

Introducing IFRS S1

9 November 2023

This webinar will commence shortly

Introduction



Alison Bonathan

Technical Manager, Corporate Reporting Faculty, ICAEW

Today's presenters



Ravi Abeywardana
Director, Strategic
Affairs and Capacity
Building
ISSB

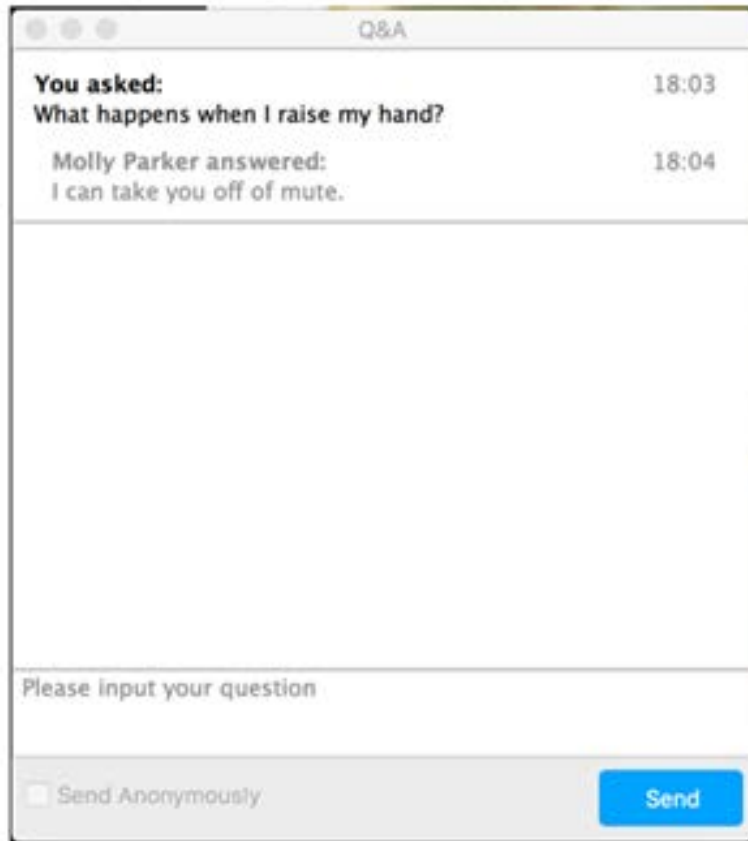


Gurpreet Kaur
Director, Sustainability
Reporting
PwC



Lucas Penfold
Senior Manager
PwC

Ask a question and access resources



The screenshot shows a Q&A window with a title bar containing three dots and the text 'Q&A'. The main content area displays a question and answer:

You asked: 18:03
What happens when I raise my hand?

Molly Parker answered: 18:04
I can take you off of mute.

Below the answer is a large empty text input field with the placeholder text 'Please input your question'. At the bottom left of the input field is a checkbox labeled 'Send Anonymously'. At the bottom right is a blue button labeled 'Send'. An arrow points from the 'Send' button to the text 'send anonymously' in the adjacent text block.

Download resources

Link to slides in event reminder email

Access related resources, including the presentation slides at icaew.com/frfwebinars

To ask a question

Click on the **Q&A** button in the bottom toolbar to open the question box.

Type in your question and press **send**.

Note: If you wish to ask your question anonymously check the **send anonymously** box shown on the illustration on the left.

Contents

IFRS S1 - Summary

UK Sustainability Disclosure Standards

Practical implementation tips for UK businesses

IFRS Foundation resources

IFRS Sustainability Disclosure Standards: IFRS S1

Thursday, November 9, 2023

Presenter: Ravi Abeywardana ACA,
Director of Strategic Affairs and Capacity Building
rabeywardana@ifrs.org

The views expressed in this presentation are those of the presenter, not necessarily those of the IFRS Foundation, International Accounting Standards Board or the International Sustainability Standards Board.
Copyright © 2023 IFRS Foundation. All rights reserved.

Survey question

Q. Which of the following best describes your current role?

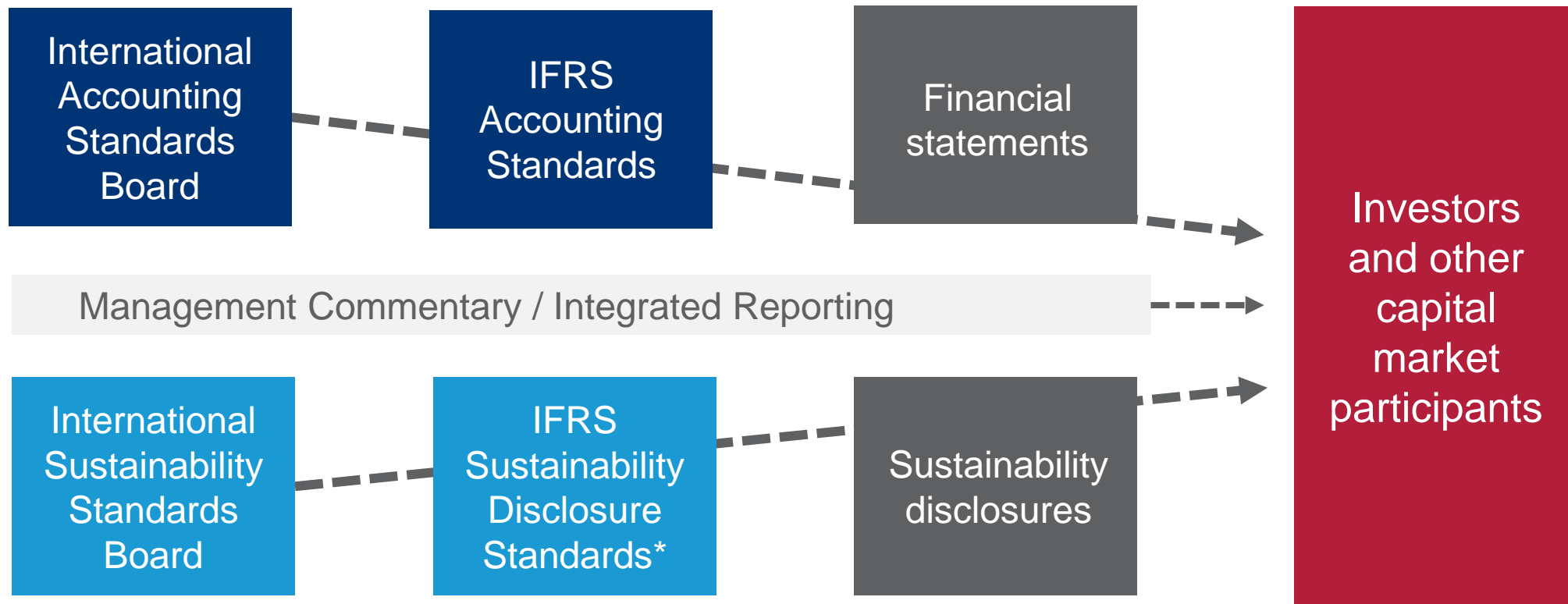
- Preparer of financial statements
 - Preparer of sustainability disclosures / reports (i.e., UN SDGs, GRI, TCFD, SASB)
 - User of disclosures (i.e., investor / financial analyst)
 - Auditor
 - Regulatory Body Representative
 - Academic
 - Other
-

