RSM

Summary of Appendix B of IFRS S1 (Application Guidance)

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Content

I. SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

This summary highlights the key points in application guidance covered in Appendix B.

1. The 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.

2. Entity must use all available reasonable and supportable information at the reporting date without undue cost or effort to **identify The Sustainability-Related Risks and Opportunities** that could reasonably be expected to affect the its prospects and to determine the scope of its value chain, including its breadth and composition of such risk and opportunities.

3. **Reasonable and Supportable Information** used by an entity in preparing its sustainability-related financial disclosures shall cover factors that are specific to the entity as well as general conditions in the external environment, including various sources of data that may be both internal and external.

4. On the occurrence of a significant event or significant change in circumstances, an entity shall **reassess the Scope of all Affected Sustainability-Related Risks and Opportunities** throughout its value chain. Such **Significant Events r Significant Changes** in circumstances might include:

- a) a significant change in the **entity's value chain** (for example, a supplier in the entity's value chain makes a change that significantly alters the supplier's greenhouse gas emissions);
- b) a significant change in the **entity's business model, activities or corporate structure** (for example, a merger or acquisition that expands the entity's value chain); and
- c) a significant change in an **entity's exposure** to sustainability-related risks and opportunities (for example, a supplier in the entity's value chain is affected by the introduction of a new regulation that the entity had not anticipated).

II. MATERIALITY

1. The Standard requires an entity to **disclose Material Information** about the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects which would **influence the decisions of the Primary Users** of the Sustainability-related financial disclosures regarding buying, selling, investing, voting on management's actions that affect the use of the entity's economic resources.

2. To **identify Material Information** about a sustainability-related risk or opportunity, an entity shall apply, as the starting point, the requirements of the IFRS Sustainability Disclosure Standard (if any) that specifically applies to that sustainability-related risk or opportunity. In case of unavailability of the same, the entity shall apply the requirements on sources of guidance specified in paragraphs 57—58 of the Standard and shall consider both quantitative and qualitative factors.

3. In some cases the Entity may have to disclose information about **possible future events with Uncertain Outcomes** including the potential effects of the events on the amount, timing and uncertainty of the entity's future cash flows over the short, medium and long term, the range of possible outcomes and the likelihood of the possible outcomes within that range.

4. An entity shall disclose additional information when **compliance with the Standard 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.

5. An entity shall **reassess its Materiality Judgement** sat each reporting date to take account of changed circumstances and assumptions.

6. An entity must ensure that any **Aggregation and Disaggregation of Information** in its sustainability-related financial disclosures by the entity shall not reduce the understandability of such disclosures by obscuring material information with immaterial information or by aggregating material items of information that are dissimilar to each other.

7. An entity is permitted to include in its sustainability-related financial disclosures information to meet **Legal or Regulatory Requirements**, even if that information is not material and it shall disclose material sustainability-related financial information, even if law or regulation permits the entity not to disclose such information.

8. If an entity determines that information about a sustainability-related opportunity is **Commercially Sensitive** in the limited circumstances described as follows, the entity is permitted to omit that information from its sustainability-related financial disclosures:

- a) information about the sustainability-related opportunity is not already publicly available;
- b) disclosure of that information could reasonably be expected to prejudice seriously the economic benefits the entity would otherwise be able to realise in pursuing the opportunity; and
- c) the entity has determined that it is impossible to disclose that information in a manner—for example, at an aggregated level—that would enable the entity to meet the objectives of the disclosure requirements without prejudicing seriously the economic benefits the entity would otherwise be able to realise in pursuing the opportunity.

Additionally, if an entity elects to use the above exemption, it shall **disclose the fact that it has used the exemption and reassess,** at each reporting date, whether the information qualifies for the exemption.

