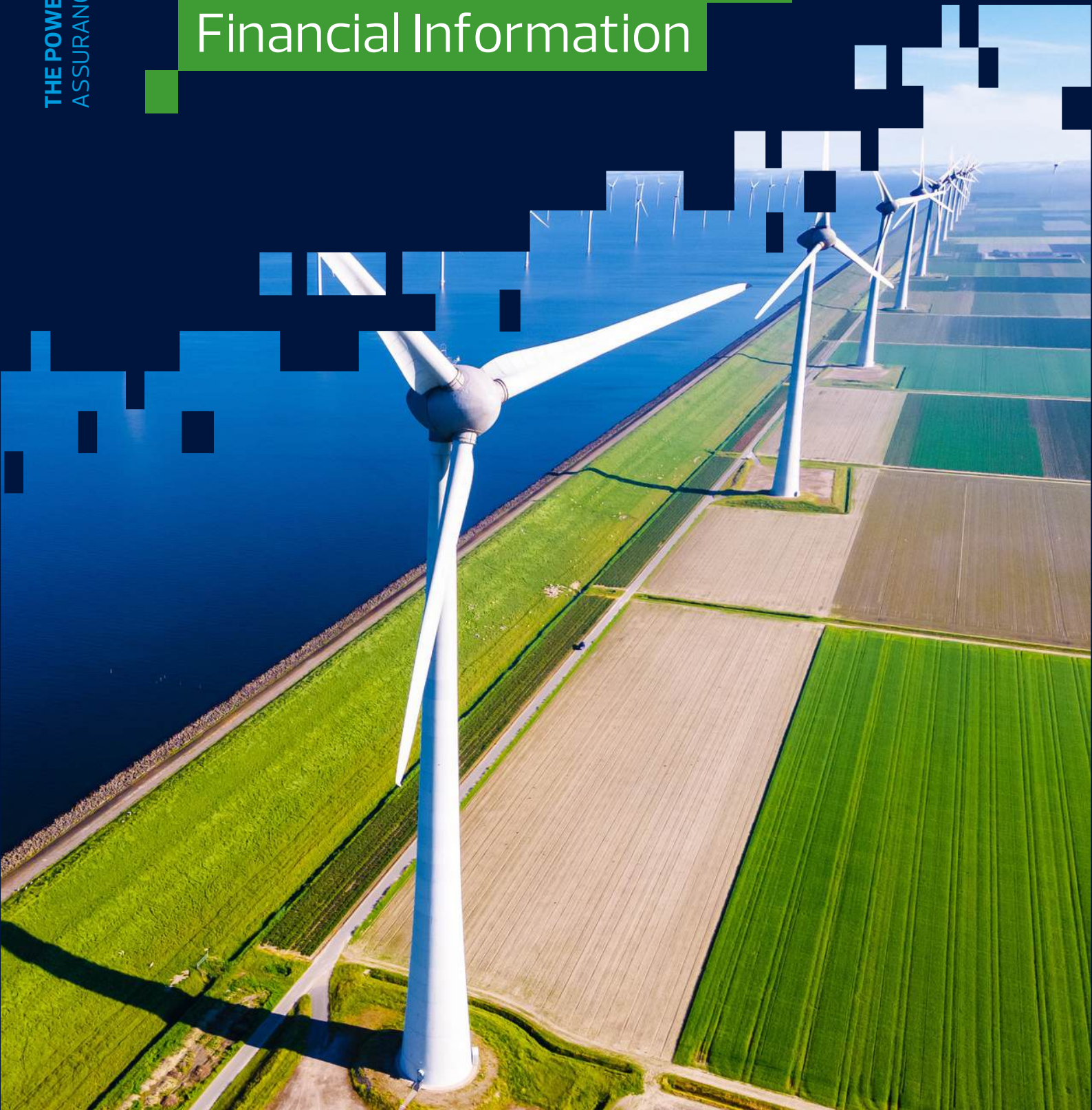


# Summary IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information



# Content

Items		Page
I.	Objective	3
II.	Scope	3
III.	Conceptual foundations	4
	III. A Fair presentation	4
	III. B Materiality	4
	III. C Reporting entity	5
	III. D Connected information	5
IV.	Core content	6
V.	General Requirements	7
	V. A Sources of guidance	7
	V. B Location of disclosures	8
	V. C Timing of Reporting	8
	V. D Comparative information	9
	V. E Statement of compliance	9
VI.	Judgements, uncertainties, and errors	10
VII.	Effective date and transition	11



## I. OBJECTIVE

The objective of IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information is 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. [IFRS S1:1]

This Standard requires an entity to disclose information about all 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. For the purposes of this Standard, these risks and opportunities are collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects'. [IFRS S1:3]

This Standard also prescribes how an entity prepares and reports its sustainability-related financial disclosures. It sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to primary users in making decisions relating to providing resources to the entity. [IFRS S1:4]

## II. SCOPE

An entity shall apply this Standard in preparing and reporting sustainability-related financial disclosures in accordance with IFRS Sustainability Disclosure Standards. [IFRS S1:5]

