

# YOUR GUIDE TO SUSTAINABILITY REPORTING

Guidance for companies on the integration  
of sustainability information into investor  
reporting and communication



**LONDON  
STOCK  
EXCHANGE**  
An LSEG Business



# Foreword



**Dame Julia Hoggett**  
CEO, London Stock Exchange plc

Investors and policymakers around the world recognise that sustainability-related disclosures are an important input to capital allocation decisions. Sustainability-related risks and opportunities are becoming material to many companies across the globe, from the creation and expansion of markets for green and socially responsible products, to operational and supply chain disruptions that can be caused by climate change.

As a result, investors increasingly apply sustainability data to their investment decisions and sustainability reporting is becoming mandatory in a growing number of jurisdictions.

The London Stock Exchange published its first ‘Guidance for ESG Reporting’ in 2016, based on eight principles that reflected the goals of investors and the voluntary sustainability reporting frameworks that were being established to facilitate these goals. This was done from the perspective that, with clearer understanding, companies are empowered to make decisions about gathering and disclosing sustainability information, and to provide decision-useful data in a commercially efficient manner.

Our view is that sustainability reporting will deliver the most value if:

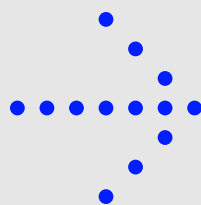
- It can be implemented cost-effectively by companies.
- It provides useful insights that companies can apply to improve their operations and business models.
- It provides decision-useful information that investors can apply to their allocation strategies.

Those voluntary frameworks are beginning to coalesce and align, for example, under the International Sustainability Standards Board (ISSB) standards for general sustainability (S1) and climate-related disclosures (S2). We have produced this updated guidance to reflect the evolution of the reporting landscape and show how, when done in a considered manner, the process can add value to companies by providing strategically useful insights and improving investor engagement.

It should be noted that the approaches articulated in this guidance are not mandatory for companies listed on the London Stock Exchange: the guidance covers the ‘why’, the ‘what’ and the ‘how’ of sustainability disclosure. It explains the approach to regulation in different jurisdictions and describes how investors receive, process and act upon sustainability data. It explains where companies may consider focusing their efforts to maximise the business benefits of reporting and how they can build better relationships with investors through transparency and improved sustainability reporting.

As a global financial markets infrastructure provider, LSEG (London Stock Exchange Group) supports standardised, global and economy-wide reporting in line with ISSB standards. Sustainability reporting can play an important role in the functioning and evolution of our capital markets and our economy, by supporting an orderly transition to a more sustainable, low-carbon global economy, in service of investors, companies and people.

We hope that companies find the guidance a useful tool. It will be updated periodically as the landscape continues to evolve.



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Your guide to sustainability reporting

# Introduction



## The reporting agenda is changing

Many countries now have formal, regulatory sustainability reporting requirements, specifying what is to be reported, how information is to be calculated and presented, and when this reporting needs to be provided. The scope of these reporting requirements has grown, moving from the largest publicly-listed companies to smaller listed companies, unlisted companies and state-owned enterprises. Directors in some cases are now personally accountable for these reports, being required to formally confirm that the data is accurate and that the interpretation of this data is fair and reasonable.

In parallel to these regulatory changes, investors have started to systematically use sustainability-related information to assess how companies are managing sustainability risk, to identify companies that may benefit from sustainability-related themes such as climate change and biodiversity, to build investment ratings and investment products, and to make investment decisions. Company disclosures and the dialogue between companies and investors are important, but only partial, influences on these assessments and decisions.

## Companies can use reporting to systematically drive business value

Sustainability reporting is becoming an important focus for many companies. The resources required for data collection, analysis and assurance have grown significantly in many companies. Senior management, finance teams, internal audit and boards now formally review and sign off these reports.

With growing regulatory requirements, there is a risk that the business benefits of using sustainability reporting to drive value are not realised. There are different factors at play:

- Companies, especially those that are subject to multiple or complex reporting requirements, may focus their attention towards reporting correctly, rather than leveraging the reporting process to improve business processes and performance, or to communicate effectively with their investors.
- Companies do not always understand how their investors access, process and use sustainability-related information.
- Companies are unsure how to navigate the various voluntary reporting frameworks available and regulatory regimes in place, despite efforts to consolidate reporting standards. This problem is particularly acute for companies operating in multiple jurisdictions, which may need to comply with overlapping or inconsistent regulatory requirements.



# How does this guidance help?

This guidance aims to provide ideas on how to approach sustainability reporting in a way that brings value to a company, its investors and other stakeholders. Regulatory requirements have tightened over time in some jurisdictions, investors have increased their attention on sustainability data and sustainability performance, and the number of companies within the scope of reporting requirements continues to grow.

**Companies can maximise the business value of their sustainability reporting efforts by:**



## Understanding sustainability reporting requirements

**Chapter 1** describes the key trends in sustainability reporting requirements, and how these might affect companies’ sustainability reporting processes.



## Understanding why they are producing sustainability reports and knowing their audience

**Chapter 2** explains how companies can effectively target investors and the finance sector in their reporting.



## Being clear about materiality

**Chapter 3** offers practical suggestions on how companies can decide which sustainability issues are relevant to their business, and how they can communicate this to their investors and other stakeholders.



## Understanding what data investors need

**Chapter 4** explains how investors use and process the data contained in sustainability reports.



## Implementing a structured process for sustainability reporting

**Chapter 5** identifies the key decisions – who is responsible, what needs to be reported, what is the scope of the report – that need to be taken by companies.



## Understanding sustainability-related risks

**Chapter 6** explains how risk assessment and scenario analysis tools can be used to inform business decision-making.

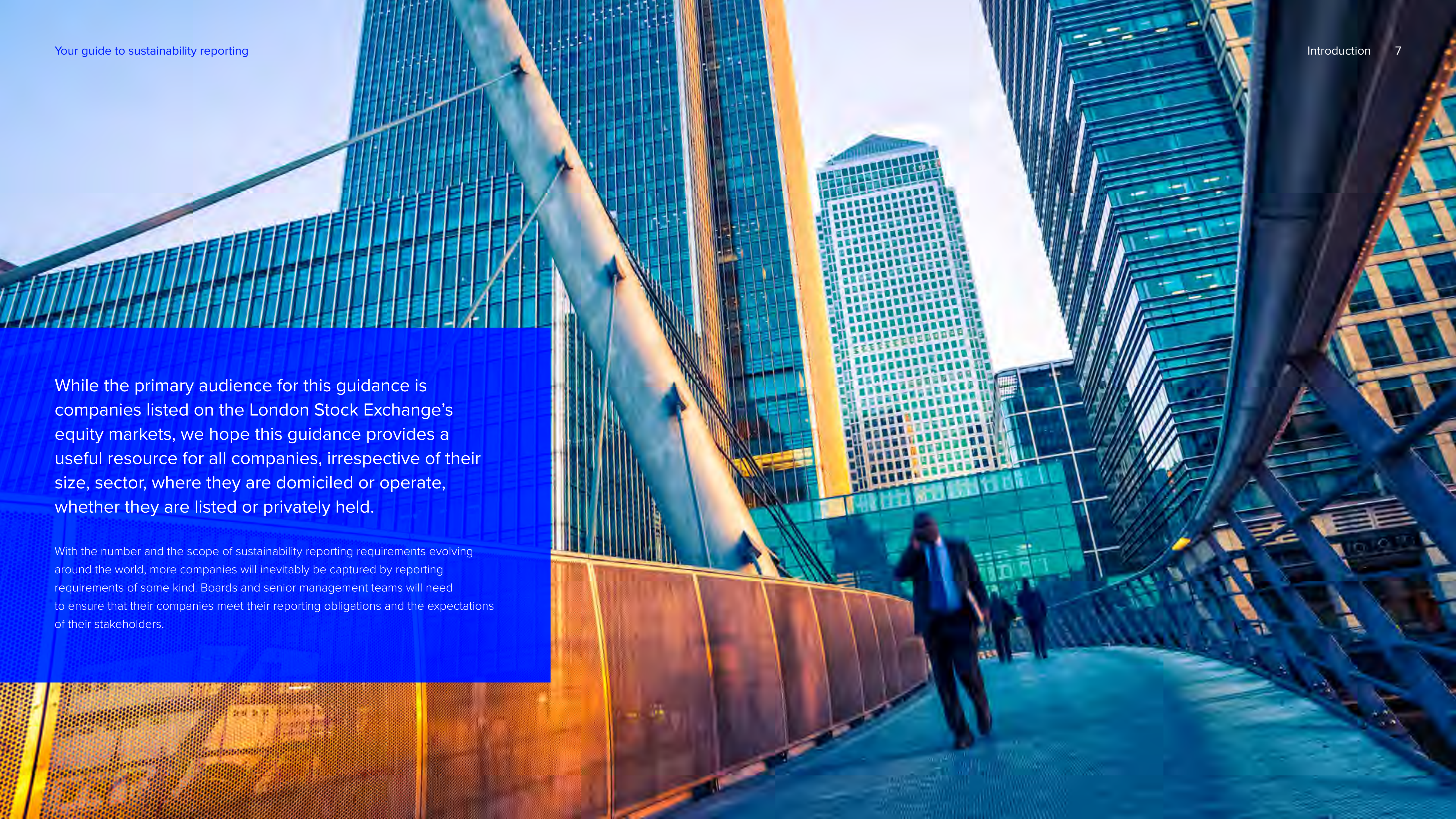


## Understanding how to support more consistent reporting requirements

**Chapter 7** details how companies can support harmonisation of reporting standards.

While the primary audience for this guidance is companies listed on the London Stock Exchange's equity markets, we hope this guidance provides a useful resource for all companies, irrespective of their size, sector, where they are domiciled or operate, whether they are listed or privately held.

With the number and the scope of sustainability reporting requirements evolving around the world, more companies will inevitably be captured by reporting requirements of some kind. Boards and senior management teams will need to ensure that their companies meet their reporting obligations and the expectations of their stakeholders.



# WHY

# REPORT?





# The changing regulatory landscape



Regulation and international standards are driving the shape and content of sustainability reporting in many jurisdictions. The key challenge for companies is how to meet their regulatory obligations – in a context when these regulations are changing rapidly – while also providing reporting that is useful for investors.

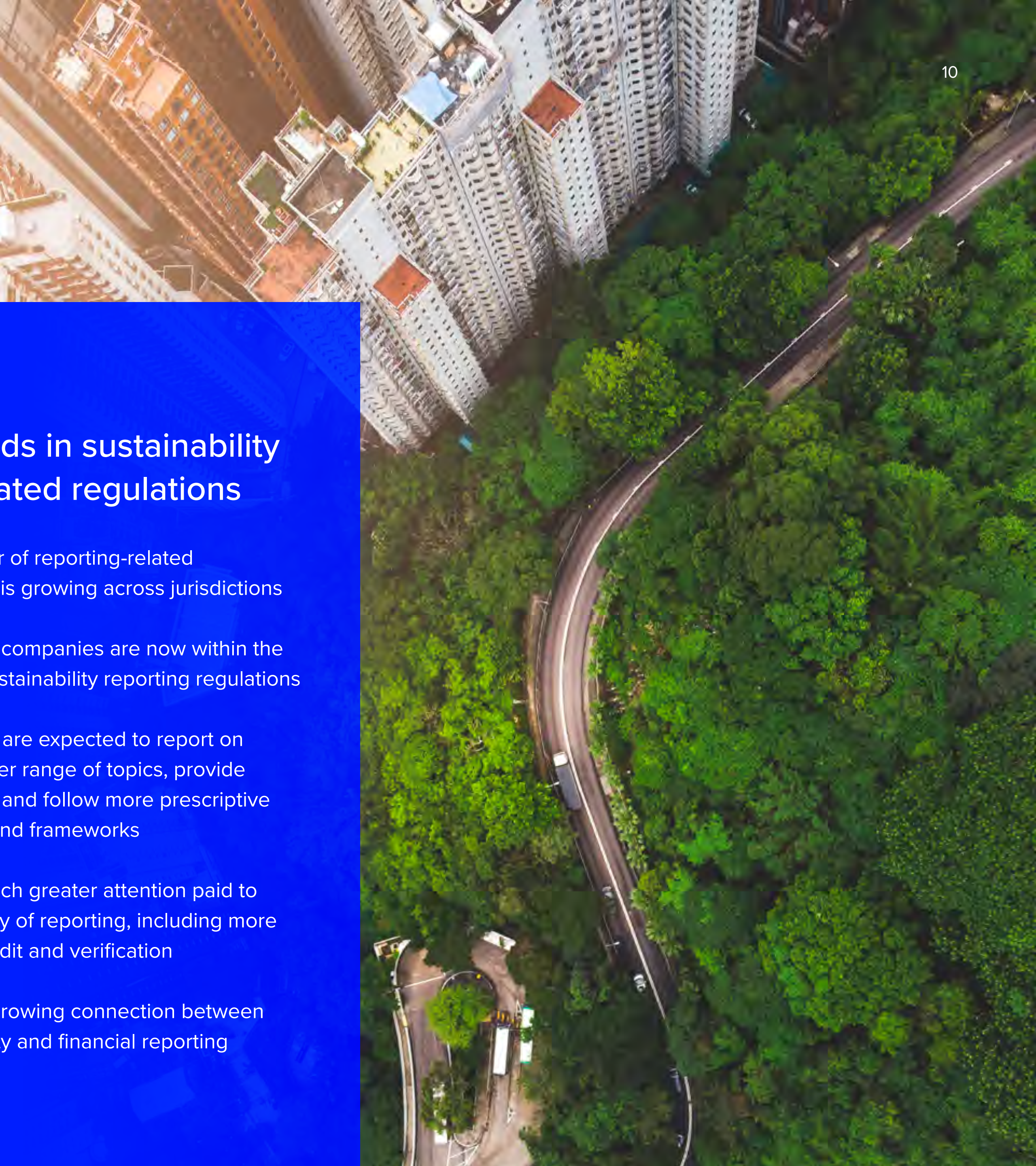
There are five key trends in regulation that are shaping reporting practices (see Box 1). In the following sections, we describe each of these trends and offer reflections on how companies can effectively navigate what has become a highly complex, fast-moving regulatory environment.

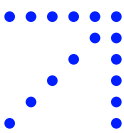


☑ BOX 1

Five key trends in sustainability reporting-related regulations

- 1 The number of reporting-related regulations is growing across jurisdictions
- 2 Many more companies are now within the scope of sustainability reporting regulations
- 3 Companies are expected to report on a much wider range of topics, provide more detail and follow more prescriptive standards and frameworks
- 4 There is much greater attention paid to the accuracy of reporting, including more focus on audit and verification
- 5 There is a growing connection between sustainability and financial reporting





## Trend 1: The number of reporting-related regulations is growing across jurisdictions

The landscape of sustainability reporting has transformed from a largely voluntary-based disclosure regime to one that is becoming defined by regulatory reporting requirements. For example, the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations have been incorporated into regulation in various jurisdictions, including the UK, Japan and New Zealand.

Given the complexity of reporting requirements, there has been a move towards establishing a global baseline through the adoption of the International Financial Reporting Standard (IFRS) sustainability reporting standards – ISSB S1 and ISSB S2. As of 2024, more than 25 different jurisdictions are moving forward on the implementation of the IFRS Sustainability Reporting Standards.<sup>1</sup>

Despite this progress on international alignment there are still inconsistencies in these requirements, particularly at a technical level (e.g. in terms of the data and indicators that are to be reported). Furthermore, the regulation may require companies to gather, process and report country-specific data, or to analyse existing data in a different way.

