



SUSTAINABLE BANKING and FINANCE NETWORK



IFRS SUSTAINABILITY DISCLOSURE STANDARDS S1 & S2

THIS INTERACTIVE WORKSHOP WILL START MOMENTARILY



The SSE is a UN Partnership Programme of

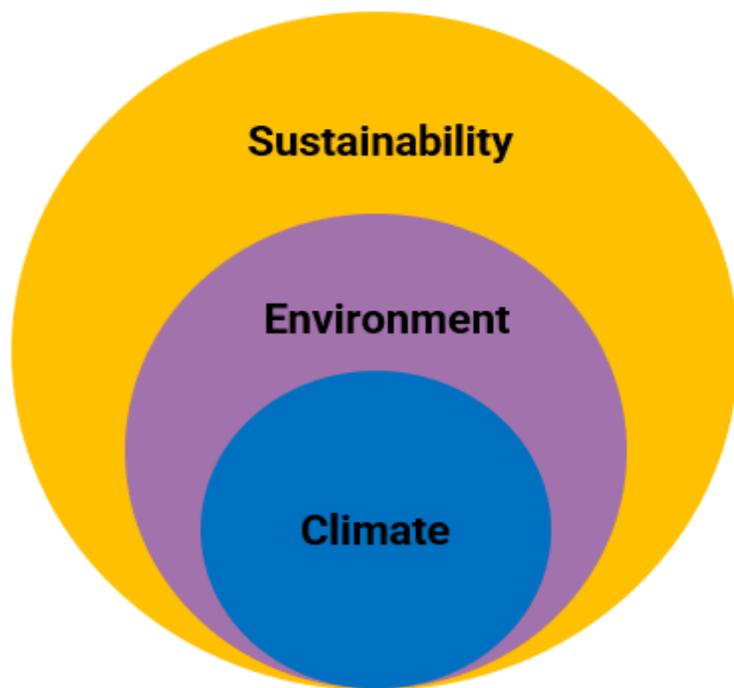


Introduction of UNEP FI Risk Centre

Background: Founded in 2024, we are a membership-based, centre-of-excellence within UNEP FI that convenes research groups aimed at building capacity and producing cutting-edge technical resources primarily for financial risk and sustainability managers.

Objective: Help members adopt a systematic approach to fully integrate sustainability-related considerations within existing risk management frameworks and processes.

WHAT?



WHY?

- ✓ Sustainability is a material driver of traditional risks.
- ✓ Develop forward-looking risk monitoring capabilities.
- ✓ Prepare ahead for regulatory requirements.
- ✓ Identify opportunities early.
- ✓ Support sustainable development.

HOW?



Lay solid foundations



Develop practical toolkits

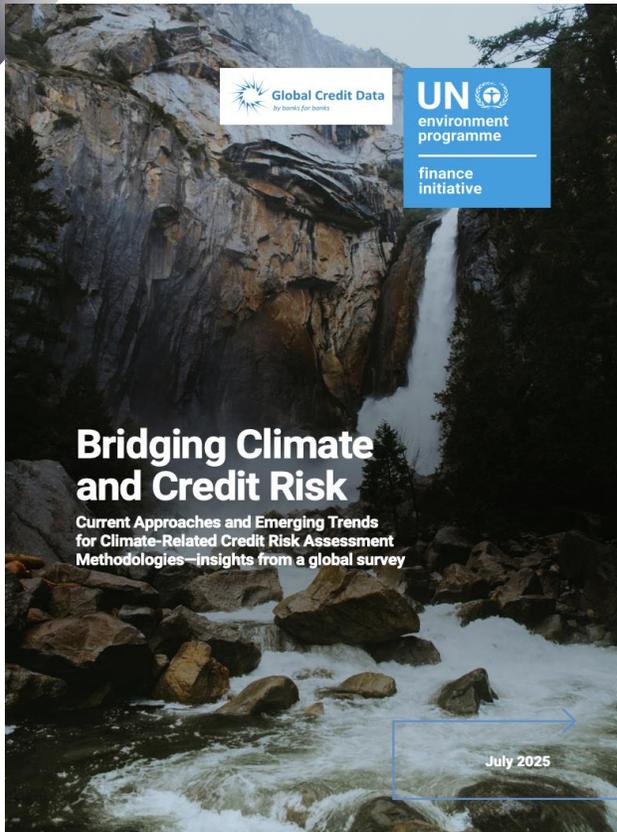


Build capacity to implement



Leverage power of networks

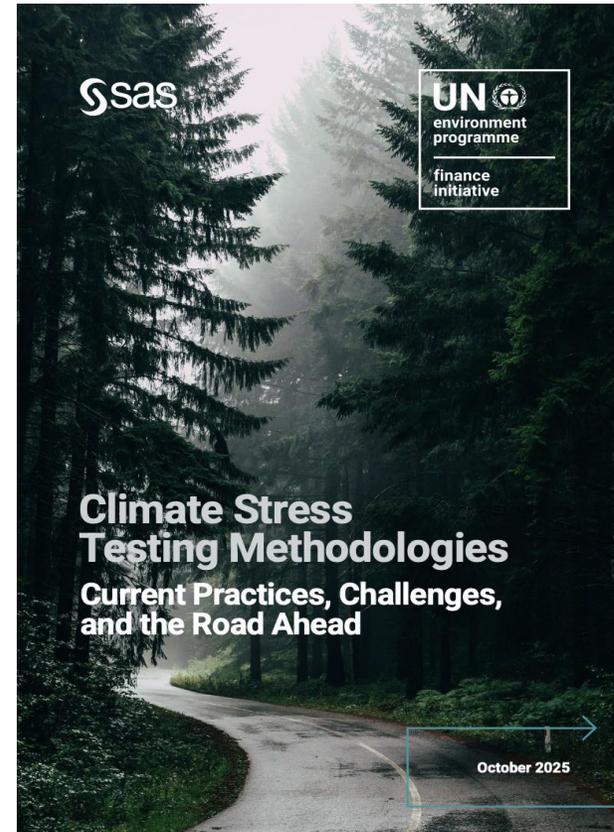
UNEP FI Risk Centre Reports so far in 2025



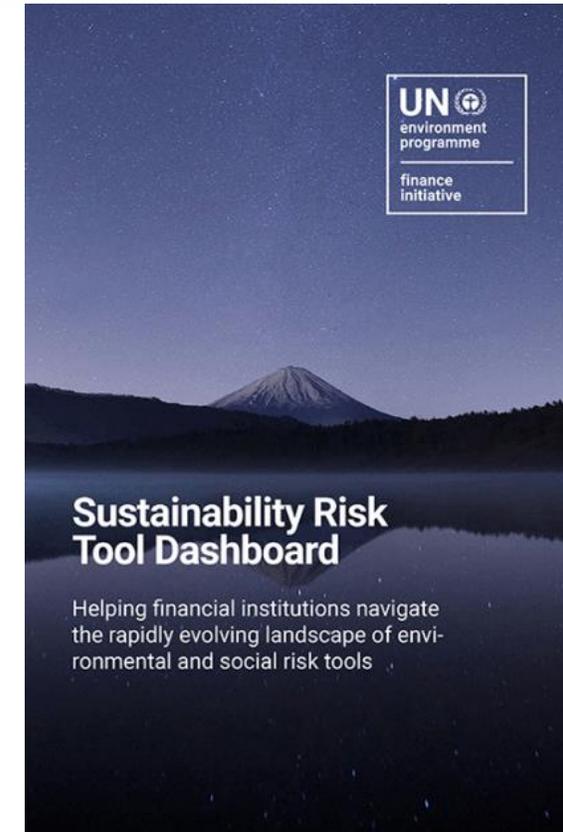
Climate Credit Risk Report



Disclosures Landscape

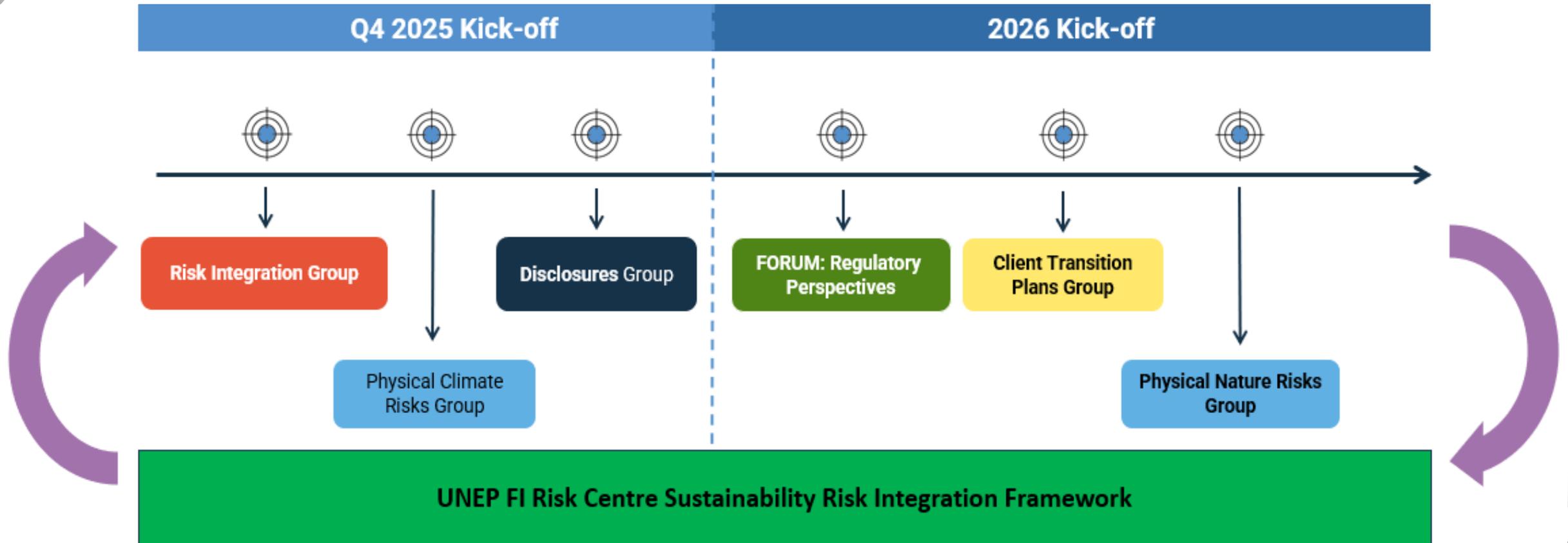


Climate Stress Testing Report



Risk Tool Dashboard

UNEP FI Risk Centre Research Projects 2025/2026



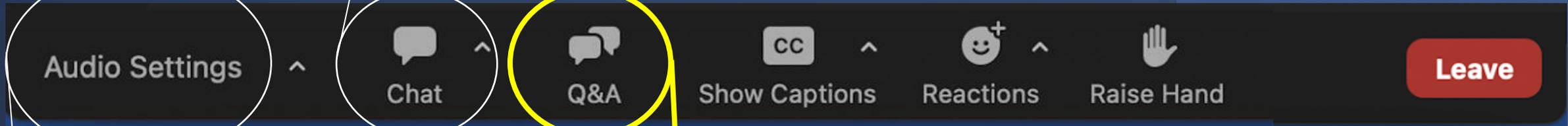
Sounds interesting and want to learn more?

Check out our [website](#) and [email](#) us.

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
Initiative**



FIONA QUINLAN-WELLS
SSE Training Officer



LOIS GUTHRIE
Senior Specialist

UN 
environment
programme

finance
initiative



HIU-YAN CHENG
Climate Risk Specialist



ROBERT SWIATOWSKI
*Partnership Manager,
Capacity Building*



VANESSA HE
Capacity Building Fellow



LEARNING OBJECTIVES

Understand the ISSB Standards



LEARNING OBJECTIVES

Understand how
to use the ISSB
standards



LEARNING OBJECTIVES

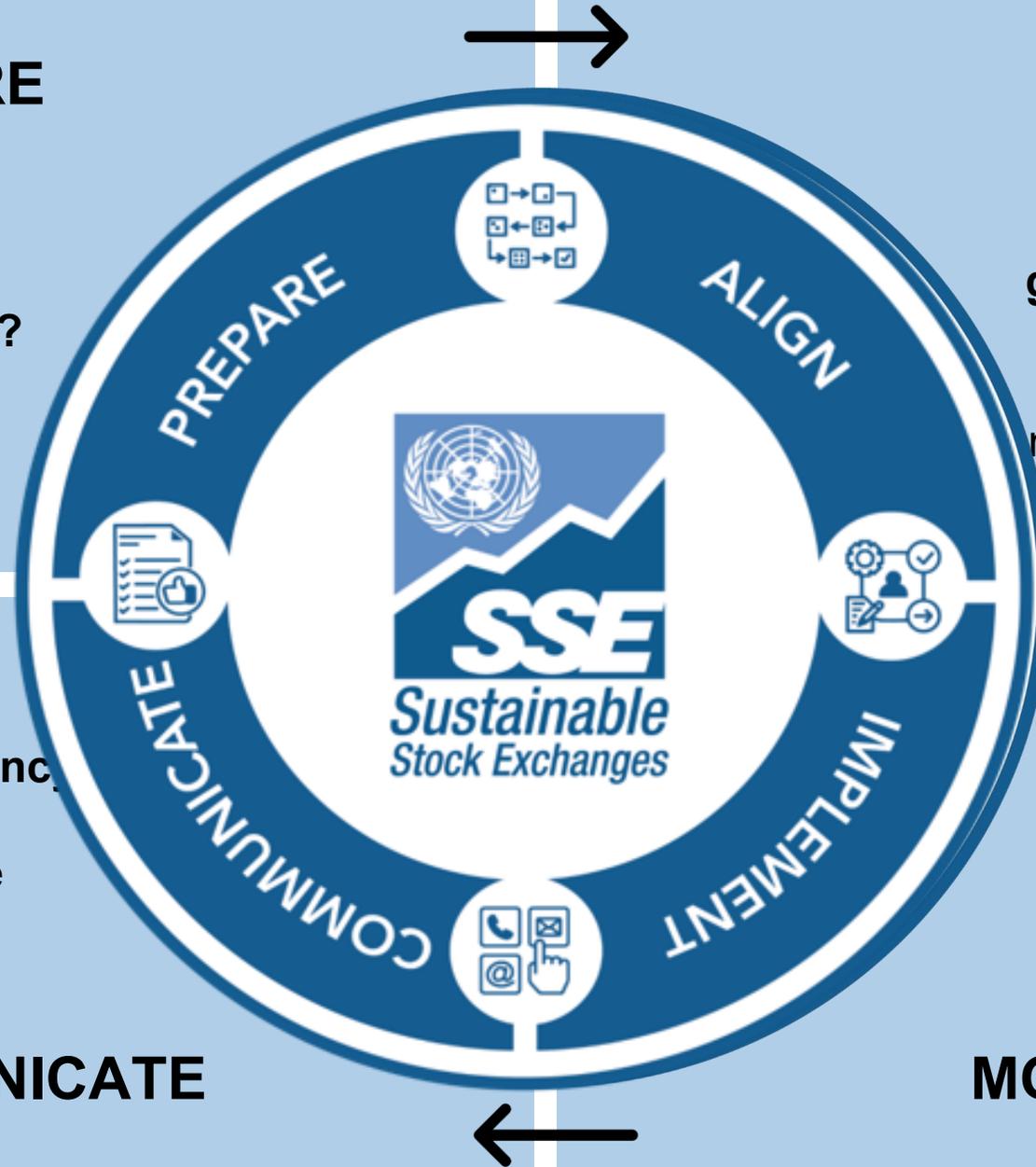
Identifying what steps can be taken to develop a disclosure plan

