WELCOME

THIS INTERACTIVE WORKSHOP ON CLIMATE AND SUSTAINABILITY DISCLOSURE WILL START MOMENTARILY

UN environment programme | finance initiative

SUSTAINABLE BANKING and FINANCE NETWORK

Sustainable Stock Exchanges

IFC International Finance Corporation WORLD BANK GROUP

Creating Markets, Creating Opportunities

IFRS Sustainability CAPACITY BUILDING

SUSTAINABLE BANKING and FINANCE NETWORK

Welcome Remarks

Rong Zhang

Global Coordinator

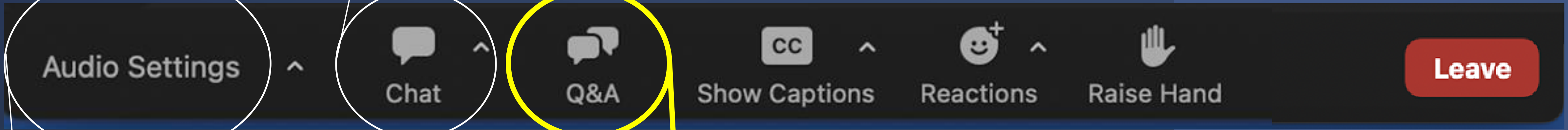
Welcome Remarks

Melanie O’Toole

Manager of the UNEP FI Risk Centre

HOUSEKEEPING

CHAT FUNCTION:
Use the chat box to introduce yourself and make comments.



AUDIO SETTINGS:
All participants are currently muted to ensure everyone can hear the presenters. Please use the other functions to interact with us.

Q&A BOX:
Ask any questions you might have in the Q&A box. We will answer them throughout the session.

Today’s Workshop

- 3.5 hours (+homework)
- Live Q&A throughout
- Participation expected
- Certificate requires survey

Sustainable Stock Exchanges SSE Initiative

TIFFANY GRABSKI

SSE Academy Head

LOIS GUTHRIE

Senior Specialist

HIU-YAN CHENG

Climate Risk Specialist

JARLATH MOLLOY

Director of Strategic Affairs

TIM KASIM

Technical Staff

LEARNING OBJECTIVES

Understand the ISSB Standards

LEARNING OBJECTIVES

Understand how to use the ISSB standards

LEARNING OBJECTIVES

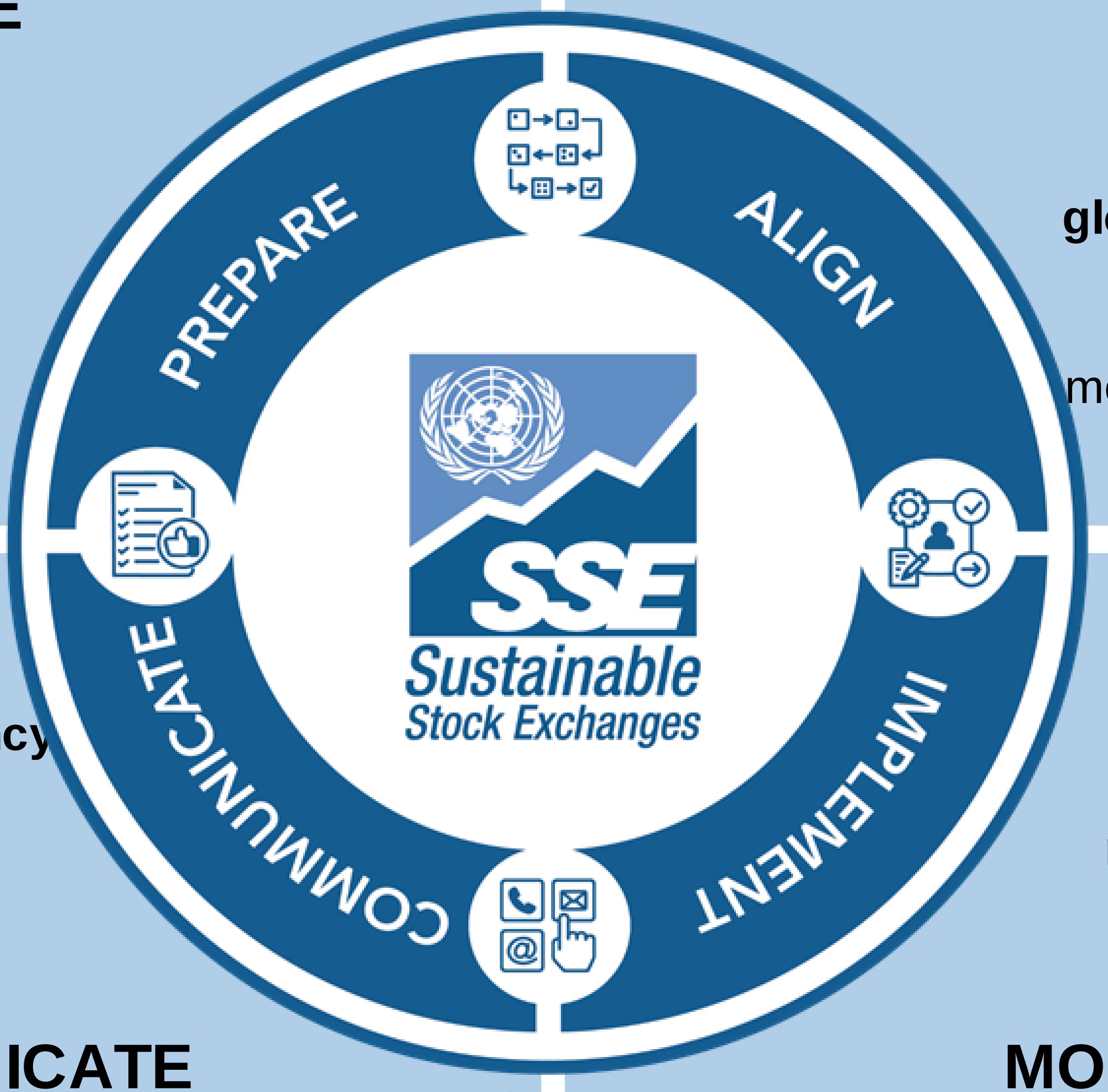
Identifying what steps can be taken to develop a disclosure plan

MODULE 1: PREPARE

What is the **case for** and **purpose of** sustainability reporting? How has the reporting **landscape evolved?**

MODULE 2: ALIGN

What do companies have to disclose to **align with the global baseline** in IFRS S1 and S2? How can **additional disclosures** be integrated to meet geographical, sectoral and regulatory requirements?



Identifying, evaluating, and integrating sustainability-related risks and opportunities

MODULE 3: IMPLEMENT

Considering **location, efficiency and user confidence** when disclosing in general-purpose financial reports

MODULE 4: COMMUNICATE

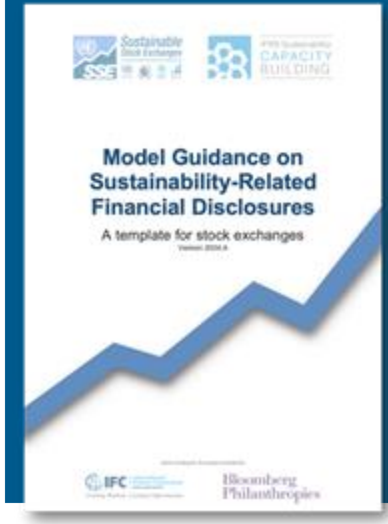
AGENDA

Duration: **3.5 hours**	Topic:
20 minutes	Welcome & introductions
40 minutes	**Module 1 – Prepare**
40 minutes	**Module 2 – Align part 1**
5 minutes	Brief stretch break
35 minutes	**Module 2 – Align part 2**
35 minutes	**Module 3 – Implement**
30 minutes	**Module 4 – Communicate**
5 minutes	Homework and additional resources

TRAINING MATERIALS

Find all training materials on the SSE website –see link in chat.

UN SSE TOOLKIT


Sustainable Stock Exchanges
IFRS Sustainability CAPACITY BUILDING
Model Guidance on Sustainability-Related Financial Disclosures
A template for stock exchanges
IFC
Bloomberg Philanthropies


Sustainable Stock Exchanges
Transition Plans
Training Tool
UN SSE TOOLKIT SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES


Sustainable Stock Exchanges
Disclosing Climate-Related Metrics
Training Tool
UN SSE TOOLKIT SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES


Sustainable Stock Exchanges
Gap Analysis Checklist for Sustainability-Related Financial Disclosures
Training Tool
UN SSE TOOLKIT SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Mentimeter

Visit **www.menti.com** and type the code that we are sharing in the chat

Why did you join today's training?

How much do you already know?

Disclaimer

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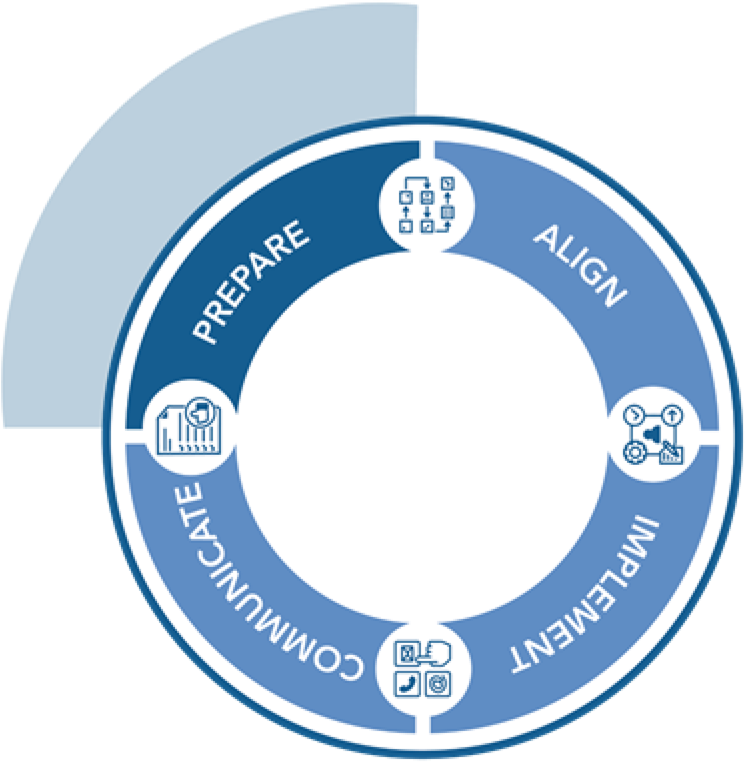


MODULE 1

Building a solid foundation of knowledge

PREPARE

PURPOSE

LANDSCAPE

GLOBAL BASELINE

PREPARE

PURPOSE

The case for and market drivers of sustainability reporting

LANDSCAPE

GLOBAL STANDARD

ZOOM POLL

Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

1. What are your reasons for disclosing sustainability-related information?
(Select all that apply)

a. Regulatory requirements
b. Sharing management's objectives
c. Societal expectations
d. Investor interest
e. Other (indicate in the chat)
f. We are not disclosing sustainability-related information yet

Climate risks: Two main types

Physical risks

- Driven by changes in the physical systems as a result of climate change
- Incremental risks: Long-term changes in baseline conditions as a result of climate change
  - Increasing droughts
  - Desertification
  - Sea-level rises
- Extreme events: Short-term events that may be exacerbated or made more common by climate change
  - Heatwaves
  - Hurricanes
  - Fires
  - Floods

Transition risks

- Driven by the transformation of the economy due to climate action
- Policy risks
  - Regulatory or public policy actions that increase the costs of various activities (e.g., carbon taxes)
  - Regulations or restrictions on certain activities (e.g., fracking)
- Technology risks
  - Changing economics of low-carbon technologies that replace or challenge incumbent emitters (e.g., solar vs. coal)
- Market risks
  - Revaluation of assets based on shifts in demand or the recognition of potential stranded assets (e.g., fossil fuel reserves)
  - Changes in consumer preferences

Expected impact on global GDP by 2050[1, 2]

1

PREPARE ALIGN IMPLEMENT COMMUNICATE

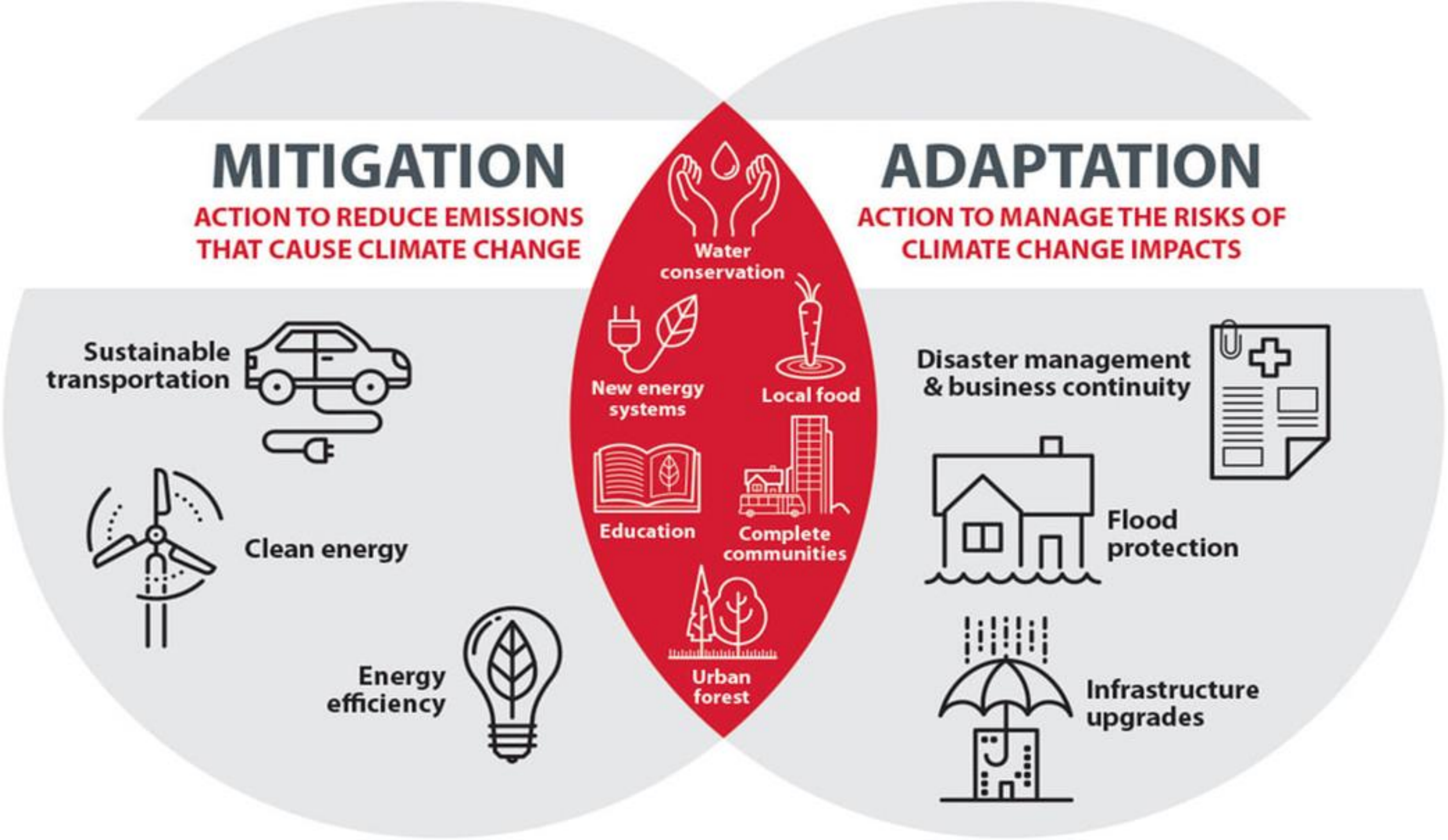
	Temperature rise scenario, by mid-century			
	Well-below 2°C increase	2.0°C increase	2.6°C increase	3.2°C increase
	Paris target	*The likely range of global temperature gains*		*Severe case*
Simulating for economic loss impacts from rising temperatures in % GDP, relative to a world without climate change (0°C)				
World	−4.2%	−11.0%	−13.9%	−18.1%
OECD	−3.1%	−7.6%	−8.1%	−10.6%
North America	−3.1%	−6.9%	−7.4%	−9.5%
South America	−4.1%	−10.8%	−13.0%	−17.0%
Europe	−2.8%	−7.7%	−8.0%	−10.5%
Middle East & Africa	−4.7%	−14.0%	−21.5%	−27.6%
Asia	−5.5%	−14.9%	−20.4%	−26.5%
Advanced Asia	−3.3%	−9.5%	−11.7%	−15.4%
ASEAN	−4.2%	−17.0%	−29.0%	−37.4%
Oceania	−4.3%	−11.2%	−12.3%	−16.3%

18% of global GDP could be at risk if no mitigating actions are taken[1]

- Each 1°C increase in global temperature can be linked to a 12% decline in global GDP[2]

1)Swiss Re, 2021; 2) NBER, 2024

Climate finance opportunities



https://www.calgary.ca/environment/climate.html

Climate-related risks, opportunities and financial impact

https://www.epa.gov/climateleadership/climate-risks-and-opportunities-defined#:~:text=There%20are%20two%20categories%20of,physical%20impacts%20of%20climate%20change.

Why do we need sustainability-related disclosure standards & regulations?

