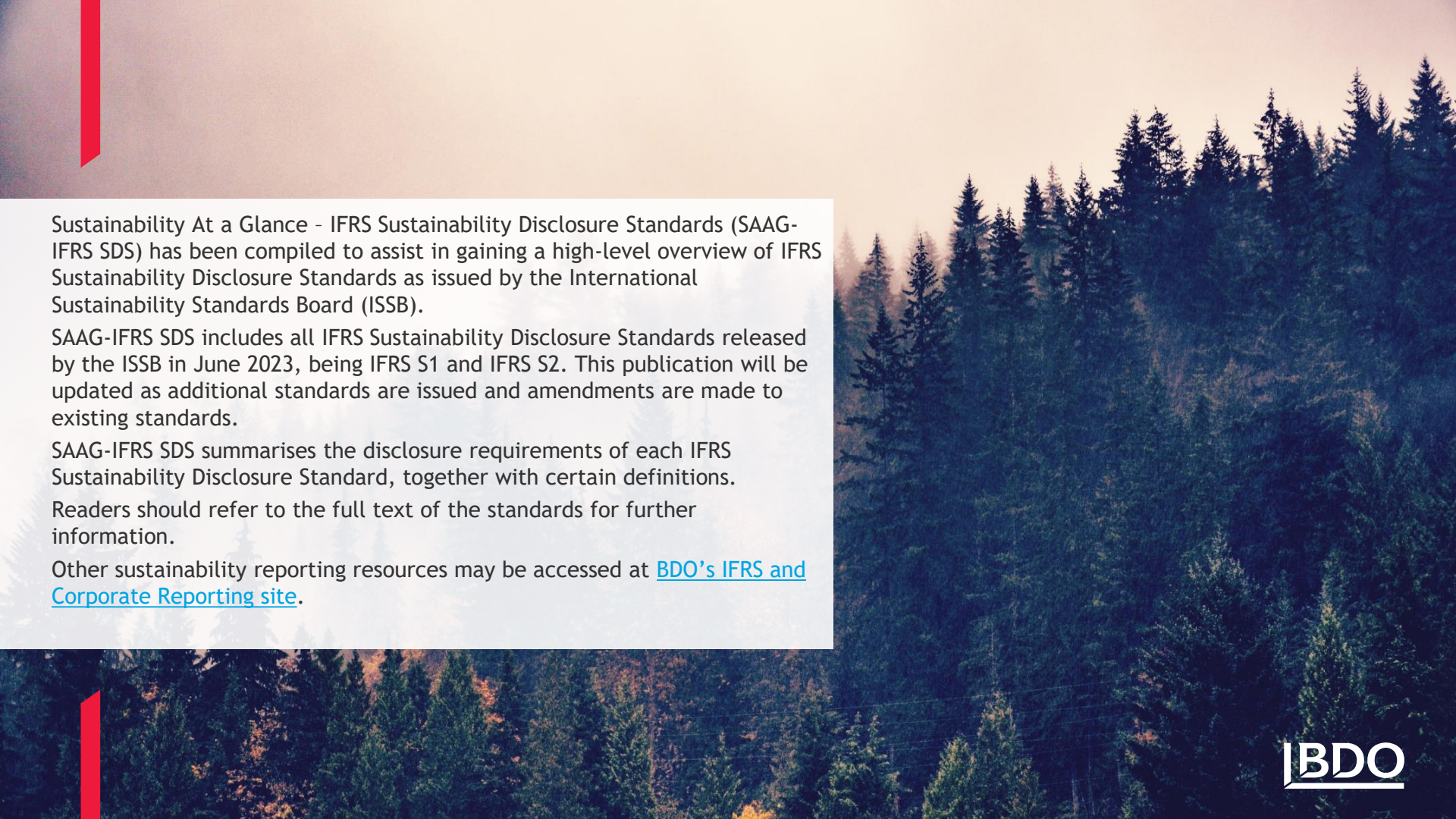




SUSTAINABILITY AT A GLANCE *IFRS SUSTAINABILITY DISCLOSURE STANDARDS*

AS AT 30 JUNE 2023



Sustainability At a Glance - IFRS Sustainability Disclosure Standards (SAAG-IFRS SDS) has been compiled to assist in gaining a high-level overview of IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB).

SAAG-IFRS SDS includes all IFRS Sustainability Disclosure Standards released by the ISSB in June 2023, being IFRS S1 and IFRS S2. This publication will be updated as additional standards are issued and amendments are made to existing standards.

SAAG-IFRS SDS summarises the disclosure requirements of each IFRS Sustainability Disclosure Standard, together with certain definitions.

Readers should refer to the full text of the standards for further information.

Other sustainability reporting resources may be accessed at [BDO's IFRS and Corporate Reporting site](#).



Table of Contents

<u>IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</u>	4
<u>IFRS S2 Climate-related Disclosures</u>	17



SUSTAINABILITY AT A GLANCE
IFRS SUSTAINABILITY DISCLOSURE STANDARDS

***IFRS S1 GENERAL REQUIREMENTS FOR DISCLOSURE OF SUSTAINABILITY-RELATED
FINANCIAL INFORMATION***

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S2 at the same time.

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

OBJECTIVE

To require an entity to disclose information about its sustainability-related risks and opportunities

- ▶ That is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity; and
- ▶ That could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.

SCOPE

- ▶ **Scoped in:** Sustainability-related financial disclosures in accordance with IFRS SDSs.
- ▶ **Scoped out:** Sustainability-related risks and opportunities not reasonably expected to affect an entity's prospects.

CONCEPTUAL FOUNDATIONS TO ENHANCE THE USEFULNESS OF SUSTAINABILITY-RELATED FINANCIAL INFORMATION

A. FAIR PRESENTATION

Fair presentation requires disclosure of relevant information that are:

- ▶ Complete, neutral and accurate depiction of sustainability-related risks and opportunities reasonably expected to affect an entity's prospects;
- ▶ In addition to the applicable requirement in IFRS SDS, if it is insufficient for users of the general purpose financial reports to understand the effects of sustainability-related risks and opportunities on the entity's operations in the short, medium and long term.

B. MATERIALITY

- ▶ Disclose material information about sustainability-related risks and opportunities reasonably expected to affect an entity's prospects.
- ▶ Information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make based on those reports.

C. REPORTING ENTITY

An entity's sustainability-related financial disclosures shall be for the same reporting entity as the related financial statements.

D. CONNECTED INFORMATION

Disclose information in a manner that enables users of general purpose financial reports to understand the following types of connections:

- ▶ Connections between various sustainability-related risks and opportunities reasonably expected to affect the entity's prospects;
- ▶ Connections between disclosures provided within its sustainability-related financial disclosures, on governance, strategy, risk management and metrics and targets; and
- ▶ Connections between sustainability-related financial disclosures and other general purpose financial reports published, such as related financial statements as identified by the entity.

DISCLOSURE REQUIREMENTS

A. GOVERNANCE

- ▶ Information about the governance body(s) or individuals responsible for oversight of sustainability-related risks & opportunities.
- ▶ Management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities.

B. STRATEGY

- ▶ Sustainability-related risks and opportunities
- ▶ Business model and value chain
- ▶ Strategy and decision-making
- ▶ Financial position, financial performance and cash flows
- ▶ Resilience

C. RISK MANAGEMENT

- ▶ The processes and related policies used to identify, assess, prioritise and monitor sustainability-related risks and opportunities.
- ▶ The extent to which, and how, the processes are integrated into and inform the entity's overall risk management process.

