



ISSB SUSTAINABILITY DISCLOSURES

5 WHATs and 5 HOWs

5 WHATs



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What is it?

IFRS S1

General Requirements for Disclosure of Sustainability-related Financial Information

- Requirements to disclose material information about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects, particularly current and anticipated financial effects
- Content: Governance, strategy, risk management, and metrics and targets for sustainability-related risks and opportunities
- During the initial year of implementing IFRS S1 and IFRS S2, the "Climate first" transition allows for the exemption from applying IFRS S1.

IFRS S2

Climate-related Disclosures

- Requirements for disclosing material information about climate-related risks and opportunities
- Content: Specific climate-related information, complemented by IFRS S1 requirements for governance, strategy, risk management and metrics and targets
- During the first year of implementing IFRS S1 and IFRS S2, the "Climate first" transition allows for the application of only IFRS S2, and the exclusion of Scope 3 emissions.



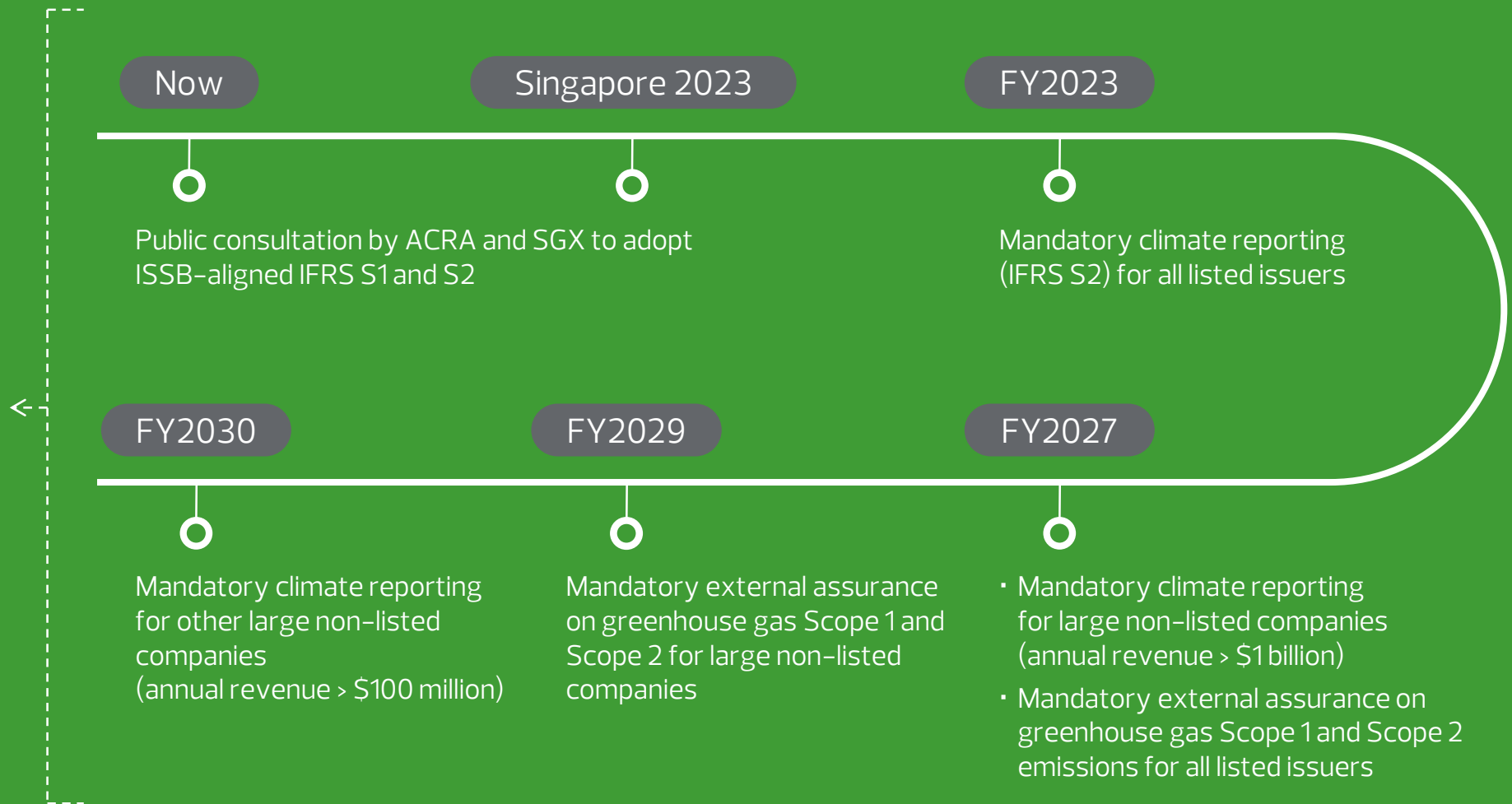
1. Effective from annual reporting periods beginning on or after 1 January 2024

2. Can be disclosed in general purpose financial reports in:

- Management commentary
- Same location as information disclosed to meet other requirements
- May be cross-referenced to another report published by the entity

What about Singapore?

