



ISSB and IFRS Sustainability Disclosure Standards Update

November 2023

ISSB and IFRS Sustainability Reporting Standard Update

21 November 2023



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ISSB and IFRS Sustainability Reporting Standard Update

21 November 2023

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01 Developments of ESG Reporting and Disclosure

Rapid evolution of the sustainability reporting landscape

Two complementary developments happening in the sustainability reporting landscape







Graphic Source: [Medium](#) (2023).

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Existing key reporting standards

Principal frameworks and current ESG standards



	 GHG Protocol Greenhouse Gas Protocol	 TCFD* Task Force on Climate-related Financial Disclosures	 GRI Global Reporting Initiative	 SASB* Sustainability Accounting Standards Board
Purpose	Internationally accepted accounting and financial reporting standards related to Greenhouse Gas Emissions (GHG)	Encourages entities to make disclosures regarding climate-related financial risks, with focus on investors.	Enables entities to report on a broad set of relevant ESG issues.	Industry-based disclosure topics and metrics most useful for investors
Focus areas	Emissions GHG: <ul style="list-style-type: none"> Scope 1: on-site generation Scope 2: purchase of energy Scope 3: value chain 	Focused on building consistent climate-related disclosures.	Comprehensive set of disclosures for entities to report their performance and impact on Society and Environment.	Set of disclosure topics and metrics in line with the identified sustainability material issues for 77 industries

Note: *Currently under International Sustainability Standard Board's (ISSB) monitoring



IFRS Foundation and a new International Sustainability Standards Board (ISSB)

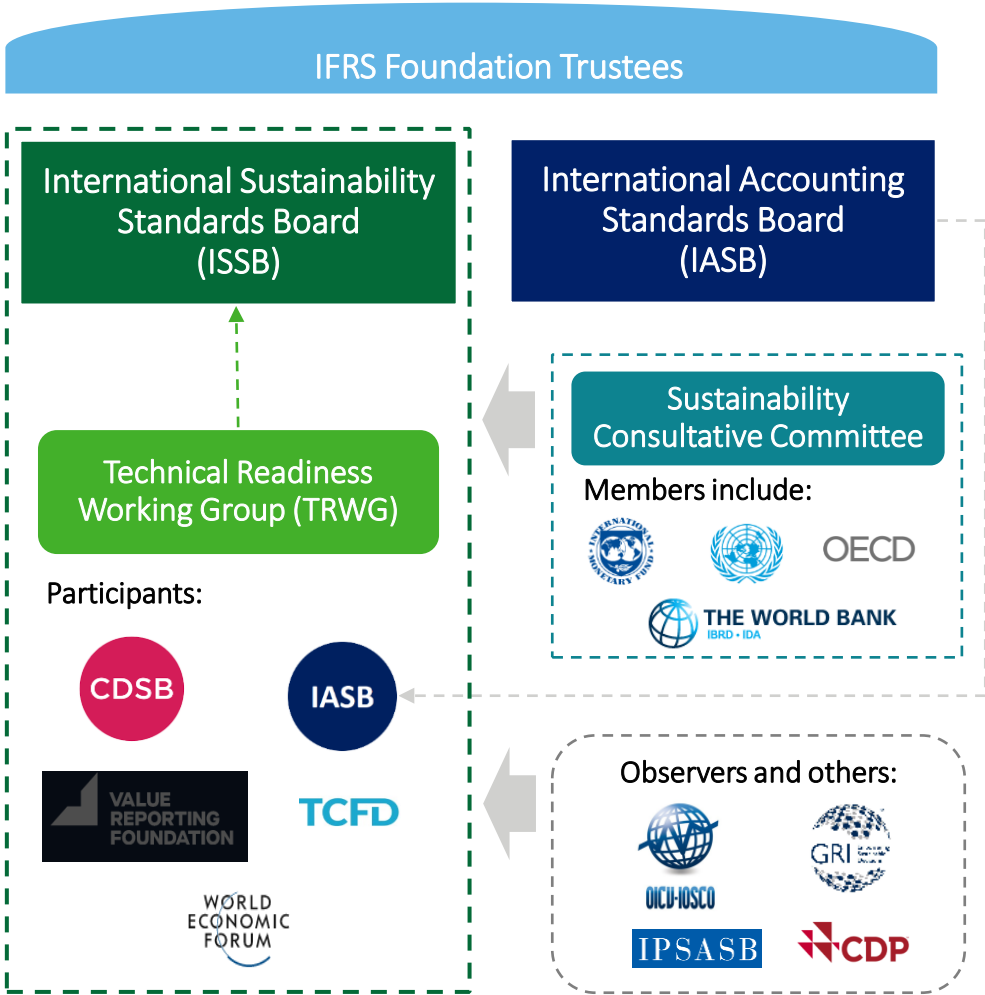
ISSB as the global standard-setter to develop a comprehensive global baseline for sustainability disclosure standards

On 3 November 2021 at the UN global summit COP26, the IFRS Foundation Trustees formally announced three significant developments:

- 01 Formation of a new **International Sustainability Standards Board (ISSB)**
- 02 Commitment to consolidate the **Climate Disclosure Standards Board (CDSB)** and the **Value Reporting Function (VRF)** into the new ISSB board by June 2022
- 03 **General Requirements (IFRS S1)** and **Climate-related Disclosures (IFRS S2)** issued by ISSB in June 2023

- The finalized standards are subject to **ISSB’s independent due process** (follows the IFRS Foundation’s established due process, same as for the IASB)
- Builds on existing **technical standards and frameworks** of the CDSB and the VRF (which houses the Integrated Reporting Framework and the SASB Standards), along with TCFD recommendations and the WEF IBC’s Stakeholder Capitalism Metrics

Revised IFRS Constitution – The ISSB to sit alongside the IASB



The International Sustainability Standards Board (“ISSB”)

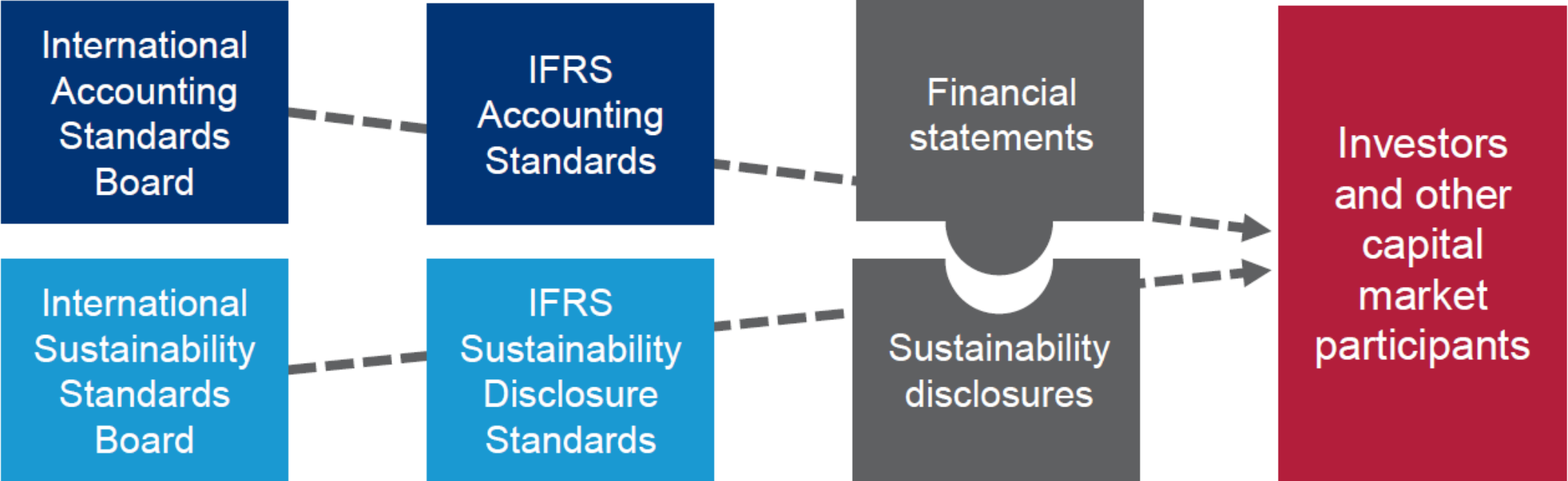
Background

- The Trustees of the IFRS Foundation announced the formation of the International Sustainability Standards Board (ISSB) on 3 November 2021 at COP26 in Glasgow, following strong market demand for its establishment.
- The creation of the ISSB involved the consolidation of the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation, which governed materials from the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC).



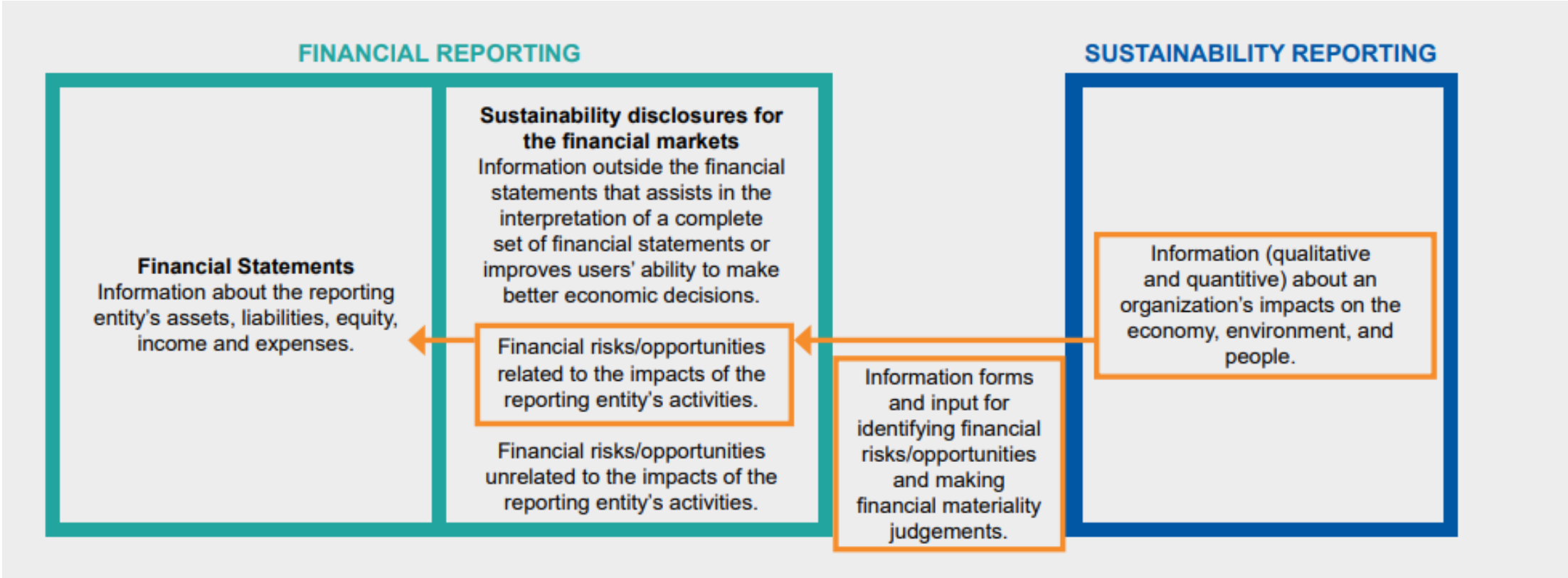
Source: [IFRS Foundation](https://www.ifrs.org/standards/sustainability)