III. REPORTING ENTITY

1. Sustainability-related financial disclosures shall be for the same reporting entity as the related financial statements. For example, consolidated financial statements prepared in accordance with IFRS Accounting Standards provide information about the parent and its subsidiaries as a single reporting entity. Consequently, that entity's sustainability-related financial disclosures shall enable users of general purpose financial reports to understand the effects of the sustainability related risks and opportunities on the cash flows, access to finance and cost of capital over the short, medium and long term for the parent and its subsidiaries.

IV.CONNECTED INFORMATION

1. An entity to provide information in a manner that enables users of general purpose financial reports to understand connections both between the items to which the information relates and between disclosures provided by the entity in its general purpose financial reports for example, if an entity pursued a particular sustainability-related opportunity and that resulted in an increase in the entity's revenue, connected information will depict that relationship between the entity's strategy and its financial performance.

2. **Connected information** includes:

- I. connections between various types of information about a particular sustainability-related risk or opportunity, such as:
  - a. between disclosures on governance, strategy and risk management; and
  - b. between narrative information and quantitative information (including related metrics and targets and information in the related financial statements).
- II. connections between disclosures about various sustainability-related risks and opportunities. For example, if an entity integrates its oversight of sustainability-related risks and opportunities, the entity shall integrate the disclosures on governance instead of providing separate disclosures on governance for each sustainability-related risk and opportunity.

3. In **providing Connected Information**, an entity shall:

- (a) explain connections between disclosures in a clear and concise manner;
- (b) avoid unnecessary duplication; and
- (c) disclose information about significant differences between the data and assumptions used in preparing the entity's sustainability-related financial disclosures and the data and assumptions used in preparing the related financial statements.

V. INFORMATION INCLUDED BY CROSS-REFERENCE

1. Material information can be included in an entity's sustainability-related financial disclosures by **Cross-reference to another report published by the Entity** provided that such information is available on the same terms and at the same time as the sustainability-related financial disclosures the complete set of sustainability-related financial disclosures is not made less understandable by including information by cross-reference.

2. Information included by cross-reference becomes part of the complete set of sustainability-related financial disclosures and shall comply with the requirements of IFRS Sustainability Disclosure Standards.

3. If information required by an IFRS Sustainability Disclosure Standard is included by cross-reference: it shall **clearly identify the report within which that information is located** and explain how to **access that report** and the cross-reference shall be to a **precisely specified part** of that report.

VI. INTERIM REPORTING

1. Interim sustainability-related financial disclosures are intended to provide an update on the latest complete set of annual disclosures of sustainability-related financial information. These disclosures focus on **New Information, Events and Circumstances** and do not duplicate information previously reported.

VII. COMPARATIVE INFORMATION

1. The Standard requires an entity to disclose **Comparative Information** in respect of the preceding period for all amounts disclosed in the reporting period.

2. In some cases, the **Amount disclosed for a Metric is an Estimate**. If an entity identifies new information in relation to the estimated amount disclosed in the preceding period and the new information provides evidence of circumstances that existed in that period, the entity shall:

- a. disclose a revised comparative amount that reflects that new information;
- b. disclose the difference between the amount disclosed in the preceding period and the revised comparative amount; and
- c. explain the reasons for revising the comparative amount.

However, the above shall not apply if, it is impracticable to disclose a revised comparative amount or if the metric is forward-looking

1. If an entity **Redefines or replaces a Metric** in the reporting period, the entity shall:

- a. disclose a revised comparative amount, unless it is impracticable to do so;
- b. explain the changes; and
- c. explain the reasons for those changes, including why the redefined or replacement metric provides more useful information.

2. The Standard requires an entity to **Correct Material prior period Errors** including: the effects of mathematical mistakes, mistakes in applying the definitions for metrics or targets, oversights or misinterpretations of facts, and fraud.

3. In respect of point 4 above, the entity shall disclose:

- a. the nature of the prior period error;
- b. the correction, to the extent practicable, for each prior period disclosed; and
- c. if correction of the error is impracticable, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

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