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Exploring ISSB Standards Landscape

A New Era of Reporting

The background & development of ISSB standards & overview of IFRS S1 and S2

The interoperability with other sustainability reporting frameworks and future developments

Insights into global implementation across governments, exchanges, investors, banks, and supply chains

JANUARY 2025

Contents

Acronyms & Abbreviations

The following acronyms and abbreviations are used in this document:

AIGCC	Asia Investor Group on Climate Change
ARDFM	Agency for Regulation and Development of the Financial Market
BCBS	Basel Committee on Banking Supervision
CAPEX	Capital Expenditures
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
COP	Conference of the Parties under the United Nations
CDSB	Climate Disclosure Standards Board
CSRD	Corporate Sustainability Reporting Directive
CRRO	Climate-related Risks and Opportunities
EBA	European Banking Authority
EMEA	Europe, the Middle East and Africa
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
FY	Fiscal Year
GHG	Greenhouse gas
GRI	Global Reporting Initiative
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IGCC	Investor Group on Climate Change
IIGCC	Institutional Investors Group on Climate Change
IOSCO	International Organization of Securities Commissions
IPSASB	International Public Sector Accounting Standards Board
ISSB	International Sustainability Standards Board
iXBRL	Inline eXtensible Business Reporting Language
NBIM	Norges Bank Investment Management
NZAM	The Net Zero Asset Managers initiative
NZAOA	Net Zero Asset Owner Alliance
NZBA	Net-Zero Banking Alliance
NZICI	Net Zero Investment Consultants Initiative
PRB	Principles for Responsible Banking
PRI	Principles for Responsible Investment
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goals
SMEs	Small and Medium-Sized Enterprises
SRRO	Sustainability-related Risks and Opportunities
SSE	Sustainable Stock Exchanges
TCFD	Task Force on Climate-Related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
TPT	Transition Plan Taskforce
US SEC	United States Security Exchange Commission

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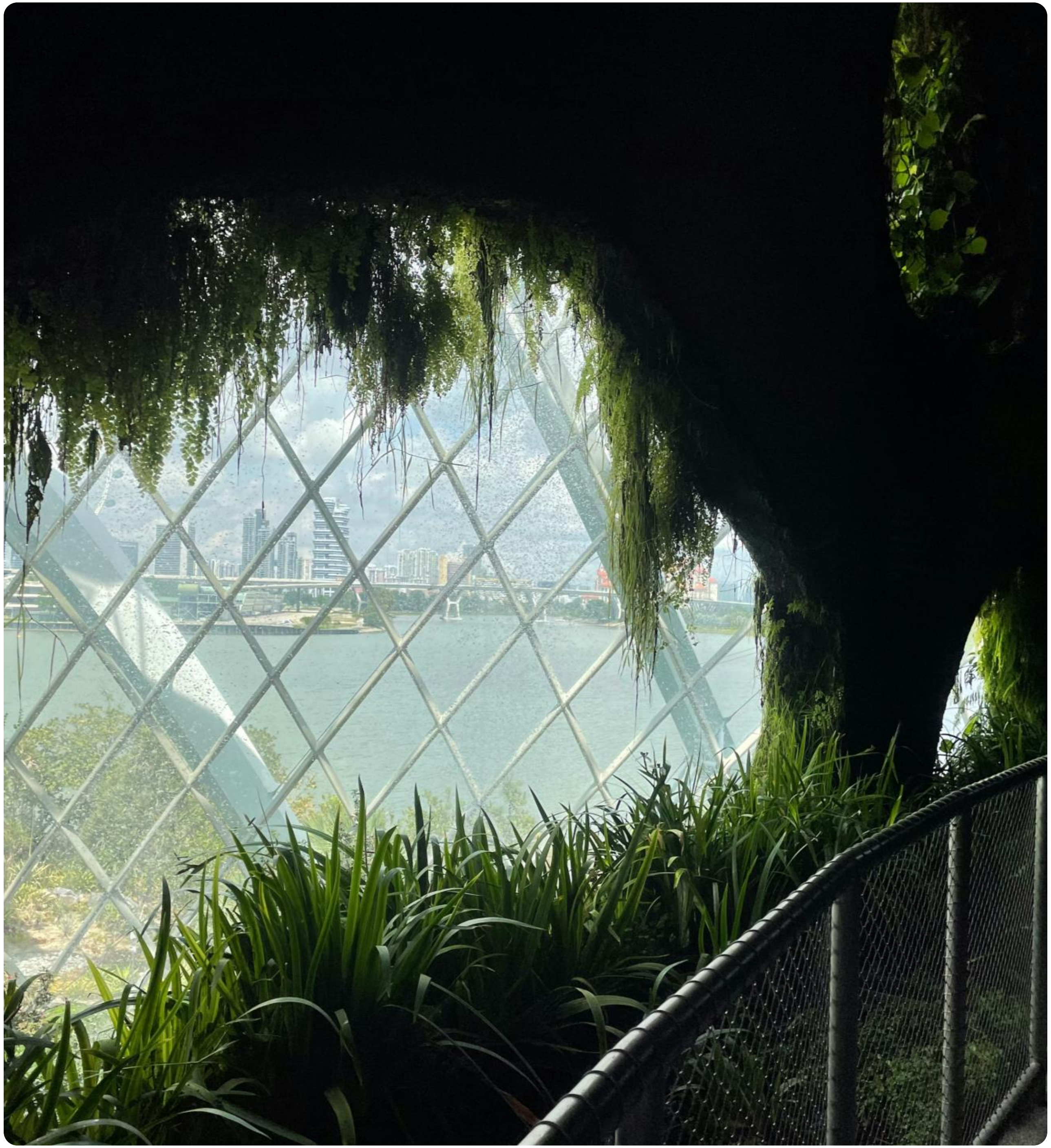
Part 1:
Introduction & Overview

- Introduction to ISSB Standards
- Interoperability with Other Frameworks
- Future Developments



Evolution of Sustainability Reporting

IFRS S1 and S2 (effective date of January 1, 2024) established a global baseline for sustainability reporting

Dec 2015	Paris Agreement	Landmark international treaty on climate change
Jun 2017	TCFD Recommendations published	Setting first guidelines for climate-related financial disclosures
Nov 2021	ISSB formation announced at COP26	Initiation of a body to set global sustainability disclosure standards
Nov 2022	ISSB established	Landmark international treaty on climate change
Jun 2023	IFRS S1 and S2 issued	Release of new global standards for sustainability reporting
Jan 2024	IFRS S1 and S2 effective date	Regulated companies must comply with new reporting standards
2025	First reports under IFRS S1 and S2 expected	The beginning of standardized sustainability reporting (reporting for FY 2024)

Purpose: Develop a global baseline for sustainability disclosures

Culmination of TCFD
IFRS Foundation took over from the TCFD
the monitoring of companies' progress on climate-related disclosures

Source: IFRS, Finvizier Consultancies

Primary Users and Stakeholders

Key influencers push corporates to provide sustainability reporting to enhance the decision-making process

Governments & Regulators
adopt ISSB standards for their jurisdictions

Security Exchanges
require listed companies to disclose in line with ISSB standards

Investors
apply standards in the investment decision-making process and stewardship

Banks
require lenders to disclose sustainability-related information to assess the risks of their loan portfolio

Supply Chain Members
require suppliers to disclose sustainability information to assesse either Scope 3 GHG emissions or climate risks

Requirements to disclose information in accordance with IFRS S1 and S2

Corporates
- Reporting sustainability and climate related information
- Engaging stakeholders in compliance and governance
- Collaborating on sustainable practices

Investors, lenders and other creditors are considered as the **key primary users** of Sustainability-related Financial Information Disclosures so they can use it in making decisions related to providing resources to the entities

Source: IFRS, Finvizier Consultancies

Overview of IFRS S1 and S2

	IFRS S1	IFRS S2
Objective of the Standards	Require entities to disclose information that is useful to primary users of financial reporting about **its sustainability-related risks and opportunities**	Require entities to disclose information that is useful to primary users of financial reporting about **its climate-related risks and opportunities**
Scope	**sustainability-related risks and opportunities** that could reasonably affect an entity's prospects	**climate-related risks and opportunities** that could reasonably affect an entity's prospects
Content of required disclosures	Governance: p. 26-27* Strategy: p. 28-42* Risk Management: p. 43-44* Metrics & Targets: p. 45-53*	Governance: p. 5-7* Strategy: p. 8-23* Risk Management: p. 24-26* Metrics & Targets: p. 27-37*
	A detailed overview regarding the contents of IFRS S1 and IFRS S2 are provided in Appendices	
Location of disclosures	As part of an entity's general financial report or management commentary: e.g. "integrated report", "management report", "operating & financial review", "strategic report"	
Timing	**At the same time as financial statements** with **the same reporting period**[1] (normally, 12 months)	
Effective date	Effective for annual reporting periods beginning on/after **January 1, 2024** (first reporting in 2025 for 2024 FY)	
Interim reporting	**No mandatory requirement** to provide interim sustainability-related financial disclosures[2]	
Assurance	It is **up to jurisdictions** to determine whether assurance is required. The IFRS Foundation's mandate does not include requiring a particular level of assurance by those using its standards.	

