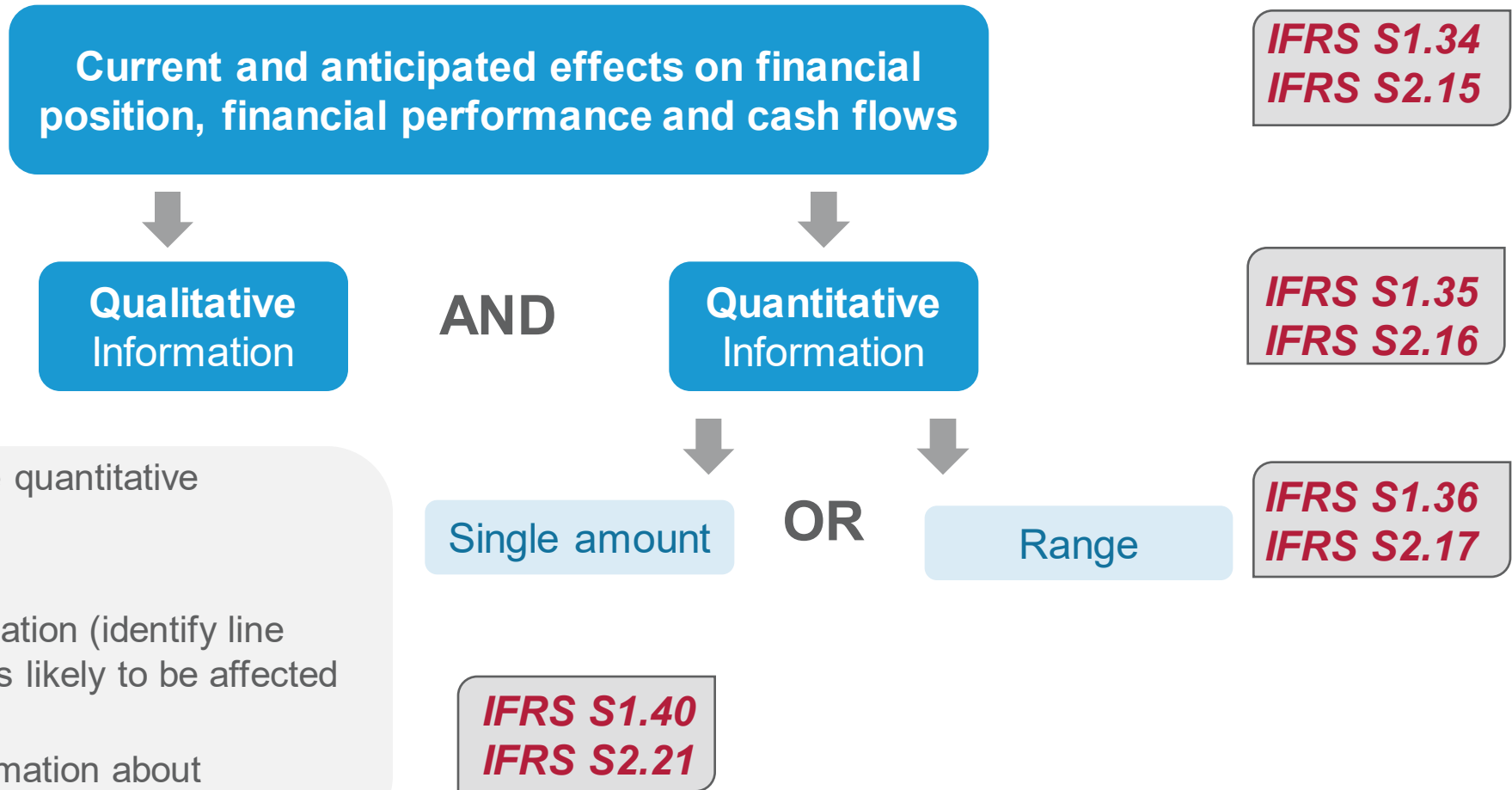


Information about:

- effects of sustainability-related risks and opportunities
 - on the entity's financial position, financial performance and cash flows
 - for the reporting period (**current financial effects**)
- anticipated effects of sustainability-related risks and opportunities
 - on the entity's financial position, financial performance and cash flows
 - over the short, medium and long term,
 - taking into consideration how sustainability-related risks and opportunities are included in the entity's financial planning (**anticipated financial effects**).

