



# Progress update

## IFRS<sup>®</sup> Sustainability Disclosure Standards

January 2023



# ISSB January 2023 summary

## This month's focus

**Building momentum** towards finalising the first standards by:

- taking a scalable approach – **applying existing concepts** from IFRS Accounting Standards;
- addressing the **challenges on complex areas**, including using scenario analysis, and financial effects and connected information; and
- resolving outstanding details.



For more information visit our sustainability reporting resource centre

Bookmark the page to read our insights and follow the development of the standards.

## Latest status on topics discussed

At the International Sustainability Standards Board (ISSB) meeting in January

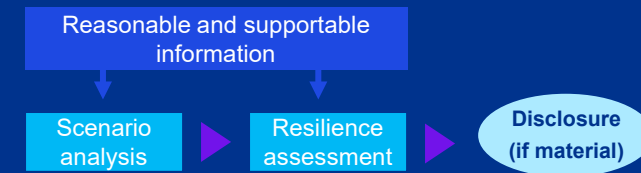
### Applying existing concepts

The ISSB is leveraging accounting concepts to introduce proportionality and support all types of companies to:

- disclose useful information about **judgements, assumptions and estimates**;
- identify what information is **reasonable and supportable** at the reporting date without undue cost or effort; and
- use an exemption from providing **commercially sensitive information** about opportunities in limited circumstances.

### Using scenario analysis

Companies will need to use scenario analysis when describing their assessment of climate resilience.



The ISSB is taking a **scalable approach** to ensure that all types of company can disclose decision-useful information for investors.

The type of analysis will depend on the company's exposure to climate-related risks and its available skills and resources.

### Financial effects and connected information

Companies will need to disclose the current and anticipated financial effects of sustainability-related risks and opportunities using **reasonable and supportable** information – both qualitative and quantitative. If companies cannot provide the required level of detail, they would explain why not and provide additional qualitative information and quantitative information that is as granular as possible.

Companies will also need to **explain connections** between their sustainability-related financial information and financial statements.

# Journey to the first IFRS Sustainability Disclosure Standards



1. Proposed IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and proposed IFRS S2 *Climate-related Disclosures*.

## Action list

Key areas chosen for redeliberation based on comment letter responses

### GENERAL REQUIREMENTS

- ✓ **Scope and breadth of reporting** – Five topics including application of materiality, value chain reporting, the meaning of terms including ‘enterprise value’ and ‘significant’ and identifying sustainability-related risks and opportunities and disclosures
- ✓ **Connected information\*** between topics and with the financial statements, plus collaboration with the International Accounting Standards Board
- ✓ **Frequency of reporting** including location requirements
- ✓ **Updating estimates** in comparative information

### CLIMATE

- ✓ Disclosures on **strategy, decision making and transition plans and targets**
- ✓ **Climate resilience and scenario analysis\***
- ✓ **GHG emissions\***, particularly Scope 3 and measurement methods
- ✓ **Industry-based topics\***, including financed and facilitated emissions

### CROSS-CUTTING

- ✓ **Scalability** of the standards for all types of global company
- ✓ **Financial effects\*** of sustainability- and climate-related risks and opportunities

\*Discussed in the January meeting.



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