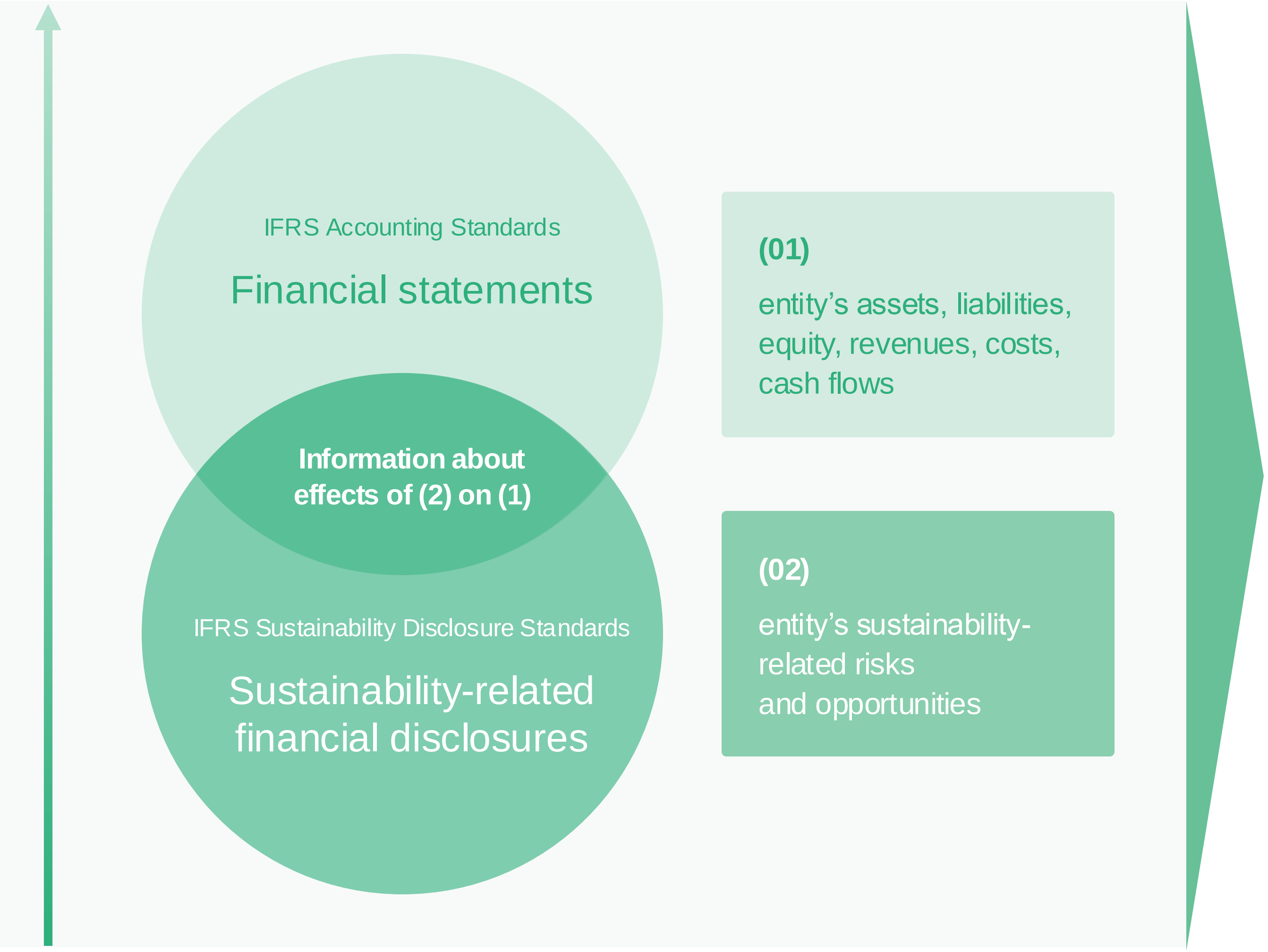
*References to relevant paragraphs in IFRS Sustainability Standards. A detailed overview regarding the contents of IFRS S1 and IFRS S2 standards are provided in Appendices

1 Companies that disclose information under ISSB standards for the first year are subject to reliefs that are provided on slide 9

2 Governments, securities regulators, stock exchanges and accountancy bodies may require entities whose debt or equity securities are publicly traded to publish interim general purpose financial reports

Connectivity between the financial statements and sustainability-related financial disclosures

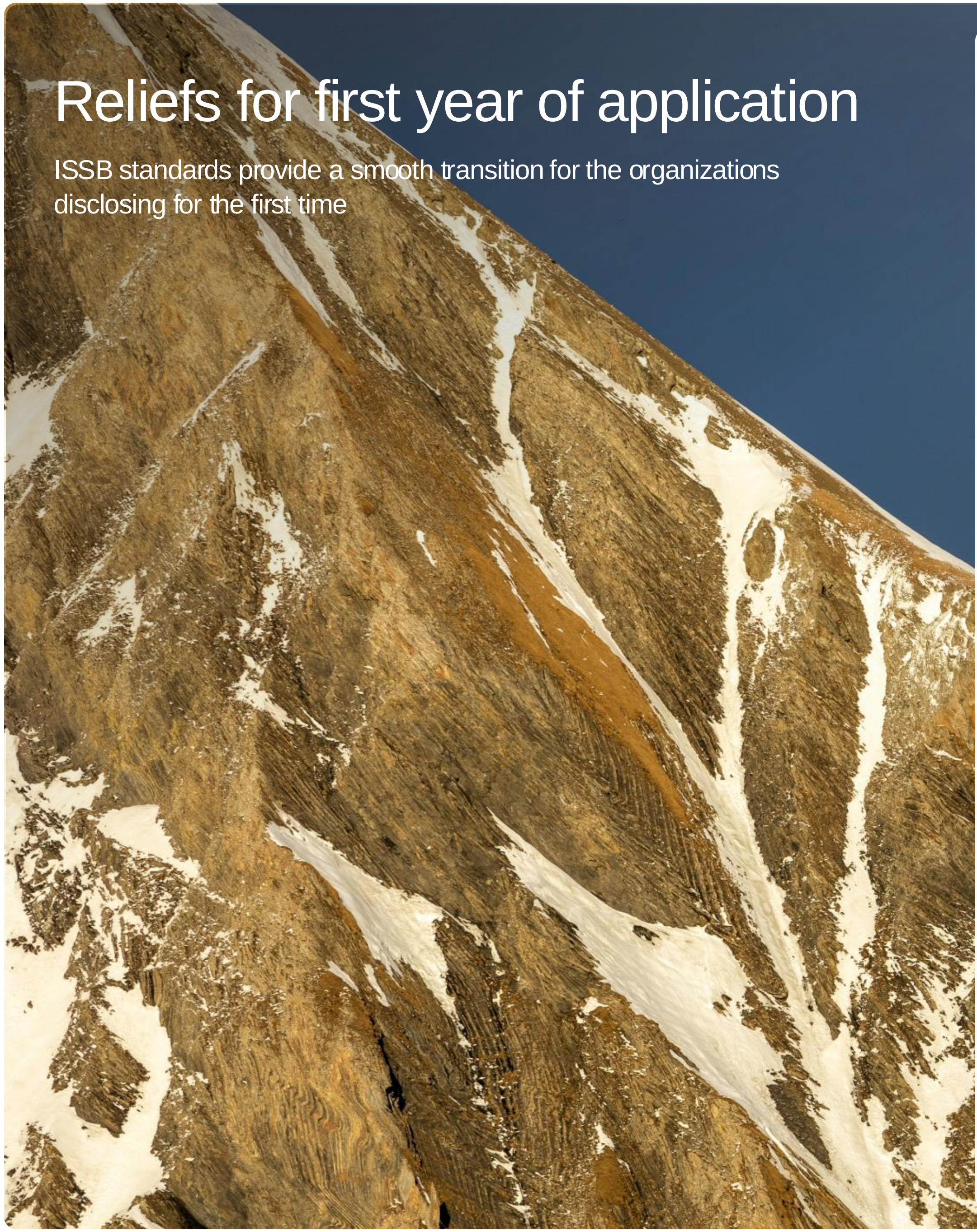
ISSB emphasizes the importance of connectivity between sustainability-related financial disclosures and financial statements



IFRS Sustainability Disclosure Standards require connectivity with the related financial statements

- Same reporting entity
- Same reporting period
- Same timing of reporting
- Same currency
- Consistent data
- Consistent assumptions
- Current and anticipated financial effects

Source: IFRS



Reliefs for first year of application

ISSB standards provide a smooth transition for the organizations disclosing for the first time

Companies disclosing for the first year in accordance with IFRS Sustainability Disclosure Standards will be subject to the following reliefs

01 “Climate-First” Reporting

Companies can focus only on climate-related risks and opportunities in their first year, postponing other sustainability disclosures until the following year.

02 Timing of Reporting:

In the first year, companies have the option to release their sustainability disclosures after their financial statements.

03 Comparative Disclosures:

Companies don’t need to provide comparative information in their initial year, making it easier to get started.

04 GHG Protocol Compliance:

IFRS S2 allows companies to stick with their current methods other than GHG Protocol during the first year of application.

05 Scope 3 Emissions Disclosure:

Companies are not obligated to report on Scope 3 GHG emissions in their first year, allowing them to concentrate on other important disclosures first.