Survey question

Q. How would you describe your knowledge of the sustainability-related disclosures?

- I am an expert
 - I am confident, but there are some areas I need help with
 - I have some knowledge, but need support
 - I have little knowledge
 - I have no knowledge
-

Designed for communication to investors



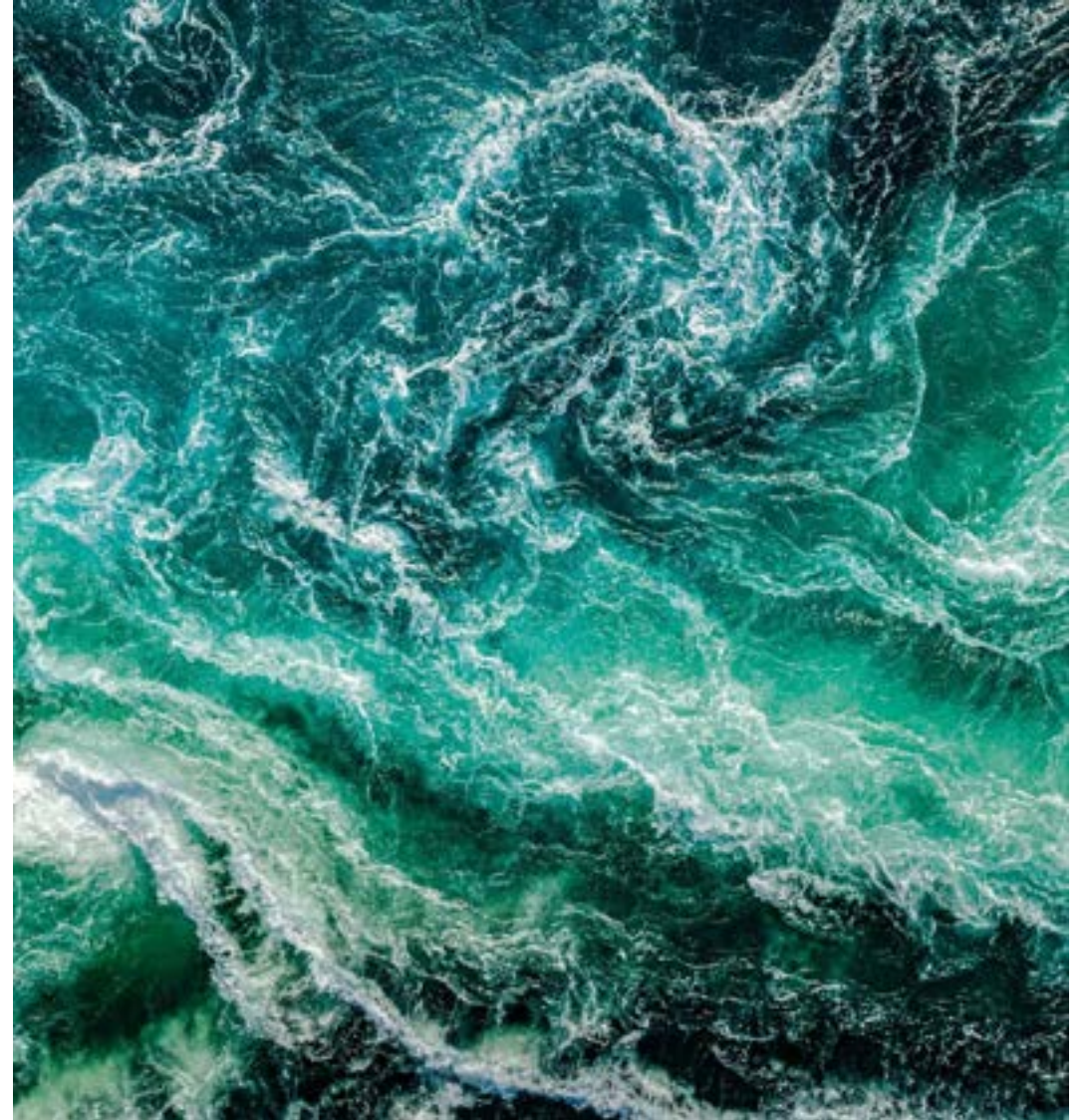
**GAAP-agnostic but developed to ensure compatibility with IFRS Accounting Standards*

Strong market demand

The ISSB was established as part of the IFRS Foundation because of investor, company and international policy maker (including the G20, G7, the International Organization of Securities Commissions (IOSCO) and the Financial Stability Board) demand for:

- decision-useful, comparable information
- ending the ‘alphabet soup’ of voluntary initiatives
- an efficient reporting landscape

The ISSB has a transparent, rigorous due process to develop market-informed Standards that respond to these needs



Rationalising investor-focused standards and frameworks



A truly global baseline of disclosures



additional
building blocks

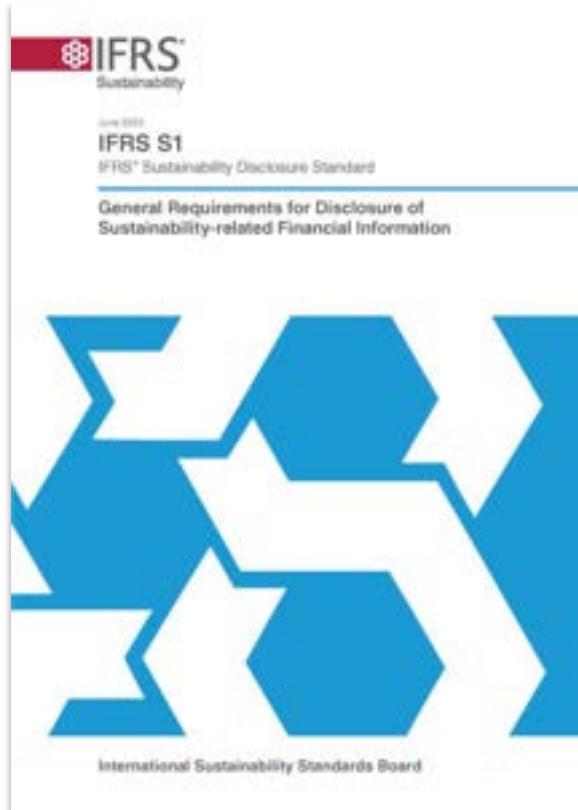
- can be added to meet jurisdiction-specific requirements
- can be added to meet broader multi-stakeholder needs

ISSB Standards

- provide a comprehensive foundation of disclosures for global jurisdictional adoption
- are a common language for comparable, decision-useful disclosures
- are designed to meet investor needs across global capital markets