* Note sustainability-related risks and opportunities include climate-related risks and opportunities.

Overarching requirements



A company need not provide quantitative information, in which case:

- explain why
- provide qualitative information (identify line items, totals and subtotals likely to be affected or has been affected)
- provide quantitative information about combined effects

Interactions between financial statements and current financial effects disclosure

Financial Statements

Quantitative effect

Has the sustainability-related risk or opportunity affected the financial position, financial performance or cash flows?

Information about the effect

What information about that effect is provided in the financial statements?

Sustainability-related financial disclosures

Current financial effect

Quantitative and qualitative information about how the sustainability-related risks and opportunities have affected the financial position, financial performance and cash flows

Overarching requirements – Tools to facilitate connected information such as:

General purpose financial reports (reporting package)

Sustainability-related financial disclosure

Financial statements



Reporting Entity



Reporting Period



Reporting Timing



Presentation Currency

Required to be the same



Reporting Entity



Reporting Period



Reporting Timing



Presentation Currency



Data



Assumptions

Consistent to the extent possible



Data



Assumptions

Current financial effects

IFRS S1.35(a)
IFRS S2.16(a)

Quantitative and qualitative information about:

- the effects of sustainability-related risks and opportunities on the financial position, financial performance and cash flows for the reporting period

Over the short, medium, long term (IFRS S1.35(c)(d) / IFRS S2.16(c)(d))

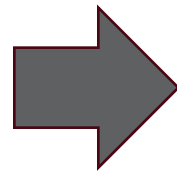
Current reporting period
(IFRS S1.35(a) / IFRS S2.16(a))

Next annual reporting period
(IFRS S1.35(b) / IFRS S2.16(b))

Financial effects of sustainability-related risks and opportunities



Example 1: Requirements of IFRS S1.35(a) / IFRS S2.16(a)



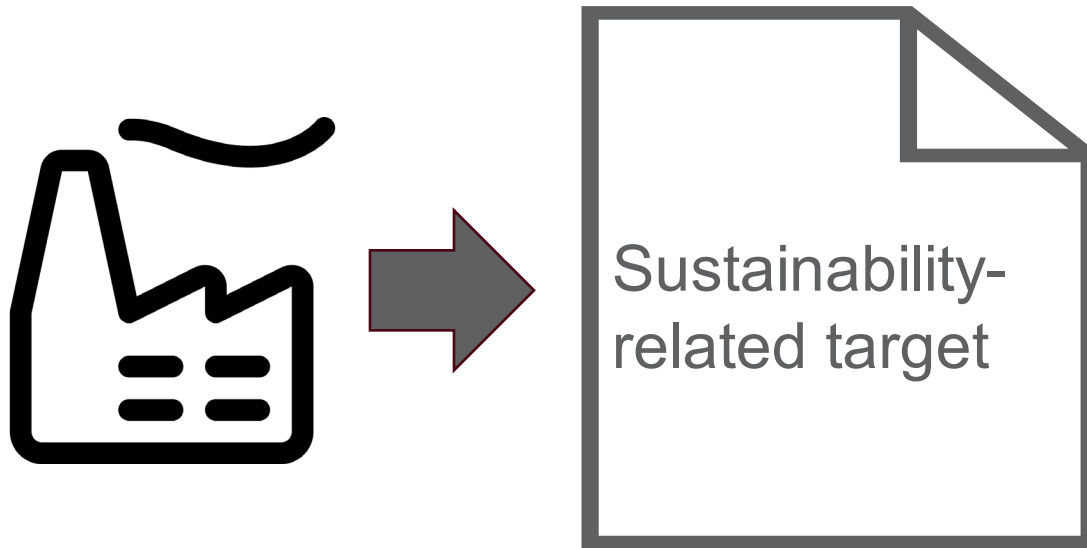
Financial effects:

- Impairment loss

Sustainability-related financial disclosures:

- Qualitative and quantitative information connecting the sustainability-related risk to the impairment loss

Example 2 : Requirements of IFRS S1.35(a) / IFRS S2.16(a)



Financial effects:

- Recognition criteria has not been met

Sustainability-related financial disclosures:

- Information about the sustainability-related risk explaining that it has not affected financial position, financial performance or cash flows
-

Significant risk of material adjustment within the next annual reporting period

IFRS S1.35(b)
IFRS S2.16(b)

Quantitative and qualitative information about:

- risks and opportunities for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements
 - similar to requirements in IFRS Accounting Standards

Over the short, medium, long term (IFRS S1.35(c)(d) / IFRS S2.16(c)(d))

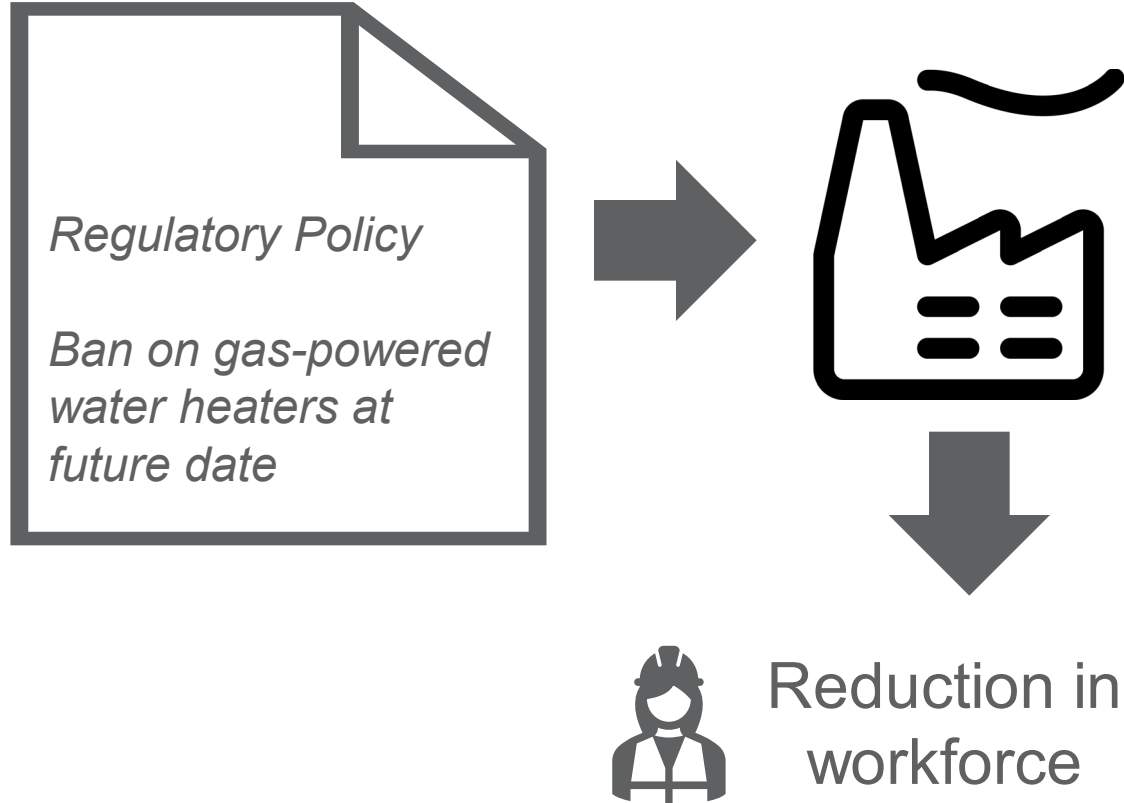
Current reporting period
(IFRS S1.35(a) / IFRS S2.16(a))