MODULE 1: PREPARE

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

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

MODULE 4: COMMUNICATE



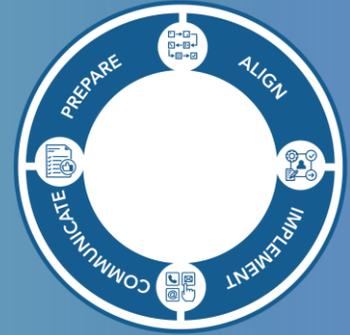
MODULE 2: ALIGN

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

AGENDA



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



SSE

TRAINING MATERIALS



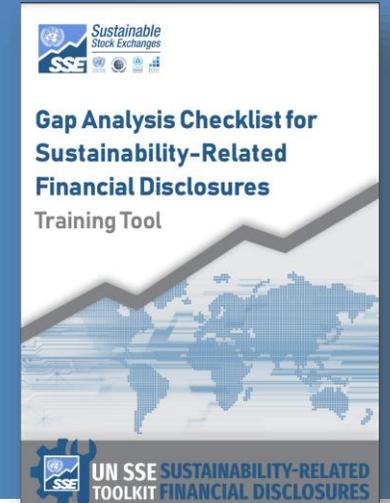
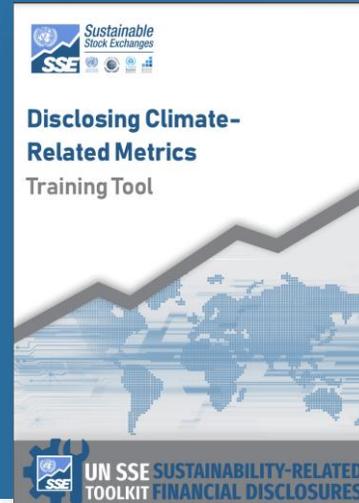
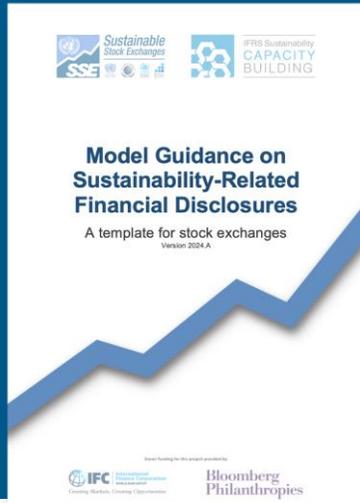
*Find all training materials on the SSE website
–see link in chat.*

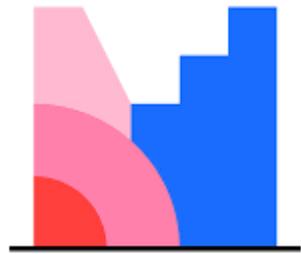


SSE



UN SSE TOOLKIT





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**Why did you join today's
training?**

**How much do you already
know?**

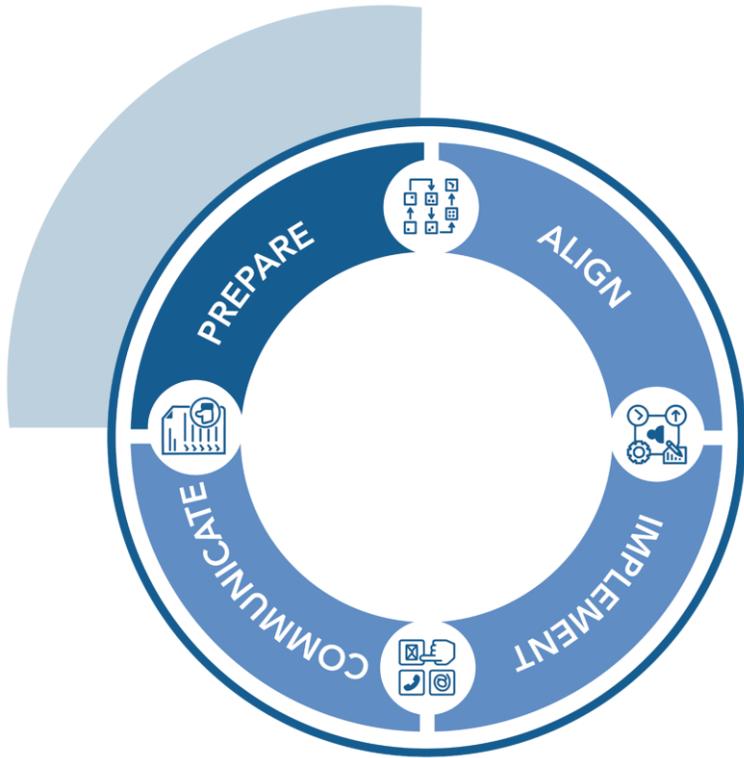


Disclaimer

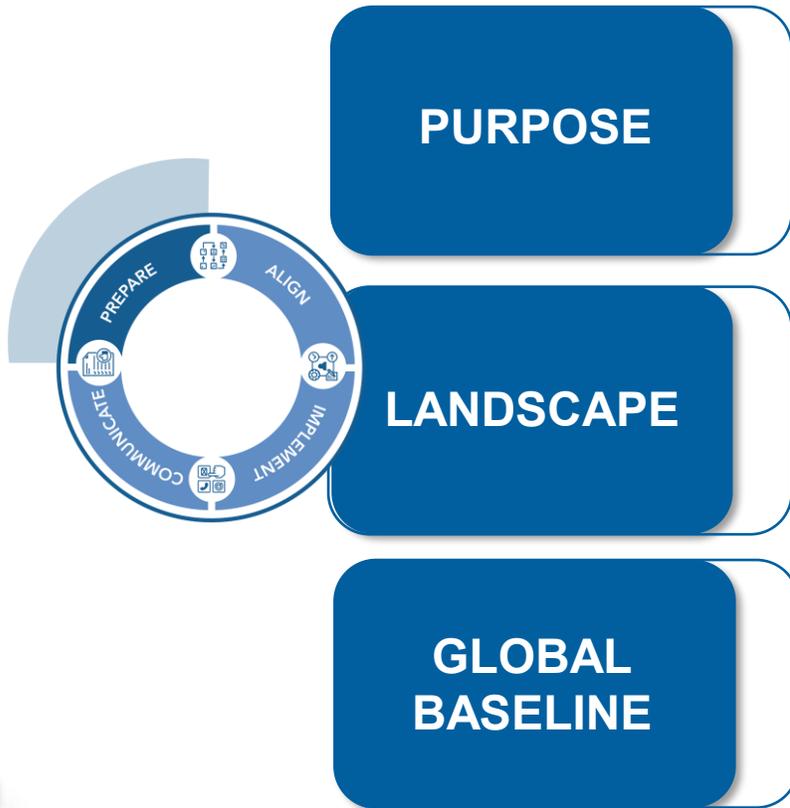
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MODULE 1

Building a solid
foundation of
knowledge



PREPARE



PREPARE



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}



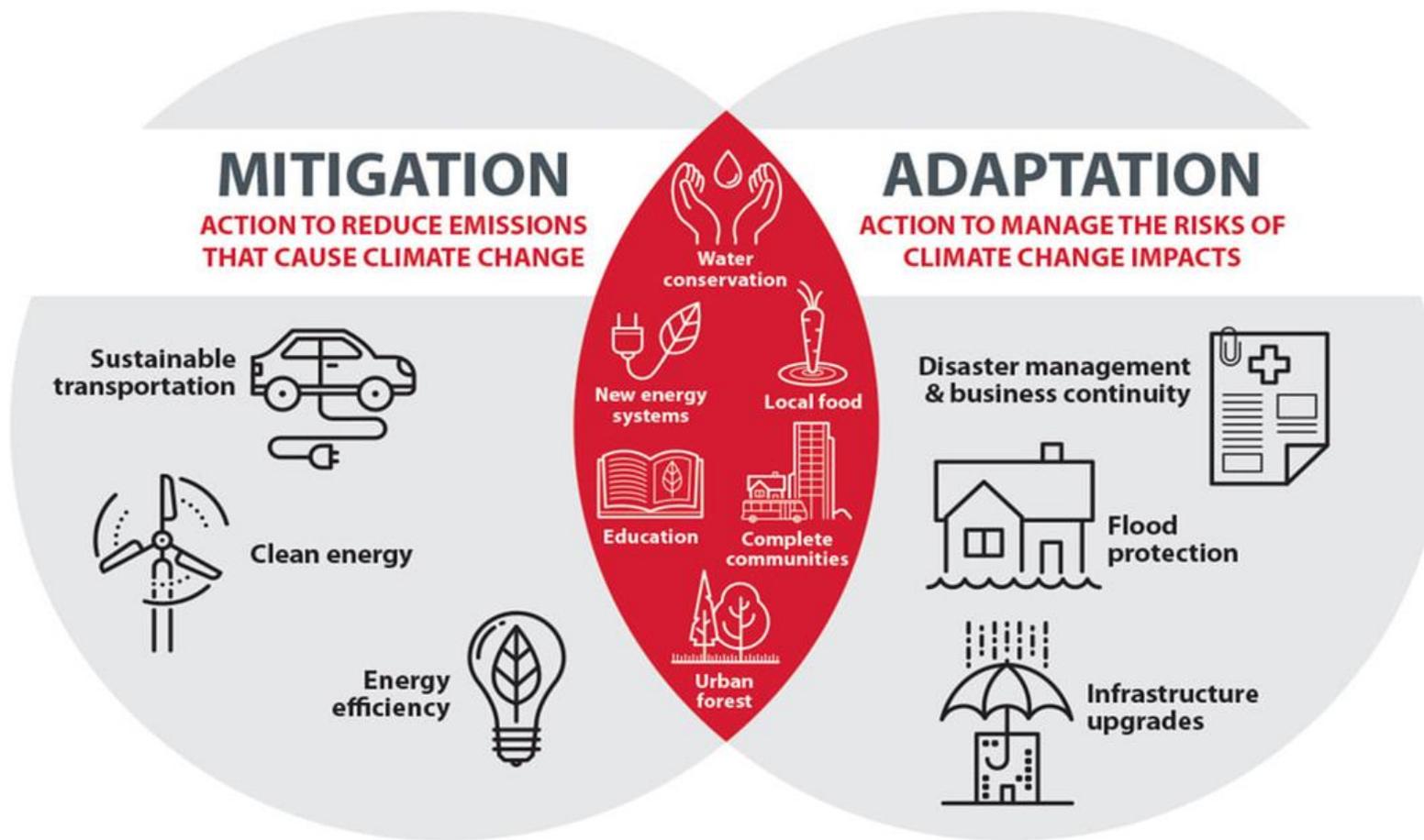
| | Temperature rise scenario, by mid-century | | | |
|---|---|---|----------------|--------------------|
| | Well-below 2°C increase | 2.0°C increase | 2.6°C increase | 3.2°C increase |
| | <i>Paris target</i> | <i>The likely range of global temperature gains</i> | | <i>Severe case</i> |
| Simulating 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 taken¹

■ Each 1°C increase in global temperature can be linked to a 12% decline in global GDP²

1) [Swiss Re, 2021](#); 2) [NBER, 2024](#)

Climate finance opportunities



Climate-related risks, opportunities and financial impact



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



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. Global Reporting Initiative (GRI)
- b. Integrated Reporting
- c. Sustainability Accounting Standards Board(SASB)
- d. Taskforce on Climate-related Financial Disclosures (TCFD)
- e. Regional standards (e.g., the European Sustainability Reporting Standards)
- f. Others (indicate in the chat)
- g. None

Structure of the IFRS Foundation



Public accountability

IFRS Foundation Monitoring Board

Governance, strategy, oversight

IFRS Foundation Trustees

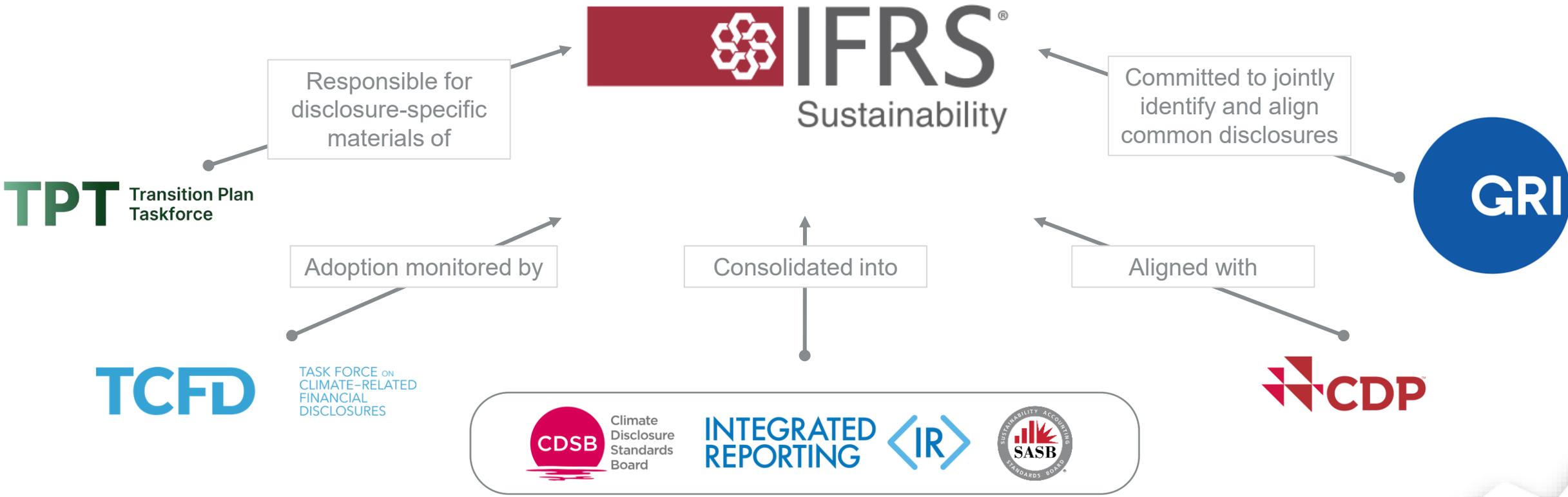
Independent standard-setting

International Accounting
Standards Board (IASB)

International Sustainability
Standards Board (ISSB)

IFRS Interpretations Committee
(IFRIC)

The evolution of reporting standards



ZOOM POLL

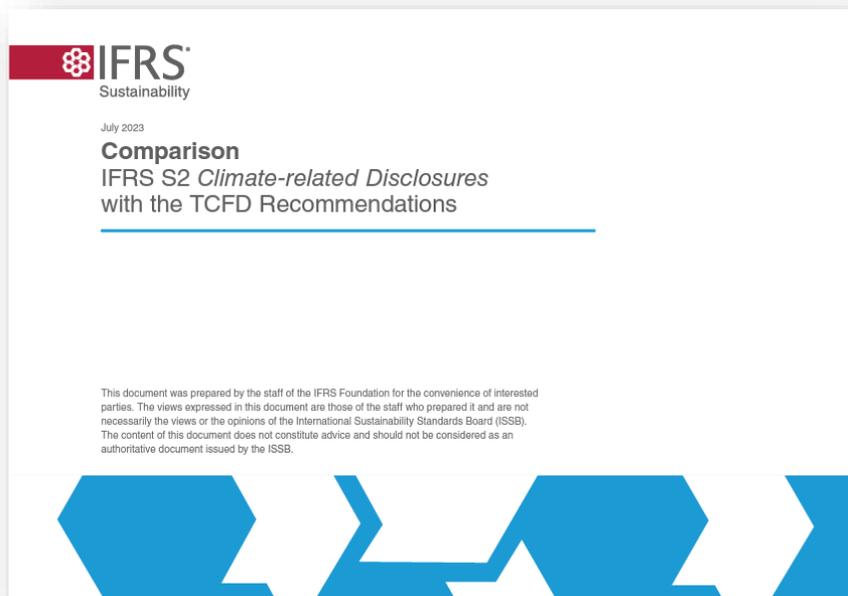
Select the
appropriate answer

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



- 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**

Setting a global baseline



Additional building blocks 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 (e.g. [ISSA 5000](#))