Source: IFRS

Interoperability with Other Frameworks

Standards & Frameworks	Brief Description of a standard / framework	Interoperability with ISSB Standards
TCFD Recommendations	The Task Force on Climate-related Financial Disclosures (TCFD) provides a framework to disclose climate-related financial risks and opportunities	ISSB has integrated TCFD recommendations into its framework, ensuring that companies transitioning to ISSB standards can leverage existing TCFD disclosures
SASB Standards	The Sustainability Accounting Standards Board (SASB) provides industry-specific standards for disclosing sustainability-related risks and opportunities	Companies are required to refer to the SASB Standards when identifying sustainability-related risks and opportunities and determining disclosures
GRI Standards	GRI Standards help entities meet the information need of a broad range of stakeholders, including primary users such as investors, lenders, and other creditors	Companies may use the GRI Standards with ISSB Standards to meet information needs of both primary users and a broader range of stakeholders
ESRS	The European Sustainability Reporting Standards (ESRS) provide a comprehensive framework for sustainability reporting in Europe established under CSRD	Companies that are required to use the ESRS can start with ISSB Standards as the global baseline and add other disclosures to meet ESRS
US SEC Climate Rule	The US SEC Climate Rule mandates public companies to disclose material climate-related risks and their potential impacts on business operations and financials	For companies operating in the United States, there are significant similarities between US SEC Climate Rule an IFRS S2
CDP	The Carbon Disclosure Project (CDP) operates the world's largest environmental disclosure system and provides a standard and scores for environmental reporting	CDP questionnaire is aligned with IFRS S2
BCBS	The Basel Committee on Banking Supervision sets standards for the prudential regulation of banks	The Basel Committee on Banking Supervision proposed that its climate disclosures build on IFRS S2
IPSASB	The International Public Sector Accounting Standards Board (IPSASB) set public sector disclosure standards	It has proposed that its climate standard will be build on IFRS S2
GHG Protocol	The Greenhouse Gas Protocol (GHG Protocol) is a globally recognized framework for measuring and managing greenhouse gas emissions	IFRS S2 requires GHG emissions to be measured in accordance with the GHG Protocol Corporate Standard (2004)
TPT	The Transition Plan Taskforce (TPT) focuses on guiding organizations in developing effective climate transition plans to support their shift toward a low-carbon economy	Companies with the transition plans are required to disclose information about them when applying IFRS S2
TNFD	The Taskforce on Nature-related Financial Disclosures recommendations have been designed to help companies disclosure nature-related information	The ISSB is considering how to build upon the TNFD recommendations, as part of the ISSB's project on nature

Source: IFRS, Finvizier Consultancies

Future Developments

The ISSB's upcoming standards will focus on disclosures related to biodiversity and human capital sustainability

The ISSB will commence projects to research disclosure about risks and opportunities associated with:

01 biodiversity, ecosystems and ecosystem services;

02 human capital.

the ISSB will look at how it might build from relevant pre-existing initiatives:

- the **SASB Standards**
- **CDSB guidance**
- relevant aspects of the work of the **Task Force on Nature-related Financial Disclosures (TNFD).**

II. Convergence with other reporting frameworks:

01 Ongoing collaboration with GRI

02 Alignment with jurisdiction-specific requirements

Source: IFRS

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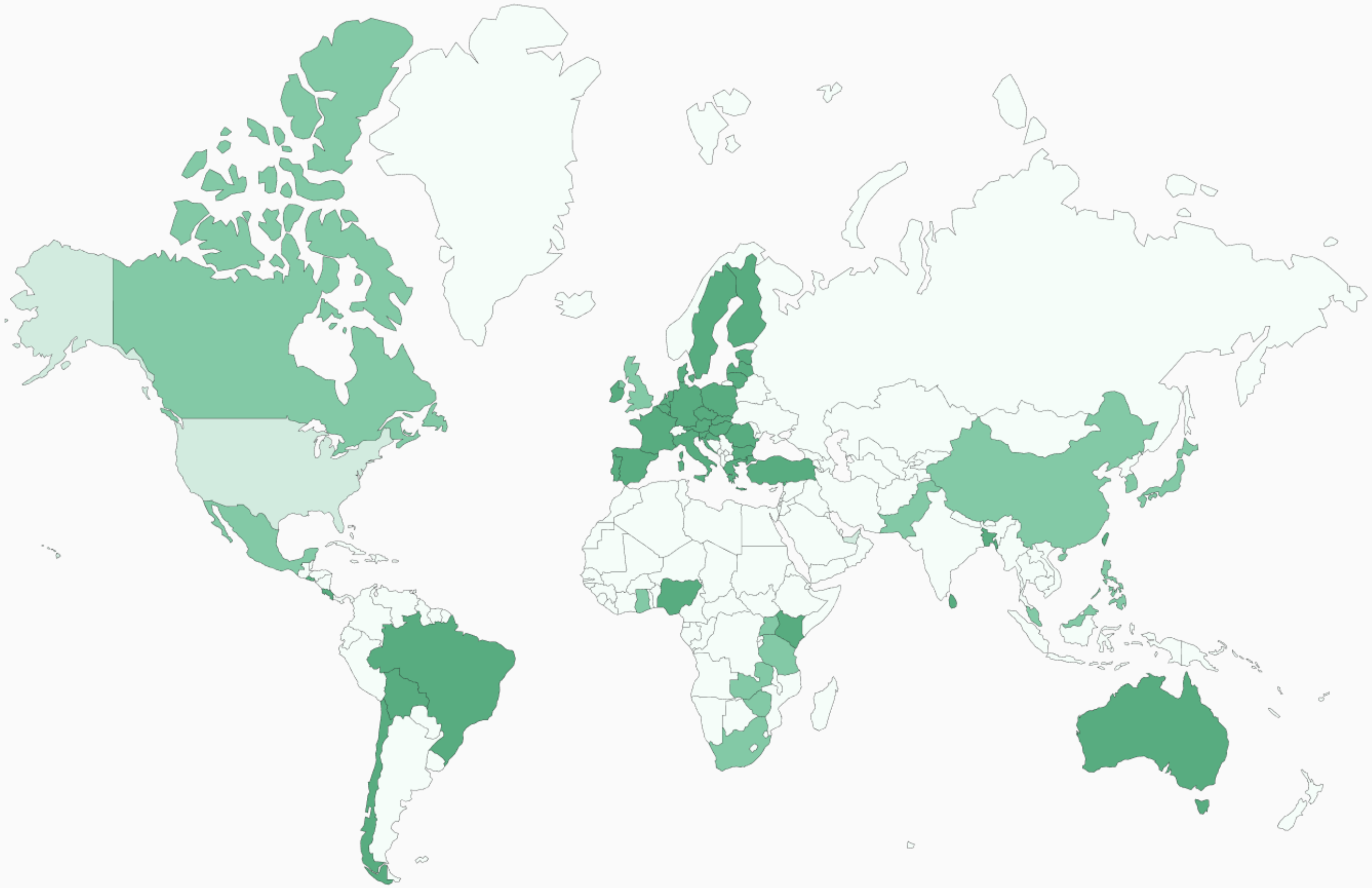
Part 2:
Global ISSB Adoption and Implementation

- Governments
- Security Exchanges
- Investor Perspective
- Banking Sector Response
- Supply Chain Perspective

Governments: Global ISSB Standards Adoption Map

The Continuous Journey: Tracking the Ongoing Progress of ISSB Standards Implementation Across Different Jurisdictions



Fully adopted
In process of adoption
Considering Adoption

By the end of 2024, more than 30 countries have committed to adopting or integrating the key ISSB sustainability reporting standards—namely IFRS S1 and IFRS S2 — into their national legal and regulatory frameworks.

Together, these jurisdictions account for:

About 57%

of the world's gross domestic product (GDP)

Over 40%

of global market value

More than 50%

of worldwide greenhouse gas (GHG) emissions

Source: IFRS Report on corporate climate-related disclosures 2024

Pioneers in IFRS S1 & S2 Integration

Brazil, the EU, and China are leading the adoption of ISSB Standards (IFRS S1 and S2), adapting them to local contexts while maintaining global alignment. Their implementation efforts aim to standardize reporting, enhance market stability, and increase investment attractiveness.

European Union

On July 31, 2023, the European Union approved the European Sustainability Reporting Standards (ESRS), integrating the disclosure requirements outlined by the ISSB.

Scope:

Businesses within the EU that need to adhere to the ESRS

Timeline for provision of first sustainability reports aligned with ISSB Standards:

2025: large publicly traded companies, banks, and insurance providers (reporting for 2024 FY)

2026: other large enterprises (reporting for 2025 FY)

2027: listed SMEs (reporting for 2026 FY)

Brazil

Brazil is taking a major step toward aligning with global sustainability standards. **The Ministry of Finance and Comissão de Valores Mobiliários (CVM)** are leading efforts to adopt **IFRS S1 and S2**, boosting transparency and market competitiveness.

Scope:

Listed companies, investment funds, and securitization entities.

Timeline for provision of first sustainability reports aligned with ISSB Standards:

2024: Listed companies, investment funds, and securitization firms in Brazil can voluntarily disclose sustainability-related information

2026: IFRS S1 and S2 adoption will be compulsory for publicly traded companies.

China

In May 2024, China's Ministry of Finance released **Corporate Sustainability Disclosure Standards** for public consultation, aiming to establish a unified national framework for sustainability

Scope:

Expected to include **listed companies, state-owned enterprises,** and potentially other large businesses with significant environmental or social impacts.

Timeline for provision of first sustainability reports aligned with ISSB Standards:

By 2027: The implementation will begin with publicly traded companies and gradually expand to include other organizations, with climate-related standards.

By 2030: Full framework implementation.

Sources: Progress on Corporate Climate-related Disclosures—2024 Report; The State Council of the People's Republic of China

Gulf Cooperation Council (GCC) countries

While the Gulf Cooperation Council (GCC) member states have not implemented ISSB Standards (IFRS S1 and S2) **by December 2024**, the region is showing meaningful advancement and taking active steps toward adoption.

Adoption Status

01

UAE

The UAE has not yet formally implemented IFRS S1 and S2. Nonetheless, the Emirates Securities and Commodities Authority (SCA) has actively promoted ESG reporting for listed companies, emphasizing alignment with global standards.

02

Oman

Regarding sustainability reporting standards, Oman has not moved forward with adopting the ISSB's foundational frameworks (IFRS S1 and S2), which establish requirements for sustainability and climate-related financial disclosures.

03

Saudi Arabia

Saudi Arabia has not yet officially adopted the ISSB's IFRS S1 and S2 standards. However, the **Saudi Exchange has been actively involved** in promoting awareness and readiness for these standards.

04

Kuwait

Kuwait has not formally implemented IFRS S1 and S2. While Kuwait has implemented International Financial Reporting Standards (IFRS) for financial reporting, there have been no announcements of these specific sustainability-related standards.

