

# In-depth exploration of IFRS S1 - *General Requirements for Sustainability- related Financial Information Disclosure*

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# Agenda

Section	Activities
1	Introduction
2	Objectives and scope of IFRS S1
3	Conceptual foundations
4	Core content
5	General requirements
6	Judgements, uncertainties and errors
7	Transition

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# Introduction



# Module outcome

01

To be able to articulate the core principles of IFRS S1



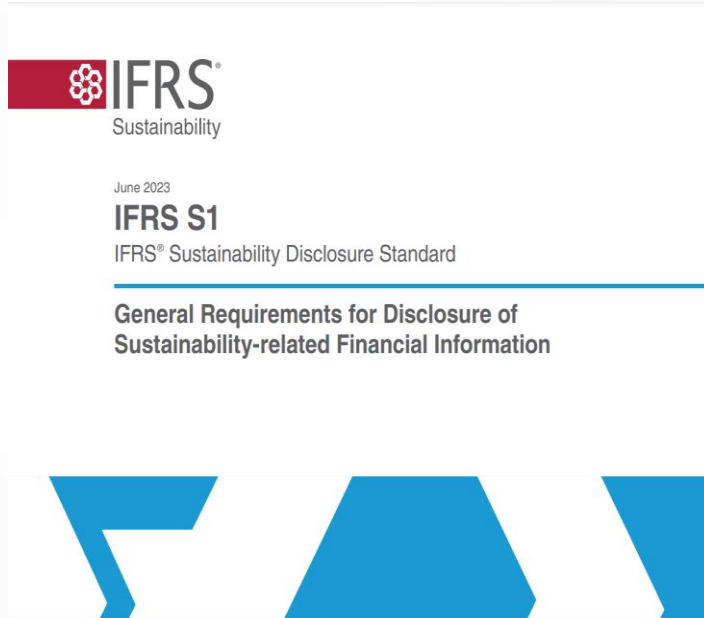


# 2

## Objective and scope of IFRS S1



# IFRS S1 - Scope and objectives



## ISSB issued two new standards in June 2023:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information **(the General Standard)**
- IFRS S2 Climate-related disclosures **(the Climate Standard)**

# IFRS S1 - Scope and objectives

## About these two standards

Designed to be applied together

Designed to be applied alongside future topics or industry specific standards

**Both include reporting on these four content areas**

**Governance**

**Strategy**

**Risk management**

**Metrics & Targets**



**These areas are consistent with the Task Force on Climate-Related Financial Disclosures (TCFD) framework**

# IFRS S1 - Scope and objectives



## Overview

This standard contains the general requirements for sustainability disclosures similar to the following IFRS standards for financial reporting:

- Conceptual Framework for Financial Reporting issued by the IASB;
- IAS 1, 'Presentation of Financial Statements'; and
- IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'.



## Objective and Scope

To require an entity to disclose information about its **significant sustainability-related risks and opportunities** that is useful to the primary users of general purpose financial reporting.

The assessment of materiality shall be made in the context of the information necessary for users of general purpose financial reporting to assess enterprise value\*.



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## Conceptual foundations



# IFRS S1 - Key requirements

Companies to follow a two-step process to identify and disclose all material sustainability-related risks and opportunities that impact the entity's prospects:

## Step 1

**Identify sustainability-related risks and opportunities** that could affect an entity's prospects over the short, medium and long term.

## Step 2

**Determine the disclosures** to provide in relation to the sustainability-related risks and opportunities identified in step 1.

# IFRS S1 - Key requirements

## Step 1: Identify sustainability-related risks and opportunities (SRROs)





# In a value-chain, what creates sustainability risks and opportunities?



<https://app.sli.do/event/upqTQTdPD6MAbJk74FBxyw>

# In a value-chain, what creates sustainability risks?



# In a value-chain, what creates sustainability opportunities?

Resource efficiency

Reduced risks

cost savings

Improved supply chain resilience



# IFRS S1 - Key requirements

IFRS S1.B11 S2.B34 requires companies to **reassess the scope of all affected sustainability-related risks and opportunities** when an event or change in circumstances occurs.



