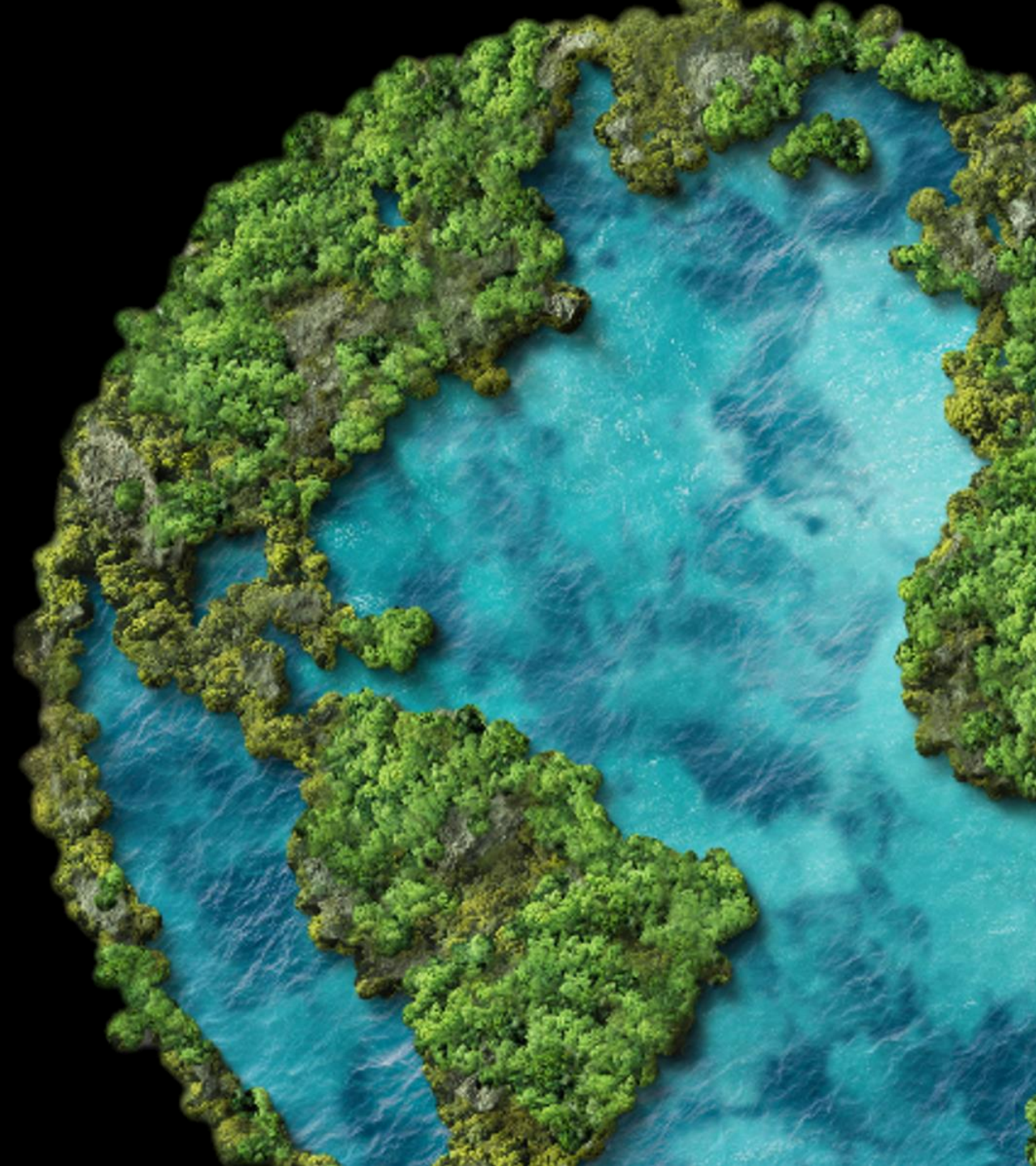




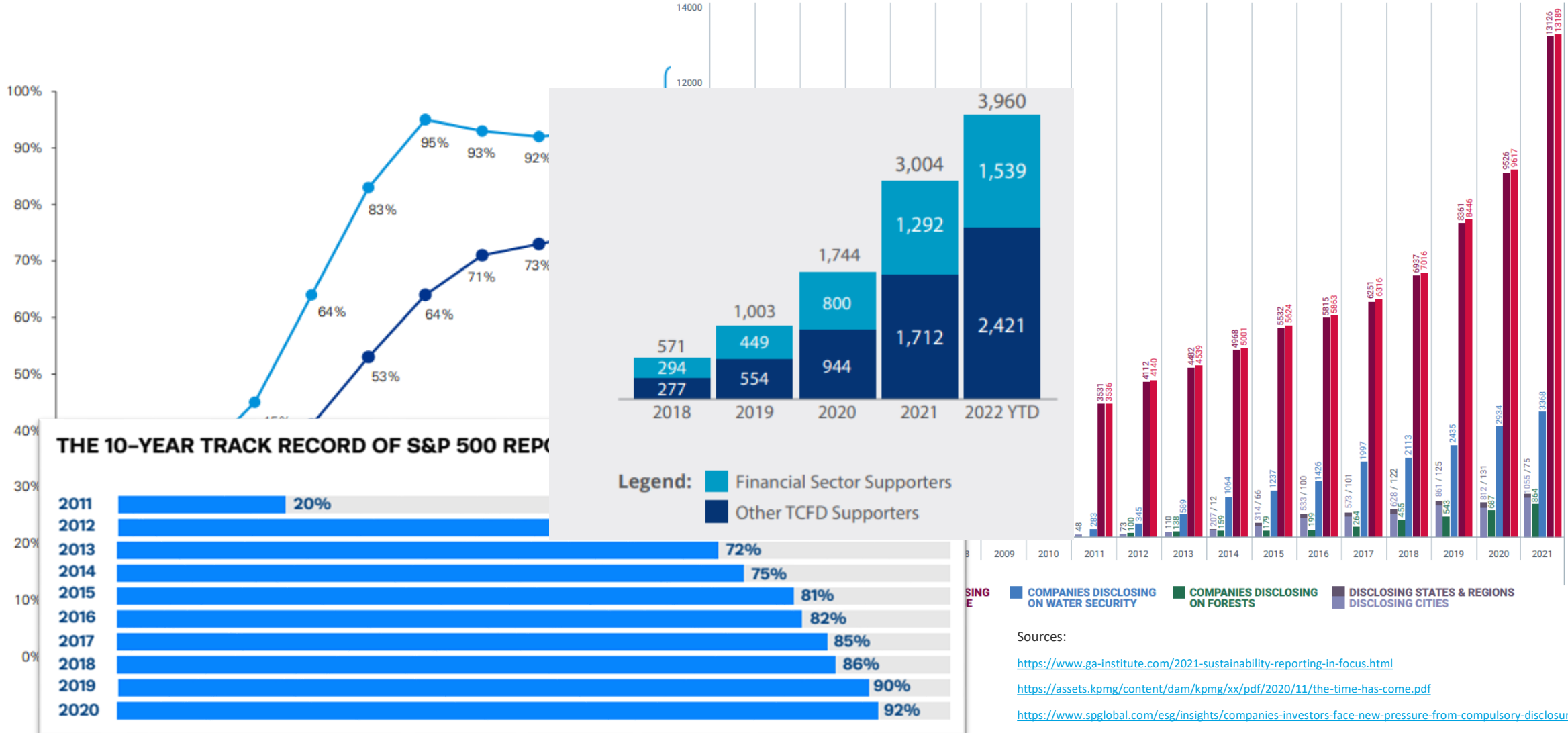
Presentation on the ISSB's role and  
the scope of the new IFRS  
Sustainability Disclosure Standards  
By Kasiti Ketsuriyonk