05

Bahrain

Bahrain has not officially adopted the International Sustainability Standards Board's (ISSB) IFRS S1 and IFRS S2 standards. There is no publicly available information indicating that Bahrain regulatory authorities have announced plans to implement these standards.

06

Qatar

Qatar Financial Markets Authority (QFMA) mandates the use of IFRS for listed companies. **The adoption of IFRS S1 and S2 is currently being assessed**, with initiatives aimed at aligning with global sustainability reporting practices.

Sources: Qatar, Bahrain, United Arab Emirates, Oman, Saudi Arabia, Kuwait

Central Asian Perspective

ISSB Standards are being actively adopted in Central Asian markets. However, its implementation is fragmented with a focus on financial institutions in Kazakhstan and state-owned enterprises in Uzbekistan.

Kazakhstan

Kazakhstan's financial regulator ARDFM in partnership with IFC provided financial institutions with ESG disclosure guidelines aligned with international standards, including IFRS Sustainability Standards The document was approved by a government body on April 28, 2023.

Scope:

Full compliance expected from all financial institutions

Timeline for provision of first sustainability reports aligned with ISSB Standards:

2024: Voluntary compliance period

2025: The disclosure will become mandatory for banks and other financial organizations starting from 2025

Uzbekistan

UzAssets, an Investment Company responsible for transformation of over 30 Uzbekistan's state-owned companies including ESG transformation, requires them to implement ISSB standards in their annual reporting starting from 2025.

Scope:

over 30 state-owned companies across various sectors

Timeline for provision of first sustainability reports aligned with ISSB Standards:

2025: State-owned enterprises under management of UzAssets are required to adopt IFRS S1 and S2 standards in their annual reporting starting from 2025

Sources: UzAssets, ARDFM

Actions for Governments

Key Steps for Sovereigns to Implement ISSB Standards Successfully

01 Policy Alignment

Establish national sustainability objectives that align with ISSB standards to enhance transparency, attract investments, and combat greenwashing.

02 Implementation Plan

Prioritize adoption for publicly accountable entities (e.g. listed companies, banks, insurers) first and gradually expand to other sectors and smaller organizations, such as SMEs, over time.

03 Develop a Roadmap

- Create a clear roadmap with short-term (1–3 years) goals such as climate disclosures under IFRS S2, and long-term (5 years) goals for full ISSB adoption.
- Adjust legislation to integrate ISSB standards and ensure alignment with existing corporate frameworks.

04 Leverage Digital Tools and Frameworks

- Train regulators, auditors, and companies using tailored programs and IFRS Foundation resources. Establish systems to track, evaluate, and report implementation progress transparently.
- Encourage the use of digital tools like the IFRS Sustainability Disclosure Taxonomy (see slide 18) for efficient reporting.

05 International Collaboration

- Partner with IFRS Foundation, IOSCO, and other jurisdictions to harmonize efforts and share best practices.
- Require third-party assurance to enhance the reliability and credibility of sustainability disclosures.

Source: The Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards (Jurisdictional Guide)

IFRS Sustainability Disclosure Taxonomy

The IFRS Sustainability Disclosure Taxonomy serves as a digital classification system that support implementation of ISSB standards. It acts as a comprehensive dictionary, systemizing definitions, metrics, and disclosure requirements outlined in the ISSB Standards.

The Strategic Role of IFRS Sustainability Disclosure in Global Reporting

The **IFRS Sustainability Disclosure** is essential for achieving transparency, comparability, and trust in sustainability-related financial disclosures.

By integrating this taxonomy, entities can meet global standards, attract investment, and support sustainable economic growth.

Define Standards → Tag Data → Enable Reporting → Improve Analysis

Benefits:

- **Enhance transparency** for investors and stakeholders.
- **Facilitate comparability** across companies, industries, and jurisdictions.
- Support **automated analysis**, reducing manual reporting errors.
- Promote **market efficiency** by attracting investments and lowering capital costs.

Structured to integrate with other taxonomies like the IFRS Accounting Taxonomy and SASB Standards Taxonomy.

Challenges:

- Initial setup and integration costs.
- Training employees to adopt digital taxonomies.

Opportunities:

- Enhanced data quality and reduced errors.
- Better alignment with global investors' demands.

Key Components

Taxonomy Elements:

- Scope 1, 2, and 3 Greenhouse Gas Emissions: Clear categories for emissions disclosures.
- Climate Risk Disclosures: Identifies metrics for climate-related risks and financial impacts.
- **Compatibility with XBRL/iXBRL** (eXtensible Business Reporting Language) - Enables machine-readable, automated reporting.
- **Transformative for sustainability reporting:** Allows faster data aggregation and comparison for investors.
- **Aligns global** sustainability disclosures for cross-border comparability.

Source: Using the IFRS digital taxonomies, XBRL

Sustainable Stock Exchanges Initiative

The Sustainable Stock Exchanges (SSE) Initiative designed the Model Guidance on Sustainability-Related Financial Disclosures to support stock exchanges in helping reporting entities apply ISSB Standards, offering accessible guidance to implement globally consistent yet locally relevant sustainability disclosures through a four-step approach

The SSE Initiative is a global partnership that promotes ESG transparency, sustainable investment, and responsible business practices in global capital markets with a membership spanning 133 exchanges worldwide, including Nasdaq (United States), LSE (United Kingdom), Tokyo Stock Exchange (Japan) and encompassing over 58,000 listed companies with a combined market capitalization exceeding $120 trillion.

Step 01

Prepare

- Build a foundational understanding of the landscape and purpose of sustainability disclosures.
- Use existing knowledge to set the stage for comprehensive reporting.

Step 02

Align

- Apply ISSB Standards as the global baseline.
- Tailor disclosures to meet geographical, sectoral, and regulatory requirements.

Step 03

Implement

- Uphold effective disclosure by identifying, evaluating, and integrating sustainability risks and opportunities.
- Develop processes that ensure material sustainability issues are addressed.

Step 04

Communicate

- Disclose sustainability-related information in a transparent, efficient, and user-focused manner.
- Ensure disclosures boost user confidence and meet location-specific needs.

Source: Sustainable Stock Exchange Initiative Guidance

Security Exchanges and Disclosure Requirements

Singapore Exchange and Hong Kong Exchange are among the world's first exchanges to enhance the sustainability-related and climate-related disclosure requirements based on ISSB Standards.

Singapore Exchange (SGX):

The Singapore Exchange Regulation (SGX RegCo) is actively incorporating the ISSB Standards (IFRS S1 and IFRS S2 into its sustainability reporting framework.

Scope:

Primary-listed equities, REITs, Business Trusts Fixed income securities, Sustainability-linked bonds.

Implementation timeline

2025: Scope 1 and Scope 2 GHG Emissions: Mandatory reporting of direct (Scope 1) and indirect (Scope 2) GHG emissions is required from FY2025.

2026: Introduction of mandatory reporting for applicable Scope 3 emission categories.

Sustainability reports will align with annual financial statements, ensuring seamless data integration and enhanced transparency.

Hong Kong Stock Exchange (HKEX):

The HKEX seeks to improve the consistency and quality of climate-related disclosures, supporting informed decision-making. HKEX provides phased timelines and measures to ease adaptation to new requirements.

Scope:

LargeCap issuers, Main Board Issuers (other than LargeCap Issuers), Growth Enterprise Market (GEM) issuers

Implementation timeline

2025: Main Board issuers: Mandatory Scope 1 & 2 GHG reporting
"Comply or explain" for Scope 3 emissions
Detailed measurement methodologies required

2026: LargeCap issuers (Hang Seng Composite LargeCap Index) must report Scope 3 emissions.

Growth Enterprise Market (GEM) issuers are encouraged to voluntarily disclose climate-related information.

Sources: SGX RegCo, HKEX

Actions for Security Exchanges

	IFRS S1	IFRS S2
Framework Development	• Develop clear national frameworks embedding IFRS S1 into corporate governance and reporting. • Integrate sustainability-related data into sectoral strategies.	• Create GHG disclosure guidelines aligned with global climate commitments. • Emphasize phased implementation for Scope 3 emissions. • Publish exchange's own IFRS S1/S2 compliant sustainability reports as implementation examples for listed companies.
Capacity Building	• Provide subsidized training for businesses to understand and apply IFRS S1 standards. • Leverage partnerships with global sustainability bodies for technical support and localized resources.	• Partner with institutions like the Carbon Disclosure Project (CDP) to build capacity for climate-related disclosures. • Share exchange's internal IFRS implementation experiences through case studies and practical workshops.
Policy Alignment	• Align sustainability disclosures with national ESG frameworks or SDG action plans. • Demonstrate alignment between exchange's own sustainability reporting and national frameworks. • Mandate integration of sustainability metrics in public sector tenders to drive corporate participation.	• Link climate-related disclosures to carbon pricing mechanisms or green bond issuance. • Encourage participation in renewable energy and net-zero initiatives through government-backed funding. • Collaborate with local governments to embed disclosure mandates in city-level climate strategies.
Technological Solutions	• Develop centralized platforms for ESG data collection and disclosure. • Test and validate ESG data platforms and tools through exchange's own reporting processes.	• Invest in advanced climate analytics and scenario modeling tools. • Create open-source tools to assist SMEs in carbon measurement. • Facilitate real-time monitoring tools for GHG emissions reporting.
Stakeholder Engagement	• Organize forums for investor feedback on sustainability disclosures. • Promote cross-sector dialogue between regulators, corporates, and NGOs to align goals.	• Involve stakeholders in developing national climate risk scenarios. • Use exchange's sustainability reports as discussion points in industry forums and gather feedback for continuous improvement. • Share exchange's climate risk assessment approaches with market participants.

Source: Model Guidance on Sustainability-Related Financial Disclosures: A template for stock exchanges (Sustainable Stock Exchanges Initiative, 2024)

Investor Perspective

Investors' growing ESG commitments are driving the adoption of ISSB standards, influencing corporate strategies to enhance transparency, accountability, and sustainability reporting across value chains.