D. METRICS AND TARGETS

For each sustainability-related risk and opportunity

- ▶ Metrics required by an applicable IFRS SDS; and
- ▶ Metrics the entity uses to measure and monitor that sustainability-related risk and opportunity and entity's performance in relation to that sustainability-related risk or opportunity.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S2 at the same time.

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

GENERAL REQUIREMENTS					
SOURCES OF GUIDANCE			LOCATION OF DISCLOSURES	COMPARATIVE INFORMATION	
I. IDENTIFYING SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES	II. IDENTIFYING APPLICABLE DISCLOSURE REQUIREMENTS	III. DISCLOSURE OF INFORMATION ABOUT SOURCES OF GUIDANCE	<ul style="list-style-type: none"> An entity is required to provide disclosures required by IFRS SDS as part of its general purpose financial reports. 	<ul style="list-style-type: none"> An entity shall disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period, unless otherwise required. 	
<ul style="list-style-type: none"> Apply IFRS Sustainability Disclosure Standards (IFRS SDS) SASB Standards (if applicable) CDSB Framework Application Guidance for Water-related Disclosures and the CDSB Framework Application Guidance for Biodiversity-related Disclosures (if applicable) The most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the information needs of users (if applicable); and The sustainability-related risks and opportunities identified by entities that operate in the same industry(s) or geographical region(s). (if applicable) 	<ul style="list-style-type: none"> An entity shall apply IFRS SDS that specifically applies to that risk and opportunity. In the absence of an IFRS SDS that specifically applies to a sustainability related risk or opportunity, an entity shall apply judgement to identify information relevant to users and that faithfully represents the sustainability-related risk and opportunity. 	<ul style="list-style-type: none"> An entity identifies the specific standards, pronouncements, industry practice and other sources of guidance applied in preparing its sustainability-related financial disclosures. 	TIMING OF REPORTING	STATEMENT OF COMPLIANCE	
			<ul style="list-style-type: none"> An entity shall report its sustainability-related financial disclosures at the same time as its related financial statements and cover same reporting period as the related financial statements. 	<ul style="list-style-type: none"> An entity shall make an explicit and unreserved statement of compliance that it has complied with all the requirements of IFRS SDS. 	
			JUDGEMENTS, UNCERTAINTIES AND ERRORS	OTHER GUIDANCE	EFFECTIVE DATE
			<ul style="list-style-type: none"> Judgements Measurement uncertainty Errors 	<ul style="list-style-type: none"> Defined terms Application guidance Illustrative guidance & Illustrative examples 	<ul style="list-style-type: none"> For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted.
			TRANSITION RELIEF IN THE FIRST ANNUAL REPORTING PERIOD		
			<ul style="list-style-type: none"> Disclosure of comparative information not required Entity is permitted to publish its report after its related financial statements Entity is permitted to disclose only sustainability-related risks and opportunities information and disclose that fact. 		

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S2 at the same time.

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

DEFINED TERMS (see Appendix A of IFRS S1 for a complete list)

- ▶ **Business model:** An entity's system of transforming inputs through its activities into outputs and outcomes that aims to fulfil the entity's strategic purposes and create value for the entity and hence generate cash flows over the short, medium and long term. IFRS S1 use the term 'business model' in the singular, although it is recognised that entities may have more than one business model.
- ▶ **CDSB:** Climate Disclosure Standards Board. The CDSB has been consolidated into the IFRS Foundation.
- ▶ **Disclosure topic:** A specific sustainability-related risk or opportunity based on the activities conducted by entities within a particular industry as set out in an IFRS SDS or a SASB Standard.
- ▶ **General purpose financial reports:** Reports that provide financial information about a reporting entity that is useful to primary users in making decisions relating to providing resources to the entity. Those decisions involve decisions about:
 - ▶ buying, selling or holding equity and debt instruments;
 - ▶ providing or selling loans and other forms of credit; or
 - ▶ exercising rights to vote on, or otherwise influence, the entity's management's actions that affect the use of the entity's economic resources.

General purpose financial reports include—but are not restricted to—an entity's general purpose financial statements and sustainability-related financial disclosures.

- ▶ **IFRS Sustainability Disclosure Standards (IFRS SDS):** Standards of that name issued by the International Sustainability Standards Board.
- ▶ **Impracticable:** Applying a requirement is impracticable when an entity cannot apply it after making every reasonable effort to do so.
- ▶ **Material information:** In the context of sustainability-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity.
- ▶ **Primary users of general purpose financial reports (primary users):** Existing and potential investors, lenders and other creditors.

DEFINED TERMS (see Appendix A of IFRS S1 for a complete list)

- ▶ **Reporting entity:** An entity that is required, or chooses, to prepare general purpose financial statements.
- ▶ **SASB Standards:** industry-based sustainability standards issued by the Sustainability Accounting Standards Board. The IFRS Foundation has assumed responsibility for the SASB Standards.
- ▶ **Scenario analysis:** A process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty.
- ▶ **SDS:** Sustainability Disclosure Standard.
- ▶ **Sustainability-related financial disclosures:** A particular form of general purpose financial reports that provide information about the reporting entity's sustainability related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term, including information about the entity's governance, strategy and risk management in relation to those risks and opportunities, and related metrics and targets.
- ▶ **Users of general purpose financial reports (users):** See definition of primary users of general purpose financial reports (primary users). The definitions describes the same population.
- ▶ **Value chain:** The full range of interactions, resources and relationships related to a reporting entity's business model and the external environment in which it operates.

A value chain encompasses the interactions, resources and relationships an entity uses and depends on to create its products or services from conception to delivery, consumption and end-of-life, including interactions, resources and relationships in the entity's operations, such as human resources; those along its supply, marketing and distribution channels, such as materials and service sourcing, and product and service sale and delivery; and the financing, geographical, geopolitical and regulatory environments in which the entity operates.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S2 at the same time.

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

OBJECTIVE OF IFRS S1

To require an entity to disclose information about its sustainability-related risks and opportunities

- ▶ That is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity; and
- ▶ That could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.

SCOPE OF IFRS S1

- ▶ An entity shall apply IFRS S1 in preparing and reporting sustainability-related financial disclosures in accordance with IFRS SDS.
- ▶ Interaction with other IFRS Sustainability Disclosure Standards, which specify the information an entity is required to disclose about specific sustainability-related risks and opportunities.
- ▶ IFRS SDS may be applied irrespective of whether the entity's related general purpose financial statements ('financial statements') are prepared in accordance with IFRS Accounting Standards or other generally accepted accounting principles or practices (GAAP).
- ▶ IFRS S1 uses terminology suitable for public and private profit-oriented entities. If entities with not-for-profit activities in the private sector or the public sector apply IFRS S1, they might need to amend the descriptions used for particular items of information when applying IFRS SDS.

Not in scope of the standard:

- ▶ Sustainability-related risks and opportunities not reasonably expected to affect an entity's prospects are outside the scope of IFRS S1.