An entity may apply IFRS Sustainability Disclosure Standards irrespective of whether the entity's related general purpose financial statements (referred to as 'financial statements') are prepared in accordance with IFRS Accounting Standards or other generally accepted accounting principles or practices (GAAP). [IFRS S1:8]



# III. CONCEPTUAL FOUNDATIONS

For sustainability-related financial information to be useful, it must be relevant and faithfully represent what it purports to represent, be comparable, verifiable, timely and understandable. These are the fundamental qualitative characteristics of useful sustainability-related financial information. [IFRS S1:10]

For Glossary of Defined Terms in IFRS-S1, refer **Appendix A** which forms an integral part of IFRS S1

## III. A Fair presentation

**Fair presentation** requires disclosure of relevant information about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects, and their faithful representation in accordance with the principles set out in IFRS S1. To achieve **faithful representation**, an entity is required to provide a complete, neutral, and accurate depiction of those sustainability-related risks and opportunities. [IFRS S1: 11 & 13]

Fair presentation also requires that an entity:

- (a) to disclose information that is comparable, verifiable, timely and understandable; and
- (b) to disclose additional information if compliance with the specifically applicable requirements in IFRS Sustainability

Disclosure Standards, is insufficient to enable users of general purpose financial reports to understand the effects of sustainability-related risks and opportunities on the entity's cash flows, its access to finance and cost of capital over the short, medium and long term [IFRS S1:15 &16]

## III. B Materiality

An entity shall disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects. [IFRS S1:17]

Law or regulation may require entities to disclose sustainability-related information in financial reports, even if it's not material, but it should not obscure material information. [IFRS S1:B31]

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. [IFRS S1:18]

### III. C Reporting entity

An entity's sustainability-related financial disclosures shall be for the same reporting entity as the related financial statements: [IFRS S1:20]

### III. D Connected information

An entity shall provide information in a manner that enables users of general purpose financial reports to understand the following types of connections: [IFRS S1:21]

- (a) **the connections between the items** to which the information relates—such as connections between various sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects; and
- (b) the connections between disclosures provided by the entity:
  - (i) within its sustainability-related financial disclosures—such as connections between disclosures on **governance, strategy, risk management and metrics & targets**; and
  - (ii) across its sustainability-related financial disclosures and other general purpose financial reports published by the entity—such as its related financial statements.

An entity shall identify the financial statements to which the sustainability related financial disclosures relate. [IFRS S1:22]

**Data and assumptions** used in preparing the sustainability-related financial disclosures are required to be consistent—to the extent possible considering the requirements of IFRS or other accounting standards (GAAP) [IFRS S1:23]

When **currency** is specified as the unit of measure in the sustainability-related financial disclosures, the entity is required to use the presentation currency of its related financial statements. [IFRS S1:24]



## IV. CORE CONTENT

Unless another IFRS Sustainability Disclosure Standard permits or requires otherwise in specified circumstances, an entity is required to provide disclosures about: [IFRS S1:25]

- **(a) Governance**—the governance processes, controls and procedures the entity uses to monitor and manage sustainability-related risks and opportunities;
- **(b) Strategy**—the approach the entity uses to manage sustainability-related risks and opportunities;
- **(c) Risk management**—the processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities; and
- **(d) Metrics and targets**—the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set, or is required to meet by law or regulation.

IFRS S1 sets out objectives for each of these aspects, and disclosure requirements to achieve those objectives.

**Note: Please refer to paragraphs 26 –53 of IFRS S1 for detailed guidance** and summary of **Appendix B: Application Guidance** enclosed, which forms an integral part of IFRS S1



# V. GENERAL REQUIREMENTS

## V. A Sources of Guidance

### Identifying sustainability-related risks and opportunities

In identifying sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects, an entity shall apply IFRS Sustainability Disclosure Standards. [IFRS S1: 54]

In addition to IFRS Sustainability Disclosure Standards:

- a) an entity shall refer to and consider the applicability of the disclosure topics in the SASB Standards. An entity might conclude that the disclosure topics in the SASB Standards are not applicable in the entity's circumstances.
- b) an entity may refer to and consider the applicability of:
  - I. the CDSB Framework Application Guidance for Water-related Disclosures and the CDSB Framework Application Guidance for Biodiversity-related Disclosures (collectively referred to as 'CDSB Framework Application Guidance');
  - II. 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; and

- III. the sustainability-related risks and opportunities identified by entities that operate in the same industry(s) or geographical region(s). [IFRS S1:55]

In making the above judgement, on identifying information relevant the decision-making of users and faithfully representing the sustainability related risks and opportunities, an entity may to the extent that these sources assist the entity in meeting the objective of this Standard [see para 1-4] and do not conflict with IFRS Sustainability Disclosure standards refer to and consider the applicability to:

- a) The Global Reporting Initiative Standards, and
- b) The European Sustainability Reporting Standards. [IFRS S1: C2]