01

Investors' ESG Commitments and Integration into Investment Decisions

Leading investors, such as those aligned with **PRI, NZAM, Ceres, IIGCC, IGCC, AIGCC, NZAOA, NZICI** are committed to addressing sustainability and climate risks.

These commitments are integrated into **investment decision-making** processes, with **investors evaluating the ESG performance** of companies and prioritizing those that align with global sustainability goals like the Paris Agreement.

02

Investors' ESG Requirements and ISSB Standards as a Framework

To ensure alignment with their commitments, investors impose requirements on companies to disclose sustainability and climate aspects.

The ISSB standards provide a globally consistent and comparable framework for these disclosures, enabling investors to assess corporate governance, strategy, risk management, and progress on key metrics.

The ISSB Investor Advisory Group, with 117 members managing **over $54 trillion globally,** including **BlackRock, Vanguard, and Capital Group,** promotes ISSB standards through strategic guidance and proxy voting, ensuring high-quality sustainability disclosures.

03

Corporate Alignment and Reporting

Companies are expected to adopt ISSB standards to **meet investor requirements** for transparency and accountability. This involves integrating sustainability and climate considerations into business models, strategies, and reporting practices.

By aligning with ISSB standards, companies not only meet investor expectations but also **enhance their resilience, credibility, and competitiveness in the market.**

Source: IFRS, Finvizier Consultancies

Case studies of investor requirements regarding ISSB

Investors are increasingly adopting ISSB standards as key requirements for the companies they invest in, driving enhanced transparency and sustainability in corporate reporting. Below, we highlight some of the leading investor practices and cases shaping this transition.

BlackRock (USA)
Assets under management: $11.5 trillion[1]

BlackRock's 2024 EMEA investment stewardship guidelines highlight expectations for sustainability reporting, transparency, and natural capital management, emphasizing ISSB alignment and actionable disclosures.

Sustainability Reporting: Alignment with ISSB Recommendations

- BlackRock encourages companies to align their reporting with ISSB recommendations, supporting a transition to standardized reporting while acknowledging that companies may adopt ISSB standards gradually.
- BlackRock will raise concerns through voting if disclosures are inadequate for assessing material risks.

Transparency

- Companies should disclose governance, strategy, risk management, and metrics & targets, including science-based Scope 1, 2, 3 GHG reduction targets.

Timely Reporting

- Climate and sustainability data should be disclosed sufficiently before annual meetings to allow investors to assess risks and opportunities.

Natural Capital Management

- Companies should report on reliance and impact on natural resources, with risk oversight and integration into strategy.

[1] as of 30 September 2024

NBIM (Norway)
Assets under management: $1.7 trillion[2]

Norges Bank Investment Management supports the ISSB's mission to establish a global baseline for investor-focused disclosure standards and advocates for their full adoption by jurisdictions. Its key expectations for companies include comprehensive sustainability disclosures, integration with financial reporting, and external assurance.

Full Disclosure of Material Information

- Companies should disclose all material sustainability-related risks and opportunities that could impact their prospects. This ensures decision-useful information for investors and reduces unnecessary reporting burdens.

Integration with Financial Reporting

- NBIM expects companies to align sustainability disclosures with financial reporting, providing a cohesive and comparable overview of their performance and risks.

External Assurance of Reports

- NBIM encourages external assurance (audit) of sustainability reports, starting with limited assurance and progressing to reasonable assurance over time, to enhance the reliability and credibility of disclosures.

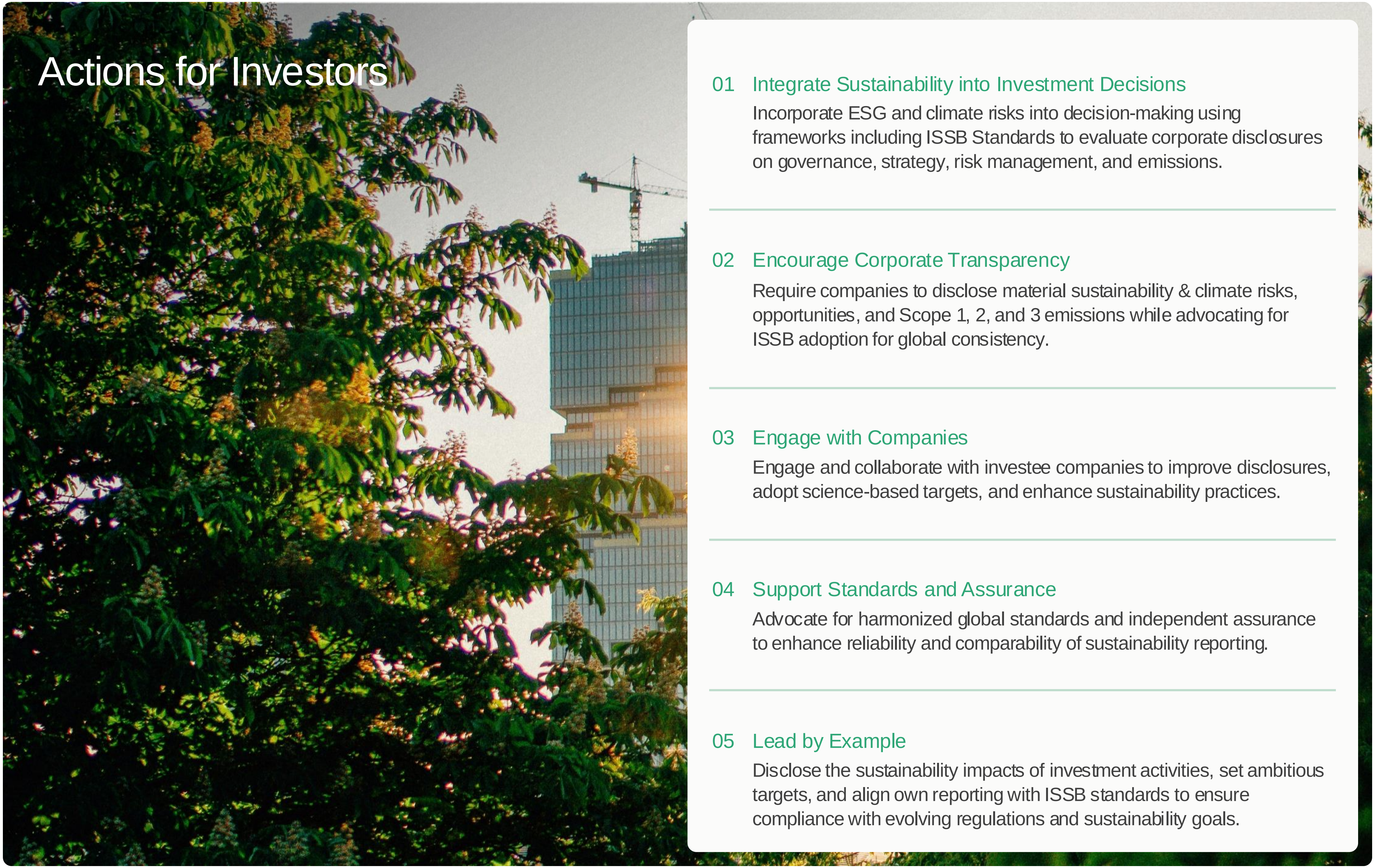
Inclusion of Natural Capital Impacts

- Companies should disclose their impact and reliance on natural resources, using relevant metrics and targets, while integrating these factors into their strategy and risk management processes.

[2] as of 30 June 2024

Source: BlackRock Investment Stewardship

Source: NBIM Global standards for corporate sustainability-related financial disclosures



Actions for Investors

01 Integrate Sustainability into Investment Decisions

Incorporate ESG and climate risks into decision-making using frameworks including ISSB Standards to evaluate corporate disclosures on governance, strategy, risk management, and emissions.

02 Encourage Corporate Transparency

Require companies to disclose material sustainability & climate risks, opportunities, and Scope 1, 2, and 3 emissions while advocating for ISSB adoption for global consistency.

03 Engage with Companies

Engage and collaborate with investee companies to improve disclosures, adopt science-based targets, and enhance sustainability practices.

04 Support Standards and Assurance

Advocate for harmonized global standards and independent assurance to enhance reliability and comparability of sustainability reporting.

05 Lead by Example

Disclose the sustainability impacts of investment activities, set ambitious targets, and align own reporting with ISSB standards to ensure compliance with evolving regulations and sustainability goals.

Source: IFRS, Voluntarily applying ISSB Standards, Finvizier Consultancies

Banking Sector Perspective

Banks, through their ESG commitments and requirements, promote sustainability practices among financed organizations by leveraging ISSB standards to enhance transparency, accountability, and alignment with global sustainability objectives.

ESG Commitments of the Banking Sector

Banks play a key role in achieving the Sustainable Development Goals through the integration of ESG factors into their strategies and operational processes. Key commitments and frameworks include:

Principles for Responsible Banking

Represents over 54% of global banking assets ($98 trillion), aligning strategies with the Paris Agreement and SDGs.

Net-Zero Banking Alliance

Covers over $71 trillion in assets, with a commitment to achieve net-zero lending portfolios by 2050.

Equator Principles

With over 130 participating financial institutions, the initiative manages social and environmental risks in project financing.

ISSB Standards

Adopt IFRS S1 & S2 for globally consistent sustainability disclosures, adopt science-based targets for their lending portfolios.

ESG Requirements for Financed Organizations

To fulfill their commitments, banks in general impose the following ESG requirements on the organizations they finance.

Disclosure

Provide sustainability data aligned with ISSB standards, including Scope 1, 2, and 3 emissions.

Sustainable Strategies

Integrate ESG into business models and set science-based targets.

Social and Ethical Aspects

Affecting 79% of Scope 3 emissions in sectors like food and agriculture.