**Review changes in the value chain**

**01**



**Review changes in the business model, activities or corporate structure**

**02**



**Review changes changes to exposures in sustainability-related risks and opportunities**

**03**

# IFRS S1 - Key requirements (Identifying SRROs)



## 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-

**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?**

# Walkthrough - Identifying SRROs and Material topics

**Entity A is an agricultural company**





# Walkthrough - Identifying SRROs

**We shall:**

- 1. Navigate to the SASB Website and go to the top right menu**
- 2. Click on SASB Standards and select Materiality Finder**
- 3. Go on find industry topics and select the SASB Standard/industry which closely aligns with the business model and activities of your entity and click disclosure topics**
- 4. Review the relevant issue and navigate to what are the considered material disclosure topics in the SASB Standards.**

**<https://sasb.ifrs.org>**



# Walkthrough - Identifying SRROs

## Entity A is an agricultural company

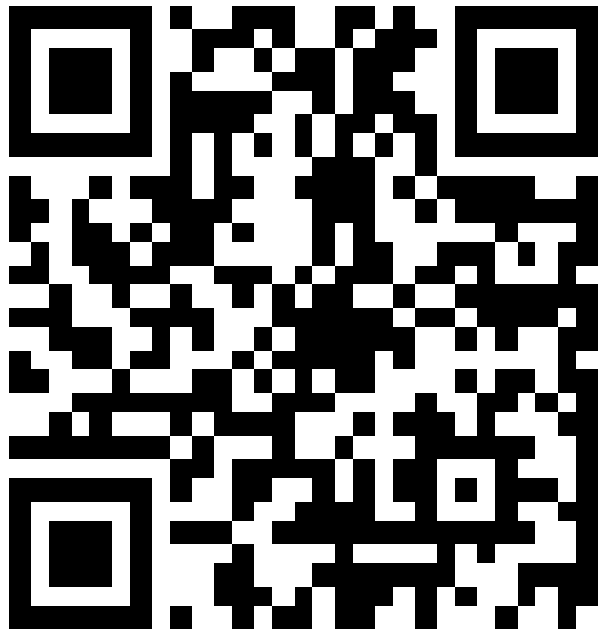
### Relevant Issues (7 of 26)

? Why are some issues greyed out?

Environment	Social Capital	Human Capital	Business Model and Innovation	Leadership and Governance
<b>GHG Emissions</b> ?	Human Rights & Community Relations	Labour Practices	Product Design & Lifecycle Management	Business Ethics
Air Quality	Customer Privacy	<b>Employee Health &amp; Safety</b> ?	Business Model Resilience	Competitive Behaviour
<b>Energy Management</b> ?	Data Security	Employee Engagement, Diversity & Inclusion	<b>Supply Chain Management</b> ?	Management of the Legal & Regulatory Environment
<b>Water &amp; Wastewater Management</b> ?	Access & Affordability		<b>Materials Sourcing &amp; Efficiency</b> ?	Critical Incident Risk Management
Waste & Hazardous Materials Management	<b>Product Quality &amp; Safety</b> ?		Physical Impacts of Climate Change	Systemic Risk Management
Ecological Impacts	Customer Welfare			
	Selling Practices & Product			

# Walkthrough - Identifying SRROs

**Test your knowledge**



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# IFRS S1 - Key requirements

## Step 2: Determine the disclosures to provide in relation to the sustainability-related risks and opportunities

Identify material information (including metrics) about sustainability-related risks and opportunities