CONCEPTUAL FOUNDATIONS TO ENHANCE THE USEFULNESS OF SUSTAINABILITY-RELATED FINANCIAL INFORMATION

A. FAIR PRESENTATION	B. MATERIALITY	C. REPORTING ENTITY	D. CONNECTED INFORMATION
<ul style="list-style-type: none"> ▶ Fair presentation requires disclosure of relevant information <ul style="list-style-type: none"> ▶ That is comparable, verifiable, timely and understandable; ▶ That is in addition to the applicable requirement in IFRS SDS if it is insufficient for users of the general purpose financial reports to understand the effects of sustainability-related risks and opportunities on the entity's operations in the short, medium and long term. 	<ul style="list-style-type: none"> ▶ An entity shall disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects. ▶ Information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity. 	<ul style="list-style-type: none"> ▶ An entity's sustainability-related financial disclosures shall be for the same reporting entity as the related financial statements. 	<ul style="list-style-type: none"> ▶ An entity shall provide information in a manner that enables users of general purpose financial reports to understand the following <i>types of connections</i>: <ul style="list-style-type: none"> ▶ Connections between various sustainability-related risks and opportunities reasonably expected to affect the entity's prospects; ▶ Connections between disclosures provided within its sustainability-related financial disclosures, such as governance, strategy, risk management and metrics and targets; and ▶ Connections between sustainability-related financial disclosures and other general purpose financial reports published, such as related financial statements as identified by the entity. ▶ Data and assumptions used in preparing the sustainability-related financial disclosures shall be consistent - to the extent possible with the corresponding data and assumptions used in preparing the related financial statements (considering requirements of IFRS or any other GAAP). ▶ The entity shall use the same presentation currency as used in its related financial statements if any currency is mentioned in the sustainability-related financial disclosures.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S2 at the same time.

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

A. GOVERNANCE

OBJECTIVE

- ▶ To enable users of the general purpose financial reports to understand the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities.

DISCLOSURE REQUIREMENTS TO ACHIEVE THE OBJECTIVE

The entity discloses information about governance body(s) or individual(s) responsible for oversight (including board, committee, or equivalent to be charged with governance):

- ▶ How responsibilities, relating to sustainability-related risks and opportunities, are reflected in terms of reference, mandates, role descriptions and other related parties applicable to that body(s) or individual(s);
- ▶ How the body(s) or individual(s) determine appropriate skills and competencies to oversee strategies designed to respond to sustainability-related risks and opportunities;
- ▶ How and how often the body(s) or individual(s) is informed about sustainability-related risks and opportunities;
- ▶ How the body(s) or individual(s) considers sustainability-related risks and opportunities when overseeing - the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including trade-offs associated with those risks and opportunities are considered;
- ▶ How the body(s) or individual(s) oversees the setting of targets related to sustainability-related risks and opportunities and monitors progress towards those targets, including the inclusion of performance metrics in remuneration policies.

The entity discloses information about management's role in the governance processes, controls and procedures like:

- ▶ The role is delegated to a specific management level position or management level committee and how oversight is exercised over that position or committee;
- ▶ Whether management uses controls and procedures to support the oversight over sustainability-related risks and opportunities and how these controls and procedures are integrated with other internal functions.

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



Effective Date

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S2 at the same time.

B. STRATEGY

OBJECTIVE

- ▶ To enable users of general purpose financial reports to understand an entity's strategy for managing sustainability-related risks and opportunities.

DISCLOSURE REQUIREMENTS TO ACHIEVE THE OBJECTIVE

A. SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES	B. BUSINESS MODEL AND VALUE CHAIN	C. STRATEGY AND DECISION MAKING	D. FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS	E. RESILIENCE
<p>Information that enables users to understand the sustainability-related risks and opportunities reasonably expected to affect the entity's prospects.</p> <p>Specifically, the entity shall:</p> <ul style="list-style-type: none"> ▶ Describe sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects; ▶ Specify the time horizons - short, medium or long term - over which the effects of each of the sustainability risks and opportunities are expected to occur; ▶ Explain how the entity defines these time horizons and how these definitions are linked to the planning horizons used by the entity for strategic decision-making. <p>Short-, medium-, long- term horizons can vary between entities depending on industry-specific characteristics such as cash flow, investment and business cycles, the planning horizons used in any industry for strategic decision-making and capital allocation plans and time horizons over which users of general purpose financial reports conduct their assessments of entities in that industry.</p>	<p>Information that enables users to understand the current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain. Specifically, the entity shall disclose:</p> <ul style="list-style-type: none"> ▶ A description of the current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain; and ▶ A description of where in the entity's business model and value chain sustainability-related risks and opportunities are concentrated. 	<p>Information that enables users to understand the effects of sustainability-related risks and opportunities on the entity's strategy and decision-making. Specifically, the entity shall disclose information about:</p> <ul style="list-style-type: none"> ▶ How the entity has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making. ▶ How the progress against plans the entity has disclosed in previous reporting periods, including quantitative and qualitative information; and ▶ Trade-offs between sustainability-related risks and opportunities that the entity considered, e.g., in deciding on the location of new operations, an entity might have considered the environmental impacts of those operations and the employment opportunities they would create in a community. 	<p>Information that enables users to understand:</p> <ul style="list-style-type: none"> ▶ Current financial effects ▶ Anticipated financial effects <p>Specific quantitative (single amount or range) and qualitative disclosures</p> <ul style="list-style-type: none"> ▶ How sustainability-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; ▶ The sustainability-related risks and opportunities identified above 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; ▶ How the entity expects its financial position to change over the short, medium and long term, given its strategy to manage sustainability-related risks and opportunities considering its investment and disposal plans and its planned sources of funding to implement its strategy; ▶ How the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage sustainability-related risks and opportunities. <p>Criteria for exemption from providing quantitative information about current or anticipated financial effects</p> <ul style="list-style-type: none"> ▶ If the effects are not separately identifiable; or ▶ The level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful. 	<p>Information that enables users to understand its capacity to adjust to the uncertainties arising from sustainability-related risks. Specifically, the entity shall disclose:</p> <ul style="list-style-type: none"> ▶ A qualitative and applicable quantitative (single amount or range) assessments of the resilience of its strategy and business model in relation to sustainability-related risks; ▶ Other IFRS SDS may specify the type of information an entity is required to disclose about its resilience including whether a scenario analysis is required.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S2 at the same time.

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

C. RISK MANAGEMENT

OBJECTIVE

- ▶ To enable users of general-purpose financial reports:
 - (a) To understand an entity's processes to identify, assess, prioritise and monitor sustainability-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process; and
 - (b) To assess an entity's overall risk profile and its overall risk management process.

DISCLOSURE REQUIREMENTS TO ACHIEVE THE OBJECTIVE

A. SUSTAINABILITY-RELATED RISKS - PROCESSES AND RELATED POLICIES

The processes and related policies that the entity uses to identify, assess, prioritise and monitor the sustainability-related risks including information about:

- ▶ The Inputs and parameters the entity uses;
- ▶ Whether and how the entity uses scenario analysis to inform the identification of sustainability-related risks;
- ▶ How the entity assesses the nature, likelihood and magnitude of the effects of those risks;
- ▶ Whether and how the entity prioritises sustainability-related risks relative to other types of risks;
- ▶ How the entity monitors sustainability-related risks;
- ▶ Whether and how the entity has changed the processes it uses compared with previous reporting period.

B. SUSTAINABILITY-RELATED OPPORTUNITIES - PROCESSES

The processes the entity uses to identify, assess, prioritise and monitor sustainability-related opportunities, including information about whether and how the entity uses sustainability-related scenario analysis to inform its identification of sustainability-related opportunities.

C. INTEGRATION INTO ENTITY'S OVERALL RISK MANAGEMENT PROCESS

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.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S2 at the same time.