Innovation

Invest in green technologies and projects promoting sustainability.

Impact on Financed Organizations

Supply Chain Influence

Extend ESG requirements to suppliers, ensuring transparency and sustainability.

Transparency & Standards

Use ISSB standards for standardized and comparable disclosures.

Access to Financing

Organizations meeting ESG criteria gain better financial terms and investor trust. Europe's largest carbon polluters face higher bond interest rates, while those investing in emission-cutting technologies benefit from lower rates, according to the Dutch central bank report, which values outstanding debt at $1.7 trillion.

Banks adjust rates based on emissions, rewarding firms committing to reductions.

Source: UNEPFI, PRB, IFRS, Finvizier Consultancies

Banking Sector Response to ISSB

Banks are taking the ISSB standards seriously, recognizing their potential to reshape sustainability reporting in the financial sector.

Many large international banks are actively preparing to align their reporting practices with these new standards.

Climate Risk Assessment

Banks are particularly attentive to IFRS S2, which deals with climate-related disclosures.

They are enhancing their capabilities to:

- Measure and report Scope 1, 2, and 3 emissions
- Conduct climate scenario analyses
- Assess climate-related risks in their loan portfolios

Integration with Financial Reporting

Banks are working to connect sustainability information with their financial statements, as required by IFRS S1.

This involves:

- Developing processes to identify material sustainability risks
- Enhancing data collection and management systems
- Training finance and sustainability teams to work collaboratively

Disclosure Enhancements

Many banks are revising their sustainability reports to align with the ISSB's four-pillar structure:

- Governance
- Strategy
- Risk Management
- Metrics and Targets

Additionally, they are assessing and disclosing their Scope 3 financed emissions.

Source: IFRS, Finvizier Consultancies

The Role of Banks in Advancing ISSB Standards

Active participation in ISSB initiatives highlights the banking sector's commitment to supporting global sustainability goals. Below, we showcase notable practices of banks that exemplify such commitments.

> We aim to continue to evolve our reporting to recognize market developments, such as the International Sustainability Standard Board (ISSB) or the Corporate Sustainability Reporting Directive (CSRD), and support the efforts to harmonize the disclosures.

ESG Review
HSBC Holdings plc

Actions of HSBC

Total assets: $3.1 trillion[1]

01 Adopt IFRS sustainability disclosure standards aligned with TCFD recommendations as jurisdictions implement.

02 Support harmonized sustainability disclosures through ISSB and CSRD frameworks.

03 Integrate ISSB-aligned requirements into financed emissions measurement and target setting.

[1] as of 30 September 2024

Source: HSBC Holdings plc Annual Report and Accounts 2023, HSBC Net zero transition plan, Finvizier Consultancies

> The ISSB is taking an important first step toward developing a global baseline of comprehensive market-driven sustainability standards… enabling capitalism and markets to focus on long-term sustainable development.

Brian Moynihan
Chair and CEO, Bank of America

Actions of Bank of America

Total assets: $3.3 trillion[2]

01 Fully supports the development of ISSB's IFRS S1 and S2 as a global sustainability reporting baseline.

02 Collaborates with ISSB via leadership involvement (e.g., Chief Accounting Officer as IFRS Trustee).

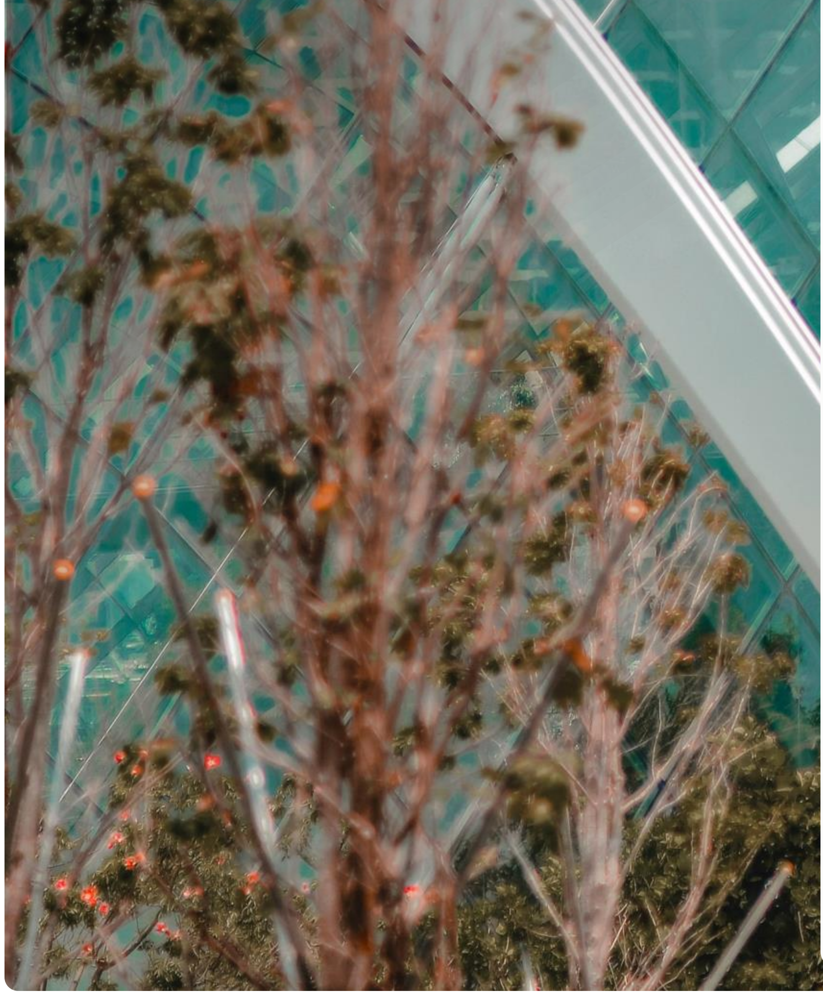
03 Aligns reporting with ISSB S2 Climate-related Disclosures and other global frameworks.

[2] as of 30 September 2024

Source: Bank of America Sustainability Report 2023, IFRS, Finvizier Consultancies

Actions for Banks

Banks can strengthen their resilience, fulfill their commitments, and drive progress toward global sustainability objectives. Thus, we list a key actions to help banks align their reporting and decision-making processes with sustainability and climate goals.



01 **Adopt ISSB Standards** and align sustainability reporting with **IFRS S1** and **IFRS S2,** using them as a global baseline for consistent and transparent disclosures.

02 **Develop advanced systems to collect, analyze, and disclose data** on Scope 1, 2, and 3 emissions, ensuring compatibility with ISSB standards and existing frameworks.

03 **Incorporate sustainability and climate-related risks and opportunities** into credit assessments and investment decisions, setting measurable targets such as net-zero commitments and science-based targets for financial institutions.

04 **Engage with financed organizations to promote the adoption of ISSB-aligned disclosures** and provide guidance on reducing emissions and enhancing sustainability practices.

05 Publish comprehensive, comparable, and decision-useful sustainability reports while seeking **third-party assurance for credibility.**

06 **Advocate for the widespread adoption of ISSB standards** across jurisdictions, collaborating with regulators and international initiatives like NZBA and PRB.

07 **Train staff to effectively implement ISSB standards** and leverage digital tools for tracking, reporting, and managing ESG-related data.

08 **Continuously evaluate reporting practices to align with evolving ISSB requirements** and publicly disclose progress toward sustainability and climate goals.

Source: Finvizier Consultancies

Supply Chain Perspective

ISSB standards emphasize the need to address sustainability and climate risks within supply chains, which are often overlooked despite their significant impact. Companies' environmental impacts extending 11.4 times beyond their direct operations due to supply chain dependencies.

Companies have not yet imposed ISSB compliance obligations on suppliers, but formalizing these requirements through supply chain documents is likely to occur in the near future.

01

ISSB Standards (IFRS S1 & S2): A Focus on Supply Chain Integration

- The ISSB Standards require entities to disclose sustainability risks and opportunities arising from interactions with stakeholders, society, the economy, and the natural environment across their value chain.
- The standards emphasize transparency in identifying supply chain risks, including climate disruptions and raw material shortages.
- Companies must robustly track and disclose emissions, with mandatory reporting of Scope 3 supply chain emissions.

02

Sustainability & Climate related risks in Supply Chain

- Risks include supply chain disruptions due to resource scarcity, climate-related events, or unethical practices in the supply chain.
- Supply chains account for over 75% of emissions (Scope 3), but only 25% of companies integrate supply chain climate risks into risk management (CDP survey).
- Climate risks in supply chains are estimated to cost $162 billion (CDP survey).

03

Supply Chain Management

- Companies engage suppliers to mitigate ESG risks, reduce emissions, ensure transparency, and promote sustainability, including setting expectations, sharing best practices, and supporting decarbonization efforts.
- Only 15% of companies are targeting supply chains in their climate actions, leaving a vast majority of emissions unaddressed (CDP survey).
- Supplier-side solutions enable companies to track carbon reduction initiatives, manage emissions data, and drive collaborative climate strategies.

04

Financial Impacts & Business Resilience

- Aligning with ISSB standards boosts resilience, competitiveness, and trust while enabling cost savings, innovation, and attracting ESG-focused investors through robust sustainability practices.
- Companies addressing Scope 3 risks unlock $165 billion in potential gains and have saved $13.6 billion through emission reductions (CDP survey).