Regulatory compliance
Ensure compliance with new & evolving reporting standards

Gain competitive advantage
Gain a competitive edge by becoming a leader in sustainability & attract investors & clients

Attract investment
Meet growing investor demand for transparency in sustainability-related risk management

Holistic risk management
Use standards to systematically identify where risks are for effective strategy to manage them

Build client trust
Build trust with clients by demonstrating a commitment to sustainable practices

Build resilience
Enhance ability to mitigate & adapt to material risks for long-term growth

PREPARE

PURPOSE

LANDSCAPE

The evolution of sustainability-related financial disclosures

GLOBAL BASELINE

ZOOM POLL

Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

2. What frameworks are you currently using?

(Select all that apply)

- **a.** **CDP** (formerly Carbon Disclosure Project)
- b. Global Reporting Initiative (**GRI**)
- **c.** **Integrated Reporting**
- d. Sustainability Accounting Standards Board (**SASB**)
- e. Task force on climate-related financial disclosures (**TCFD**)
- f. UN Global Compact (**UNGC**)
- g. Others (indicate in the chat)

Structure of the IFRS Foundation

Public accountability	IFRS Foundation Monitoring Board	
Governance, strategy, oversight	IFRS Foundation Trustees	
Independent standard-setting	International Accounting Standards Board (IASB) IFRS Interpretations Committee (IFRIC)	International Sustainability Standards Board (ISSB)

The evolution of reporting standards

ZOOM POLL

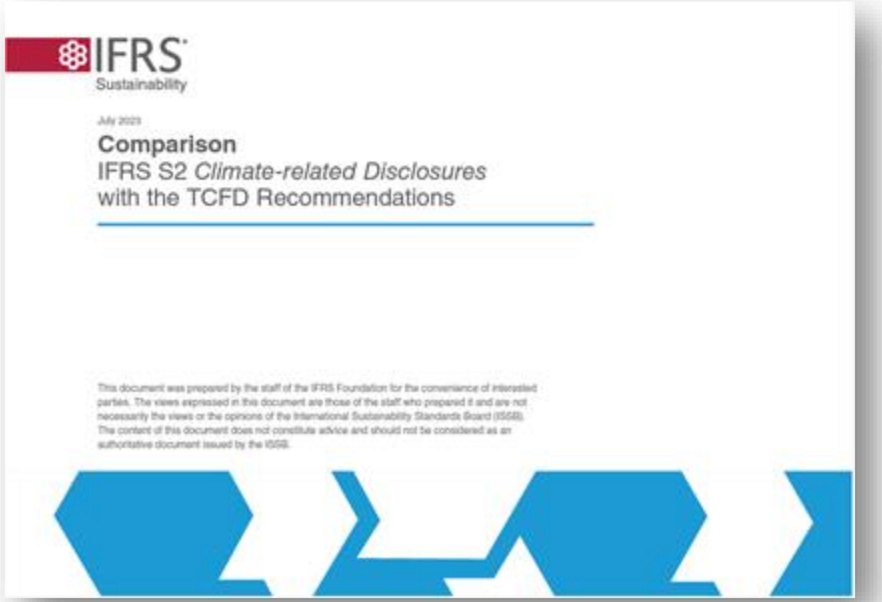
Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

3. Companies who disclose using the TCFD recommendations automatically comply with the ISSB Standards.

a. True
b. False

Moving from TCFD to ISSB


IFRS
Sustainability

July 2023

Comparison
IFRS S2 *Climate-related Disclosures* with the TCFD Recommendations

This document was prepared by the staff of the IFRS Foundation for the convenience of interested parties. The views expressed in this document are those of the staff who prepared it and are not necessarily the views or the opinions of the International Sustainability Standards Board (ISSB). The content of this document does not constitute advice and should not be considered as an authoritative document issued by the ISSB.

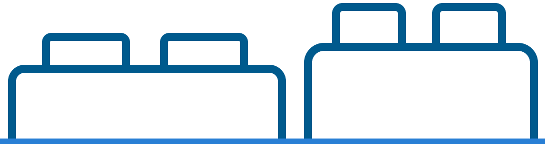
- TCFD culminated in 07/2023 and the IFRS Foundation has now assumed responsibility of TCFD monitoring (see news item here)
- In some cases, IFRS S2 uses **different wording** to capture the **same information** as the TCFD
- IFRS S2 **requires more detailed information** that is in line with the TCFD
- IFRS S2 provides some **additional requirements and guidance**

Find the Comparison document here

Setting a global baseline

Additional building block can be added to meet:

- Jurisdiction-specific requirements
- Broader multi-stakeholder needs



ISSB Standards

- A comprehensive foundation of disclosures for global jurisdictional adoption
- Common language for comparable, decision-useful disclosures
- Designed to meet investor needs across global capital markets

Global backing for a global standard

ISSB

provide comprehensive global baseline through Standards

IOSCO

endorses ISSB Standards recommending adoption

Audit standard-setters

enhance and develop assurance standards

Jurisdictions

require by adopting the Standards

Market participants

voluntarily opt to apply the Standards

PREPARE

PURPOSE

LANDSCAPE

GLOBAL BASELINE

An overview of IFRS S1 and S2

Important terms

- **Sustainability-Related Financial Information** - Information about a company's sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions about providing resources to the company (IFRS S1.1).
- **Sustainability-Related Risks & Opportunities**—Those risks and opportunities that could reasonably be expected to affect the company's prospects i.e.: cash flows, access to finance or cost of capital over the short, medium or long term (IFRS S1.3).
- **General Purpose Financial Reports**— Sustainability-related financial disclosures could be included in a company's management commentary or a similar report when it forms part of an company's **general purpose financial reports**.

Core content areas

1

GOVERNANCE

- Governing Body
- Management

STRATEGY

- Risks & Opportunities
- Effects on
  a) business model & supply chain,
  b) strategy
  c) financial & cash flows
- Resilience

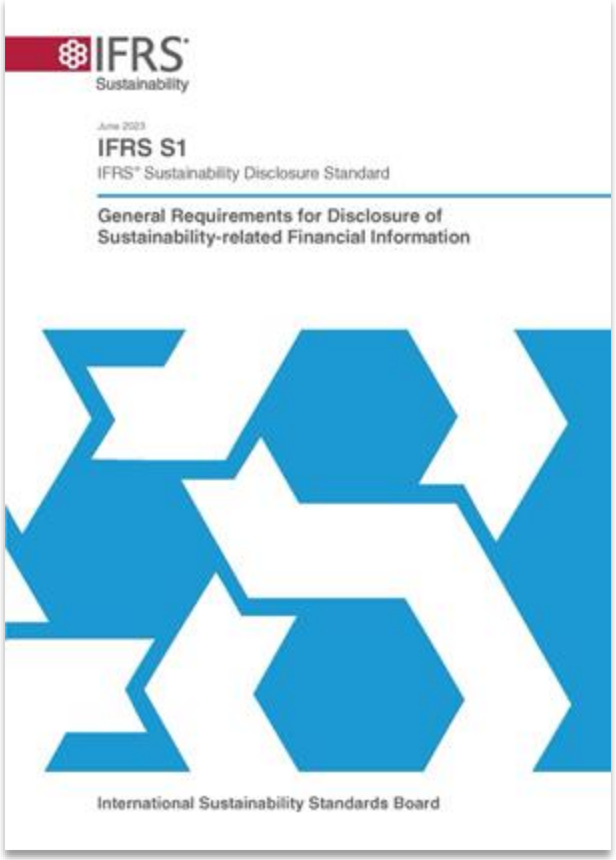
RISK MANAGEMENT

- Processes for risk management
- Overall risk profile

METRICS & TARGETS

- Metrics
- Targets

IFRS S1: General requirements


IFRS
Sustainability

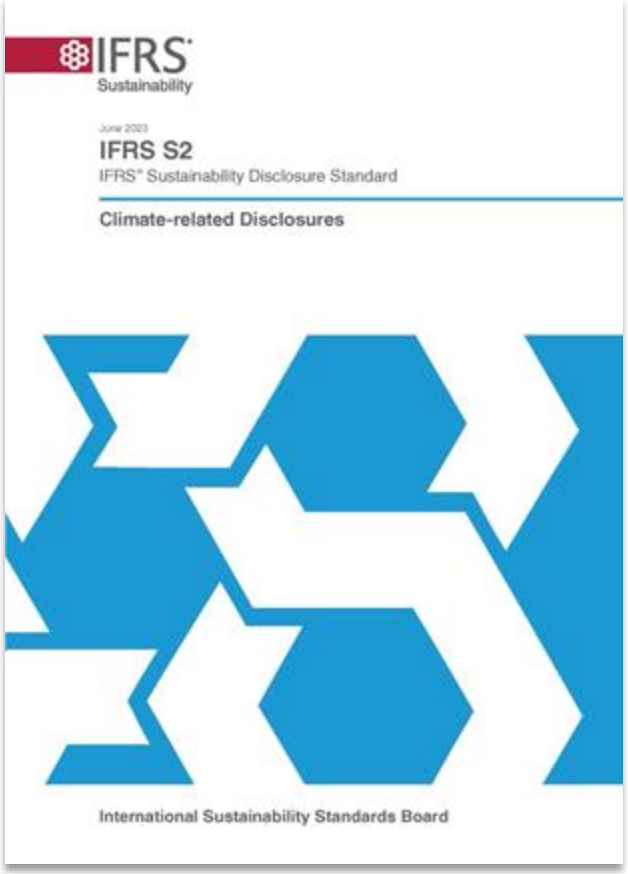
June 2023
IFRS S1
IFRS® Sustainability Disclosure Standard

General Requirements for Disclosure of Sustainability-related Financial Information

International Sustainability Standards Board

- Requires **material information** about **sustainability-related risks and opportunities** with the financial statements to meet investor information needs
- Applies Task Force on Climate-related Financial Disclosures **(TCFD) architecture**
- Requires **industry-specific** disclosures
- Refers to **sources to help companies** identify sustainability-related risks and opportunities and information beyond climate (IFRS S2)
- Can be used with **any accounting requirements (GAAP)**

IFRS S2: Climate-related disclosures



- Incorporates the **TCFD recommendations**
- To meet investor information needs, IFRS S2:
  - is used in accordance with **IFRS S1**
  - requires disclosure of **material information** about **climate-related risks and opportunities**, including physical and transition risks
  - requires **industry-specific disclosures** – supported by accompanying guidance built on SASB Standards

IFRS S1 and S2 together

IFRS S2 is to be applied in accordance with IFRS S1 because S1:

- Establishes important **conceptual foundations**, e.g.: **connected information**, **value chains**
- Provides important guidance on the **assessment of materiality**
- Sets out the **qualitative characteristics** of the information to be provided, e.g.: **relevant** and **faithful representation**
- Sets out requirements and concepts for reporting, for example:
    - the reporting company
    - timing and location of reporting
    - connections and comparative information in reporting

Conceptual Foundations

- **Fair presentation:** A complete set of sustainability-related financial disclosures should fairly present all sustainability-related risks and opportunities that could reasonably affect the company's prospects
- **Reporting company**: The reporting company for sustainability-related financial disclosures to be the same as the reporting company for the general purpose financial statements.
- **Connected information:** IFRS S1 asks for information that enables understanding of the connections between –
    - sustainability-related risks and opportunities
    - disclosures on core content
    - sustainability-related financial disclosures and financial statements

EXAMPLE

Connected information

Capital allocation towards pathways and solutions

Decarbonisation is embedded in our annual investment and prioritisation processes. All investment decisions consider the quantity of GHG emissions associated with the project, the cost per tonne of CO_2-e associated with the project and the alignment with the Group pathways to a net zero trajectory.

In FY2023, we spent US$122 million on initiatives associated with operational GHG emission reductions, together with value chain GHG emission reductions in areas such as steelmaking and shipping, and BHP Ventures investments. This figure does not include the operating expenditure associated with renewable electricity arrangements established at a number of our operated assets, which collectively represented the main source of operational GHG emission abatement for BHP in FY2023.

From FY2024 to FY2030, we expect to spend around US$4 billion (nominal value) on operational decarbonisation, with plans reflecting an annual capital allocation of between approximately US$250 million and approximately US$950 million per year over the next five years.

On current assumptions, the overall portfolio of decarbonisation projects to support achievement of our medium-term target is expected to deliver a positive net present value (NPV) for the Group, while to date, most implemented projects have delivered a positive or neutral NPV.

BHP Ventures also continues to build a portfolio of investments to help accelerate innovation in the mining industry through assessment and execution of additional investments across emerging technology areas, including long-duration energy storage solutions, diesel displacement and carbon dioxide removal.

For more information on our range of investments to drive decarbonisation and sustainable growth refer to bhp.com/about/our-businesses/ventures

Connection between decarbonization and net zero strategy and investment decisions

Connection to future spending plans and targets

Example source: BHP Annual Report 2023 pg. 47

ZOOM POLL

Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

4. What information should be considered for connected information?
(Select all that apply)

Connections between:

a. Governance, strategy, risk management and metrics & targets
b. Sustainability-related financial disclosures and financial statements
c. Sustainability-related risks and opportunities

Materiality

- A company shall disclose **material** information about the sustainability-related risks and opportunities that could reasonably be expected to affect the company's prospects.
- 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
- **Primary users of general purpose financial reports** are existing and potential investors, lenders and other creditors

Additional guidance

Application Guidance

Guidance, sometimes presented as an appendix to a Standard. This is just a question of location – this material is still a required piece of the standard

Accompanying Guidance

Guidance issued alongside a Standard to assist companies, demonstrating how the requirements in the Standard could be applied often using examples (non mandatory)

Published with the Standards.

Educational materials

Separate materials developed to help companies apply the Standards

Published over time to meet preparer needs.

ZOOM POLL

Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

5. Water is a vital input to your business, but the ISSB Standards do not currently have a specific standard on water. What do you do:

a. Do not disclose anything about water.
b. Consult the sources of guidance listed by ISSB.
c. Engage a consultancy to help.
d. Copy your competitors' reporting.

Module 1 Summary

Start by understanding the benefits of improved disclosure

There can be **important benefits** externally (ie investors interest) and internally (ie enhanced resilience and strategy) from applying the ISSB Standards

Use the ISSB Standards as the baseline – build on top of that

ISSB Standards represent a global baseline for sustainability related financial disclosure that **simplifies the landscape** and provides a comprehensive foundation of disclosure that **allows other building blocks of information to be added on top of ISSB**

Be clear who your audience is

ISSB Standards plus guidance are designed to meet the needs of primary users of general-purpose financial reports and follow the core principles of financial disclosures including fair presentation and connected information.

MODULE 1 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.

Visit **www.menti.com** and type the code that we are sharing in the chat

What will you do to identify the skills and knowledge gaps **in your organization?**

MODULE 2

Setting the direction: Applying the ISSB standards & integrating additional disclosures

ALIGN

APPLYING THE STANDARDS

ADDITIONAL DISCLOSURES

ALIGN

APPLYING THE STANDARDS

Applying the IFRS Sustainability Disclosure Standards as the global baseline

ADDITIONAL DISCLOSURES

Core content

2

PREPARE ALIGN IMPLEMENT COMMUNICATE

GOVERNANCE

- Governing Body
- Management

STRATEGY

- Risks & Opportunities
- Effects on
  a) business model & supply chain,
  b) strategy
  c) financial & cash flows
- Resilience

RISK MANAGEMENT

- Processes for risk management
- Overall risk profile

METRICS & TARGETS

- Metrics
- Targets

Questions to evaluate (governance)

Questions pertaining to the reporting company's **governance**, that can help identify key information that can assist a company to meet some of the disclosure requirements:

- Which **Board and Management bodies or committees** are responsible for sustainability and climate-related risks and opportunities?
- What are their **skills and competencies**? (How is this determined?)
- What **processes and controls** do they use for managing risks and opportunities?
- **How and when** do they get informed about risks and opportunities?
- What are their **roles and responsibilities**?
- What sort of **decisions** do they make and what **targets** do they set based on risks and opportunities?
- How are related performance **metrics included in remuneration policies**?

Note: Avoid unnecessary duplication

Find a summary of requirements in the SSE Gap Analysis Checklist here

Example for Governance: Schroders, Climate Report 2022[1]

Governance
continued

Key
- Board and oversight
- Group governance
- Sustainability governance
- Climate-specific working groups
- Wealth Management specific
- Private Assets specific

Forum	Information	Description	2022 activities on climate and nature
Board Audit and Risk Committee (BARC)	**Chair:** Schroders plc independent non-executive Director **Membership:** Independent non-executive Directors of Schroders plc **Meetings:** 5	The BARC is a Board Committee and is responsible for overseeing financial reporting, risk management and internal controls, internal and external audit. The BARC receives reports from management on key risks to ensure they are considered at Board level. Oversight of key risks is essential to the delivery of the Group's overall strategy, and the BARC provides an update to the Board quarterly.	• As 'ESG risk including climate change' is identified as a key business risk, the BARC received information quarterly in order to assess how it is being managed • Consideration and discussion of external reporting requirements for climate-related disclosures
Group Management Committee (GMC) Group Strategy Committee (GSC)	**Chair:** Group Chief Executive **Membership:** Senior management from across the Group **GMC Meetings:** 11 **GSC Meetings:** 15	The GMC comprises the wider senior management team and is an advisory committee to the Group Chief Executive on the day-to-day running of the Group's business. The GSC comprises the senior management team who have primary responsibility for the development and delivery of the Group's strategy. It is an advisory committee to the Group Chief Executive.	• The GMC considered the Group's strategy and key risks, including climate, ahead of submission to the Board • The GMC reviewed the sustainability annual update which included how sustainability trends were shaping our industry and the progress in our priority areas which included climate change and biodiversity • The GSC discussed climate and nature-related issues as part of the delivery of the Group's strategy
Group Risk Committee (GRC)	**Chair:** Chief Financial Officer (CFO) **Membership:** Senior management from across the Group **Meetings:** 10	The GRC assists the CFO in discharging his responsibilities in respect of risk and controls. The executive oversight of risk is delegated by the Group Chief Executive to the CFO. The GRC reviews and monitors the adequacy and effectiveness of the Group's risk management framework, including relevant policies and limits. It also reviews emerging risks and developments to our internal key risks, one of which is 'ESG risk including climate change'.	• Reviewed the description and framework of 'ESG risk including climate change' and an assessment of risk position versus risk appetite for this risk • Reviewed the following topics: Sustainability and Impact frameworks across Private Assets, Internal Audit ESG Framework, ESG integration for counterparty selection
Group Sustainability and Impact Committee (GSI Committee)	**Chair:** Group Chief Executive **Membership:** Senior management from across the Group **Meetings:** 6	The GSI Committee provides advice to the Group Chief Executive to assist him in discharging his responsibilities regarding sustainability and impact. The Committee considers, reviews and recommends the overall global sustainability and impact strategy, including key initiatives, new commitments and policies to the Group Chief Executive for approval. The Global Head of Corporate Sustainability and Global Head of Sustainable Investment are members of the Committee and report annually to the GMC and the Board. The GSI Committee monitors progress towards our goals, including progress towards our science-based targets.	• Reviewed the progress against our climate change strategy and delivery plans for our science-based targets, including climate engagement for investee companies, operational action plan and supply chain engagement strategy • Discussed and reviewed our CDP 2022 response • Discussed and recommended for approval our Group Climate Change Position Statement and Group Nature and Biodiversity Position Statement

Core content

GOVERNANCE

- Governing Body
- Management

STRATEGY

- Risks & Opportunities
- Effects on
  a) business model & supply chain,
  b) strategy
  c) financial & cash flows
- Resilience

RISK MANAGEMENT

- Processes for risk management
- Overall risk profile

METRICS & TARGETS

- Metrics
- Targets

Questions to evaluate (strategy)

Questions pertaining to the reporting company's **sustainability-related risks and opportunities**, that can help identify key information that can assist a company to meet some of the disclosure requirements:

- What **risks and opportunities** that could reasonably be expected to affect a company's prospects have been identified?
- Over **what time horizons** (short, medium or long term) is that effect expected to occur?
- If it is a climate-related risk, is it a **physical or transition** risk?

Find a summary of requirements in the SSE Gap Analysis Checklist here

Time horizons

Cash flow, investment and business cycles

Planning horizons for strategic decision-making and capital allocation

Assessment periods used by investors

Life of assets

- Time horizons are company specific and may include industry specific characteristics
- You don't have to stick to one time horizon. It depends what you are trying to strategise for and why – see for example Three Horizons Framework

Strategy questions to evaluate (2)

Questions pertaining to **the current and anticipated** effects of the sustainability-related risks and opportunities, that can help identify key information that can assist a company to meet some of the disclosure requirements:

- What are the **current and anticipated effects** of those risks and opportunities on the company's business model and value chain, strategy and decision making, and financial position, performance and cash flows?
- **What type** of effect is expected and **where** will that effect take place?
- What is the actual and planned **response** to the effects identified?