9 November 2023



# Driving forces are driving momentum in ESG reporting

Growth in global sustainability reporting rates since 1993: N100 and G250

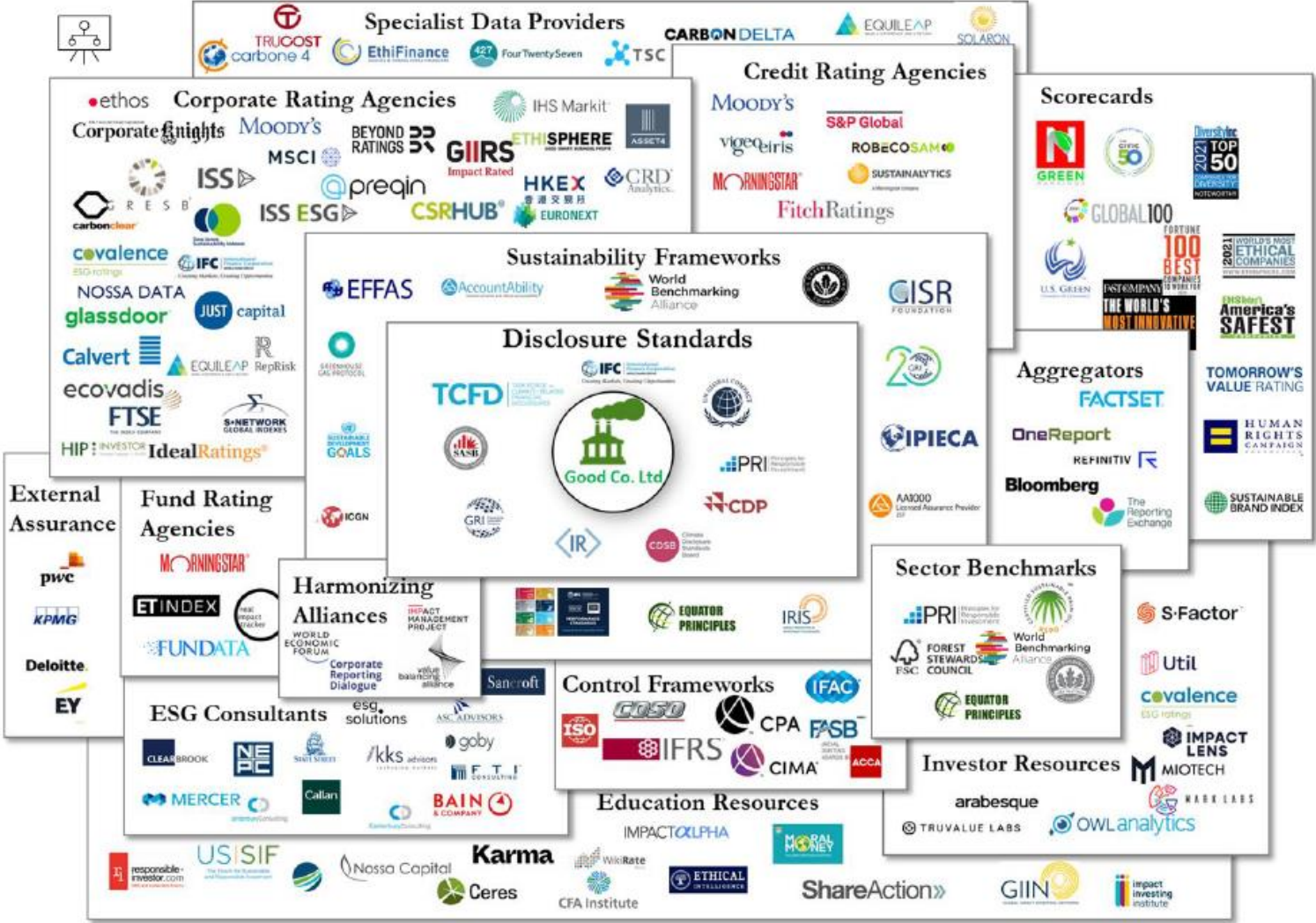


Sources:

- <https://www.ga-institute.com/2021-sustainability-reporting-in-focus.html>
- <https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/11/the-time-has-come.pdf>
- <https://www.spglobal.com/esg/insights/companies-investors-face-new-pressure-from-compulsory-disclosure-of-climate-risk>
- [https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/005/094/original/CDP\\_STRATEGY\\_2021-2025.pdf](https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/005/094/original/CDP_STRATEGY_2021-2025.pdf)