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

D. METRICS AND TARGETS

OBJECTIVE

- ▶ To enable users of general-purpose financial reports to understand an entity's performance in relation to its sustainability-related risks and opportunities, including progress towards any sustainability-related targets it has set, and any targets it is required to meet by law or regulation.

DISCLOSURE REQUIREMENTS TO ACHIEVE THE OBJECTIVE

DISCLOSURE OF METRICS

- ▶ An entity shall disclose, for each sustainability-related risk and opportunity expected to affect the entity's prospects:
 - Metrics required by an applicable IFRS SDS; and
 - Metrics the entity uses to measure and monitor sustainability-related risk or opportunity, including progress towards any targets set or is required to meet by law or regulation.
- ▶ Metrics disclosed by an entity applying the above, shall include metrics associated with particular business models, activities or other common features that characterise participation in an industry.
- ▶ If an entity discloses a metric taken from a source other than IFRS SDS, the entity shall identify the source and metrics taken.
- ▶ The definition and calculation of metrics shall be consistent over time.
- ▶ An entity shall label and define metrics and targets using meaningful, clear and precise names and descriptions.

INFORMATION ABOUT DEVELOPING METRICS

For each metric developed by the entity, the entity shall disclose:

- ▶ How the metric is defined, including whether it is derived by adjusting a metric taken from a source other than IFRS SDS and, if so, which source and how the metric disclosed by the entity differs from the metric specified in that source;
- ▶ Whether the metric is an absolute measure, a measure expressed in relation to another metric or a qualitative measure;
- ▶ Whether the metric is validated by a third party and, if so, which party and
- ▶ The method used to calculate the metric and the inputs to the calculation, including the limitations of the method used and the significant assumptions made.

INFORMATION ABOUT THE TARGETS

An entity shall disclose information about the targets it has set to monitor progress towards achieving its strategic goals and any targets it is required to meet by law or regulation.

For each target, the entity shall disclose:

- ▶ The metric used to set the target and to monitor progress towards reaching the target;
- ▶ The specific quantitative or qualitative target the entity has set or is required to meet;
- ▶ The period over which the target applies;
- ▶ The base period from which progress is measured;
- ▶ Any milestones and interim targets;
- ▶ Performance against each target and an analysis of trends or changes in the entity's performance; and
- ▶ Any revisions to the target and an explanation for those revisions.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S2 at the same time.

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

SOURCES OF GUIDANCE

IDENTIFYING SUSTAINABILITY RISKS AND OPPORTUNITIES	IDENTIFYING APPLICABLE DISCLOSURE REQUIREMENTS	DISCLOSURE OF INFORMATION ABOUT SOURCES OF GUIDANCE
<ul style="list-style-type: none"> ▶ An entity shall apply IFRS SDS to identify sustainability-related risks and opportunities expected to affect an entity's prospects. ▶ In addition to IFRS SDS, <ul style="list-style-type: none"> a) An entity shall refer to and consider the applicability of the disclosure topics in the SASB Standards; b) An entity may refer to and consider applicability of: <ul style="list-style-type: none"> ▶ 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 sustainability-related risks and opportunities identified by entities that operate in the same industry(s) or geographical region(s). 	<ul style="list-style-type: none"> ▶ An entity shall apply IFRS SDS that specifically apply to the sustainability-related risks and opportunities expected to affect an entity's prospects ▶ In the absence of IFRS SDS, that specifically apply to a sustainability-related risk or opportunity, an entity shall apply judgement to identify information that: <ul style="list-style-type: none"> ▶ Relevant to the decision-making of users of general purpose financial reports; and ▶ Faithfully represents sustainability-related risk or opportunity. ▶ In making the judgement above: <ul style="list-style-type: none"> ▶ An entity shall refer to applicability of the metrics associated with the disclosure topics included in the SASB Standards; ▶ An entity may - to the extent that these sources do not conflict with IFRS SDS - refer to and consider applicability of: <ul style="list-style-type: none"> ▶ The CDSB Framework Application Guidance; ▶ 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 entities operating in the same industry(s) or geographical region(s). ▶ Consider the applicability of the sources mentioned in Appendix C, including the Global Reporting Initiative Standard and the European Sustainability Reporting Standards. 	<p>An entity shall identify in its sustainability-related financial disclosure:</p> <ul style="list-style-type: none"> ▶ The specific standards, pronouncements, industry practice and other sources of guidance that the entity has applied; ▶ The industry(s) specified in the IFRS SDS, the SASB Standards or other sources of guidance relating to a particular industry(s) that the entity has applied.

LOCATION OF DISCLOSURES

- ▶ An entity may provide disclosures required by IFRS SDS in various possible locations as part of its general purpose financial reports, such as:
 - ▶ Entity's management commentary or a similar report when it forms part of an entity's general purpose financial reports. Management commentary or a similar report might be known by or included in reports with various names, such as 'management report', 'management's discussion and analysis', 'operating and financial review', 'integrated report' or 'strategic report'.
- ▶ The entity shall ensure that the sustainability-related financial disclosures are clearly identifiable and not obscured by information disclosed to meet other requirements if they are disclosed in the same location with other information, such as information as required by regulators.
- ▶ Information disclosed as per the IFRS SDS may be cross-referenced to another report published by the entity.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S2 at the same time.

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

TIMING OF REPORTING

- ▶ An entity shall report its sustainability-related financial disclosures at the same time as its related financial statements.
- ▶ The entity's sustainability-related financial disclosures shall cover the same reporting period as the related financial statements.
- ▶ IFRS S1 applies to an entity preparing sustainability-related financial disclosures for 12 month or 52-week period.
- ▶ When an entity **changes the end of its reporting period** and provides sustainability-related financial disclosures for a period longer or shorter than 12 months, it shall disclose:
 - ▶ The period covered by the sustainability-related financial disclosures;
 - ▶ The reason for using a longer or shorter period; and
 - ▶ The fact that the amounts disclosed in the sustainability-related financial disclosures are not entirely comparable.
- ▶ Events after the end of reporting period:
 - ▶ If an entity receives information, after the end of the reporting period but before the disclosures are authorised for issue, about conditions that existed at the end of the reporting period, it shall update the relevant disclosures in the light of the new information.
 - ▶ An entity shall disclose information about transactions, other events and conditions happening after the end of the reporting period, but before the disclosures are authorised for issue, if non-disclosure of that information could influence the decisions of the primary users of general purpose financial reports.
- ▶ The standard does not mandate any entity to provide interim sustainability-related financial disclosures, how frequently or how soon after the end of the interim period.
 - ▶ Governments, securities regulators, stock exchanges and accountancy bodies may require entities whose debt or equity securities are publicly traded to publish interim general purpose financial reports.
 - ▶ An entity shall refer to the application guidance in IFRS S1 if it is required or elects to publish interim sustainability-related financial disclosures in accordance with IFRS SDS.

COMPARATIVE INFORMATION

- ▶ Unless otherwise required or permitted by another IFRS SDS, an entity shall disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period.
- ▶ The entity shall also disclose comparative information for narrative and descriptive sustainability-related financial information if the information is useful for an understanding of the sustainability-related financial disclosures for the reporting period.
- ▶ Amounts reported in sustainability-related financial disclosures might relate, for example, to metrics and targets or to current and anticipated financial effects of sustainability-related risks and opportunities.