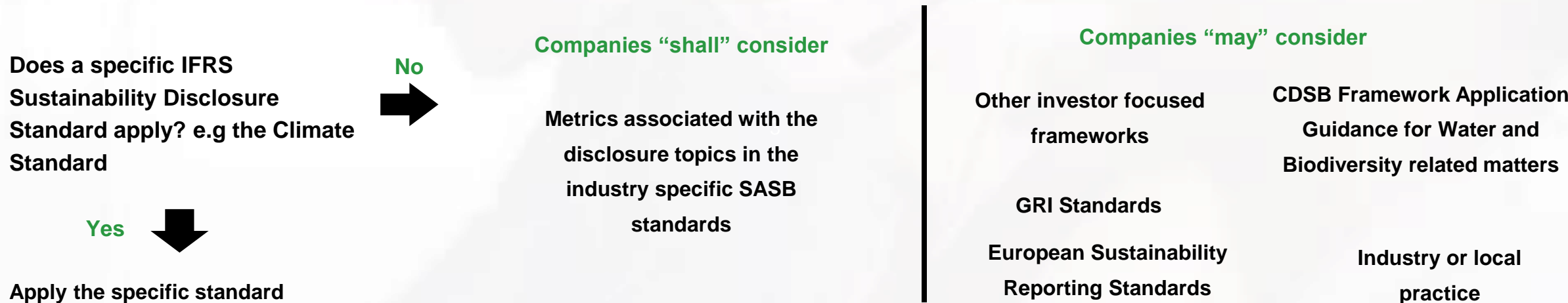
The definition of materiality in both IFRS Sustainability Disclosure Standards and IFRS Accounting Standards is consistent.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that primary users of general- purpose financial reports make on the basis the basis of that reporting.

# IFRS S1 - Key requirements

## Step 2: Determine the disclosures to provide in relation to the sustainability-related risks and opportunities

Identifying material information (including metrics) about sustainability-related risks and opportunities



# Determine metrics associated with the disclosure topics

## SUSTAINABILITY DISCLOSURE TOPICS & METRICS

*Table 1. Sustainability Disclosure Topics & Metrics*

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tonnes (t) CO <sub>2</sub> -e	FB-AG-110a.1
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	FB-AG-110a.2
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-110a.3

# Determine metrics associated with the disclosure topics

## SASB DISCLOSURE INDEX

Our 2022 Sustainability Report references the Agricultural Production Standards from the Sustainable Accounting Standards Board (SASB). Our SASB Disclosure Index specifies where each disclosure can be found in our [2022 Sustainability Report](#), [2022 Annual Report](#) and [corporate website](#)

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	DATA/INFORMATION SOURCE; OMISSION AND MODIFICATIONS	CODE	EXTERNALLY ASSURED
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tons (t) CO <sub>2</sub> -e <sup>2</sup>	SR 2022: p. 95	FB-AG-110a.1	
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	SR 2022: p. 95  Climate Change  <a href="#">Our CDP Climate Change Questionnaire</a>  We report on our Scope 1 emissions and key initiatives to reduce our Scope 1 emissions but do not currently report against emission reduction targets.	FB-AG-110a.2	
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	We do not currently report on fleet fuel consumed and percentage of renewable energy	FB-AG-110a.3	



An aerial photograph of a rocky coastline. The water is a vibrant turquoise color, with white foam from breaking waves visible. Several large, dark brown rocks are scattered along the shoreline. The waves are crashing against the rocks, creating a dynamic scene of white foam and blue water. The overall tone is bright and energetic.

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Core content



# Core content: The four pillars



## Governance



### Governance

To help primary users understand the entity's governance processes, controls and procedures that the entity uses to monitor and manage material SROs.



## Strategy



### Strategy

To explain the strategy that the entity applies to manage, and its resilience to, the identified material SROs.



## Risk Management



### Risk Management

To help primary users understand the processes the entity uses to identify, assess, prioritise and monitor the identified SROs disclosed.