Find a summary of requirements in the SSE Gap Analysis Checklist here

Questions to evaluate (strategy)

Questions pertaining to **the current and anticipated** effects of the sustainability-related risks and opportunities, that can help identify key information that can assist a company to meet some of the disclosure requirements:

- What are the **current and anticipated effects** of those risks and opportunities on the company’s business model and value chain, strategy and decision making, and financial position, performance and cash flows?
- **What type** of effect is expected and **where** will that effect take place?
- What is the actual and planned **response** to the effects identified?

Find a summary of requirements in the SSE Gap Analysis Checklist [here]

Questions to evaluate (strategy)

Questions pertaining to **the resilience of organizational strategy and business model to sustainability risks,** that can help identify key information that can assist a company to meet some of the disclosure requirements:

- What is the company's **capacity to adjust** to the uncertainties arising from sustainability-related risks (and how this is determined)?
- How is a **scenario analysis** already being used (or going to be used) to assess climate resilience?

Find a summary of requirements in the SSE Gap Analysis Checklist here

Example for Strategy: NatWest TCFD report, 2022[1]

Opportunity	Related NatWest Group ambition	Expected time horizon	Potential financial impacts on NatWest Group
Supporting customer transition to net zero	We have a target to provide £100 billion climate and sustainable funding and financing between 1 July 2021 and the end of 2025. As part of this we aim to provide at least £10 billion in lending for EPC A and B rated residential properties between 1 January 2023 and the end of 2025.	Short	• Increase in volume of climate and sustainable funding and financing, on and off-balance sheet. • Increased balance sheet volumes through demand for new products and services that support customer transition. • Reduced balance sheet volumes related to energy inefficient homes. • Additional expenditure to develop new products and services. • Decrease in emissions due to customer transition.
	We have an ambition to support our UK mortgage customers to increase their residential energy efficiency and incentivise purchasing of the most energy efficient homes, with an ambition that 50% of our UK mortgage portfolio has an EPC rating of C or above by 2030.	Short – Medium	
Helping to end the most harmful activities	We plan to phase-out of coal for UK and non-UK customers who have UK coal production, coal-fired generation and coal-related infrastructure by 1 October 2024, with a full global phase-out by 1 January 2030. We will only support upstream oil and gas companies where the majority of assets being financed are based in the UK (onshore or offshore UK Continental shelf) and where those companies report to us the overall emissions of operated assets by the end of 2023. We stopped lending and underwriting to major oil and gas producers unless they had a Credible Transition Plan aligned with the 2015 Paris Agreement in place by the end of 2021.	Short – Medium	• Reduced exposure to coal customers. • Reduced exposure to upstream oil and gas and reduced geographical footprint of upstream oil and gas financing.
Powerful partnerships and collaborations	We plan to collaborate cross industry and create products and services to enable customers to track their carbon impact.	Short – Medium – Long	• Increased balance sheet volumes through demand for new products and services that support customer transition. • Additional expenditure to develop new products and services.
Getting our own house in order	We have a target to reduce emissions from our direct own operations by 50% by 2025, against a 2019 baseline.	Short	• Increased expenditure to support reduction in carbon footprint in our own operations. • Reduced expenditure related to energy, travel and water management.
	We plan to use only renewable electricity in our direct own global operations by 2025 (RE100) and improve our energy productivity 40% by 2025, against a 2015 baseline.	Short	
	We plan to install electric vehicle charging infrastructure in 15% of large office spaces across our UK portfolio by 2025 and upgrade our fleet of c.100 vehicles to electric models by 2025 (EV100)	Short	
	We plan to reduce emissions for our operational value chain 50% by 2030, against a 2019 baseline.	Medium	

Qualitative and quantitative disclosures

When reporting the effects of sustainability-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 (a single amount or a range) and qualitative information
- A company can provide **qualitative** rather than quantitative information when:
    - The financial effects of the risk or opportunity are not separately identifiable
    - There is a high level of measurement uncertainty
    - For anticipated effects, quantitative information would not be commensurate with the company's skills, expertise and resources

ZOOM POLL

Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

6. A company may choose to disclose only qualitative information and/or combined quantitative information about current and anticipated financial effects when:
(Select all that apply)

a. The company cannot separate the effects of a climate-related risk or opportunity from other effects.
b. There is a high level of measurement uncertainty.
c. The quantitative information sheds a negative light on the company.

CLIMATE-SPECIFIC CONSIDERATIONS

STRATEGY

From TCFD to ISSB (Strategy)

Disclosure requirements in IFRS S2 are broadly consistent with TCFD except, IFRS S2:

- Requires a company to refer to and consider the applicability of **industry-based disclosure topics.**
- Requires more detailed information on **where in business model and value chain** risks and opportunities are concentrated.
- Requires more detailed information on **effects of climate-related risks and opportunities**
- Sets out criteria for when **quantitative and qualitative information** is required for disclosure of current and anticipated financial effects.
- Requires use of **all reasonable and supportable information** that is available at the reporting date without undue cost or effort and the use of an approach that is **commensurate with the company's circumstances** for specific requirements.
- **Does not** specify the particular scenarios for climate-related scenario analysis.
- Requires additional information regarding **resiliency**.

Review the full comparison document of IFRS S2 and TCFD here.

Transition plans

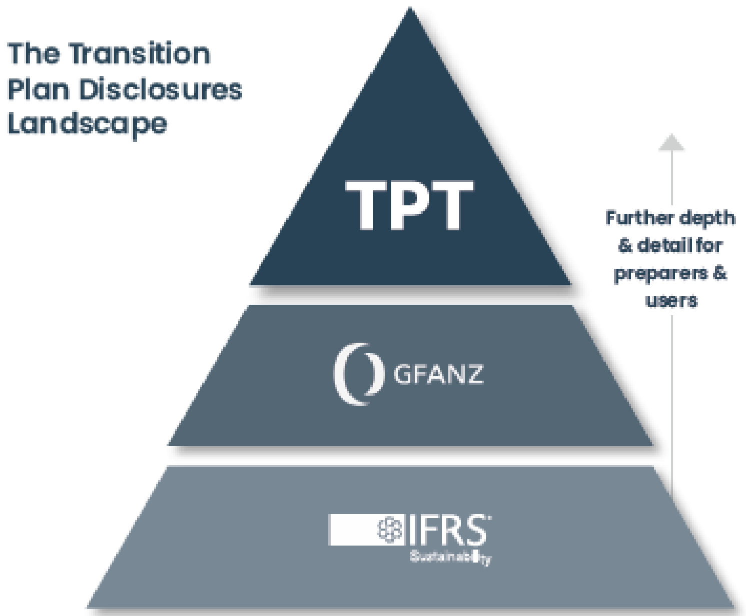
An aspect of the company's overall strategy that includes targets, actions or resources for the transition towards a lower-carbon economy, including, for example GHG emissions reductions plans.

- **Align (internally)** with strategy, business case and business motivation and decarbonization levers most economically and technologically feasible for the company
- **Align (externally)** goals with science, including net zero pledges, climate neutrality goals and Paris aligned commitments
- Set **long term goals** with clear mitigation and adaptation activities and targets and interim milestones
- Be **transparent** about dependencies, risks, challenges of executing the transition plan and explain how residual and unabated GHG emissions will be treated
- Follow **sector specific pathways**
- Consider how the Transition Plan will be evaluated and give it the hallmarks of **credibility**

IFRS S2 requires a company to disclose information about transition plan, if the company has a transition plan. It does not require a company to have a transition plan.

Extra slide for self-study

Transition plan resources

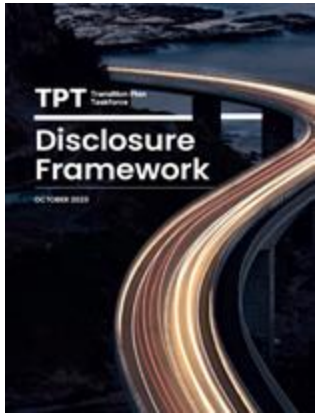


Real economy

Financial institutions

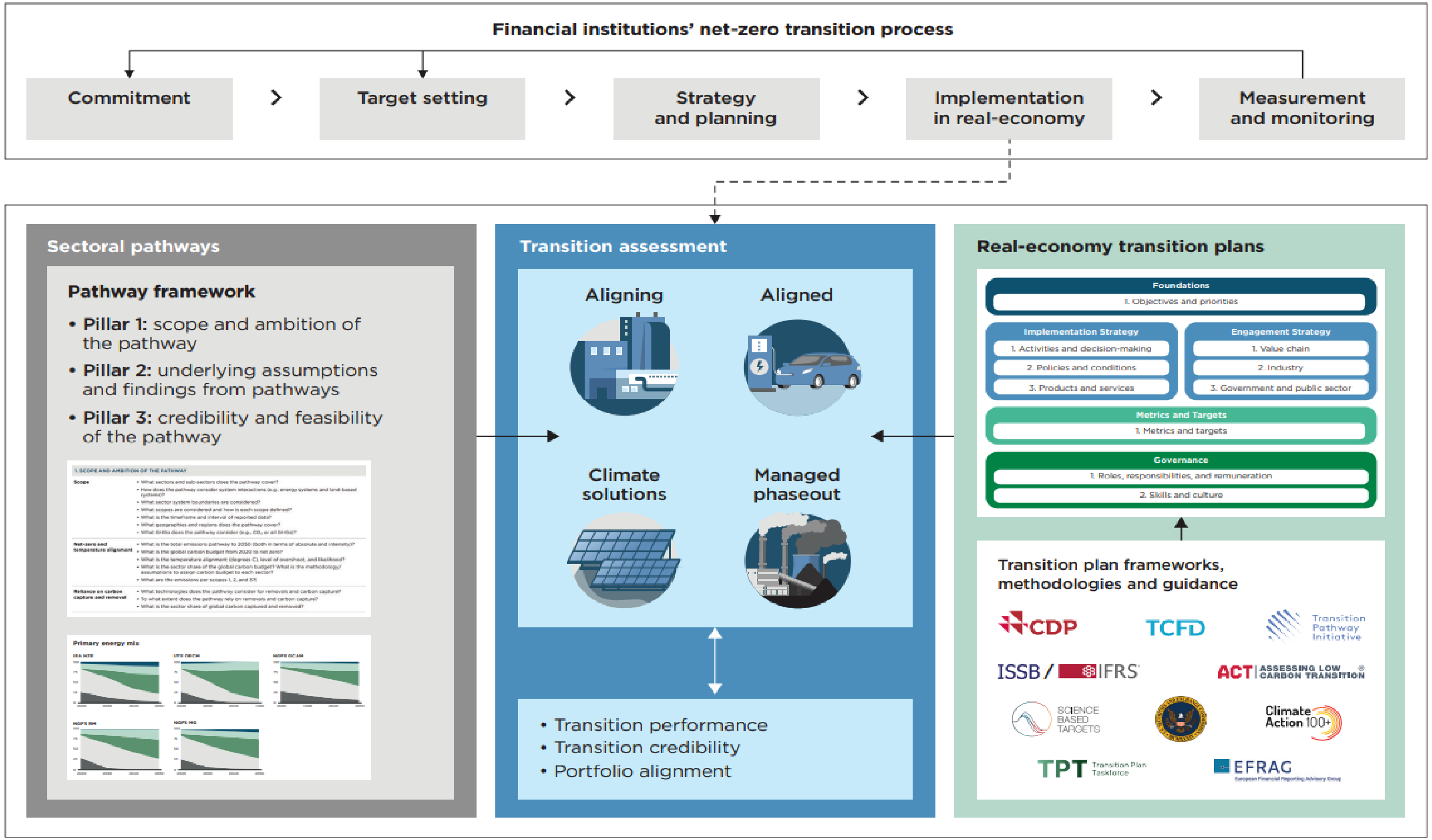
Sectoral pathways

Pathway expectations



Transition pathway disclosure framework

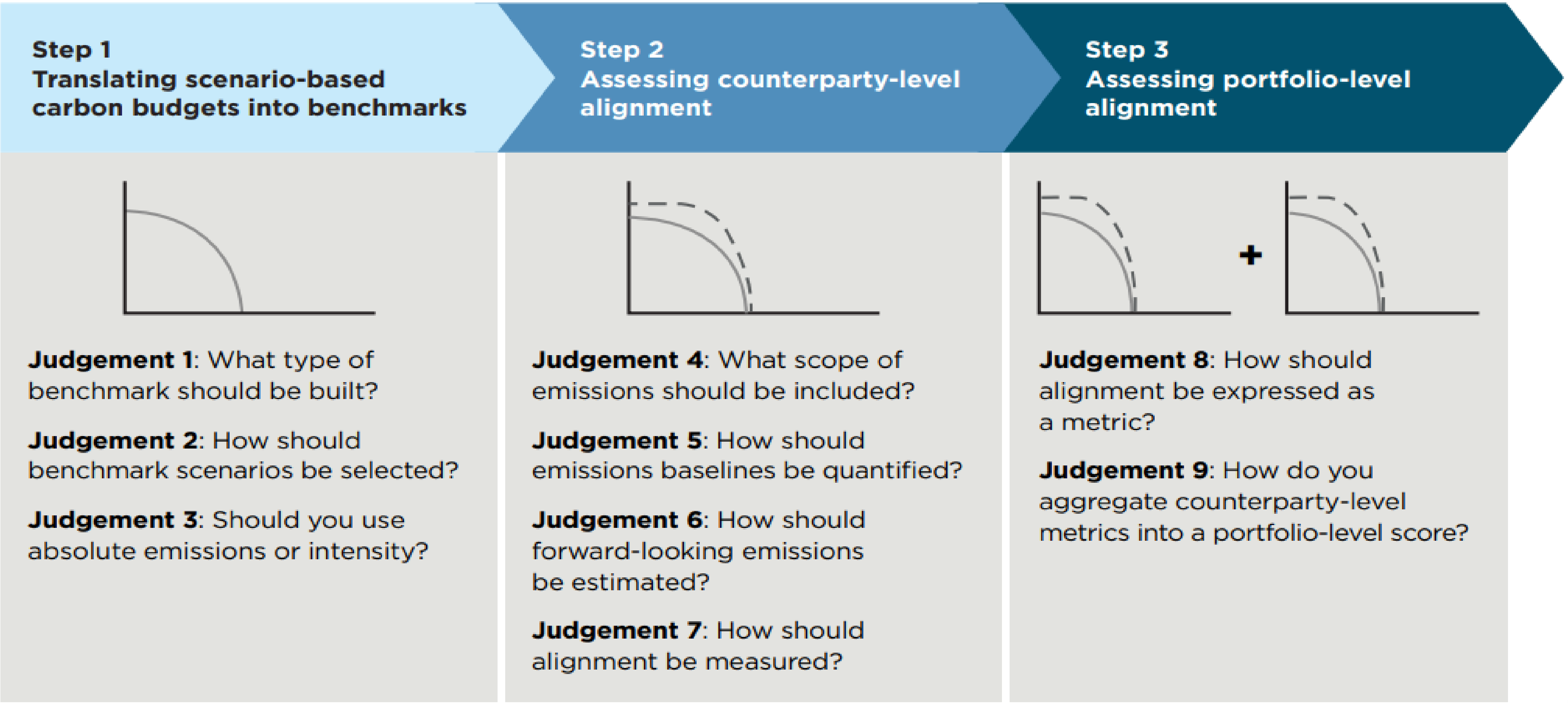
GFANZ’s net-zero transition plan framework across all types of financial institutions



1) GFANZ, 2022

The GFANZ workstream on portfolio alignment

Financial institutions' portfolio alignment measurement framework[1]



1) GFANZ, 2022

The UK TPT Disclosure Framework[1]

This Framework adopts ISSB's definition of transition plan & a financial materiality perspective[1]

1) TPT, 2023

Example of a bank's transition plan: HSBC's 2024 Net Zero Transition Plan[1] (1/4)

1. Outlining principles & overall strategic approach
- Science-based, transparent and accountable
- Integrating nature
- Just and inclusive

2. Including strategy to assist sector transitions
- Energy supply
- Transport
- Heavy industry
- Real estate
- Food, forest and other land use

3. Outlining implementation plan
- Supporting customers' transition
- Embedding net zero into operation
- Partnership for systemic change

1) HSBC, 2024

Example of a bank's transition plan: HSBC's 2024 Net Zero Transition Plan[1] (2/4)

Emissions trend
Requests the customer's current and historic scope 1, 2, and 3 greenhouse gas emissions, including the completeness of the company's emissions reporting and whether it has been validated by a third party.

Ambition of plan
Indicates whether the customer has announced a commitment to net zero and set interim targets to reduce emissions over the short, medium, or long term and across relevant emission scopes.

Credibility of plan
Identifies details of the customer's plans to achieve its ambition, including the specificity of these plans (for example, the investment required) in the context of its business activities, current source of emissions, and operating context.

Credibility of action
Requests evidence of actions that the customer has taken to implement its plan and reduce emissions. This may include how the customer is engaging stakeholders to deliver its plan and the actions it is taking to support a just transition and protect natural capital and biodiversity.

Climate risk
Considers physical and transition risks to which the customer may be exposed (see *Managing risk in transition to net zero* on page 64).

Customer engagement

- Assess the robustness of customer transition plans to guide engagement and financing solutions.
- Offer tailored one-on-one engagement with select corporate and institutional customers to understand and support their specific transition needs.
- Thought leadership, research, and events to inform customers about sustainable investment opportunities and market insights.

1) HSBC, 2024

Example of a bank's transition plan: HSBC's 2024 Net Zero Transition Plan[1] (3/4)

Transition solutions for customers

- Finance the transition through on-balance sheet lending and related services.
- Facilitate capital by connecting investors with issuers (for bonds and equity) and offering ESG insights.
- Generate financial innovations to finance projects critical for the transition that are hard to fund.
- Offer deal advisory solutions, including mergers and acquisitions (M&A).
- Provide enabling solutions like foreign exchange, risk management (e.g., hedging), and cash management.

1) HSBC, 2024

Example of a bank's transition plan: HSBC's 2024 Net Zero Transition Plan[1] (4/4)

Core fixed income	• Global credit bond ESG: Seeks a higher ESG rating and a lower carbon intensity compared to benchmark	**Core equity**	• Global emerging market equity: Broad regional exposure; Seeking to provide improved ESG score and lower carbon emissions relative to benchmark
Carbon	• Lower-Carbon bond and Equity strategies: Invest in companies seeking to lead in lower-carbon activities to achieve significant overall carbon reduction of the portfolio compared to benchmark	**Biodiversity**	• Biodiversity-screened exchange trade fund (ETF): HSBC developed the first biodiversity screened equity index family and Asset Management launched the ETF tracking the index in 2022. This is the first investable solution to allow nature considerations in an investment portfolio. It screens companies for several factors, such as higher Corporate Biodiversity Footprint scores (Iceberg Data Lab)
Net zero themes	• Paris Aligned Benchmark ETFs: Deliver portfolios aligned to 1.5°C global temperature rises • Sustainable passive strategies: Support lower exposure to climate risks	**Sustainable themes**	• Circular economy: Invests in companies leading circular economy innovation • Green transition: Invests in companies driving transition across EU • Sustainable Healthcare: Invests in sustainable healthcare themes and products
Climate	• Renewable energy infrastructure in Asia: To help drive Asia's energy transition, we added energy transition infrastructure expertise capabilities to our Asia Alternatives team • Climate Technology Venture Capital Fund: Provides opportunities to invest in tech start-ups that address global climate change challenges	**Natural capital**	• Climate Asset Management: Invests in activities that preserve, protect and enhance nature-based assets and carbon sinks. We have received commitments of over $650 million for the two strategies: Natural Capital Strategy and Nature Based Carbon Strategy

1) HSBC, 2024

QUICK BREAK

Over the break, feel free to ask any questions you have in the Q&A function of Zoom.