Last updated on 6 July 2023, based on the **recommendations** of ACRA and SGX RegCo, entitled "Singapore's Sustainability Reporting Advisory Committee Recommends Mandatory Climate Reporting for Listed and Large Non-Listed Companies"



What are the relevant standards?

+ To follow	+ Shall refer
TCFD 4 Pillars of Governance, Strategy, Risk Management and Metrics and Targets	SASB 77 industry-specific standards to identify sustainability-related risks and opportunities
+ Underpinned by	+ May refer
IASB Objective of general purpose financial reports, and concept of materiality	CDSB Water and biodiversity related disclosures GRI and ESRS Complements and are both sources of guidance when ISSB standards do not apply



What needs to be disclosed?

Material information about sustainability-related risks and opportunities

GOVERNANCE

- Governance body(s) (board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities
- Management's role in governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities

STRATEGY

- Sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects
- Current and anticipated effects of sustainability-related risks and opportunities on business model, value chain, strategy and decision-making, and short, medium and long term financial effects
- Resilience of the entity's strategy and business model to those sustainability-related risks

RISK MANAGEMENT

- Processes and policies used to identify, assess, prioritise and monitor sustainability-related risks and opportunities
- Extent to which, and how, the above processes are integrated into the overall risk management process

METRICS AND TARGETS

- Metrics required by an applicable IFRS Sustainability Disclosure Standard
- Metrics that the entity uses to measure and monitor: (i) the sustainability-related risk or opportunity; and (ii) its performance in relation to that sustainability-related risk or opportunity, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation

+

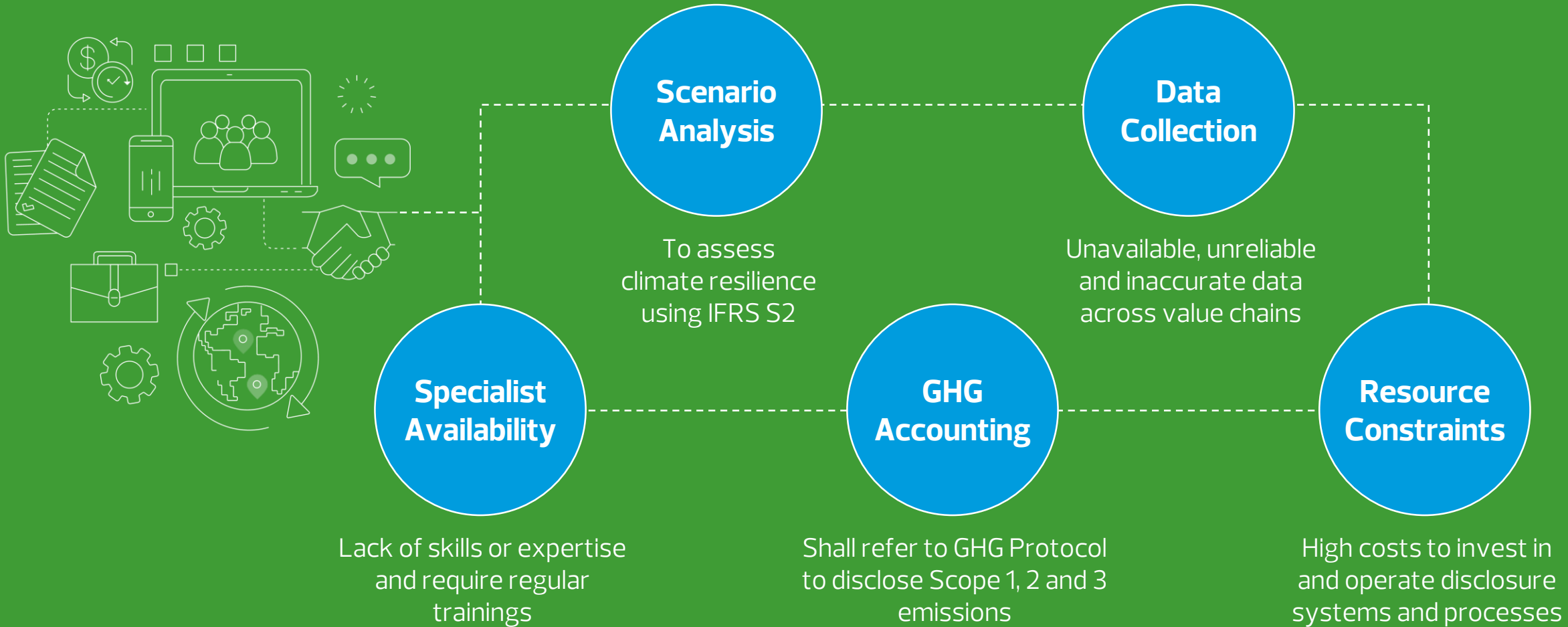
CLIMATE-RELATED RISK

Physical Risk

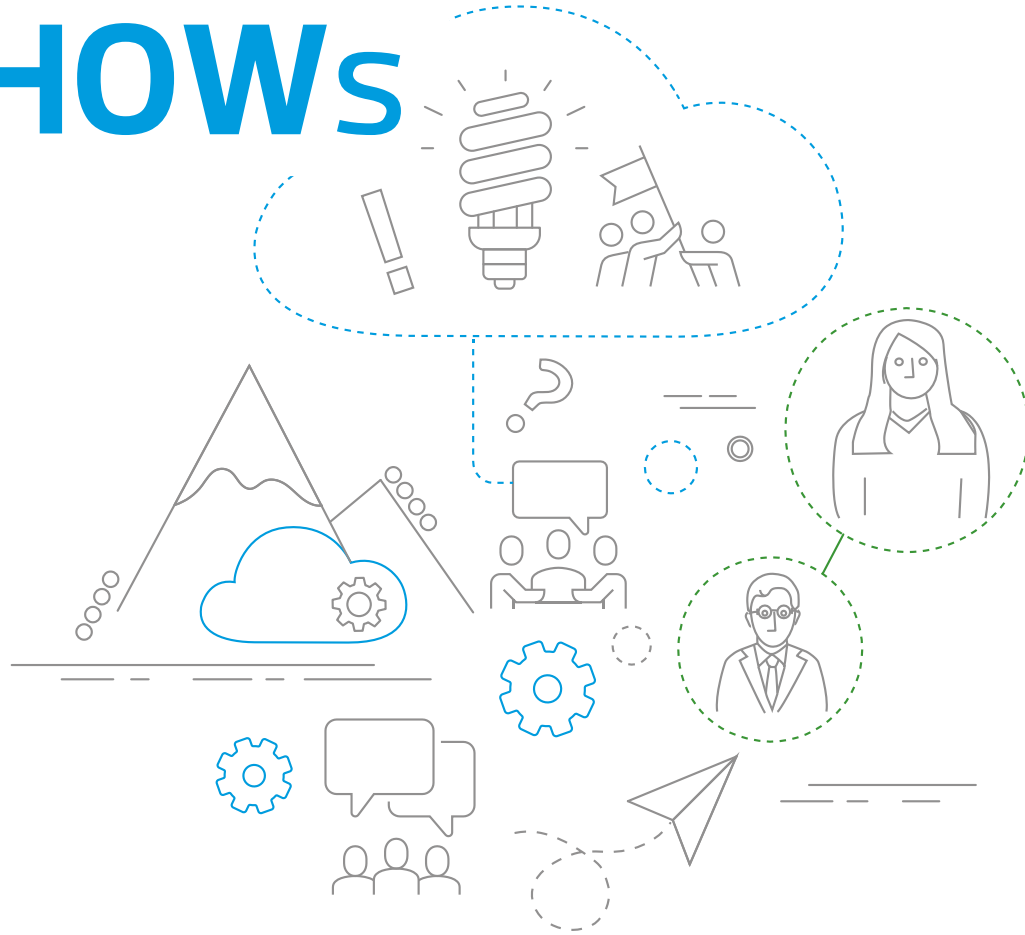
Transition Risk

CLIMATE-RELATED OPPORTUNITIES

What are the key challenges?



5 HOWs



ANALYSE

BUILD

COLLECT

DECISION-MAKING

ENGAGE



We are not anticipating perfection on Day One. It is to encourage you to start that journey.

Hua Jingdong, Vice-chair of ISSB

A

- Keep up-to-date with international and local changes and adaptations
- Gap analysis: Current practices vs ISSB sustainability requirements

B

- Reassess materiality, from financial and/or impact perspectives and establish targets
- Establish data collection and reporting processes; build sustainability-related framework and metric system

C

- Collect relevant and reliable data that measures and monitors risks and opportunities
- Understand the connections between sustainability-related and financial information

D

- Integrate sustainability principles into entity's decision-making and strategies
- Address greenwashing and get ready for assurance

E

- Constantly engage and communicate with stakeholders about processes and results
- Seek feedback with a continuous improvement mindset

You may also be interested

Relevant contents:

1. [Getting ahead of the curve: Preparing for International Sustainability Reporting Standards](#)
2. [Greenwashing: Beyond Disclosures](#)
3. [ESG in Singapore- Issues Opportunities and Key Takeaways](#)
4. [Effects of Climate-related matters on Financial Reporting](#)
5. [Sustainability Assurance: A Paradigm Shift towards a Greener Future](#)
6. [Understanding Green Audit & the Need for Sustainable Business Options](#)
7. [\[Mindshop Podcast\] How advisors can help implement environmental, social & governance \(ESG\) strategies for clients & in their own firms: Practical insights and examples](#)



To find out more about **RSM's Sustainability Practice**, click [here](#).

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