# Reporting standards in the Market

There are various types of frameworks, standards, indices etc. in the market



# IFRS Foundation and a new International Sustainability Standards Board (ISSB)

ISSB as the global standard-setter to develop a comprehensive global baseline for sustainability disclosure standards

On 3 November 2021 at the UN global summit COP26, the IFRS Foundation Trustees formally announced three significant developments:

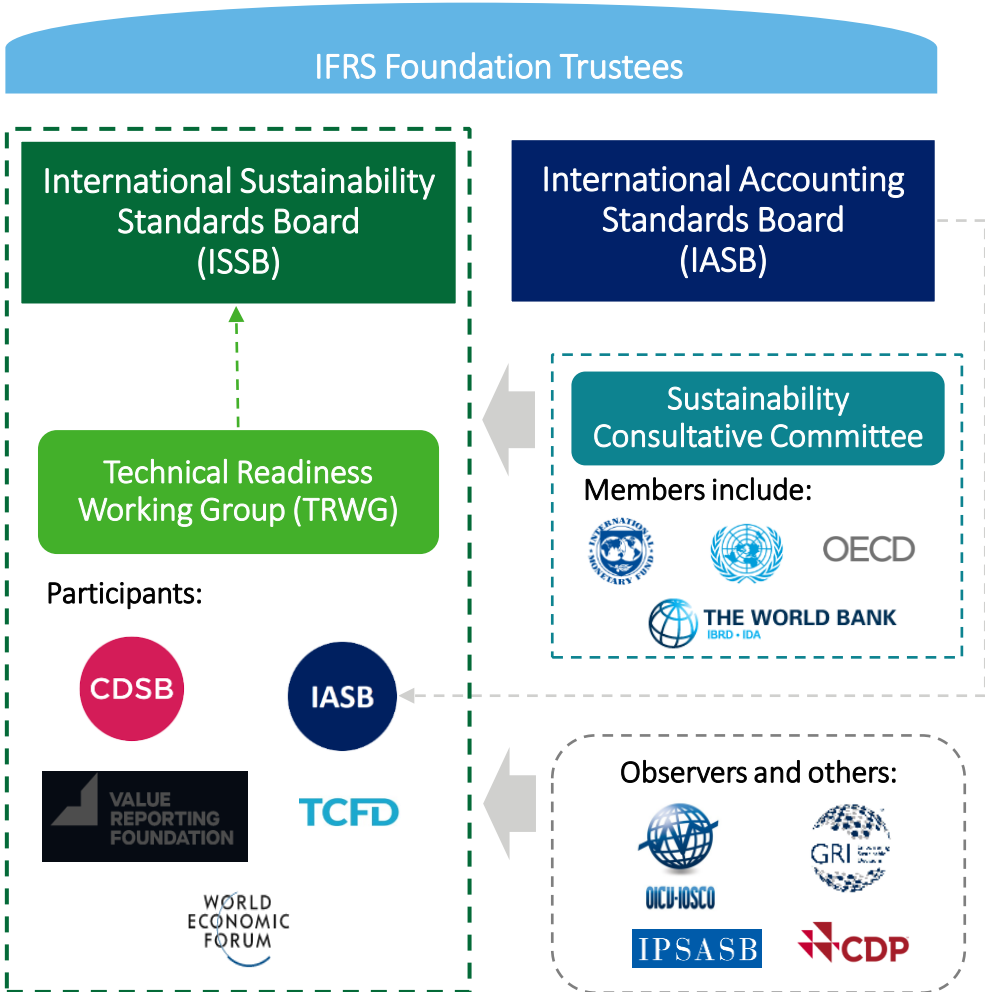
**01** Formation of a new **International Sustainability Standards Board (ISSB)**