Jurisdictions

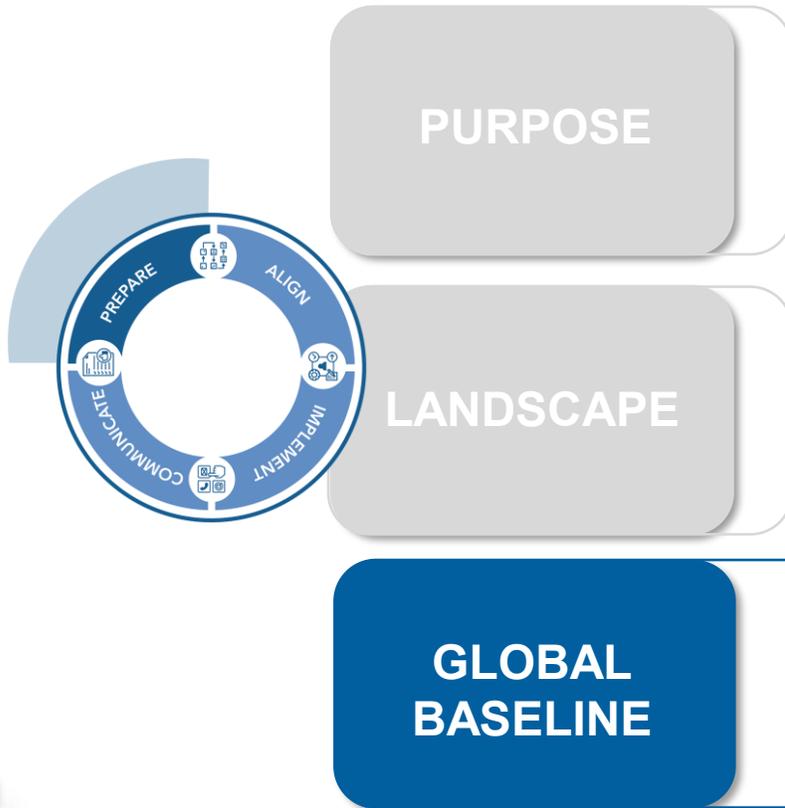
require by adopting the Standards



Market participants

voluntarily opt to apply the Standards

PREPARE



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



GOVERNANCE

- Governing Body
- Management

STRATEGY

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

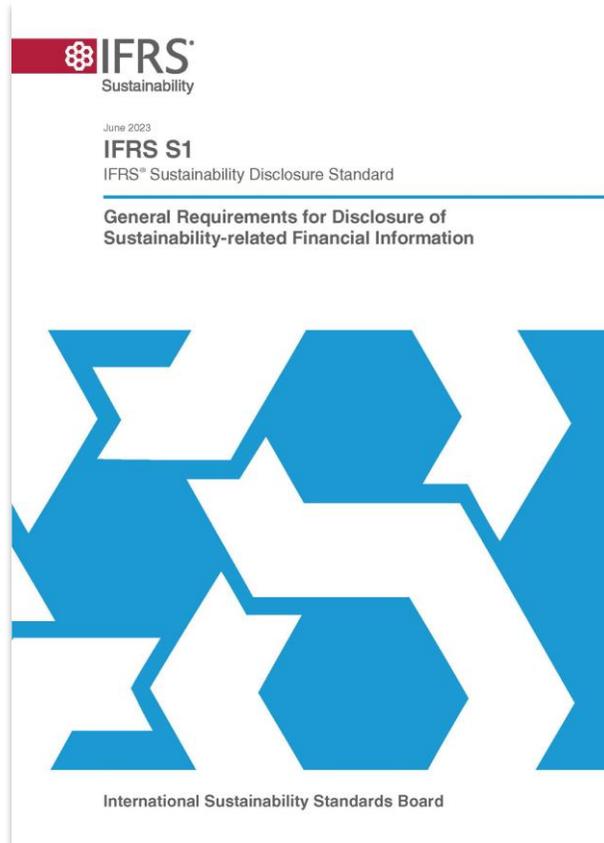
RISK MANAGEMENT

- Processes for risk management
- Overall risk profile

METRICS & TARGETS

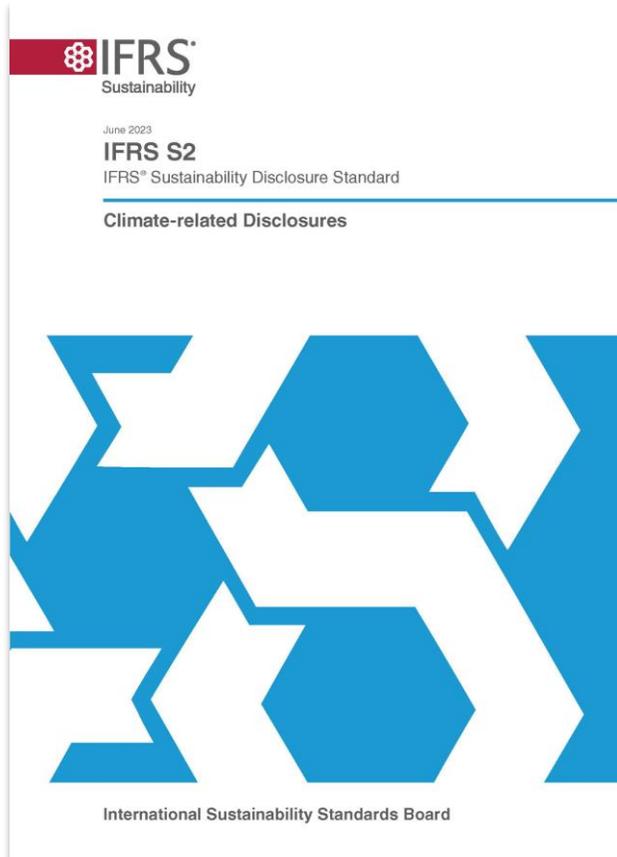
- Metrics
- Targets

IFRS S1: General requirements



- 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

Impact on our business, strategy and capital alignment and allocation

The final (or sufficiently resolved) results of our climate-related risk assessments across our short-, medium- and long-term time horizons (as described on the previous page 49), as well as our 1.5°C scenario, are considered and integrated into our strategy and as a sensitivity in our capital allocation processes. This enables us to test the extent to which our business and capital allocation are aligned with a rapidly decarbonising global economy.

We are undertaking our studies of physical climate-related risks to progressively identify, assess and quantify the potential future impacts to site operations, productivity and estimated cost for our operated assets. Once the results of the risk quantification studies for our operated assets are completed, we propose to use the results to inform updates to our risk profile, including new risk management activities, inform corporate planning, identify areas where we should focus our assessment of new or strengthened controls or adaptation responses, and assess the financial and social value of adaptation measures.



For an overview of how climate-related issues have impacted our operational activities and our approach with respect to our value chain refer to Operational GHG emissions (Scopes 1 and 2 emissions from our operated assets) on pages 44 to 46 and Value chain GHG emissions (Scope 3 emissions) on pages 46 to 48 in this **OFR 6.9**



For more information on potential financial statement impacts due to climate-related risks, refer to Financial Statements note 16 'Climate change' on pages 162 to 165 in this Report



For more information on the studies we are undertaking to assess our exposure to physical climate-related risks refer to Physical climate-related risk and adaptation on page 51 in this **OFR 6.9**



For more information on our commodity production, revenue and expenditure refer to Climate-related metrics, targets and goals on pages 52 to 59 in this **OFR 6.9**

Connection between climate scenario analysis and business strategy

Connection to corporate risk and planning processes

Connection to further information in other parts of the report

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

Published with the Standards.



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)



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 ACTIVITY



How will you define the objectives for your sustainability disclosures?

1. **Setting the goals:** Be clear on what you are trying to achieve through your sustainability disclosures, or any plans to adapt them.
2. **Define requirements:** Identify what reporting requirements you are seeking to meet through your disclosures, such as jurisdictional requirements or standards.
3. **Consider where you are now:** What is missing in your current disclosures to allow you to achieve this?

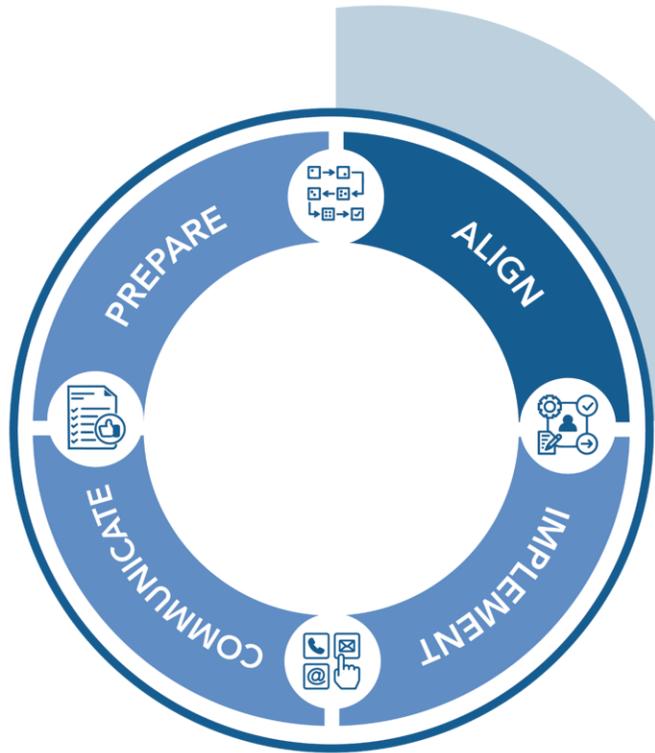


Mentimeter

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

**What objectives are you
aiming to achieve
through your
sustainability
disclosures?**

MODULE 2

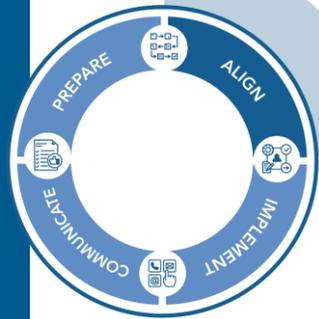


Setting the direction:
Applying the ISSB
standards & integrating
additional disclosures

ALIGN



ALIGN



APPLYING THE STANDARDS

Applying the IFRS Sustainability Disclosure Standards as the global baseline

ADDITIONAL DISCLOSURES



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 (governance)



- 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**?

Example for Governance: Schroders, Climate Report 2022¹

Governance continued

Key

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

| Forum | Information | Description | 2022 activities on climate and nature |
|--|--|--|---|
|  <p>Board Audit and Risk Committee (BARC)</p> | <p>Chair: Schroders plc independent non-executive Director</p> <p>Membership: Independent non-executive Directors of Schroders plc</p> <p>Meetings: 5</p> | <p>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.</p> | <ul style="list-style-type: none"> • 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 |
|  <p>Group Management Committee (GMC) Group Strategy Committee (GSC)</p> | <p>Chair: Group Chief Executive</p> <p>Membership: Senior management from across the Group</p> <p>GMC Meetings: 11</p> <p>GSC Meetings: 15</p> | <p>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.</p> <p>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.</p> | <ul style="list-style-type: none"> • 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 |
|  <p>Group Risk Committee (GRC)</p> | <p>Chair: Chief Financial Officer (CFO)</p> <p>Membership: Senior management from across the Group</p> <p>Meetings: 10</p> | <p>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'.</p> | <ul style="list-style-type: none"> • 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 |
|  <p>Group Sustainability and Impact Committee (GSI Committee)</p> | <p>Chair: Group Chief Executive</p> <p>Membership: Senior management from across the Group</p> <p>Meetings: 6</p> | <p>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.</p> | <ul style="list-style-type: none"> • 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 – risks and opportunities)



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:

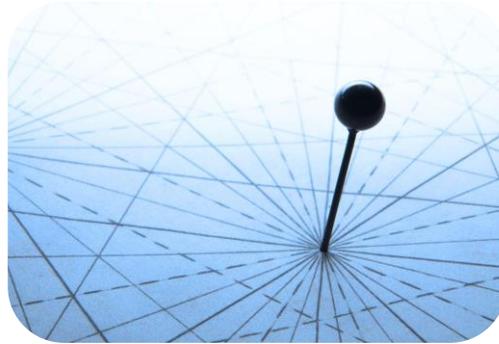
- What **risks and opportunities** that could reasonably be expected to affect a company's prospects have been identified?
- Over **what time horizons** (short, medium or long term) is that effect expected to occur?
- If it is a climate-related risk, is it a **physical or transition** risk?



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](#)



Questions to evaluate (strategy - effects)



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?



Questions to evaluate (strategy - resilience)



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?



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.

