

## ISSB PUBLISHES SUSTAINABILITY DISCLOSURE STANDARDS

On Monday, June 26, 2023, the International Sustainability Standards Board (ISSB) issued the first two global sustainability standards: IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2, Climate-related Disclosures.

These standards are intended to improve confidence in the sustainability disclosures made by companies to guide investment decisions.

### Standards

**IFRS S1** sets out the requirements for companies for the disclosure of information about sustainability-related risks and opportunities that may affect the entity's cash flows, its access to finance or cost of capital over the short, medium, or long term. For that purpose, IFRS S1 states the manner how entities should prepare and report its sustainability-related financial disclosures, setting out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making investment decisions.

In turn, **IFRS S2** requires companies to disclose information about climate-related risks and opportunities and is designed to be used together with IFRS S1. IFRS S2 applies to climate-related risks to which companies are exposed (i.e., climate-related physical and transition risks), as well as climate-related opportunities.

### Validity

The standards are effective for annual reporting periods beginning on or after January 1, 2024. However, companies may adopt IFRS S1 or IFRS S2 earlier, if it is applied together with IFRS S2 or IFRS S1, respectively.

The application of the standards is not mandatory in Chile.

The standards are available in the following [link](#).

---

This news alert is provided by Carey y Cía. Ltda. for educational and informational purposes only and is not intended and should not be construed as legal advice.

Carey y Cía. Ltda.  
Isidora Goyenechea 2800, 43rd Floor.  
Las Condes, Santiago, Chile.  
[www.carey.cl](http://www.carey.cl)

## Relation with other standards

It is important to notice that the other major reporting initiative (GRI) signed in March 2022 with IFRS a MoU to coordinate work programs and standard-setting activities, recognizing the following two equal and interconnected sustainability reporting approaches, as part of a comprehensive corporate reporting regime, and reducing disclosure burden for companies:

- Sustainability-related financial reporting - publicly disclosing information for investors and capital market participants, on the sustainability-related risks and opportunities for an organization; through the IFRS Sustainability Disclosure Standards.
- Impact reporting - publicly disclosing to a wide range of stakeholders' information on an organization's most significant impacts on the economy, environment, and people, and how the organization manages these impacts, through the GRI Standards.

**Authors:** Cristián Eyzaguirre; Manuel José Barros; Josefina Iglesias