Designed for Communication with Investors



Increased focus of financial impacts of ESG


Understanding the link between financial reporting and sustainability reporting:



Extracted from GRI perspective: business case for environment and society

IFRS standards within the reporting system

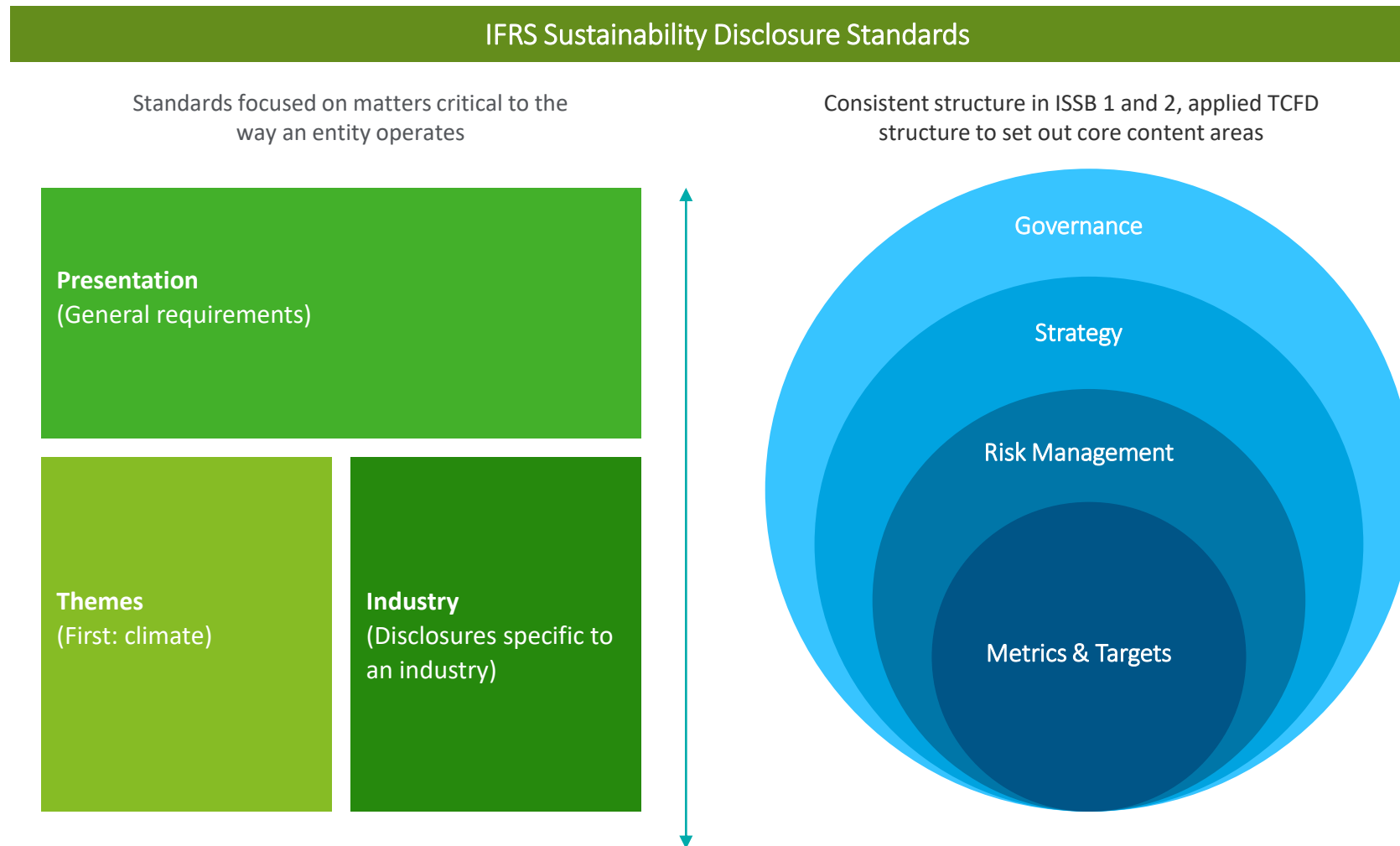




02 IFRS Sustainability Disclosure Standards (IFRS S1 and S2)

IFRS Sustainability Disclosure Standards (IFRS SX)

IFRS S1 and IFRS S2 were issued in June 2023 with the objective to develop **globally accepted sustainability reporting standards within the existing financial reporting framework**. These standards also aimed to provide **consistent and comparable information on an organisation's ESG performance, sustainability-related risks and opportunities, ESG performance, and the potential financial impacts of sustainability issues**. By embedding sustainability within financial reporting, ISSB aims to enhance transparency, accountability and decision-making for stakeholders.



IFRS Sustainability Disclosure Standards (IFRS SX)

IFRS Proposed Sustainability Disclosure Standards

The ISSB builds on the TCFD recommendations and incorporate industry-based requirements derived from SASB Standards

IFRS S1 | General Requirements for Disclosures of Sustainability-related Financial Information

General sustainability disclosures:

Provide material information about the **entity's exposure to sustainability related risks and opportunities.**

Help users of general-purpose financial reporting make decisions about whether to provide economic resources to the entity.

Objective & Scope

Conceptual Foundations

Core Content (4 Pillars)

General Requirements

Judgements, Uncertainties and Errors

IFRS S2 | Climate-related Disclosures

Climate-related disclosures:

Provide information about **exposure to climate-related risks and opportunities, building on TCFD recommendations and industry-specific disclosures.**

Help users assess the entity's future cash flows, amounts, timing, and certainty over the short, medium, and long term.

Specific requirements to enable **consistent and comparable disclosures**

- Physical & Transition planning risks
- Scenario analysis.
- Financial effects of climate-related risks and opportunities.

Metrics and targets:

- Cross-industry metrics, including greenhouse gas emissions.
- Industry-specific metrics, based on SASB Standards.
- New proposed metrics, including financed emissions.

The regional regulatory landscape for climate-disclosure is rapidly evolving

Sustainability reporting is an important part of tackling climate-change

- 1: [SGX](#)
- 2: [Securities Commission Malaysia](#)
- 3: [Institute of Indonesia Chartered Accountants](#)
- 4: [HKEX](#)
- 5: [Regulation Asia](#)
- 6: [Australian Government – Treasury](#)

Singapore In July 2023, ACRA and SGX RegCo launched a public consultation to advance climate reporting in Singapore, **proposing ISSB-aligned** reporting for listed issuers from financial year 2025¹.

Malaysia: **Discussions on the proposed ISSB standards are underway** between the Securities Commission, Bank Negara Malaysia, Bursa Malaysia and the Malaysian Accounting Standards Board².

Indonesia: The Institute of Indonesia Chartered Accountants issued a comment letter in response to the ISSB standards that **“supports the aspiration for a comprehensive global baseline for the disclosure of sustainability-related financial information and climate related disclosures”**³.

Hong Kong: The Hong Kong Stock Exchange launched a public consultation in April 2023, proposing **mandates on ISSB-aligned reporting** as soon as 2024⁴.

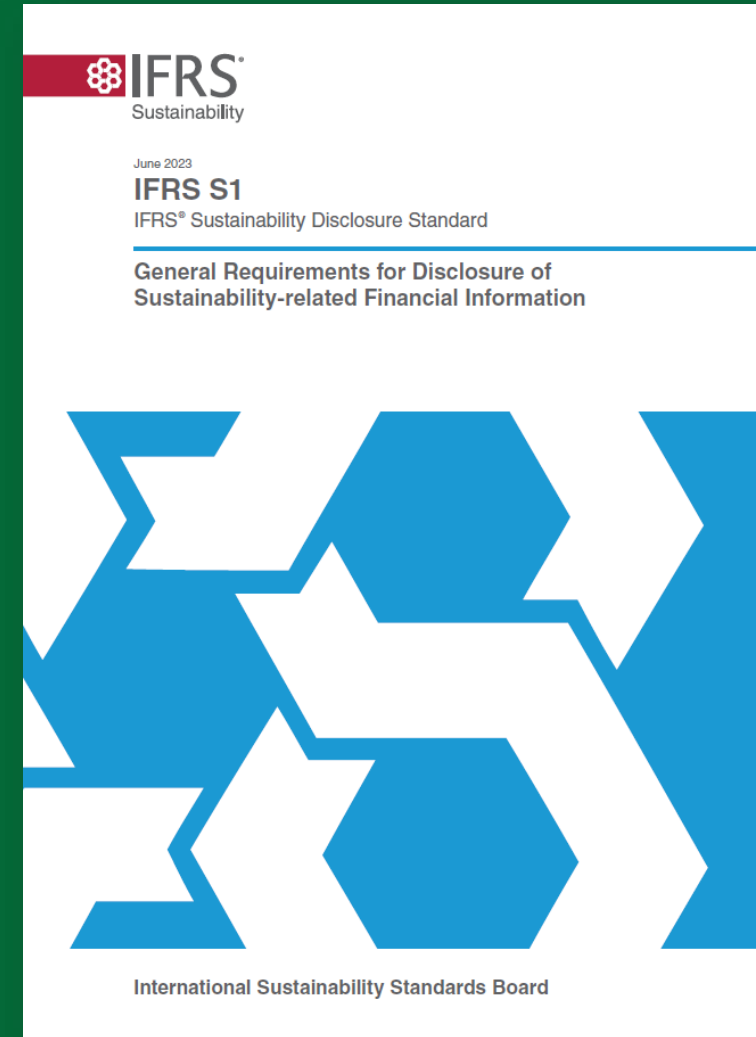
Japan: The Sustainability Standards Board of Japan announced it will **finalise sustainability disclosure requirements based on the ISSB standards** by 31 March 2025⁵.

Australia: In a consultation paper released in June 2023, the Australian government is seeking views on the design and implementation of standardised and internationally-aligned reporting requirements. The consultation paper stated their **intention to align with the ISSB standards** as far as practicable. These requirements could apply as soon as financial year 2024-2025 for large corporations⁶.