Example for Strategy: NatWest TCFD report, 2022¹

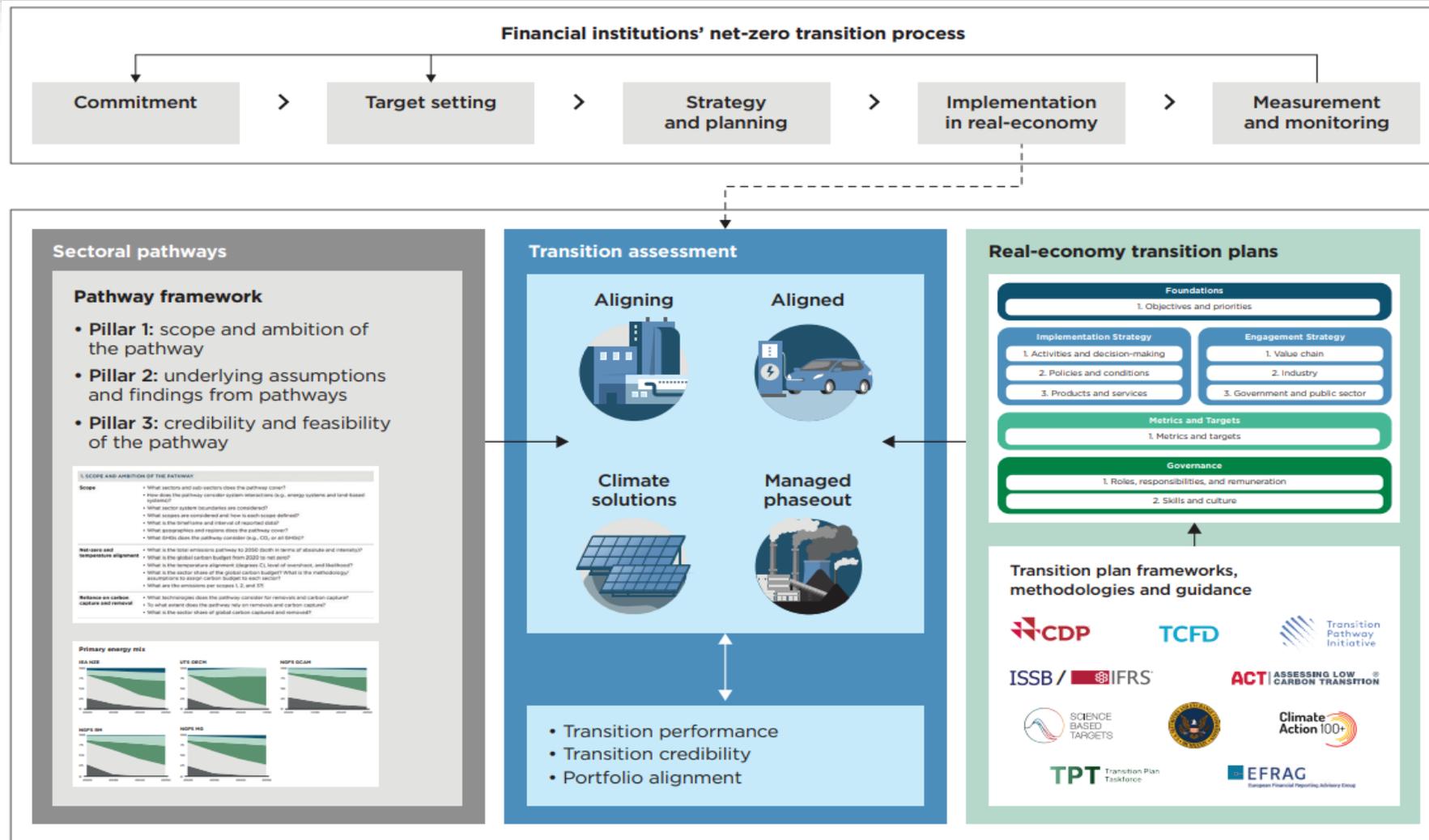
| Opportunity | Related NatWest Group ambition | Expected time horizon | Potential financial impacts on NatWest Group |
|--|--|-----------------------|---|
|  <p>Supporting customer transition to net zero</p> | <p>We have a target to provide £100 billion climate and sustainable funding and financing 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.</p> | Short | <ul style="list-style-type: none"> • 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. |
| | <p>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.</p> | Short – Medium | |
|  <p>Helping to end the most harmful activities</p> | <p>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.</p> | Short – Medium | <ul style="list-style-type: none"> • Reduced exposure to coal customers. • Reduced exposure to upstream oil and gas and reduced geographical footprint of upstream oil and gas financing. |
| | <p>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.</p> | | |
|  <p>Powerful partnerships and collaborations</p> | <p>We plan to collaborate cross industry and create products and services to enable customers to track their carbon impact.</p> | Short – Medium – Long | <ul style="list-style-type: none"> • Increased balance sheet volumes through demand for new products and services that support customer transition. • Additional expenditure to develop new products and services. |
|  <p>Getting our own house in order</p> | <p>We have a target to reduce emissions from our direct own operations by 50% by 2025, against a 2019 baseline.</p> | Short | <ul style="list-style-type: none"> • Increased expenditure to support reduction in carbon footprint in our own operations. • Reduced expenditure related to energy, travel and water management. |
| | <p>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.</p> | Short | |
| | <p>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)</p> | Short | |
| | <p>We plan to reduce emissions for our operational value chain 50% by 2030, against a 2019 baseline.</p> | Medium | |

CLIMATE-SPECIFIC CONSIDERATIONS

STRATEGY

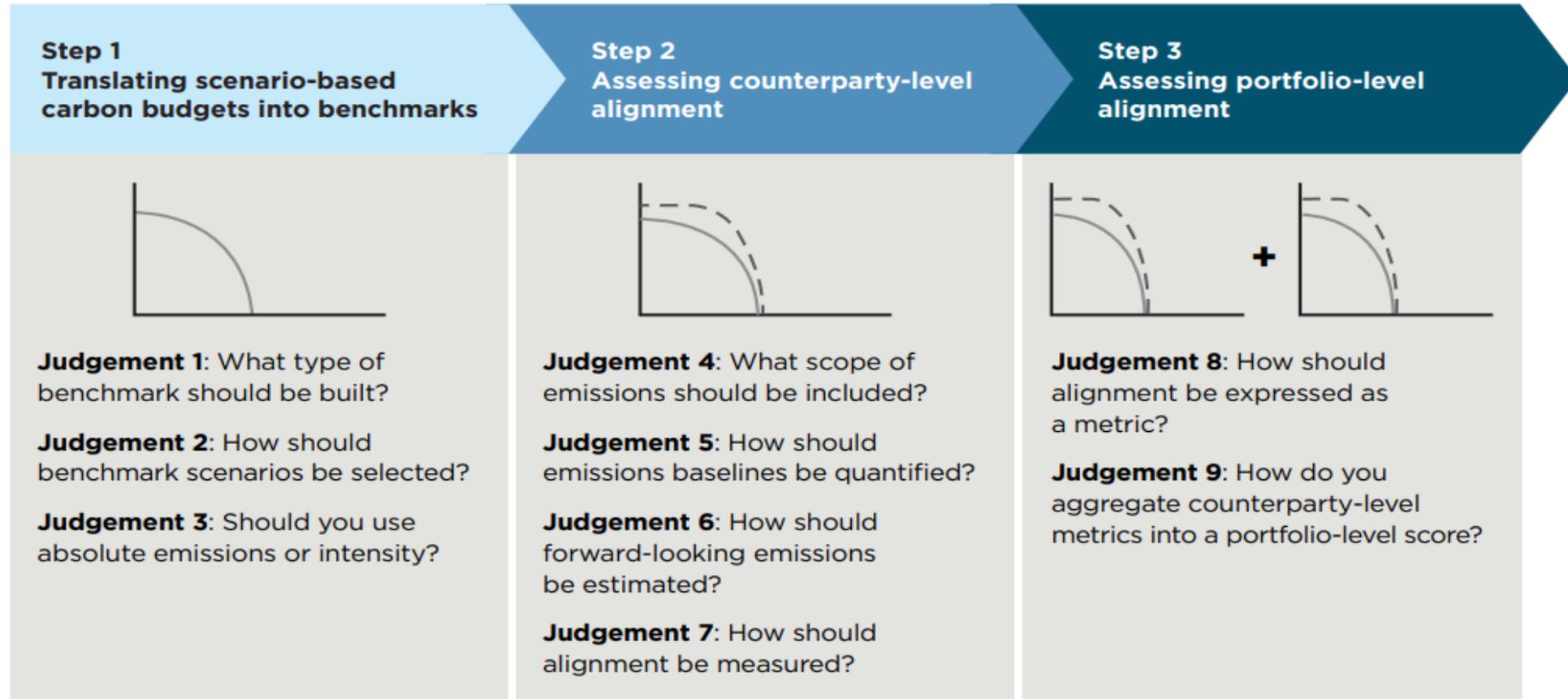


GFANZ's net-zero transition plan framework across all types of financial institutions



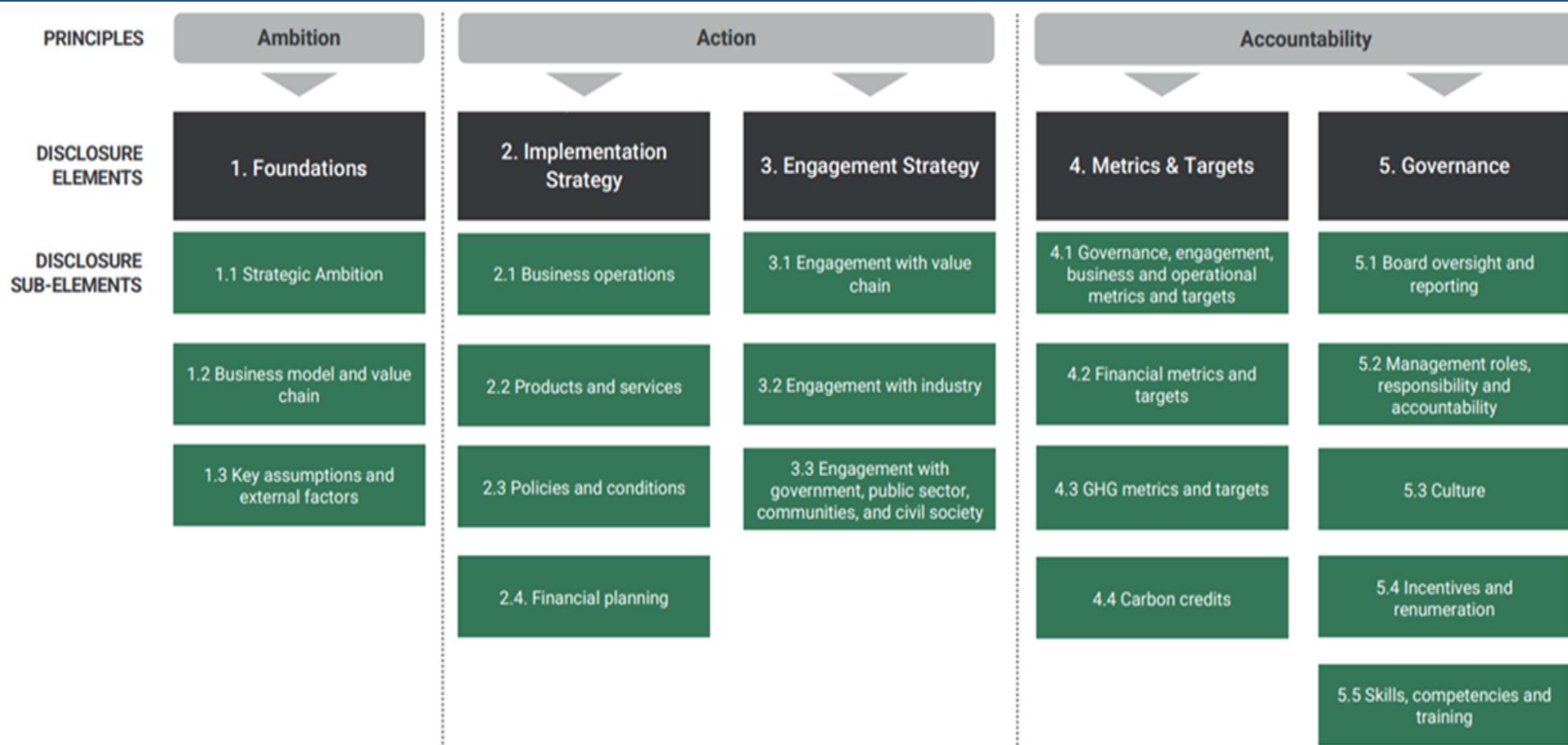
The GFANZ workstream on portfolio alignment

Financial institutions' portfolio alignment measurement framework¹



1) [GFANZ, 2022](#)

The UK TPT Disclosure Framework¹



This Framework adopts ISSB's definition of transition plan & a financial materiality perspective¹

Example of a bank's transition plan: HSBC's 2024 Net Zero Transition Plan¹ (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 Plan¹ (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 Plan¹ (3/4)

1

Financing sustainable infrastructure

Overcoming challenges to financing and investment in sustainable infrastructure to help decarbonise energy systems and hard-to-abate demand-side sectors, such as steel or cement.

2

Scaling new economy companies

Scaling the new economy, including funding companies developing the climate technology solutions that can accelerate systemic change.

3

Ecosystem collaboration for supply chain decarbonisation

Collaborating across ecosystems with large corporate customers, their suppliers, and other stakeholders to help decarbonise supply chains.

4

Establishing natural capital as an asset class

Enabling positive outcomes for nature and mainstreaming nature-regenerative action by developing natural capital as an asset class.

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](#)

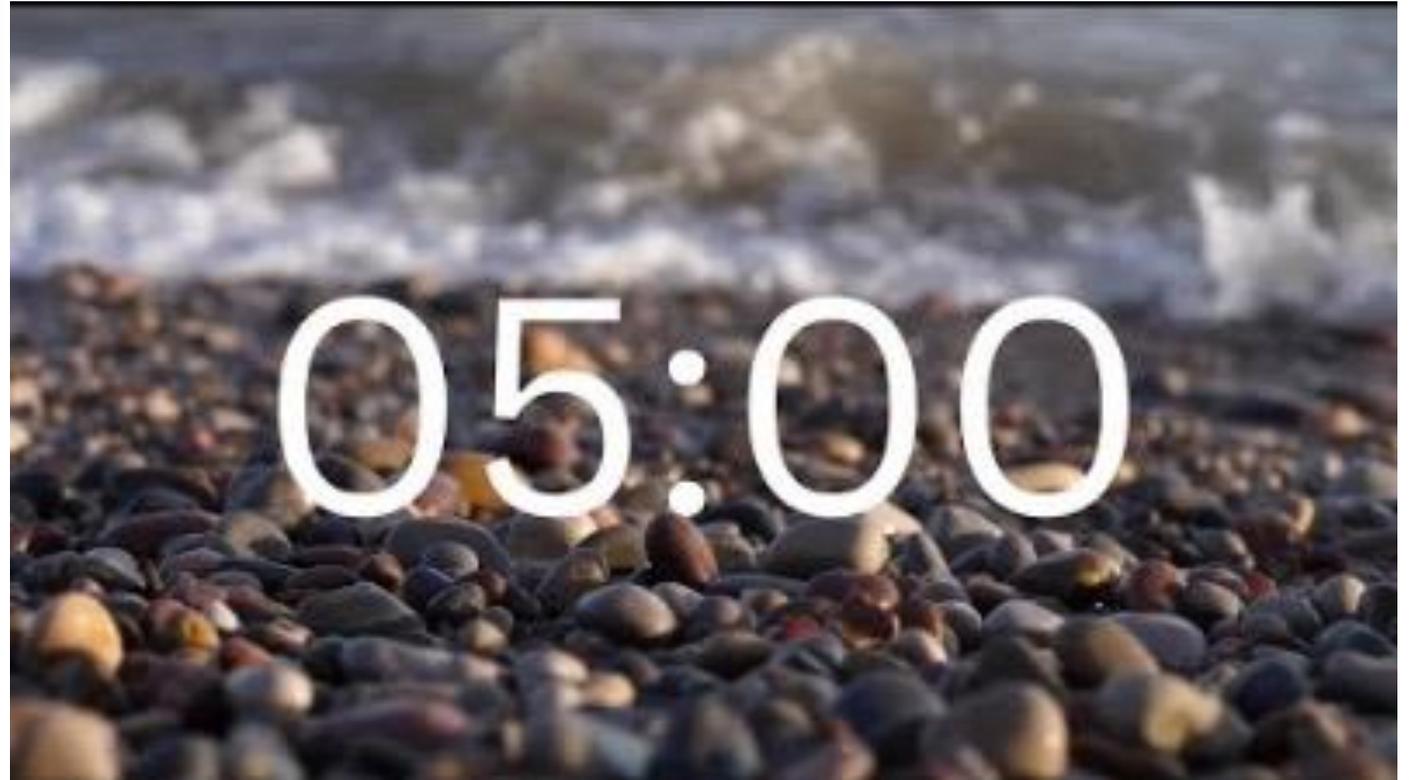
Example of a bank's transition plan: HSBC's 2024 Net Zero Transition Plan¹ (4/4)

| | | | |
|--|--|---|--|
|  Core fixed income | <ul style="list-style-type: none"> ◆ Global credit bond ESG: Seeks a higher ESG rating and a lower carbon intensity compared to benchmark |  Core equity | <ul style="list-style-type: none"> ◆ Global emerging market equity: Broad regional exposure; Seeking to provide improved ESG score and lower carbon emissions relative to benchmark |
|  Carbon | <ul style="list-style-type: none"> ◆ 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 | <ul style="list-style-type: none"> ◆ 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 | <ul style="list-style-type: none"> ◆ 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 | <ul style="list-style-type: none"> ◆ 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 | <ul style="list-style-type: none"> ◆ 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 | <ul style="list-style-type: none"> ◆ 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.





