



*Sustainable  
Stock Exchanges*



# Gap Analysis Checklist for Sustainability-Related Financial Disclosures

## Training Tool



**UN SSE SUSTAINABILITY-RELATED  
TOOLKIT FINANCIAL DISCLOSURES**

## Introduction

These checklists were compiled by SSE to help companies diagnose their current reporting and create a path towards full implementation of IFRS S1 and S2. They should however not be used as a replacement for the standards, rather the checklists in this document are tools to assess only what gaps may exist in an issuer’s current reporting.

## Conducting a gap assessment

Check your reporting content to see what is missing. Companies can use Checklist 1 to determine where they stand on their sustainability-related financial disclosure journey. Once the company identifies missing information, they should use Checklist 2 to identify whether and how to include this information in a way that’s decision-useful within the company’s general purpose financial report.

### CHECKLIST 1: DISCLOSURE CONTENT

IFRS References

## 1.1 Governance

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

<input type="checkbox"/>	The individual(s), board, committee or equivalent body’s <b>oversight</b> of sustainability-related risks and opportunities including:	
<input type="checkbox"/>	Responsibilities as reflected in the terms of reference, mandates or policies?	S1.27(a)(i), S2.6 (a)(i)
<input type="checkbox"/>	Their skills and competencies?	S1.27(a)(ii), S2.6(a)(ii)
<input type="checkbox"/>	Frequency and form of communication?	S1.27(a)(iii), S2.6(a)(iii)
<input type="checkbox"/>	Process of overseeing the company’s strategy, making decisions and setting targets for managing sustainability-related risks and opportunities?	S1.27(a)(iv)-(v), S2.6(a)(iv)-(v)

### b) Do your current disclosures address the management’s role in governance by explaining:

<input type="checkbox"/>	The controls and procedures used to <b>manage</b> and oversee sustainability-related risks and opportunities, including:	
<input type="checkbox"/>	Delegation of roles to management bodies?	S1.27(b)(i), S2.6(b)(i)
<input type="checkbox"/>	Which controls and procedures are used and how are they integrated with other control functions?	S1.27(b)(ii), S2.6(b)(ii)

## 1.2 Strategy

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

<input type="checkbox"/>	The sustainability-related risks and opportunities that could reasonably be expected to <b>affect the company’s prospects</b> , including:	
<input type="checkbox"/>	A description of the effects?	S1.30(a)
<input type="checkbox"/>	Time horizons (short, medium or long term)?	S1.30(b), S1.30(c), S2.10(c),(d)
<input type="checkbox"/>	If it is a climate-related risk, is it physical or transition?	S2.10(b)
<input type="checkbox"/>	Are you using the <b>Industry-based Guidance</b> on Implementing IFRS S2 to measure, monitor and assess climate-related risks and opportunities?	S2.12

## CHECKLIST 1: DISCLOSURE CONTENT

IFRS References

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

- |  |                    |
|--|--------------------|
| <input type="checkbox"/> The current and anticipated <b>effects</b> of sustainability-related risks and opportunities <b>on the entity's business model and value chain</b> , including: |                    |
| <input type="checkbox"/> A description of the effects?   | S1.32(a), S2.13(a) |
| <input type="checkbox"/> Where in the business model and value chain it occurs?  | S1.32(b), S2.13(b) |

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

- |   |                    |
|---|--------------------|
| <input type="checkbox"/> Your company's <b>actual and planned response</b> to sustainability-related risks and opportunities and how this is reflected in its strategy and decision-making, including:  |                    |
| <input type="checkbox"/> Past and planned future responses to risks and opportunities and to meet targets set or required?  | S1.33(a), S2.14(a) |
| <input type="checkbox"/> For climate-related risks and opportunities, current and anticipated... <ul style="list-style-type: none"> <li>• changes to the business model and resource allocation;</li> <li>• direct and indirect mitigation and adaptation efforts; and</li> <li>• transition plans in place?</li> </ul> | S2.14(a)(i-v)      |
| <input type="checkbox"/> How you plan to <b>resource</b> the above  | S2.14(b)           |
| <input type="checkbox"/> <b>Progress</b> against the plans you reported in your previous reporting?   | S1.33(b), S2.14(c) |
| <input type="checkbox"/> The <b>trade-offs</b> considered?  | S1.33(c)           |