**02** Commitment to consolidate the **Climate Disclosure Standards Board (CDSB)** and the **Value Reporting Function (VRF)** into the new ISSB board by June 2022

**03** **General Requirements (IFRS S1)** and **Climate-related Disclosures (IFRS S2)** issued by ISSB in June 2023

- The finalized standards are subject to **ISSB’s independent due process** (follows the IFRS Foundation’s established due process, same as for the IASB)
- Builds on existing **technical standards and frameworks** of the CDSB and the VRF (which houses the Integrated Reporting Framework and the SASB Standards), along with TCFD recommendations and the WEF IBC’s Stakeholder Capitalism Metrics

## Revised IFRS Constitution – The ISSB to sit alongside the IASB



# The International Sustainability Standards Board (“ISSB”)

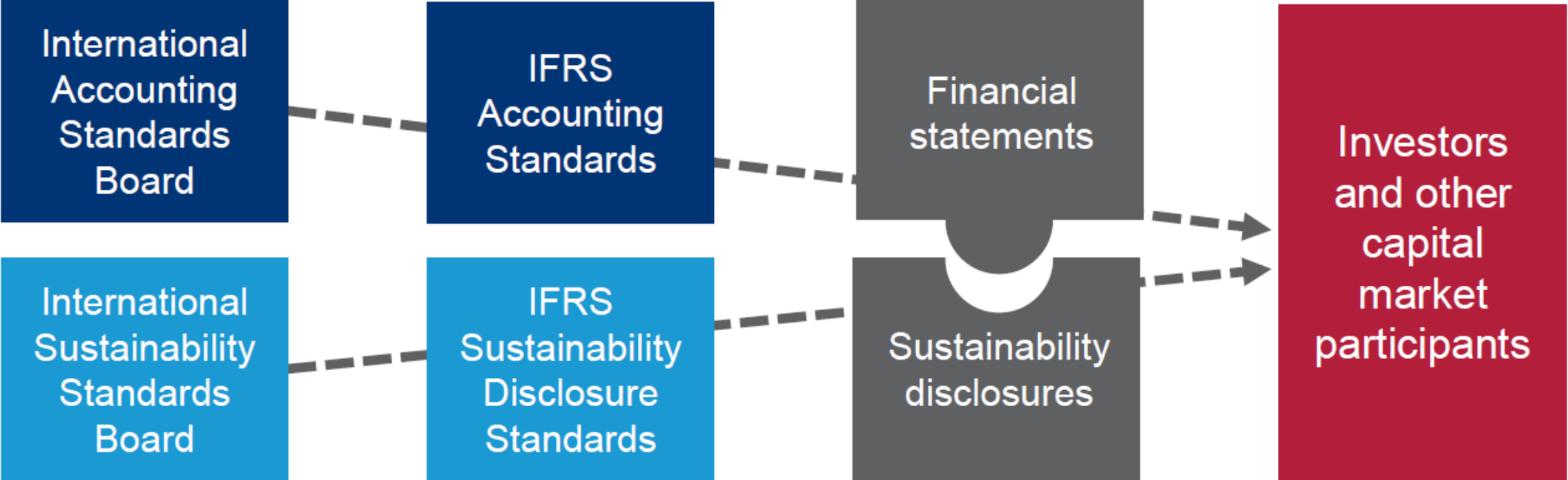
## Background

- The Trustees of the IFRS Foundation announced the formation of the International Sustainability Standards Board (ISSB) on 3 November 2021 at COP26 in Glasgow, following strong market demand for its establishment.
- The creation of the ISSB involved the consolidation of the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation, which governed materials from the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC).