IFRS S1: General Requirements for Disclosures of Sustainability-related Financial Information

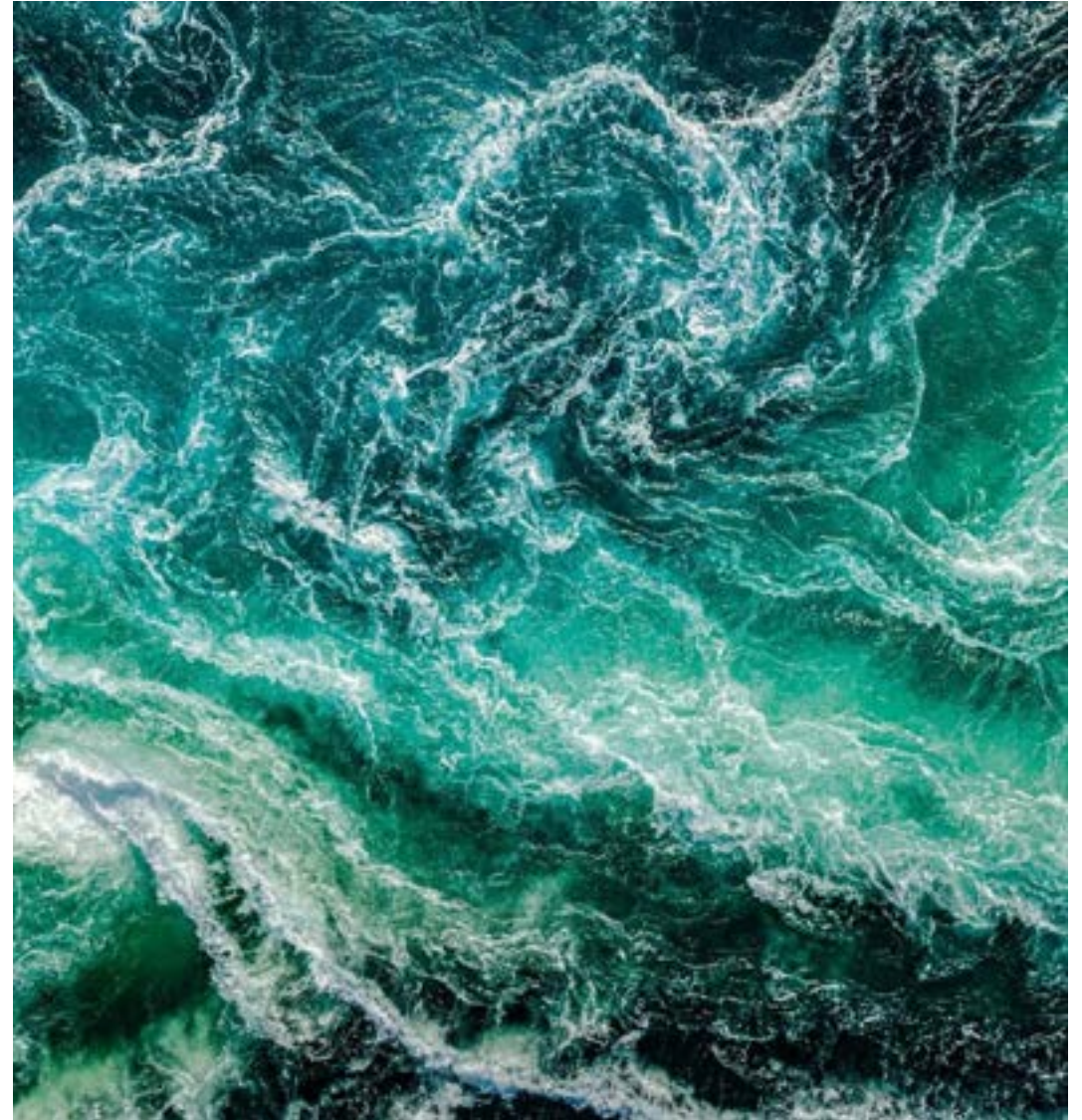
IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information



- Asks for disclosure of **material information** about **sustainability-related risks and opportunities** with the financial statements, to meet investor information needs
- Applies **TCFD architecture** whenever providing information about sustainability
- Requires **industry-specific disclosures**
- For matters other than climate (IFRS S2) refers to **sources to help companies** identify sustainability-related risks and opportunities and information
- Can be used in conjunction with **any accounting requirements (GAAP)**