**“Companies operating in multiple countries and facing multiple reporting requirements should start with the most demanding and comprehensive obligations and build their reporting on these. There are two reasons for this. The first is that by shaping their reporting around the most demanding regulation, companies are likely to capture other less demanding regulations in the process. The second is that disclosure requirements are tightening, and we are seeing a race to the top. Those companies that align with higher standards are, therefore, likely to find that they can stay ahead of new reporting requirements, rather than feeling like they are in a perpetual state of catch-up.”**

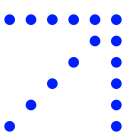
**Claire Dorrian**  
Head of Sustainable Finance, LSEG Markets



**PRACTICAL INSIGHT →**

By basing their reporting on the most comprehensive regulations they are required to comply with, companies can then cross check against other regulations, using mapping tools when available (such as the [TPT-ESRS Comparison](#) and the [ESRS-ISBB Interoperability Guidance](#)) to ensure that their reporting is complete and that they do not have any gaps.

<sup>1</sup> IFRS Foundation (2024). [ISSB Update – Q&A with ISSB Vice-Chair and ISSB Technical Director](#)



## Trend 2: Many more companies are now within the scope of sustainability reporting regulations

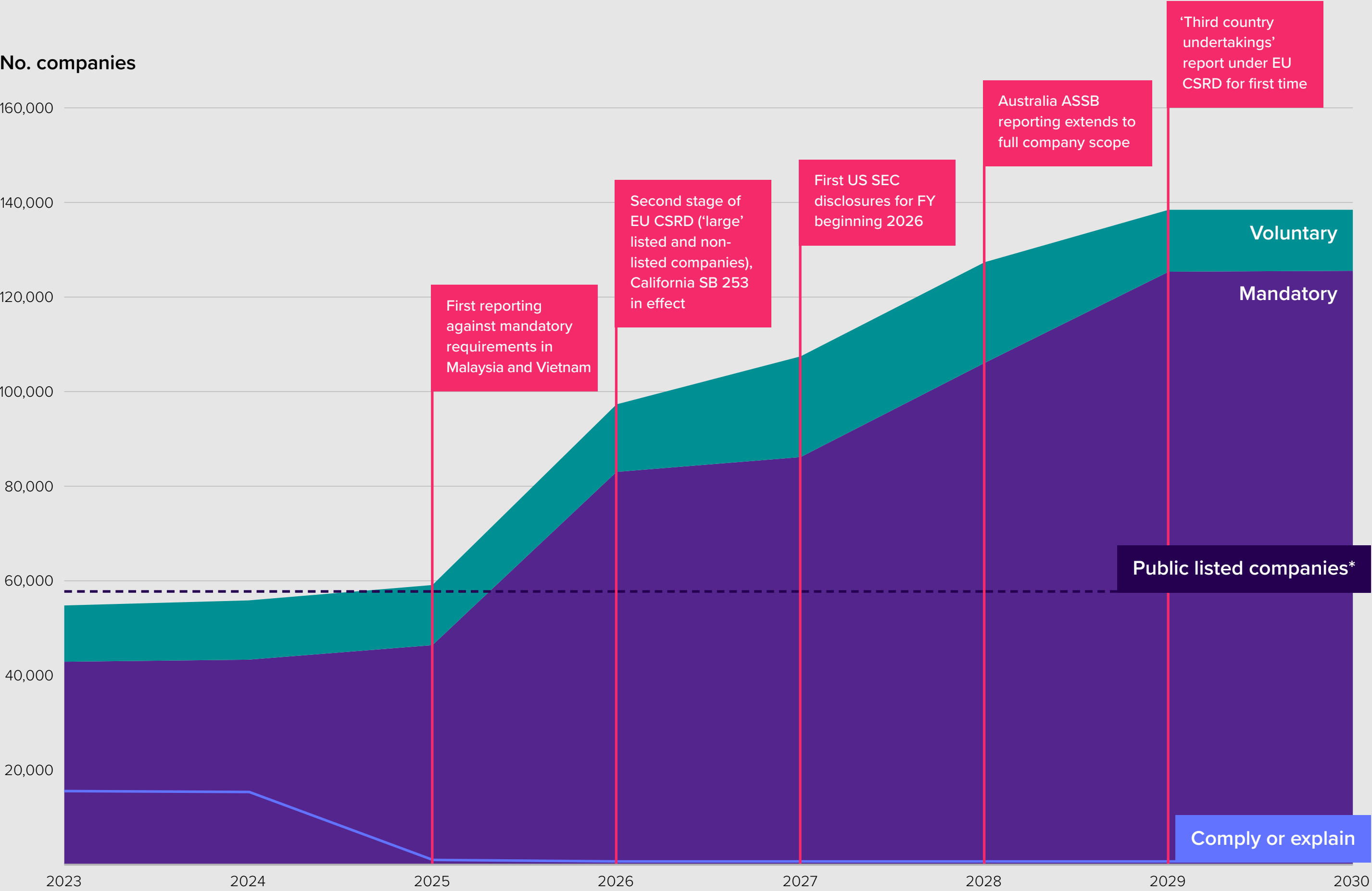
The scope of companies covered by reporting regulation has increased. For example, while the EU’s Non-Financial Reporting Directive (NFRD), adopted in 2014, only applied to large EU companies with more than 500 employees, the Corporate Sustainability Reporting Directive (CSRD) (which replaces NFRD) currently applies to: (i) companies that have two or more of 1) 250 employees, 2) €50 million turnover and 3) €25 million in total assets; (ii) all companies listed on regulated markets; and (iii) non-EU companies operating in the EU with a turnover of €150 million in the EU and at least one branch in the EU with a turnover of €40 million or higher or a subsidiary that is a large company or a listed SME. The consequence is that the number of companies covered by sustainability reporting is expected to increase from the estimated 11,700 companies captured by the NFRD to almost 50,000<sup>2</sup> (Figure 1).

The extraterritorial nature of this regulation means that many companies may be captured even if they are not domiciled in the reporting jurisdiction. For example, approximately 3,000 US-based companies may have to comply with the EU’s CSRD regulation.<sup>3</sup> Therefore, companies should be aware not only of the requirements in the jurisdictions where they are domiciled, but also those where they are listed and operate.

2 Philipova, 2023. [How many companies outside the EU are required to report under its sustainability rules?](#) London Stock Exchange Group.

3 Philipova, 2023. [How many companies outside the EU are required to report under its sustainability rules?](#) London Stock Exchange Group.

Figure 1: Coverage of present and upcoming disclosure requirements



Source: Net Zero Public Data Utility

\* Estimated public listed companies globally in 2022. Source: The World Federation of Exchanges

Note: company coverages of some individual disclosure requirements have been estimated based on best available industry data. Future estimates based on existing number of companies that fall into requirement scopes; no projections of changes to the number of companies in scope, (e.g. number of listed companies on certain stock exchanges), have been made. Disclosure requirements included cover economies with publicised disclosure measures but may not be fully exhaustive. Requirements incorporated into total figures include some still in consultation periods/not yet officially finalised to demonstrate the potential extent of the universe. Dates reflect filing dates and not reporting year dates.

☑ BOX 2

## Which regulations apply?

Larger companies and companies with operations and activities in multiple countries are likely to be required to report under multiple different regulations. Broadly speaking, the specific reporting requirements a company will be required to meet will be driven by where the company is:

- 1. Domiciled:** The sustainability-related reporting requirements of the company’s country of domicile generally forms the basis for company reporting. These requirements are typically based on the company’s size, either by turnover or number of employees.
- 2. Listed:** In some jurisdictions, the listing authority sets specific listing requirements for companies, which are usually aligned with national regulation. For example, the Financial Conduct Authority currently requires UK-listed companies to disclose against the recommendations of the TCFD on a ‘comply or explain’ basis. Companies that list in certain jurisdictions may also become subject to the national sustainability reporting regulation even if they are not domiciled there. For instance, UK companies that are listed on an EU-regulated market, even if they are not located there, will need to report against CSRD requirements.
- 3. Operating:** Many countries introduced sustainability reporting requirements for companies with a significant footprint or operational profile in the country. These requirements can be significant and may exceed those in the company’s country of listing or domicile. For example, under the new EU CSRD regulation, non-EU companies with a net EU turnover of €150 million and at least one subsidiary or branch in the EU will be required to comply.

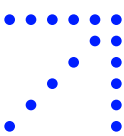


**PRACTICAL INSIGHT →**

With the assistance of their legal advisors, companies need to determine where they are (a) domiciled, (b) listed and (c) operating and (d) any other factors that may affect their current and future reporting requirements.

In November 2024, the European Commission announced plans to combine amendments to the CSRD, the EU taxonomy and the Corporate Sustainability Due Diligence Directive into a single omnibus regulation. The goal of this will be to streamline them to reduce the bureaucratic burden on companies caught by their scope. This serves to highlight the constantly evolving nature of regulation around the world, which companies should track regularly in jurisdictions where they have operations.





### Trend 3: Companies are expected to report on a much wider range of topics, provide more detail and follow more prescriptive standards and frameworks

Where the focus was once predominantly on climate change reporting, some newer regulations also require disclosure and/or due diligence on biodiversity and human rights. For example, in addition to climate change, the European Sustainability Reporting Standards (ESRS) environmental topical standards cover pollution, water and marine resources, biodiversity and ecosystems, and resource use and circular economy. The new EU Corporate Sustainability Due Diligence Directive (CSDDD) establishes far-reaching human rights and environmental obligations on both EU and non-EU companies (see Box 3).

Emerging reporting regulations also require a greater level of detail from sustainability disclosures and are more prescriptive about which issues and metrics companies should report on. This includes both a greater number of quantitative performance metrics as well as more detailed disclosures on the procedures that companies have in place to manage sustainability risks. For example, in addition to the ESRS foundational requirements (ESRS 1, ESRS 2), there are 10 topical standards which offer detailed frameworks on how to report on specific topics. This is more comprehensive than its predecessor, the NFRD, which did not specify particular sustainability matters to report on (i.e. no topical standards).

#### ☑ BOX 3 Spotlight on human rights and CSDDD

Since their inception in 2011, the UN Guiding Principles on Business and Human Rights (UNGPs), often informally referred to as the “Ruggie Principles”, have been the most authoritative, normative global tool for companies on how to respect human rights in practice. Companies that adopt the UNGPs commit to respect human rights, to have a human rights due diligence process in place and to provide or enable remedy to those harmed directly or indirectly by the company. Although these principles establish a global standard for preventing and addressing human rights abuses in business, they are not legally binding.

In the EU, the adoption of CSDDD in July 2024 creates a legal obligation for companies to conduct environmental and human rights due diligence. In other words, it is no longer merely expected that companies comply with human rights principles but rather mandatory that they identify, assess and mitigate potential adverse social and environmental impacts within their ‘chain of activities’. Importantly, CSDDD also requires EU Member States to establish a civil liability regime for companies that fail to comply with its obligations, meaning that affected individuals have a legal avenue through which to hold companies accountable.



## PRACTICAL INSIGHT →

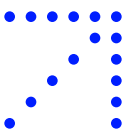
Undertaking a structured materiality assessment, based on engagement with key internal and external stakeholders, will allow companies to prioritise their data collection and reporting around issues that are most relevant to the company.

For the most material issues, companies may decide to complement regulatory reporting requirements with voluntary frameworks. As voluntary frameworks are often indicative of, or embedded in regulation, this ensures that internal structures and processes are in place to meet possible future requirements. For example, companies that are heavily exposed to biodiversity-related risks may choose to follow the recommendations of the Taskforce for Nature-related Financial Disclosures (TNFD). [Appendix E](#) compares some of the main voluntary reporting frameworks.

Companies may not need to report on issues that are not considered material (from a financial or impact perspective) if they can provide a clear explanation as to why the issue is not relevant to them. This of course depends on the detail of regulations, for example, whether there are minimum reporting thresholds, or if companies can report on a ‘comply or explain’ basis.

The breadth and depth of reporting required means that sustainability reporting is becoming an enterprise-wide responsibility, and therefore responsibilities (for data collection, data analysis, interpretation) may need to be properly distributed across the organisation, and not solely the responsibility of one team (e.g. sustainability, marketing, investor relations).

One of the big changes in regulation is the greater focus on value chains and value chain-related disclosures. Companies may need to ensure that they have established robust communication channels, data flows and audit processes along all parts of their value chains.



**Trend 4:** There is much greater attention paid to the accuracy of reporting, including more focus on audit and verification

The accuracy of sustainability disclosures is beginning to receive much greater attention, both within organisations and from external stakeholders, including regulators, investors and the media. As sustainability and financial disclosures become more interlinked, the sustainability reporting process may involve internal audits from finance, compliance and legal teams. With the expectation that collected data is verifiable and complete, many companies are now seeking external assurance for their sustainability disclosures.

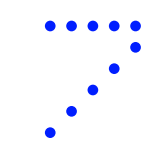
This move towards assurance is also being seen in regulation. For example, the CSRD requires companies to seek ‘limited assurance’ with further standards for assurers currently being developed. The regulation also includes a provision to move towards reasonable assurance standards; by October 2028, following a feasibility assessment, the EU shall adopt reasonable assurance standards that specify what is required for reasonable assurance.

**PRACTICAL INSIGHT →**

As their sustainability reporting faces greater scrutiny, companies are increasingly vulnerable to greenwashing claims. Companies can mitigate this risk by ensuring that their reporting is verifiable and complete and has undergone thorough quality assurance processes.



## Trend 5: There is a growing connection between sustainability and financial reporting



There is a growing expectation that companies apply the same principles of traditional financial reporting to their sustainability disclosures. Various standards and regulations require that companies provide sustainability-related disclosures alongside related financial statements. Some regulations, such as CSRD, specify that these sustainability disclosures should appear in a company's annual management report. Furthermore, companies are expected to align their reporting boundaries to those of their financial statements (see [Chapter 4](#)). These practices enable investors to use sustainability and financial data more accurately in their decision-making.

Some challenges remain, however, in aligning sustainability reporting with traditional financial reporting. For example, materiality judgements for sustainability-related financial disclosures will inevitably differ from those for financial statements as they are likely to consider longer time horizons, involve interactions across companies' value chains and use different measurement bases compared to information included in financial statements.<sup>4</sup> Furthermore, as methodologies evolve, companies are more likely to need to issue restatements of sustainability information compared to traditional financial information.

### PRACTICAL INSIGHT →

Companies should carefully consider how their sustainability reporting aligns with their financial reporting. That can include: using the same reporting boundaries; reporting over the same time periods; taking the same approach to treating subsidiaries; and aligning contextual analysis (e.g. using the same denominators when normalising data) when possible. A very practical first step is to engage finance teams in the reporting process, as they are likely to be best equipped to apply the principles of traditional financial reporting to sustainability reporting.

<sup>4</sup> TAC Meeting: Materiality

Your guide to sustainability reporting



# Investor interests in sustainability- related information



Investors and financial institutions are a critical and core audience for sustainability reporting. High quality reporting may support increased investor confidence (e.g. in risk management or strategic competence) that could contribute to reducing companies’ cost of capital, increasing their valuations and improving their efficiency and performance.<sup>5</sup>

Through improved disclosure, companies can attract and diversify their investors and providers of finance through, for example, showcasing business opportunities from the low-carbon transition and demonstrating the quality of business risk management processes. High quality reporting can also enhance companies’ engagement with their investors and can support investors by providing the data they need for their investment decision-making and their client reporting.

How can companies achieve these benefits? In brief, by understanding why their investors want information on sustainability-related issues, what information these investors want, and how this information is used to inform investment research and decision-making.