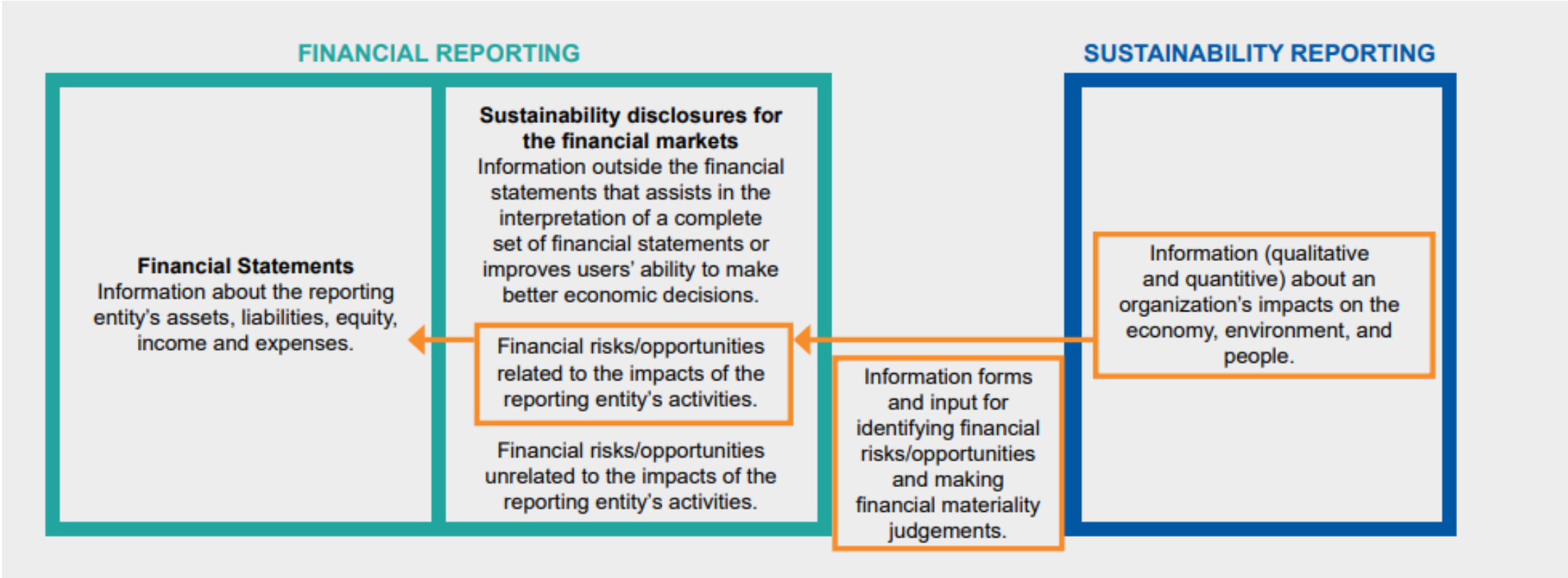
Source: [IFRS Foundation](https://www.ifrs.org/standards/sustainability)

# Designed for Communication with Investors



# Increased focus of financial impacts of ESG

Understanding the link between financial reporting and sustainability reporting:



Extracted from GRI perspective: business case for environment and society

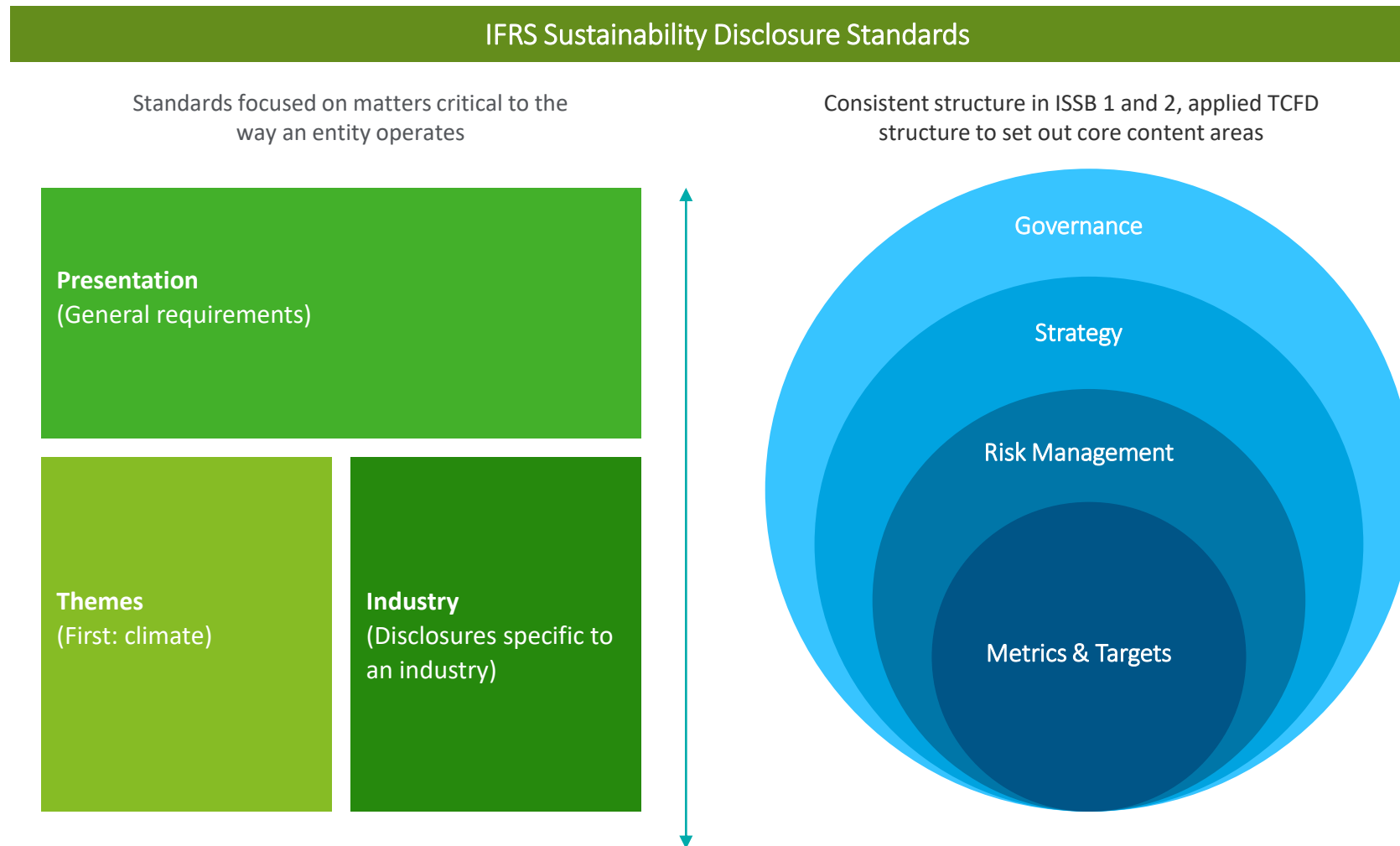
# IFRS standards within the reporting system