IFRS S1

General Requirements for Disclosure of Sustainability-related Financial Information



IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information

Snapshot

IFRS S1 | General Requirements for Disclosure of Sustainability-related Information

Contents of IFRS S1

Objective

Scope

Conceptual Foundations

Core Content

General Requirements

Judgements, uncertainties
and errors

Overview:

- ✓ Asks for disclosure of **material information** about **sustainability-related risks and opportunities** with the financial statements, to meet investor information needs (including lenders and other creditors)
- ✓ Applies **TCFD architecture** whenever providing information about sustainability



Governance



Strategy



Risk management



Metrics and targets

- ✓ Requires **industry-specific disclosures: SASB**
- ✓ For matters other than climate (IFRS S2) refers to **sources to help companies (e.g. SASB)** identify sustainability-related risks and opportunities and information
- ✓ Can be used **in conjunction** with any accounting requirements (GAAP)

IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information

Conceptual foundation in more detail

Reporting Entity (B38)
 Requires that sustainability-related financial disclosures shall be for the same reporting entity as the related financial statements

Sustainability-related risks and opportunities

Overview(B1-B5)

Requires entity to disclose information about all sustainability related risks and opportunities that could **affect entity’s cash flows and its access to finance over short, medium or long term**

Identification(B6-B7)



Entity shall use reasonable and supportable information that is available to the entity at the reporting data to:

1. Identify the sustainability related risks and opportunities that could affect entity prospects
2. Determine the scope of its value chain

Supportable Information/Reassessment of the scope of risk(B8-B12)

Reasonable and supportable information **shall cover factors that are specific to the entity as well as general conditions in the external environment**

On occurrence of significant event entity shall **reassess all affected sustainability risks throughout its value chain**

	Included Section	Where to find	Requirements
 <p>Materiality</p>	Materiality	B13-B18	Requires entity to disclose material information about sustainability related risks and opportunities that are expected to affect entity’s prospects (stakeholder, society and natural)
	Identifying material information	B19-28	In identifying material information, entity shall apply, the requirements of IFRS Sustainability Disclosure Standard that applies to that sustainability risk and opportunity
	Aggregation and disaggregation/Law or regulation	B29-B37	When entity applies IFRS Sustainability Disclosure Standards, it shall consider all facts and decide how to aggregate information . Entity shall not reduce the understandability by obscuring material information with immaterial information unless law or regulation specify it
	Core content (Gov/Strategy/Risk Mgt./Metrics)	B39-B44	Provide information in a manner that enable users to understand connections between items and between disclosures provided by entity
	Financial Statement		Provide insight into information between i) disclosure on governance, strategy, risk management and metrics & targets and financial statement and ii) between narrative information and quantitative information
<p>Connected information</p>	Data & Assumption	B42	Provide necessary explanations and cross references using consistent data, assumptions and units of measure
	Currency		When currency is specified as the unit of measure, entity shall use the presentation currency

IFRS S1: General requirements for Disclosure of Sustainability-related Financial Information

Core Content

Unless another IFRS Sustainability Disclosure Standard permits or requires otherwise, an entity shall provide disclosures about:

Governance

The governance processes, controls and procedures the entity uses to monitor and manage sustainability-related risks and opportunities.

Strategy

The approach for addressing sustainability-related risks and opportunities that could affect the entity’s business model and strategy over the short, medium and long term.

Risk management

The processes the entity used to identify, assess and manage sustainability-related risks.

Metrics and targets

Information used to assess, manage and monitor the entity’s performance in relation to sustainability-related risks and opportunities over time.

Governance

*The objective of sustainability-related financial disclosures on governance is to enable users of general purpose financial reports to understand the **governance processes, controls and procedures** an entity uses to monitor, manage and oversee sustainability-related risks and opportunities*



To achieve this objective, an entity shall disclose information about the **governance body** or bodies (which can include a board, committee or equivalent body charged with governance) with oversight of sustainability related risks and opportunities, and **information about management’s role** in those processes.

Specifically, an entity shall disclose information about:

The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities.

How responsibilities for sustainability-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s).

How the body(s) or individual(s) **determines whether appropriate skills and competencies** are available or will be developed to oversee strategies designed to respond to sustainability-related risks and opportunities;

How and **how often** the body(s) or individual(s) is informed about sustainability-related risks and opportunities

How the body(s) or individual(s) takes into account sustainability-related risks and opportunities when overseeing the entity’s strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs.

How the body(s) or individual(s) oversees **the setting of targets** related to sustainability-related risks and opportunities, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies.

A description of management’s role in assessing and managing sustainability-related risks and opportunities, including whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee. The description shall include information about whether dedicated controls and procedures are applied to management of sustainability related risks and opportunities and, if so, how they are integrated with other internal functions.

Strategy

Objective

The objective of sustainability-related financial disclosures on strategy is to enable users of general purpose financial reporting to understand an entity's strategy for addressing significant sustainability-related risks and opportunities.



To achieve this objective, an entity shall disclose information about:

- 1** The **sustainability-related risks and opportunities** that could reasonably be expected to affect the entity's prospects.
- 2** The effects of significant sustainability-related risks and opportunities on its **business model and value chain**.
- 3** The effects of significant sustainability-related risks and opportunities on its **strategy and decision-making**.
- 4** The effects of significant sustainability-related risks and opportunities on its **financial position, financial performance and cash flows** for the reporting period, and the **anticipated effects over the short, medium and long term**—including how sustainability-related risks and opportunities are included in the entity's financial planning.
- 5** The **resilience** of its strategy and its business model to those sustainability-related risks.

Strategy

Sustainability-related risks and opportunities

1

Sustainability-related risks and opportunities

An entity shall disclose information that enables users of general purpose financial reporting to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's business model, strategy and cash flows, its access to finance and its cost of capital, **over the short, medium or long term**. Specifically, the entity shall:

- a) **describe sustainability-related risks and opportunities** that could reasonably be expected to affect the entity's prospects;
- b) **specify the time horizons—short, medium or long term—**over which the effects of each of those sustainability-related risks and opportunities could reasonably be expected to occur; and
- c) explain **how the entity defines 'short term', 'medium term' and 'long term'** and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.

Short-, medium- and long- term time horizons can vary between entities and depend on many factors, including industry-specific characteristics, such as cash flow, investment and business cycles, the planning horizons typically used in an entity's industry for strategic decision-making and capital allocation plans, and the time horizons over which users of general purpose financial reports conduct their assessments of entities in that industry.



Strategy

Business model and value chain

2

Business model and value chain

An entity shall disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of sustainability-related risks and opportunities **on the entity's business model and value chain**. Specifically, an entity shall disclose:

- S1.32
- a) a description of the current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain; and
 - b) a description of where in the entity's business model and value chain sustainability-related risks and opportunities are **concentrated** (for example, geographical areas, facilities and types of assets).



Strategy

Strategy and decision-making



3

Strategy and decision-making

An entity shall disclose information that enables users of general-purpose financial reports to understand the effects of sustainability-related risks and opportunities on its **strategy and decision-making**. Specifically, an entity shall disclose:

S1.33

- a) how the entity **has responded to**, and **plans to respond to**, sustainability-related risks and opportunities in its strategy and decision-making;
- b) the **progress against plans** the entity has disclosed in previous reporting periods, including quantitative and qualitative information, and
- c) **trade-offs** between sustainability-related risks and opportunities that the entity considered.

For example, in making a decision on the location of new operations, an entity might have considered the environmental impacts of those operations and the employment opportunities they would create in a community.

Strategy

Financial position, financial performance and cash flows

4

An entity shall disclose information that enables users of users of general-purpose financial reports to understand:

- (a) the effects of sustainability-related risks and opportunities on the **entity's financial position, financial performance and cash flows** for the reporting period (**current financial effects**); and,
- (b) the anticipated effects of sustainability-related risks and opportunities on the **entity's financial position, financial performance and cash flows over the short, medium and long term**, taking into consideration how sustainability-related risks and opportunities are included in the entity's financial planning (**anticipated financial effects**).

Financial position, financial performance and cash flows

Specifically, an entity shall disclose quantitative and qualitative information about:

- a) how sustainability-related risks and opportunities have affected its **financial position, financial performance and cash flows for the reporting period**;
- b) the sustainability-related risks and opportunities identified in paragraph 35(a) 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 reported in the related financial statements;
- c) how the entity **expects its financial position to change over the short, medium and long term**, given its **strategy to manage** sustainability-related risks and opportunities, and
- d) how the entity **expects its financial performance and cash flows to change over the short, medium and long term**, given its **strategy to manage** sustainability-related risks and opportunities.

When preparing disclosures on the financial impact of sustainability-related risks or opportunities, an entity should utilize reasonable and supportable information available at the reporting date, considering the entity's skills, capabilities, and resources.

An entity need not provide quantitative information about the current or anticipated financial effects of a sustainability-related risk or opportunity if the entity determines that: (a) those effects are not separately identifiable; or (b) the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful

If the entity is unable to disclose quantitative information, it must explain why; and Provide qualitative information, including identifying affected line items and totals in the financial statements, regarding the financial effects of a sustainability-related risk or opportunity. Additionally, provide quantitative information about the combined financial effects of the risk or opportunity with others, unless it is deemed unhelpful.



Strategy

Resilience

5

Resilience

An entity shall disclose information that enables users of general purpose financial reporting to understand its **capacity to adjust to the uncertainties arising from sustainability-related risks**. An entity shall disclose a **qualitative and, if applicable, a quantitative analysis of the resilience of its strategy and cash flows** in relation to its significant sustainability-related risks, including how the analysis was undertaken and its time horizon. When providing quantitative information, an entity can disclose single amounts or a range.

Other IFRS Sustainability Disclosure Standards may specify the type of information an entity is required to disclose about its resilience to specific sustainability-related risks and how to prepare those disclosures, including whether a scenario analysis is required



Risk management

The objective of sustainability-related financial disclosures on risk management is to enable users of general purpose financial reporting to understand the process, or processes, by which sustainability-related risks and opportunities are **identified, assessed and managed**. These disclosures shall enable users to assess whether those processes are integrated into the entity's overall risk management processes and to evaluate the entity's overall risk profile and risk management processes.

To achieve this objective, an entity shall disclose information about:

The processes and related policies it uses to identify sustainability-related risks and opportunities, including:

The processes it uses to identify sustainability-related risks for risk management purposes, including when applicable:

- the **input parameters** it uses (for example, data sources, the scope of operations covered and the detail used in assumptions)
- whether and how the entity **uses scenario analysis to inform** its identification of sustainability-related risks;
- how the entity **assesses the nature, likelihood and magnitude** of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);
- whether and how the entity **prioritises** sustainability-related risks relative to other types of risk;
- how the entity **monitors** sustainability-related risks; and
- whether and how the entity **has changed the processes** it uses compared with the previous reporting period;

The processes it uses to identify, assess, prioritize and monitor sustainability-related opportunities.

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



Metrics and targets

Metrics

The objective of sustainability-related financial disclosures on metrics and targets is to enable users of general-purpose financial reports to understand an **entity's performance in relation to its sustainability-related risks and opportunities**, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.

An entity shall disclose, for each sustainability-related risk and opportunity that could reasonably be expected to affect the entity's prospects: (a) metrics required by an applicable IFRS Sustainability Disclosure Standard; and (b) metrics the entity uses to measure and monitor: (i) that sustainability-related risk or opportunity; and (ii) its performance in relation to that sustainability-related risk or opportunity, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.