# Why are investors interested in sustainability-related information?

Bringing sustainability considerations into institutional investment strategies and decision-making has now become the norm (see Box 4). FTSE Russell’s 2024 survey of asset owners found that 86% of asset owners with AUM over US\$ 10 billion now implement sustainability considerations in their investment strategies, up from 50% just five years ago.<sup>6</sup> This is not just a matter of scale: investor approaches are also growing in sophistication. FTSE Russell’s survey and other similar studies show that investors are paying much more attention to the quality of the data, and how data can be built into investment decision-making and into investment tools and products such as ratings and indices.

Similar developments are being seen elsewhere in the financial system, with most large banks now factoring sustainability considerations into the terms under which they lend to companies. This is evidenced by the fact that over 345 banks, accounting for over half of banking assets globally, are now signatories to the UN PRI’s Principles of Responsible Banking which, as part of Principle 1, encourages banks to consider sustainability concerns in their financial decision-making.<sup>7</sup>

“We are no longer dealing with a separate market for sustainability-related information. The routine analysis of these issues and integration into investment decisions is how the institutional investment market works.”

Jaakko Kooroshy

Global Head of Sustainable Investment Research, LSEG

## BOX 4

# The growth of sustainable finance initiatives

Finance and investor-led sustainability initiatives have grown globally in recent years:

5,300+

Investors (asset owners and asset managers), representing over half of the world’s institutional assets under management, are now signatories to the Principles for Responsible Investment (PRI).

345+

Banks, representing over half of the global banking industry, are now signatories to the Principles of Responsible Banking (PRB).

675+

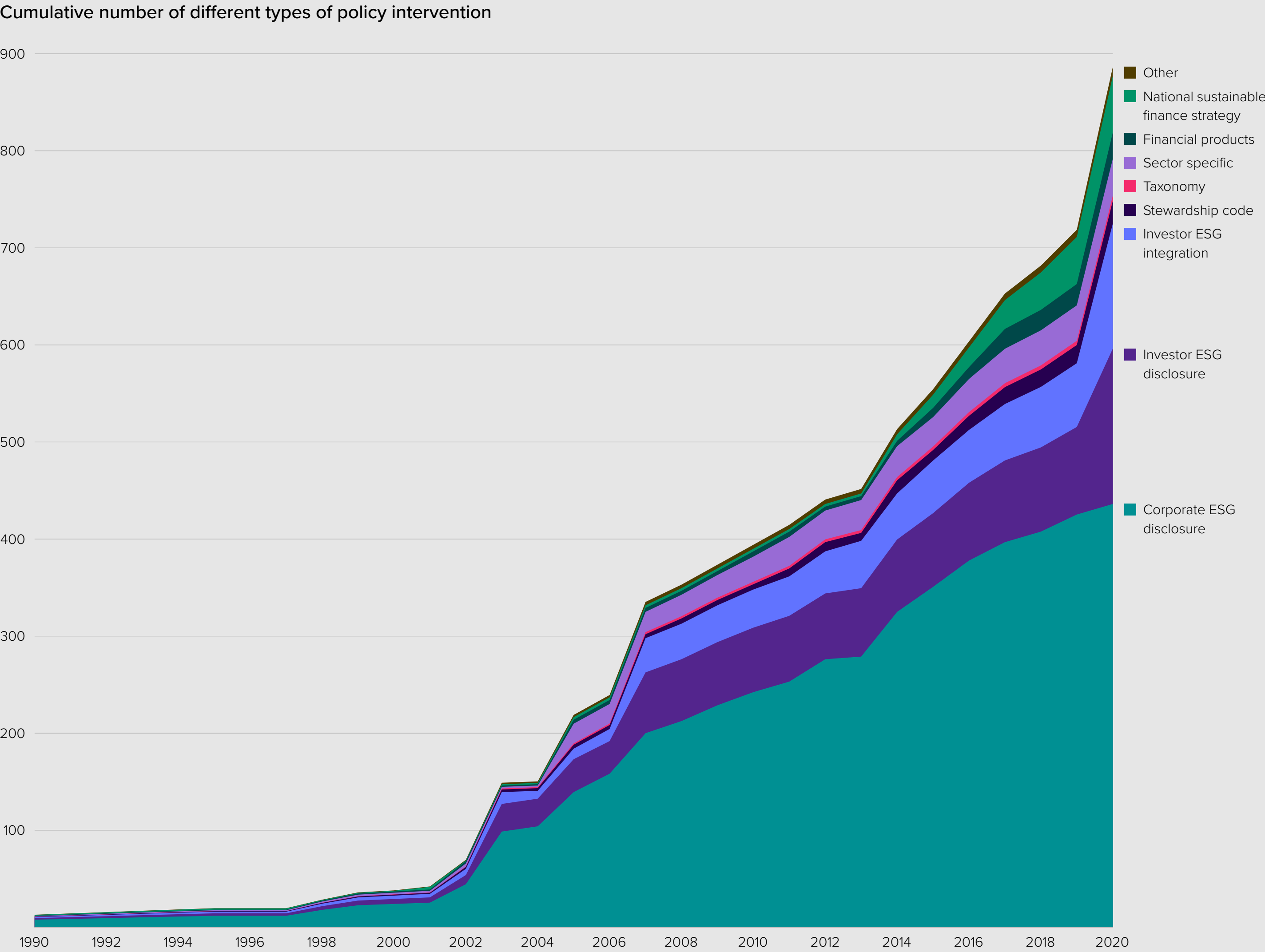
Financial sector institutions across over 50 countries are members of the Glasgow Financial Alliance for Net Zero (GFANZ), committing to aligning their portfolios to net zero.

5 LSEG, [Investing in the green economy 2024: growing in a fractured landscape](#), 2024.  
6 FTSE Russell (2024), [8th Annual Sustainable Investment Asset Owner survey 2024](#)  
7 UN PRI 2024. Principles of Responsible Banking.  
<https://www.unepfi.org/banking/prbsignatories>

One important trend is that investors themselves are increasingly the subject of disclosure-related regulations. For example, depending on the jurisdiction and on their clients, investors are expected to report – quantitatively and qualitatively – on issues such as climate change, biodiversity and nature, and modern slavery. Inevitably, this means that investors are relying on companies to provide the data needed to enable investors to meet their own reporting requirements. Figure 2 illustrates the growth of policies and regulations designed to facilitate sustainable investing, the most of common of which has been corporate sustainability disclosure regulation.



Figure 2: Growth in sustainability disclosure policy interventions



Source: PRI (<https://www.unpri.org/pri-blog/regulation-database-update-the-unstoppable-rise-of-ri-policy/7352.article>)

## What do financial actors use sustainability-related information for?

The financial sector is not homogenous; different organisations use sustainability data in different ways and for different objectives. The actual use and the decisions made depend on the type of financial entity, on its investment thesis, on its clients' objectives, on its investment time horizons, the jurisdiction in which it operates and the services provided, for example capital-raising, asset management, delivering pensions, providing loans or project finance. The main uses of company-reported sustainability information are:

- **To identify and to assess risks:** The information provided allows investors and providers of finance to understand which issues the company sees as important, and to understand how these issues are being managed (see Box 5). Investors may use this reporting to test their own understanding of company- or sector-specific risks, and to build up a picture of risks across their investment portfolios.
- **To explicitly account for sustainability-related risks and opportunities in their research and decision-making (often referred to as “ESG Integration”):** For investors this could be implemented systematically into index (may also be referred to as “passive”) investment strategies or via active strategies where portfolio managers are selected who may incorporate company-reported sustainability information in a range of ways including:

**Fundamental analysis:** Explicitly including sustainability considerations in investment analysis and decision-making. For example, investors may incorporate sustainability data into discounted cash-flow models, adjusting discount rates to reflect how well the company manages sustainability-related risks. Banks and insurance companies may also factor into decisions exposure to sustainability risks and opportunities.

**Screening/selection:** Filtering an investable universe of companies based on sustainability characteristics and performance. For example, in negative screening, investors may exclude specific sectors or activities from their investment portfolios. In positive screening, investors focus on companies that have particular characteristics, such as revenues from environmental products and services.

- **Thematic investment:** Accessing sustainable-related investment opportunities that relate to specific sustainability themes. For example, investors may wish to invest in companies that are likely to benefit from the climate transition, such as renewable energy or electric vehicles.

**Impact investing:** Intentionally investing to deliver specific environmental or social outcomes in combination with delivering financial returns.

- **To engage with companies (often referred to as active ownership):** Investors and other providers of capital or financial services can engage with companies to provide improvements in their disclosures, management processes and performance. Sustainability-related disclosures can improve transparency and highlight risk management practices.
- **To track and report on their performance:** Investors and other financial institutions are increasingly expected to report to clients, beneficiaries and other stakeholders on the sustainability-related performance and impacts of their investment portfolios. In turn, this means that they need companies to provide the information that allows them to deliver on these reporting expectations.

☑ BOX 5

## Delivering business value through reporting

The process of gathering and analysing data, and using this to report on the company's performance can, when managed effectively, enable companies to:

- **Identify inefficiencies and opportunities for improvement:** For example, companies can identify areas where they can improve efficiency, improve their understanding of their practices, processes and impacts, and areas where they might be able to access new opportunities or markets.
- **Demonstrate to investors and other stakeholders that they are managing their business model risks:** The reporting process can also allow them to understand whether and which sustainability issues are of importance to their stakeholders, including investors (see [Chapter 4](#)).
- **Integrate sustainability reporting across the business:** Sustainability reporting, in most companies, is now a cross-departmental process that requires input and involvement from multiple teams.
- **Build their sustainability reputation:** A range of actors, including Non-Governmental Organisations (NGOs), prospective employees, the media and customers, make decisions about their engagement with companies based on sustainability issues. The provision of high-quality information can improve decision making for customers and other stakeholders.

☑ BOX 6

## Delivering business value through sustainability reporting

- A beverage company in India used scenario analysis to explore their exposure to water scarcity. This analysis enabled them to develop a risk mitigation plan that allowed them to continue operations during a drought period.
- A textile company used its sustainability reporting process as an opportunity to assess the human rights policies of its suppliers. It used these insights to engage with these suppliers to improve labour standards and was able to use this work to position itself as an industry leader.
- Some companies that have disclosed their management of deforestation consistently between 2020 and 2023 now report that they are close to eliminating deforestation for at least one of the commodities they source<sup>8</sup>. These companies are therefore likely to be more prepared for the incoming EU deforestation regulation and experience fewer disruptions to their supply chains.

<sup>8</sup> CDP (2023), CDP 2023 disclosure data fact sheet, <https://www.cdp.net/en/companies/cdp-2023-disclosure-data-factsheet>

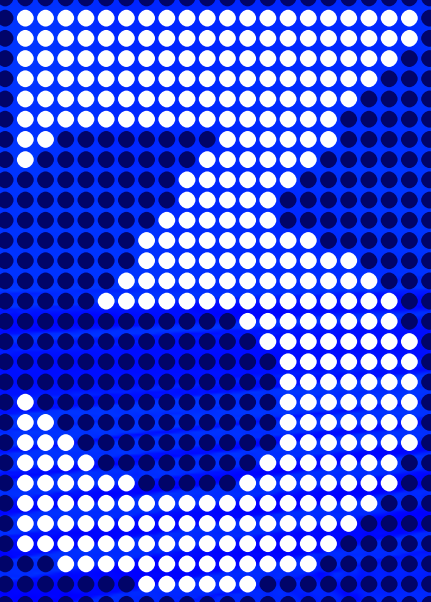
WHAT

TO

REPORT



Your guide to sustainability reporting



# Using materiality to inform your report content



# How is materiality defined?

Materiality is a dynamic concept and inherently tied to the interests of various stakeholders: users of sustainability information and affected stakeholders.

When we look at sustainability reporting, topics to consider are:

- ‘Financially material’, i.e. environmental, social or governance matters that have an actual or potential, negative or positive financial effect on an organisation, over the short, medium or long term. Investors are often particularly interested in these issues.
- ‘Impact material’, i.e. matters which relate to an organisation’s actual or potential, negative or positive impacts on the environment, society or economy, over the short, medium or long term. This information is relevant for other stakeholder groups such as affected communities, policymakers and civil society organisations.

The terms “single” and “double materiality” are widely used in discussions around materiality. Single materiality is generally used when the focus is exclusively on the financial significance (or financial materiality) of environmental, social or governance matters. Double materiality is generally used when the focus is on both the financial and the impact materiality of environmental, social or governance matters. While single and double materiality are often presented as distinct concepts, in practice they overlap (see Box 7). This is particularly the case over longer time horizons, where matters that are identified as “impact material” may also become financially material.<sup>9</sup>

Table 1 on page 26 compares the various definitions of materiality that are used by standards and regulations.

<sup>9</sup> LSEG, 2023. [ESG Journal Winter 2023 – Financial, Double, or Dynamic? Theories of ESG Materiality and Practitioner Approaches](#)

## ☑ BOX 7

# Single and double materiality in practice

### Recital 29 of the EU’s CSRD states:

“Those Articles therefore require undertakings to report both on the impacts of the activities of the undertaking on people and the environment, and on how sustainability matters affect the undertaking. That is referred to as the double materiality perspective, in which the risks to the undertaking and the impacts of the undertaking each represent one materiality perspective.”

### The IFRS Sustainability standard S1 states:

“Information about sustainability-related risks and opportunities is useful to primary users because an entity’s ability to generate cash flows over the short, medium and long term is inextricably linked to the interactions between the entity and its stakeholders, society, the economy and the natural environment throughout the entity’s value chain. Together, the entity and the resources and relationships throughout its value chain form an interdependent system in which the entity operates. The entity’s dependencies on those resources and relationships and its impacts on those resources and relationships give rise to sustainability-related risks and opportunities for the entity.”



