



*Sustainable  
Stock Exchanges  
Initiative*



IFRS Sustainability  
**CAPACITY  
BUILDING**

# Applying the IFRS Sustainability Disclosure Standards

Homework assignment

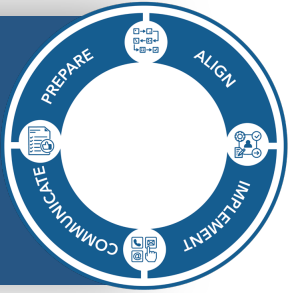
# ASSIGNMENT



**Develop a draft reporting strategy for your company, using what you've learned in this training program**



# Your Assignment



- This document provides you with a set of steps that can help you to start to develop your organization's sustainability-related reporting strategy that we will jointly discuss in the training program. Upon completion of the training program you will have the tools to start to develop your own strategy.
- You are encouraged to take a minimum of 1.5 hours to pull together the activities we have worked together on and put on paper an initial draft for your disclosure strategy.
- This strategy can be used to initiate a conversation with your board or team and be used as a starting point to develop a more comprehensive strategy to enhance your company's disclosure.
- **You are not required to and will not be asked to share this strategy with the training team** – this is for your own learning process.

# A reporting strategy can:



Help the company to **balance opinions** and conclusions based on a **variety of information** sources.



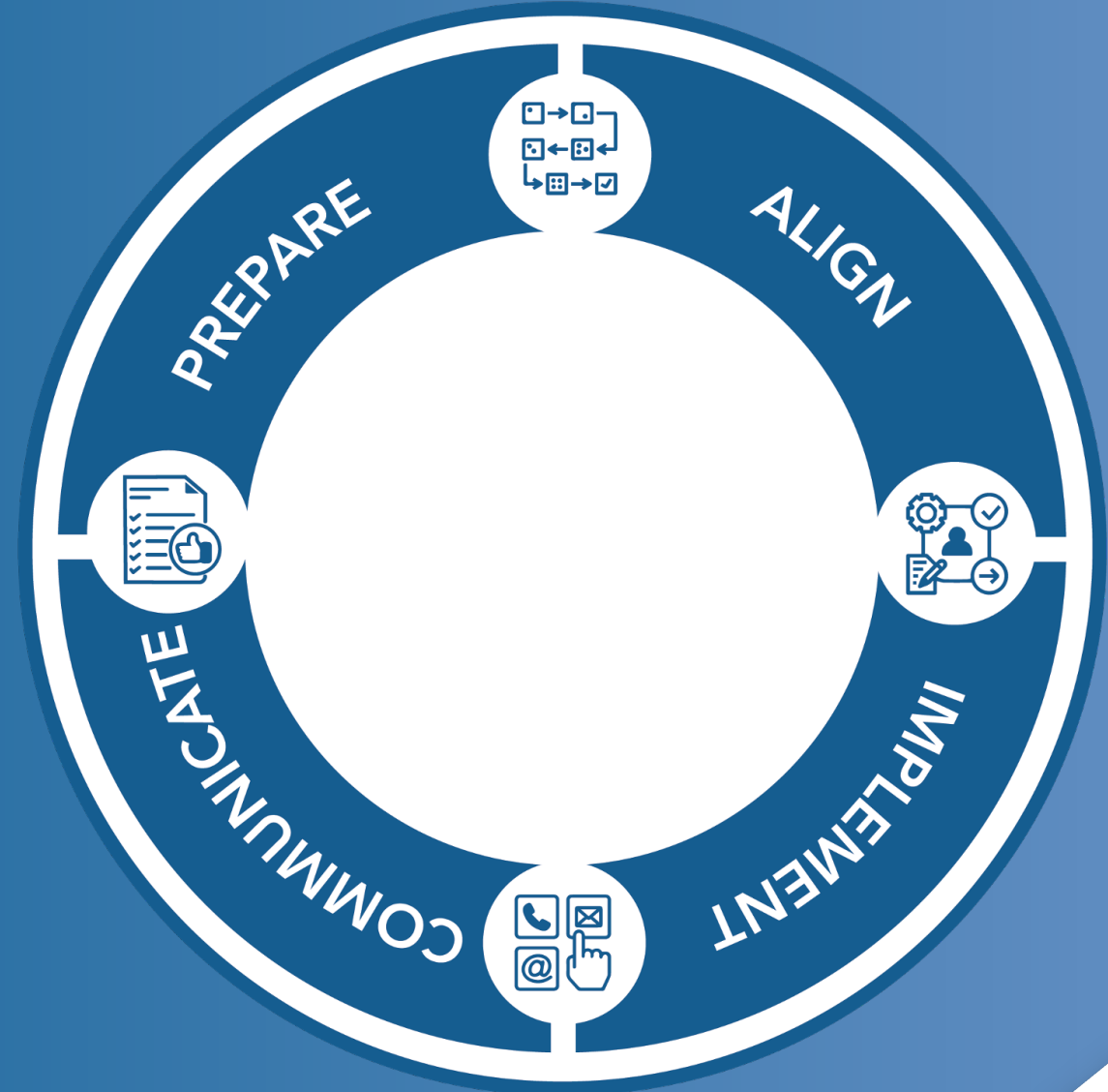
Support **collaboration, knowledge sharing** and **cross-functional, interdisciplinary team** discussions and/or regular meetings with professionals from finance, risk management, controls and planning, investor relations, legal, sustainability and communications departments.