STATEMENT OF COMPLIANCE

- ▶ An entity whose sustainability-related financial disclosures comply with all the requirements of IFRS SDS shall make an explicit and unreserved statement of compliance.
- ▶ An entity shall not describe sustainability-related financial disclosures as complying with IFRS SDS unless they comply with all the requirements of IFRS SDS.
- ▶ IFRS S1 relieves an entity from disclosing information if:
 - ▶ Laws or regulations prohibit an entity from disclosing information as required by an IFRS SDS; or
 - ▶ That information is commercially sensitive as described in IFRS S1.
- ▶ An entity using these exemptions is not prevented from asserting compliance with IFRS SDS.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S2 at the same time.

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

EFFECTIVE DATE AND TRANSITION

EFFECTIVE DATE

- ▶ An entity shall apply IFRS S1 for annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application is permitted.
- ▶ If an entity applies IFRS S1 earlier, it shall disclose that fact and apply IFRS S2 *Climate-related Disclosures* at the same time.

TRANSITION

Date of initial application - the beginning of the annual reporting period in which an entity first applies IFRS S1

TRANSITIONAL RELIEF

ILLUSTRATION (ASSUMING DATE OF INITIAL APPLICATION IS 1 JANUARY 2024)

<p>1. An entity is not required to provide the disclosures specified in IFRS S1 for any period before the date of initial application. Accordingly, an entity is not required to disclose comparative information in the first annual reporting period in which it applies IFRS S1.</p>	<p>The entity is not required to disclose information for comparative period ended 31 December 2023 or earlier periods.</p>
<p>2. In the first annual reporting period in which an entity applies IFRS S1, the entity is permitted to report its sustainability-related financial disclosures after it publishes its related financial statements:</p> <ul style="list-style-type: none"> (a) at the same time as its next second-quarter or half-year interim general purpose financial report, if the entity is required to provide such an interim report; (b) at the same time as its next second-quarter or half-year interim general purpose financial report, but within nine months of the end of the annual reporting period in which the entity first applies IFRS S1, if the entity voluntarily provides such an interim report; or (c) within nine months of the end of the annual reporting period in which the entity first applies IFRS S1, if the entity is not required to and does not voluntarily provide an interim general purpose financial report. 	<p>The entity is permitted to report its sustainability-related financial disclosures after it publishes its related financial statements if the annual reporting period ended 31 December 2024:</p> <ul style="list-style-type: none"> a) the entity is permitted to publish the sustainability report at the time of publishing its 30 June 2025 interim financial statements, if the entity is required to provide such an interim report; b) the entity is permitted to publish the sustainability report at the time of publishing its 30 June 2025 interim financial statements or by 30 September 2025, if the entity voluntarily provides such an interim report; or c) By 30 September 2025, if the entity is not required to and does not voluntarily provide an interim general purpose financial report.
<p>3. In the first annual reporting period in which an entity applies IFRS S1, the entity is permitted to disclose information on only climate-related risks and opportunities (in accordance with IFRS S2) and need not disclose comparative information about its climate-related risks and opportunities.</p> <p>4. In the second annual reporting period, in which the entity applies the standard, it is not required to disclose comparative information about its sustainability-related risks and opportunities, other than its climate-related risks and opportunities.</p>	<p>The entity makes disclosures related to only climate-related risks and opportunities for the annual reporting period ended 31 December 2024 (i.e. other disclosure topics are omitted regardless of whether they meet the criteria for disclosure in S1).</p> <p>If the entity has used transitional relief #3 for the annual reporting period ended 31 December 2024, then in preparing disclosures for the annual reporting period ended 31 December 2025, the entity is not required to disclose comparative information for 31 December 2024 about its sustainability-related risks and opportunities, other than its climate-related risks and opportunities.</p>

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S2 at the same time.

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

JUDGEMENTS, UNCERTAINTIES AND ERRORS

DISCLOSURE REQUIREMENTS TO ACHIEVE THE OBJECTIVE

JUDGEMENTS	MEASUREMENT UNCERTAINTY	ERRORS
<p>Information that enables users to understand the judgements, without involving estimation of amounts, that the entity has made in the process of preparing its sustainability-related financial disclosures and that have the most significant effect on the information included in those disclosures. For example, an entity makes judgements in:</p> <ul style="list-style-type: none"> ▶ Identifying sustainability-related risks and opportunities reasonably expected to affect the entity's prospects ▶ Determining which sources of guidance to apply; ▶ Identifying material information to include in the sustainability-related financial disclosures, ▶ Assessing whether an event or change in circumstances is significant and requires reassessment of the scope of all affected sustainability related risks and opportunities throughout the entity's value chain. 	<p>Information to enable users to understand the most significant uncertainties affecting the amounts reported in its sustainability-related financial disclosures.</p> <ul style="list-style-type: none"> ▶ An entity shall identify the amounts it has disclosed that are subject to high level of uncertainty, disclosing the sources of measurement uncertainty and the assumptions, approximations and judgements the entity has made in measuring the amount. ▶ As the number of variables and assumptions increase, the judgements become more subjective and complex and the uncertainty in the amounts reported increases. ▶ Types and extent of information that an entity shall consider disclosing will depend on the nature of amounts reported, sources and factors contributing to the uncertainty and will include: <ul style="list-style-type: none"> • The nature of the assumption or other source of measurement uncertainty; • The sensitivity of the disclosed amounts to the methods and estimates underlying its calculation, including the reasons for the sensitivity; • The expected resolution of uncertainty and range of reasonably possible outcomes for the disclosed amount; and • Explanation of changes made to past assumptions if the uncertainty in the disclosed amounts remains unresolved. 	<p>An entity shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed unless it is impracticable to do so.</p> <ul style="list-style-type: none"> ▶ Prior period errors are omissions from and misstatements in the entity's sustainability-related financial disclosures for one or more prior periods. ▶ Such errors arise from a failure to use, or misuse of, reliable information that could reasonably be expected to have been obtained during the preparation of the sustainability-related financial disclosures and were available when the disclosures were authorised for issue for that period(s). ▶ Correction of errors is different from changes in estimates. Estimates are approximations that might need to be revised as additional information becomes known.



SUSTAINABILITY AT A GLANCE
IFRS SUSTAINABILITY DISCLOSURE STANDARDS

IFRS S2 CLIMATE-RELATED DISCLOSURES

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S1 at the same time.

IFRS S2 Climate-related Disclosures - Contents

OBJECTIVE

To require an entity to disclose information about its **climate-related risks** and **opportunities** that is useful to **primary users of general purpose financial reports** in making decisions relating to providing resources to the entity.

SCOPE

- ▶ Climate-related risks (physical risks and transition risks)
- ▶ Climate-related opportunities

DISCLOSURE REQUIREMENTS

A. GOVERNANCE

- ▶ Information about the governance body(s) responsible for oversight of climate-related risks & opportunities.
- ▶ Management's role in the governance processes, controls and procedures

B. STRATEGY

- ▶ Climate related risks and opportunities
- ▶ Business model and value chain
- ▶ Climate-related transition plan
- ▶ Effects on the entity's financial position, financial performance and cash flows
- ▶ Climate resilience

C. RISK MANAGEMENT

- ▶ The processes and related policies used to identify, assess, prioritise and monitor climate-related risks.
- ▶ The processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities.
- ▶ The extent to which, and how, the processes are integrated into and inform the entity's overall risk management process.