Next annual reporting period
(IFRS S1.35(b) / IFRS S2.16(b))

Financial effects of sustainability-related risks and opportunities



Example 3: Requirements of IFRS S1.35(b) / IFRS S2.16(b)



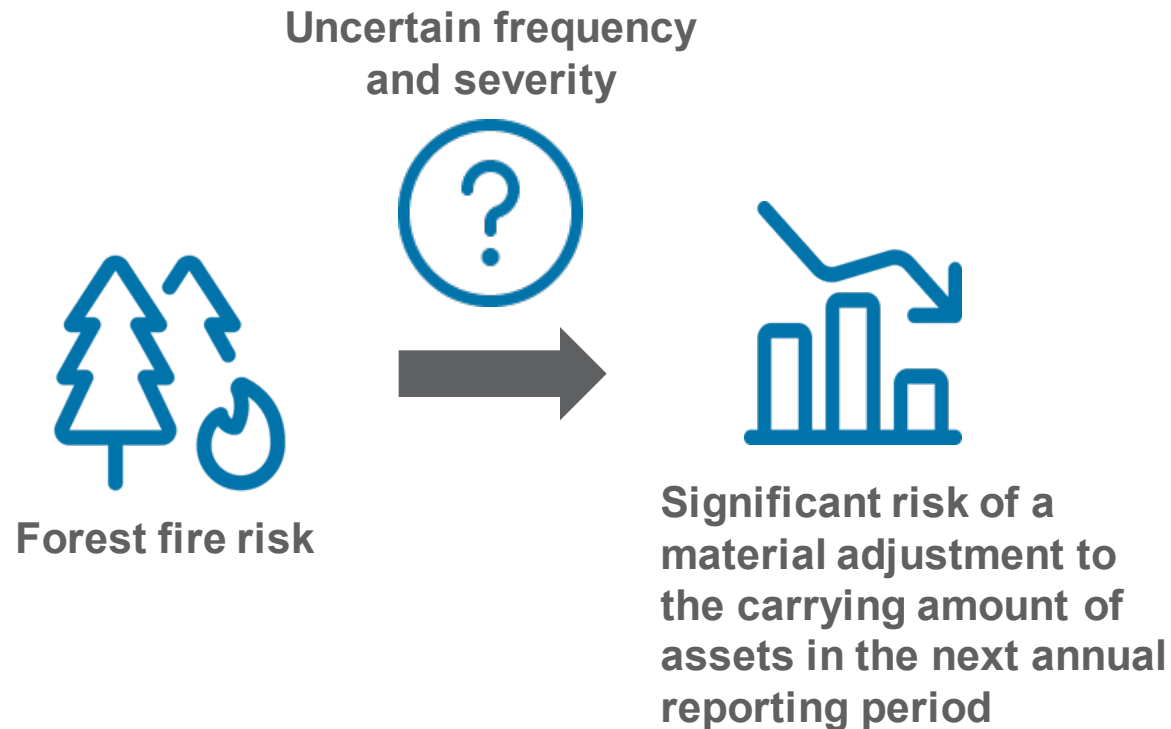
Financial effects:

- Current year estimate of the restructuring provision and corresponding expense

Sustainability-related financial disclosures:

- Qualitative and quantitative information connecting the sustainability-related risk to the risk of adjustment in next annual reporting period of the carrying amount of the provision

Example 4: Requirements of IFRS S1.35(b) / IFRS S2.16(b)



Financial effects:

- Considered in impairment analysis
- No impairment loss recognised

Sustainability-related financial disclosures:

- Qualitative and quantitative information connecting the sustainability-related risk to the risk of adjustment in next annual reporting period of the carrying amount of assets

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