Act as a **reference point** for documenting, explaining and managing the process of preparing disclosures, including where and how judgements have been made.

# STEP-BY-STEP SIMPLIFICATION

Together in the training program, we will discuss four steps to effective communication on sustainability-related financial disclosures. In each of the four steps, you will have the opportunity to think through key questions that will help you to develop a draft reporting strategy.





# PREPARE



## Questions you may want to ask:

- How will data be **sourced**? Which existing systems and internal controls will need updating and what **capacity building** requirements does that entail?
- What are the **sign-off** procedures for sustainability-related information?
- **Who** will be involved in developing disclosures?
- How will those individuals and departments be **organised** and what will individual and collective responsibilities be?

# PREPARE - ACTIVITY

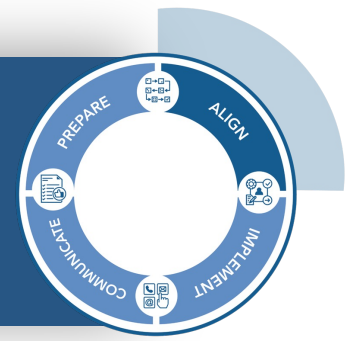


How will you build collective capacity and identify the responsible individuals for your disclosure?

1. **Tone from the top:** Identify who in your organization's board and C-suite will be responsible for oversight of sustainability-related financial disclosures.
2. **Integration:** Identify what teams are already familiar with the evaluation and management of sustainability-related risks and opportunities and what teams will need additional capacity building.
3. **Negotiate:** Working with colleagues and partners to build consensus on how, when and by whom any necessary actions will be taken, monitored and maintained.



# ALIGN

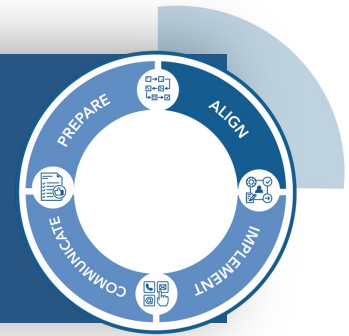


## Questions you may want to ask:

- What are the **gaps** in your current disclosure?
- What is **required** of your organization and what are your organization's **ambitions** for its sustainability-related reporting practices?
- What information serves the needs of that audience or those **audiences**?
- What information do you **already have** and where does it appear in your public reporting? Can you leverage what you already have?
- Are there any communication rules in your jurisdiction?



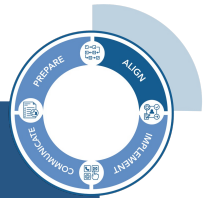
# ALIGN - ACTIVITY



Identify where you are now and where you want to be

1. Conduct a gap analysis to determine what areas your organization is not yet communicating to investors on. The following pages provide a simplified checklist which can be used to start to identify key aspects of disclosure that should be considered for a high-level gap assessment.
2. Identify what additional reporting requirements your organization wants to consider when setting a goal for sustainability-related disclosure practices.

\*Note that this checklist only provides a high-level overview. Companies should use the IFRS Sustainability Disclosure Standards for all disclosure content and explanations.



## Governance

Do your current disclosures address the governance body responsible for oversight of sustainability-related risks and opportunities by explaining:

- The individual(s), board, committee or equivalent body responsible for oversight of sustainability-related risks and opportunities?

Do your current disclosures address the management's role in governance by explaining:

- The controls and procedures used to manage and oversee sustainability-related risks and opportunities?

## Strategy



### Do your current disclosures address sustainability-related risks and opportunities by explaining:

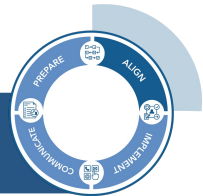
- The sustainability-related risks and opportunities that could reasonably be expected to affect the company's prospects?
- For climate-related risks and opportunities, are you using the Industry-based Guidance on Implementing IFRS S2 to measure, monitor and assess climate-related risks and opportunities?