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

- |  |  |
|--|--|
| <input type="checkbox"/> <b>Current financial effects</b> of sustainability-related risks and opportunities, including:  |  |
| <input type="checkbox"/> How the financial position, performance and cash flows are affected?  | S1.34(a), S1.35(a), S2.15(a), S2.16(a) |
| <input type="checkbox"/> Any material adjustment to the carrying amounts of assets and liabilities?  | S1.35(b), S2.15(b), S2.16(b)           |
| <input type="checkbox"/> <b>Anticipated financial effects</b> of sustainability-related financial risks and opportunities over the short-, medium- and long-term, including: |  |
| <input type="checkbox"/> The expected effects?   | S1.34(b), S1.35(d), S2.15(b), S2.16(d) |
| <input type="checkbox"/> The strategy used to manage the effects?  | S1.35(c), S2.16(c)                     |
| <input type="checkbox"/> Planned sources of funding to implement the strategy and investment and disposal plans?   | S1.35(c)(i-ii), S2.16(c)(i-ii)         |

## e) Do your current disclosures address organizational resilience by explaining:

- |  |                 |
|--|-----------------|
| <input type="checkbox"/> The company's capacity to <b>adjust to the uncertainties</b> arising from sustainability-related risks, including:                          |                 |
| <input type="checkbox"/> The assessment used to determine resilience?  | S1.41, S2.22(a) |
| <input type="checkbox"/> Whether <b>scenario analysis</b> was used, including:   |                 |
| <input type="checkbox"/> What are the implications of the scenario analysis, including uncertainties, and potential responses to the outcomes identified?            | S2.22(a)(i-ii)  |
| <input type="checkbox"/> Your ability to adjust your strategy and business model?  | S2.22(a)(iii)   |
| <input type="checkbox"/> How and when the company conducted its climate-related scenario analysis? What inputs, assumptions and reporting periods were used and why? | S2.22(b)(i-iii) |

CHECKLIST 1: DISCLOSURE CONTENT

IFRS References

## 1.3 Risk management

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

<input type="checkbox"/>	The processes and related policies used to identify, assess, prioritize and monitor sustainability-related <b>risks</b> including information about:	
<input type="checkbox"/>	inputs and parameters used?	S1.44(a)(i), S2.25(a)(i)
<input type="checkbox"/>	whether and how scenario analysis is used?	S1.44(a)(ii), S2.25(a)(ii)
<input type="checkbox"/>	how they are assessed, prioritized and monitored?	S1.44(a)(iii-v), S2.25(a)(iii-v)
<input type="checkbox"/>	If any changes to these processes have occurred?	S1.44(a)(vi), S2.25(a)(vi)
<input type="checkbox"/>	The processes used for identifying, assessing, prioritizing and monitoring sustainability-related <b>opportunities</b> ?	S1.44(b), S2.25(b)
<input type="checkbox"/>	How these processes are <b>integrated</b> into the company's overall risk management process?	S1.44(c), S2.25(c)

## 1.4 Climate-related metrics and targets<sup>1</sup>

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

<input type="checkbox"/>	Performance on <b>climate-related metrics</b> , including:	
<input type="checkbox"/>	Greenhouse Gas (GHG) emissions (Scopes 1, 2 & 3)	S2.29(a)
<input type="checkbox"/>	Amount and percentage of assets and business activities vulnerable to transition and physical climate risks and opportunities	S2.29(b-d)
<input type="checkbox"/>	Amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	S2.29(e)
<input type="checkbox"/>	Internal carbon price and method	S2.29(f)
<input type="checkbox"/>	Climate-linked remuneration	S2.29(g)
<input type="checkbox"/>	Performance on applicable <b>industry-based metrics</b> , as described in the Industry-based Guidance on Implementing IFRS S2?	S2.32
<input type="checkbox"/>	For each sustainability risk or opportunity that could reasonably be expected to affect the entity's prospects, and its performance in relation to it, the metrics used, how it's defined and how it is calculated, and performance in relation to it?	S1.46(b)

<sup>1</sup> The SSE Toolkit on Sustainability-Related Financial Disclosures includes a tool on Climate metrics and targets