Source: CDP survey, HSBC, Carbon Newture, Finvizier Consultancies

IFRS S1 and S2: Supply Chain Requirements

	IFRS S1	IFRS S2
General	Disclose risks and opportunities in the supply chain affecting financial performance and cash flow.	Mandatory Scope 3 emissions disclosure, including supply chain emissions (e.g., purchased goods, logistics).
Governance	Explain oversight of supply chain sustainability risks in strategic decision-making.	Disclose how the board oversees supply chain climate risks and opportunities.
Strategy	Describe the impact of supply chain risks on business models and financial performance.	Outline effects of supply chain climate risks and opportunities on business strategy.
Risk Management	Outline processes to identify, assess, and monitor supply chain sustainability risks.	Identify and disclose physical and transition risks in the supply chain.
Metrics and Targets	Disclose metrics and progress toward targets for supply chain sustainability initiatives.	Set and disclose measurable, time-bound targets for reducing supply chain emissions.
Dependencies and Opportunities	Identify dependencies on supply chain resources (e.g., raw materials, energy) and their impacts.	Highlight opportunities from low-carbon technologies and collaborations with suppliers.

Source: IFRS, Finvizier Consultancies

Best Practices: Nestlé Case Study

	IFRS S1	IFRS S2
General	Nestlé commits to implementing the ISSB reporting requirements globally, including supply chain.	Requires suppliers to develop time-bound plans to reduce Scope 3 emissions, aligned with science-based targets and the Paris Agreement.
Governance	Sustainability and climate risks and opportunities are overseen at the highest level, assessed annually through Enterprise Risk Management (ERM), and reviewed at Group management level.	
Strategy	Supplier engagement follows a two-step strategy: collecting climate action plans (with 289 of 542 suppliers committed) and conducting educational campaigns to promote sustainable practices.	
Risk Management	Addresses key sustainability risks in supply chain such as Environmental Stewardship, Supply Chain Stewardship, Human Rights, Ethics.	The climate risks are assessed across emissions pathways, varying based on how quickly jurisdictions align with the Paris Agreement trajectory.
Metrics and Targets	Aims to achieve 100% deforestation-free primary supply chains by 2025, with 83% already achieved as of 2023.	Reviews its Net Zero Roadmap annually to track progress toward 2025 and 2030 GHG targets and net-zero goals across the value chain.
Dependencies and Opportunities	Constantly assessing opportunities to reduce products' footprint, through changing recipes and by using alternative ingredients.	Increasing the resilience of supply chain through climate-smart agricultural practices.

Source: Nestlé Responsible Sourcing Standard, Creating Shared Value and Sustainability Report 2023

Best Practices: Unilever Case Study

	IFRS S1	IFRS S2
General	Unilever has committed to aligning with ISSB standards to enhance sustainability and climate-related disclosures.	Supports suppliers in reducing GHG emissions by providing tools, expertise, and support to enhance climate capabilities and measure impacts.
Governance	The Board is accountable for managing all risks and opportunities, including environmental and social impacts of the supply chain, with oversight led by the CEO.	
Strategy	Supply chain risks in palm oil, plastic, and sustainability impact business model, driving its strategy toward a deforestation-free supply chain.	Conducts high-level scenario analyses on the potential impacts of climate change to inform strategies and financial planning.
Risk Management	Enforces a Responsible Sourcing Policy requiring suppliers to meet ethical, social, and environmental standards through assessments and audits.	
Metrics and Targets	Discloses environmental and social metrics and targets, which are subject to external assurance to ensure accuracy and build trust with stakeholders.	Aims for net-zero by 2039 with a 50% Scope 3 cut by 2030. Climate targets and metrics under the Climate Transition Action Plan, guide efforts to manage climate risks and opportunities across the value chain.
Dependencies and Opportunities	The company innovates with sustainable packaging by adopting biodegradable, paper-based, and reusable materials to reduce plastic waste and emissions. Supplier diversity program is active in 25 markets, broadening access to suppliers with the potential to benefit their business.	

Source: Unilever Climate Transition Action Plan, Unilever Annual Report and Accounts 2023

Actions for Corporates in Supply Chain Management

Step 1

Understand ISSB Standards

- Grasp the objectives and scope of IFRS S1 & S2, focusing on sustainability and climate-related disclosures.
- Identify how these standards apply to your supply chain and value chain.

Step 2

Strengthen Governance, Strategy, and Metrics

- Ensure board-level oversight of supply chain sustainability and climate risks.
- Integrate risks and opportunities into corporate strategy and financial planning.
- Develop measurable, time-bound metrics and targets, including Scope 3 emissions reduction.

Step 3

Ensure Transparency and Reporting

- Disclose Scope 3 emissions and report on sustainability targets and progress.
- Align reporting with ISSB standards to build stakeholder trust.

Step 4

Engage Stakeholders

- Collaborate with suppliers to promote decarbonization and science-based targets.
- Involve investors, customers, and communities to drive collective sustainability action.

Step 5

Adopt Technology and Innovation

- Use digital tools to track emissions and monitor supplier data.
- Invest in green technologies to minimize environmental impacts.

Step 6

Build Resilience

- Address climate-related risks, such as extreme weather and regulatory changes.
- Implement regenerative practices to enhance supply chain sustainability.

Step 7

Set Ambitious Goals

- Target net-zero emissions.
- Regularly review progress and adapt to evolving global standards.

Source: ISSB, CDP, Finvizier Consultancies

Key Steps for Organizations to Align with ISSB Standards

Get to Know ISSB Standards

and how they connect to existing frameworks such as TCFD, SASB, CDSB, and the Integrated Reporting Framework using resources from the IFRS Knowledge Hub.

How we can help:

Our firm offers customized training and resources designed to enhance your understanding of ISSB standards and their integration into existing sustainability reporting frameworks.

Consult External Experts

experienced in ISSB standards that can provide guidance and ensure that you implement the standards effectively.

How we can help:

We can provide you with expert ESG advisory services to ensure compliance with ISSB standards and requirements of local regulators & security exchanges.

Build a Cross-Functional Team

including members from finance, sustainability, legal, risk management, and operations that will lead the effort to integrate the ISSB standards into your reporting processes.

How we can help:

We can help you establish effective governance and oversight of ISSB sustainability reporting activities, along with enhancing cross-functional team engagement, tailored to best market practices and your business model.

Conduct a Gap Analysis

to assess current sustainability reporting practices against the ISSB standards.

How we can help:

We may conduct a comprehensive gap analysis of your current sustainability reporting practices, identify areas for improvement and provide detailed recommendations.

Source: Finvizier Consultancies

Key Steps for Organizations to Align with ISSB Standards

Enhance Data Collection

using systems that can handle complex sustainability data and ensure preparedness for independent assurance of the data reported.

How we can help:

We can help you implement systems of managing ESG data, develop specific KPIs and metrics and prepare for independent assurance of reported data.

Develop a Transition Plan

that is aligned with IFRS S2 using helpful resources from the IFRS Sustainability website.

How we can help:

We may assist you in developing a transition plan that aligns with IFRS S2, incorporates existing frameworks such as the Transition Pathways Initiative, and reflects best practices observed within your peer group.

Engage with Stakeholders

keeping them informed about your plans of adopting ISSB standards to fosters transparency and help build trust.

How we can help:

We may propose you an engagement plan aligned with ISSB standards and relevant to sustainability issues that are material to your geography and industry**.**

Educate and Train Employees

Offer training sessions for employees on how to comply with ISSB standards and clarify their roles in the reporting process.

How we can help:

We may provide your team with tailored training sessions related to ISSB Standards including specific programs for board members and management team.

Source: Finvizier Consultancies

Overview of Finvizier: who we are

Finvizier Consultancies, a Dubai-based boutique firm, combines expertise from global consulting, finance, and banking to help clients achieve financial and sustainability goals in a dynamic world.

Our USPs:

01 Application of international ESG and Credit rating expertise

02 Methodological and sectoral expertise

03 Established relationships with rating agencies

04 Accurate calculation of rating potential

05 Professional certificates

Our memberships and partners:

United Nations | World ESG Summit | United Nations Global Compact

Team experience from leading companies:

From well know companies:

Deloitte | EY | PWC | KPMG

To top niche boutiques from EMEA market:

Top IB bank | Top investment fund

Our Team Experience

- Sovereigns and local governments
- Corporates
- Financial institutions

30+
projects in ESG and Climate consulting, including successful experience in obtaining premier ESG ratings in the region

170+
projects in rating consulting (including financial modeling projects)

99% success rate
in achieving target ratings within projects

80% success rate
in winning appeals against rating committee decisions

With minimal competition and a unique range of services, Finvizier is set to capitalize on an untapped and growing market.

Overview of Finvizier's services: what we do

Our services cover key areas of companies' profile – covering what investors see: Sustainability scores and Credit Worthiness along with a whole array of services aimed to improve and optimize external profile…

ESG Advisory

ESG Consulting and ESG Rating Advisory	Helping clients to maximise their ESG potential and score
Climate Consulting	Helping clients to manage Climate risks and develop climate strategy
Sustainable Finance Review Support	Helping clients to get Sustainable finance

Credit Rating Advisory

Rating Advisory	Helping clients to maximise their Credit Rating
Financial Modeling	Helping clients to develop robust financial models to support Credit Rating

Our role as ESG/Credit Rating Consultant includes, but not limited to:

Our work approach includes a deep analysis of company at every step

01 Communications
- Building relationships
- Communications coordination
- Maximizing the results at first stages of work

02 Technical assistance
- Technical analysis
- Preparation of information packages
- Identifications

03 Methodological assistance
- Evaluation of current metrics
- Adjusting conditions in line with methodology
- Analyzing the impact

04 Analytical support
- Developing rating strategy
- Modelling scenarios
- Providing improvements recommendations

Results driven approach

With Finvizier, clients gain clarity on their current position and a roadmap to future success.

Finvizier
CONSULTANCIES

Appendices:
Detailed Overview of IFRS S1, S2

- Overview of IFRS S1
- Overview of IFRS S2

IFRS S1: Governance

Objective: Enable users to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee sustainability-related risks and opportunities (hereinafter "SRRO").