Table 1: How different sustainability standards define materiality

| Regulation/framework                                | Single or double materiality | Definition/approach                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ISSB S1 Standard                                    | Single                       | “A company is asked to disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect its prospects. The definition of material information is aligned with that used in IFRS Accounting Standards – that is, information is material if omitting, obscuring or misstating it could be reasonably expected to influence investor decisions.” <sup>10</sup> |
| Corporate Sustainability Reporting Directive (CSRD) | Double                       | “... companies have to report not only on how sustainability issues might create financial risks for the company (financial materiality), but also on the company’s own impacts on people and the environment (impact materiality).” <sup>11</sup>                                                                                                                                                                             |
| Global Reporting Initiative (GRI)                   | Double                       | “Financial materiality and impact materiality together under the umbrella of ‘double materiality’ are the only relevant forms of materiality, with both perspectives needed in a two-pillar structure – for financial and sustainability reporting – with a core set of common disclosures and each pillar on an equal footing.” <sup>12</sup>                                                                                 |

10 ISSB (2023) ‘IFRS S1 Climate-related Disclosure General Requirements for Disclosure of Sustainability-related Financial Informations’. <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements>

11 <https://ec.europa.eu/newsroom/fisma/items/754701/en>

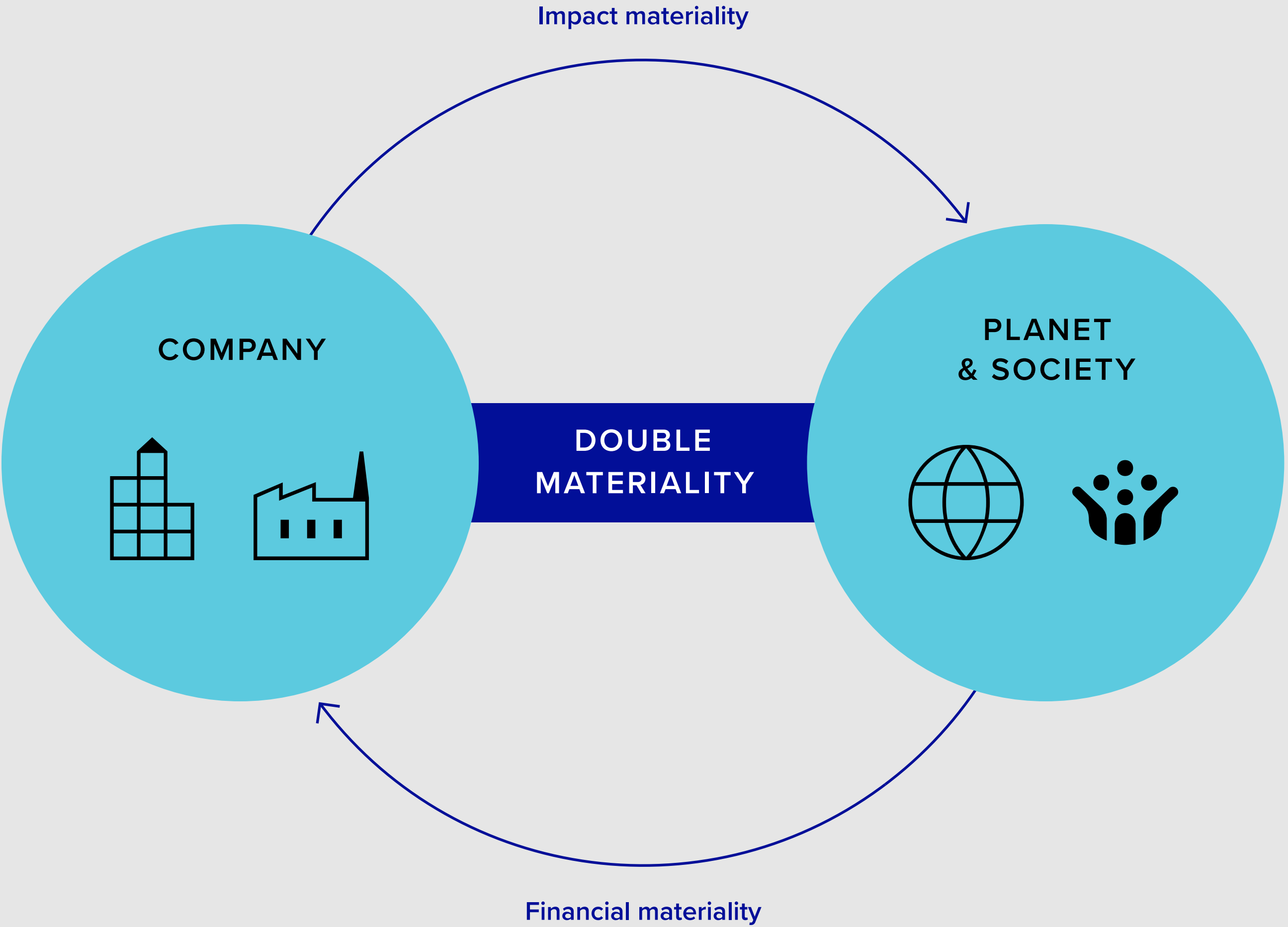
12 The materiality madness: why definitions matter (Feb 2022) <https://www.globalreporting.org/media/r2oojx53/gri-perspective-the-materiality-madness.pdf>

PRACTICAL INSIGHT →

Sustainability reporting is not static. Different sustainability issues manifest themselves over different timeframes and are shaped by context, geography and stakeholder expectations. Most sustainability issues start off as being regarded as more fringe ethical issue or a concern only relevant to one particular stakeholder group, but, if they gain greater attention, they may trigger policy and consumer responses, which in turn may impact business performance and outcomes. This can impact client demand and expectations, employee attraction and retention, or through direct regulation impact costs and license to operate.



Figure 3: Understanding double materiality



Source: London Stock Exchange, for illustrative purposes only

# How to decide which issues are material to the company

Materiality assessments allow companies to identify and prioritise sustainability issues.

Given how definitions of materiality vary between stakeholders (and even within specific stakeholder groups) and that materiality can be subjective, it is important that companies can explain how they have identified the issues that are or may be relevant to their business, how they have assessed the significance of these issues and what level of control the company has over each of these issues.

## Conducting a double materiality assessment

The CSRD requires covered companies to conduct a double materiality assessment as a first step in the reporting process. To conduct a double materiality assessment, companies should:<sup>13</sup>

- 1. Understand the context:** companies should begin a materiality assessment by developing an overview of their activities and business relationships (e.g. products/services, relevant geographies), their legal and regulatory landscape, and their key affected stakeholders (e.g. upstream and downstream value chain).
- 2. Identify actual and potential impacts, risks and opportunities:** based on their operating context, companies can compile a list of sustainability impacts, risks and opportunities for further assessment. To do this, companies can draw on various sources, including:
  - a. Global reporting standards and frameworks, such as ESRS or the Global Reporting Initiative (GRI) Sector Standards.
  - b. Materials published by relevant organisations, such as the materiality assessments of industry peers, press and social media reporting, and websites and publications of stakeholder organisations.
  - c. Entity-specific sources, such as due diligence processes, risk management or grievance mechanisms.

<sup>13</sup> EFRAG IG 1 Materiality Assessment, 2024. [https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/IG%201%20Materiality%20Assessment\\_final.pdf](https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/IG%201%20Materiality%20Assessment_final.pdf)

- 3. Determine material impacts, risks and opportunities:** to determine whether the issues identified in step 2 are material, they should be assessed against a list of objective criteria. For impact materiality assessments these may include scope, scale, irremediability and likelihood of occurrence, while for financial materiality these would include the likelihood of occurrence and the potential magnitude of their financial effects across different time horizons. To assess these criteria, key internal and external stakeholders may be consulted through targeted interviews, including:
- a. Internal stakeholders, which may include the board, senior management and representatives from departments such as risk, investor relations, operations and sustainability.
  - b. External stakeholders, which are likely to include clients/customers, investors, NGOs, local community groups and trade unions.
  - c. ESG sustainability data providers/rating agencies. These agencies can provide useful insights into the topics and issues that are of interest to investors, and can also help the company understand how it compares to its industry peers.

Inevitably, stakeholders will have differing opinions on the materiality of issues depending on their own exposure to and/or interest in specific impacts, risks and opportunities. Even among investors, views differ on financial materiality, driven by their investment goals, the structure of their investment portfolios, their investment time horizons and the needs and interests of their clients. For instance, a pension fund with obligations that stretch decades into the future may see long-term issues such as climate change to be financially material. In contrast, investors with shorter time horizons (e.g. day traders) may not see climate change as a material issue. Therefore, it is important to consolidate the views of a wide range of stakeholders when undertaking materiality assessments.

## PRACTICAL INSIGHT →

Investors' views on the materiality of sustainability-related issues are shaped by a range of factors, including:

- The views expressed in a company's sustainability reports (i.e. which issues does the company itself consider to be important).
- The views, ratings, scores and assessments produced by ESG data providers, including their assessments of a company's sustainability performance relative to its peers and industry benchmarks.
- The issues identified in frameworks such as International Financial Reporting Standard (IFRS) S2 Standard,<sup>14</sup> Sustainable Development Goals (SDGs),<sup>15</sup> Global Reporting Initiative (GRI).<sup>16</sup>
- The views expressed by the investor's clients and beneficiaries.

<sup>14</sup> ISSB (2023) 'IFRS S2 Climate-related Disclosures'. <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s2-climate-related-disclosures.html/content/dam/ifrs/publications/html-standards-issb/english/2023/issued/issbs2>

<sup>15</sup> United Nations, Sustainable Development Goals. <https://sdgs.un.org/goals>

<sup>16</sup> Global Reporting Initiative Standards. <https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-english-language>

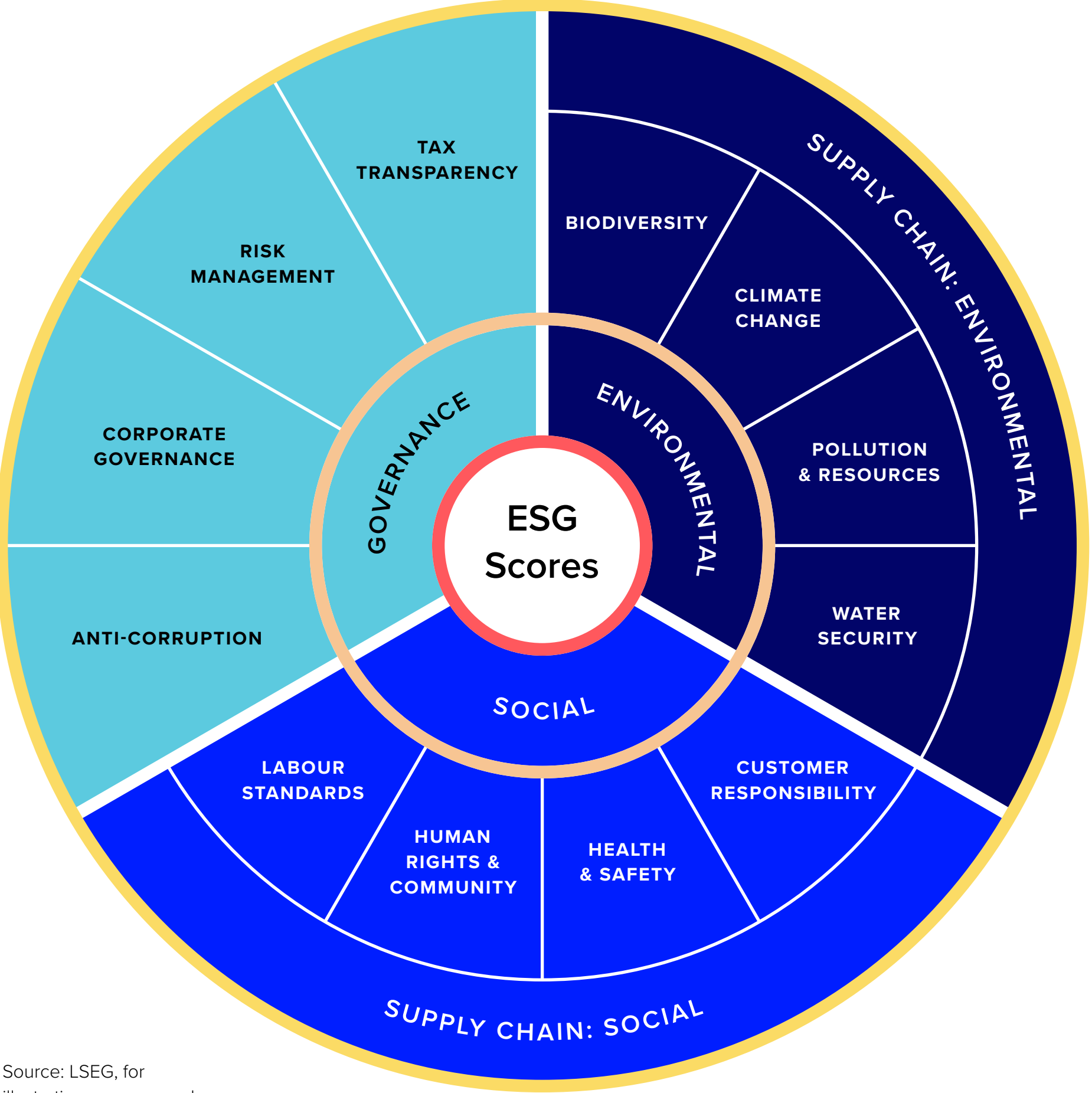
☑ BOX 8

# FTSE Russell ESG Scores Model: Example of how a data provider determines materiality

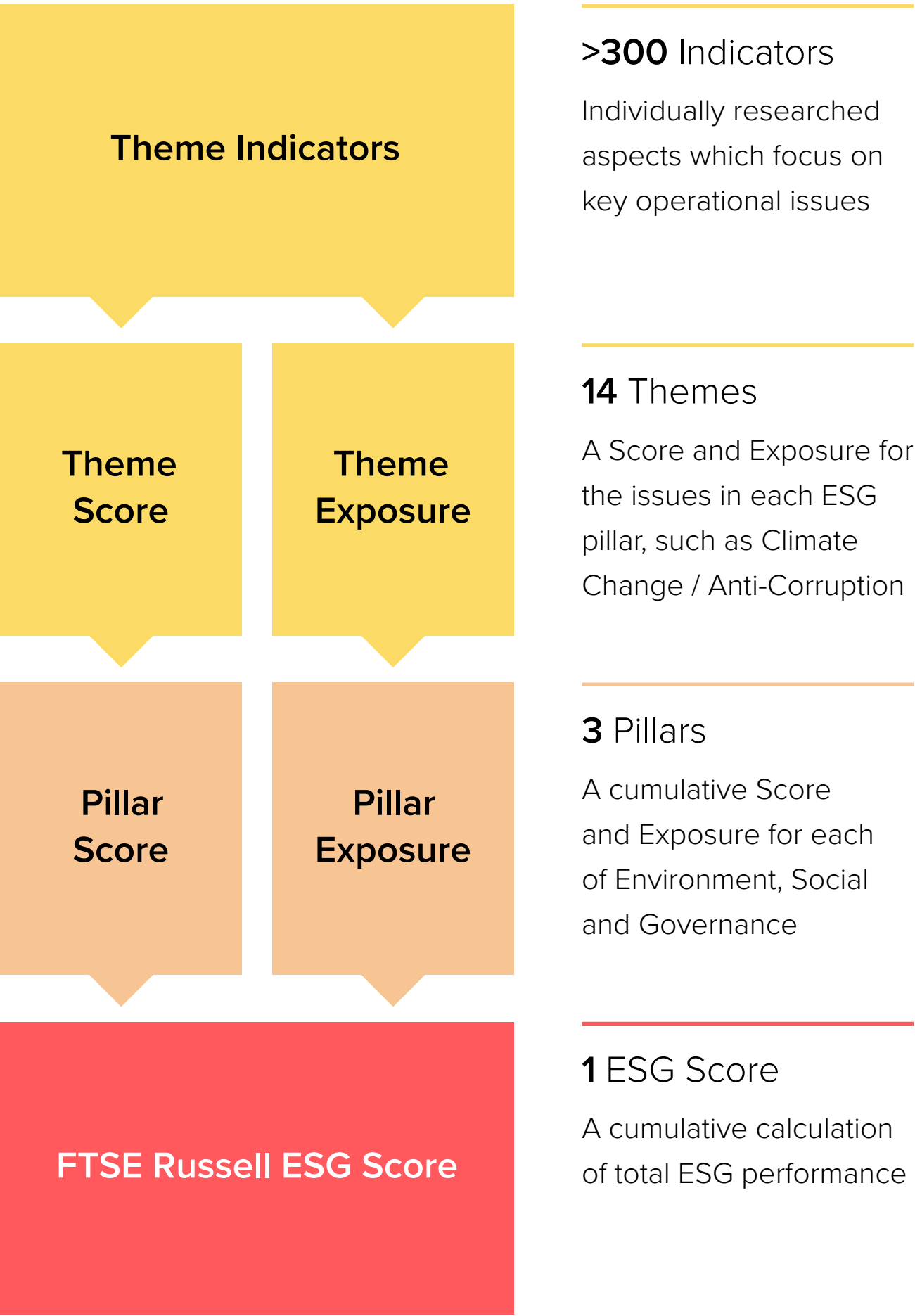
FTSE Russell has drawn on global frameworks and standards to develop a sustainability scores model based on 14 themes across environmental, social and governance pillars. Each theme is underpinned by a series of quantitative and qualitative indicators (over 300 in total across the 14 themes) (see Figure 4).