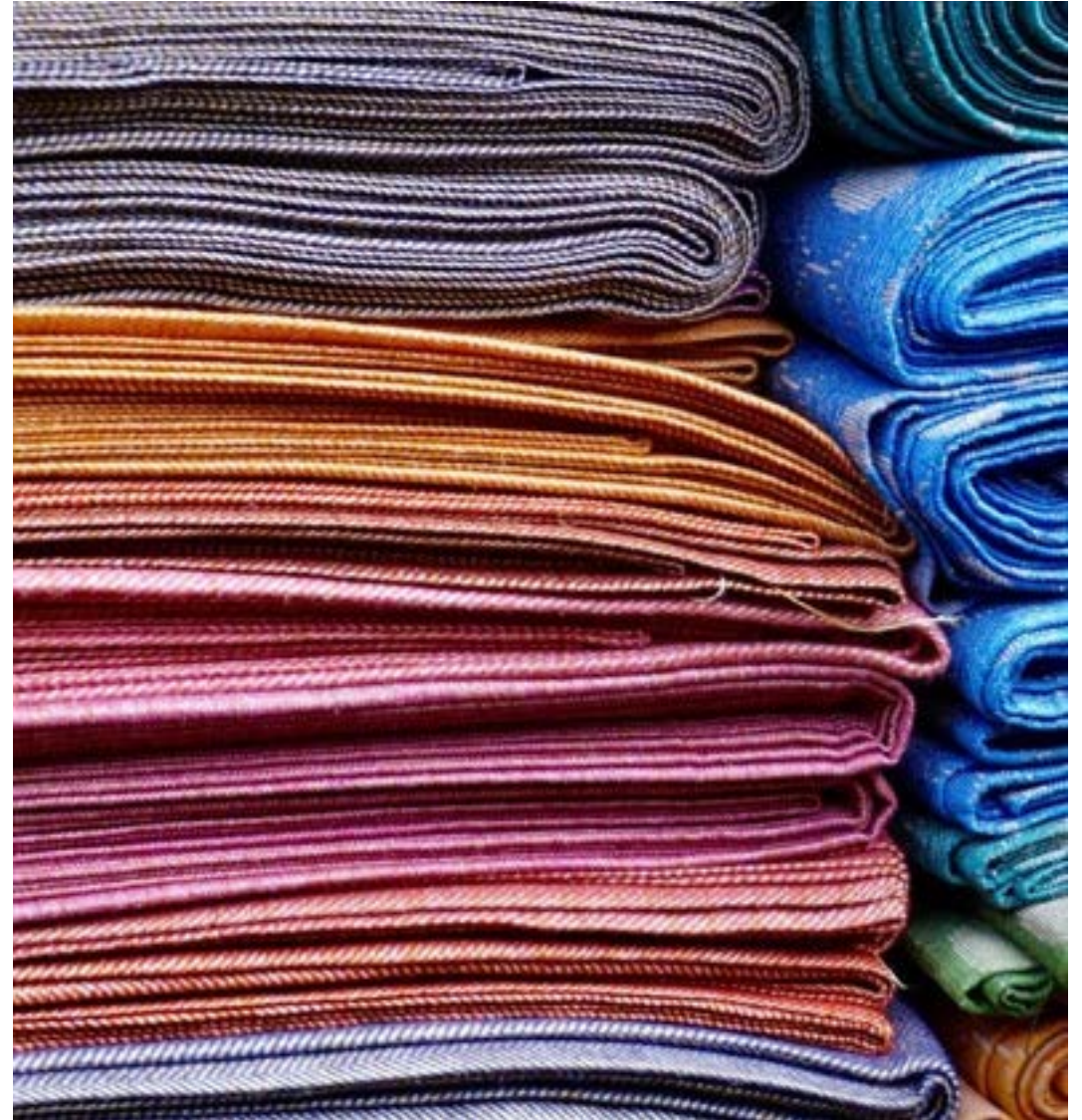
Contents of IFRS S1

1. Objective
2. Scope
3. Conceptual foundations
4. Core content
5. General requirements
6. Judgements, uncertainties and errors



Objective

- IFRS S1 asks for disclosure of information about sustainability-related risks and opportunities to meet investor information needs
- That means information about:
 - all sustainability-related risks and opportunities that **could reasonably be expected to affect the company's prospects — its cash flows, access to finance or cost of capital over the short, medium or long term**



How companies identify material sustainability information

*Information is material if omitting, misstating or obscuring it could reasonably be expected to **influence investor decisions.***

This is based on the IFRS Accounting Standards definition of 'material'



How sustainability can affect a company's prospects

A company's ability to deliver financial value for **investors is inextricably linked to:**

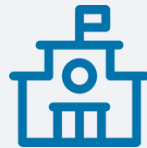
Stakeholders

with whom it works
and serves



Society

in which it
operates



Natural

resources upon
which it draws



Builds on concepts from the **Integrated Reporting Framework**

Connected information

IFRS S1 asks for information that enables understanding of the connections between:

- sustainability-related risks and opportunities
- disclosures on core content
- sustainability-related financial disclosures and financial statements

The disclosures are:

- prepared for the **same** reporting **entity** and reporting **period** as the related financial statements
- provided at the **same time** as the financial statements and as part of the general purpose financial reports
- include **data** and **assumptions** that **are consistent** with the corresponding data and assumptions in the related financial statements, to the extent possible, considering accounting requirements.

Applies TCFD structure to set out core content areas



Governance

Governance processes, controls and procedures a company uses to monitor, manage and oversee sustainability-related risks and opportunities



Strategy

A company's strategy for managing sustainability-related risks and opportunities



Risk management

The process a company uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities



Metrics and targets

A company's performance in relation to sustainability-related risks and opportunities

Sources of Guidance



Which risks & opportunities?

To identify relevant **risks and opportunities**, a company uses ISSB Standards and **shall consider**:

- **Sustainability Accounting Standards Board (SASB) Standards**

A company **may also consider**:

- Climate Disclosure Standards Board (CDSB) Framework Application Guidance
- industry practice
- materials of investor-focused standard setters



Which information?

To identify what information to disclose, a company uses ISSB Standards, and for matters other than climate, **shall consider**:

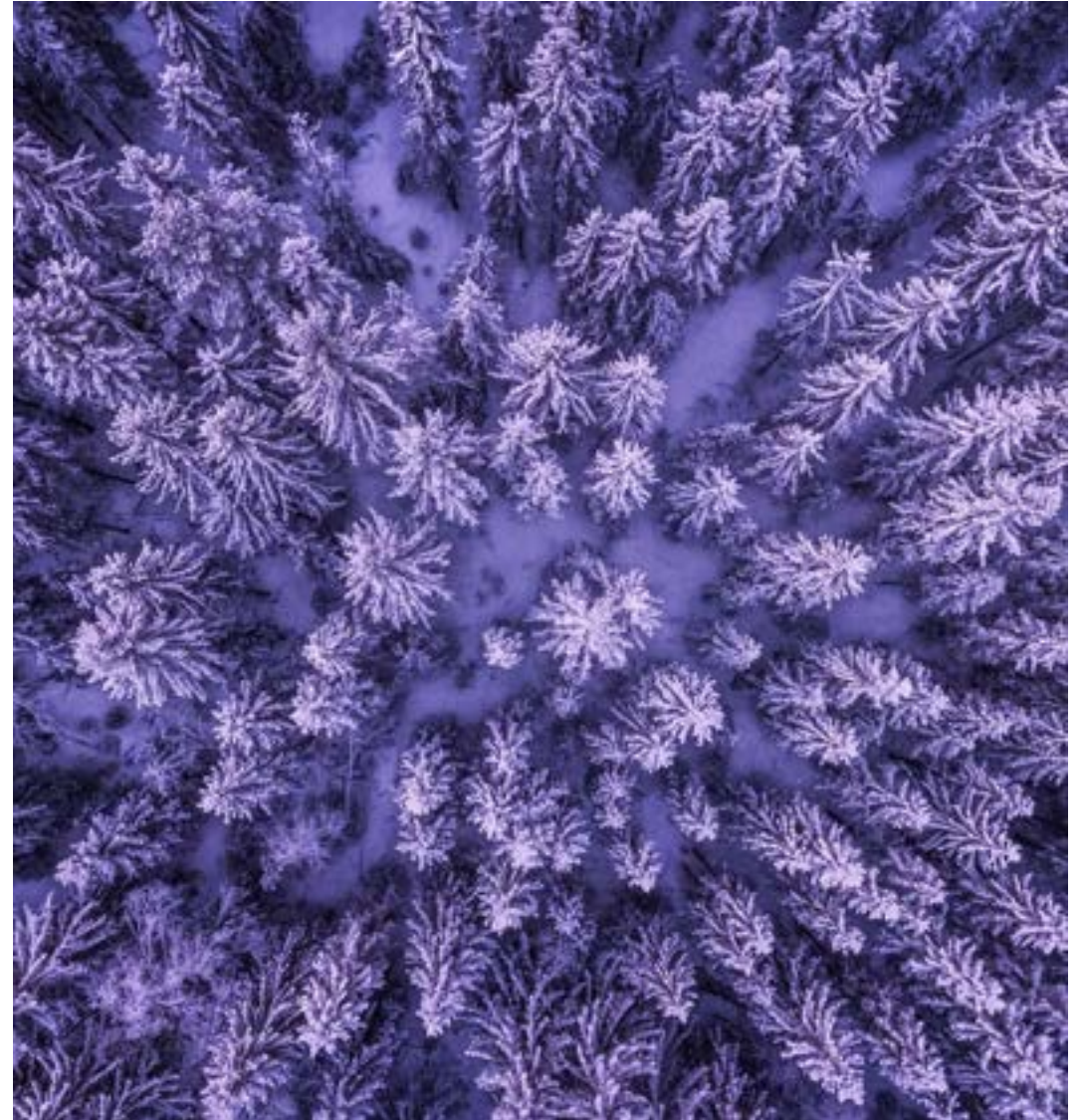
- **SASB Standards**

A company **may also consider**, to the extent it meets investor information needs:

- CDSB Framework Application Guidance
- industry practice
- materials of investor-focused standard setters
- GRI (Global Reporting Initiative) Standards
- European Sustainability Reporting Standards

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**



Things to remember

- ❖ Is the **information**:
 - relevant
 - material
 - represented faithfully
 - comparable
 - verifiable
 - timely
 - understandable
- ❖ Will investors be able to understand **connections** between:
 - sustainability-related risks and opportunities
 - disclosures on core content
 - sustainability-related financial disclosures and financial statements
- ❖ Is the sustainability-related financial disclosures **for the same period and same reporting entity** as for the related financial statements?
- ❖ Do the disclosures cover **all material information** that investors need, including on core content?
- ❖ Have **comparatives** been provided?
- ❖ Is there a **statement of compliance**?

Practical implementation tips for UK businesses

IFRS S1: General requirements for disclosure of sustainability-related financial information

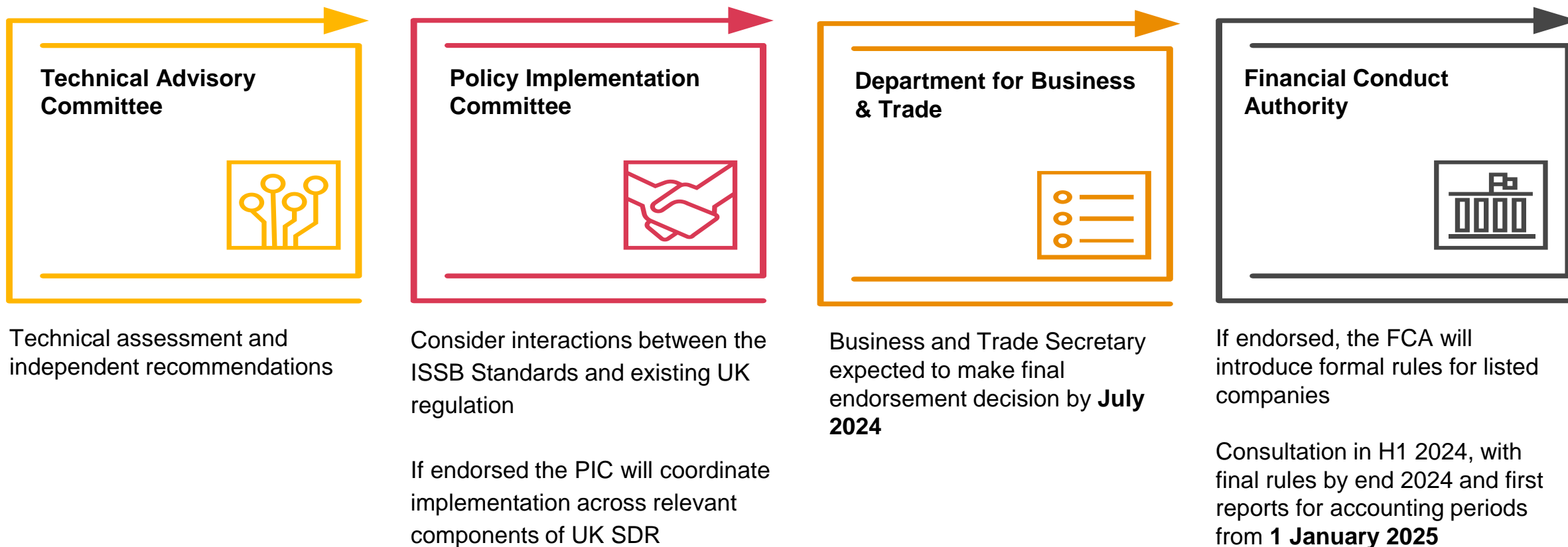
November 2023





UK Sustainability Disclosure Standards (SDS)

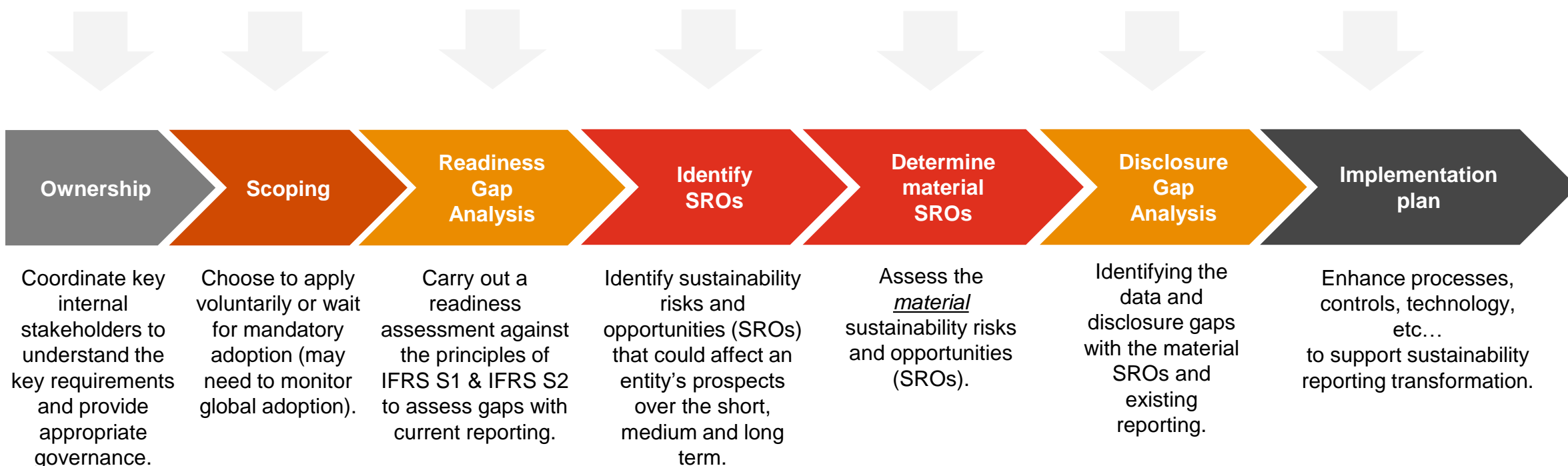
UK Government has set up two advisory bodies to input into the process for endorsing the standards (S1 and S2) for UK adoption by July 2024