D. METRICS AND TARGETS

I. Cross-industry metrics

- ▶ Greenhouse (GHG) gases (Scope 1, scope 2, scope 3 emissions)
- ▶ Amount and percentage of assets/ business activities vulnerable to climate-related risks
- ▶ Amount and percentage of assets/ business activities aligned with climate-related opportunities
- ▶ Capital deployment
- ▶ Internal carbon prices
- ▶ Remuneration

II. Industry- based metrics

- ▶ Entity to refer to Industry-based Guidance on Implementing IFRS S2.

III. Targets set by the entity/ required by law

- ▶ Detailed disclosure requirements on targets set
- ▶ Entity's approach to setting and reviewing the targets
- ▶ Performance against each target
- ▶ Disclosure requirements on GHG emissions

OTHER GUIDANCE

- ▶ Defined terms
- ▶ Application guidance
- ▶ Illustrative guidance & Illustrative examples
- ▶ Industry-based guidance

EFFECTIVE DATE

- ▶ For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions.
- ▶ Earlier application permitted.

TRANSITION RELIEF IN THE FIRST ANNUAL REPORTING PERIOD

- ▶ Disclosure of comparative information not required
- ▶ Continued use of another method of measuring GHG emissions other than GHG Protocol permitted
- ▶ Disclosure of Scope 3 GHG emissions not required

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S1 at the same time.

IFRS S2 Climate-related Disclosures

DEFINED TERMS (see Appendix A of IFRS S2 for a complete list)

- ▶ Carbon credit: An emissions unit that is issued by a carbon crediting programme and represents an emission reduction or removal of greenhouse gases.
- ▶ Climate resilience: The capacity of an entity to adjust to climate-related changes, developments or uncertainties. It involves the capacity to manage climate-related risks and benefit from climate-related opportunities.
- ▶ Climate-related physical risks: Risks resulting from climate change that can be event-driven (acute physical risk - e.g. from weather-related events such as storms, floods, drought, heatwaves) or from longer-term shifts in climatic patterns (chronic physical risk - e.g. changes in precipitation and temperature leading to sea level rise, reduced water availability etc.).
- ▶ Climate-related risks and opportunities: Climate-related risks (climate-related physical risks and climate-related transition risks) refers to the potential negative effects of climate change on an entity. Climate-related opportunities refers to the potential positive effects arising from climate change for an entity.
- ▶ Climate-related transition risks: Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks.
- ▶ Carbon dioxide (CO₂) equivalent (eq): The universal unit of measurement to indicate the global warming potential of each greenhouse gas, expressed in terms of the global warming potential of one unit of carbon dioxide.
- ▶ Financed emissions: The portion of gross greenhouse gas emissions of an investee or counterparty attributed to the loans and investments made by an entity to the investee or counterparty. Part of Scope 3 emissions - Category 15 (Investments).
- ▶ Global warming potential: A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given greenhouse gas relative to one unit of CO₂.
- ▶ Greenhouse gases (GHG): The seven greenhouse gases listed in the Kyoto Protocol - CO₂, CH₄, N₂O, HFCs, NF₃, PFCs, SF₆.
- ▶ Indirect greenhouse gas emissions: Emissions that are a consequence of the activities of an entity, but occur at sources owned or controlled by another entity.
- ▶ Internal carbon price: Price used by an entity to assess the financial implications of changes to investment, production and consumption patterns, and of potential technological progress and future emissions-abatement costs. Two types of commonly used internal carbon prices:
 - A shadow price: A theoretical cost or notional amount that the entity does not charge but that can be used to understand the economic implications or tradeoffs.
 - An internal tax or fee: a carbon price charged to a business activity, product line, or other business unit based on its greenhouse gas emissions.
- ▶ Scope 1 greenhouse gas emissions: Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity.
- ▶ Scope 2 greenhouse gas emissions: Indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by an entity.
- ▶ Scope 3 greenhouse gas emissions: Indirect greenhouse gas emissions (not included in Scope 2 greenhouse gas emissions) that occur in the value chain of an entity, including both upstream and downstream emissions.
- ▶ Scope 3 categories: Scope 3 greenhouse gas emissions are categorised into 15 categories—as described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

OBJECTIVE OF IFRS S2

To require an entity to disclose information about its climate climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

SCOPE OF IFRS S2

This standard applies to

- ▶ Climate-related risks to which the entity is exposed, which are:
 - climate-related physical risks; and
 - climate-related transition risks; and
- ▶ climate-related opportunities available to the entity.

Not in scope of the standard:

- ▶ Climate-related risks and opportunities that could not reasonably be expected to affect an entity's prospects.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S1 at the same time.

IFRS S2 Climate-related Disclosures

GOVERNANCE

OBJECTIVE

- ▶ To enable users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.

DISCLOSURE REQUIREMENTS TO ACHIEVE THE OBJECTIVE

Entity to disclose information about:

- | | | | |
|----|---|----|---|
| a) | The governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities. | b) | Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities. |
|----|---|----|---|

INTERACTION WITH IFRS S1

Entity to avoid unnecessary duplication with IFRS S1.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S1 at the same time.

IFRS S2 Climate-related Disclosures

STRATEGY

OBJECTIVE

- ▶ To enable users of general-purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities.

DISCLOSURE REQUIREMENTS TO ACHIEVE THE OBJECTIVE

A. CLIMATE-RELATED RISKS AND OPPORTUNITIES

Information that enables users to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.

Specifically, the entity shall:

- Describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;
- Explain, for each climate-related risk, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;
- Specify, for each climate-related risk and opportunity, over which time horizons—short, medium or long term—the effects of each climate-related risk and opportunity could reasonably be expected to occur; and
- Explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.

- ▶ Entity to use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort.

- ▶ The entity shall refer to and consider the applicability of the industry-based disclosure topics defined in the Industry-based Guidance on Implementing IFRS S2.

B. BUSINESS MODEL AND VALUE CHAIN

Information that enables users to understand the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain. Specifically, the entity shall disclose:

- A description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain; and
- A description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated.

C. STRATEGY & DECISION-MAKING, INCLUDING CLIMATE-RELATED TRANSITION PLAN

Information that enables users to understand the effects of climate-related risks and opportunities on the entity's strategy and decision-making. Specifically, the entity shall disclose:

- Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making. Specifically, the entity shall disclose:
 - Current and anticipated changes to the entity's business model to address climate-related risks and opportunities;
 - Current and anticipated direct mitigation and adaptation efforts;
 - Current and anticipated indirect mitigation and adaptation efforts;
 - Any climate-related transition plan; including information about key assumptions used in developing the transition plan and dependencies on which the plan relies; and
 - How the entity plans to achieve any climate-related targets, including any GHG targets.
- Information about how the entity is resourcing, and plans to resource, the activities disclosed as per the requirements in (a) above; and
- Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods as per the requirements in (a) above.

D. FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

See subsequent pages.

E. CLIMATE RESILIENCE

See subsequent pages.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S1 at the same time.

IFRS S2 Climate-related Disclosures

STRATEGY (continued)

DISCLOSURE REQUIREMENTS TO ACHIEVE THE OBJECTIVE (continued)

D. FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

Disclosure requirement

Information that enables users to understand:

- ▶ Current financial effects
- ▶ Anticipated financial effects

Specific quantitative (single amount or range) and qualitative disclosures

- ▶ How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;
- ▶ The climate-related risks and opportunities identified above 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;
- ▶ How the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities considering its investment and disposal plans and its planned sources of funding to implement its strategy;
- ▶ How the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.

Criteria for exemption from providing quantitative information about current or anticipated financial effects

- ▶ If the effects are not separately identifiable; or
- ▶ The level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.