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

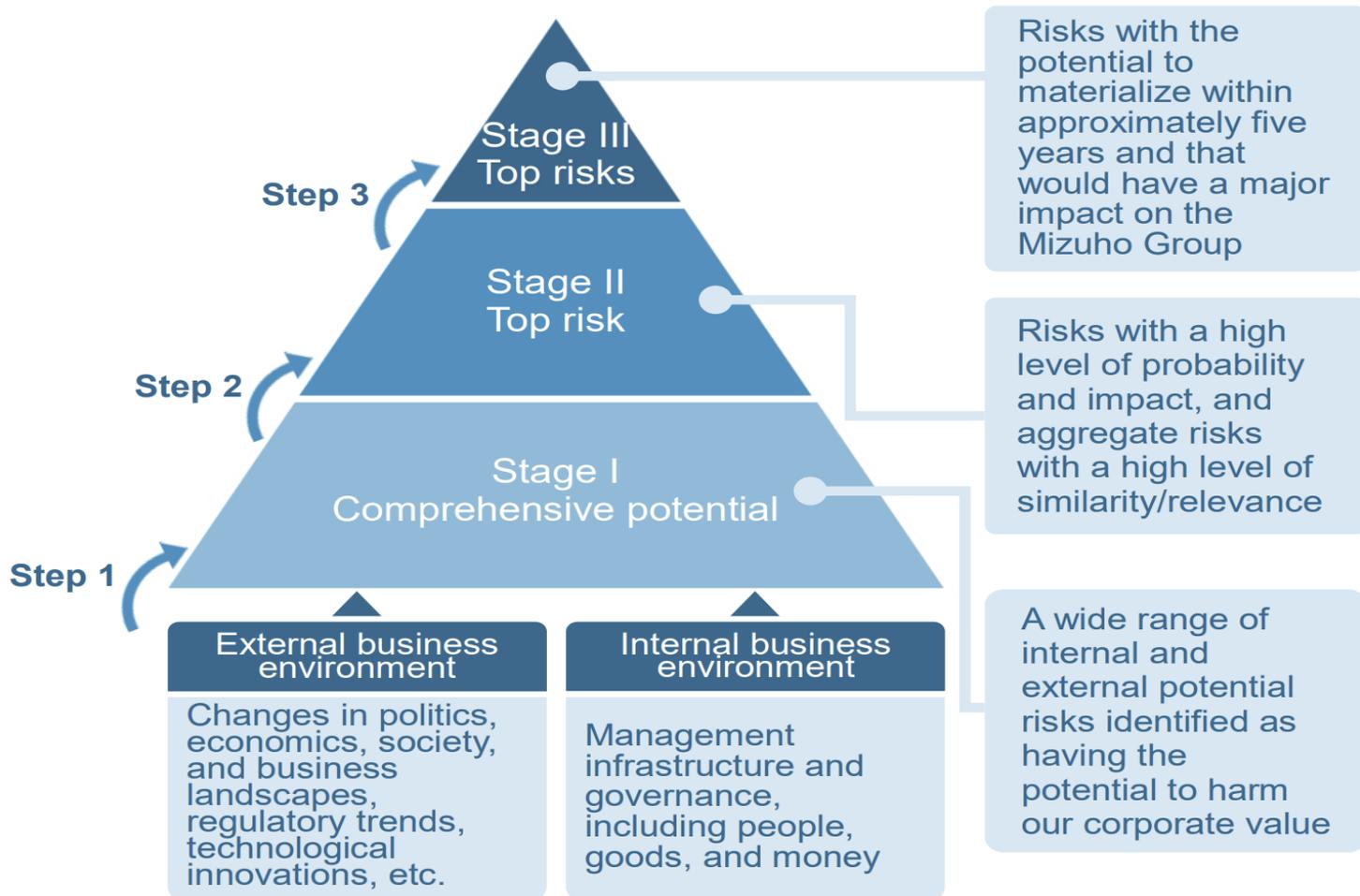
- Metrics
- Targets



Questions to evaluate (risk mgmt.)

- 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**?

Example for risk management disclosure a) - Mizuho Financial Group 2023 TCFD report¹



Implementation tip:

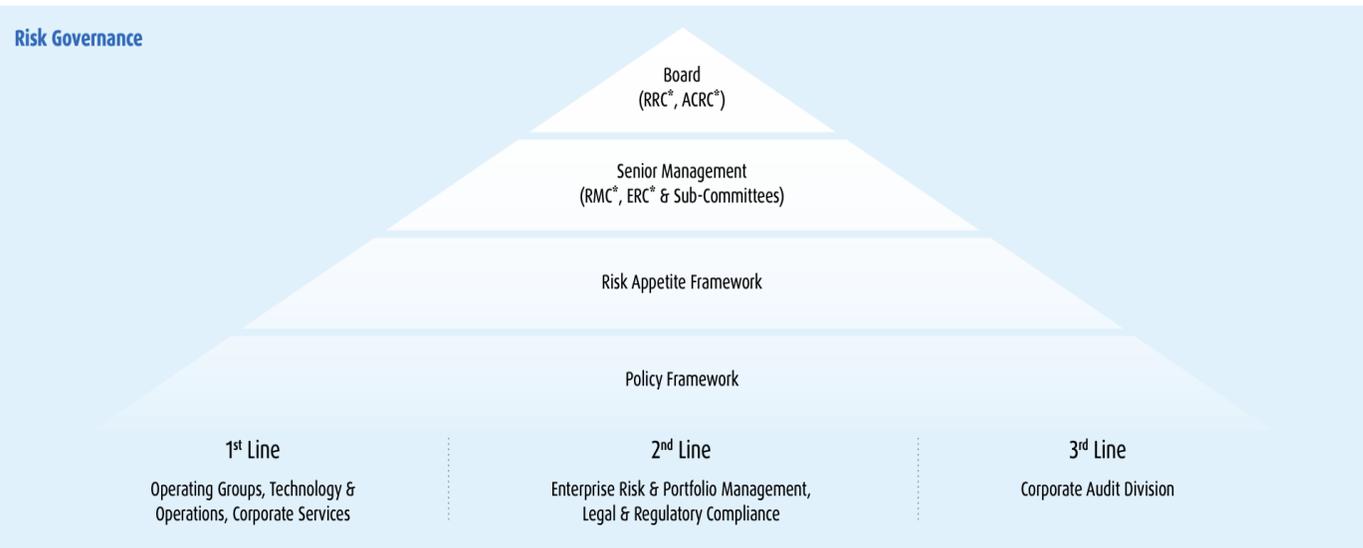
Financial institutions describe the organization's **processes & policies** for identifying and assessing **climate-related risks**. It's also important to discuss how the steps connect with each other.

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

Example for risk management disclosure b) - Bank of Montreal (BMO) 2023 TCFD report¹

Risk Management Approach Maintain Strong Capital and Liquidity Diversify, Limit Tail Risk Optimize Risk Return Understand and Manage Protect Our Reputation

Risk Governance



Risk Management Life Cycle



Risk Taxonomy

| | | | | | | | | |
|----------------------------|-------------|--------------------------|----------------|--------------------------------|-------------------------|-----------------|-----------------------------|----------------|
| Credit & Counterparty Risk | Market Risk | Liquidity & Funding Risk | Insurance Risk | Operational Non-Financial Risk | Legal & Regulatory Risk | Reputation Risk | Environmental & Social Risk | Strategic Risk |
|----------------------------|-------------|--------------------------|----------------|--------------------------------|-------------------------|-----------------|-----------------------------|----------------|

Risk Management Enablement

People Process Technology **Risk Management Tools** (e.g.: Stress Testing, Scenario Analysis, Modelling, Analytics)

Risk Culture

Tone from the Top Accountability Effective Communication and Challenge Incentives

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 report¹

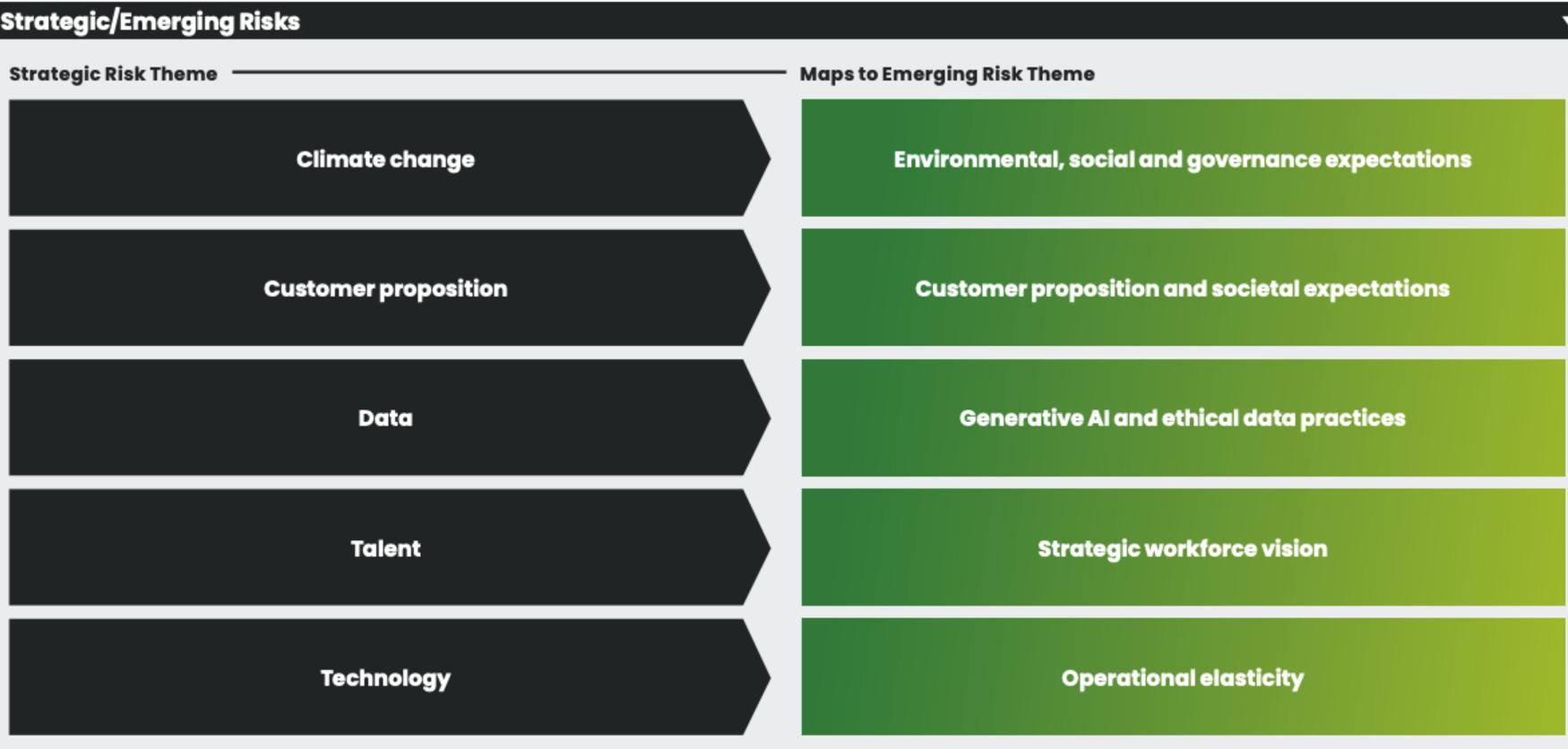
Implementation tip:

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, financing 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-efficient 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) - Lloyds Banking Group 2023 annual report¹



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](#)

Core content



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- Resilience

RISK MANAGEMENT

- Processes for risk management
- Overall risk profile

METRICS & TARGETS

- Metrics
- Targets

Questions to evaluate (metrics)



- **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](#)



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)



- 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





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 Emissions¹



Listed Equity and Corporate Bonds

$$\frac{\text{Outstanding amount}}{\text{EVIC or Total company equity + debt}} \times \text{Company emissions}$$

EVIC = enterprise value including cash



Business Loans and Unlisted Equity

$$\frac{\text{Outstanding amount}}{\text{EVIC or Total company equity + debt}} \times \text{Company emissions}$$

EVIC = enterprise value including cash



Project Finance

$$\frac{\text{Outstanding amount}}{\text{Total project equity + debt}} \times \text{Project emissions}$$

GHG accounting for seven asset classes



Commercial Real Estate

$$\frac{\text{Outstanding amount}}{\text{Property value at origination}} \times \text{Building emissions}$$



Mortgages

$$\frac{\text{Outstanding amount}}{\text{Property value at origination}} \times \text{Building emissions}$$



Motor Vehicle Loans

$$\frac{\text{Outstanding amount}}{\text{Total value at origination}} \times \text{Vehicle emissions}$$



Sovereign Bonds

$$\frac{\text{Exposure to Sovereign Bond (USD)}}{\text{PPP-adjusted GDP (international USD)}} \times \text{Sovereign Emissions}$$

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 emissions¹)

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**”

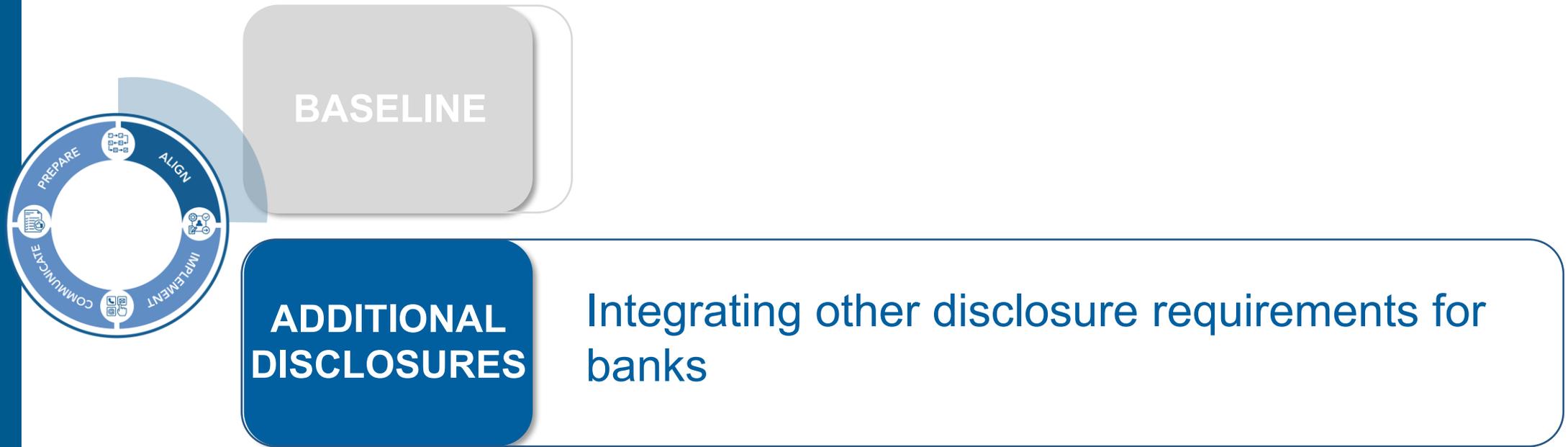
1) [PCAF, 2022](#); 2) [CDP, 2020](#)