Also refer **Appendix C: Sources of guidance**, summary enclosed which forms an integral part of IFRS S1



## Identifying applicable disclosure requirements

In the absence of an IFRS Sustainability Disclosure Standard that specifically applies to a sustainability-related risk or opportunity, an entity is required to apply judgement to identify information that:

- a) is relevant to the decision-making of users of general purpose financial reports; and
- b) faithfully represents that sustainability-related risk or opportunity. [IFRS S1:57]

In making the judgement described above:

- a) an entity shall refer to and consider the applicability of the metrics associated with the disclosure topics included in the SASB Standards. An entity might conclude that the metrics specified in the SASB Standards are not applicable in the entity's circumstances.
- b) an entity may—to the extent that these sources do not conflict with IFRS Sustainability Disclosure Standards—refer to and consider the applicability of:
  - I. the CDSB Framework Application Guidance
  - II. 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; and
  - III. the information, including metrics, disclosed by entities that operate in the same industry(s) or geographical region(s). [IFRS S1:58]

## Disclosure of information about sources of guidance

An entity shall identify:

- a) the specific standards, pronouncements, industry practice and other sources of guidance that the entity has applied in preparing its sustainability-related financial disclosures, including, if applicable, identifying the disclosure topics in the SASB Standards; and
- b) the industry(s) specified in the IFRS Sustainability Disclosure Standards, the SASB Standards or other sources of guidance relating to a particular industry(s) that the entity has applied in preparing its sustainability-related financial disclosures, including in identifying applicable metrics. [IFRS S1: 59]

## V. B Location of disclosures

Subject to any regulation or other requirements that apply to an entity, there are various possible locations in its general-purpose financial reports in which to disclose sustainability-related financial information. Sustainability-related financial disclosures could be included in an 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 is a required report in many jurisdictions. It 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'. [IFRS S1:61]



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## V. C Timing of Reporting

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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 S1:64]

## V. E Statement of compliance

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An entity whose sustainability-related financial disclosures comply with all the requirements of IFRS Sustainability Disclosure Standards shall make an explicit and unreserved statement of compliance. An entity shall not describe sustainability-related financial disclosures as complying with IFRS Sustainability Disclosure Standards unless they comply with all the requirements of IFRS Sustainability Disclosure Standards. [IFRS S1:72]

A background image showing white wind turbines against a blue sky with scattered clouds. In the foreground, there are yellow flowers, possibly rapeseed, in bloom.

## VI. JUDGEMENTS, UNCERTAINTIES, AND ERRORS

An entity shall disclose information to enable users of general purpose financial reports to understand the judgements, apart from those involving estimations of amounts (see paragraph 77), 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. [IFRS S1:74]

An entity shall disclose information to enable users of general purpose financial reports to understand the most significant uncertainties affecting the amounts reported in its sustainability-related financial disclosures. [IFRS S1: 77]

An entity shall:

- a) identify the amounts that it has disclosed and that are subject to a high level of measurement uncertainty; and
- b) in relation to each amount identified, disclose information about:
  - I. the sources of measurement uncertainty,
  - II. the assumptions, approximations, and judgements the entity has made in measuring the amount. [IFRS S1:78]

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. [IFRS S1:83]

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 the misuse of, reliable information that:

- a) was available when the sustainability-related financial disclosures for that period(s) were authorised for issue; and
- b) could reasonably be expected to have been obtained and considered in the preparation of those disclosures. [IFRS S1:84]

For summary of refer Appendix D: Qualitative characteristics of useful sustainability-related financial information, enclosed which forms an integral part of IFRS S1



## VII. EFFECTIVE DATE AND TRANSITION

An entity shall apply this Standard for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If an entity applies this Standard earlier, it shall disclose that fact and apply IFRS S2 Climate-related Disclosures at the same time. [IFRS S1:E1]

For purposes of applying paragraphs E3 to E6 below, the date of initial application is the beginning of the annual accounting period in which an entity first applies the standard. [IFRS S1: E2]

An entity is not required to provide the disclosures specified in this Standard 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 this Standard. [IFRS S1:E3]

In the first annual reporting period in which an entity applies this Standard, the entity is permitted to report its sustainability-related financial disclosures after it publishes its related financial statements. In applying this transition relief, an entity shall report its sustainability-related financial disclosures:

- 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; and
- 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; and consequently apply the requirements in IFRS S1 only insofar as they relate to the disclosure of information on climate-related risks and opportunities [IFRS S1:E4]

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 consequently apply the requirements in this Standard only insofar as they relate to the disclosure of information on climate-related risks and opportunities.

If an entity uses this transition relief, it is required to disclose that fact. [IFRS S1:E5] If an entity uses that transition relief:

- a) in the first annual reporting period in which the entity applies IFRS S1, it is not required to disclose comparative information about its climate-related risks and opportunities; and
- b) in the second annual reporting period in which the entity applies IFRS S1, it is not required to disclose comparative information about its sustainability-related risks and opportunities, other than its climate-related risks and opportunities. [IFRS S1:E6]



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