Core content

GOVERNANCE

- Governing Body
- Management

STRATEGY

- Risks & Opportunities
- Effects on
  a) business model & supply chain,
  b) strategy
  c) financial & cash flows
- Resilience

RISK MANAGEMENT

- Processes for risk management
- Overall risk profile

METRICS & TARGETS

- Metrics
- Targets

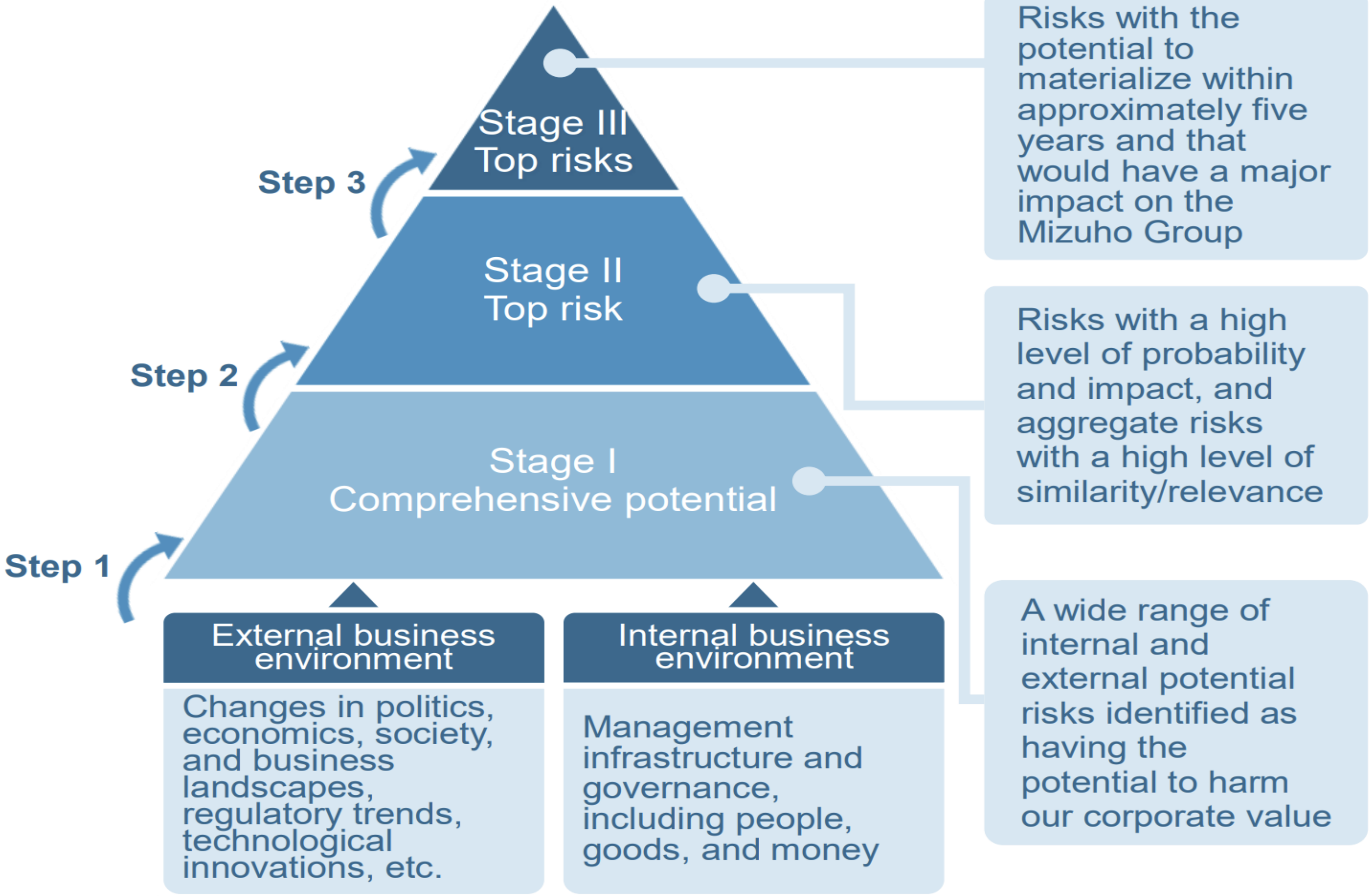
Questions to evaluate (risk mgmt.)

Questions pertaining a reporting company's **risk management processes of sustainability-related risks and opportunities**, that can help identify key information that can assist a company to meet some of the disclosure requirements:

- What **processes and policies** are being used to identify, assess, prioritise and monitor sustainability-related **risks**?
- What **processes and policies** are being used to identify, assess, prioritise and monitor sustainability-related **opportunities**?
- How is sustainability risk & opportunity management integrated into the company's **overall risk management process?**

Find a summary of requirements in the SSE Gap Analysis Checklist here

Example for risk management disclosure a) - Mizuho Financial Group 2023 TCFD report[1]

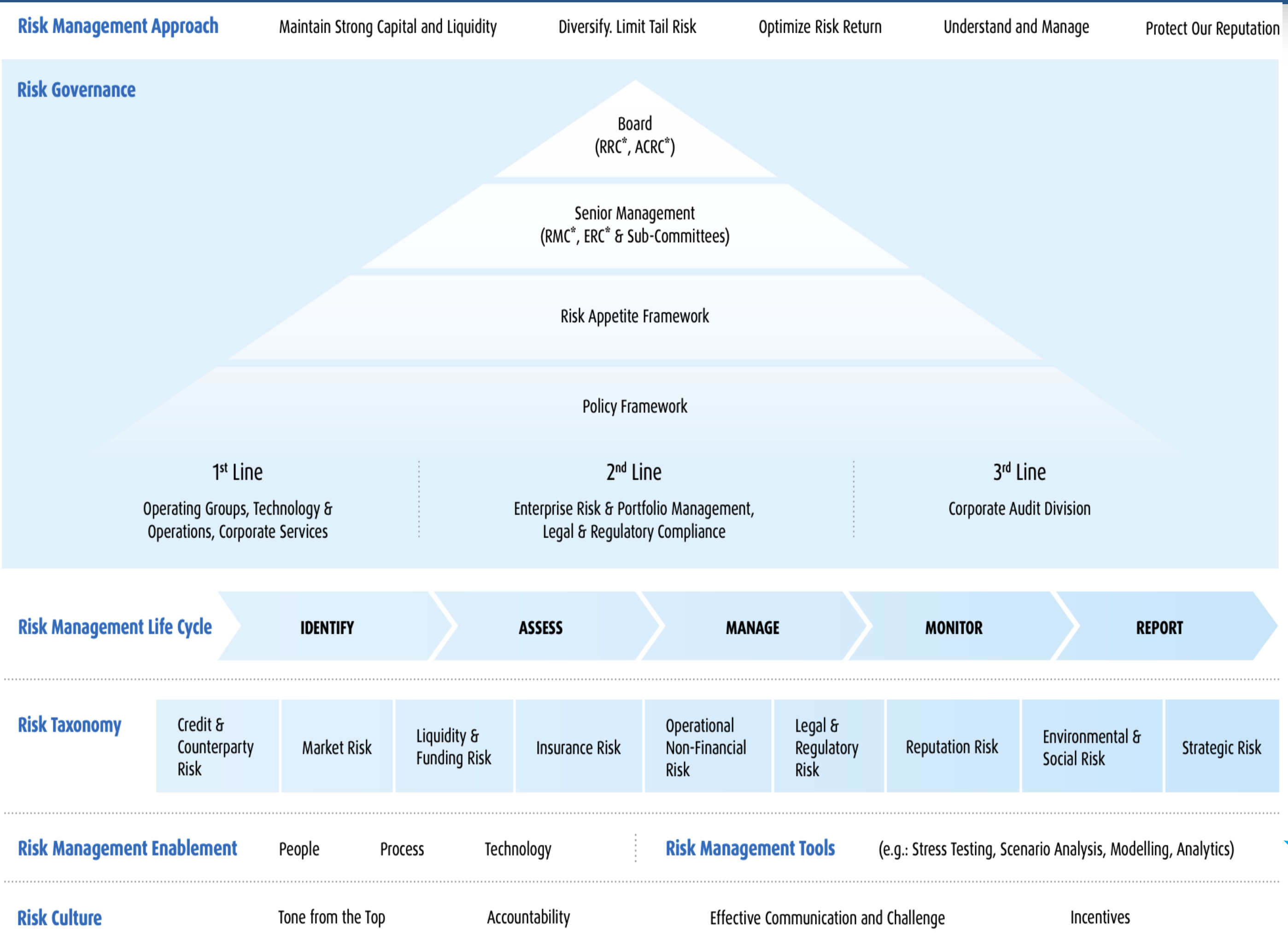


Implementation tip:
Financial institutions describe the organization's **processes & policies** for identifying and assessing **climate-related risks**. It's also important to discuss how the steps connect with each other.

- The bank illustrates how climate-related risks are identified and shows how they are monitored within their risk management framework.

1) Mizuho, 2023

Example for risk management disclosure b) - Bank of Montreal (BMO) 2023 TCFD report[1]



Product offerings	• Green, social and sustainability-labelled bonds for sustainability and climate transition projects (global) • Sustainability-linked bonds that have linked financial terms with sustainability performance targets (global) • Loans with dedicated green and/or social use of proceeds or sustainability-linked loans that link pricing incentives to sustainability performance targets (global) • Sustainability-linked derivatives that reward ESG performance (global) • Sustainability-linked deposits with interest benefits tied to the achievement of sustainability performance targets (global) • Sustainable finance loan guarantee program in partnership with Export Development Canada, helping Canadian exporting companies finance decarbonization projects (Canada) • Sustainable trade and supply chain finance that incentivizes sustainability, transparency and traceability of supply chains (global) • Financing partnership with the Canada Infrastructure Bank to incentivize and fund building energy retrofits (Canada) • Compliance and voluntary carbon offsets (global)
Service capabilities	• ESG advisory services to help clients navigate pressing questions about ESG, and climate and energy transition, in the context of shifting regulatory and market expectations • Carbon market expertise, through BMO Radicle, in carbon credit development, trading in environmental commodities (including compliance and voluntary carbon markets), climate advisory solutions, and technology-driven emissions quantification and management

Implementation tip:
Financial institutions should disclose their **process** for identifying, assessing, prioritising and monitoring **climate-related opportunities**.

1) BMO, 2023

Example for risk management disclosure b) - Lloyds Banking Group's 2023 annual report[1]

Implementation tip:
Financial institutions should disclose their **process** for identifying, assessing, prioritising and monitoring **climate-related opportunities**.

Opportunities	Driver	Time Horizon
Increasing consumer preference for sustainable products including in relation to our pension offering, sustainability-linked loans, fnancing of EVs and home improvements	Transition (Technology, Market)	Short, medium, long
Providing finance to support investment in climate-related technology	Transition (Technology, Market)	Medium, long
Develop products to promote climate resilience such as the Build Back Better scheme for home insurance	Physical Transition (Technology, Market)	Short, medium, long
Reducing the emissions from our direct operations	Transition (Reputation, Technology, Market)	Short, medium, long
Develop industry partnerships to help drive energy-effcient solutions for our customers and build knowledge on how we can further support our customers and suppliers to transition	Transition (Technology, Market, Policy, Reputation)	Short, medium, long

1) Lloyds Banking Group, 2023

Example for risk management disclosure c) - Llyods Banking Group 2023 annual report[1]

Strategic/Emerging Risks

Strategic Risk Theme	Maps to Emerging Risk Theme
Climate change	Environmental, social and governance expectations
Customer proposition	Customer proposition and societal expectations
Data	Generative AI and ethical data practices
Talent	Strategic workforce vision
Technology	Operational elasticity

Implementation tip:
Financial institutions should consider how key climate risks and opportunities are integrated into their **overall risk management practices**.

- The firm considers climate risk in its Enterprise Risk Management Framework and discusses how major climate-related risks such as credit risk fit into its risk management, portfolio management and case management processes.

1) Lloyds Banking Group, 2023

CLIMATE-SPECIFIC CONSIDERATIONS

RISK MANAGEMENT

From TCFD to ISSB (Risk Mgmt)

2

PREPARE
ALIGN
IMPLEMENT
COMMUNICATE

Disclosure requirements in IFRS S2 are broadly consistent with TCFD except, IFRS S2 requires:

- More detailed information about the **input** parameters used to identify risks, whether and how a climate-related **scenario analysis** is used to inform risk identification, and whether risk management processes have **changed**
- Additional disclosures on the processes used to identify, assess, prioritise and monitor **opportunities,** and how this is integrated into and informs the company's overall risks management process

Review the full comparison document of IFRS S2 and TCFD here.

Extra slide for self-study

Climate-related risks

2

PREPARE ALIGN IMPLEMENT COMMUNICATE

Types of Risk

Transition Risks

- Policy & Legal
- Technology
- Market
- Reputation

Physical Risks

- Acute
- Chronic

Examples

- Increased pricing of GHG emissions
- Enhanced reporting obligations
- Exposure to litigation
- Cost of transition to lower-emission technologies
- Changing customer behavior
- Uncertainty in market signals
- Increased cost of raw materials
- Stigmatization of sector
- Increased severity of extreme weather events
- Changing weather patterns

Financial effects

- cash flows,
- access to finance
- cost of capital
- over the short, medium and long term

Extra slide for self-study

Climate-related opportunities

2

PREPARE ALIGN IMPLEMENT COMMUNICATE

Types of Opportunities

- Resource Efficiency
- Energy Source
- Products and Services
- Markets
- Resilience

Examples

- Improving resource efficiency across value chain
- Use of lower-emission sources of energy
- Use of supportive policy incentives
- Use of new technologies
- Development of low emission goods/ services
- Access to new markets
- Differentiating against competitors
- Resource substitution/ diversification

Financial effects

- cash flows,
- access to finance
- cost of capital
- over the short, medium and long term

Core content

GOVERNANCE

- Governing Body
- Management

STRATEGY

- Risks & Opportunities
- Effects on
  a) business model & supply chain,
  b) strategy
  c) financial & cash flows
- Resilience

RISK MANAGEMENT

- Processes for risk management
- Overall risk profile

METRICS & TARGETS

- Metrics
- Targets

Questions to evaluate (metrics)

2

PREPARE ALIGN IMPLEMENT COMMUNICATE

Disclosures on metrics include

- **What metrics** are being used to measure and monitor sustainability-related risks and opportunities?
- What metrics specifically relate to **climate-related** risks and opportunities?
- What **industry-based** metrics are being used?
- How are these metrics **defined and calculated**?
- How is **performance** tracked, using these metrics?

Find a summary of requirements in the SSE Gap Analysis Checklist here

Extra slide for self-study

Metrics considerations

Metrics must:

- Enable primary users to understand the company’s performance on sustainability-related risks and opportunities
- Be reported by an applicable IFRS Sustainability Disclosure Standard – e.g. IFRS S2
- Include metrics the company uses
- Be associated with industry-specific business models, activities and common features
- Be consistent over time

Metrics can:

- Be taken from a source other than ISSB Standards
- Be developed by the company
- Be associated with the industry-specific business models, activities and common features (an company shall refer to and consider the applicability of the metrics associated with the disclosure topics included in the SASB Standards)

Questions to evaluate (targets)

Questions pertaining to the **targets** used by a reporting company, that can help identify key information that can assist a company to meet some of the disclosure requirements:

- Are targets **set** by the company or by law or regulation?
- Are the targets used **qualitative or quantitative?**
- What is the associated **metric used** to set the target? (also see questions on metrics)
- Over what **period of time** do the targets apply and what base period is being used?
- What **milestones** and interim targets are being set to track progress?
- Have there been any **revisions** to the target since the last reporting period?

Find a summary of requirements in the SSE Gap Analysis Checklist here

ZOOM POLL

Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

7. What is the objective of metrics?:

(Select all that apply)

To enable report users to:

a. Understand performance in relation to company's sustainability-related risks and opportunities.
b. Understand progress towards any targets.
c. Understand the company's assumptions for the future.

CLIMATE-SPECIFIC CONSIDERATIONS

METRICS & TARGETS

From TCFD to ISSB (metrics)

2

Disclosure requirements in IFRS S2 are broadly consistent with TCFD except, IFRS S2:

- Requires disclosure of **industry-based metrics**
- Requires additional disclosures related to a company's **GHG emissions**
- Sets out a **Scope 3 measurement framework** to provide guidance for preparing Scope 3 GHG emissions disclosures.
- Does not explicitly require a company to disaggregate its GHG emissions disclosures by the **constituent gases**, however IFRS S1 includes requirements on disaggregation that would result in the disclosure of the constituent gases being required if such disaggregation provides material information.

Review the full comparison document of IFRS S2 and TCFD here.