Example for financed emissions disclosures – HSBC 2024 Net Zero Transition Plan¹

| 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 ₂ e) | <ul style="list-style-type: none"> ◆ Clean fuels ◆ Clean electricity | <ul style="list-style-type: none"> ◆ Carbon capture and storage |
| | Power and utilities | Emissions intensity of 138 tCO ₂ /GWh | <ul style="list-style-type: none"> ◆ Clean electricity ◆ Grid infrastructure improvements (inc. smart grids) and storage | <ul style="list-style-type: none"> ◆ Thermal coal phase-out ◆ Storage and flexibility ◆ Carbon capture and storage |
| Transport | Automotive | Emissions intensity of 66 tCO ₂ /million vkm | <ul style="list-style-type: none"> ◆ Electric vehicles and smart mobility ◆ Smart mobility | <ul style="list-style-type: none"> ◆ Infrastructure ◆ Public transport improvements |
| | Aviation | Emissions intensity of 63 tCO ₂ /million rpk | <ul style="list-style-type: none"> ◆ Sustainable aviation fuels ◆ Electric, hybrid, and hydrogen-fuelled aircraft | <ul style="list-style-type: none"> ◆ Improvements to operational and aircraft efficiency ◆ Route optimisation |
| | Shipping | No target set; assessing data availability, methodologies and materiality of our portfolio. | <ul style="list-style-type: none"> ◆ Clean fuels ◆ Optimising vessel routes | <ul style="list-style-type: none"> ◆ Improved vessel design ◆ Clean port infrastructure |
| Heavy industry | Cement | Emissions intensity of 0.46 tCO ₂ /t cement | <ul style="list-style-type: none"> ◆ Clean electricity ◆ Clean fuels ◆ Clinker substitutes | <ul style="list-style-type: none"> ◆ Carbon capture and storage ◆ Recycling ◆ Energy efficiency |
| | Chemicals | No target set; assessing data availability, methodologies and materiality of our portfolio. | <ul style="list-style-type: none"> ◆ Alternative feedstocks ◆ Clean hydrogen ◆ Elimination of single-use plastics | <ul style="list-style-type: none"> ◆ Carbon capture and storage ◆ Recycling |
| | Iron, steel and aluminium | Emissions intensity of 1.05 tCO ₂ /t metal | <ul style="list-style-type: none"> ◆ Recycling and secondary production ◆ Clean electricity ◆ Carbon capture and storage | <ul style="list-style-type: none"> ◆ 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 | <ul style="list-style-type: none"> ◆ Thermal coal phase-out ◆ Transition metals ◆ Decarbonisation of on-site operations | <ul style="list-style-type: none"> ◆ 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. | <ul style="list-style-type: none"> ◆ Energy efficiency ◆ Low-carbon heating or cooling ◆ On-site clean energy generation | <ul style="list-style-type: none"> ◆ Reduce embodied emissions ◆ Smart buildings/homes |
| Food, forests and other land use | | No target set; assessing data availability, methodologies and materiality of our portfolio. | <ul style="list-style-type: none"> ◆ Reduce Waste ◆ Low-carbon consumption ◆ Sustainable supply chains (preventing deforestation, low carbon) | <ul style="list-style-type: none"> ◆ Nature restoration ◆ Low carbon agriculture (precision agriculture; alternative proteins, pesticides and fertilisers; vertical farming) |

1) [HSBC, 2024](#)

ALIGN



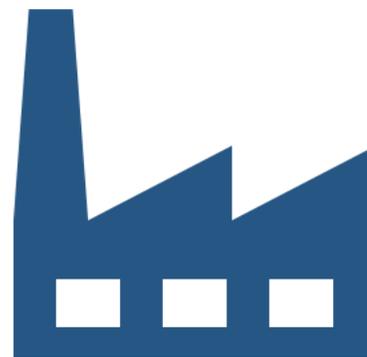
Building on the baseline



Listing requirements



Policy objectives



Industry standards



Other stakeholders

Jurisdictional progress



- Jurisdictional progress towards the adoption or other use of ISSB Standards continues to gain momentum
- [As of June 2025](#), **36 jurisdictions have adopted, used, or are finalizing** the adoption of ISSB Standards – corresponding jurisdictional profiles and snapshots have published
- Profiles complement the ISSB's [May 2024 Jurisdictional Guide](#) and are developed through bilateral engagement and independent review. The IFRS Foundation continues supporting jurisdictions via:
 - IFRS - Jurisdictional sustainability consultations
 - Regulatory Implementation Programme and
 - Roadmap Development Tool

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



GRI 102 and IFRS S2: Statement on reporting on both standards and equivalence for IFRS S2 on GHG Emissions Disclosures

JOINTLY PUBLISHED ON 26 JUNE 2025

1. Introduction

The IFRS Foundation and GRI have a strong working relationship, built upon the Memorandum of Understanding signed in 2022 and the 2024 addendum.

The aim of the collaboration is to articulate how the [GRI Standards](#), set by the Global Sustainability Standards Board (GSSB), and the [IFRS Sustainability Disclosure Standards](#), set by the International Sustainability Standards Board (ISSB), can be **used together to facilitate reporting on an organization's impacts, risks, and opportunities**, including the risks that arise from the organization's most significant impacts. This includes the ISSB and the GSSB **jointly identifying and aligning any common disclosures** that address information needs under the distinct scopes and purposes of their respective standards.

The ISSB continues to focus on meeting the information needs of investors regarding organizations' sustainability-related risks and opportunities – more specifically, meeting the common information needs of primary users as defined in ISSB Standards.

The GSSB continues to focus on meeting the needs of a range of stakeholders, including investors, by providing a comprehensive, modular system of GRI Standards to report the most significant impacts of organizations on the economy, environment, and people, as well as their contributions to sustainable development.

- 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
- On 26 June 2025 the GSSB has **granted equivalence** to IFRS S2 *Climate-related Disclosures* for Scope 1, 2, and 3 GHG emissions under GRI 102
- 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

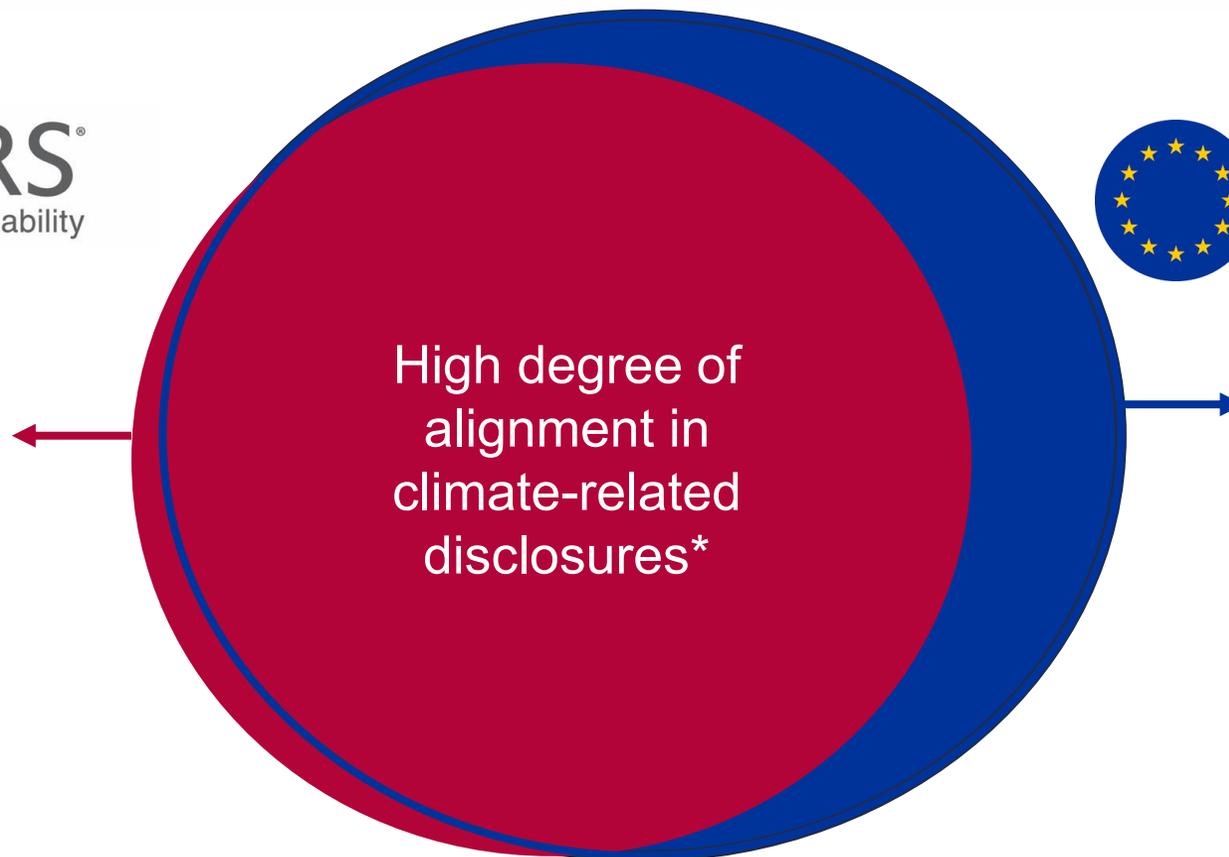
[GRI 102 and IFRS S2: Statement on reporting on both standards and equivalence for IFRS S2 on GHG Emissions Disclosures](#)

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 risks¹
- 2023: Consultation paper on Pillar III Disclosure of climate-related financial risks²

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)

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.

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.
3. **Consider if there are additional topics, reporting processes or skillsets** that may be required to meet your disclosure objectives.



Mentimeter

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we are sharing in the
chat

**What are the key gaps
you need to address
in your current
disclosures or internal
processes?**

MODULE 3

The backbone of effective disclosure – processes and practices



IMPLEMENT



IDENTIFY

EVALUATE

INTEGRATE

IMPLEMENT

IDENTIFY

Identifying sustainability-related risks and opportunities

EVALUATE

INTEGRATE



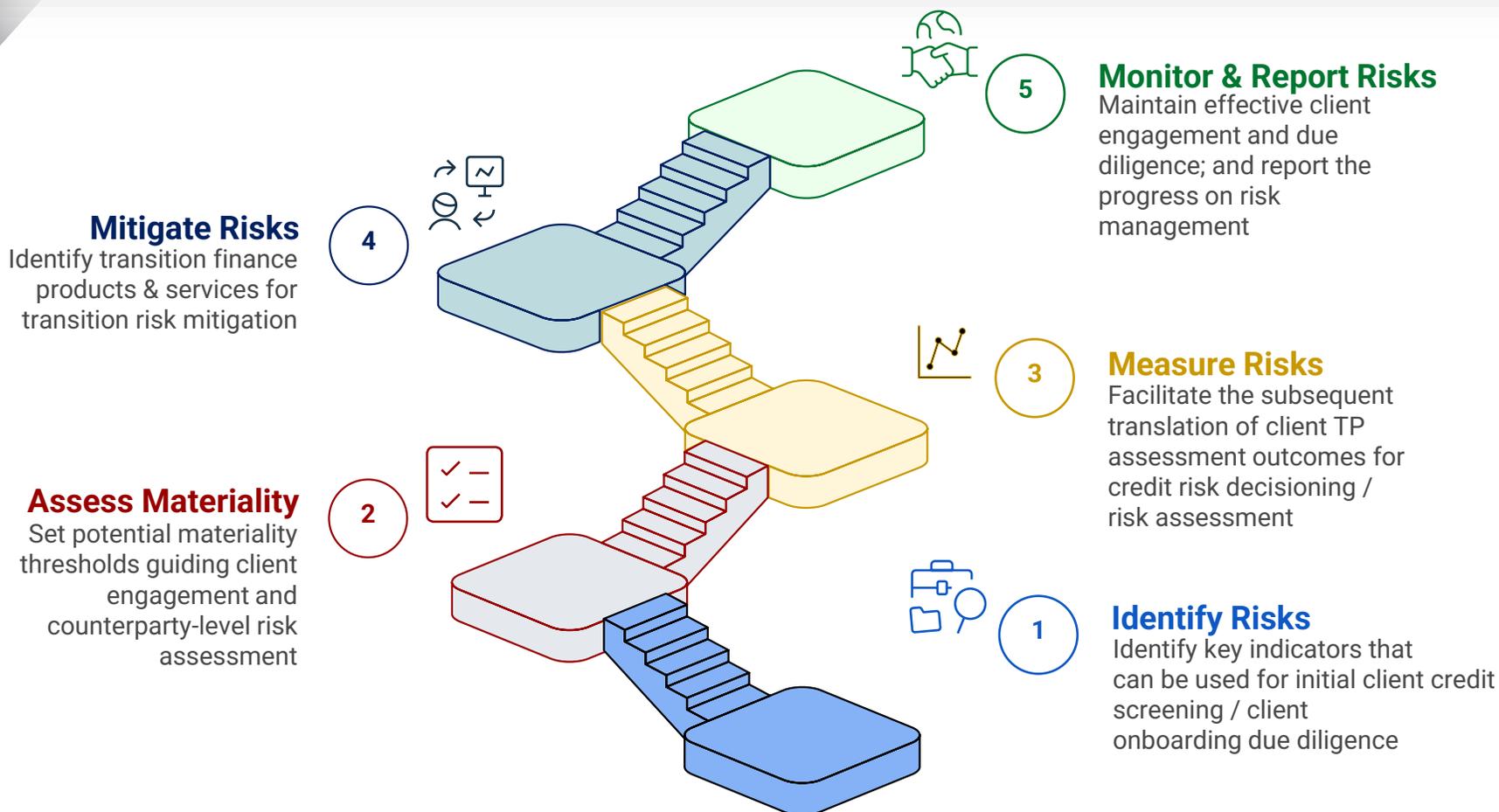
UNEP FI Risk Centre Disclosures Group



Sounds interesting and want to learn more?

Check out our [website](#) and [email](#) us.

UNEP FI Risk Centre Disclosures Group



Value Add

- Exclusive access to the **latest framework & guidance on assessing client transition plans' credibility**, developed by world-leading experts
- **Learn directly from the framework author(s) & peers** on how to apply the framework for risk management
 - ✓ Compliance Check
 - ✓ Redflag Check
 - ✓ Granularity Check
 - ✓ Credibility Check

Sounds interesting and want to learn more?

Check out our [website](#) and [email](#) us.

How to get involved in the UNEP FI Risk Centre?

Benefits of joining

- 1. Research Projects:** Unlimited access to research projects of 6-12 months to help enhance your sustainability risk integration capabilities. Directly engage with internal and external topic experts, and our partners in a small group setting.
- 2. Early Access:** Get first access to technical project materials, tools and reports ahead of their public release.
- 3. Access to the Risk Centre Extranet.**
- 4. Risk Centre Forum:** A platform designed with your priorities at the core to provide you with direct access to our Risk network. Bespoke sessions for you to discuss and ask questions to our growing network of central banks and regulators, academics, data / model providers, etc..
- 5. Exclusive Tools:** Access to a selection of tools (or advanced features) from our research projects available only to you.
- 6. Resources Hub:** A curated list of case studies based on real-world examples and technical handouts covering a range of risk-related topics to support your understanding and application of our research.

Fee structure

- Annual fee invoiced each year. Depends on the size (assets) of the organisation.
- Single fee. No limits on number of projects or number of participants.