## Metrics and targets



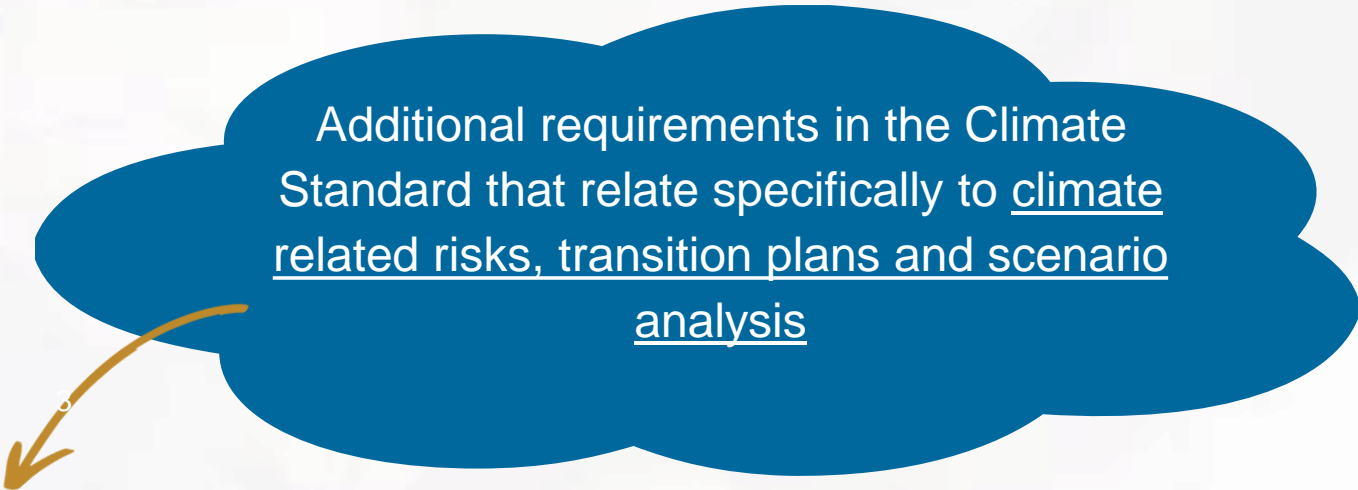
### Metrics and targets

To enable the primary users to understand an entity's performance in relation to its SROs, including industry-based metrics and progress towards any targets the entity has set, or is required to meet by regulation or legislation.

# Core content: Strategy

Aligned with TCFD - core content areas of governance, strategy, risk management and metrics and targets.

## Strategy



Additional requirements in the Climate Standard that relate specifically to climate related risks, transition plans and scenario analysis

**Objective** - help investors understand the company's strategy for managing sustainability related risks and opportunities.

# Core content: Strategy

## Strategy (continued)



**IFRS S1.29, S2.9 What are the sustainability related risks and opportunities?**



Are climate related risks physical or transition risks?

How do they impact the business model and value chain over time?

How do they inform strategy and decision making?

How will they affect financial planning and the financial statements over time? <sup>3</sup>

How resilient is the strategy to risks?



What are the climate related transition plans?



What do different climate related scenarios show?



# Core content: Governance

Aligned with TCFD - core content areas of governance, strategy, risk management and metrics and targets.

## Governance

Disclosure requirements consistent under both the General Standard and the Climate Standard

**Objective** - help investors understand the **governance processes, controls and procedures** a company uses to **monitor, manage and oversee** sustainability related risks and opportunities.

# Core content: Governance

## Governance (continued)



**IFRS S1.27, S2.6 Identify the body (bodies) or individuals responsible for sustainability related risks and opportunities and disclose how:**

It determines whether the company has access to the **appropriate skills and competencies** to oversee the company's strategies around sustainability related matters or how they will be developed

It **considers risks and opportunities when overseeing company strategy, decisions on major transactions and risk management processes and policies**, and whether it considers trade offs between risks and opportunities

The company reflects those **responsibilities in terms of reference, mandate, role descriptions and policies**

it **oversees** how the company **sets sustainability related targets and monitors progress** towards these including if and how sustainability related metrics are included in **remuneration policies**

It **stays informed about sustainability related risks and opportunities** including how often it is informed

# Core content: Governance

## Governance (continued)



**IFRS S1.27, S2.6 Disclose information about management's role in monitoring, managing and overseeing sustainability related risks And opportunities including:**



Whether specific roles are delegated to a management level position or committee and if so, how oversight is maintained.