Key initial steps to implementing IFRS S1

Business context





Thank you

www.pwc.uk

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2023 PricewaterhouseCoopers LLP. All rights reserved. 'PwC' refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

IFRS Foundation Capacity Building initiative

Four-pillar strategy to support adoption and use of ISSB Standards

Proportionality and guidance built into IFRS S1 and IFRS S2

Transition reliefs - with possibility of jurisdictional extensions

Implementation strategy for ISSB Standards

Additional support – including Capacity Building for industry and jurisdictions

Adoption Guide to support scalability and jurisdictional phasing in

Capacity building

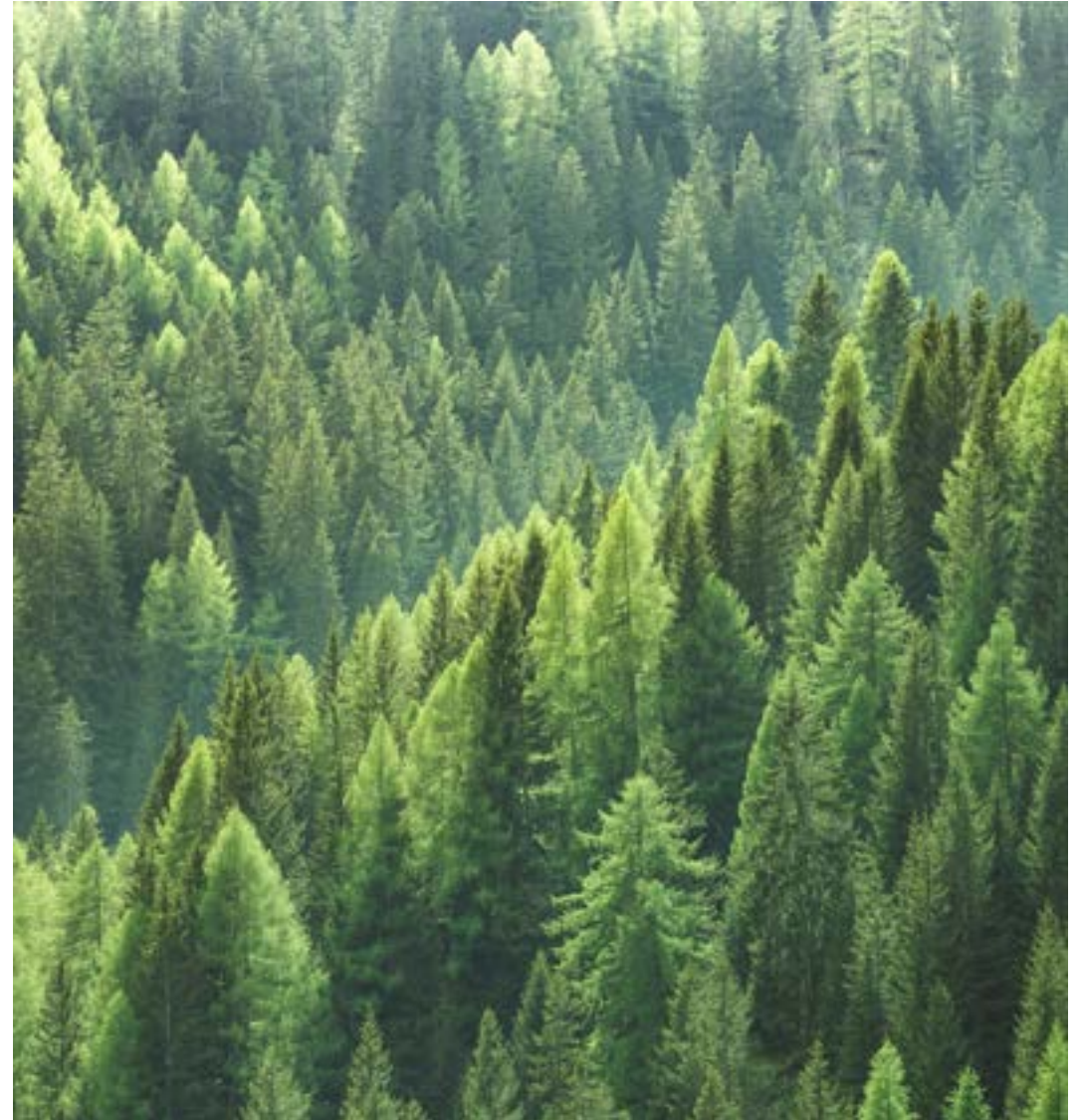
1. Awareness raising and stakeholder outreach
2. High-quality resources and educational materials
3. Tailored training and engagement programs for key audiences
4. Partnership Framework



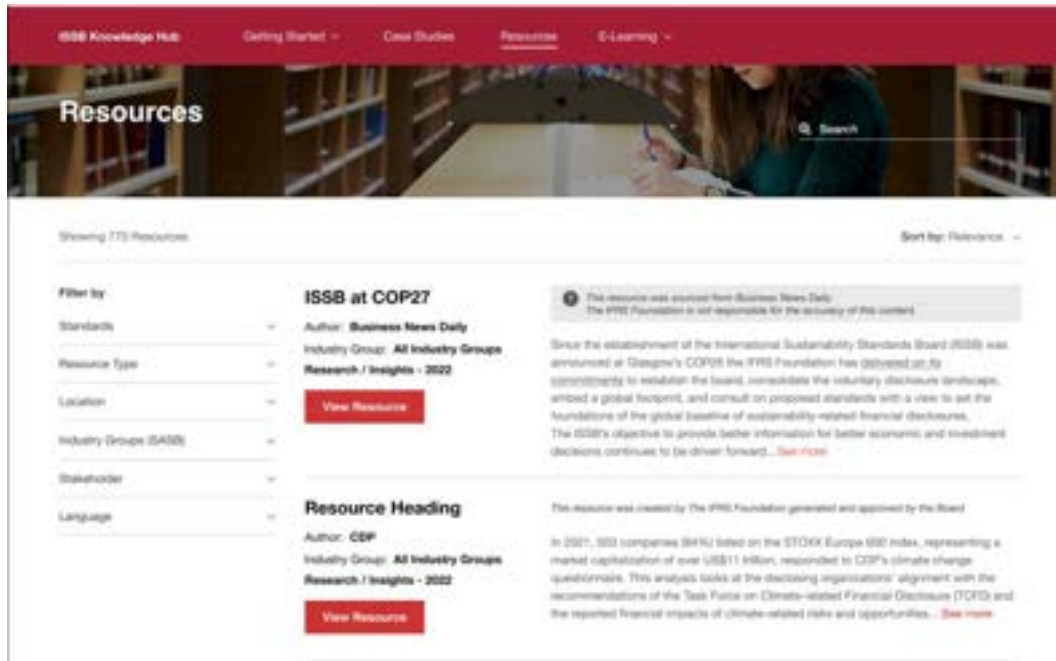
Capacity building

Partnership Framework

- 30+ global and local partners committed to ensuring readiness.
- Helps to consider specific circumstances of **emerging and developing economies**, including **smaller companies**
- Focused on **enabling consistent and comparable high-quality disclosures** to bring benefits of sustainability-related disclosures to all.