FTSE Russell’s methodology includes an assessment of a company’s ‘Exposure’, which categorises the materiality of the 14 themes for a particular company as High, Medium, Low or Not Applicable. The model allows companies to identify which sustainability themes they are exposed to, and – using the associated indicators – what they should consider when reporting on each.

Figure 4: FTSE Russell ESG Scores Model<sup>17</sup>



Source: LSEG, for illustrative purposes only.



| Score         |   |   |   |   |   |                 |
|---------------|---|---|---|---|---|-----------------|
| No disclosure | 0 | 1 | 2 | 3 | 4 | 5 Best practice |

| Exposure |          |       |                 |
|----------|----------|-------|-----------------|
| 3 High   | 2 Medium | 1 Low | 0 Negligible/NA |

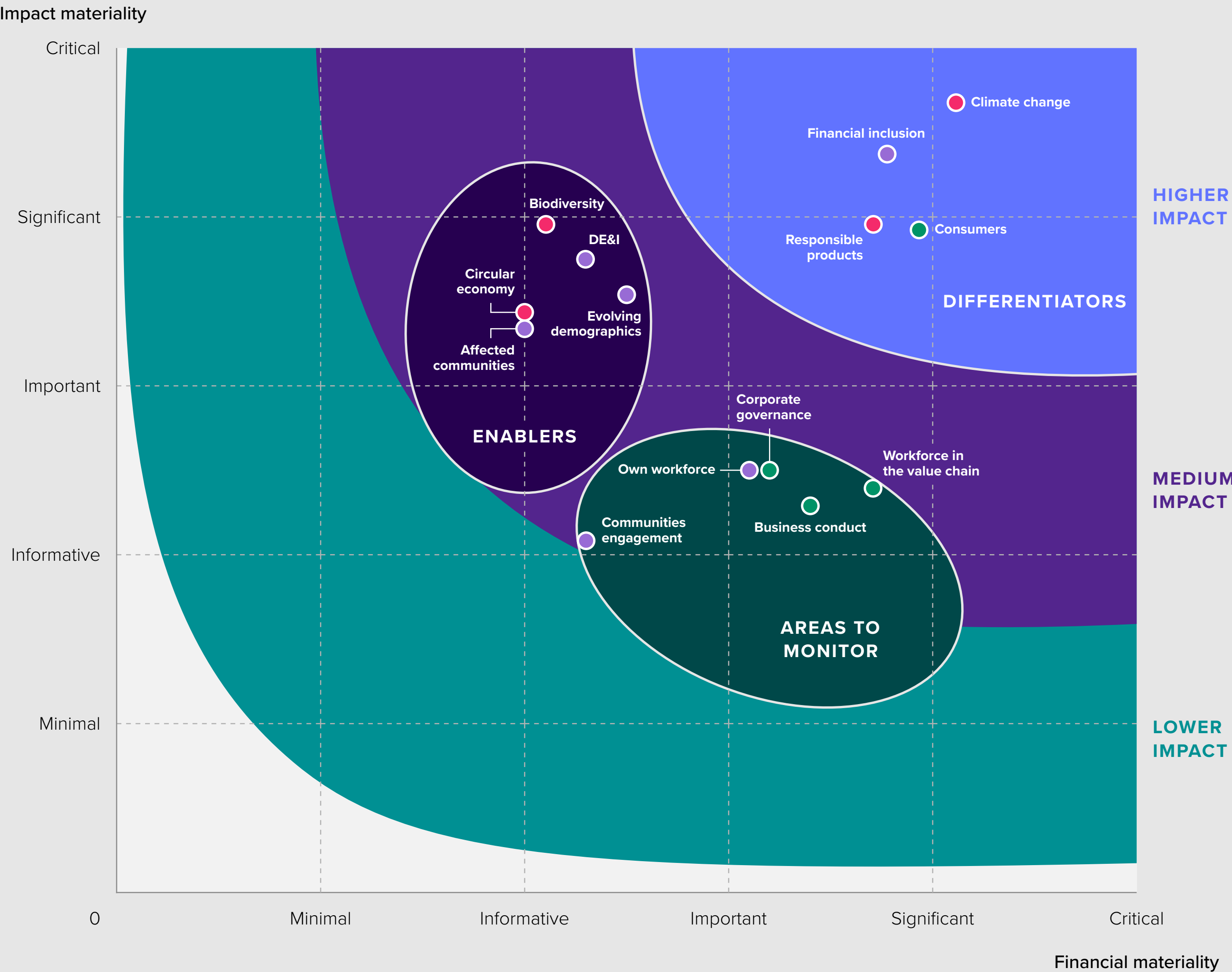
<sup>17</sup> LSEG (2024), FTSE Russell ESG Data Model Methodology, [https://www.lseg.com/content/dam/ftse-russell/en\\_us/documents/policy-documents/ftse-russell-esg-data-model-methodology.pdf](https://www.lseg.com/content/dam/ftse-russell/en_us/documents/policy-documents/ftse-russell-esg-data-model-methodology.pdf)

# Communicating the results of a materiality assessment

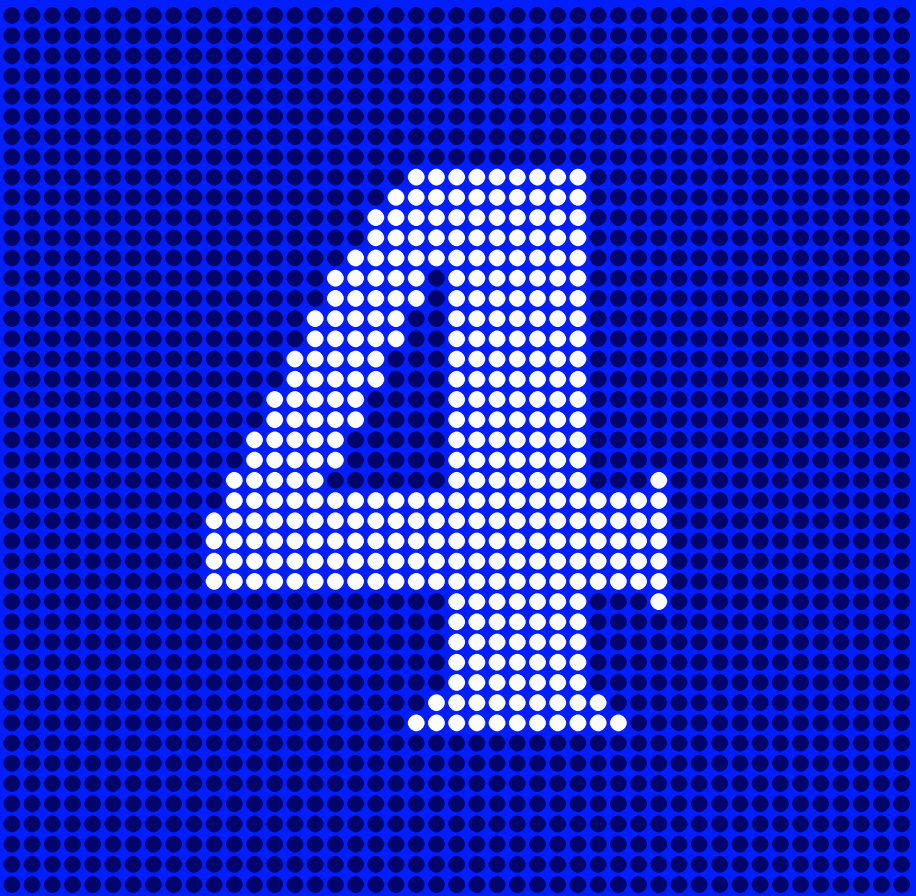
Once companies have generated a list of the sustainability topics that present an impact, risk or opportunity to the company, they need to communicate these results to stakeholders. Historically, many companies used a ‘materiality matrix’ (see Figure 5) as a way of systematically assessing the significance of different sustainability issues, and as a way of communicating this information in their sustainability and other reports. In these matrices, issues are assessed based on their impact on the company (financial materiality) and their impact on environment and society (impact materiality). Given that some standards (including ESRS) require companies to provide a comprehensive list of material issues as well as non-material matters assessed, companies may prefer to communicate the results of their materiality assessments in simple lists rather than matrices.

Best practice is to report on all issues within the materiality matrix that companies have deemed as material. However, issues in the top right quadrant of the matrix (‘Differentiators’ in Figure 5) are likely to require special attention within sustainability reporting. There are likely to be instances where stakeholders consider that an issue is important but where the company does not consider the issue to be financially material (‘Enablers’ in Figure 5). Ultimately, companies need to make a judgement on these. For example, they may conclude that even though the issue is not financially important, the stakeholder concern is an early indication that additional reporting may be required over time. They may therefore decide to take a proactive approach to reporting on the issue. Finally, there may be issues that companies consider financially material but are not particularly important to stakeholders (‘Areas to monitor’ in Figure 5). For these issues, companies will likely focus on compliance rather than signalling them out as differentiating topics.

Figure 5: Example of a double materiality map<sup>18</sup>



18 Boston Consulting Group, 2023. The New Double Materiality Assessment <https://media-publications.bcg.com/New-Double-Materiality-Assessment-final-21.02.23.pdf>



# Processing sustainability data for investment decisions



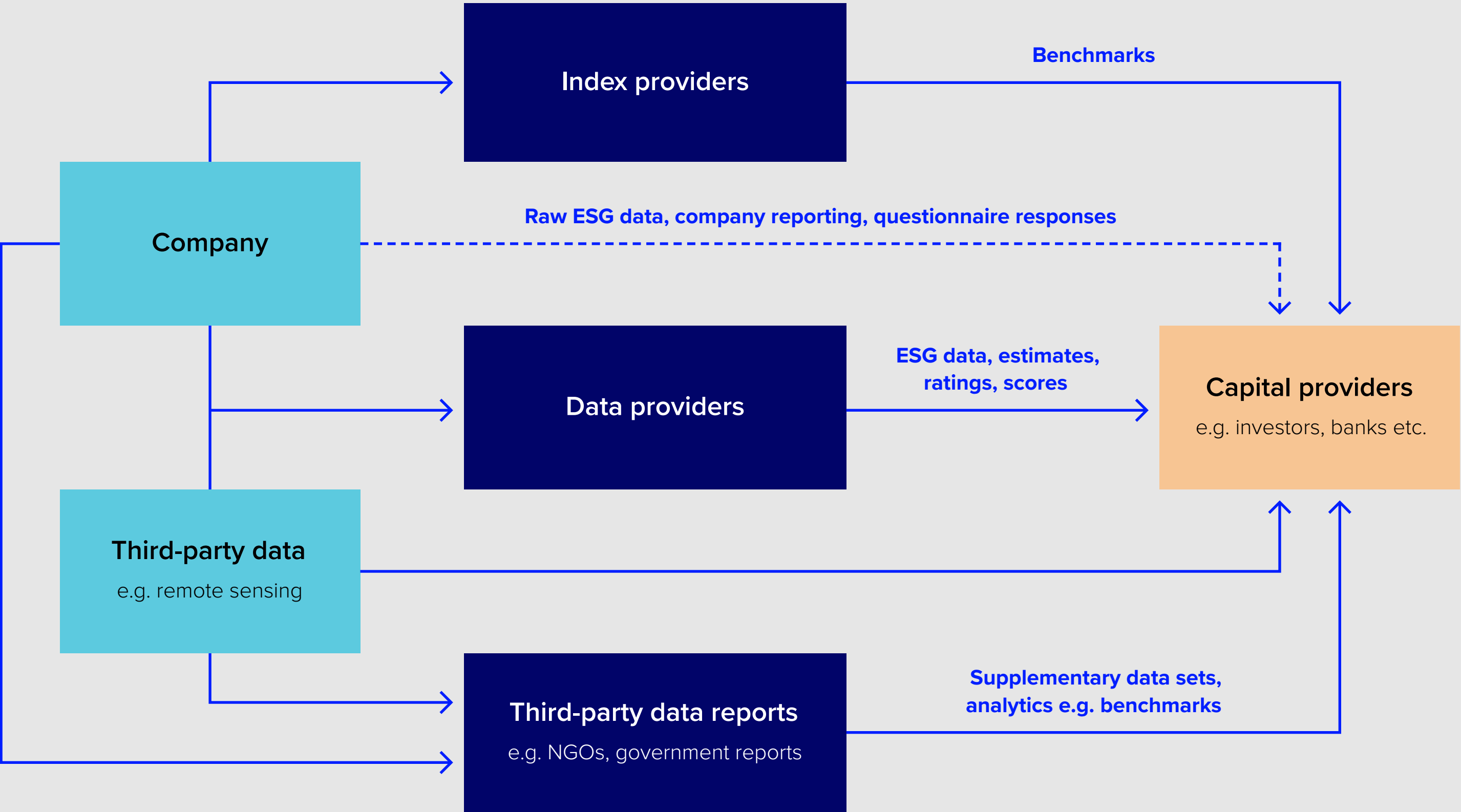
# What is the role of intermediaries in sustainability data provision?

Given the large number of companies in most investment portfolios, most financial actors rely on or at least supplement their own research with sustainability data from data providers (examples include LSEG and FTSE Russell as well as MSCI, Morningstar Sustainalytics, Bloomberg and S&P Global). Investors often complement these data with information from third-party sources such as NGO reports and government data sets.

Data flows from companies to investors through a variety of pathways. The flow of sustainability data from companies directly to investors (through company reports and through meetings) is only a small aspect of how investors receive this information and use it in their investment research and decision-making.



Figure 6: Diagram showing flow of data from companies to investors



Source: London Stock Exchange, for illustrative purposes only.

 BOX 9

## What do data providers do?

Data providers play an important role in the functioning of investment markets. Their activities include:

- **Collecting data** from public disclosures, often using technology such as scraping and AI.
- **Consolidating data** which is then fed into a centralised database that can be accessed by the data provider's clients.
- **Cleaning data** to remove inconsistencies and to present these data in standardised units.
- **Quality assurance.** Data providers assess the quality of the data provided by companies. They do this in a variety of ways including: comparing company-reported data to third-party data sources, proxies and industry benchmarks; engaging directly with companies to check the accuracy of reported data; and using technologies such as remote sensing.
- **Providing supplementary and new data.** Data providers develop new data sets through, for example, estimating data using proxies and models, combining data sets (e.g. to develop efficiency metrics for a company or sector, and using new technologies (e.g. remote sensing, AI) to produce new data.
- **Data analysis and interpretation.** This describes analysing trends in data and commenting on drivers for changes in data.
- **Developing ESG data products.** Two significant types of data products are:
  - **ESG ratings:** These provide an opinion on a company's sustainability performance, involving substantial analytical input from an analyst, usually on a letter-grade scale, helping investors gauge sustainability and ethical standards. Data providers use different methodologies to determine these ratings, often supplementing reported information with their own tailored questionnaires and additional insights from analysts/researchers.
  - **ESG scores:** These numerical scores quantify a company's sustainability practices, using rules-based quantitative calculation methods established by the scoring entity. ESG scores allow investors to compare and evaluate ESG performance across different entities using a standardised methodology that is applied consistently. These scores are typically created by synthesising a mix of qualitative (e.g. the presence or absence of a policy, certification to a particular management standard) and quantitative information (e.g. total greenhouse gas emissions normalised by revenues) into a numerical indicator which may include methodologies based on peer-relative performance.

## PRACTICAL INSIGHT →

Given the importance of data providers as conduits of information between companies and investors, companies could proactively engage with the significant data providers in their relevant geographies to:

- Check the frequency and timing of their analysis and how they access and locate sustainability reporting materials.
- Ensure the accuracy and completeness of the data collected.
- Build the data provider's understanding of the company.
- Identify issues that may need to be covered in future reporting cycles.