Disclosure Requirements:

a) Governance body responsible for oversight of SRRO
(board, committee, individual, or equivalent)

01 how responsibilities for SRRO are reflected in the terms of reference, mandates, role descriptions and other related policies

02 how the availability of appropriate skills and competences is determined

03 frequency of being informed about SRRO

04 the process of consideration of SRRO when overseeing the entity's strategy, transactions and risk management processes

05 the oversight process of setting targets related to SRRO and monitoring progress towards them including whether and how related performance metrics are included in remuneration policies

b) Management's role
(in processes used to monitor, manage and oversee SRRO)

01
- whether the role is delegated to a specific management-level position or management-level committee
- how oversight is exercised over that position or committee

02
- management's use of controls and procedures to support the oversight of sustainability risks and opportunities
- how these controls and procedures are integrated with other internal functions

Source: IFRS – IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, 2023

IFRS S1: Strategy

Objective: Enable users to understand an entity's strategy for managing sustainability-related risks and opportunities.

Disclosure Requirements:

a) Sustainability-related risks & opportunities

01 description of SRRO that could reasonably be expected to affect the entity's prospects

02 time horizons over which the effects of each sustainability risks & opportunities could be expected to occur, their definitions and linking to the planning horizons (short, medium or long term)

b) Busines model & value chain

01 description of the current and anticipated effects of sustainability risks and opportunities on the entity's business model and value chain

02 places of concentrated sustainability risks and opportunities (e.g. geographical areas, facilities, types of assets)

c) Strategy and decision-making

01 actual and planned response to SRRO in its strategy and decision-making

02 progress on plans disclosed previously including quantitative and qualitative information

03 trade-offs between sustainability risks and opportunities

d) Financial position, performance, cash flows

(current and anticipated financial effects – quantitative & qualitative)

01 how SRRO have affected entity's financial position, financial performance, cash flows for the reporting period

02 adjustment to the carrying amounts of assets and liabilities reported in the related financial statements expected within the next annual reporting period

03 expected change in financial position, financial performance and cash flows over the short, medium and long term, given the strategy to manage SRRO

e) Resilience

01 qualitative and, if applicable, quantitative assessment of the resilience of entity's strategy and business model in relation to its sustainability-related risks

02 how the assessment was carried out and its time horizon

Source: IFRS – IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, 2023

IFRS S1: Risk Management

Objective: Enable users to understand an entity's processes to identify, assess, prioritise and monitor SRRO, and to assess the entity's overall risk profile and risk management process.

Disclosure Requirements:

a) Processes and related policies used to identify, assess, prioritize, and monitor sustainability-related risks

01 inputs and parameters used (data sources, scope of operations covered)

02 use of scenario analysis to inform its identification of sustainability-related risks

03 how the entity assesses the nature, likelihood and magnitude of the effects of those risks (e.g. whether the entity considers qualitative factors, quantitative thresholds or other criteria)

04 whether and how the entity prioritises sustainability-related risks relative to other types of risk

05 how the entity monitors sustainability-related risks

06 whether and how the entity has changed the processes it uses compared with the previous reporting period

b) Processes used to identify, assess, prioritise and monitor sustainability-related opportunities

c) Integration with the entity's overall risk management process

01 the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities are integrated into and inform overall risk management process

In November 2024, IFRS Foundation published guide

to help companies identify sustainability-related risks and opportunities and material information to provide.

The guide is available here →

Source: IFRS – IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, 2023

IFRS S1: Metrics & Targets

Objective: Enable users to understand an entity's performance in relation to its SRRO, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation

Disclosure Requirements:

An entity shall disclose, for each sustainability-related risk and opportunity that could reasonably be expected to affect the entity's prospects:

a) Targets set to monitor progress towards achieving strategic goals, and any targets required to meet by law or regulation

01 metric used to set the target and to monitor progress towards reaching the target

02 specific quantitative or qualitative target the entity has set or is required to meet

03 period over which the target applies

04 base period from which progress is measured

05 any milestones and interim targets

06 performance against each target and an analysis of trends or changes in the entity's performance

07 any revisions to the target and an explanation for those revisions

b) Metrics required by an applicable IFRS Sustainability Disclosure Standard

c) Metrics used to measure and monitor that sustainability-related risk or opportunity

01 performance in relation to that sustainability-related risk or opportunity

02 progress towards any targets the entity has set, and any targets it is required to meet by law or regulation

Source: IFRS – IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, 2023

IFRS S2: Governance

Objective: Enable users to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities (hereinafter “CRRO”).

Disclosure Requirements:

a) Governance body responsible for oversight of CRRO
(board, committee, individual, or equivalent)

01 how responsibilities for CRRO are reflected in the terms of reference, mandates, role descriptions and other related policies

02 how the availability of appropriate skills and competences is determined

03 frequency of being informed about CRRO

04 the process of consideration of CRRO when overseeing the entity’s strategy, transactions and risk management processes

05 the oversight process of setting targets related to CRRO and monitoring progress towards them including whether and how related performance metrics are included in remuneration policies

b) Management’s role
(in processes used to monitor, manage and oversee SRRO)

01 whether the role is delegated to a specific management-level position or management-level committee

02 how oversight is exercised over that position or committee

03 management’s use of controls and procedures to support the oversight of CRRO

04 how these controls and procedures are integrated with other internal functions

In preparing disclosures to fulfil these requirements, an entity shall avoid unnecessary duplication in accordance with IFRS S1
(e.g. if oversight of SRRO is managed on an integrated basis, the entity would avoid duplication by providing integrated governance disclosures instead of separate disclosures for each SRRO)

Source: IFRS – IFRS S2 Climate-related Disclosures, 2023

IFRS S2: Strategy

Objective: Enable users to understand an entity's strategy for managing climate-related risks and opportunities.

Disclosure Requirements:

a) Climate-related risks & opportunities

01 description of CRRO that could be expected to affect the entity's prospects (with considerations of Industry-based Guidance on Implementing IFRS S2)

02 for each climate-related risk identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk

03 time horizons over which the effects of each CROO could be expected to occur, their definitions and linking to the planning horizons (short, medium or long term)

b) Business model & value chain

01 description of the current and anticipated effects of CRRO on the entity's business model and value chain

02 description of where in the entity's business model and value chain CRRO are concentrated (e.g. geographical areas, facilities, types of assets)

c) Strategy and decision-making

01 current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities

02 current and anticipated direct mitigation and adaptation efforts

03 any climate-related transition plan the entity has

04 plans to achieve climate-related targets, including any GHG targets set by the entity or required to meet by law or regulation

05 quantitative & qualitative progress on plans disclosed previously

d) Financial position, financial performance, and cash flows

01 how CRRO have affected its financial position, financial performance and cash flows for the reporting period

02 CRRO for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities

03 expected change in financial position, financial performance and cash flows over the short, medium and long term, given the strategy to manage CRRO

e) Climate resilience

01 the entity's assessment of its climate resilience as at the reporting date

02 how and when the climate-related scenario analysis was carried out

03 information about the inputs the entity used

04 the key assumptions the entity made in the analysis

An entity shall consider the applicability of cross-industry metric categories, and industry-based metrics associated with disclosure topics defined in the Industry-based Guidance on Implementing IFRS S2

Source: IFRS – IFRS S2 Climate-related Disclosures, 2023

IFRS S2: Risk Management

Objective: Enable users to understand the processes to identify, assess, prioritise and monitor CRRO, and how those processes are integrated into overall risk management process.

Disclosure Requirements:

a) Processes and related policies used to identify, assess, prioritize, and monitor climate-related risks

01 inputs and parameters used (data sources, scope of operations covered)

02 use of climate-related scenario analysis to inform its identification of climate-related risks

03 how the entity assesses the nature, likelihood and magnitude of the effects of those risks (e.g. whether the entity considers qualitative factors, quantitative thresholds or other criteria)

04 whether and how the entity prioritises climate-related risks relative to other types of risk

05 how the entity monitors climate-related risks

06 whether and how the entity has changed the processes it uses compared with the previous reporting period

b) Processes used to identify, assess, prioritise and monitor climate-related opportunities

01 whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities

c) Integration with the entity's overall risk management process

01 the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform overall risk management process

In preparing disclosures to fulfil these requirements, an entity shall avoid unnecessary duplication in accordance with IFRS S1
(e.g. if oversight of SRRO is managed on an integrated basis, the entity would avoid duplication by providing integrated governance disclosures instead of separate disclosures for each SRRO)

Source: IFRS – IFRS S2 Climate-related Disclosures, 2023

IFRS S2: Metrics & Targets

Objective: Enable users to understand an entity's performance in relation to its CRRO, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation

Disclosure Requirements:

a) Climate-related metrics

01 GHG emissions classified as Scope 1, Scope 2, and Scope 3 GHG emissions

02 climate-related transition risks — the amount and percentage of assets or business activities vulnerable to climate-related transition risks

03 climate-related physical risks — the amount and percentage of assets or business activities vulnerable to climate-related physical risks

04 climate-related opportunities — the amount and percentage of assets or business activities aligned with climate-related opportunities

05 the amount of CAPEX, financing or investment deployed towards CRRO

06 internal carbon prices — whether and how the entity is applying a carbon price in decision-making, and the price per metric tonne used to assess the costs of its GHG emissions

07 remuneration — a description of whether and how climate-related considerations are factored into executive remuneration, and the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations

b) Climate-related targets

01 the quantitative and qualitative climate-related targets set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target:

- the metric used to set the target
- the objective of the target
- the part of the entity to which the target applies
- the period over which the target applies
- the base period from which progress is measured
- any milestones and interim targets
- if the target is quantitative, whether it is an absolute or an intensity target
- how the latest international agreement on climate change, including arising jurisdictional commitments, has informed the target

02 approach to setting and reviewing each target, and how it monitors progress against each target

03 performance against each climate-related target and an analysis of trends or changes in the entity's performance

Source: IFRS – IFRS S2 Climate-related Disclosures, 2023

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