E. CLIMATE RESILIENCE

Disclosure requirement

Information that enables users to understand:

- ▶ The resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities.

Specific disclosure

- (a) Entity's assessment of its climate resilience as at the reporting date to enable users of general-purpose financial reports to understand:
- ▶ The implications, if any, of the entity's assessment for its strategy and business model;
 - ▶ The significant areas of uncertainty considered in the assessments; and
 - ▶ The entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term.
- (b) How and when the climate-related scenario analysis was carried out, including:
- ▶ Information about the inputs used;
 - ▶ Key assumptions; and
 - ▶ The reporting period in which the climate-related scenario analysis was carried out.

In preparing these disclosures, an entity shall refer to and consider cross-industry metric categories and Industry based metrics associated with disclosure topics defined in the Industry-based Guidance on Implementing IFRS S2.

Scenario analysis

- ▶ The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances.

Factors to consider in assessing the circumstances:

- ▶ The entity's exposure to climate-related risks and opportunities; and
- ▶ Skills, capabilities and resources available.

Determining an appropriate approach for scenario analysis

Selecting Inputs:

- ▶ The entity shall consider all reasonable and supportable information available at the reporting date without undue cost or effort.
- ▶ The entity may use of climate-related scenarios that are publicly and freely available from authoritative sources.

Making analytical choices:

- ▶ The entity shall prioritise the analytical choices that will enable it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S1 at the same time.

IFRS S2 Climate-related Disclosures

RISK MANAGEMENT

OBJECTIVE

- ▶ To enable users of general-purpose financial reports to understand an entity's processes to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.

DISCLOSURE REQUIREMENTS TO ACHIEVE THE OBJECTIVE

A. CLIMATE-RELATED RISKS - PROCESSES AND RELATED POLICIES

The processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about:

- ▶ The inputs and parameters the entity uses;
- ▶ Whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks;
- ▶ How the entity assesses the nature, likelihood and magnitude of the effects of those risks;
- ▶ Whether and how the entity prioritises climate-related risks relative to other types of risk;
- ▶ How the entity monitors climate-related risks; and
- ▶ Whether and how the entity has changed the processes it uses compared with the previous reporting period.

B. CLIMATE-RELATED OPPORTUNITIES - PROCESSES

The processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.

C. INTEGRATION INTO ENTITY'S OVERALL RISK MANAGEMENT PROCESS

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

Entity shall avoid unnecessary duplication with IFRS S1.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S1 at the same time.

IFRS S2 Climate-related Disclosures

METRICS AND TARGETS

OBJECTIVE

- ▶ To enable users of general-purpose financial reports to understand an entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

DISCLOSURE REQUIREMENTS TO ACHIEVE THE OBJECTIVE

A. CROSS-INDUSTRY METRICS

Information relevant to the cross-industry metric categories of:

- ▶ Greenhouse gases (see subsequent pages);
- ▶ Climate-related transition and physical risks: the amount and percentage of assets or business activities vulnerable to climate-related transition/physical risks;
- ▶ Climate-related opportunities—the amount and percentage of assets or business activities aligned climate-related opportunities;
- ▶ Capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities;
- ▶ Internal carbon prices:
 - An explanation of whether and how the entity is applying a carbon price in decision-making;
 - The price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions;
- ▶ Remuneration:
 - A description of whether and how climate-related considerations are factored into executive remuneration;
 - The percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations.

B. INDUSTRY-BASED METRICS

- ▶ An entity shall disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.
- ▶ The entity shall refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the *Industry-based Guidance on Implementing IFRS S2*.
- ▶ Absolute target: total amount of a measure or a change in the total amount of a measure.
- ▶ Intensity target: a ratio of a measure, or a change in the ratio of a measure, to a business metric.

C. TARGET SET BY THE ENTITY/ REQUIRED BY LAW OR REGULATION

I. Information about the targets:

- An entity shall disclose quantitative and qualitative climate-related targets it has set and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the entity shall disclose:
- ▶ The metric used to set the target;
 - ▶ The objective of the target;
 - ▶ The part of the entity to which the target applies;
 - ▶ The period over which the target applies;
 - ▶ The base period from which progress is measured;
 - ▶ Any milestones and interim targets;
 - ▶ If the target is quantitative, whether it is an absolute target or an intensity target; and
 - ▶ How the latest international agreement on climate change has informed the target.

II. Information about setting and reviewing the targets:

- An entity shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:
- ▶ Whether the target and the methodology for setting the target has been validated by a third party;
 - ▶ The entity's processes for reviewing the target;
 - ▶ The metrics used to monitor progress towards reaching the target; and
 - ▶ Any revisions to the target and an explanation for those revisions.

In identifying and disclosing the metrics used to set and monitor progress towards reaching a target, an entity shall refer to and consider the applicability of cross-industry metrics and industry-based metrics, including those described in an applicable IFRS Sustainability Disclosure Standard, or metrics that otherwise satisfy the requirements in IFRS S1.

III. Performance against the targets

- ▶ An entity shall disclose information about its performance against each climate-related target; and an analysis of trends or changes in the entity's performance.

IV. GHG targets (see subsequent pages).

See BDO's [Sustainability At a Glance - The GHG Protocol](#) for further information on the GHG Protocol.



Effective Date

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S1 at the same time.

IFRS S2 Climate-related Disclosures

METRICS AND TARGETS (continued)

DISCLOSURE REQUIREMENTS TO ACHIEVE THE OBJECTIVE

DISCLOSURES RELATED TO GREENHOUSE GAS (GHG) EMISSIONS

A. UNDER CROSS-INDUSTRY METRIC CATEGORY

DISCLOSURE REQUIREMENTS

Absolute GHG emissions:

Absolute GHG emissions generated during the reporting period, expressed as metric tonnes of CO₂eq, classified as:

- 1) Scope 1 GHG emissions;
- 2) Scope 2 GHG emissions; and
- 3) Scope 3 GHG emissions.

Approach to measurement:

The approach used to measure its GHG emissions including:

- 1) The measurement approach, inputs and assumptions;
- 2) The reasons for selecting the measurement approach, inputs and assumptions; and
- 3) Any changes to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes.

Measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its GHG emissions

DISAGGREGATION OF SCOPE 1 AND SCOPE 2 EMISSIONS

Disaggregate Scope 1 and Scope 2 emissions between:

- ▶ The consolidated accounting group; and
- ▶ Other investees excluded from the consolidated accounting group

SCOPE 2 EMISSIONS - ADDITIONAL DISCLOSURES

Location-based Scope 2 GHG emissions, and information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 GHG emissions.

SCOPE 3 EMISSIONS - ADDITIONAL DISCLOSURES

- ▶ The categories included within the entity's measure of Scope 3 GHG emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and
- ▶ Additional information about the entity's Scope 3 emissions, disaggregated into 15 categories. Additional disclosures if the entity's activities include asset management, commercial banking or insurance (see subsequent page).

For disclosure of Scope 3 GHG emissions, an entity shall consider:

- ▶ Its entire value chain (upstream and downstream); and
- ▶ All 15 categories of Scope 3 GHG emissions as described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

C. UNDER TARGET SET BY THE ENTITY/ REQUIRED BY LAW/ REGULATION

For GHG emission targets disclosed, an entity shall disclose:

- ▶ Which greenhouse gases are covered by the target.
- ▶ Whether Scope 1, Scope 2 or Scope 3 GHG emissions are covered by the target.
- ▶ Whether the target is a gross GHG emissions target or net GHG emissions target
- ▶ Whether the target was derived using a sectoral decarbonisation approach.
- ▶ The entity's planned use of carbon credits to offset GHG emissions to achieve any net GHG emissions target.