In practice, much of the dialogue between companies and ESG data providers is focused on filling data gaps. There is a reasonably high degree of consistency in the information sought by the major ESG data providers, even if the assessments based on this data can vary significantly due to diverging weightings and methodologies. Therefore, companies could significantly reduce the amount of time spent responding to surveys and questions by ensuring that, as far as possible, their sustainability reports address the questions and data sought by ESG data providers.

## PRACTICAL INSIGHT →

While certain ESG metrics – e.g. Scope 1 and Scope 2 greenhouse gas emissions (see [Appendix A](#)) – are widely used in ESG scores, ratings and other assessments, there is little agreement on how these are to be included or on the weight to be allocated to different ESG issues. As a result, each ESG data provider's scores, ratings and assessments are unique to that provider and are often not directly comparable to those produced by other providers. However, best practice is that they publish their methodology.

Each ESG provider will have its own approach to data collection, analysis and interpretation, and there may be a difference between a company and a data provider about certain sources of information or how it has been interpreted. Inevitably, data providers need to create a level of consistency in how they assess companies which may not always be able to account for unique or more unusual business activities or models.

## What is the role of ESG data, scores and ratings?

Some investors use ESG ratings and scores to guide their assessments of companies. These ratings and scores can inform their evaluations of how a company is exposed to sustainability themes, and of how sustainability-related risks and opportunities are managed. The weight given to these ratings and scores and the manner in which they are included in investment processes, including whether they are an additional data point or a formal part of the assessment process, will differ between investors.

There has been strong growth in the proportion of assets that are managed passively. The composition of these indices, clearly, has a direct impact on capital flows. Sustainability data has started to play a more prominent role in these indices, with many now incorporating sustainability-related factors in their construction of these indices, often giving a higher weighting to companies with strong ESG ratings and scores.

There has also been a significant growth in specialist sustainability indices, including:

- **Indices with specific “tilts”** where the index closely tracks traditional indices while slightly overweighting or underweighting companies based on their sustainability performance. Box 10 (see page 35) provides an example of this type of index that has been developed by the Transition Pathway Initiative.
- **Best-in-class indices** which select best-practice companies according to their performance on specific indicators or their overall ratings.
- **Issue-specific indices** such as the FTSE Green Revenues Index Series. Typically, these include companies that either meet certain ESG criteria and/or that offer solutions to specific ESG issues.

☑ BOX 10

## Example of an ESG Index – Transition Pathway Initiative

The Transition Pathway Initiative (TPI)<sup>19</sup> is an investor-led initiative which assesses companies’ readiness for climate transition. By drawing on ESG data compiled by FTSE Russell, the initiative classifies companies into five ‘management quality’ levels depending on their policies and governance of climate change. Alongside this, companies are assessed on whether their carbon emissions are in line with the goals of the Paris Agreement.

At the request of its customers, FTSE Russell used the TPI methodology of this tool to create the FTSE TPI Climate Transition Index. Essentially the TPI Index (see Figure 7):

- Underweights companies with fossil fuel reserves.
- Underweights companies with higher Scope 1 and 2 carbon emissions while overweighting companies with lower Scope 1 and 2 emissions (see [Appendix A](#) for description of emission Scopes). Sector neutrality is applied.
- Overweights companies with strong practices in managing climate risks and opportunities based on key aspects of TCFD.
- Overweights companies that are committed to emissions pathways that are aligned with below 2°C warming scenarios.
- Overweights companies generating revenue from the global green economy.

Significant AUM have been allocated to the index from a range of institutional investors, including the Church of England Pension Fund, Brunel Pension Fund, Phoenix Group and the New York State Common Retirement Fund.

<sup>19</sup> FTSE Russell, FTSE TPI Climate Transition Index Series  
<https://www.lseg.com/en/ftse-russell/indices/tpi-climate-transition>

**Figure 7:**  
**Five components of**  
**the FTSE TPI Climate**  
**Transition Index**



Source: FTSE Russell,  
for illustrative purposes only.

# How to provide investors with decision-useful data

When using sustainability data, and particularly quantitative metrics, to inform investment decisions or to build investment products, investors increasingly expect sustainability-related data to be similar to financial data, in terms of quality and approach. For ESG data to be considered ‘investment grade’, it needs to be:

- 1. Accurate:** Data accuracy refers to the extent to which data is reflective of the real-world conditions that it is intended to represent. To provide the users of their data with confidence that the data is accurate, companies may want to articulate:
  - Their systems (e.g. internal audit, risk and data control verification systems) to support data collection and assurance.
  - Their quality assurance processes, including records of how the data was collected and compiled, what assumptions were made, and what uncertainties or limitations apply to the data.
  - The key assumptions that underpin their data analysis and reporting.
- 2. Comparable and consistent:** Data comparability means that company data can be easily weighed up against (a) the company’s historic performance (i.e. the data should be internally consistent), and (b) against industry peers (i.e. the data should be externally consistent). The methods used to collect and calculate data should remain consistent year-on-year. If data compilation methodologies or underlying assumptions change, companies need to explain the changes that have been made. Where these changes have had a significant effect on results, data for previous years should be recalculated using the new methodology or assumptions to enable comparison.

In order to allow comparability between peers, companies can use indicators and metrics that are widely used within their sector, aiming to gather data in line with common practice and to report in a similar manner to sector peers.

**3. Timely:** It is preferable to investors that companies provide sustainability data alongside their annual report and accounts, or as soon as possible afterwards. For example, ISSB’s IFRS S1 guidance states that “an entity shall report its sustainability-related financial disclosures at the same time as its related financial statements”.<sup>20</sup> The EU’s ESRS standard goes further, requiring sustainability disclosures to be included in companies’ management reports.

**4. Aligned with company and other reporting boundaries:** Companies need to take account of the operational boundaries relevant to their sustainability reporting (see Boxes 11 and 12 on page 37).

- 5. Complete:** Provide aggregate (e.g. total emissions) as well as normalised data. Companies can support investors in using and interpreting data by providing:
- Contextual data: Companies may provide relevant measures of financial activity such as turnover, the countries and markets in which they operate, the number of staff and contractors and the quantity, weight or volume of product outputs.
  - Normalised data: Companies may provide normalised information to help explain aspects such as progress around targets. Normalised data should be provided alongside – not instead of – raw data.
  - Explanation: Companies should explain the factors that have influenced performance, whether positively or negatively. Further, where there are core business differences or client segments that explain performance relative to peers, these should also be explained.

“Investors increasingly incorporate sustainability data within their decision-making processes, so it is strongly in companies’ interest to ensure data quality. High quality data allows investors to track company progress over time, to enable industry peers-group comparison and to make well-informed investment decisions.”

Adrian Rimmer  
Director, Sustainable Finance, LSEG Markets

<sup>20</sup> ISSB (2023), *IFRS S1 Climate-related Disclosure General Requirements for Disclosure of Sustainability-related Financial Information*, <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements>

☑ BOX 11

# What reporting boundaries can be used?

IFRS S1 states that the boundaries used for sustainability reporting should cover 100% of the issuing entity and should be calculated on the same basis as the company's financial data.<sup>21</sup> IFRS S1 clarifies that if a company has partial ownership of certain subsidiaries (perhaps without operational control), the data should be reported on the same basis as the consolidated financial reporting. Many companies have until now used alternative approaches to determine the boundaries for sustainability reporting in the past, for example using operational control, so this is an area where practice will need to evolve. In situations where parts of the business were acquired or sold during the reporting period, best practice is that data should be provided on both a consolidated and separate basis.

Under CSRD, all subsidiaries are exempt from reporting obligations, provided the relevant sustainability information is included in the consolidated report of the parent company. If the ultimate parent company is outside of the EU, this exemption also applies. However, the exemption does not apply to public interest entities that reach the large company thresholds.

☑ BOX 12

# Practical challenges in comparable reporting boundaries

A number of challenges remain in the application of comparable reporting boundaries among different reporting frameworks. For instance, some jurisdictions and frameworks require subsidiary-level reporting while others do not. Different reporting boundaries may also apply to greenhouse gas emission reporting depending on the applicable reporting framework. For example, IFRS S2 specifies that companies' Scope 1 and Scope 2 emissions disclosures should be separated into: 1) consolidated accounting group (company and its subsidiaries) and 2) associates, joint ventures and unconsolidated subsidiaries and affiliates not included in consolidated group.<sup>22</sup> By contrast, IFRS S1 suggests that companies should "provide information about the parent and its subsidiaries as a single reporting entity".<sup>23</sup> In these circumstances the thematic reporting standards take precedent over S1. Therefore, companies should pay close attention to the reporting boundaries required by different regulations and frameworks.

**6. Externally assured:** Companies can strengthen the credibility of their sustainability data through external assurance and are increasingly doing so. According to a 2021 study conducted by KPMG, 61% of their sample of top 100 UK-based companies had obtained assurance on their sustainability reporting.<sup>24</sup>

**7. Balanced:** It is important to provide an objective picture of performance, presenting both favourable and unfavourable information clearly and in full to aid the reader's understanding. Best practice is to report all relevant data, positive and negative, in consultation with relevant legal and compliance advisors, and provide reasonable coherent explanations and context as appropriate. This may include describing the internal and external factors at play, any corrective action taken, and any new measures adopted to prevent a recurrence. This type of thorough reporting will help reassure investors how the issue is being managed and any likelihood of recurrence.

**8. Accessible:** Companies should make their data publicly available and accessible to their stakeholders. This usually involves publishing the data online alongside annual management reporting and increasingly making data machine-readable via XBRL (see Box 13 on page 38).

21 ISSB (2023), *IFRS S1 Climate-related Disclosure General Requirements for Disclosure of Sustainability-related Financial Information*, <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements>

22 ISSB (2023), *IFRS S2 Climate-related Disclosures*, <https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards-issb/english/2023/issued/part-a/issb-2023-a-ifrs-s2-climate-related-disclosures.pdf?bypass=on>

23 ISSB (2023), *IFRS S1 Climate-related Disclosure General Requirements for Disclosure of Sustainability-related Financial Information*, <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements>

24 Richards, George (2021), *ESG reporting – do you need Assurance?*, <https://kpmg.com/uk/en/blogs/home/posts/2021/02/esg-reporting-do-you-need-assurance.html>

 BOX 13

## Digital tagging via XBRL – is this the future?

**Digital tagging is increasingly becoming a requirement within sustainability reporting regulation and significantly improves the usability of sustainability data.**

Digital tagging involves systematically categorising and labelling sustainability data using a standardised digital format. XBRL (eXtensible Business Reporting Language) is a widely used technology for digital tagging, allowing companies to report sustainability information in a structured, machine-readable format. This standardisation facilitates easy comparison, analysis, and accessibility of sustainability data across different organisations and sectors.

Regulators are increasingly mandating digital tagging in sustainability disclosures. The CSRD requires companies preparing sustainability reports to use XBRL digital tagging. To facilitate the tagging of sustainability information, the EU is developing a digital taxonomy that directly aligns to the ESRS indicators. Meanwhile ISSB has recently published its own XBRL digital taxonomy which explicitly aligns with that being developed by the EU, thereby helping to facilitate interoperability between the two standards.

Companies can prepare for this by ensuring they have robust IT systems in place which can handle XBRL formats and by ensuring that teams receive the necessary training and support to use these formats.



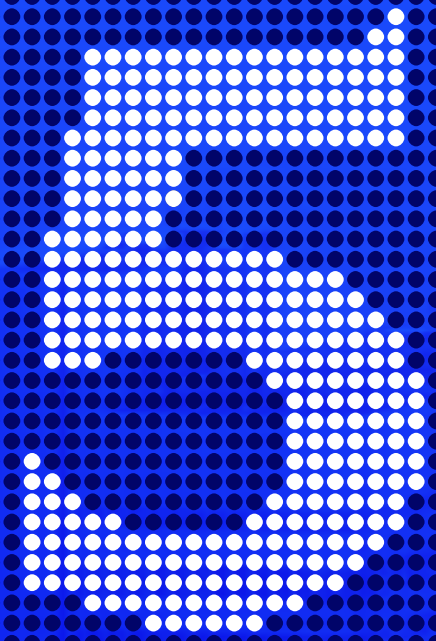
# HOW



# REPORT



Your guide to sustainability reporting



# Planning for company reporting



In response to the increasingly demanding regulatory requirements and the greater attention being paid by financial institutions, sustainability reporting is receiving more attention and consuming greater resources.

As reporting standards, including ISSB and ESRS, require companies to report on sustainability matters in their annual reporting, sustainability reporting is now being increasingly included within financial reporting, with all of the associated accountabilities, checks and balances. This has a number of consequences including:

1. Companies need to properly understand the reporting process, the decisions that are made at each stage in the reporting process and how these decisions affect the value of sustainability reporting.
2. Annual reports are becoming much longer, so companies must decide how to efficiently compile this information and present it in an easily understandable manner.
3. Board members and senior managers may be personally accountable for sustainability reporting.
4. A whole of business approach to sustainability reporting is required.

# What does the company need to do at each stage of the reporting process?

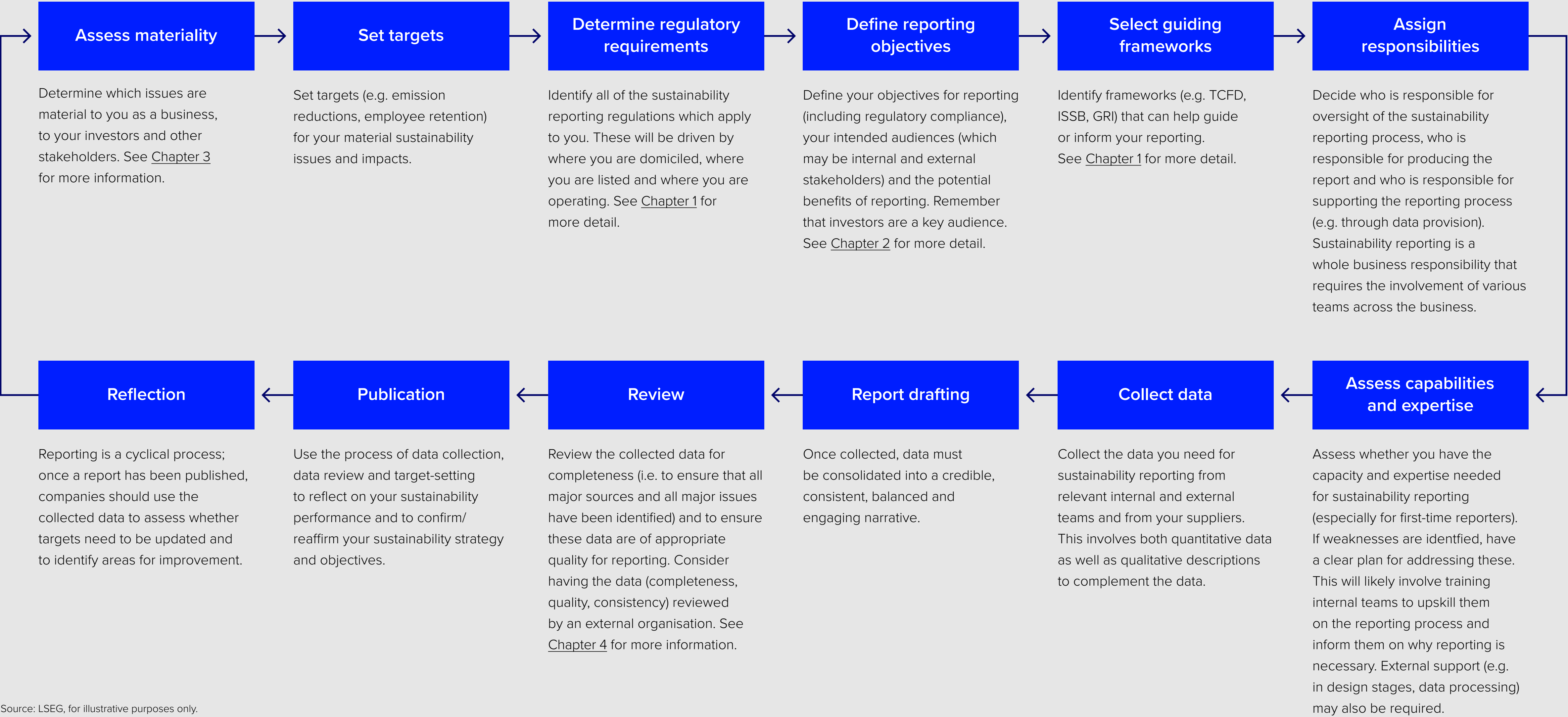
Figure 8 on page 42 provides an example of a general reporting process. Companies will generally work through each of these steps as part of the process of preparing their sustainability reports.