Metrics disclosed by an entity applying paragraphs 45–46 shall include metrics associated with particular business models, activities or other common features that characterize participation in an industry.

When a metric has been developed by an entity, it shall disclose:

- 1 how the metric is **defined, including whether it is derived by adjusting a metric taken from a source other than IFRS Sustainability Disclosure Standards** and, if so, which source and how the metric disclosed by the entity differs from the metric specified in that source.
- 2 whether the metric is **an absolute measure**, a measure expressed in relation to another metric or a qualitative measure (such as a red, amber, green—or RAG—status)
- 3 Whether **measurement** of the metric is validated by a third party, if so, which party.
- 4 the **method used to calculate the metric and the inputs to the calculation**, including the limitations of the method used and the significant assumptions made.

If an entity discloses a metric taken from a source other than IFRS Sustainability Disclosure Standards, the entity shall identify the source and the metric taken (Para 49 of IFRS S1)



Metrics and targets

Targets

An entity shall disclose information about the targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation. For each target, the entity shall disclose:

- 1 The **metric used**
- 2 The specific quantitative or qualitative **target** the entity has set or is required to meet;
- 3 The **period over which the target** applies;
- 4 The **base period** from which progress is measured
- 5 Any **milestones or interim targets**.
- 6 **Performance** against its disclosed targets and an **analysis of trends or significant changes** in its performance
- 7 **Revisions to its targets** and the explanation for those revisions



An entity shall label targets using meaningful, clear and precise names and description.

The definition and calculation of metrics, including metrics used to set and monitor targets, shall be consistent over time. If a metric or target is redefined or replaced, an entity shall:

a) disclose a revised comparative amount, unless it is impracticable to do so

b) explain the changes

c) explain the reasons for those changes, including why the redefined or replacement metric provides more useful information

IFRS S1: General requirements for Disclosure of Sustainability-related Financial Information

General Requirements



Source of Guidance:

To identify relevant risks and opportunities and what information to disclose, a company uses ISSB standards and shall consider: **SASB standards**

Examples of guidance that a company may also consider:

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



Timing & Location of Disclosures:

Financial statements and sustainability disclosures published at **the same time**, but with transitional relief in the first year of reporting

Disclose information as part of its general purpose financial reporting



Comparative Information

To disclose comparative information in respect of the previous period for all metrics disclosed in the current period

Also asks for comparatives on narrative and descriptive information if useful to investors

IFRS S2

Climate-related Disclosures



IFRS S2: Climate Related Disclosures

Core Content

Based on the TCFD recommendations

More specific requirements to enable consistent and comparable disclosures, for example:

- Transition planning.
- Scenario analysis.
- Financial effects of climate-related risks and opportunities.





Metrics and targets:

- Cross-industry metrics, including greenhouse gas emissions.
- Industry-specific metrics, based on SASB Standards.
- Qualitative and quantitative targets and metrics set by entity
- New proposed metrics, including financed emissions.



IFRS S2: Climate Related Disclosures

Core Content- Examples of Key Disclosures (Non-Exhaustive)

-  Governance
-  Strategy
-  Risk management
-  Metrics and targets



Governance

- Body(s) or individual(s) responsible for oversight of climate-related risks and opportunities
- Ensuring appropriate skills and competencies
- How and how often the body(s) or individual(s) are informed about climate-related risks and opportunities



Strategy

- Strategy and decision making, including transition plans
- Effects of climate on financial position, financial performance and cash flows
- Climate resilience, using scenario analysis

will be explained in greater detail in the next slides

IFRS S2: Climate Related Disclosures

Core Content- Examples of Key Disclosures (Non-Exhaustive)







Strategy: Current and anticipated financial effects

The effects of climate-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 and qualitative** information. The quantitative information may be a single amount or a range
- A company can provide qualitative rather than quantitative information when:
 - Not separately identifiable;
 - There is a high level of measurement uncertainty; or
 - For anticipated effects, this is not commensurate with the company's skills, expertise and resources
 - The use of all reasonable and supportable information available to the company without undue cost or effort; and
 - The use of an approach that is commensurate with the company's available skills, capabilities and resources.

IFRS S2: Climate Related Disclosures

Core Content- Examples of Key Disclosures (Non-Exhaustive)

-  Governance
-  Strategy
-  Risk management
-  Metrics and targets



Strategy: Climate Resilience

The **resilience of a company's strategy and business model** to climate-related changes, developments and uncertainties

- Building on TCFD material, IFRS S2 includes application guidance on **how to apply scenario analysis**
- The guidance requires
 - a method of climate-related scenario analysis commensurate with a company's circumstances
 - the use of all reasonable and supportable information that is available to a company at the reporting date **without undue cost or effort**

TCFD's stages of progression

Just beginning	Gaining experience	Advanced experience
Qualitative scenario narratives to help management explore the potential range of climate-related implications, using a more focused boundary such as a critical business unit or specific commodity inputs	Scenarios and associated analysis using quantitative information to illustrate potential pathways and outcomes, ideally for the entity and its operations as a whole	Greater rigour and sophistication in the use of data sets and mathematical models to support statistical analysis and quantitative, entity-specific outputs

IFRS S2: Climate Related Disclosures

Core Content- Examples of Key Disclosures (Non-Exhaustive)

Risk management

- Processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks and opportunities
- Extent to which, and how, these processes are integrated into the entity's overall risk management process.

Metrics and targets

- GHG emissions (Scopes 1, 2, and 3) using GHG Protocol
- Financial metrics related to climate-related transition and physical risks, climate-related opportunities, and capital deployment
- Internal carbon prices
- Industry-based disclosures
- Climate-related targets
- Whether and how climate-related considerations are factored into executive remuneration and the related percentage

IFRS S2: Climate Related Disclosures

Core Content- Examples of Key Disclosures (Non-Exhaustive)



Metrics and targets: Climate-related Targets

- Scope 3 GHG emissions disclosure, across 15 categories, when the information is material.
- Companies with emission associated with investment (or other forms of financing) are required to report **financed emission**. Applies to asset management, commercial banks and insurance.
- Disclose the climate-related targets a company has set, as well as those it is required to meet by law or regulation
 - The characteristics of each target;
 - How the company sets and reviews each target; and
 - The company's performance against each target.

Effective date and Reliefs

Effective dates and reliefs

Effective dates



Effective for annual reporting periods beginning on or after 1 January 2024

Temporary reliefs

IFRS S1 and S2 final version

Temporary relief allowing a company to **elect to report on only climate-related risks and opportunities** in accordance with **IFRS S2** in the first year it applies IFRS S1 and IFRS S2 and to **report in full** on its sustainability-related risks and opportunities **from the second year**

Other **temporary reliefs** in the first annual reporting period:

- (a) disclose **comparative** information;
- (b) report sustainability-related financial disclosures **at the same time** as a company's financial statements;
- (c) **apply the *GHG Protocol Corporate Standard*** to measure GHG emissions under specific conditions (example, alternative GHG emissions measurement already in place by the reporting entity) and
- (d) disclose **Scope 3 GHG emissions**, including the requirements for companies that have asset management, commercial banking or insurance activities to provide additional information about **financed emissions**.

Effective dates and reliefs

Other reliefs

Related to	IFRS S1 and S2 final version
GHG emissions	<p>Relief for companies that are required in their jurisdiction/stock exchange to use an alternative GHG measurement method to the GHG Protocol Corporate Standard to use that alternative method (Jurisdictional requirement)</p> <p>Relief to use information from a reporting period that is different from the entity’s reporting period, in specific circumstances</p> <p>Example from Application Guidance</p> <ul style="list-style-type: none"> • Reporting entity’s reporting period ≠ Reporting periods of entities in the value chain of the reporting entities • Relief applicable on the condition that; <ul style="list-style-type: none"> (a) the entity uses the most recent data available from those entities in its value chain without undue cost or effort to measure and disclose its greenhouse gas emissions; (b) the length of the reporting periods is the same; and (c) the entity discloses the effects of significant events and changes in circumstances (relevant to its greenhouse gas emissions) that occur between the reporting dates of the entities in its value chain and the date of the entity’s general purpose financial reports.

Proportionality

- Use of ‘reasonable and supportable information available without undue cost or effort’
- Disclosure of financial effects not required if company is unable to provide them
- Scenario analysis commensurate with company’s circumstances
- Guidance on sources of information (eg Scope 3)

IFRS SX VS Other ESG disclosure standards

Comparison between IFRS S1&S2 and GRI(1/2)

Management Approach Component

	Components	IFRS S1&S2	GRI	TCFD
Governance	Governance Structure	Y	Y	Y
	Governance Selection	Y	Y	Y
	Takes Into Account Sustainability Risk and opportunities	Y	Y	Y
	Conflict of interest Are Prevented		Y	
Strategy	Entity's Strategy	Y	Y	Y
	Current & Anticipated Affects	Y	Y	Y
	Sustainability Related Risks	Y	Y	Y
	How its business strategy aim to prevent negative impacts and achieve positive impacts	Y	Y	Y
	The effects of sustainability-related risks and opportunities on the entity's financial position	Y		Y
	Policy commitments		Y	
Risk Management	Processes to remediate negative impacts	Y	Y	Y
	Processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks	Y	Y	Y
	Whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks	Y		Y
	How the entity assesses the nature, likelihood and magnitude of the effects of those risks	Y	Y	Y
	Mechanisms for seeking advice and raising concerns		Y	
	Compliance with laws and regulations	Y	Y	Y
Metrics & Targets	Metrics required by an applicable IFRS Sustainability Disclosure Standard	Y		Y
	If a metric has been developed by an entity, the entity shall disclose information	Y		Y
	The targets it has set to monitor progress towards achieving its strategic goals	Y	Y	Y
Activities & Workers	The organization's activities, products, services, and markets served		Y	
	Report the total number of employees, and a breakdown of this total by gender and by region		Y	
	Report the total number of workers who are not employees and whose work is controlled by the organization and describe		Y	
Stakeholder engagement	Information about the organization stakeholder engagement practices		Y	

Comparison between IFRS S1&S2 and GRI(2/2)

Usage of Standards / Disclosure Requirement

Usage of Standards

Investor Focused

1) IFRS S1: Allow users to understand how **entity's ability to generate cash flows** over the short, medium and long term is **linked to the interactions between entity and its stakeholders throughout the value chain** 2) IFRS S2: Inform users in **making decisions related to providing resources to the entity**

Stakeholder Focused

GRI: Provide transparency on **how an organization contributes or aims to contribute to sustainable development**