### Do your current disclosures address current and anticipated effects on business model and value chain by explaining:

- The current and anticipated effects?
- Where in the business model and value chain it occurs?

### Do your current disclosures address effects on strategy and decision-making by explaining:

- Your company's actual and planned response to sustainability-related risks and opportunities and how this is reflected in its strategy and decision-making?
- Progress against the plans you reported in your previous reporting?
- The trade-offs between sustainability-related risks and opportunities that your company has considered?



## Strategy

**Do your current disclosures address effects on financial position, financial performance and cash flows by explaining:**

- Current financial effects of the sustainability-related risks and opportunities?
- Anticipated financial effects of sustainability-related risks and opportunities over the short-, medium-, and long-term?

**Do your current disclosures address organizational resilience by explaining:**

- The company's capacity to adjust to the uncertainties arising from sustainability-related risks?
- Whether a scenario analysis was used?

## Risk management



**Do your current disclosures address the identification, assessment, prioritization and monitoring of sustainability-related risks and opportunities by explaining:**

- The processes and related policies used to identify, assess, prioritize and monitor sustainability-related risks?
- The processes used for identifying, assessing, prioritizing and monitoring sustainability-related opportunities?
- How these processes are integrated into the company's overall risk management process?



## Climate-related metrics and targets

**Do your current disclosures address progress and measurement of sustainability-related risks and opportunities by explaining:**

- Performance on climate-related metrics?
- Performance on applicable industry-based metrics, as described in the Industry-based Guidance on Implementing IFRS S2?
- Metrics and performance for each sustainability risk or opportunity that could reasonably be expected to affect the entity's prospects.



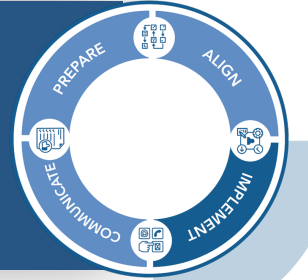
## Climate-related metrics and targets

**Do your current disclosures address targets for sustainability-related risks and opportunities by explaining:**

- Targets used to monitor progress to achieving strategic goals and those required by law or regulation?
- For climate-related targets, the approach to setting and reviewing targets?
- For GHG emissions targets, details on metrics, approaches and plans to decarbonize?



# IMPLEMENT



## Questions you may want to ask:

- Which **standards, methodologies, measurement techniques, definition and processes** does/will the entity use to develop sustainability-related information?
- What new **systems and processes** need to be developed?
- What are the circumstances in which the entity will seek **external assurance** and on what terms?
- What is the process for **monitoring** progress towards achievement of the reporting strategy goals and objectives?



# IMPLEMENT - ACTIVITY

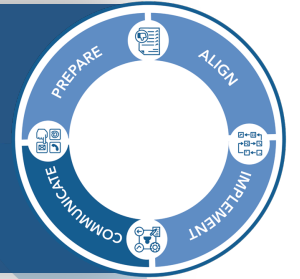


Building on the gaps identified in the previous section, identify which of the gaps require new processes or systems in place to achieve your disclosure objectives

- **Data collection:** Identify how you can collect the data is not being collected but is required to be disclosed by IFRS
- **Data management:** Identify what teams are responsible for managing this data and what synergies can be capitalized on



# COMMUNICATE



## Questions you may want to ask:

- Which **audience(s)** does your entity have to/want to communicate with?
- How can you best **organize** the sustainability-related financial information?
- What makes the information "pop" with **clarity**?
  - Graphs, symbols, diagrams, colours
  - Succinctness, clear language, avoid duplication
- Is information complete and traceable?
- Does it make sense?

# COMMUNICATE - ACTIVITY



Companies use various methods to include sustainability-related financial information in their general purpose reporting. These methods may include integrating sustainability-related information throughout the report or separating it out into a separate chapter. In both instances, it's important to ensure that report users can navigate the information and find connected information.

- **Presentation approach** – identify whether your company should present information in an integrated format (in one report), an autonomous format (a sustainability section in the report) or a combination, and why.
- **Navigation techniques** - brainstorm techniques that can be used to navigate the reporting format you choose and ensure information is easy to identify. Consider for example:
  - Navigation techniques, icons, indexes? Get creative!
  - Highlight connections between information
  - Put similar pieces of information together



**USING THIS INFORMATION-**  
Develop a draft reporting strategy for your company, using what you've learned in this training program



# TIPS

- We recommend spending at least 1.5 hours this week to develop a draft reporting strategy
- This strategy is not the final strategy – but it will help you start a conversation within your organization
- Enlist the input of colleagues, where you get most stuck, ask your team, your leadership or the most directly impacted department
- Use the resources provided in the training to help you