## PRACTICAL INSIGHT →

Reporting is an iterative process. Some steps are repeated for every report that is produced, whereas others, such as materiality assessments, may be repeated annually and others may only occur where there are relevant internal changes, for example responsibilities for report oversight and delivery.



Figure 8. Example reporting process



Source: LSEG, for illustrative purposes only.

## Who is typically involved in the reporting process?

Reporting is increasingly a whole of business activity, requiring inputs from most parts of the business and multiple review processes and sign-offs.

This generally includes:

- **A nominated sustainability reporting team** typically coordinates the sustainability reporting process, increasingly alongside investor relations and finance teams. This coordination role ensures that the data and resources required for reporting are available, to ensure that all departments play their role and critical path activities (e.g. report reviews, sign-offs) are delivered to schedule. Historically, sustainability teams often took on this responsibility, but it is increasingly common for this responsibility to sit alongside teams involved in annual reporting, including communications or regulatory reporting teams.
- **Finance, legal and compliance departments** generally have responsibility for reviewing the accuracy of data collection processes and for ensuring that published reports comply with regulatory requirements. Companies are increasingly placing greater responsibility for sustainability reporting within the remit of finance teams or within a jointly owned process with sustainability teams, to ensure that the rigour and standards of financial reporting are applied to sustainability reporting.
- **Communications and investor relations teams** can be involved in distributing and publicising the finished report to relevant stakeholders, helping to define a core narrative and key messages and ensuring reporting meets the needs of investors and other stakeholders.
- **Government relations teams** are generally responsible for staying abreast of the political landscape and assessing which policies and regulations impact the company. In the context of sustainability reporting, they often work closely with the legal, communications and compliance teams.
- **Human resources departments** play varied roles in reporting, potentially including developing and implementing any necessary training programmes to upskill employees, providing relevant data to the reporting team, setting targets related to human capital, executing labour standards and driving the cultural changes needed to promote and advance sustainability within the organisation.
- **A range of operational teams and suppliers are required** to provide data on practices, processes and performance'. As reporting requirements have become ever more complex, virtually every team and business unit in a company will have some role to play in data provision.

# The role of the board

## Board responsibilities go beyond ensuring that a sustainability report is produced

Boards have overall responsibility for the direction and strategy of a business. They also have responsibility for ensuring the disclosures made are accurate and comply with relevant laws and regulation. With sustainability-related disclosures increasingly integrated into wider financial disclosures, this also applies to sustainability reporting. Quite apart from the formal legal obligations, the fact that sustainability-related disclosures are of such interest to investors and other stakeholders, a board will likely be engaged in the reporting process. As conduits between the company and its investors, board directors (in particular, the Chair and Senior Independent Director) can also ensure that sustainability reports meet the needs of investors.

Box 14 (see page 45) provides an example of the leadership role of Non-Executive Directors (NEDs) in developing climate transition plans.



### PRACTICAL INSIGHT →

First-time reporters may need to provide board or senior management training to equip them to oversee the sustainability reporting process and ask appropriate questions of management to ensure reporting is done in line with regulatory requirements. First-time reporters may also need to provide training to teams on the technical aspects of reporting, and that they have access to appropriate data management software.

“Because transition planning is an exercise in fundamental business change, it falls squarely in the territory of board oversight.”<sup>25</sup>

Ashley Alder  
Chair, Financial Conduct Authority

<sup>25</sup> Chapter Zero (2023), *Transition Planning Toolkit: Briefing*, <https://chapterzero.org.uk/implement-the-transition/transition-planning-foundations/transition-planning-toolkit-briefing>

☑ BOX 14

# The role of directors in transition planning

A climate transition plan is a detailed, time-bound action plan that outlines how an organisation will deliver on any net-zero commitments it has made. A credible climate plan should include details of the company’s climate-related objectives and targets, the actions it is planning to take, the costs of these actions and its performance to date against its commitments and targets.

At the time of writing in December 2024, transition planning is an emerging reporting expectation. Companies are increasingly expected to provide an outline of their planned actions to meet their climate targets. For example, in the European Union, transition plans are included under the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD). See here for guidance on transition plan reporting under the CSRD. Additionally, in the UK, the UK Transition Plan Taskforce’s (TPT) recommendations, launched in early October 2023, are expected to be incorporated into UK regulation in the coming years.<sup>26</sup>

Company boards may wish to ensure that their companies have strategies around their commitments and transition plans, as well as the necessary resources to implement these strategies.

Chapter Zero – has developed resources to support Non-Executive Directors (NEDs) to guide the development of transition plans. Figure 9 provides a high-level overview of NEDs’ multifaceted role in transition planning.

Figure 9: Role of Non-Executive Directors in transition planning<sup>27</sup>



Source: Chapter Zero

<sup>26</sup> Note: The ISSB is now responsible for disclosure-specific materials produced by the Transition Plan Taskforce.

<sup>27</sup> Chapter Zero (2023), *Transition Planning Toolkit*, <https://chapterzero.org.uk/spotlight/spotlight-transition-planning>

 CASE STUDY

# Gaining board and organisational buy-in for sustainability reporting at British Land<sup>28</sup>

British Land, a large UK property development and investment company, redefined its sustainability strategy in 2020 with a goal to transform its operations to net-zero carbon by 2030. Recognising the importance of board support to achieve these ambitious goals, British Land’s leadership championed the sustainability strategy by building a compelling business case that aligned with core corporate objectives. The strategy demonstrated sustainability’s relevance to risk management, value generation, and stakeholder alignment at this company, gaining board endorsement and facilitating the integration of sustainability into strategic planning and reporting.

British Land’s approach centres on a structured, four-step process for embedding sustainability at all levels. First, **Business Planning** integrated sustainability goals directly into their strategic priorities, ensuring alignment between corporate growth and environmental objectives. Second, **Governance and Risk Management** embedded sustainability considerations into governance frameworks, assigning clear roles and responsibilities from the board to frontline staff to mitigate climate-related risks. Third, **Corporate Development** leveraged sustainable development practices, including a “Transition Vehicle” funded by internal carbon pricing, to drive sustainability investments across the property portfolio. Finally, **Financial**

**Reporting** involved rigorous tracking and transparency, with sustainability KPIs reported regularly to the board, ensuring accountability and visibility of progress toward their net-zero targets. This four-step process has allowed British Land to make sustainability a core pillar of both its strategic and operational framework.

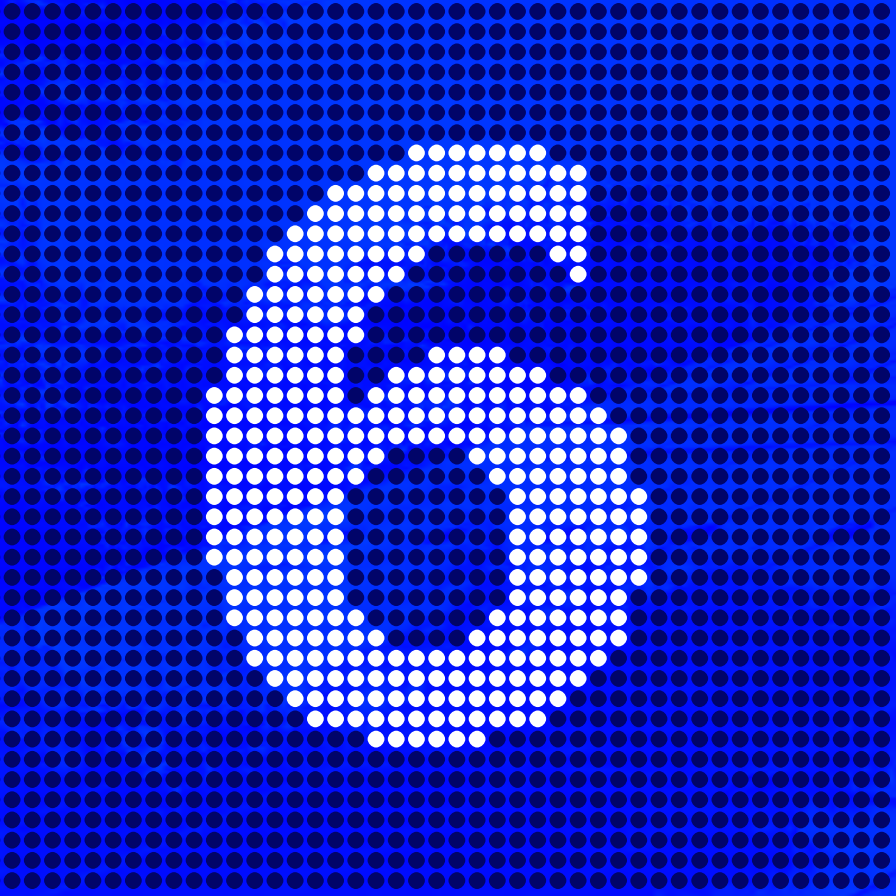
**Several key lessons can be taken from British Land’s experience:**

- **Embed sustainability at leadership levels:** Senior leadership’s commitment, exemplified by the CFO/CEO, was essential to advancing sustainability as a core organisational concern.
- **Build a strong business case:** A data-driven case showing sustainability’s value to customers, investors and regulators enabled British Land to secure board support.
- **Educate employees about sustainability:** Employee engagement, through initiatives like ‘lunch and learn’ sessions and the SustainaBLe network, helped to inform employees about how sustainability linked to their everyday roles and added value to the business. This ensured that employees were engaged with, and actively contributed to, the sustainability strategy.

## PRACTICAL INSIGHT →

Given the inherent complexities of reporting, the reporting process is generally coordinated and led by one team, usually the sustainability team. However, given the breadth and quality of data needed, the complexity of reporting processes, and the legal and strategic implications, collaboration across the entire business is needed to ensure accuracy and completeness.

<sup>28</sup> The Prince’s Accounting for Sustainability Project (2021), *Engaging the Board and Executive Management on Sustainability*, <https://www.accountingforsustainability.org/content/dam/a4s/corporate/home/KnowledgeHub/casestudies/British%20Land%20-%20Engaging%20the%20Board%20and%20Executive%20Management%20on%20Sustainability.pdf.downloadasset.pdf>



# How to use risk assessment and scenarios in reporting



# What do investors mean when they ask about “sustainability risk management”?

Risk management refers to the process of identifying, assessing and addressing the risks that can affect an organisation’s capital, reputation and long-term sustainability. From a sustainability perspective, risks emerge from a variety of sources, including the company’s impacts on the natural environment, the company’s dependence on the natural environment, the marketplace (e.g. customers), regulation, litigation and employees.

It is therefore essential that companies clearly explain to investors how they assess and manage sustainability and climate-related risks, and how this leads to better business outcomes over the short, medium and long term.

Box 15 (see page 49) explains how many investors think about climate-related risks and opportunities. In broad terms, these investors are interested in understanding how companies are managing the risks associated with adaptation, mitigation and transition, the scale and significance of related business risks and opportunities, what assumptions are being made about the future, and how companies expect to manage different future adaptation, mitigation and transition scenarios.

### PRACTICAL INSIGHT →

Although the term ‘risk’ is often seen as referring to downside risk or the potential for loss or harm to a business, **efforts to address sustainability issues can also create substantial opportunities for companies**. For example, companies may benefit from resource efficiencies, from the development of new products and services, from access to new markets, from better employee relations and from building resilience in their supply chains.

Research published by LSEG shows that the green economy presents significant investment opportunities. In fact, over the last ten years, the green economy has been the second-best performing industry in terms of growth and financial performance after technology.<sup>29</sup>

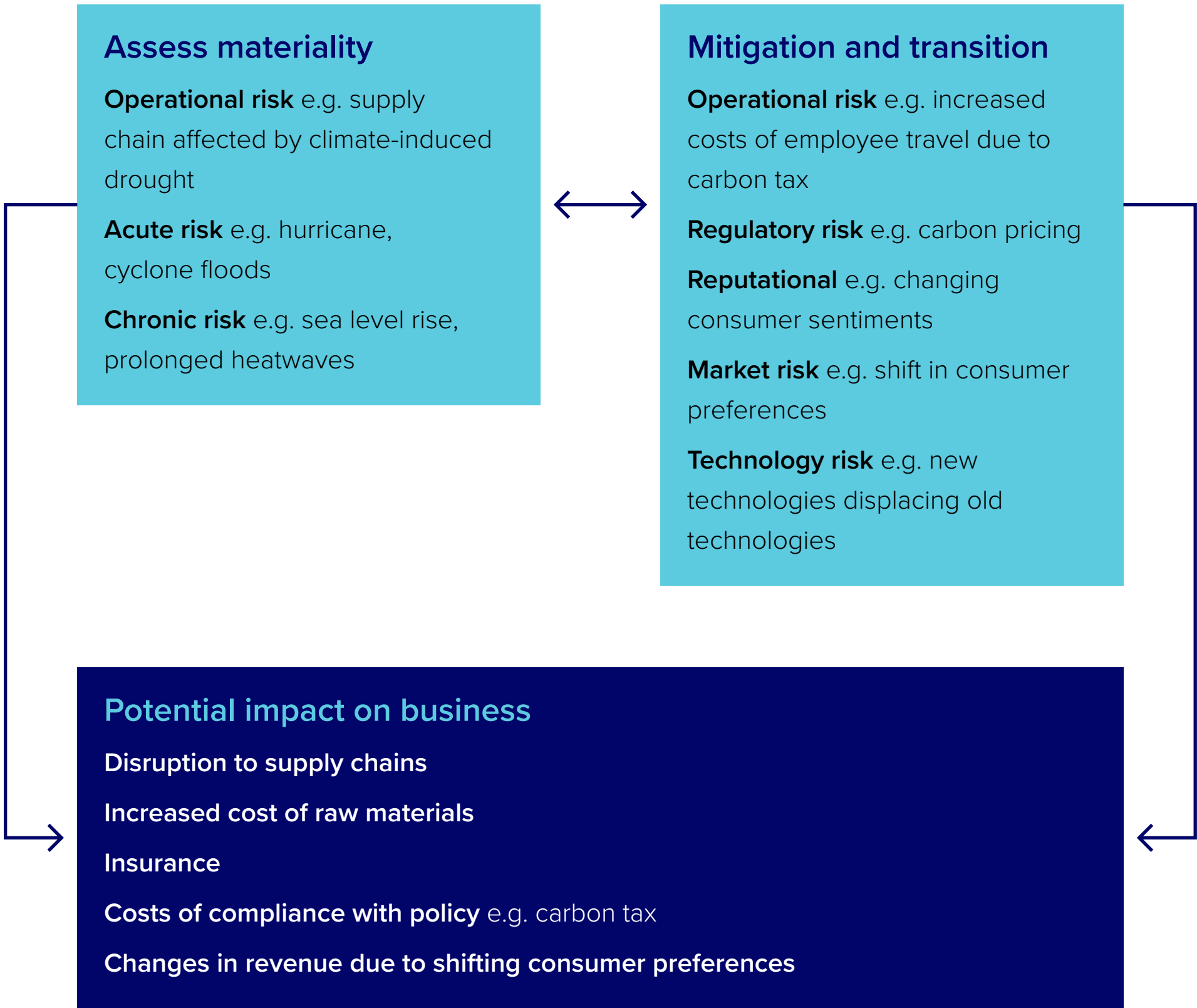
29 LSEG (2024), *Investing in the green economy 2024*, [https://www.lseg.com/content/dam/lseg/en\\_us/documents/sustainability/investing-in-green-economy.pdf](https://www.lseg.com/content/dam/lseg/en_us/documents/sustainability/investing-in-green-economy.pdf)