From TCFD to ISSB (targets)

2

Disclosure requirements in IFRS S2 are broadly consistent with TCFD except, IFRS S2:

- Requires disclosures about how the **latest international agreement** on climate change has informed the target and whether the target has been **validated by a third party**
- Requires disclosure of more detailed information on **GHG emissions targets**
- Includes additional requirements on the approach to **setting and reviewing each target**, and how it **monitors progress** against each target

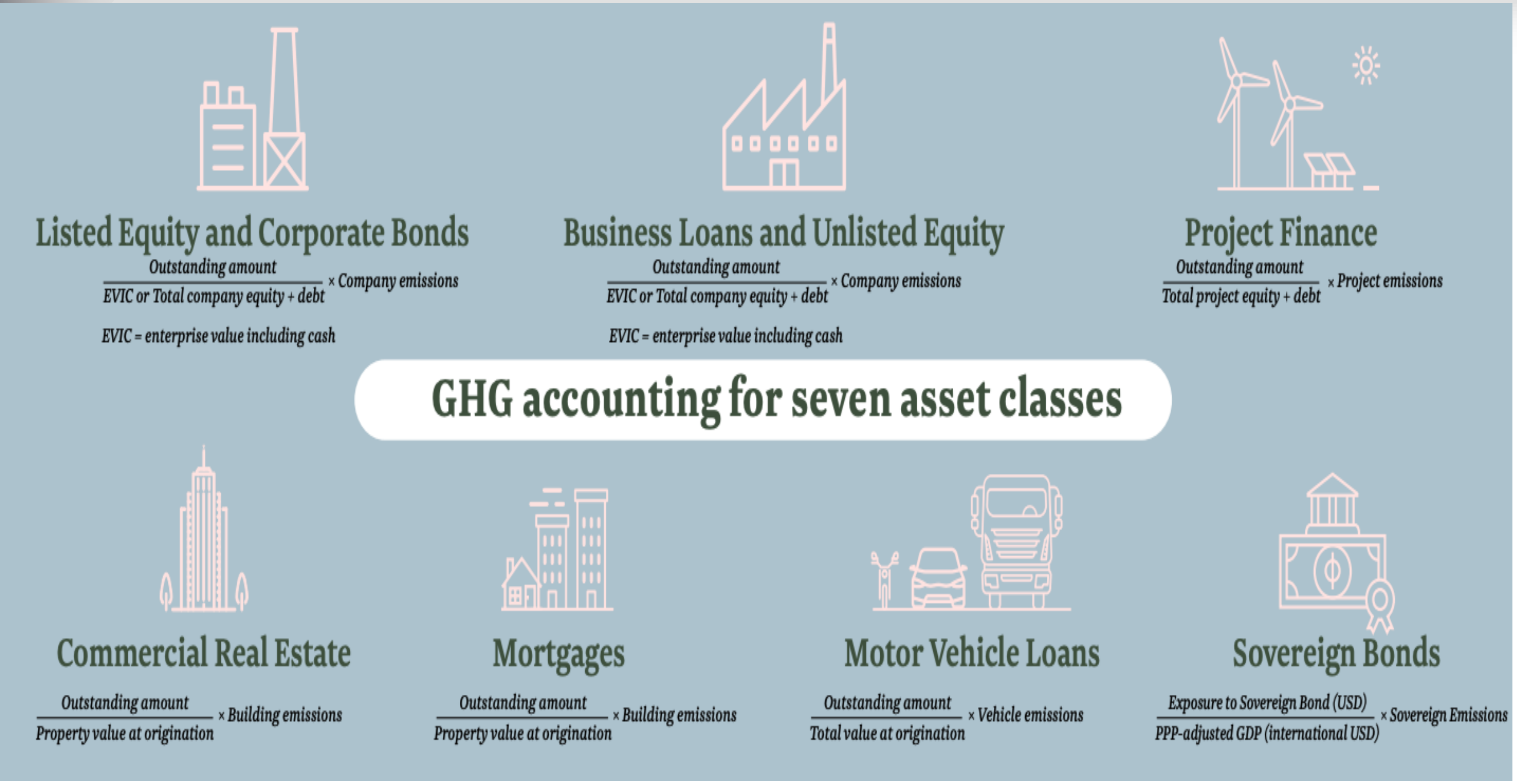
Review the full comparison document of IFRS S2 and TCFD here.

GHG emissions metrics

Companies shall disclose (measured in accordance with the GHG Protocol Corporate Standard):

- **Scope 1:** direct emissions
- **Scope 2:** indirect emissions from the generation of purchased energy consumed by the company
- **Scope 3:** all other indirect emissions that occur in the company’s value chain
- Whether an **internal carbon price** is used for decision making
- Any climate-related considerations for **executive remuneration**

Overview of the PCAF Standards on Financed Emissions[1]



WHAT is financed emission:

- Absolute emissions that banks and investors finance through their loans and investments (Portfolio emissions are on average 700 times greater than direct emissions[1])

WHY measure financed emissions:

- Enable transparent climate disclosures
- Identify (transition) climate risks & opportunities
- Informs emissions reductions / net-zero target-setting & transition planning

HOW do PCAF Standards work?

- A global, standardized framework for ***GHG accounting*** (including emission removals) for the ***financial industry***
- Aligned with the ***GHG Protocol*** – Scope 3 Category 15 Investment Activities

- IFRS S2 (Para. 29aii): An entity shall "measure its GHG emissions in accordance with **the GHG Protocol**"
- IFRS S2 (Paragraph 29avi (2): For **financial institutions**, **Scope 3** emissions disclosures should include "additional information about…**Category 15** [of Scope 3 emissions of the GHG Protocol] **for financed emissions**"

1) PCAF, 2022; 2) CDP, 2020

Example for financed emissions disclosures – HSBC 2024 Net Zero Transition Plan[1]

Sector		HSBC on-balance sheet 2030 financed emissions targets (versus 2019 baseline)[a]	Key transition technologies and strategies	
Energy supply	Oil and gas	34 per cent reduction of absolute financed emissions (Mt CO_2e)	• Clean fuels • Clean electricity	• Carbon capture and storage
	Power and utilities	Emissions intensity of 138 tCO_2/GWh	• Clean electricity • Grid infrastructure improvements (inc. smart grids) and storage	• Thermal coal phase-out • Storage and flexibility • Carbon capture and storage
Transport	Automotive	Emissions intensity of 66 tCO_2/million vkm	• Electric vehicles and smart mobility • Smart mobility	• Infrastructure • Public transport improvements
	Aviation	Emissions intensity of 63 tCO_2/million rpk	• Sustainable aviation fuels • Electric, hybrid, and hydrogen-fuelled aircraft	• Improvements to operational and aircraft efficiency • Route optimisation
	Shipping	No target set; assessing data availability, methodologies and materiality of our portfolio.	• Clean fuels • Optimising vessel routes	• Improved vessel design • Clean port infrastructure
Heavy industry	Cement	Emissions intensity of 0.46 tCO_2/t cement	• Clean electricity • Clean fuels • Clinker substitutes	• Carbon capture and storage • Recycling • Energy efficiency
	Chemicals	No target set; assessing data availability, methodologies and materiality of our portfolio.	• Alternative feedstocks • Clean hydrogen • Elimination of single-use plastics	• Carbon capture and storage • Recycling
	Iron, steel and aluminium	Emissions intensity of 1.05 tCO_2/t metal	• Recycling and secondary production • Clean electricity • Carbon capture and storage	• Inert anodes • Clean fuels • Upgraded raw materials
	Mining	Thermal coal mining specific target of 70 per cent reduction of absolute financed emissions[b] Approach to be defined for other mining	• Thermal coal phase-out • Transition metals • Decarbonisation of on-site operations	• Clean electricity • CCS technology • Alternative beneficiation and extraction
Real estate	Commercial and residential	No target set; assessing data availability, methodologies and materiality of our portfolio.	• Energy efficiency • Low-carbon heating or cooling • On-site clean energy generation	• Reduce embodied emissions • Smart buildings/homes
Food, forests and other land use		No target set; assessing data availability, methodologies and materiality of our portfolio.	• Reduce Waste • Low-carbon consumption • Sustainable supply chains (preventing deforestation, low carbon)	• Nature restoration • Low carbon agriculture (precision agriculture; alternative proteins, pesticides and fertilisers; vertical farming)

1) HSBC, 2024

ZOOM POLL

Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

7. What is the objective of metrics?:

(Select all that apply)

To enable report users to:

a. Understand performance in relation to company's sustainability-related risks and opportunities.
b. Understand progress towards any targets.
c. Understand the company's assumptions for the future.

ALIGN

BASELINE

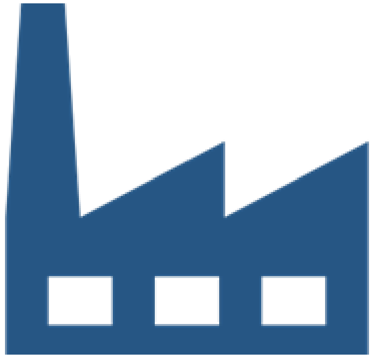
ADDITIONAL DISCLOSURES

Integrating other disclosure requirements for banks

Building on the baseline

Listing requirements

Policy objectives



Industry standards

Other stakeholders

Extra slide for self-study

Jurisdictional consultations

2

Jurisdictional progress towards the adoption or other use of ISSB Standards

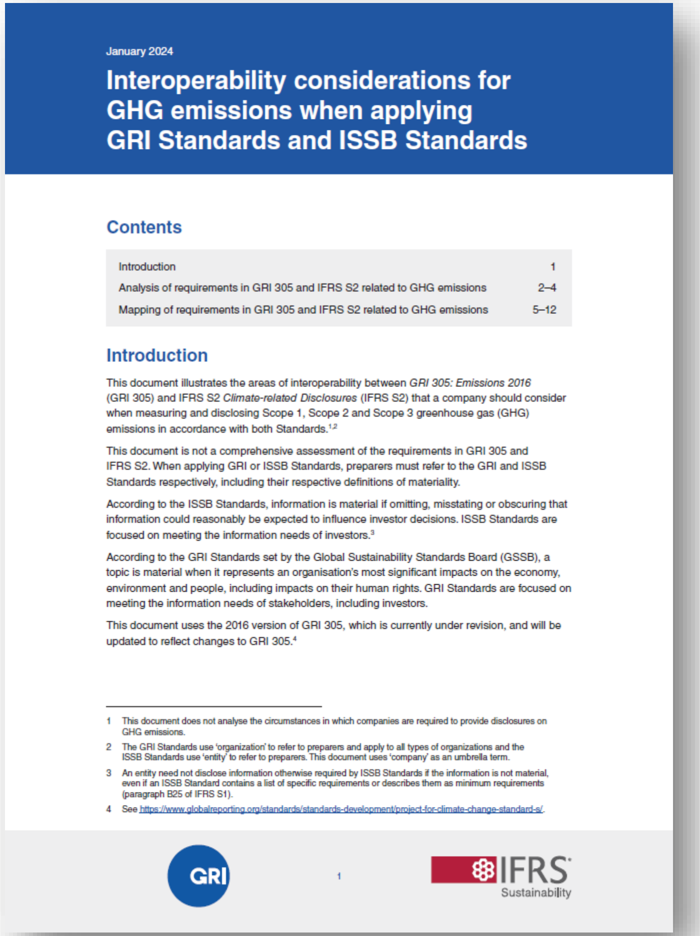
Americas	Asia/Oceania		EMEA
Bolivia	Australia	Pakistan	EU
Brazil	Bangladesh	Philippines	Kenya
Canada	China	Singapore	Nigeria
Costa Rica	Hong Kong SAR	South Korea	Türkiye
	Japan	Sri Lankai	United Kingdom
	Malaysia		

A list of ongoing and completed jurisdiction consultations on sustainability-related disclosures is available:
ifrs.org/ifrs-sustainability-disclosure-standards-around-the-world/jurisdiction-consultations-on-sustainability-related-disclosures

Strategic relationships support interoperability

- **CDP** – ISSB's climate standard is the foundational baseline for CDP's climate disclosure
- **GHG Protocol** – governance arrangements so that the ISSB is actively engaged in updates to the GHG Protocol Corporate Standard
- **GRI** – seeks to deliver full interoperability through jointly identifying and aligning common disclosures to deliver a seamless sustainability reporting system
- **Transition Plan Taskforce (TPT)** – the IFRS Foundation will assume responsibility for TPT's disclosure-specific materials
- **Taskforce on Nature-related Financial Disclosures (TNFD)** – ISSB will consider how to build upon the recommendations of the TNFD to meet investors' information needs

ISSB and GRI



January 2024

Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards

Contents

Introduction

This document illustrates the areas of interoperability between *GRI 305: Emissions 2016* (GRI 305) and IFRS S2 *Climate-related Disclosures* (IFRS S2) that a company should consider when measuring and disclosing Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions in accordance with both Standards.[1,2]

This document is not a comprehensive assessment of the requirements in GRI 305 and IFRS S2. When applying GRI or ISSB Standards, preparers must refer to the GRI and ISSB Standards respectively, including their respective definitions of materiality.

According to the ISSB Standards, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence investor decisions. ISSB Standards are focused on meeting the information needs of investors.[3]

According to the GRI Standards set by the Global Sustainability Standards Board (GSSB), a topic is material when it represents an organisation's most significant impacts on the economy, environment and people, including impacts on their human rights. GRI Standards are focused on meeting the information needs of stakeholders, including investors.

This document uses the 2016 version of GRI 305, which is currently under revision, and will be updated to reflect changes to GRI 305.[4]

1 This document does not analyse the circumstances in which companies are required to provide disclosures on GHG emissions.

2 The GRI Standards use 'organization' to refer to preparers and apply to all types of organizations and the ISSB Standards use 'entity' to refer to preparers. This document uses 'company' as an umbrella term.

3 An entity need not disclose information otherwise required by ISSB Standards if the information is not material, even if an ISSB Standard contains a list of specific requirements or describes them as minimum requirements (paragraph B25 of IFRS S1).

4 See https://www.globalreporting.org/standards/standards-development/project-for-climate-change-standard-s/.

GRI 1 IFRS Sustainability

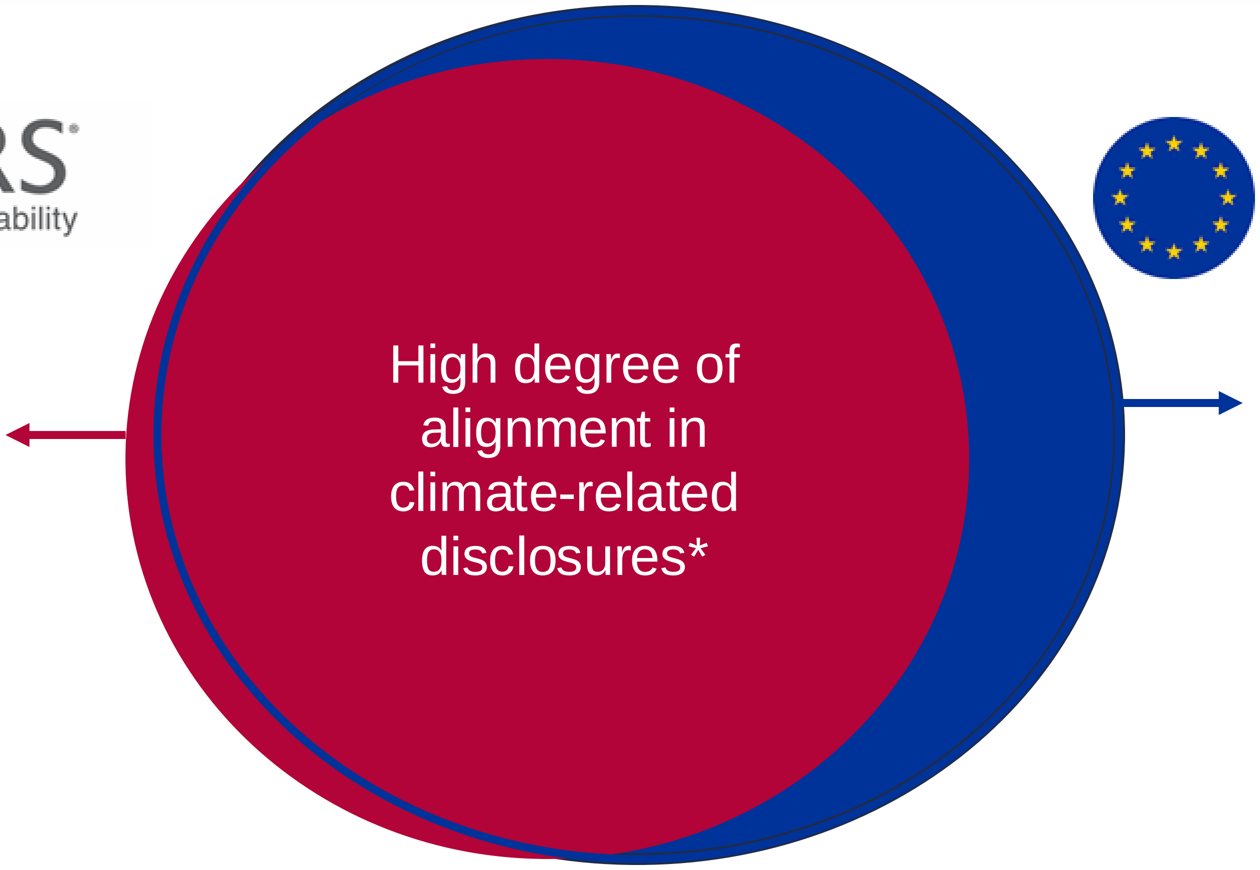
- GRI and IFRS Foundation are committed to **jointly identify and align common disclosures** that address information needs under the distinct scopes and purposes of respective standards, for both thematic and sector-based standard-setting
- GRI and IFRS Foundation published **analysis and mapping** for disclosing Scope 1, Scope 2 and Scope 3 GHG emissions with both GRI and IFRS S2
- Collaboration to deliver **full interoperability**, starting with GRI 101 Biodiversity Standard and ISSB's project on Biodiversity, Ecosystems and Ecosystem Services
- IFRS Foundation a convening partner of GRI's **Sustainability Innovation Lab** in Singapore

Extra slide for self-study

ESRS and ISSB

IFRS Sustainability Disclosure Standards:

Additional requirements (eg financed emissions)



ESRS:

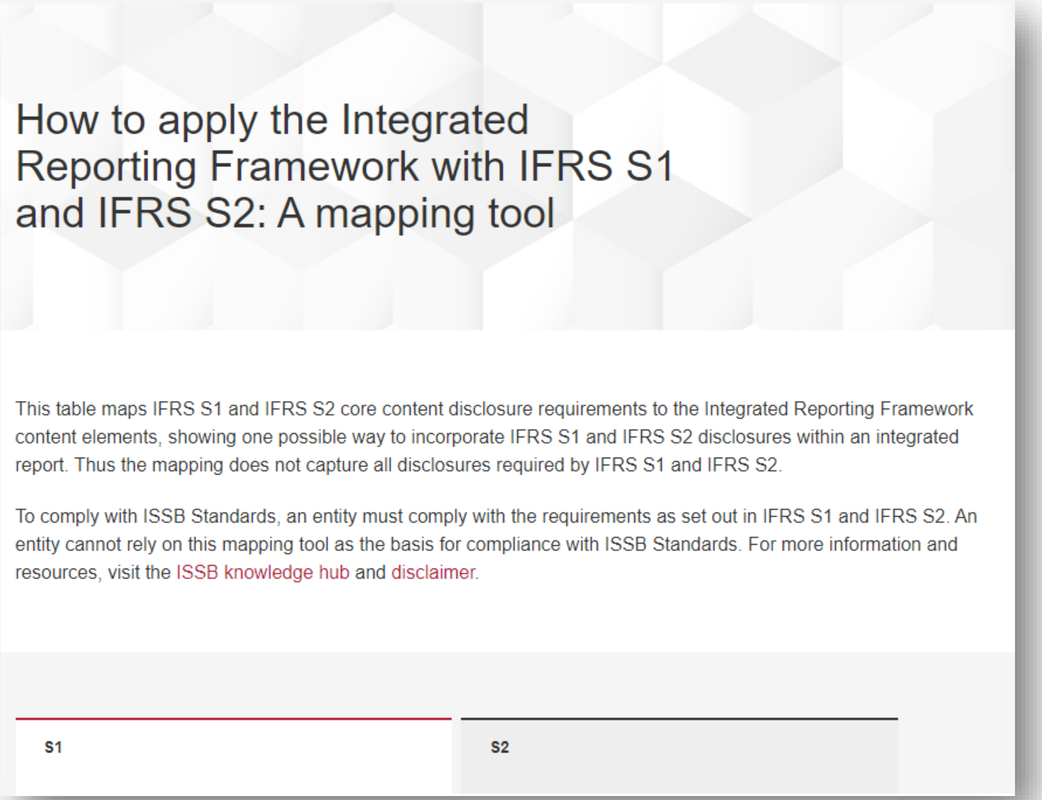
Additional requirements for stakeholders interested in impacts (that do not create risks or opportunities for a company’s prospects) and information that, if missing or obscured, is not reasonably expected to affect investor decisions

* To read more on this, view the newly released ESRS-ISSB Standards Interoperability Guidance here.