	Disclosure Requirement	IFRS S1&S2	GRI	TCFD
Sustainability Related Risk and Opportunity	Describe sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects	Y	Y	Y
	Specify the time horizons over which the effects of sustainability-related risks and opportunities are expected to occur	Y		Y
	Explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons	Y		Y
	Draw on objective information and authoritative measures on sustainable development to report information about its impacts		Y	
Materiality	Disclose material information about the sustainability related risks and opportunities that could reasonably be expected to affect entity's prospects	Y	Y	Y
	Describe process it follow to determine material topics	Y	Y	Y
	Specify the stakeholders and experts whose views have informed the process of determining its material topics,		Y	
	How it has prioritize the impacts for reporting based on their significance		Y	
	To identify material information an entity shall apply, the requirements of the IFRS Sustainability Disclosure Standard that applies to that sustainability-related risk	Y		Y
Management Approach	Shall describe the actual and potential, negative and positive impacts	Y	Y	Y
	Describe actions taken to manage the topic and related impacts		Y	
	Report information about tracking the effectiveness of the action taken		Y	
	Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships		Y	

Common Challenges and Next Steps



Key Challenges	Key Recommendations
<ul style="list-style-type: none"> • Data availability, especially with regard to Scope 3 emissions • Absence of standardized methodologies for scenario analysis and financial impact quantification • Technical knowledge and expertise • Transition planning from other reporting standards or carbon accounting methodologies 	<ol style="list-style-type: none"> 1) Diagnose: <ul style="list-style-type: none"> • Review the ISSB standards, identify key gaps and implications as well as assess the impact on existing reporting frameworks. 2) Assess: <ul style="list-style-type: none"> • Review current gaps, peer comparison and international benchmarks • Determine material climate and sustainability risks with impact on enterprise value. 3) Plan: <ul style="list-style-type: none"> • Develop the climate action strategy involving phases, KPIs, milestones, governance, financing and an ambitious but realistic transition plan • Enhance organizational capacity to govern and manage climate and sustainability risk • Adopt credible standards to measure, monitor and report progress 4) Communicate: <ul style="list-style-type: none"> • Communicate the strategy and its implementation and implement a strategic review process








03 Other Reporting Standards Update

Existing key reporting standards

Principal frameworks and current ESG standards



	 <i>GHG Protocol</i> Greenhouse Gas Protocol	 <i>TCFD*</i> Task Force on Climate-related Financial Disclosures	 TNFD Taskforce on Nature-related Financial Disclosure	 <i>GRI</i> Global Reporting Initiative	 <i>SASB*</i> Sustainability Accounting Standards Board
Purpose	Internationally accepted accounting and financial reporting standards related to Greenhouse Gas Emissions (<i>GHG</i>)	Encourages entities to make disclosures regarding climate-related financial risks, with focus on investors.	Provides a set of disclosure recommendations to report and act on nature related dependencies	Enables entities to report on a broad set of relevant ESG issues.	Industry-based disclosure topics and metrics most useful for investors
Focus areas	Emissions <i>GHG</i> : <ul style="list-style-type: none"> Scope 1: on-site generation Scope 2: purchase of energy Scope 3: value chain 	Focused on building consistent climate-related disclosures.	Focus on integrating nature into business decision making	Comprehensive set of disclosures for entities to report their performance and impact on Society and Environment.	Set of disclosure topics and metrics in line with the identified sustainability material issues for 77 industries

Note: *Currently under International Sustainability Standard Board's (ISSB) monitoring

Taskforce on Nature-related Financial Disclosure (TNFD)

Recommendations for nature-related financial disclosure, announced September 2023

TNFD Mission

The TNFD was launched to develop a framework to **quantify the financial exposure** that natural capital loss presents to organisations and help companies **make informed and robust decisions** based on **the natural capital and environmental opportunities and risks**.

TNFD recommendations includes **14 recommended disclosures** across four main pillar:

Governance

Disclose the organization's governance of nature-related dependencies, impacts, risks and opportunities



Strategy

Disclose the effects of nature related dependencies on the organization's business model



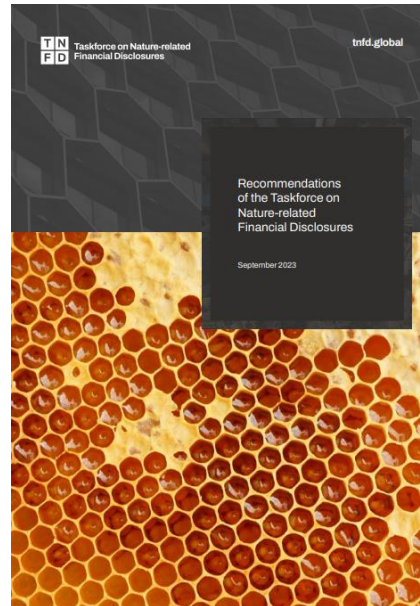
Risk & Impact management

Describe the processes used by the organization to identify, assess and monitor nature related impacts



Metrics & targets

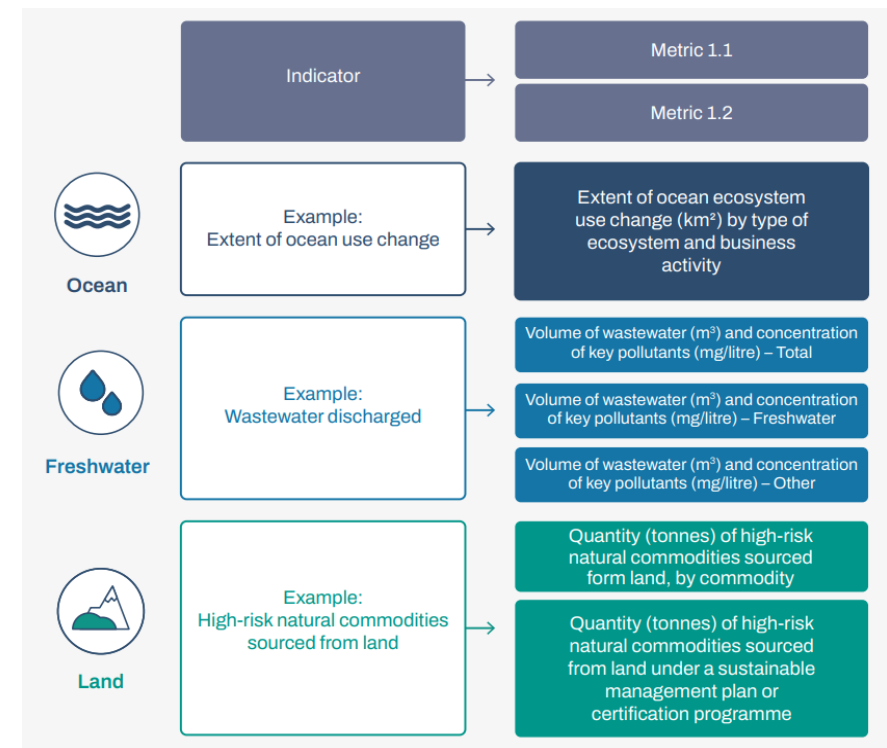
Disclose the metrics and targets used to assess and manage material nature-related dependencies



Key Risk Drivers



Examples of Metrics



TNFD: Leap Approach Overview

LEAP is an internal due diligence assessment process which is helpful for the **identification and assessment of their nature related issue allowing the entity to take effective action to better manage their impacts, dependencies and risk**



Updates on Key Global Reporting Standards

TCFD Update

From 2024, the IFRS Foundation will take over responsibilities from TCFD including capacity building and monitoring progress towards the use of high-quality disclosure

ISSB takeover monitoring of TCFD

The ISSB has built from and consolidated the market-leading investor-focused sustainability-reporting initiatives to deliver the ISSB Standards, with the TCFD recommendations at the heart of this. As such, the ISSB welcomes the FSB's request to transfer the TCFD's monitoring responsibilities to the ISSB from 2024 and the opportunity to build on TCFD's legacy.



GRI Update

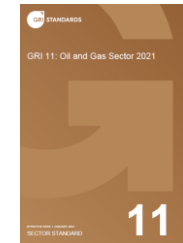
Universal standards review

- Updated Universal Standard (2021) – **Effective Jan 2023**
 - GRI 1 - Requirements and principles
 - GRI 2 - About reporting organization
 - GRI 3 - Reporting organization's material topics



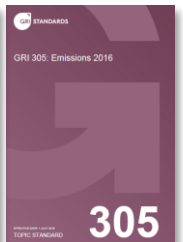
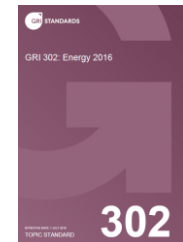
Sector standards review

- GRI 11: Oil and Gas Sector 2023 – **Effective Jan 2023**
- GRI 12: Coal Sector 2023 – **Effective Jan 2024**
- GRI 13: Agriculture, Aquaculture and Fishing Sectors 2023 – **Effective Jan 2024**
- GRI XX : Mining – Started 2022
- GRI XX : Financial Services – Started 2023
- GRI XX : Textiles and Apparel – (on hold)



Topic standards review

- GRI XXX : Biodiversity – Started 2021
- GRI XXX : Labor – Started 2022
- GRI XXX : Climate Change – Started 2022
 - Including a review of
 - GRI 302: Energy 2016,
 - GRI 305: Emissions 2016, and
 - GRI 201: Economic Performance 2016
- GRI XXX : Economic Impacts – Started 2023
- GRI XXX : Pollution – to be started





04 Thailand Taxonomy

What is a Taxonomy?

Taxonomy is a classification of sustainable activities which play a key role in shaping the future of sustainable finance

What is a Taxonomy

- Taxonomy is a **sets of sustainability criteria or sustainability classifications** for economic activities and products, including goods and services.

Usage of Taxonomy

- Providing technical criteria, terminologies, thresholds, tools and/or labels to **identify sustainable activities**
- Lead to a **clear view** on environmental or social performance
- Some of taxonomies **focus only on the environmental aspects**
- Many of taxonomies **cover both green and social elements** to different extents to classify the activities as sustainable

Characteristics of a taxonomy

- Not a mandatory list of **“potential”** investments
- **A flexible classification tool** that adapts to different investment styles and strategies
- Based on **latest scientific and industry experience**
- Dynamic, responding to **changes in technology, science, industry and data**

Main component of general Taxonomy

The **structure** of most taxonomies contains 4 layers:

Objectives

Goals and ambitions:
The selection of sectors, activities, and criteria are focused on achieving the defined objectives.

Sectors

Include all sectors, except for those that are not climate compatible.

Activities

Eligible activities should be determined by their contribution towards achieving the objectives.