Ways to join

Please reach out to one of the below:

- Email us: unepfi-riskcentre@un.org
- Visit our website: <https://www.unepfi.org/risk-centre/>

IMPLEMENT



IDENTIFY

EVALUATE

Evaluating the risks and opportunities and testing resilience

INTEGRATE

The EU Approach to Materiality¹

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

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**

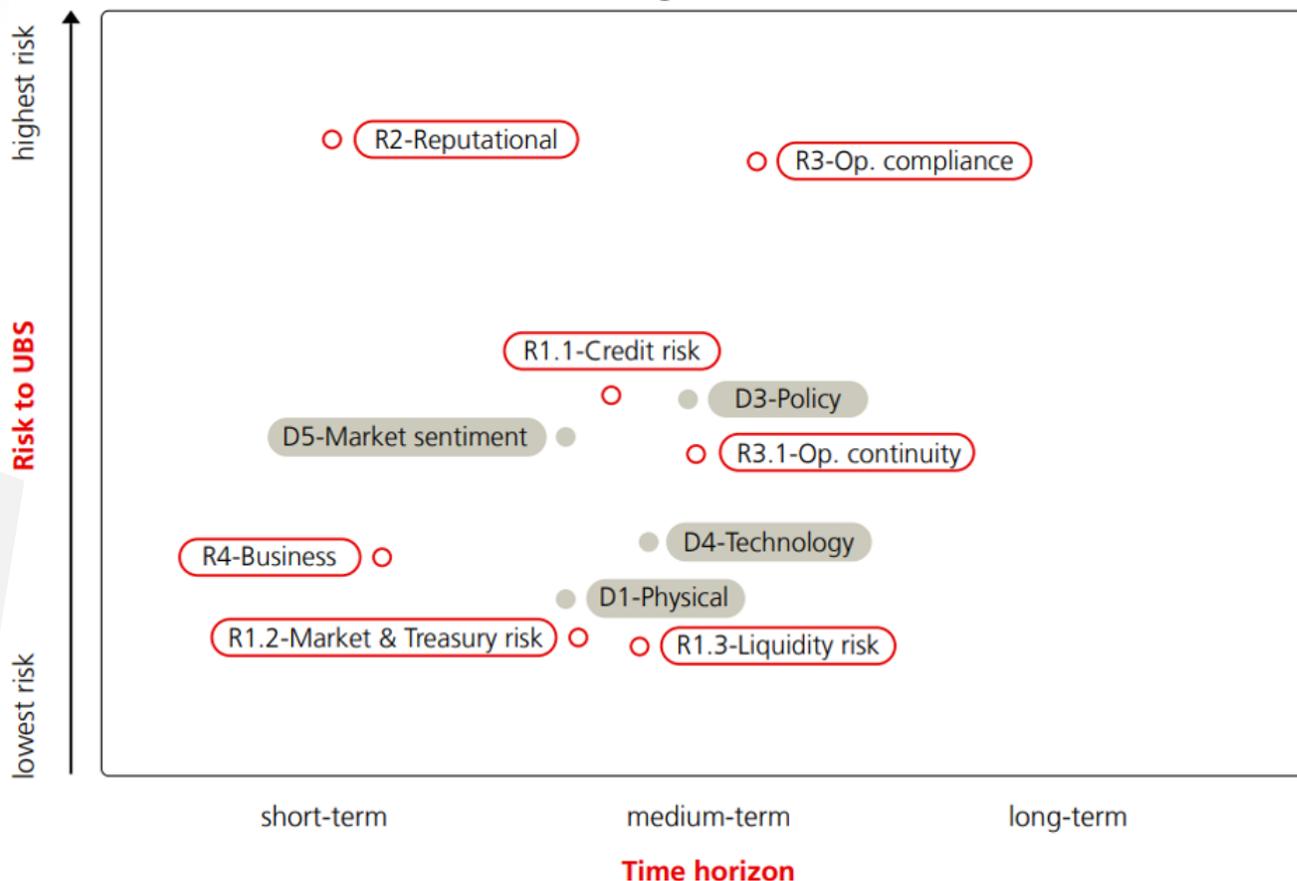
1) SASB, 2024a; 2) SASB, 2024b

Example of materiality assessment (1/2)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 of sustainability- & climate-related risks and opportunities on an entity's financial position in short-, medium-, and long term;
- How reporting entities define short-, medium-, and long-term

Example of materiality assessment (2/2)¹

How Garanti BBVA approached the exercise

| | ESRS Main Topics | Impact Materiality | | Financial Materiality | | FINAL RESULT |
|----------|--|--------------------|-------------------|-----------------------|-------------------|--------------|
| | | Positive Impact | Negative Impact | Risks | Opportunities | |
| Material | ESRS E1: Climate Change | Material | Somewhat Material | Somewhat Material | Somewhat Material | Material |
| | ESRS S1: Own Workforce | Material | Non-material | Non-material | Non-material | Material |
| | ESRS G1: Business Conduct | Material | Non-material | Material | Non-material | Material |
| | ESRS S4: Consumers and End-Users | Material | Material | Material | Somewhat Material | Material |
| | ESRS E2: Pollution | Material | Somewhat Material | Somewhat Material | Non-material | Material |
| | ESRS E5: Resource Use and Circular Economy | Material | Non-material | Somewhat Material | Non-material | Material |
| | ESRS E3: Water and Marine Resources | Somewhat Material | Non-material | Material | Somewhat Material | Material |
| | ESRS S3: Affected Communities | Non-material | Somewhat Material | Non-material | Somewhat Material | Material |
| | ESRS S2: Workers in the Value Chain | Somewhat Material | Non-material | Non-material | Non-material | Material |
| | ESRS E4: Biodiversity and Ecosystems | Non-material | Non-material | Non-material | Non-material | Non-material |

Material
 Somewhat Material
 Non-material

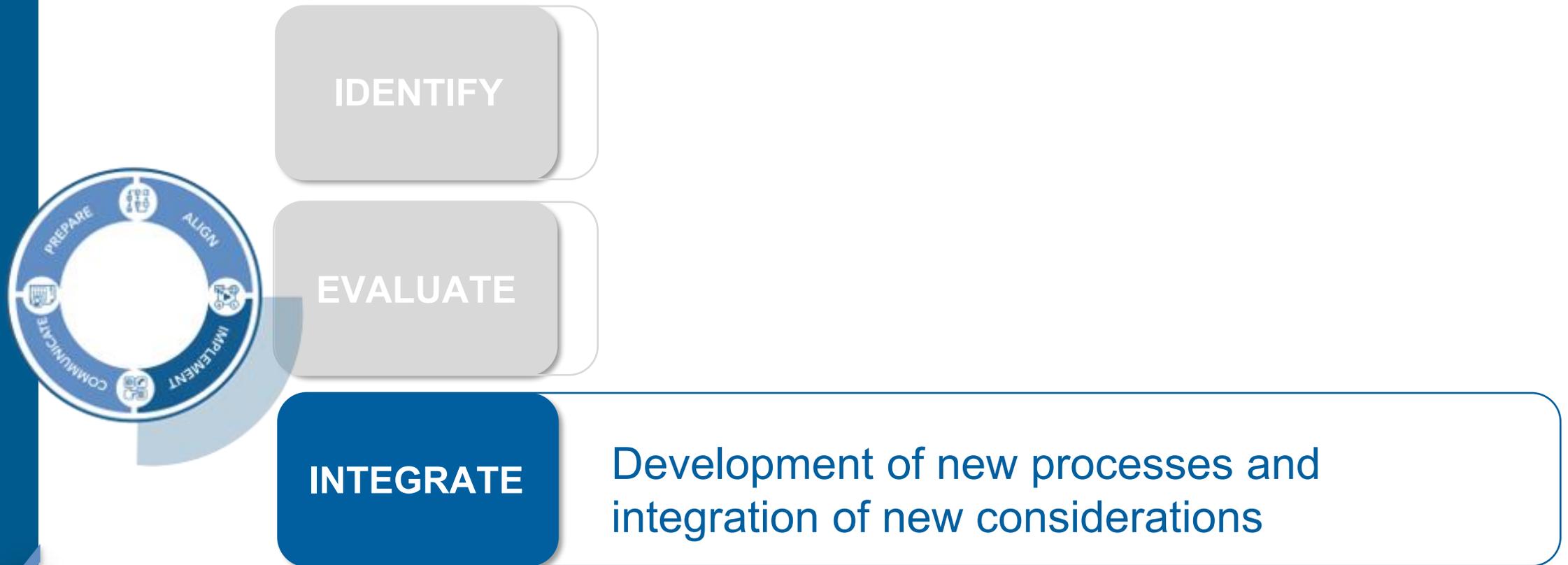
The bank referred to resources, incl. existing standards / frameworks to do their TSRS 1 & TSRS 2 disclosures, some of these resources include:

- IFRS S1 (TSRS 1) & S2 (TSRS 2)
- the SASB Standards
- The ESRS topics
- GRI Standards
- ENCORE
- Stakeholder surveys
- UNEP FI resources

NOTE: TSRS 1 and TSRS 2, released by Kamu Gözetimi, Muhasebe ve Denetim Standartları Kurumu (KGK) and published on the [official gazette](#) on 29 December 2023 are based on IFRS S1 and S2. According to the KGK, entities shall report using TSRS 1 and TSRS 2 for annual reporting periods beginning on or after 01 January 2024. The scope of applications has been updated based on a [06 March 2025 announcement](#).

1) [Garanti BBVA, 2025](#)

IMPLEMENT



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

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 required by the IFRS Sustainability Disclosure Standards?

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

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
- **Integration:** Consider how these requirements can be integrated into your organization's strategic decision-making processes

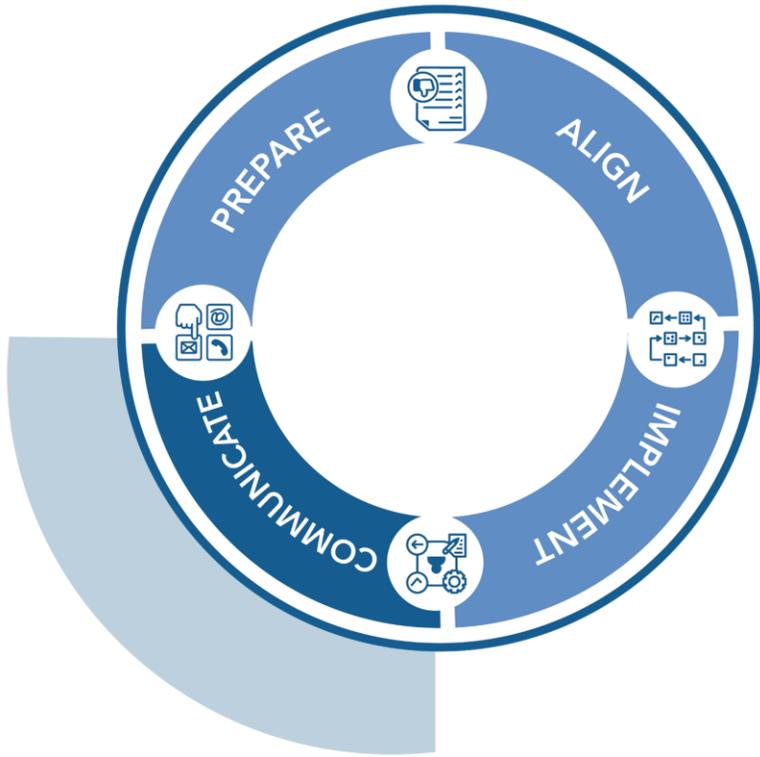


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chat

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

MODULE 4

Communicating with investors – what, where and how



COMMUNICATION



COMMUNICATION

LOCATION

Where disclosure should appear

EFFICIENCY

CONFIDENCE



Holistic reporting package



INVESTOR FOCUSED

Financial
accounting



Sustainability-related
financial reporting



MULTI-STAKEHOLDER FOCUSED



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**

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

[IFRS Educational Material: Sustainability-related risks and opportunities and the disclosure of material information](#)

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

Global practice on integration

Figure 1: Approach to reporting (% of reports)

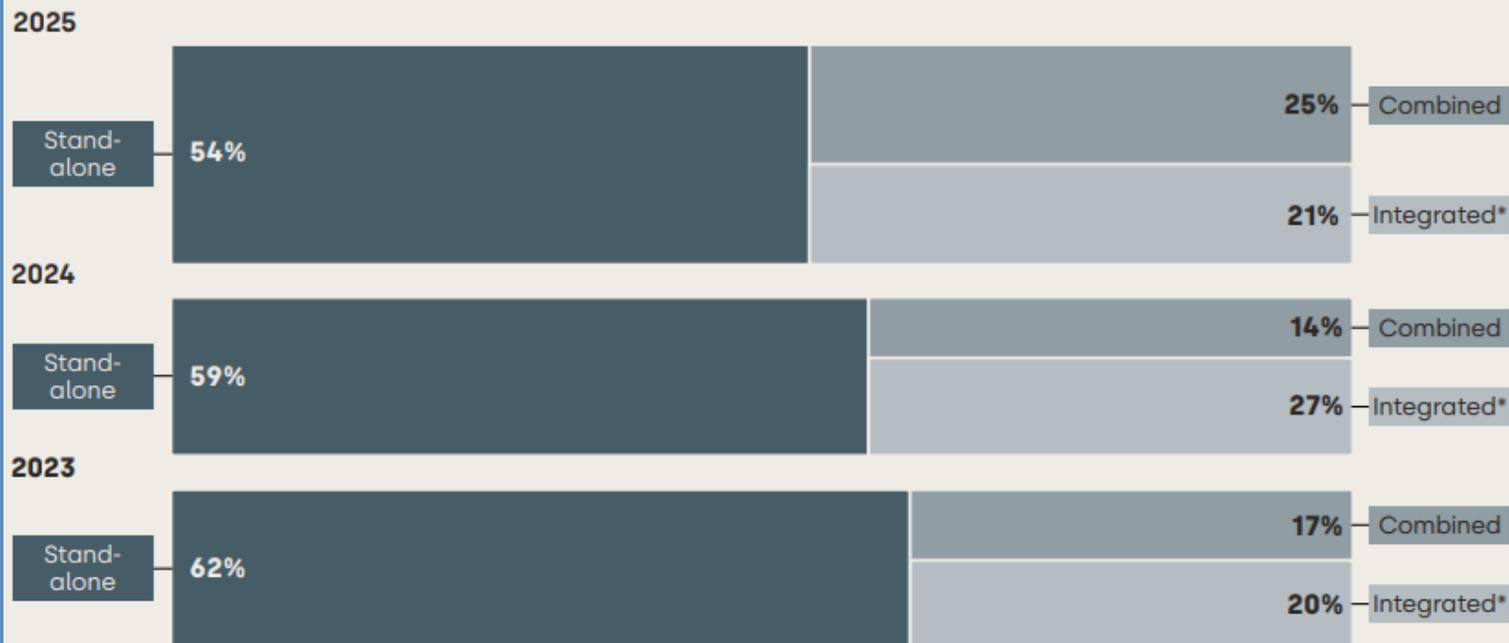
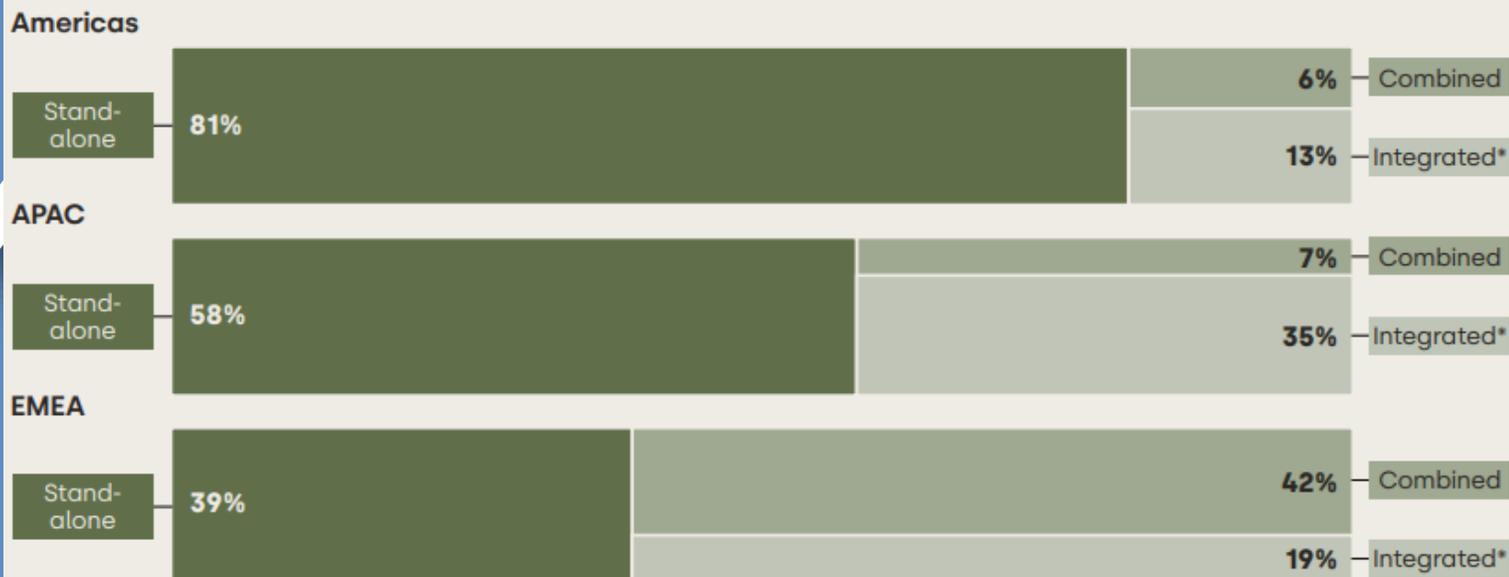