Whether management has implemented processes and controls to support oversight and how these controls are integrated with other functions

# Core content: Risk management

Aligned with TCFD - core content areas of governance, strategy, risk management and metrics and targets.

## Risk management



Disclosure requirements consistent under both the General Standard and the Climate Standard

**Objective** - help investors understand the company's processes to identify, assess, prioritize and monitor sustainability related risks and opportunities.

Enables investors to assess the company's overall risk profile and risk management processes.



# Core content: Risk Management

## Risk management (continued)

IFRS S1.44, S2.25 requires the disclosures below:



The processes the entity uses to **identify, assess, prioritise and monitor** sustainability-related opportunities.

- Whether and how climate related scenario analysis is used to inform its identification of climate related opportunities.



The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities are **integrated into and inform the entity's overall risk management process.**

# Core content: Metrics and Targets

Aligned with TCFD - core content areas of governance, strategy, risk management and metrics and targets.

## Metrics and Targets



Disclosure requirements consistent under both the General Standard and the Climate Standard

**Objective** - help investors understand the company's performance in managing its sustainability related risks and opportunities, including progress towards targets it has set or is required to meet by law or regulation.

# Core content: Metrics and Targets

## Metrics and targets (continued)

IFRS S1.45, S2.27 requires the disclosures below:



Metrics required by an applicable IFRS Sustainability Disclosure Standard



Metrics the entity uses to measure and monitor that sustainability-related risk or opportunity and its performance in relation to that sustainability-related risk or opportunity, including progress towards any targets the entity has set, and **any targets it is required to meet by law or regulation.**



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## General requirements





# General requirements

An entity may apply IFRS S1 irrespective of whether it applies IFRS in its financial statements

## Location of disclosures



- Optional, subject to local regulation or laws.
- E.g. Management commentary or cross-reference to other published reports.

## Comparative information



- Required disclosure of the comparative information.
- Where useful, disclosure of comparative information for narrative and descriptive disclosures.

## Timing of reporting



- Same time as the publication of financial statements.
- Must cover the same reporting period as financial statements

## Statement of compliance



- **Explicit statement of compliance.** Additional disclosures beyond S1 should be clearly explained.
- Exception where there are prohibitions by local laws or regulations.
- Entities may omit material information on sustainability related opportunities that are commercially sensitive in limited circumstances.

# 6

## Judgements, uncertainties and errors



# Judgements, uncertainties and errors

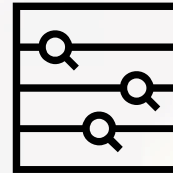
## Judgements

- Disclose the judgements that have the most significant effect on sustainability reporting.
- **Includes judgements in identifying and disclosing SRROs.**



## Measurement and outcome uncertainties

- Disclose the uncertainties that have the **most significant effect on sustainability reporting.**
- Retrospective adjustment required for prior period estimates **if new information that existed in the prior period is identified.**
- No need to restate comparatives for a change in forward-looking metric.



## Errors

- Consistent with the definition under financial reporting standards – IAS 8.
- **Material prior period errors should be corrected retrospectively.**





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Transition



# Transition



1st Year Relief	How to apply it
<b>Comparative information</b>	Not required in the first annual reporting period
<b>Non climate related risks and opportunities</b>	Disclosure of information about sustainability related risks and opportunities other than those that are climate related is not required in the first annual period
<b>Timing of reporting</b>	Allowed to publish sustainability related disclosures after the general purpose financial statements in applying this transition relief, an entity has relief up to 9 months after yearend.



**THANK YOU. Its time to hear from you.**

**Nolands**

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