Screening Criteria

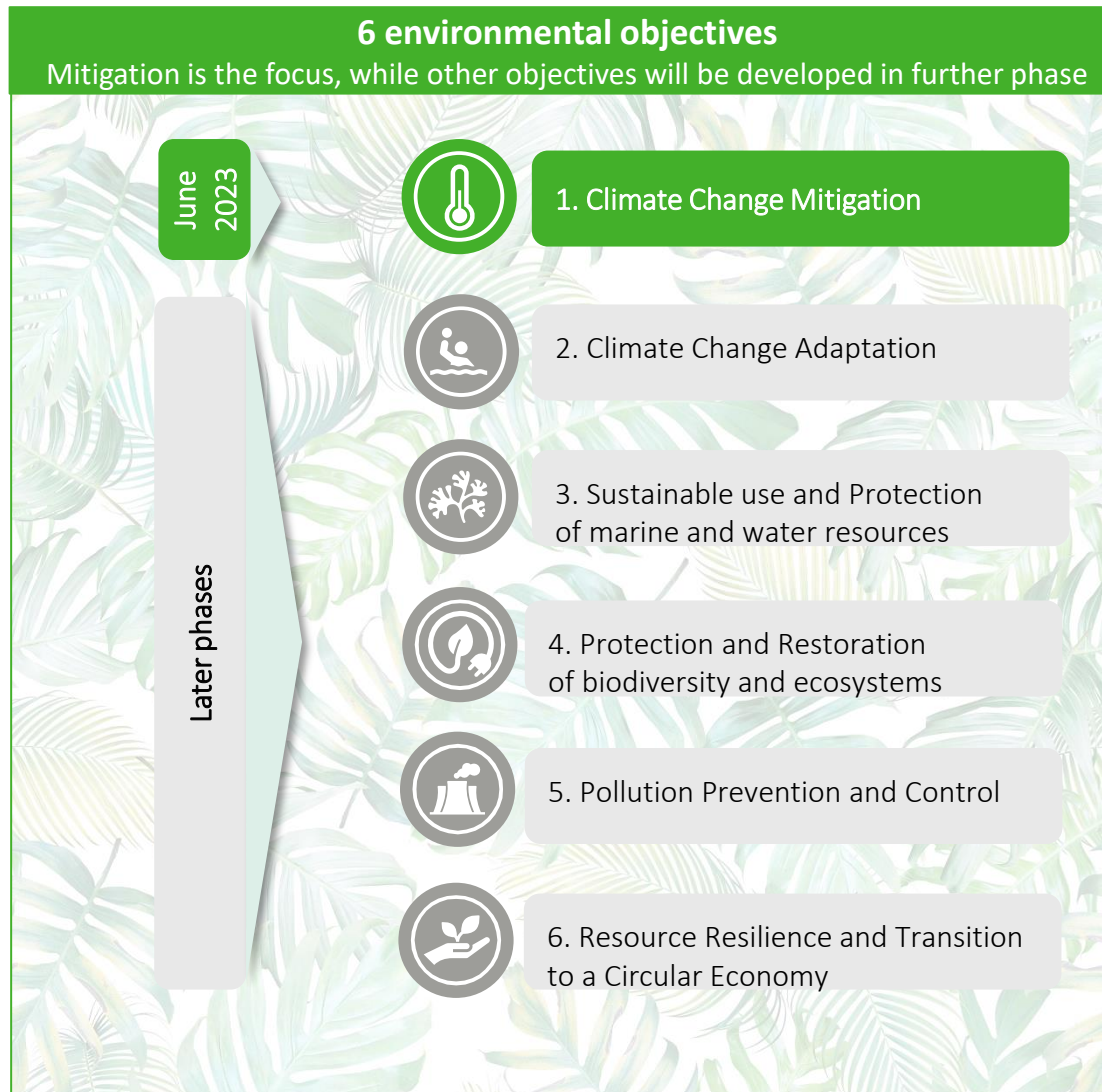
Should be based on science, should be binary and easily quantifiable.



*Note: Japan issued basic guidelines on climate transition finance – not a taxonomy

Thailand Taxonomy: Environmental Objectives and Focused Sectors

The Taxonomy Phase 1 focuses on achieving climate change mitigation by targeting the energy & transportation sectors



Energy & transportation – priority sectors for the pilot Taxonomy



Sectors were selected through **expert assessment, quantitative measures**, as well as viability of **decarbonization technologies**, based on:

- Substantial contribution** of the sectors and activities to the key objectives of the taxonomy
- The evaluation of multiple parameters:** such as GHG emission profile, contribution to GDP, share of FDI, the eligibility for green bonds, etc.

The scope of focus is limited to the **Energy sector** and **Transportation sector**, given its:

- ✓ **Significant share of the country's GHG emissions**
- ✓ **Small share of the country's FDI** – signaling their insufficient investments for decarbonization



Thailand Taxonomy and Supplementary Tools

Supplementary tools include: Usability guideline, excel tools and business guide & case studies

USABILITY GUIDELINE OF THAILAND TAXONOMY

1 – List your activities | Break the entity/project into activities

2 – Check the coverage | Define activities from the breakdown

3 – Color your activities | Categorize the activities, see if they are in line with green/amber criteria defined in the Taxonomy

4 – Do no harm to others | Define whether activities that meet criteria also meet DNSH and MSS requirements

5 – Conclude the evaluation | Prepare a final conclusion and Supplementary reports

EXCEL TOOL: ACTIVITIES THRESHOLDS AND CRITERIA

1 – Activities | Activities includes solar, wind, hydropower, bioenergy and marine energy generation. Other activities includes heating and cooling distribution, transmission and distribution networks for renewable and low carbon gases, etc.

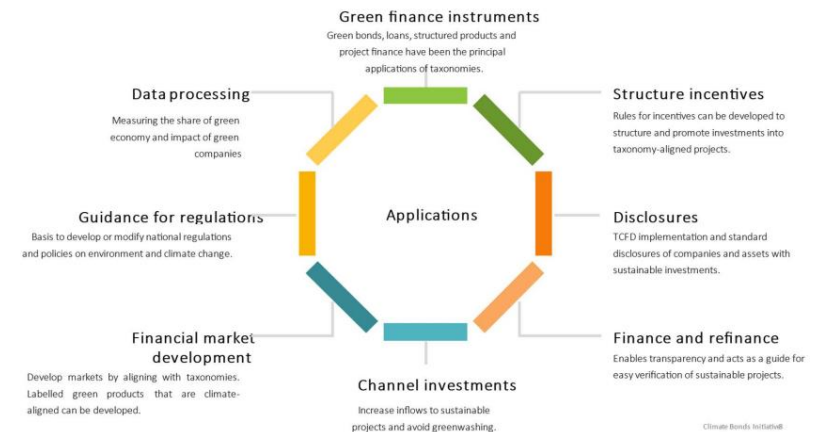
2 – DNSH Criteria | “Do No Significant Harm” principle is applied to the taxonomies with multiple objectives in order to make sure that one objective does not cause damage to other objectives

3 – MSS Criteria | “Minimum Social Safeguards” ensure that the eligible asset does not generate a negative social impact by observing and recognizing the “International Labor Organization core conventions”

BUSINESS GUIDE, CASE STUDIES, AND FAQs

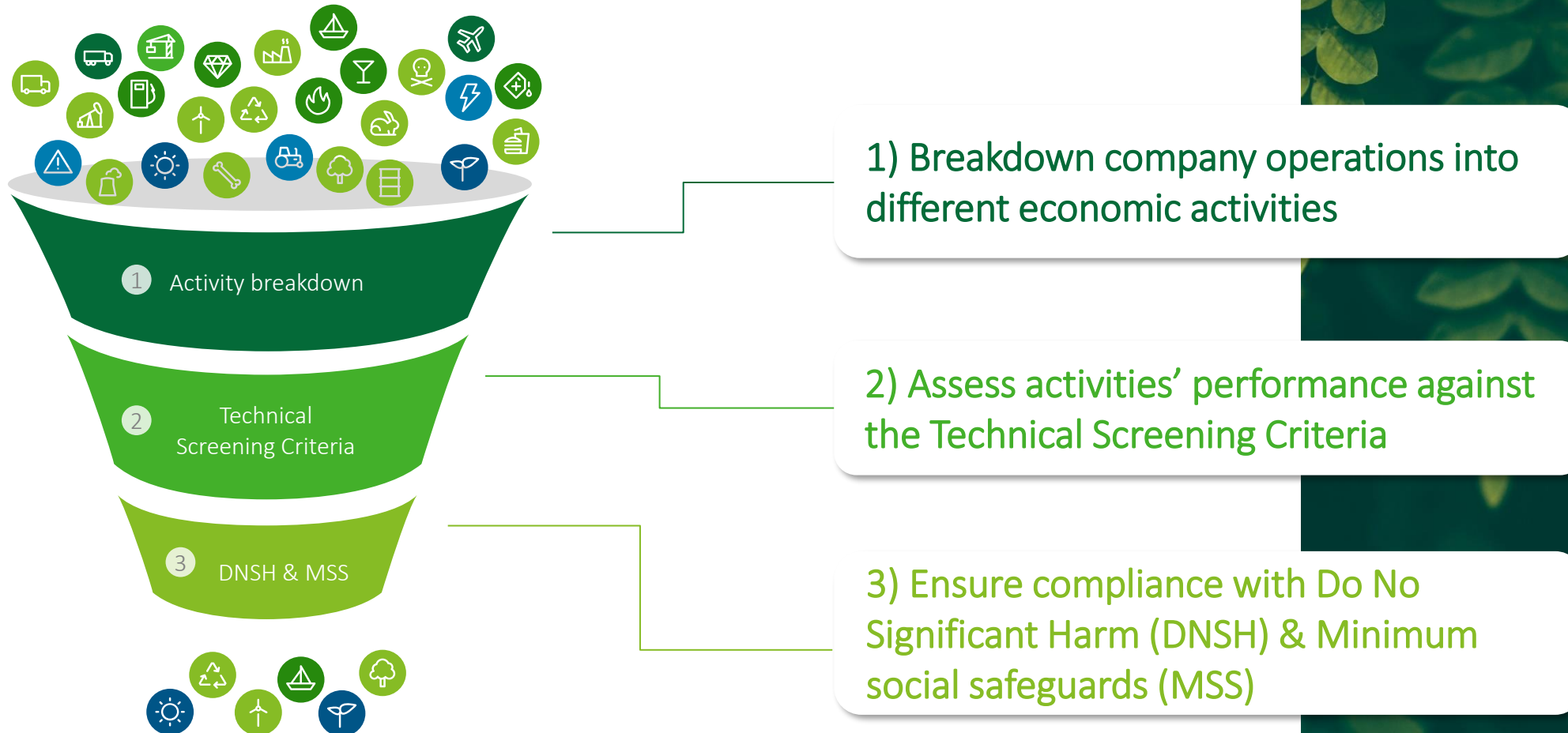
1 – User Guidance | 1) Break down company/project operations into different economic activities 2) align the resulting activities with the table of economic activities 3) assess activities performance against the technical screening criteria 4) assess activities compliance with the DNSH and MSS 5) prepare the assessment report