# IFRS International Sustainability Standards Board (ISSB)

ISSB IFRS S1 and IFRS S2 were issued in June 2023 with the objective to develop **globally accepted sustainability reporting standards within the existing financial reporting framework**. These standards also aimed to provide **consistent and comparable information on an organisation's ESG performance, sustainability-related risks, opportunities ESG performance, and the potential financial impacts of sustainability issues**. By embedding sustainability within financial reporting, ISSB aims to enhance transparency, accountability and decision-making for stakeholders.



# IFRS International Sustainability Standards Board (ISSB)

## IFRS Proposed Sustainability Disclosure Standards

The ISSB builds on the TCFD recommendations and incorporate industry-based requirements derived from SASB Standards

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

#### General sustainability disclosures:

Provide material information about the **entity's exposure to sustainability related risks and opportunities**.

Help users of general-purpose financial reporting make decisions about whether to provide economic resources to the entity.

Objective & Scope

Conceptual Foundations

Core Content (4 Pillars)

General Requirements

Judgements, Uncertainties and Errors

### IFRS S2 | Climate-related Disclosures

#### Climate-related disclosures:

Provide information about **exposure to climate-related risks and opportunities, building on TCFD recommendations and industry-specific disclosures**.

Help users assess the entity's future cash flows, amounts, timing, and certainty over the short, medium, and long term.

Specific requirements to enable **consistent and comparable disclosures**

- Physical & Transition planning risks
- Scenario analysis.
- Financial effects of climate-related risks and opportunities.

#### Metrics and targets:

- Cross-industry metrics, including greenhouse gas emissions.
- Industry-specific metrics, based on SASB Standards.
- New proposed metrics, including financed emissions.

# The regional regulatory landscape for climate-disclosure is rapidly evolving

Sustainability reporting is an important part of tackling climate-change

- 1: [SGX](#)
- 2: [Securities Commission Malaysia](#)
- 3: [Institute of Indonesia Chartered Accountants](#)
- 4: [HKEX](#)
- 5: [Regulation Asia](#)
- 6: [Australian Government – Treasury](#)

**Singapore** In July 2023, ACRA and SGX RegCo launched a public consultation to advance climate reporting in Singapore, **proposing ISSB-aligned** reporting for listed issuers from financial year 2025<sup>1</sup>.

**Malaysia:** **Discussions on the proposed ISSB standards are underway** between the Securities Commission, Bank Negara Malaysia, Bursa Malaysia and the Malaysian Accounting Standards Board<sup>2</sup>.

**Indonesia:** The Institute of Indonesia Chartered Accountants issued a comment letter in response to the ISSB standards that **“supports the aspiration for a comprehensive global baseline for the disclosure of sustainability-related financial information and climate related disclosures”**<sup>3</sup>.

**Hong Kong:** The Hong Kong Stock Exchange launched a public consultation in April 2023, proposing **mandates on ISSB-aligned reporting** as soon as 2024<sup>4</sup>.

**Japan:** The Sustainability Standards Board of Japan announced it will **finalise sustainability disclosure requirements based on the ISSB standards** by 31 March 2025<sup>5</sup>.

**Australia:** In a consultation paper released in June 2023, the Australian government is seeking views on the design and implementation of standardised and internationally-aligned reporting requirements. The consultation paper stated their **intention to align with the ISSB standards** as far as practicable. These requirements could apply as soon as financial year 2024-2025 for large corporations<sup>6</sup>.



# IFRS S1

## *General Requirements for Disclosure of Sustainability-related Financial Information*



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

## Snapshot

### IFRS S1 | General Requirements for Disclosure of Sustainability-related Information

#### Contents of IFRS S1

Objective

Scope

Conceptual Foundations

Core Content

General Requirements

Judgements, uncertainties  
and errors

#### Overview:

- ✓ 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



Governance



Strategy



Risk management



Metrics and targets

- ✓ 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)

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

## Core Content

Unless another IFRS Sustainability Disclosure Standard permits or requires otherwise, an entity shall provide disclosures about:

### **Governance**

The governance processes, controls and procedures the entity uses to monitor and manage sustainability-related risks and opportunities.

### **Strategy**

The approach for addressing sustainability-related risks and opportunities that could affect the entity's business model and strategy over the short, medium and long term.

### **Risk management**

The processes the entity used to identify, assess and manage sustainability-related risks.