Knowledge Hub



To date we have received 279 responses on our Knowledge Hub survey and have had approximately 40 calls with partners over the last three months to gather information on topics preparers would like to see on the Knowledge Hub.



- Central platform for educational material for preparers
- Free online resource for preparers to support them in getting ready for IFRS S1 and IFRS S2
- Easy to navigate and searchable repository, e.g. case studies, good practice guidance, webinars, research publications, learning pages
- Platform for partners to showcase their material

IFRS Foundation 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.

Where to find the supporting materials?:

<https://www.ifrs.org/supporting-implementation/supporting-materials-for-ifrs-sustainability-disclosure-standards/>

Topics covered on Knowledge Hub, include:

- Connected information
- Defining reasonable and supportable
- Defining undue cost and effort (Proportionality: skills, resource, considerations)
- Effect on value chain
- General governance topics
- GHG Emissions
- How to reflect the sources of guidance discussed in the standards
- Internal controls
- Materiality
- Scenario analysis
- Timing and location of disclosure
- Transition Reliefs

Special thanks to partners that have supported with providing resources



If you have a resource that you would like us to consider for the Knowledge Hub, please email rabeywardana@ifrs.org

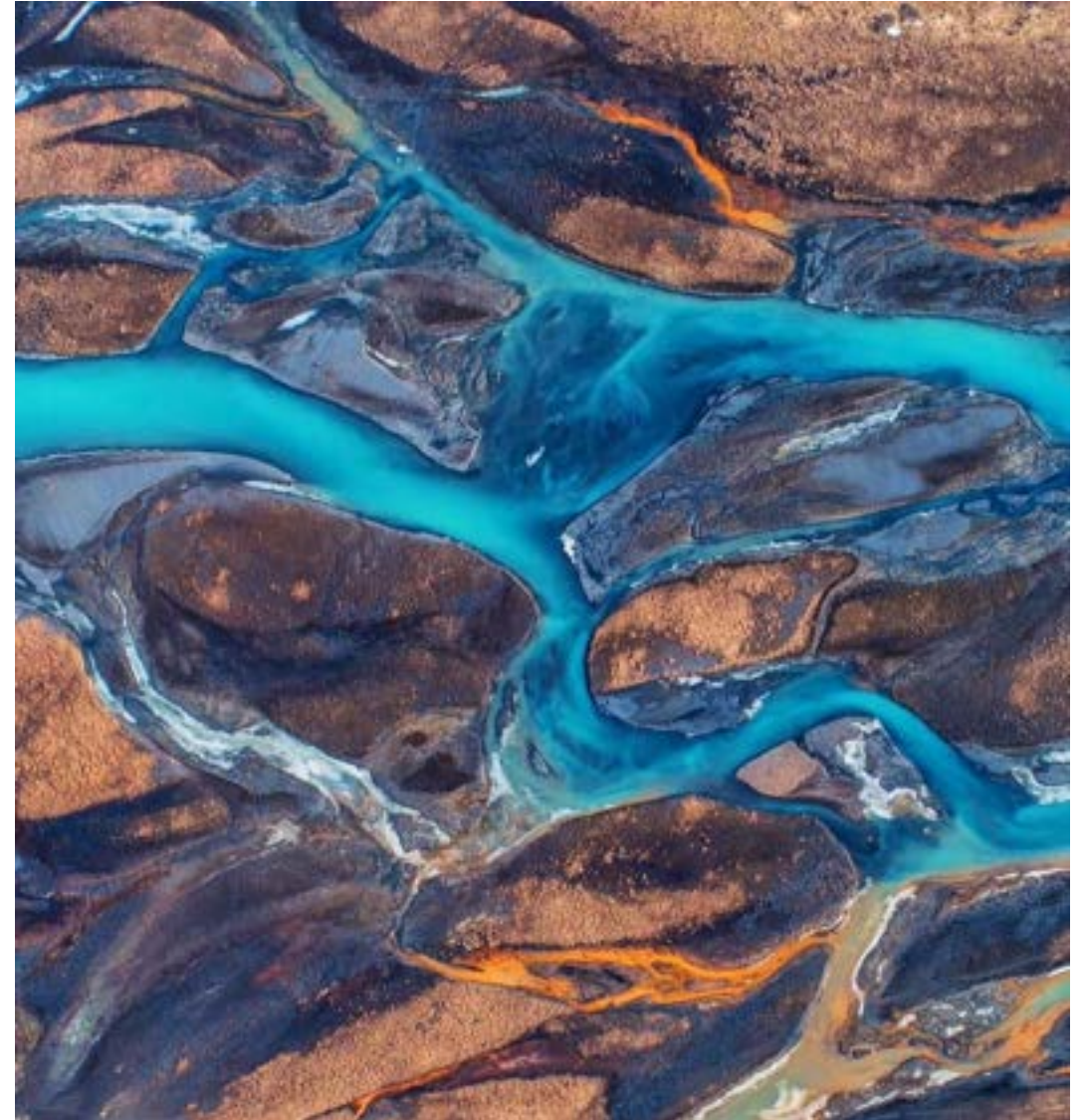
Implementation support and education

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

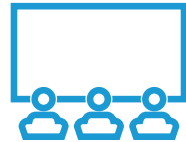
- Transition Implementation Group - a public forum for stakeholders to follow the discussion of questions raised on implementation by those applying the Standards. Link: [IFRS - Transition Implementation Group on IFRS S1 and IFRS S2](#)