Figure 2: Approach to reporting, 2025, by region (% of reports)



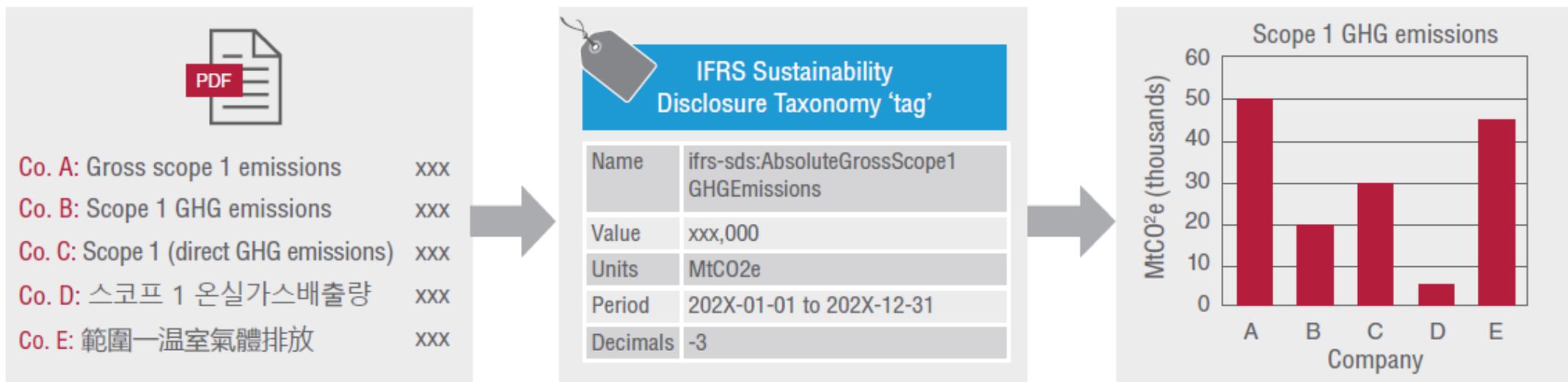
* Reports labelled as an integrated report

Source: WBCSD Reporting Matters 2025, pg 9

Evolution towards digital reporting



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



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

COMMUNICATION



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

Annex 4: Reporting Index continued

IFRS content elements and concepts/SDG index

The following KPIs are used to measure and monitor progress.

IFRS content elements and concepts

| Content element/concept | Our response |
|---|---|
| Organisational overview and external environment | See the Executive statement and the Business model in this 2024 Sustainability Report. |
| Governance | See Governance and risk management in this 2024 Sustainability Report. |
| Business model | See Business model in this 2024 Sustainability Report. |
| Risks and opportunities | See Governance and risk management in this 2024 Sustainability Report. For more on risk management - see Form 20F . |
| Strategy and resource allocation | See Executive statement, the Business model in this 2024 Sustainability Report. More information is also in the Annual Report and Form 20-F . |
| Performance | Performance on our most material sustainability topics is described throughout this 2024 Sustainability Report. |
| Outlook | See Executive statement, Governance and risk management in this 2024 Sustainability Report. See also Form 20-F . |
| Basis of presentation | See Form 20-F . |

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.

Consistent disclosures



Sustainability-related financial disclosures should be:

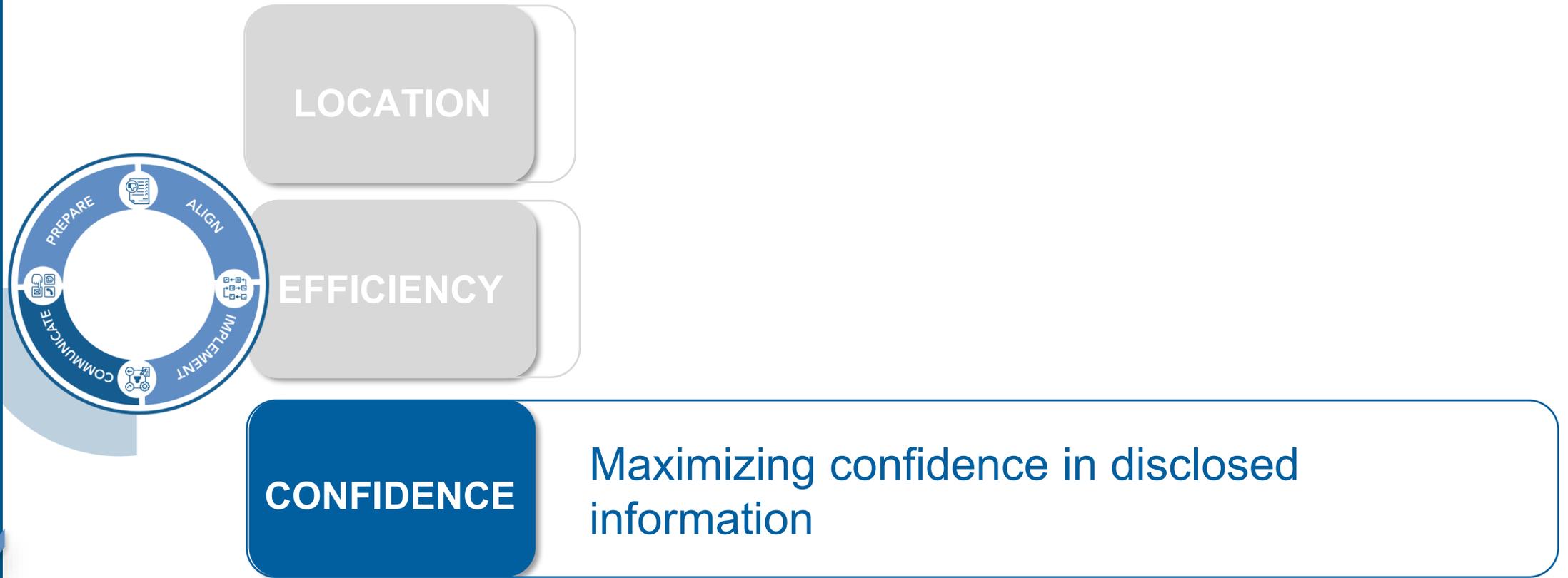
- Prepared for the **same reporting company and reporting period** as the financial statements
- Provided at the **same time as the financial statements**, as part of the general-purpose financial reports
- Include **data and assumptions that are consistent with those in the financial statements**, to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

Aggregation / disaggregation



- *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

COMMUNICATION



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



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**

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

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we are sharing in the
chat

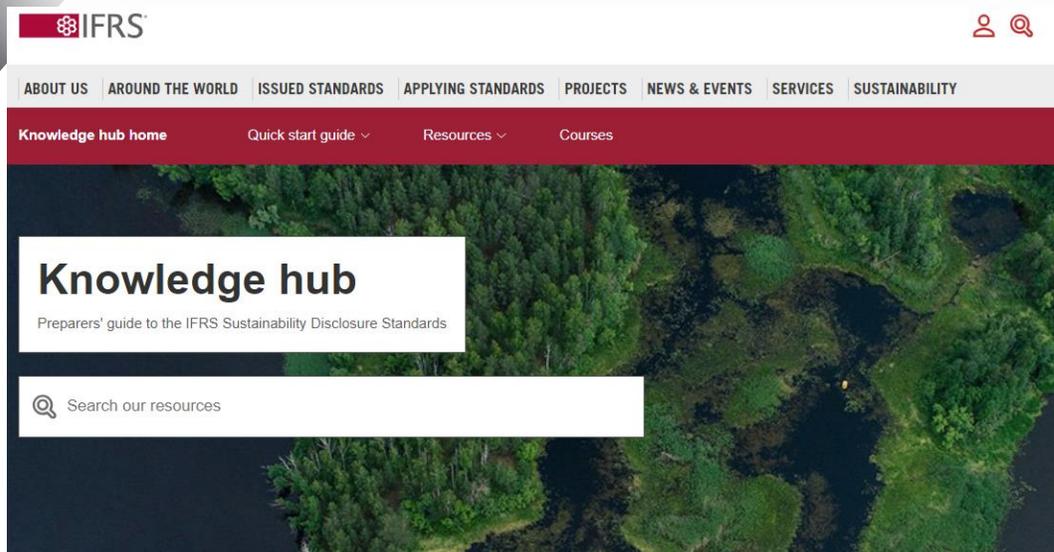
**Did we achieve our
learning objectives?**

**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, for example, case studies, good practice guidance, webinars, research, publications, FAQs on the standards and their implementation. The curated content will evolve over time.

Videos



IFRS S1 Introduction

General overview of IFRS S1 presented by ISSB Vice-Chair Sue Lloyd and Acting Executive Technical Director Bryan Esterly

[Watch video](#)



IFRS S2 Introduction

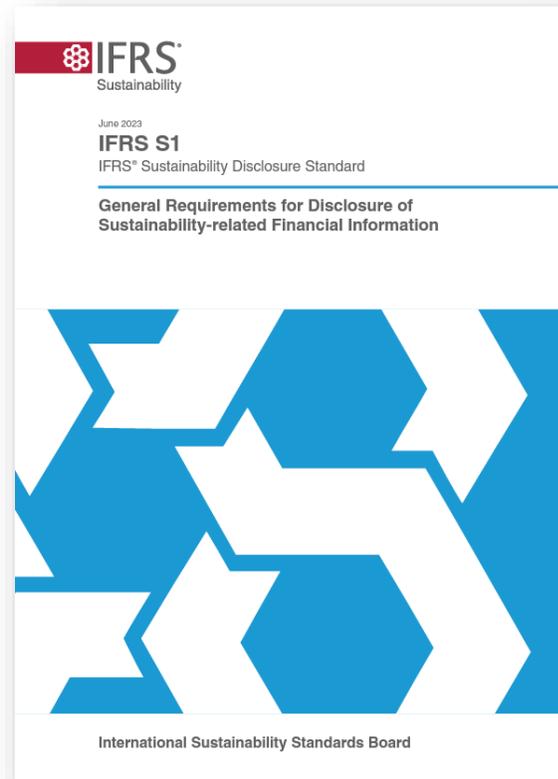
Key features of IFRS S2 presented by ISSB Vice-Chair Sue Lloyd and ISSB Technical Staff—IFRS S2 Lead Caroline Clark-Maxwell

[Watch video](#)

On 13 June 2025, the IFRS Foundation has launched **four free e-learning modules** to support adoption of the ISSB Standards.

[IFRS.org/knowledgehub](https://www.ifrs.org/knowledgehub)

CONTINUE YOUR LEARNING



Download your copy [here](#)

Coming up next from the UNEP FI Risk Centre

Upcoming Publications

- **Sustainability Risk Tools Dashboard + Risk Tools Supplement** [Q1 2026]
- **Sustainability Risk Landscape Report** [Q1 2026]
- **Sustainability Risk Integration Framework** [TBC, 2026]

Projects Launching in Q4 2025

- Sustainability Risk Integration into Risk Management Practices: *Risk Appetite and Sustainability Scorecards*
- Physical Climate Risks and Adaptation Benefits
- Enhancing Environmental Risk Reporting and Disclosure Practices

Projects Launching in Q1 2026

- Physical Nature Risks
- Assessing and Using Client Transition Plans

FORUM: Regulatory Perspectives

Beyond the Balance Sheet aims to strengthen sustainability and climate disclosure and drive sustainable finance in emerging markets



1 **One-stop shop** providing guidance, framework, capacity building, and technical assistance to improve sustainability and climate reporting tailored to emerging markets.

Knowledge Hub

2 **Tools and resources** comprising an online platform, digital toolkit, e-learning, company self-assessment, and extensive information to navigate the fast-evolving sustainability reporting landscape.

Online Platform

3 **Training:** jointly with UNSSE, CDP and IFRS Foundation, **trained 35,000 participants in 100+ markets on climate and sustainability disclosure**, expanding training to board members.

Training

4 **Public good** for regulators and stock exchanges, providing **resources and support to enhance transparency regulations** in 20+ emerging markets.

Capacity-building and support

5 **Public good** for companies and banks, providing resources to enhance their sustainability reporting journey and annual reports.

Awards



www.ifcbeyondthebalancesheet.org



[Sustainability Reporting Essentials E-Learning](#)



[Register for E-Learning Account](#)

Integrated ESG
Driving Sustainable Investment

IFC | International Finance Corporation
WORLD BANK GROUP
Creating Markets, Creating Opportunities

 Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra
Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

Partners: WB, UN SSE, CDP, ISSB, EFRAG, GRI, IOSCO, ICGN, UN PRI, UN Global Compact, SBFN, UNEP FI

 **Beyond**
the Balance Sheet

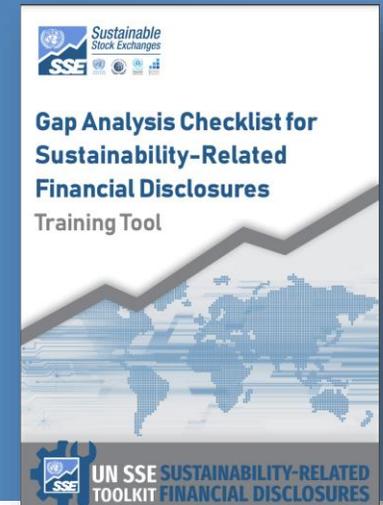
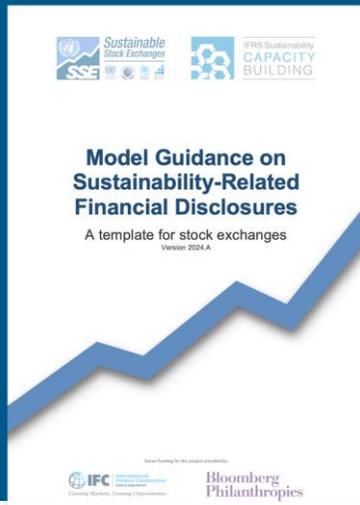
 AN INNOVATION OF **IFC** | International Finance Corporation
WORLD BANK GROUP



SSE



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.



DATE

3.5 CPD credits

THANK YOU TO OUR OFFICIAL SUPPORTERS





Thank you!

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UNEP-FI: unepfi-riskcentre@un.org