GROSS & NET GHG EMISSIONS

- ▶ Gross GHG emissions target: Targets that reflect the total changes in GHG emissions planned within the value chain.
- ▶ Net GHG emissions target: targeted GHG emissions minus any planned offsetting efforts.
- ▶ If the entity discloses a net GHG emissions target, the entity is also required to separately disclose its associated gross GHG emissions target.
- ▶ Disclosure of net GHG emissions target cannot obscure information about its gross GHG emissions target.

PLANNED USE OF CARBON CREDITS

The entity shall disclose information including:

- ▶ The extent to which, and how, achieving any net GHG emissions target relies on the use of carbon credits;
- ▶ Which third-party scheme(s) will verify or certify the carbon credits;
- ▶ The type of carbon credit; and
- ▶ Any other factors necessary for users of general-purpose financial reports to understand the credibility and integrity of the carbon credits the entity plans to use.

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S1 at the same time.

IFRS S2 Climate-related Disclosures

METRICS AND TARGETS (continued)

DISCLOSURE REQUIREMENTS TO ACHIEVE THE OBJECTIVE (continued)

DISCLOSURES RELATED TO GREENHOUSE GAS (GHG) EMISSIONS - FINANCED EMISSIONS

SCOPE 3 GHG EMISSIONS - FINANCED EMISSIONS

- ▶ For entities participating in financial activities, counterparties, borrowers or investees with higher GHG emissions might be susceptible to risks associated with technological changes, shifts in supply and demand and policy change, which in turn can affect the financial institution that is providing financial services to these entities.
- ▶ These risks and opportunities can arise in the form of credit risk, market risk, reputational risk and other financial and operational risks.
- ▶ An entity that participates financial activities (asset management, commercial banking, insurance) is required to disclose additional and specific information about its Category 15 emissions or those emissions associated with its investments which is also known as 'financed emissions'.

Asset management

Disclosure requirements:

- ▶ Absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 GHG emissions.
- ▶ For each of the disaggregated items above, the total amount of assets under management (AUM) that is included in the financed emissions disclosure, expressed in the presentation currency of the entity's financial statements.
- ▶ The percentage of the entity's total AUM included in the financed emissions calculation.
- ▶ The methodology used to calculate the financed emissions, including the method of allocation the entity used to attribute its share of emissions in relation to the size of investments

Commercial banking

Disclosure requirements:

- ▶ Absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 GHG emissions for each industry by asset class.
- ▶ Gross exposure to each industry by asset class, expressed in the presentation currency of the entity's financial statements.
- ▶ The percentage of the entity's gross exposure included in the financed emissions calculation.
- ▶ The methodology the entity used to calculate its financed emissions, including the method of allocation the entity used to attribute its share of emissions in relation to the size of its gross exposure.

Insurance

**Effective Date**

For annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application permitted. If earlier application, disclose and apply IFRS S1 at the same time.

IFRS S2 Climate-related Disclosures

EFFECTIVE DATE AND TRANSITION

EFFECTIVE DATE

- ▶ An entity shall apply IFRS S2 for annual reporting periods beginning on or after 1 January 2024, subject to endorsement in local jurisdictions. Earlier application is permitted.
- ▶ If an entity applies IFRS S2 earlier, it shall disclose that fact and apply IFRS S1 at the same time.

TRANSITION

Date of initial application - the beginning of the annual reporting period in which an entity first applies IFRS S2

TRANSITIONAL RELIEF

ILLUSTRATION (ASSUMING DATE OF INITIAL APPLICATION IS 1 JANUARY 2024)

- | | |
|---|--|
| <p>I. An entity is not required to provide the disclosures specified in IFRS S2 for any period before the date of initial application. Accordingly, an entity is not required to disclose comparative information in the first annual reporting period in which it applies IFRS S2.</p> | <p>The entity is not required to disclose information for comparative period ended 31 December 2023 or earlier periods.</p> |
| <p>II. In the first annual reporting period in which an entity applies this Standard, the entity is permitted to use one or both of these reliefs:</p> <p>(a) If, in the annual reporting period immediately preceding the date of initial application of IFRS S2, the entity used a method for measuring its GHG emissions other than the GHG Protocol (2004), the entity is permitted to continue using that other method; and</p> <p>(b) An entity is not required to disclose its Scope 3 GHG emissions, including the additional information about its financed emissions.</p> | <p>The entity may use one of both of the following reliefs:</p> <p>(a) If in the annual reporting period ended 31 December 2023, the entity used a method for measuring its GHG emissions other than the GHG Protocol (2004), the entity is permitted to continue using that other method for the annual reporting period ending 31 December 2024.</p> <p>(b) An entity is not required to disclose its Scope 3 GHG emissions, including the additional information about its financed emissions for the annual reporting ending 31 December 2024.</p> |
| <p>III. If an entity uses either or both of the reliefs in II above, the entity is permitted to continue to use that relief for the purposes of presenting that information as comparative information in subsequent reporting periods.</p> | <p>If the entity has used the transitional reliefs (a) and (b) above for the year ended 31 December 2024, then in the disclosures under IFRS S2 for the reporting period ending 31 December 2025:</p> <p>a) For the comparative information for the period ended 31 December 20224, the entity will present the same disclosures that were presented using the relief (a) above.</p> <p>b) The entity is not required to disclose its Scope 3 GHG emissions for the comparative period ended 31 December 2024.</p> |




CONTACT

For further information about how BDO can assist you and your organisation, please get in touch with us.

For a list of contacts from BDO firms represented on BDO's Global Sustainability Reporting Policy Committee (SRPC), please visit our [SRPC contacts page](#).

Alternatively, please visit www.bdo.global where you may contact sustainability reporting experts at all BDO firms.



This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact your respective BDO member firm to discuss these matters in the context of your particular circumstances. Neither BDO IFR Advisory Limited, Brussels Worldwide Services BV, BDO International Limited and/or BDO member firms, nor their respective partners, employees and/or agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

The BDO network (referred to as the ‘BDO network’ or the ‘Network’) is an international network of independent public accounting, tax and advisory firms which are members of BDO International Limited and perform professional services under the name and style of BDO (hereafter ‘BDO member firms’). BDO International Limited is a UK company limited by guarantee. It is the governing entity of the BDO network.

Service provision within the BDO network in connection with corporate reporting and IFRS Accounting Standards (comprising International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the IFRS Interpretations Committee and the former Standing Interpretations Committee), and other documents, as issued by the International Accounting Standards Board and IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board, is provided by BDO IFR Advisory Limited, a UK registered company limited by guarantee. Service provision within the BDO network is coordinated by Brussels Worldwide Services BV, a limited liability company incorporated in Belgium.

Each of BDO International Limited (the governing entity of the BDO network), Brussels Worldwide Services BV, BDO IFR Advisory Limited and the member firms is a separate legal entity and has no liability for another such entity’s acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BV, BDO IFR Advisory Limited and/or the member firms of the BDO network.

BDO is the brand name for the BDO network and for each of the BDO member firms.

© 2023 BDO IFR Advisory Limited, a UK registered company limited by guarantee. All rights reserved.

www.bdo.global