### **Metrics and targets**

Information used to assess, manage and monitor the entity's performance in relation to sustainability-related risks and opportunities over time.

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

## General Requirements



### Source of Guidance:

To identify relevant risks and opportunities and what information to disclose, a company uses ISSB standards and shall consider: SASB standards

Examples of guidance that a company may also consider:

- GRI Standards
- Industry practice
- Materials of investor-focused standard setters
- CDSB Framework Application Guidance
- European Sustainability Reporting Standards



### Timing & Location of Disclosures:

Financial statements and sustainability disclosures published at the same time, but with transitional relief in the first year of reporting

Disclose information as part of its general purpose financial reporting



### Comparative Information

To disclose comparative information in respect of the previous period for all metrics disclosed in the current period

Also asks for comparatives on narrative and descriptive information if useful to investors

# IFRS S2

## *Climate-related Disclosures*





# IFRS S2: Climate Related Disclosures

## Core Content

### Based on the TCFD recommendations

More specific requirements to enable consistent and comparable disclosures, for example:

- Transition planning.
- Scenario analysis.
- Financial effects of climate-related risks and opportunities.





Metrics and targets:

- Cross-industry metrics, including greenhouse gas emissions.
- Industry-specific metrics, based on SASB Standards.
- New proposed metrics, including financed emissions.



# IFRS S2: Climate Related Disclosures

Core Content- Examples of Key Disclosures (Non-Exhaustive)

-  Governance
-  Strategy
-  Risk management
-  Metrics and targets

## Governance

- Body(s) or individual(s) responsible for oversight of climate-related risks and opportunities
- Ensuring appropriate skills and competencies
- How and how often the body(s) or individual(s) are informed about climate-related risks and opportunities





## Strategy

- Strategy and decision making, including transition plans
- Effects of climate on financial position, financial performance and cash flows
- Climate resilience, using scenario analysis

will be explained in greater detail in the next slides

# IFRS S2: Climate Related Disclosures

Core Content- Examples of Key Disclosures (Non-Exhaustive)

-  Governance
-  Strategy
-  Risk management
-  Metrics and targets







## Strategy: Current and anticipated financial effects

The effects of climate-related risks and opportunities on a company's **current and anticipated financial performance, financial position and cash flows**

- A company is required to disclose both **quantitative and qualitative** information. The quantitative information may be a single amount or a range
- A company can provide qualitative rather than quantitative information when:
  - Not separately identifiable;
  - There is a high level of measurement uncertainty; or
  - For anticipated effects, this is not commensurate with the company's skills, expertise and resources

# IFRS S2: Climate Related Disclosures

Core Content- Examples of Key Disclosures (Non-Exhaustive)

-  Governance
-  Strategy
-  Risk management
-  Metrics and targets



## Strategy: Climate Resilience

The **resilience of a company's strategy and business model** to climate-related changes, developments and uncertainties

- Building on TCFD material, IFRS S2 includes application guidance on **how to apply scenario analysis**
- The guidance requires
  - a method of climate-related scenario analysis commensurate with a company's circumstances
  - the use of all reasonable and supportable information that is available to a company at the reporting date without undue cost or effort

# IFRS S2: Climate Related Disclosures

Core Content- Examples of Key Disclosures (Non-Exhaustive)



## Risk management

- Processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks and opportunities
- Extent to which, and how, these processes are integrated into the entity's overall risk management process.



## Metrics and targets

- GHG emissions (Scopes 1, 2, and 3) using GHG Protocol
- Financial metrics related to climate-related transition and physical risks, climate-related opportunities, and capital deployment
- Internal carbon prices
- Industry-based disclosures
- Climate-related targets
- Whether and how climate-related considerations are factored into executive remuneration and the related percentage

# IFRS S2: Climate Related Disclosures

Core Content- Examples of Key Disclosures (Non-Exhaustive)



## Metrics and targets: Climate-related Targets

- Disclose the climate-related targets a company has set, as well as those it is required to meet by law or regulation
  - The characteristics of each target
  - How the company sets and reviews each target
  - The company's performance against each target

# Effective date and Reliefs

# Effective dates and reliefs

## Effective dates



Effective for annual reporting periods beginning on or after 1 January 2024

## Temporary reliefs

### IFRS S1 and S2 final version

**Temporary relief** allowing a company to **elect to report on only climate-related risks and opportunities** in accordance with **IFRS S2** in the first year it applies IFRS S1 and IFRS S2 and to **report in full** on its sustainability-related risks and opportunities **from the second year**

Other **temporary reliefs** in the first annual reporting period:

- (a) disclose **comparative** information;
- (b) report sustainability-related financial disclosures **at the same time** as a company's financial statements;
- (c) **apply the *GHG Protocol Corporate Standard*** to measure GHG emissions under specific conditions (example, alternative GHG emissions measurement already in place by the reporting entity) and
- (d) disclose **Scope 3 GHG emissions**, including the requirements for companies that have asset management, commercial banking or insurance activities to provide additional information about **financed emissions**.