Integrated Reporting

- The Integrated Reporting Framework and the requirements in IFRS S1 and IFRS S2 are **complementary tools** for investor-focused communications
- When used together with the ISSB Standards, the Integrated Reporting Framework can support a **holistic view of the value creation process** and provide a **more complete picture of how value is created over time** while meeting investor needs for material, comparable, consistent and reliable information on sustainability and climate-related information on risks and opportunities
- We have shown that there is **clear fit** between the disclosure requirements in IFRS S1, IFRS S2 and the IR Framework through:
  - Dedicated FAQs
  - A mapping tool
  - A getting started guide to Integrated Reporting

Integrated Reporting (2)


How to apply the Integrated Reporting Framework with IFRS S1 and IFRS S2: A mapping tool

This table maps IFRS S1 and IFRS S2 core content disclosure requirements to the Integrated Reporting Framework content elements, showing one possible way to incorporate IFRS S1 and IFRS S2 disclosures within an integrated report. Thus the mapping does not capture all disclosures required by IFRS S1 and IFRS S2.

To comply with ISSB Standards, an entity must comply with the requirements as set out in IFRS S1 and IFRS S2. An entity cannot rely on this mapping tool as the basis for compliance with ISSB Standards. For more information and resources, visit the ISSB knowledge hub and disclaimer.

S1	S2

- **IFRS S1 and IFRS S2 are complementary standards to integrated reporting**

  → they can help populating an integrated report with material and comparable standardised disclosures for users
  → IFRS S1 and IFRS S2 can help to strengthen the quality of integrated reports by potentially filling in some of the current reporting gaps

- Experienced integrated reporting adopters are well positioned to be the **frontrunners in the voluntary adoption** of IFRS S1 and IFRS S2
- **Integrated thinking remains a critical enabler** for the adoption of integrated reporting, IFRS S1 and IFRS S2

Basel III Disclosures

Context:

- Introduced post 2007-2009 financial crisis, designed to strengthen risk management within banking
- 2021: Climate risks are financial risks[1]
- 2023: Consultation paper on Pillar III Disclosure of climate-related financial risks[2]

About the proposed Basel III Climate Disclosure:

- **Aims** to:
  - enhance financial stability through enhancing banks' disclosures
  - facilitate forward-looking risk assessments by banks
  - promote market discipline & transparency
  - enable market participants to make more informed decision-making
- Designed to complement the **ISSB Standards**[3]
- May include both **qualitative** (i.e. *Governance*; *Strategy*; *Risk Management*; *Concentration Risk Management*) & **quantitative** (i.e. *financed emissions* – exposures to transition risks; *exposures* to physical risks, etc.) disclosure requirements for climate-related financial risks for banks
- May require disclosures in **bank-specific metrics** for quantitative climate disclosures (e.g. disclosures of exposures by credit quality of loans, etc.)
- May require disclosures of **forward-looking data** (e.g. forecasts of climate risk exposures)

1) BIS, 2021; 2)BIS, 2023; 3) BIS, 2023

ZOOM POLL

Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

8. My disclosure objectives should consider…

a. The ISSB Standards only.
b. The ISSB Standards and regulatory requirements.
c. Just regulatory requirements.
d. The ISSB Standards, regulatory requirements and other sources of guidance.

Module 2 Summary

Connectivity is key

While disclosure is based around core content areas (**governance, strategy, risk management and metrics & targets**), it's important to remember the connections between them and ensure the same assumptions are being used to the extent possible throughout

Baseline + building blocks

Additional disclosures can be made in the general purpose financial report, beyond that required by S1 and S2, including to satisfy **wider stakeholders and regulatory requirements**. The key is to **not obscure** information provided to meet the requirements of S1 and S2.

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. There is a simplified checklist in the homework sheet 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 'enhancements' or additional reporting requirements** your organization wants to consider when setting a goal for sustainability-related disclosure practices.

Mentimeter

Visit **www.menti.com** and type the code that we are sharing in the chat

What tools can you use to identify the gaps in your current disclosures?

MODULE 3

The backbone of effective disclosure – processes and practices

IMPLEMENT

IDENTIFY

EVALUATE

INTEGRATE

IMPLEMENT

IDENTIFY

Identifying sustainability-related risks and opportunities

EVALUATE

INTEGRATE

Guidance for developing sustainability disclosures

Which risks & opportunities?

To identify relevant risks and opportunities, a company uses ISSB Standards and **shall consider**:

- SASB Standards

A company **may also consider**:

- CDSB Framework Application Guidance
- industry practice
- materials of investor-focused standard setters

Which information?

To identify what information to disclose, a company uses ISSB Standards, and for matters other than climate, **shall consider**:

- SASB Standards

A company **may also consider,** to the extent it meets investor information needs:

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

Identifying sustainability-related risks and opportunities

3

Generally, risks and opportunities come from interactions between the company and its**:**

Stakeholders
with whom it works and serves

Society
in which it operates

Natural
resources upon which it draws

Together, the company and the resources and relationships throughout its **value chain** form an **interdependent** system in which the company operates.

Extra slide for self-study

Connecting the dots

The **resources and relationships** that a company **depends on and affects** can take various forms, such as natural, manufactured, intellectual, human, social or financial.

These can be:

- **internal**—such as the ability to attract and retain talent
- **external**—such as relationships with suppliers, distributors and customers

IFRS S1 provides examples illustrating the close relationship between the value a company **creates, preserves or erodes** for others and its own ability to **succeed and achieve its goals**.

Extra slide for self-study

Proportionality Mechanisms

In applying specific requirements, a company is required to use **all reasonable and supportable** information that is available at the reporting date **without undue cost or effort**

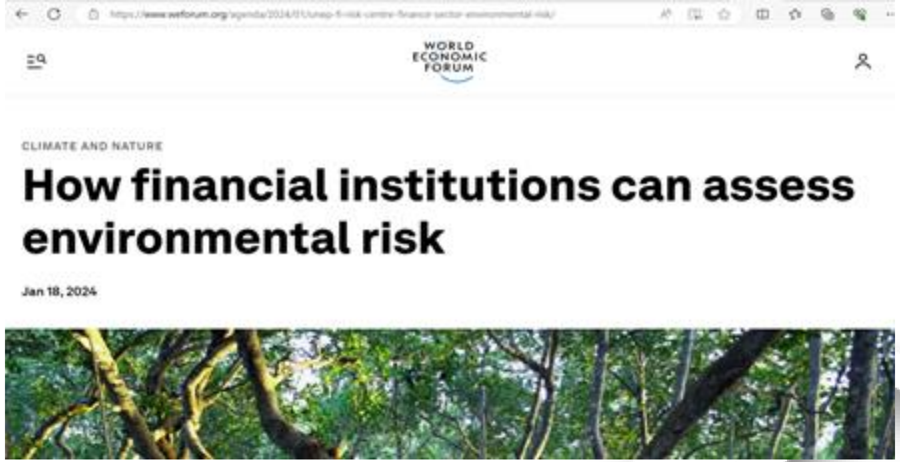
Reasonable and supportable information is information that:

- is **specific** to the company
- takes account of the **external** environment
- includes information about **past events, current conditions and forecasts**
- in some cases, is **specified** by IFRS Sustainability Disclosure Standards

Launch of UNEP FI Risk Centre at WEF Annual Meeting Jan 2024 in Davos

"Climate and nature risks are real but often underpriced and overlooked. *Climate change is making parts of the world uninsurable. The degradation or collapse of ecosystems is disrupting supply chains, Food producers, for example, could face higher costs as natural pollinators vanish. We know this as UNEP does the horizon watching via the global environmental outlook, the global chemicals outlook, and other key publications." – Inger Andersen, Executive Director, UNEP (Access the recorded session here)*

We see the need for a unified risk approach to provide the baseline for unified action*. Following our role supporting the establishment of the TNFD and our earlier work in support of the TCFD we are happy to be rolling out UNEP FI Risk Centre this year. That will address the climate, the nature, the environment and other emerging risks." (Read our article on WEF here)*



Risk Centre programme

A diverse range of activities will engage with peers and experts to develop good practices that advance environmental risk management

	Content sessions	Technical skill-building workshops**	In-depth working groups***
Format	■ Discussions and Q&As with experts and peers on timely topics	■ Practical guidance for implementation and on best practices	■ Development of outputs, including guides, tools, and reports
Structure	■ 1 session	■ 1 - 4 sessions	■ 4+ sessions
Potential topics and partners*	■ Climate and nature science ■ Regulatory stress tests ■ IEA New Scenario Releases ■ COP 29 Briefing ■ Report on financial users guide to 1.5oC scenarios ■ TPT overview discussion ■ Good practices from the climate financial risk forum ■ Just transition finance ■ Plastic pollution risk overview	■ Nature-based Solutions, (TBD) ■ Evaluating & using customer transition plans ■ Scenario use cases and applicability, (NGFS) ■ Risk Management, (GARP) ■ Emissions data, (PCAF) ■ Benchmarking credit risk methodologies, (GCD)	■ Nature and climate scenarios and stress test methodologies ■ Risk tool Demonstrations and development ■ Legal risks incl. greenwashing discussion ■ TNFD implementation support ■ Risk disclosure good practices

*Topics to be confirmed, **In-person sessions will be conducted throughout the year. ***Additional working groups might be added.

High-level overview of our working groups

1. **Risk Assessment and Tools WG:** Focusing on risk assessment framework and tools for environmental risk management including climate and nature.
2. **Disclosures & Reporting Good Practices WG**: Helping financial institutions embark on and enhance disclosure & reporting, incl. implementing IFRS S1 & S2, CSRD/ESRS, GRI, with a focus on risk and opportunity-related disclosures.
3. **Stress Testing WG**: Aiming to enhance current practices for environmental stress testing, with a focus on climate stress testing.
4. **TNFD Implementation Support WG**: Building capacity on nature-related risks through the TNFD framework.
5. **Legal Risks WG**: Developing good environmental and social practices in financial institutions, taking into account existing and emerging regulatory/supervisory/private enforcement actions/other complaints and lessons learned from them.

Sounds interesting and want to learn more?

Check out our website and sign up for free to receive our latest updates.

IMPLEMENT

IDENTIFY

EVALUATE

Evaluating the risks and opportunities and testing resilience

INTEGRATE

Extra slide for self-study

Resilience & addressing uncertainty

3

Use **climate-related scenario analysis** to assess your climate resilience

Climate resilience assessment

- Implications of climate change for the company's strategy and business model; and
- Company's financial & operational capacity to adjust/adapt over short, medium and long term.

Inputs and key assumptions

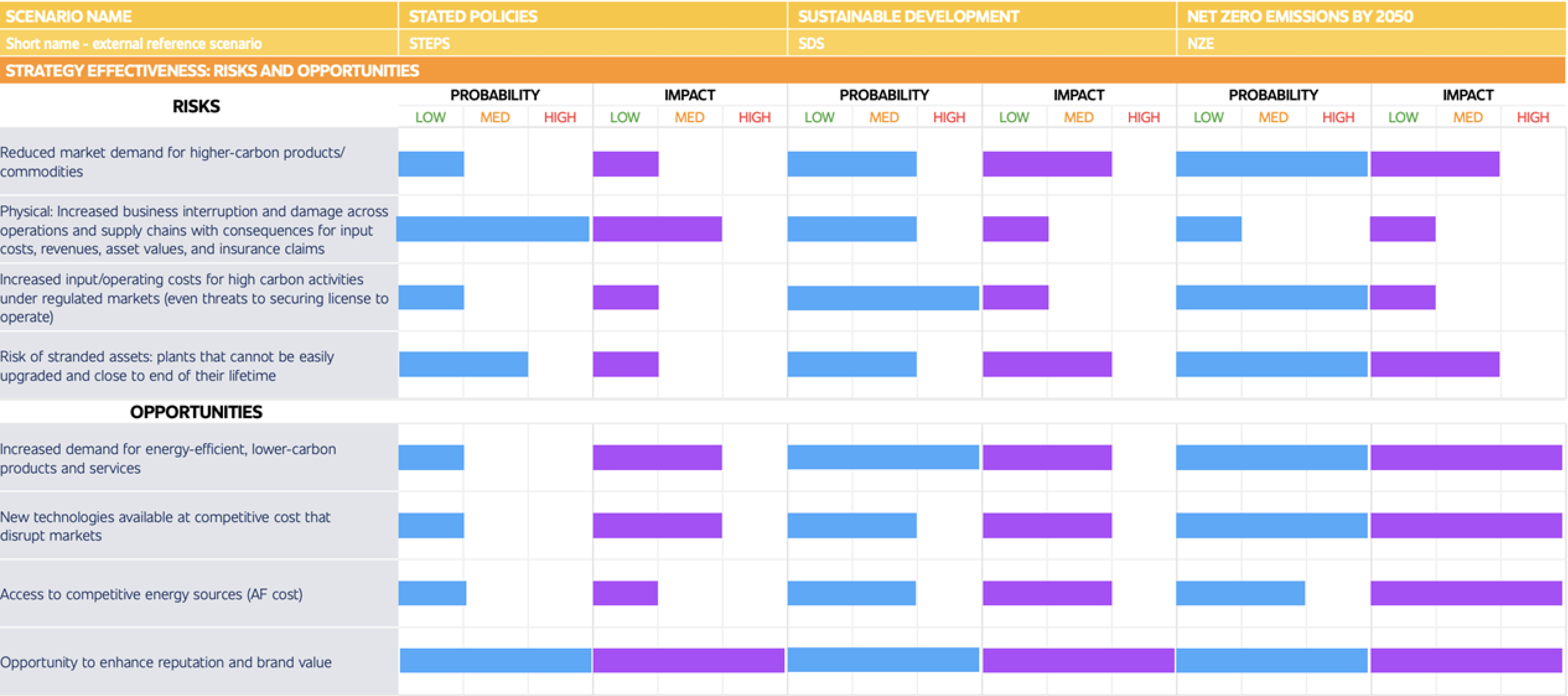
- Use relevant scenarios, and provide information about scenarios selected; and
- Provide information on assumptions used.

Example

Extra slide for self-study

Scenario Analysis Alignment

Example source: CEMEX, 2022 Integrated Report, p. 258



Future events and uncertain outcomes

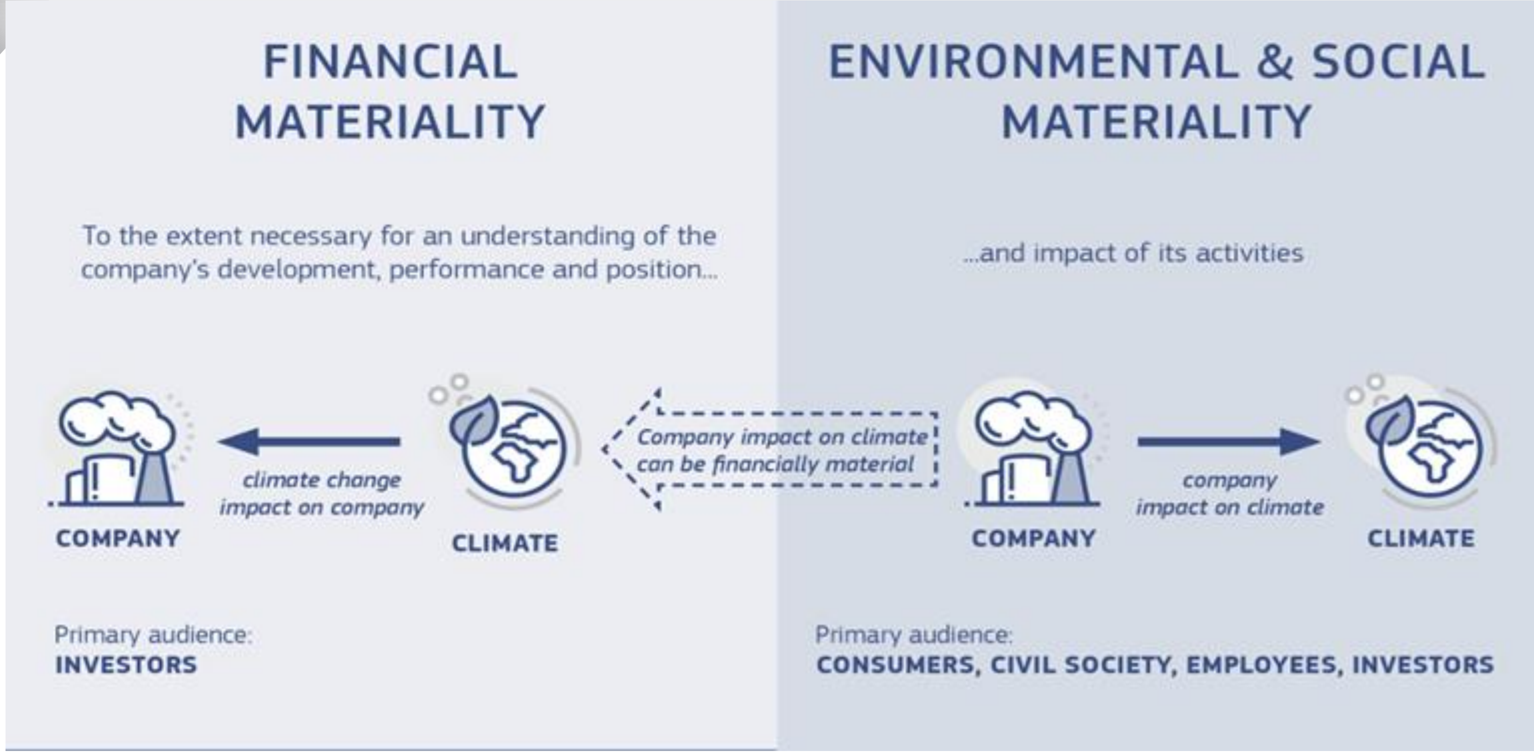
3

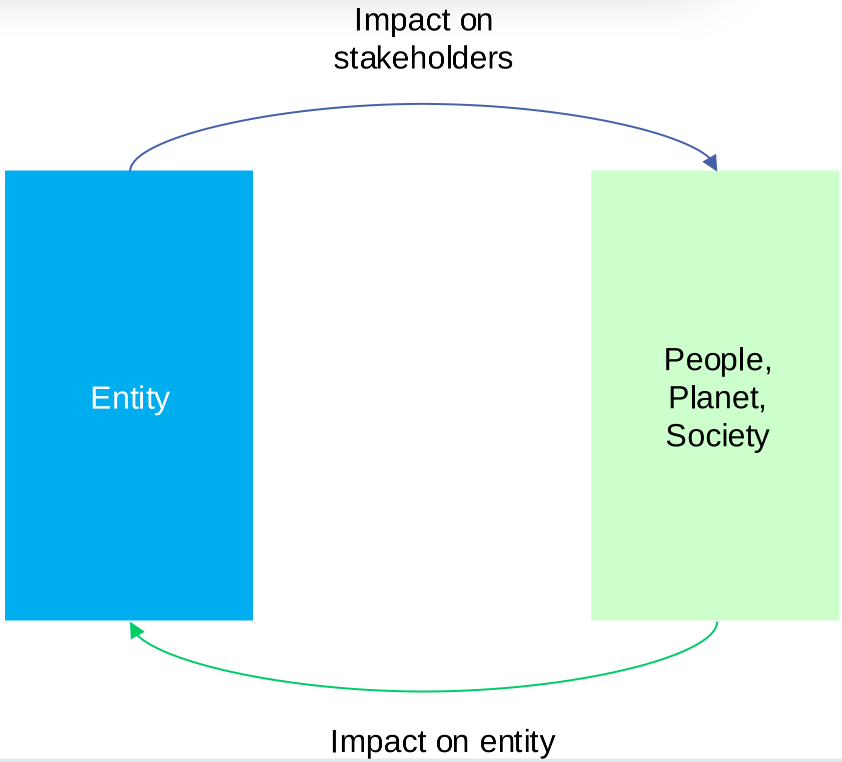
When judging whether information about possible future events with uncertain outcomes is material, a company is required to consider:

- **All pertinent facts and circumstances** that could affect possible outcomes;
- Potential effects on **the amount, timing and uncertainty** of the company's future cash flows over the short, medium and long term;
- **Low-probability and high-impact outcomes;**
- The effect of potential risks **individually and in aggregate**; and
- Materiality judgements – **reassess at each reporting date**.
- **Scenario analysis** is a useful tool for considering the range of future uncertainties and evaluating materiality and resilience accordingly. Resources that could help include the WBCSD Scenario Catalogue

The EU Approach to Materiality[1]

How the EU defines double materiality





- Materiality is a concept relevant for sustainability-related disclosures
- Two types of materiality:
  - **Financial materiality**: assessing information that can impact a company's financial performance and statements, influencing economic decisions, incl. potential financial impacts of sustainability matters
  - **Non-financial / impact materiality**: how companies’ operations and decision-making could potentially influence external factors, incl. the impact on people, society and the environment

1) European Commission, 2019

Using SASB for materiality assessments[1, 2]

SASB materiality map could be useful for IFRS S1, S2 disclosures

		Consumer Goods	Extractives & Minerals Processing				
Dimension	General Issue Category	Click to expand	Coal Operations	Construction Materials	Iron & Steel Producers	Metals & Mining	Oil & Gas – Exploration & Production
Environment	GHG Emissions						
	Air Quality						
	Energy Management						
	Water & Wastewater Management						
	Waste & Hazardous Materials Management						
	Ecological Impacts						
Social Capital	Human Rights & Community Relations						
	Customer Privacy						
	Data Security						
	Access & Affordability						
	Product Quality & Safety						
	Customer Welfare						
	Selling Practices & Product Labeling						

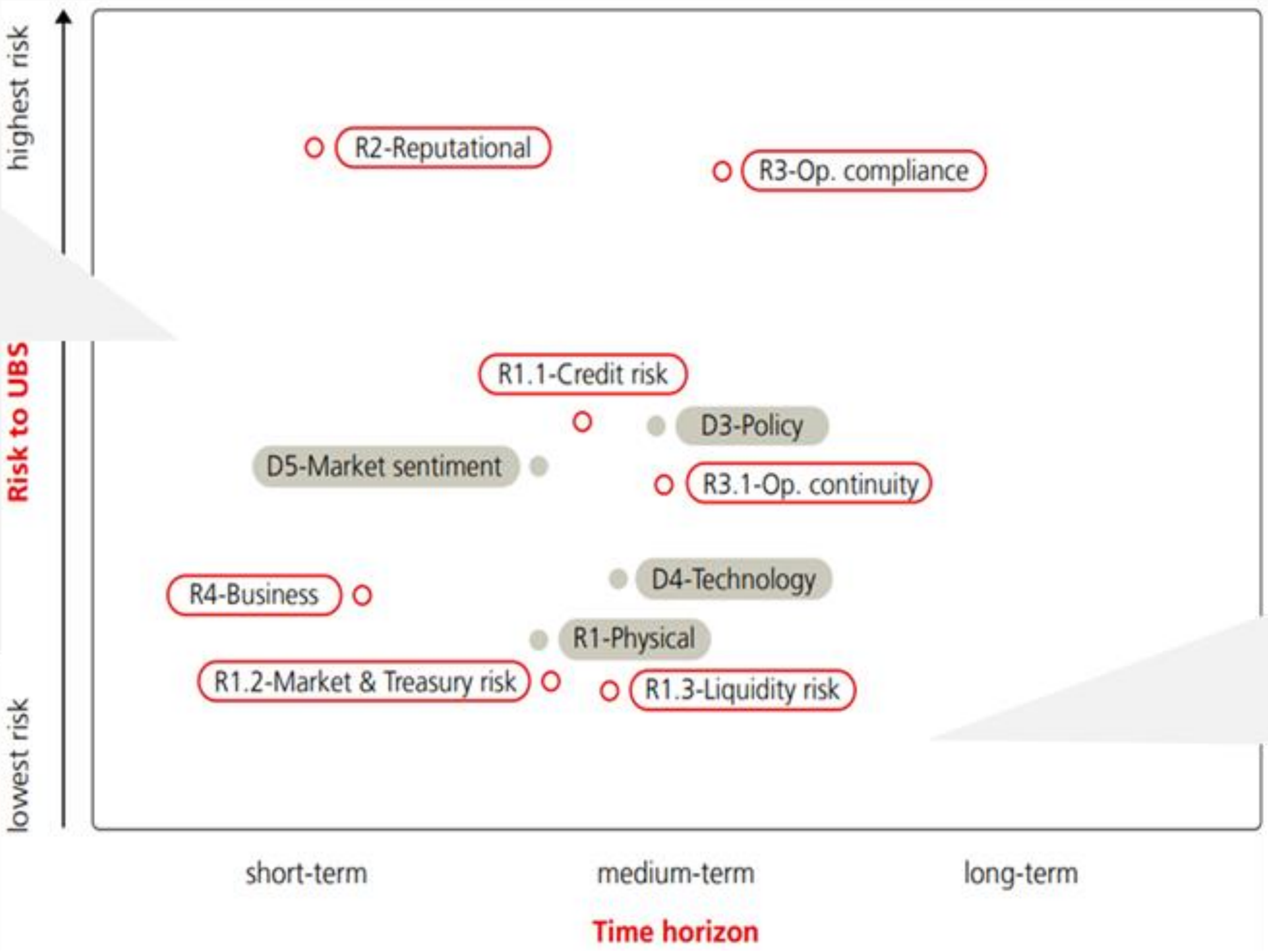
SASB, now part of ISSB, offers useful resources on potentially ***financially material sustainability topics*** specific to ***77 industries***

1) SASB, 2024a; 2) SASB, 2024b

Example of materiality assessment[1]

How UBS approached the exercise

- Climate Physical risk drivers: D1 Physical
- Climate Transition risk drivers: D3 Policy, D4 Technological change, D5 Market sentiment



- R1.1 Credit risk, R1.2 Market & treasury risk, R1.3 Liquidity risk
- R2 Reputational
- R3 Operational
- R4 Business (*incl. changes in demand for products & services due to materialisation of climate & investor sentiment changes*)

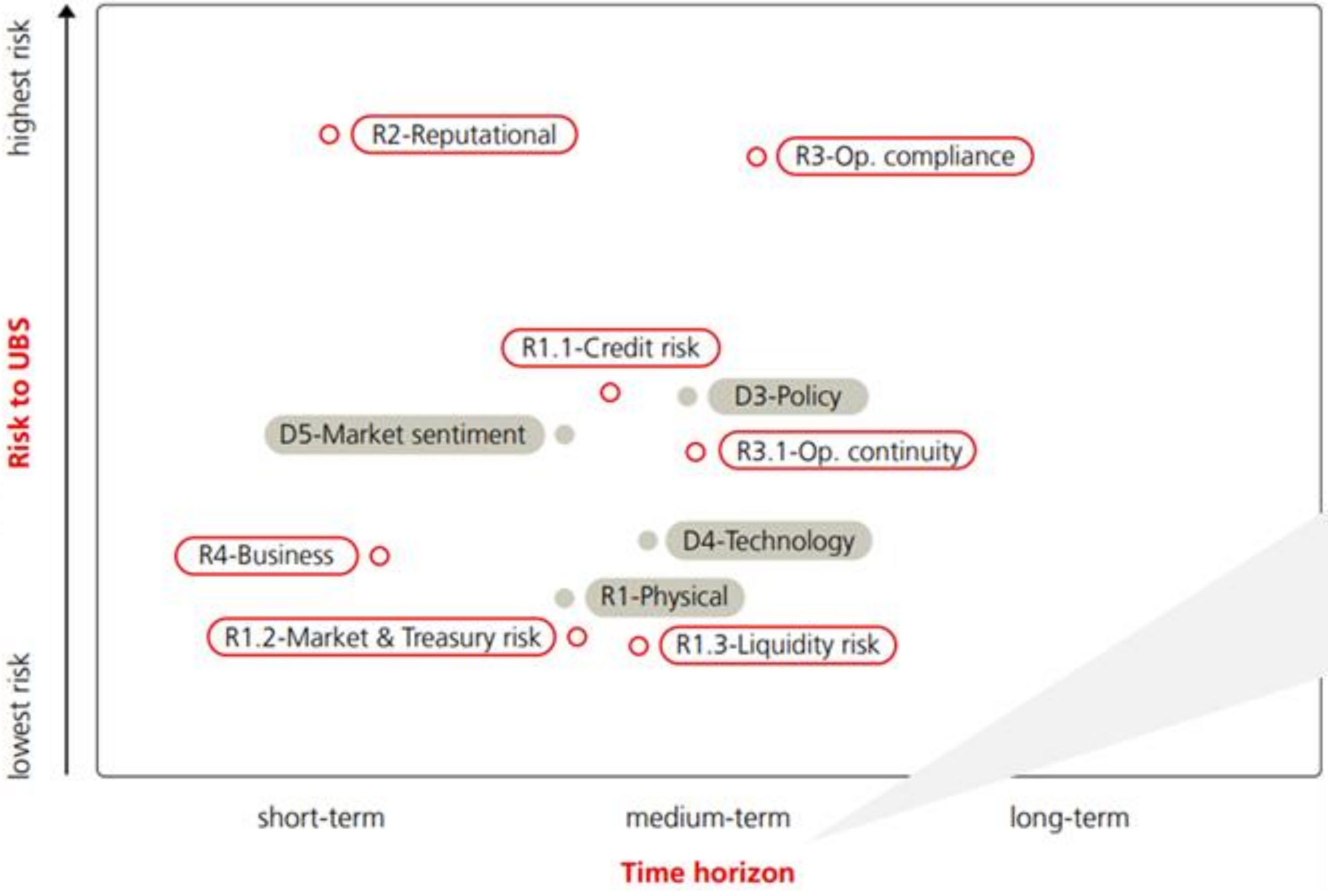
1) UBS, 2024

Example of materiality assessment[1]

How UBS approached the exercise

Risk ratings cover all business divisions & product/service offerings within, by considering:

- Inherent risk at product/service level;
- Effects of climate risk drivers on bank / clients / investees / assets
- Climate risk transmission channels
- Primary risk differentiator (*e.g. portfolio concentration in hard-to-abate sectors*)
- Risk amplifier (*e.g. macroeconomic feedback loops*)



Legend explanation:

- Short-term: < 3 years
- Medium-term: 3 – 10 years
- Long-term: > 10 years

NOTE: *IFRS S1 & S2 require disclosures on:*

- *the effect sustainability- & climate-related risks and opportunities on an entity's financial position in short-, medium- & 'long-term';*
- *how reporting entities define short-, medium- & 'long-term';*

1) UBS, 2024; 2) EUR-Lex, 2023

IMPLEMENT

IDENTIFY

EVALUATE

INTEGRATE

Development of new processes and integration of new considerations

Considerations when creating or adjusting processes

A company's management should assess existing systems and processes or determine whether new systems and processes are needed. Management may consider:

- **Gap analysis** –check for gaps in existing systems and processes;
- **Suitability** – evaluate existing processes for identifying sustainability-related risks and opportunities;
- **Prioritisation criteria** – for example, likelihood, impact, vulnerability, speed of onset;
- **Controls** – evaluate existing internal risk controls;
- **Contributors** – for example, departments with relevant processes and expertise to contribute;
- **Interconnections** between different internal and external factors; and
- **Uncertainties** from sustainability-related risks and opportunities.
- **Resources** in place to manage existing / new systems and processes

Source: [WBCSD ESG Disclosure Handbook]

Using a disclosure plan

By developing a disclosure plan as a stand-alone strategy or as part of a wider disclosure strategy, you can:

- Take control of **your narrative**
- Support internal **collaboration**, knowledge sharing and cross-functional team discussions with staff
- Create a **reference point** and audit trail, including where and how judgements have been made

ZOOM POLL

Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

9. Is a disclosure plan is required by the IFRS Sustainability Disclosure Standards?

a. Yes, you must disclose your plan.
b. No, but it’s a very helpful tool!

ZOOM POLL

Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

10. A disclosure plan can help a company to:

(Select all that apply)

a. Take control of its narrative within general purpose financial reports.
b. Support collaboration, knowledge-sharing and cross-functional team discussions.
c. Act as a reference point and audit trail for disclosure preparation.
d. Skip full disclosure as prescribed by the ISSB.

Module 3 Summary

Connections are key (within and outside a company)

Risks and opportunities come from **interactions between the company and its stakeholders, society and nature**. These interactions will connect to multiple sections of disclosures and should be connected appropriately.

Use consistent assumptions

When evaluating risks and opportunities through tools like scenario analysis, make sure that the assumptions you use are consistent to the extent possible throughout the organization.

Don’t start from scratch

You may **already** be collecting the data you need, but for another purpose. If you are not, you may be able to use existing processes and **adapt** them to the new needs.

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 that 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

Mentimeter

Visit **www.menti.com** and type the code that we are sharing in the chat

What existing systems and processes for data collection can be adapted?

MODULE 4

Communicating with investors – what, where and how

COMMUNICATION

LOCATION / TIMING

EFFICIENCY

CONFIDENCE

COMMUNICATION

LOCATION Where disclosure should appear

EFFICIENCY

CONFIDENCE

Holistic reporting package

4

	INVESTOR FOCUSED	MULTI- STAKEHOLDER FOCUSED
Financial accounting	FASB FINANCIAL ACCOUNTING STANDARDS BOARD / IFRS Accounting	
Sustainability-related financial reporting	IFRS Sustainability	GRI STANDARDS

Extra slide for self-study

Potential areas of focus for primary users

4

PREPARE
ALIGN
IMPLEMENT
COMMUNICATE

Generally, investors may want to understand:

- Effects of environmental degradation and social challenges on **inputs** of resources to the business, key relationships, and risks and opportunities
- Whether and how the company **is managing sustainability-related risks and opportunities**
- What **types of assets** the company holds and whether they are at risk of becoming stranded
- How the **governance body takes account** of sustainability-related risks and opportunities when designing strategy and making decisions
- How **resilient the company** is to possible future risks in different scenarios.

What is material information?

ISSB indicates that information is material if omitting, misstating or obscuring it could reasonably be expected to ***influence investor decisions****.*

- Consider the **characteristics of the investors** and the company’s own circumstances.
- Different investors can have different and sometimes conflicting information needs. Sustainability-related financial disclosures are intended to **meet the common information needs of investors**.

Test of materiality

Making materiality judgements

- Is the information material in the context of the company’s sustainability-related financial disclosures taken as a whole?
- Have you considered both quantitative and qualitative factors?
- Have you considered the potential effect of future events on the company’s future cash flows?
- Have you considered the range of possible outcomes and the likelihood of the possible outcomes?

Adapted from IFRS Sustainability Disclosure Standards.

Disclosing material information

When disclosing material sustainability-related financial information:

- Make it clearly **identifiable** [and do not obscure it]
- Use **clear** language
- **Avoid scattering** material information about a particular issue across disclosures
- Provide **additional (non-material) information** **only if necessary** – but distinguish additional information from material information

Note: No need to disclose information if it is not material (IFRS S1.B25)

ZOOM POLL

Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

11. Information should be disclosed in the annual report when applying ISSB Standards if...

(Select all that apply)

a. Omitting that information could reasonably be expected to influence investors' decisions
b. It could reasonably be expected to affect the company's cash flows
c. It exemplifies the values of the leadership team

Where to report for ISSB

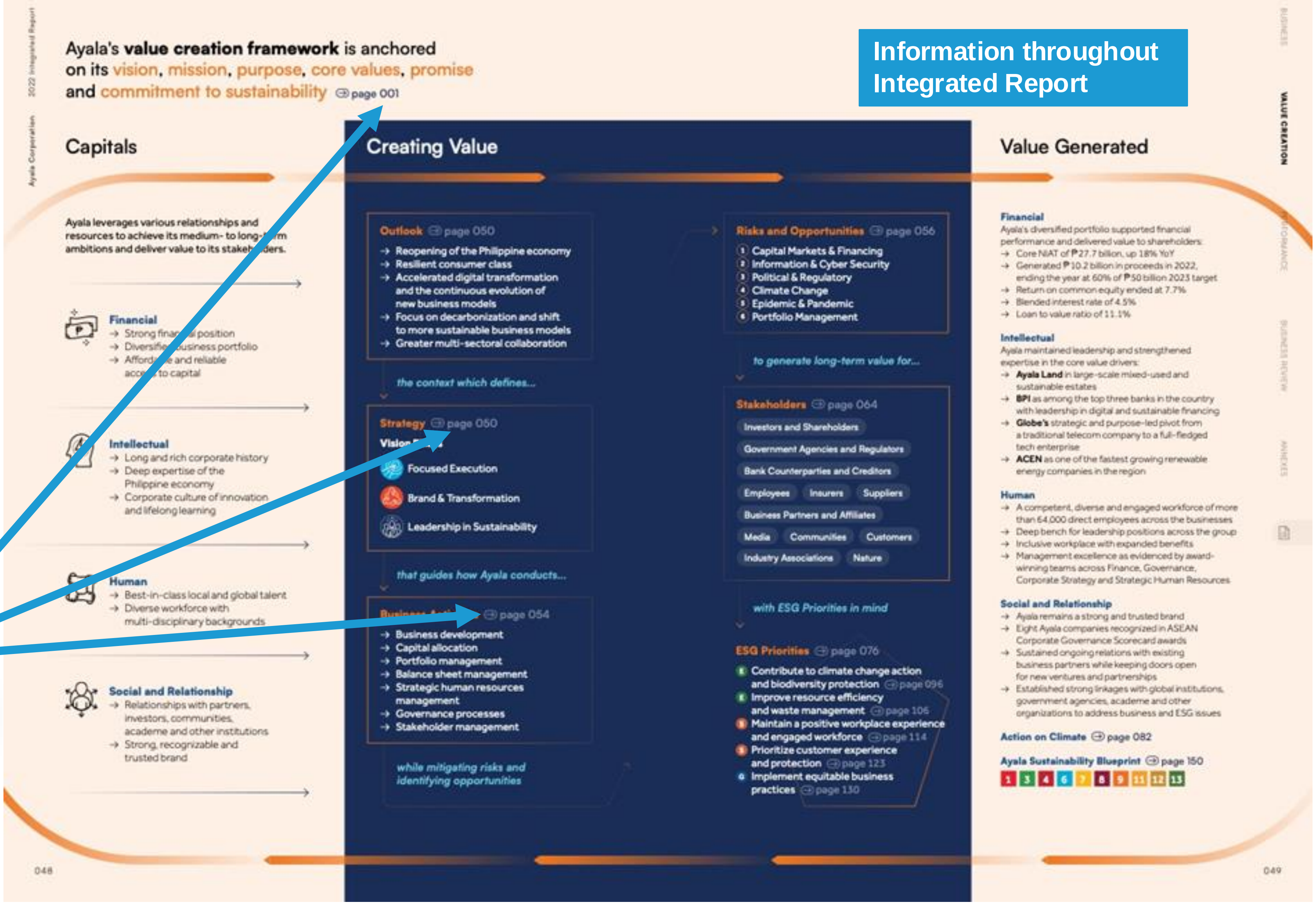
- Sustainability-related financial information is to be reported in the company's **general purpose financial reports**.
- Different requirements may apply in different jurisdictions.
- No requirements on exact placement of information.
- Examples of corporate approaches in practice:
  - Integrate
  - Separate
  - Navigate