2 – Use Case



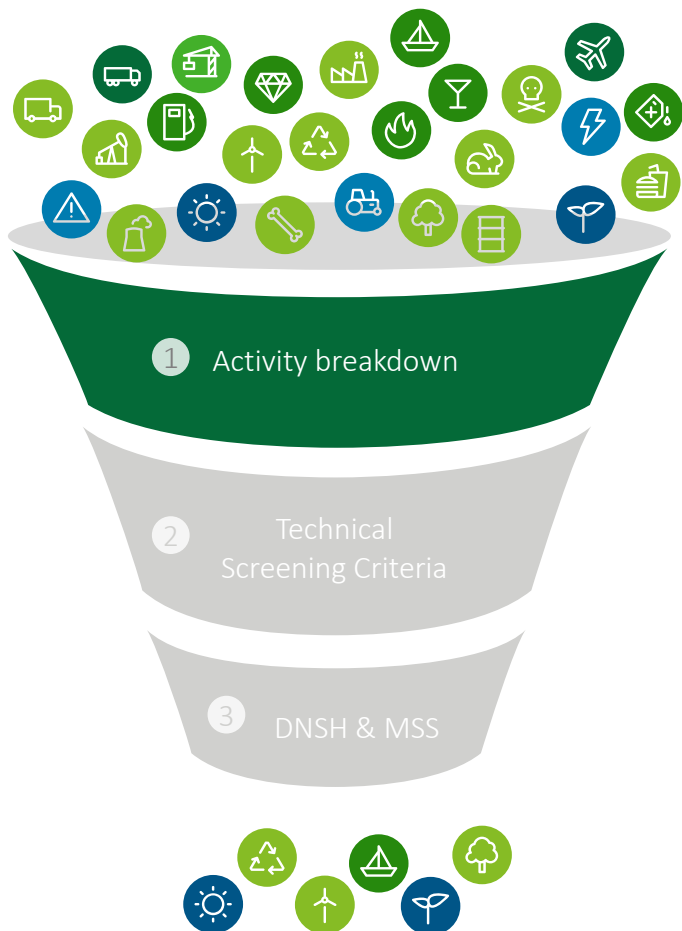
Zoom in: Thailand Taxonomy

Assessing Thailand Taxonomy alignment can be done through the following 3 steps

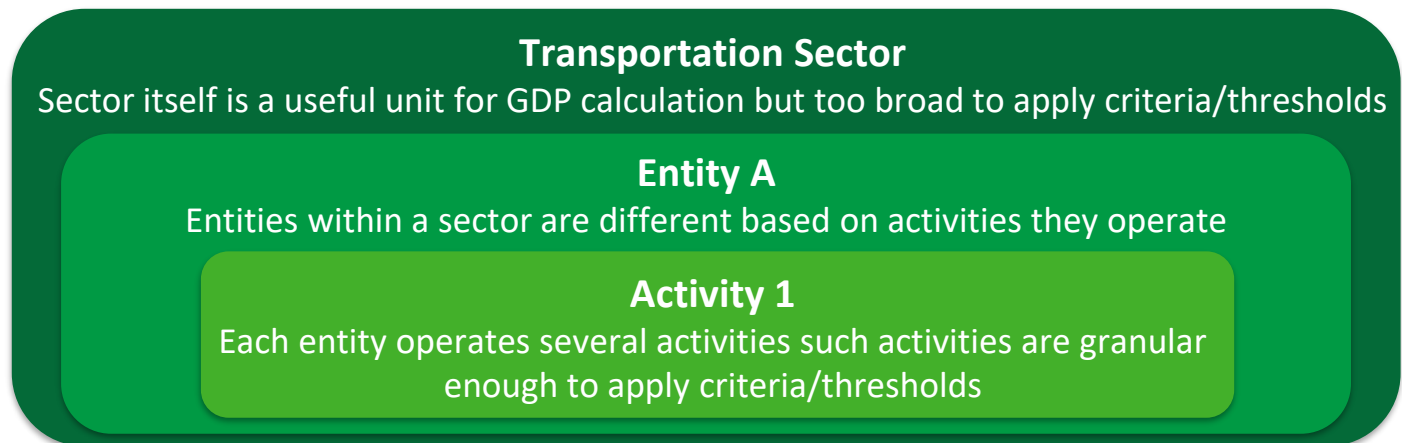


Step 1: Break down company operations into different economic activities

Criteria and Steps in determining sustainability of activities according to Thailand Taxonomy



Example of the activity breakdown



Activity breakdown & mapping

Based on the **ISIC-4 code** system, the energy and transport sectors could be further disaggregated into the main types of activities.

Energy:

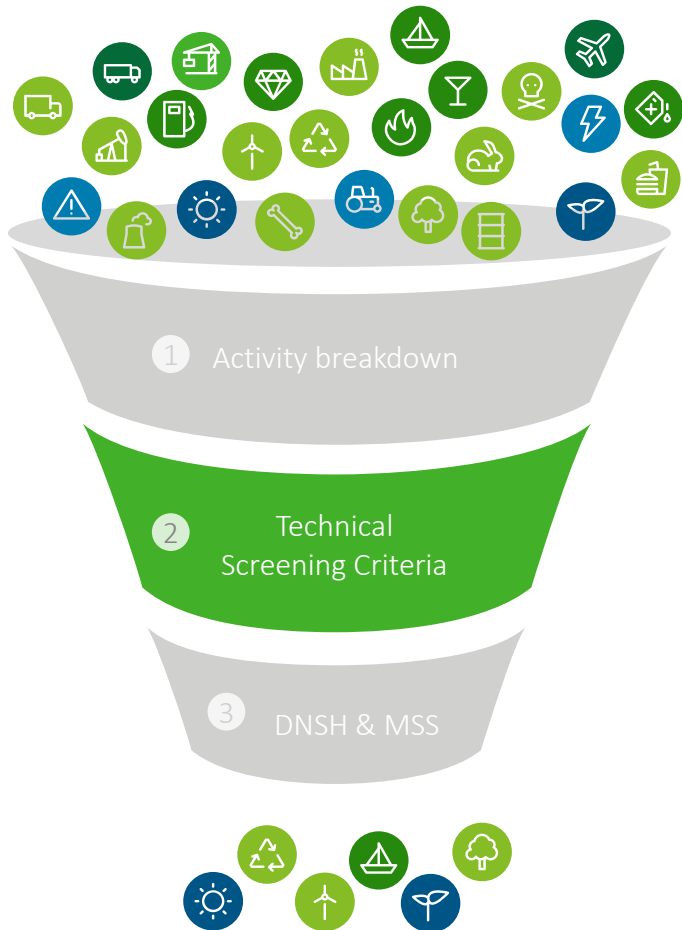
D351	Electric power generation, transmission and distribution
D352	Manufacture of gas; distribution of gaseous fuels
D353	Steam and air conditioning supply

Transportation:

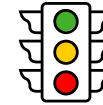
H491	Transport via railways
H492	Other land transport
H493	Transport via pipeline
H501	Sea and coastal water transport
H502	Inland Water transport
C3312	Repair of Machinery

Step 2: Assess activities' performance against the Technical Screening Criteria (1/3)

Criteria and Steps in determining sustainability of activities according to Thailand Taxonomy



Understanding the Traffic Light System

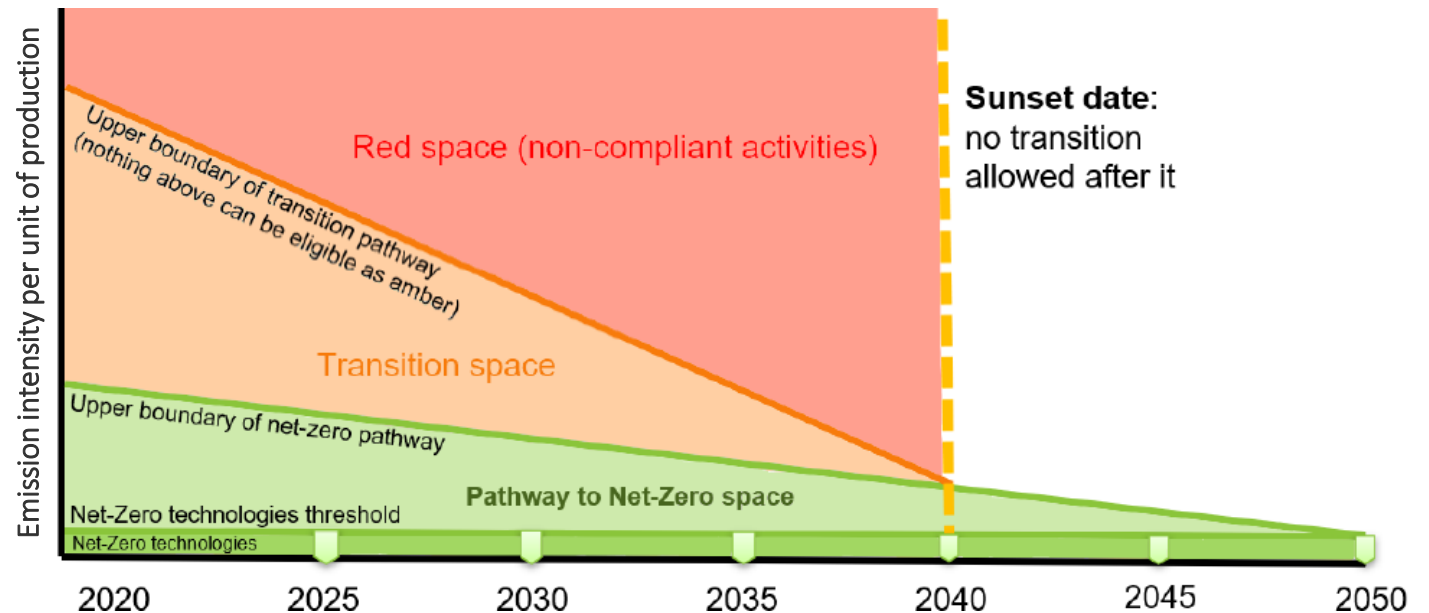


Taxonomy use the **traffic light system** that distinguishes:

- **Green:** operating at or close to net-zero trajectory
- **Amber:** facilitating emissions reductions
- **Red:** currently not compatible with net-zero trajectory

Assess the activity against in 2 technical assessment i.e., **sectoral**, and **activity level** thresholds.

1 Assess sectoral threshold



Source: Bank of Thailand (2022). [Thailand Taxonomy](#)

Step 2: Assess activities' performance against the Technical Screening Criteria (2/3)

Criteria and Steps in determining sustainability of activities according to Thailand Taxonomy

2 Assess activity level threshold Assess selected activities against the technical screening criteria specified in the taxonomy for each activity.

Transportation sector (8 activities)



Transport via railways



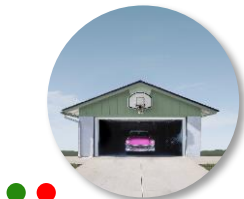
Other passenger land transport



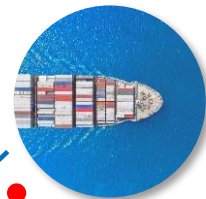
Urban and suburban passenger land transport



Freight transport by road



Enabling infrastructure for low emission transport



Sea and coastal water transport



Inland water transport



Retrofitting of sea and coastal freight and passenger water transport

Energy sector (6 activities)



Solar energy generation



Wind energy generation



Hydropower generation



Geothermal power generation



Bioenergy generation and production



Energy production from natural gas

Legend:

● ● ● Available thresholds/ criteria

✓ Use with sectoral threshold

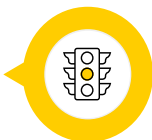


Step 2: Assess activities' performance against the Technical Screening Criteria (3/3)

Example of Energy sector activity: Electricity generation from renewable non-fossil gaseous and liquid fuels, including green hydrogen

Construction and operation of electricity generation facilities that produce electricity using gaseous and liquid fuels of renewable origin, including green hydrogen. This activity does not include electricity generation from the exclusive use of biogas and bioliquid fuels.