# Effective dates and reliefs

## Other reliefs

Related to	IFRS S1 and S2 final version
GHG emissions	<p>Relief for companies that are required in their jurisdiction/stock exchange to use an <b>alternative GHG measurement method</b> to the GHG Protocol Corporate Standard to use that alternative method (<b>Jurisdictional requirement</b>)</p> <p>Relief to use information from a <b>reporting period that is different</b> from the entity’s reporting period, in <b>specific circumstances</b></p> <p><b>Example from Application Guidance</b></p> <ul style="list-style-type: none"> <li>• Reporting entity’s reporting period <b>≠</b> Reporting periods of entities in the value chain of the reporting entities</li> <li>• Relief applicable on the condition that;           <ul style="list-style-type: none"> <li>(a) the entity uses the <b>most recent data</b> available from those entities in its value chain <b>without undue cost or effort</b> to measure and disclose its greenhouse gas emissions;</li> <li>(b) the <b>length</b> of the reporting periods is <b>the same</b>; and</li> <li>(c) the entity <b>discloses the effects of significant events and changes</b> in circumstances (relevant to its greenhouse gas emissions) that occur between the reporting dates of the entities in its value chain and the date of the entity’s general purpose financial reports.</li> </ul> </li> </ul>

## Proportionality

- Use of ‘reasonable and supportable information available without undue cost or effort’
- Disclosure of financial effects not required if company is unable to provide them
- Scenario analysis commensurate with company’s circumstances
- Guidance on sources of information (eg Scope 3)

# Common Challenges and Next Steps



Key Challenges	Key Recommendations
<ul style="list-style-type: none"> <li>• <b>Data availability</b>, especially with regard to Scope 3 emissions</li> <li>• <b>Absence of standardized methodologies</b> for scenario analysis and financial impact quantification</li> <li>• <b>Technical knowledge and expertise</b></li> <li>• <b>Transition planning</b> from other reporting standards or carbon accounting methodologies</li> </ul>	<ol style="list-style-type: none"> <li><b>1) Diagnose:</b> <ul style="list-style-type: none"> <li>• Review the ISSB standards, identify key gaps and implications as well as assess the impact on existing reporting frameworks.</li> </ul> </li> <li><b>2) Assess:</b> <ul style="list-style-type: none"> <li>• <b>Review</b> current gaps, peer comparison and international benchmarks</li> <li>• <b>Determine</b> material climate and sustainability risks with impact on enterprise value.</li> </ul> </li> <li><b>3) Plan:</b> <ul style="list-style-type: none"> <li>• Develop the <b>climate action strategy</b> involving phases, KPIs, milestones, governance, financing and an ambitious but realistic transition plan</li> <li>• <b>Enhance organizational capacity</b> to govern and manage climate and sustainability risk</li> <li>• Adopt credible standards to <b>measure, monitor and report</b> progress</li> </ul> </li> <li><b>4) Communicate:</b> <ul style="list-style-type: none"> <li>• Communicate the strategy and its implementation and implement a <b>strategic review</b> process</li> </ul> </li> </ol>

# Contact us



**01 Sustainability Strategy and Governance**

To assist organizations in forming sustainability strategy, goal settings, and enhancing governance and embedment for effective implementation.



**02 Climate Change and Resource Management**

To manage and mitigate risks of climate change, managing environmental risks and impacts, and effective resource management.



**03 Social Sustainability & Social Impacts**

To manage social side of sustainability, from mitigating human rights risks, strategise social impacts, and gaining social license to operate.



**04 ESG Reporting & Disclosure**

To assist clients in sustainability performance disclosures, in line with 56-1 One Report and international standards such as GRI Standards



**05 Sustainability Assurance**

To increase credibility and reliability of sustainability performance reporting, including GHG emission disclosures, we provide assurance services in line with ISAE 3000 and ISAE 3410.

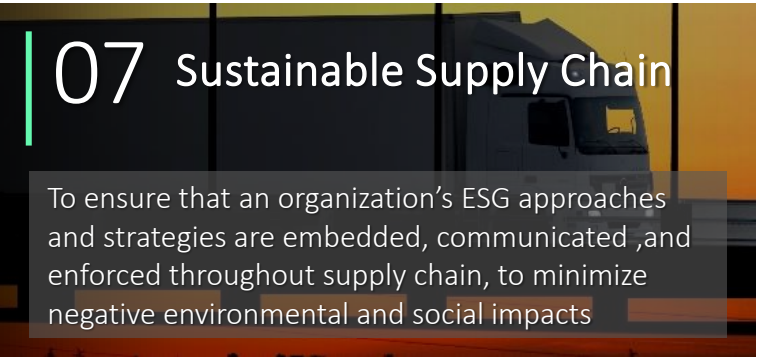


**Kasiti Ketsuriyong**  
Partner  
+66 2034 0156  
kketsuriyong@deloitte.com



**06 Sustainable Finance**

To assist in designing and optimize responsible investments, evaluate environmental and social footprint of investments, and other ESG related financial services



**07 Sustainable Supply Chain**

To ensure that an organization's ESG approaches and strategies are embedded, communicated, and enforced throughout supply chain, to minimize negative environmental and social impacts



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

#### **About Deloitte Thailand**

In Thailand, services are provided by Deloitte Touche Tohmatsu Jaiyos Co., Ltd. and its subsidiaries and affiliates.

This communication contains general information only, and none of DTTL, its global network of member firms or their related entities is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.