Example

Integrating information

Page references

Information throughout Integrated Report



Example Source: Ayala, Integrated Report, pg's 48-49

Evolution towards digital reporting

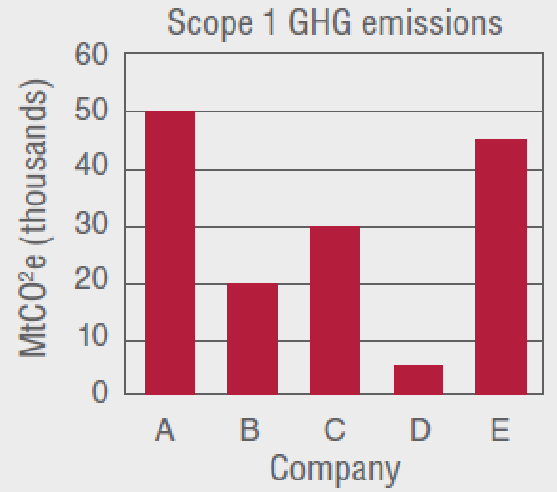
The ISSB Taxonomy provides the common elements (or ‘tags’) needed to make sustainability-related financial disclosures computer-readable

PDF

Co. A: Gross scope 1 emissions	xxx
Co. B: Scope 1 GHG emissions	xxx
Co. C: Scope 1 (direct GHG emissions)	xxx
Co. D: 스코프 1 온실가스배출량	xxx
Co. E: 範圍一温室氣體排放	xxx

IFRS Sustainability Disclosure Taxonomy ‘tag’

Name	ifrs-sds:AbsoluteGrossScope1GHGEmissions
Value	xxx,000
Units	MtCO2e
Period	202X-01-01 to 202X-12-31
Decimals	-3



The ISSB Taxonomy reflects the requirements and accompanying materials of the ISSB Standards.
It does not introduce any new requirement.

Mechanisms that support adoption

- Use of well-known terminology and concepts
- Proportionate e.g. use reasonable and supportable information available without undue cost or effort, qualitative scenario analysis permitted, plus consideration of skills, capabilities and resources
- Reliefs in first year e.g. climate first (followed by other sustainability disclosures), later reporting with half-year results, scope 3 not required, GHG Protocol not required if alternative in place, no comparative info required
- Guidance and other resources

COMMUNICATION

LOCATION

EFFICIENCY

How to communicate efficiently and effectively

CONFIDENCE

Effective Communication

This section sets out how a company might disclose its material sustainability-related financial information so that information is:

- Clear
- Distinguishable from other information
- Connected
- Comparable over time
- Succinct

Quality of information disclosed

To ensure quality of information, report prepares should remember:

- Provide comparative information
- Correct errors from previous years
- Minimize duplication
- Cross referencing to other reports meets conditions
- Information disclosed is:
    - Material
    - Connected
    - Aggregated or disaggregated, as appropriate

Cross-referencing

To keep general purpose financial reports succinct, companies can cross-refer to other reports they publish, provided that:

- Cross-referenced information is available on the **same terms** and at the **same time**
- The cross referencing **enhances rather than obscures** the ability of readers to understand the report
- The information included by cross-reference **meets all the requirements** of IFRS Sustainability Disclosure Standards
- The cross-referenced information is **authorised** in the same way as information in the general-purpose financial report
- It is clear where the cross-referenced information is located and **how it can be accessed**

Example

Cross-referencing

Connectivity with TCFD disclosures

Note expands on capital expenditures, cash flows, businesses impacted and more

Note explains considerations and assessment for decarbonization strategy

Note states climate change and policy risk considerations

Impact of Climate Change and Carbon Emissions Reduction Targets

Climate change risks including the impact of achieving the Group's carbon emissions reduction targets and the risks identified in the TCFD disclosures on pages 56 to 59 have been considered and assessed in the preparation of the Consolidated Financial Statements for the year ended 31 December 2022. There has been no material impact identified on the estimates and underlying assumptions made in the preparation of the Group's Consolidated Financial Statements as a result of climate change risks. In line with the application of our accounting policies, estimates and underlying assumptions are reviewed on an ongoing basis as we continue to develop and implement our strategy to meet our carbon emissions reduction targets. The table below provides details of where further information has been provided in these Consolidated Financial Statements.

Climate Change and Carbon Emissions Reduction Targets References	Pages
Impairment testing of goodwill and property, plant and equipment	182, 211
Useful lives of assets	186, 209
Provisions for liabilities	183
Inventories	187
Retirement Benefit Obligations	234

The Directors are aware of the ever-changing risks attached to climate change and regularly assess these risks against judgements and estimates made in the preparation of the Group's Consolidated Financial Statements.

In early 2023, the Science Based Targets initiative (SBTi) validated the alignment of our existing Scope 1 and Scope 2 carbon emissions reduction target to a 1.5°C warming scenario. The target previously aligned to a well below 2.0°C scenario. The Group's assessment is that the impact of the adoption of this updated target will not have a material impact on the estimates, judgements and assumptions set out in the relevant disclosures referenced above. The overall absolute Scope 1 and Scope 2 carbon emissions reduction target by 2030 is consistent with the previous target.

Cross reference to where targets have been considered in the financial statement

Example source: CRH plc, 2022 Annual Report, pg. 181

Extra slide for self-study

Commercially sensitive information

Companies are not required to disclose commercially sensitive information about a sustainability-related opportunity provided that:

- the information is **not already publicly available**
- disclosure of the information could reasonably be expected seriously **to prejudice potential economic benefits** the company would otherwise be able to realise;
- it is impossible to disclose the information without prejudicing seriously the economic benefits that would otherwise be realized;
- the company **discloses the fact that it used the exemption** for commercially sensitive information; and
- the company **reassesses** at each reporting date.

Extra slide for self-study

Consistent disclosures

Sustainability-related financial disclosures should be:

- Prepared for the **same reporting company and reporting period** as the financial statements
- Provided at the **same time as the financial statements**, as part of the general-purpose financial reports
- Include **data and assumptions that are consistent with those in the financial statements**, to the extent possible.

Aggregation / disaggregation

4

- *Aggregate* information to minimise scattering and increase understandability
- Do not let aggregation reduce understandability or obscure material information
- *Disaggregate* information to, for example:
  - Show the breakdown of sustainability-related risks by location; or
  - Distinguish resources drawn from environmentally stressed vs abundant areas

ZOOM POLL

Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

12. Information disclosed in accordance with the ISSB Standards should be:

(Select all that apply)

a. Decision-useful
b. Material
c. Misleading
d. Comparable

ZOOM POLL

Select the appropriate answer

The zoom poll should appear on your screen momentarily. If it does not appear, feel free to answer in the chat box or message the hosts directly.

13. Information is decision useful if it is…
(Select all that apply)

a. relevant and faithfully represent what it proports to represent
b. comparable
c. verifiable
d. timely
e. understandable

COMMUNICATION

LOCATION

EFFICIENCY

CONFIDENCE

Maximizing confidence in disclosed information

Comparative information

- Disclose comparative information for the preceding reporting period *for all amounts* disclosed;
- For estimates: revise comparatives according to new information and explain differences.
- Specific requirements apply to redefined, replacement and new metrics.
- If it enhances understanding, provide narrative information for the preceding reporting year

Using reasonable estimates

Companies can use reasonable estimates and assumptions when preparing sustainability-related financial information – it does not have to be perfectly precise in all respects. Judgement can be used. However:

- Estimates should be based on information of **sufficient quality and quantity**
- Estimates should be **clearly identified** as such and information provided about the inputs and methods used to produce the estimates
- Information about judgements must reflect both the judgements made and the **information on which they are based**
- Special requirements apply to **measurement uncertainty** and what to do when past assumptions and estimates change.

Statement of compliance

- Companies are required to make an explicit and unreserved statement of compliance when they have met all the requirements of IFRS Sustainability Disclosure Standards.
- Commercially sensitive information about a sustainability-related opportunity can be omitted if conditions are met.
- Information prohibited from disclosure by applicable local laws and regulations can be omitted.

Things to remember

Ensure information is:

- Relevant
- Material
- Represented
- Faithfully
- Comparable
- Verifiable
- Timely
- Understandable

Ensure that investors can understand connections between:

- Sustainability-related risks and opportunities
- Disclosures on core content
- Sustainability-related financial disclosures and financial statements

Ensure that disclosures:

- Are for the **same period and same reporting company** as the related financial statements?
- Cover **all material information that investors need**, including on core content
- Include **comparatives**
- Include a **statement of compliance**

Module 4 Summary

Be clear about your audience

The **format of the disclosure matters** – make sure that when communicating to investors you're providing the information investors need in the format they will use.

Less is more

This is not a competition for the most words on paper. **Only provide information that is deemed to be material** and be as clear and concise as possible.

Be confident in your data

If you're not confident in the data you report, how will investors be confident in it? By keeping clear audit trails, **ensuring practices are well documented**, and having appropriate oversight, you can be confident in your data!

COMMUNICATE ACTIVITY

- **Presentation approach** – identify whether your company should present information in an integrated format (in one report), an autonomous format (a stand-alone sustainability 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

Mentimeter

Visit **www.menti.com** and type the code that we are sharing in the chat

What techniques do you find useful in a report to make it easy to navigate?

Mentimeter

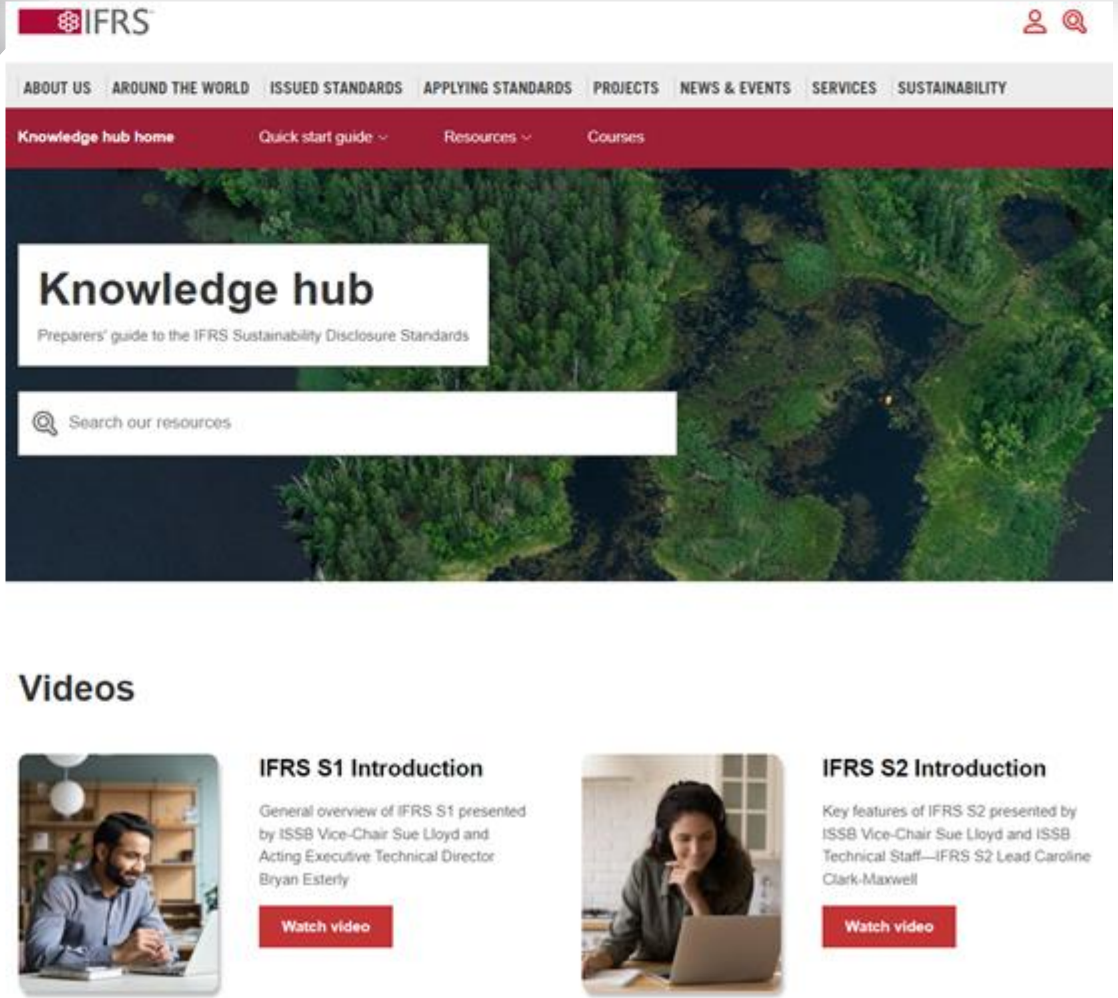
Visit **www.menti.com** and type the code that we are sharing in the chat

Did we achieve our learning objectives?

What worked or did not work?

Your Homework:
Develop a draft **disclosure plan** for your company, using what you've learned in this training program

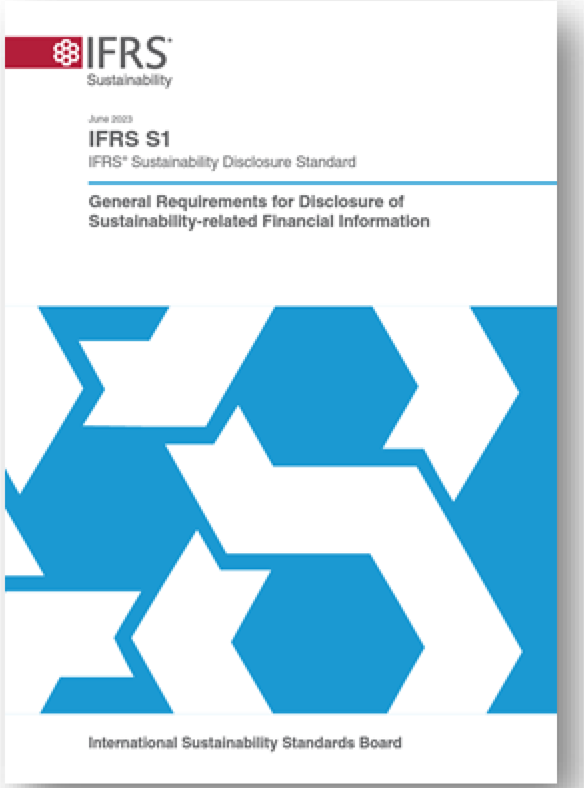
CONTINUE YOUR LEARNING



The IFRS knowledge hub is a free online resource for preparers designed to support them in understanding and getting ready for IFRS S1 and S2. It incorporates an easy to navigate and searchable repository of resources, e.g. e-learning, case studies, good practice guidance, webinars, research, publications, FAQs on the standards and their implementation. The curated content will evolve over time.

www.IFRS.org/knowledgehub

CONTINUE YOUR LEARNING



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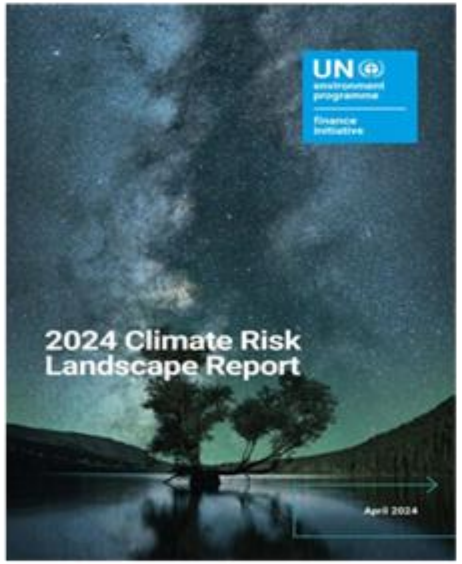
UNEP FI Risk Centre
A glimpse at some of our latest free resources

[Scenarios for Assessing Climate-related Risks: New Short-term Scenario Narratives]



[Climate Risk Landscape Report 2024]

[Managing physical climate-related risks in loan portfolios]

[Assessing climate transition risk: methodologies and roles for financial institutions]

[The Climate Data Challenge: the Critical Role of Open-Source and Neutral Data Platforms]

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IFC Beyond the Balance Sheet

One-stop-shop

one-stop shop providing guidance and a framework to improve sustainability and climate reporting tailored to emerging markets.

Toolkit & learning

tools and resources comprising a digital toolkit, e-learning opportunities, company self-assessments, and extensive information resources to navigate the sustainability reporting landscape.

Public good

public good for companies and banks, providing resources to enhance their sustainability reporting journey.

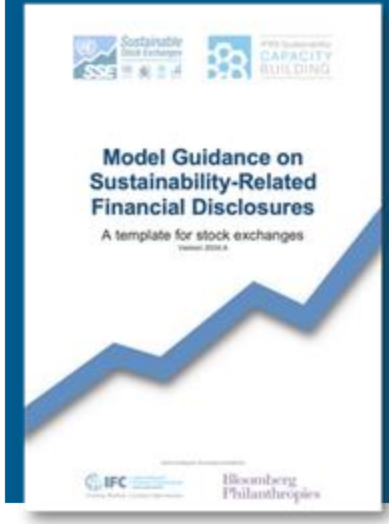
public good for regulators and stock exchanges, providing resources to enhance disclosure and transparency regulations and practices.

https://www.ifcbeyondthebalancesheet.org/

Beyond the Balance Sheet

AN INNOVATION OF IFC | International Finance Corporation WORLD BANK GROUP

UN SSE
TOOLKIT



PLEASE HELP US IMPROVE THIS TRAINING

Your feedback will help us to improve this module before offering it to your market. We appreciate you taking the time to fill in this feedback survey.

Click on the link in the chat.

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S&P Global

تداول السعودية Saudi Exchange

SGX Group

Thank you!

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