- Life-cycle GHG emissions from the generation of electricity must be **lower than Green Activities threshold**
- Life-cycle GHG emissions are calculated based on project specific data, where available, using ISO 14067:2018 or ISO 14064-1:2018 or ISO 14064-2:2019 or equivalents
- Quantified life-cycle GHG emissions are **verified** by an independent **third party**.



- Lifecycle emission intensity meets declining amber thresholds for the Energy Sector with a prescribed sunset date.



- The activities that are not compliant with green or amber criteria are non-compliant.

Thresholds for certain energy sector activities, gCO_{2e}/kWh

Activities	2022-2025	2026-2030	2031-2035	2036-2040	2031-2045*	2046-2050*
Green	100	100	100	100	50	
Amber	381	225	191	148	N/A	
Red	>381	>225	>191	>148	>50	

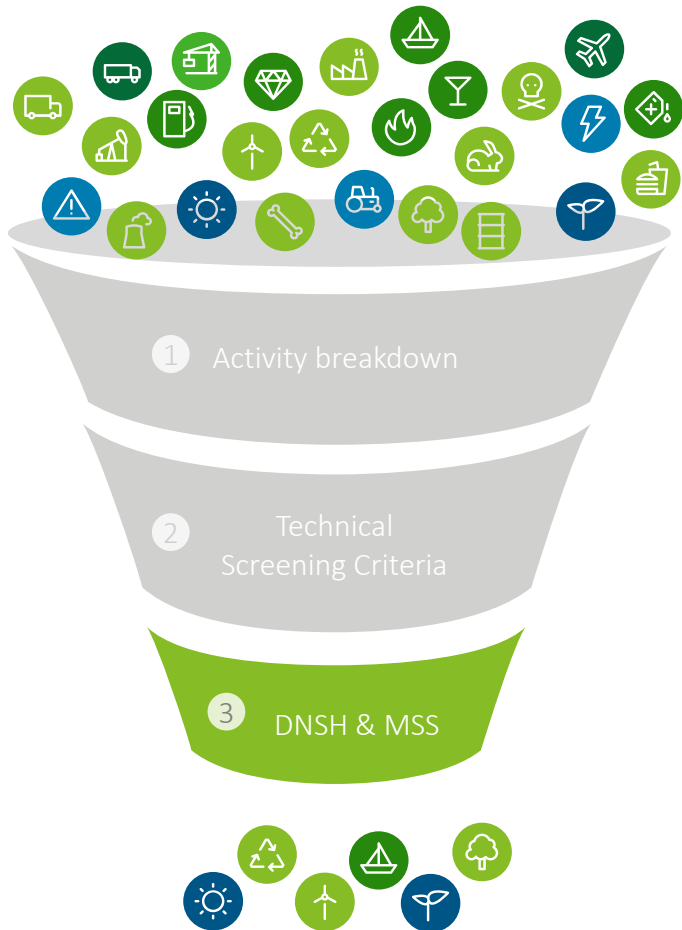
Note: All thresholds are subject to **review every three to five years** in accordance with new data and technological development.

* Post-sunset dates, amber certification is no longer available



Step 3: Ensure compliance with DNSH & MSS

Criteria and Steps in determining sustainability of activities according to Thailand Taxonomy



1 Do No Significant Harm (DNSH) Principles

- Climate change **adaption**
- **Protection** of **water** and marine **resources**
- **Waste reduction**, recycling & transition to a circular economy
- **Pollution prevention** and **control**
- Protection and restoration of **biodiversity & ecosystems**

2 Minimum Social Safeguards (MSS)

- **Environmental** and **social risks** and impacts
- **Labour** and working conditions
- Community **Health** and **Safety**
- **Land** Acquisition and Involuntary Resettlement
- **Indigenous** Peoples
- **Cultural** Heritage

Key Remark

- Taxonomy-aligned activity must **comply** with **MSS and DNSH**;
- If the activity **passes** relevant **technical screening** and **metrics**, **but not comply with DNSH and MSS**, the company must submit the plan indicating how it will correct the deficiencies, to be considered eligible for green or amber category


Next steps of taxonomy development and potential enforcement

The next focuses of Thailand Taxonomy Phase 2, and case study of EU study on alignment reporting for FIs


Plan for the development of Thailand Taxonomy

6 environmental objectives


Mitigation is the focus, while other objectives will be developed in further phase

- 


1. Climate Change Mitigation

The reduction of GHGS emitted as the result of human activity
- 


2. Climate Change Adaptation

Thailand substantially reduce the adverse impact of climate change
- 


3. Sustainable use and Protection of marine and water resources

Deals with sustainable development of coastal areas
- 

4. Protection and Restoration of biodiversity and ecosystems

Preventing the loss of plants and living species
- 

5. Pollution Prevention and Control

Help the country prevent and control pollution on all levels
- 

6. Resource Resilience and Transition to a Circular Economy

Maximize resource productivity

Will be developed under phase 2

Other sectors to be developed

- Manufacturing
- Agriculture
- Real estate and Construction
- Waste Management

Case Study of EU Taxonomy Development



Financial Institutions' KPI

- The **EU Taxonomy** requires all firms to report Key Performance Indicators (KPIs) which is giving way to the more stringent Corporate Sustainability Reporting Directive (CSRD).
- In 2024, FIs are expected reporting on alignment to taxonomy KPI.
- Firms to report the KPI in Universal Registration Document (URD), Annual Report, and Sustainability report

Green Asset Ratio (GAR)



GAR is the KPI for FI & shows the proportion of exposures related to a finance institution's taxonomy-aligned activities compared to its total assets.

$$\text{GAR} = \frac{\text{Assets and investments in aligned activities}}{\text{Total covered assets}}$$

Source: BOT (2022). [GreenDirectionalPaper](#), BOT (2023). [Thailand Taxonomy Phase 1](#), : EU Technical Expert group (2020). [Taxonomy: Final report of the Technical Expert](#)

Other Green Taxonomy

Taxonomy with environmental objectives & sector coverage wider than Thailand Taxonomy phase 1

Jurisdictions	Comparative analysis		
	Environmental objectives (EO)	Other criteria	Sectoral scopes
 <p>ASEAN Taxonomy for Sustainable Finance (Ver.2 published Mar 2023)</p>	<ul style="list-style-type: none"> ✓ <i>Climate change mitigation</i> ✓ Climate change adaptation ✓ Sustainable use and protection of water resources ✓ Transition to a circular economy ✓ Pollution prevention and control ✓ Protection and restoration of biodiversity and ecosystems 	<ul style="list-style-type: none"> • Do no significant harm (DNSH) • Remedial measures to transition • Social Aspects 	<p>Focus Sectors</p> <ol style="list-style-type: none"> 1. Agriculture, forestry & fishing 2. <i>Electricity, gas, steam</i> and air conditioning supply 3. Manufacturing 4. <i>Transportation</i> & storage 5. Water supply, sewerage, waste mgmt. 6. Construction & real estate
 <p>CBI Taxonomy (As of 2023)</p>	<ul style="list-style-type: none"> ✓ <i>Climate change mitigation</i> ✓ Climate change adaptation 	<p>To obtain the certification from CBI for use of proceeds debt instruments, assets, entities, and sustainability-linked debt instruments aligned with CBI taxonomy</p> <ul style="list-style-type: none"> • Alignment with 'Broader social and environmental alignment' including: <ul style="list-style-type: none"> • Contribution to the Just transition • Risk of negative environmental or social externalities • Identification and monitoring systems in place to monitor the risks • Escalate mitigation or compensation measures 	<p>8 categories of sector criteria with 45 sector criteria</p> <ol style="list-style-type: none"> 1. <i>Energy</i> 2. <i>Transport</i> 3. Water 4. Buildings 5. Land use & marine resources 6. Industry 7. Waste 8. ICT (currently under development)

Remark: *Environmental objectives & sector covered by Thailand taxonomy phase 1*

Source: 1.ASEAN(2023). [ASEAN Taxonomy](#), 2.World Bank Group(2020). [Developing a National Green Taxonomy: A World Bank Guide](#), 3.CBI(2021). [Climate Bonds Taxonomy](#), 4. CBI(2023). [Checklist for Entity Certification](#)

Opportunities, Risks, and Preparation associated with Thailand Taxonomy

There are 3 main sectors related to environmentally sustainable investments

Opportunities

Risks

Preparation

Investor



- More investment on **reliable environmental data**
- Increase access to **lower cost** of environmentally **sustainable projects**
- Participation in the growing market and diversify their portfolios with **green assets**

- Failure to comply with the taxonomy lead to **financial penalties**
- Misrepresenting the environmental impact called **greenwashing**
- The **volatility market** is adjusted by the taxonomy's requirements

- Look for **transparency** and **accuracy** of data
- **Monitor** sustainability targets, transitioning to sustainable practices, and **reporting**

Financial Institution



- Enhancing **new business opportunities**
- Taxonomy reporting enhance stakeholder **trust** and **attract** environmentally **investors**
- **Assessment** environmental risks associated with the lending and investment **portfolios**

- **Inaccurate data** of reports can expose to reputational and **regulatory** risks
- **Failure** to offer sustainable **investment** may loss of market share or missed opportunities.

- Overseeing taxonomy **implementation** and **compliance**
- **Evaluate** the institution's current sustainability **practices**
- **Reporting** data on **environmental performance**

Business



- Issuing **green bonds** to support sustainable projects
- Giving a **competitive** edge in the **market**
- Taxonomy reporting can **attract green investment funds**

- **Additional costs** to align the operations with the taxonomy's criteria
- Making more **challenging** for certain businesses to **access financing**
- The **accuracy** and **reliability** of **reporting**

- Ensure the strategy business plan and aligns with the **long-term** objectives
- **Enhance** the **data management** on environmental performance
- Establishing sustainable **practices & KPIs** through **reporting** and **disclosure**



05 Summary

Summary

Points to follow in developments of Sustainability Disclosure Standards

- **Follow the development of ISSB's reporting standards (IFRS Sx), as it may become a global baseline for sustainability disclosure.**
 - *IFRS Foundation is in the process of approving the review of SASB Standards, expected to be announced by the end of 2023*
- **Get ready for climate-related disclosure (IFRS S2 & TCFD), the structure of IFRS S2 & TCFD disclosure may become the norm for Climate-related disclosures in many jurisdictions.**
- **GRI remain key global sustainability standards**
 - *Updated Universal Standard is enforced this year (2023), which highlights various core methodology changes, including human rights-integrated in impact consideration and double materiality*
 - *Various on-going projects for sector standards and topic standards developments*
 - *GRI is working closely with ISSB for interoperability of the two standards*





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