CHECKLIST 1: DISCLOSURE CONTENT

IFRS References

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

<input type="checkbox"/> <b>Targets</b> used to monitor progress to achieving strategic goals and those required by law or regulation, including:	
<input type="checkbox"/> the target chosen, its objective, the metric used to set it and any revisions	S1.51(a,b,g), S2.33(a,b)
<input type="checkbox"/> for climate-related targets, what part of the company the target applies to, measurement type and alignment to international agreements	S2.33(c,g,h)
<input type="checkbox"/> the target period, base period and milestones or interim targets	S1.51 (c-e), S2.33(d-f)
<input type="checkbox"/> For <b>climate-related targets</b> , the approach to setting and reviewing targets, including:	
<input type="checkbox"/> Validation and reviewing process	S2.34(a,b)
<input type="checkbox"/> Process of analyzing trends, monitoring progress, metrics used and revisions made	S2.34(c,d), S2.35
<input type="checkbox"/> For <b>GHG emissions targets</b> , details on:	
<input type="checkbox"/> Which gasses and scopes are covered in gross or net?	S2.36(a-c)
<input type="checkbox"/> Use of sectoral decarbonization approaches?	S2.36(d)
<input type="checkbox"/> Plans to use carbon credits, dependency on such credits, and policy or plans for verification, type and credibility of carbon credits	S2.36(e)



## How to report

As companies finalize their disclosures, they can use Checklist 2 to help ensure that they are disclosing information that's most useful for users of general-purpose financial reports.

Make sure to review IFRS S1.10-24 and IFRS S1.54-86 thoroughly.

### CHECKLIST 2: DISCLOSURE QUALITY

### IFRS References

## 2.1 Quality assessment

### a) Does the information help investors make decisions by being:

<input type="checkbox"/> Relevant?	S1.D4-D7
<input type="checkbox"/> Material?	S1.D8
<input type="checkbox"/> Faithfully represented?	S1.D9-D15
<input type="checkbox"/> Comparable?	S1.D17-D20
<input type="checkbox"/> Verifiable?	S1.D21-D24
<input type="checkbox"/> Timely?	S1.D25
<input type="checkbox"/> Understandable?	S1.D26-D33
<input type="checkbox"/> Reported for the same period and for the same entity as the related financial statements?	S1.64
<input type="checkbox"/> Reported in the general-purpose financial statements?	S1.60-63

### b) Does the information disclosed enable investors to understand connections between:

<input type="checkbox"/> Various sustainability-related risks and opportunities.	S1.21-24, S1.21(a)
<input type="checkbox"/> Disclosure pillars (including governance, strategy, risk management, metrics and targets).	S1.21-24, S1.21(b)(i)
<input type="checkbox"/> Disclosures provided by the entity across all its sustainability-related financial disclosures and other general purpose financial reports published by the entity such as its related financial statements.	S1.21-24, S1.21(b)(ii)

### c) Do sustainability-related financial disclosures include all material information about core content and any additional information needed to make the report understandable to investors, including standards, pronouncements, industry practices or other sources of guidance used to prepare sustainability-related financial information?

<input type="checkbox"/> Has a statement of compliance been made?	S1.72-73
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[www.SSEinitiative.org/disclosure-toolkit/](http://www.SSEinitiative.org/disclosure-toolkit/)

### SSE Toolkit on Sustainability-Related Financial Disclosures

This tool is part of a toolkit that the UN SSE, together with its partners, developed to support stock exchanges and their market participants in the implementation of the IFRS Sustainability Disclosure Standards. The toolkit includes training tools that are designed to complement the SSE Academy's training program on the IFRS Sustainability Disclosure Standards. The SSE will continue to work with its partners to add new tools as necessary to provide ongoing support to stock exchanges and their markets on this topic.



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## About UN SSE

The SSE initiative is a UN Partnership Programme organised by UNCTAD, the UN Global Compact, UNEP FI and the PRI. The SSE's mission is to provide a global platform for exploring how exchanges, in collaboration with investors, companies (issuers), regulators, policy makers and relevant international organisations can enhance performance on environmental, social and corporate governance issues and encourage sustainable investment, including the financing of the UN Sustainable Development Goals. The SSE seeks to achieve this mission through an integrated programme of conducting evidence-based policy analysis, facilitating a network and forum for multi-stakeholder consensus-building, and providing technical guidelines, advisory services and training.

## Note

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