Get involved



Download proposed IFRS Standards and supporting materials



Watch ISSB meetings



Respond to live consultations



Sign up for news alerts

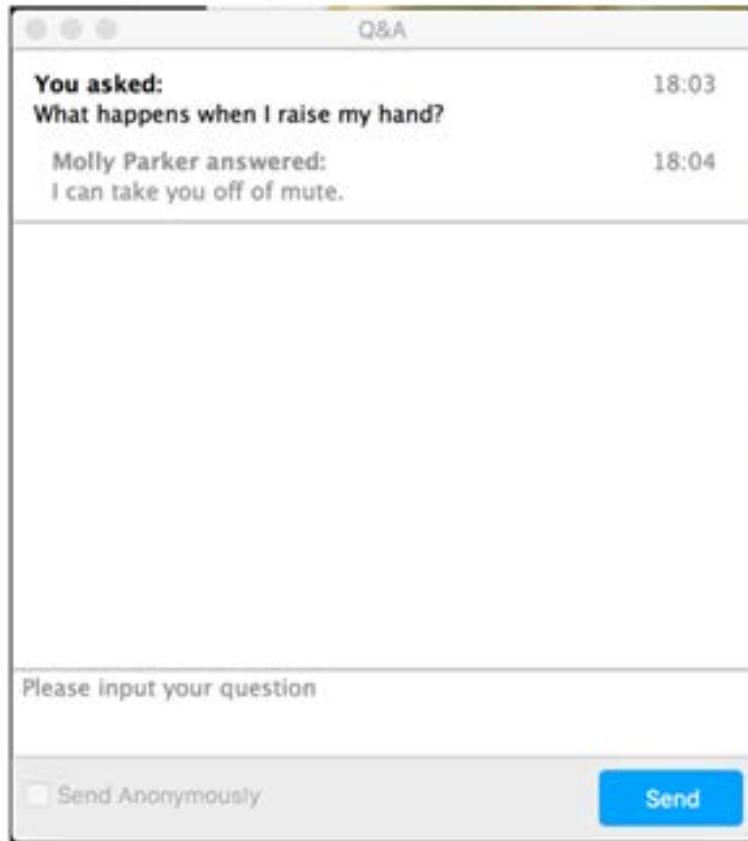


Discover which IFRS Foundation services can support you, including membership and education

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

Ask a question and access resources



The screenshot shows a Q&A window with the following content:

- Header: Q&A
- Question: **You asked:** What happens when I raise my hand? 18:03
- Answer: **Molly Parker answered:** I can take you off of mute. 18:04
- Input field: Please input your question
- Buttons: Send Anonymously and a blue **Send** button.

An arrow points from the text 'send anonymously' in the instructions to the 'Send Anonymously' checkbox in the screenshot.

To ask a question

Click on the **Q&A** button in the bottom toolbar to open the question box.

Type in your question and press **send**.

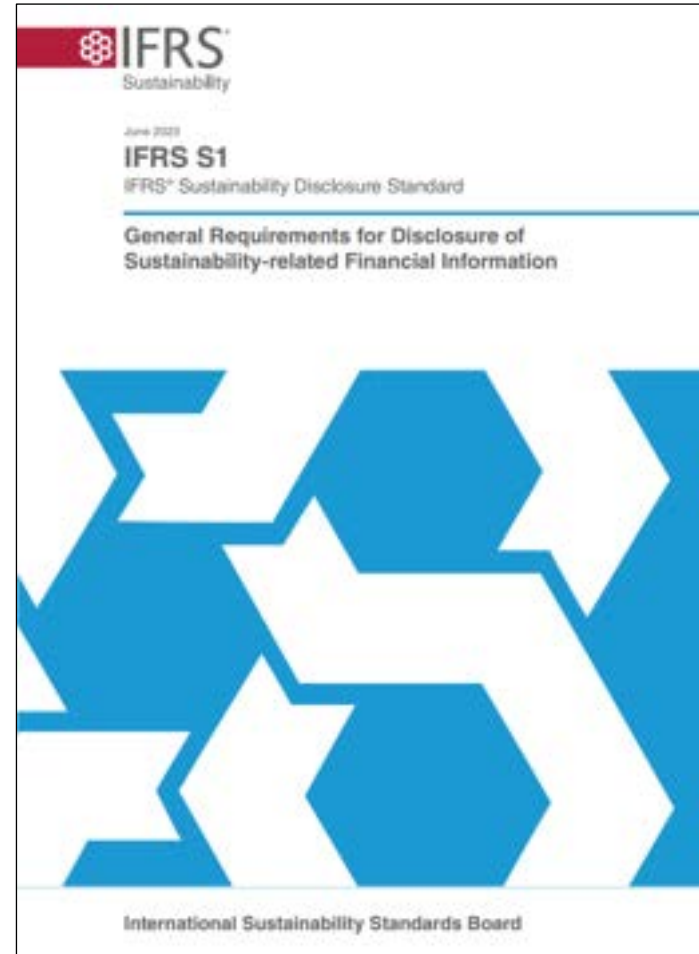
Note: If you wish to ask your question anonymously check the **send anonymously** box shown on the illustration on the left.

Download resources

Access related resources, including the presentation slides at icaew.com/crfwebinars

Faculty and other resources

- Non-financial reporting hub
 - icaew.com/nfr
- ICAEW webpages
 - [ICAEW guide to IFRS S1](#)
 - [IFRS S1 and IFRS S2 in the UK](#)
- Webinar recordings
 - icaew.com/crfwebinars
- Other
 - [IFRS Foundation – supporting materials for IFRS S1](#)



Corporate reporting at your fingertips



We are committed to providing members with practical help in today's complex world of corporate reporting.

Visit [icaew.com/corporatereporting](https://www.icaew.com/corporatereporting) for a range of practical resources on UK GAAP, IFRS and UK regulations.

Corporate Reporting Faculty Events 2023

Visit [icaew.com/crfevents](https://www.icaew.com/crfevents) for details of upcoming events from the faculty and others that may be of interest.



Discover the latest news and insights in corporate reporting at [icaew.com/byallaccounts](https://www.icaew.com/byallaccounts)

Questions



Ravi Abeywardana
Director, Strategic
Affairs and Capacity
Building
ISSB



Gurpreet Kaur
Director, Sustainability
Reporting
PwC



Lucas Penfold
Senior Manager
PwC

Thank you for attending



Please take the time to fill out our short survey.



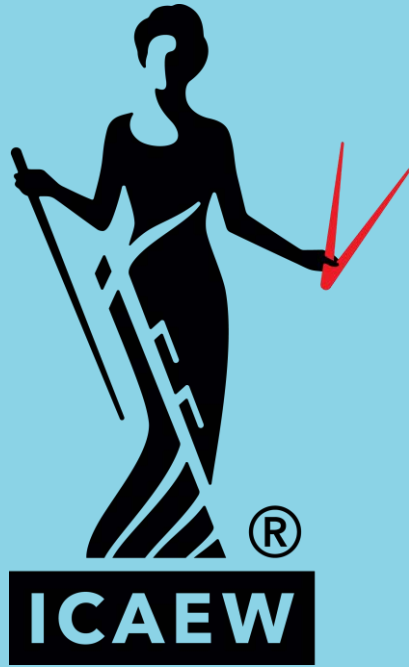
- Contact the Corporate Reporting Faculty.
- Tel: +44 (0)20 7920 8533
- Email: crf@icaew.com
- Web: icaew.com/crfac

This webinar is presented by the Corporate Reporting Faculty.

The faculty produces a wide range of resources including factsheets and online guidance to help you stay up-to-date and meet your continuing professional development needs. It also hosts webinars and other events throughout the year, providing an opportunity to network with like-minded professionals.

ICAEW members can join the Corporate Reporting Faculty at no additional cost. Charges apply for non-ICAEW members.

ICAEW will not be liable for any reliance you place on the information in this presentation. You should seek independent advice.



[icaew.com](https://www.icaew.com)