☑ BOX 15

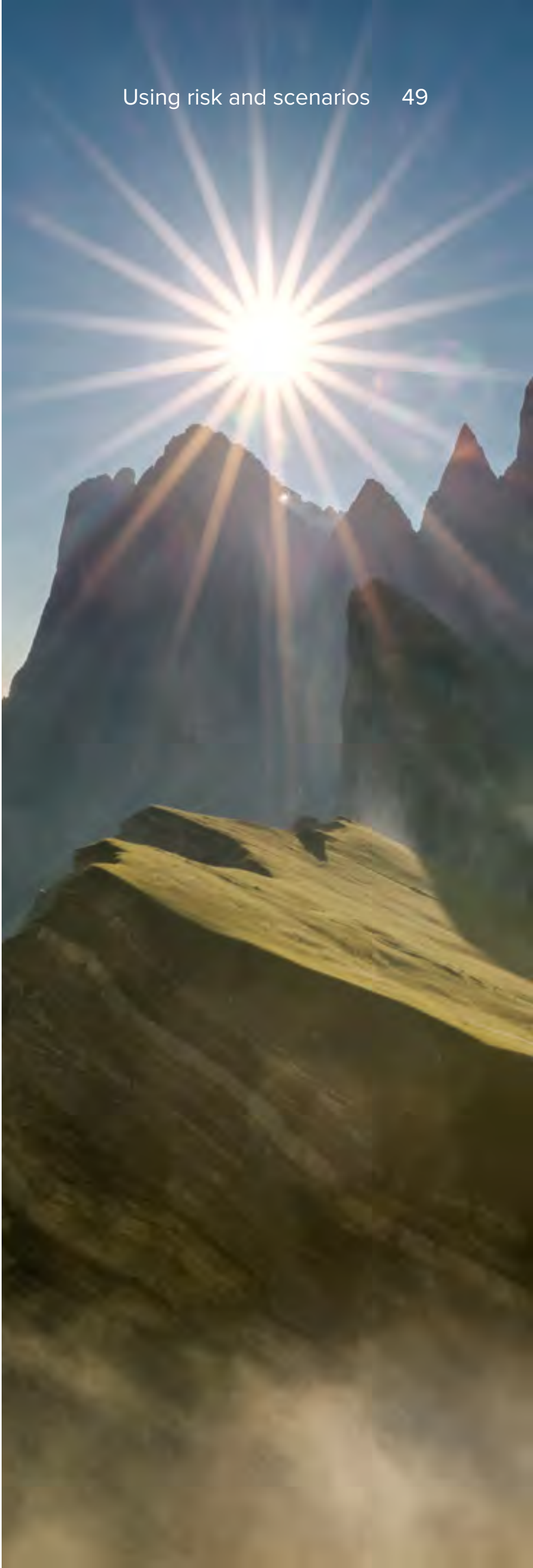
How do investors approach climate risk?

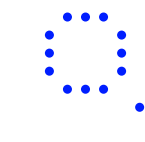
- 1. Investors generally split climate risks into two broad categories:
  - a. Risks related to the physical impacts of climate change (Adaptation).
  - b. Risks related to the transition to a low-carbon economy (Mitigation and Transition).
- 2. Whilst most institutional investors recognise that climate change creates threats and opportunities for companies, it is important to identify, quantify and articulate both. For example, a diversified mining company may see demand for thermal coal decline due to carbon taxes in particular markets but may see increased demand for cobalt because of the growth in demand for electric vehicles in other markets.
- 3. While climate change is often described as a global challenge, the specific risks to a company depend on where it is operating and will vary across global operations. For example, emission reduction-related regulations are generally implemented at a national level, and a company's exposure to physical risk depends on the location of its infrastructure and supply chains.
- 4. Transition risk and physical risk are interdependent, and the policy and regulatory actions taken to reduce greenhouse gas emissions will determine the scale and significance of the physical impacts that are seen.

Figure 11: Major climate risks and their potential impact on business<sup>30</sup>



30 TCFD (2017), *Recommendations of the Task Force on Climate-related Financial Disclosures*, <https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf>





## IN FOCUS

# A tool for resilience, not for forecasting the future: how to use climate scenario analysis

Scenario analysis is an important tool for risk management, designed to help companies explore possible futures and the paths to reach those futures. Scenario analysis is not an exercise in forecasting, predicting or sensitivity analysis, but rather in evaluating resilience to different possible future scenarios. Through scenario analysis, businesses can better understand uncertainties, enhance their strategic planning, and develop adaptive measures that support long-term sustainability.

A highly developed area of scenario analysis is in the field of climate change. Requirements to use or report on climate scenarios are an increasing feature of climate-related standards and frameworks (e.g. TCFD, ISSB).

Broadly speaking, climate scenarios are hypothetical models that depict future climate conditions (e.g. temperature, precipitation and other aspects of climate) as well as the pathway explaining how those conditions are achieved (e.g. strong climate policy). By conducting climate scenario analysis, companies can understand their resilience to climate impacts and better manage their climate-related risks and opportunities.

There are three climate scenarios and models that are most widely used by investors and by policymakers, although others do exist. These are the scenarios developed by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA) and the Network for Greening the Financial System (NGFS). See [Appendix B](#) for a more detailed explanation of these scenarios, together with some other useful resources and materials.

☑ BOX 16

A six-step process for using climate scenario analysis in reporting and decision-making<sup>31</sup>

1. Ensure the right governance processes are in place:

- a. Commit to using scenario analysis to inform strategic planning and/or enterprise risk management processes.
- b. Assign oversight to relevant board committees/sub-committees.
- c. Identify which internal and external stakeholders to involve and how.

2. Assess the materiality of climate-related risks:

- a. Identify organisational exposures to climate-related risks and opportunities (e.g. market and technology shifts, physical risks, policy and legal risks).
- b. Assess whether these have the potential to be material in the future.

3. Identify and define a range of scenarios:

- a. Decide which scenarios referenced above to use. See [Appendix B](#) for a description of the three main scenarios generally used by investors.
- b. Tailor the scenarios to the company. When applying scenarios, companies should take account of company-specific factors like geographical operations, industry-specific risks and strategic goals. This should



ensure that the analysis provides relevant insights that can inform risk management, strategic planning and decision-making processes.

- c. Define any assumptions being made, e.g. in terms of issues such as carbon price, discount rate and demographic variables (see [Appendix C](#)).

**4. Evaluate business impacts:** Companies should evaluate the potential effect on their organisation’s strategic and financial position under each of the scenarios considered.

**5. Identify potential responses:** Based on their analysis of the business impacts, identify and implement relevant and realistic measures to manage the identified risks and opportunities. Consider whether these measures create other risks or have other implications for the business.

**6. Report:** Report internally and externally on the results of the scenarios analysis and the decisions taken as a result of this analysis.

PRACTICAL INSIGHT →

Companies need to be aware of the assumptions that underpin the scenarios used, e.g. one 1.5°C climate scenario<sup>32</sup> might assume drastic greenhouse gas reductions through a high carbon price while another 1.5°C scenario may assume significant technological advancements in specific sectors.

Scenario analysis does not need to be highly quantitative or detailed. Many companies start with qualitative descriptions and assessments (e.g. ranking risks from low to high or from 1 to 5) and only move to more quantitative descriptions and assessments where a more detailed analysis is likely to be helpful.

31 This builds on guidance provided by TCFD – The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities. See <https://www.tcfdhub.org/scenario-analysis>

32 1.5-degree scenarios examine a potential pathway for limiting global warming to 1.5°C above pre-industrial levels. The specific pathways presented in scenarios will vary depending on the underlying assumptions around aspects such as economic growth, technology development and population growth. In addition, companies and investors might also look at other scenarios (e.g. a 2°C scenario, where global temperature rise is limited to 2°C above pre-industrial levels. See further [Appendix B](#).

 CASE STUDY

# Application of climate scenario analysis by DS Smith

## Context

DS Smith is leading global provider of sustainable packing solutions, paper products and recycling services. In 2020, they launched their Now & Next Sustainability Strategy which outlines the near and long-term actions they will take to lead the transition to a low-carbon, circular economy. As part of this strategy, DS Smith conducted a materiality assessment and applied several climate scenarios to estimate the financial implications of their identified climate related risks and opportunities. DS Smith applied three climate scenarios including the IEA Pulp & Paper 1.5°C, IEA 2°C Sustainable Development Scenario and the IIPC 6°C climate scenario, which they combined with primary data (e.g. energy and water consumption, production, current and projected carbon emissions). In each scenario, they assumed they had the same business activities that they have presently and focused on specific climate-related risk or opportunity.

## Climate scenario analysis insights

The process of climate scenario analysis yielded valuable insights for DS Smith. It indicated that while they would not have to change their current business model, there may be some increased costs that would need to be managed. On the opportunity side, the IEA Pulp & Paper Scenario pointed to growing demand for recycled cardboard which reinforces market opportunities to design products for a lower-impact circular business model and adopt renewable sources. In the long term, the analysis showed that sustained progress in reducing emissions could reduce their spend on carbon taxes and help customers decrease their Scope 3 value chain emissions.

## Key learnings

DS Smith’s experience with climate scenario analysis illustrates the benefits such analysis can offer to businesses in supporting informed decision-making. When reflecting on the process, DS Smith identified three key learnings that may be helpful for other companies embarking on, or in the early stages of, scenario analysis:

1. The scenarios are a steep learning curve, so begin early and set time aside.
2. The scenarios rely on data which may not be available, so prepare to be creative.
3. The scenarios are stories that require imagination, so it is important to be openminded.



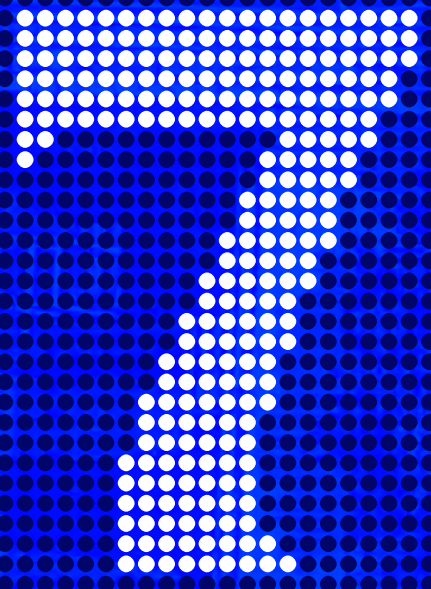
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FUTURE

LANDSCAPE



Your guide to sustainability reporting



# The ongoing evolution of sustainability reporting



Given the fundamental role of regulation in shaping companies’ reporting practices, companies may engage with policy-making processes to encourage greater consistency in reporting requirements.

Notwithstanding the maturation, evolution and consolidation of the reporting landscape, fragmentation and complexity remain (see the discussion about the relationship between ESRS and ISSB on page 57). As companies operating in multiple jurisdictions may have to report multiple times to comply with each jurisdiction’s requirements, greater consistency in disclosure requirements could significantly reduce the costs and resources involved in data collection and reporting. From an investor perspective, having the same information reported by companies across multiple jurisdictions would enable greater comparability between companies.

The International Sustainability Standards Board (ISSB) was established with the aim of addressing this fragmented landscape of overlapping sustainability requirements. ISSB seeks to align and harmonise sustainability disclosures and create a global baseline for sustainability reporting. ISSB’s ambition is that this, in turn, will drive transparency and facilitate informed decision-making across markets. As of November 2024, 30 jurisdictions were making progress towards introducing ISSB standards into their legal or regulatory frameworks, and 1,000 companies had referenced the ISSB in their reports. (See Box 17 for an overview of the UK’s progress in this area.)



☑ BOX 17

## The evolution of the UK’s sustainability reporting requirements

**January 2024:** The Labour Party platform set out plans to “fulfil the UK’s commitment to the Sustainability Disclosure Requirements aligned with International Sustainability Standards Board standards and the TPT disclosure framework” ([Plan for Financial Services](#)).

**May 2024:** The Government published an [update](#) on the implementation timeline for the UK’s Sustainability Disclosure Requirements, including ISSB endorsement process and timeframes for consulting on updating the UK’s reporting rules.

**June 2024:** The Labour Party’s [Manifesto](#) for the Election which it won on 4 July included a pledge on “mandating UK-regulated financial institutions – including banks, asset managers, pension funds and insurers – and FTSE 100 companies to develop and implement credible transition plans that align with the 1.5°C goal of the Paris Agreement”.

**November 2024:** The Government announced “the intention to consult on streamlined sustainability disclosures for economically significant companies” ([Mansion House](#)), subject to a decision from the Government on the endorsement of ISSB standards. The Government also confirmed that it would consult “in the first half of 2025 on how best to take forward the manifesto commitment on transition plans” (on page 57). (The FCA plans to consult in 2025 as well on updating disclosure rules for listed companies to incorporate the UK-endorsed ISSB standards, subject to ministerial approval, and transition plans.)

**Financial year 2026:** Under the current timelines, and subject to consultation, financial year 2026 (which commences on 6 April 2026) is the earliest that the UK’s updated disclosure requirements (potentially incorporating ISSB and transition plans) could apply in the UK.

A close-up photograph of a person's hand pointing at a digital screen. The screen displays a complex financial chart with multiple colored lines (red, green, blue) and candlestick patterns, typical of a stock market or trading platform. The background is blurred, focusing attention on the hand and the chart.

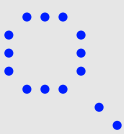
## ☑ BOX 18

### LSEG's support for harmonised reporting standards

LSEG has been calling for a commitment from relevant authorities across jurisdictions to adopt harmonised reporting standards on an economy wide basis by 2025.<sup>33</sup> In line with this call to action, it recommends that the following principles are considered by jurisdictions when developing disclosure requirements:

1. International coordination: jurisdictions should leverage ISSB in bringing together existing standards bodies and approaches, and addressing fragmentation in sustainability reporting. ISSB provides a baseline upon which jurisdictions can build by including more country- or region-specific elements.
2. Economy-wide scope: the scope of disclosure rules should be based on a company's size rather than on whether they are publicly or privately listed.
3. Timely implementation: given the urgent need for standardised sustainability data, policymakers are encouraged start the process to implement standards by 2025.
4. Consistent implementation: the standards should be implemented consistently across geographies to ensure the benefits of standardisation are fully realised.

<sup>33</sup> LSEG (2024), Call for ISSB adoption.  
<https://www.lseg.com/en/insights/racing-for-transparency-global-commitment-issb-adoption-2025>



IN FOCUS

ESRS and ISSB<sup>34</sup>

Elements of the higher-level requirements for the ESRS standards and ISSB, particularly on climate, are interoperable. For example, they both follow a TCFD-structure for climate disclosures. However, there are four key differences between them:

- 1. Materiality:** Under the ISSB standards, materiality is defined from a financial perspective (single materiality) – that is, companies must report on issues that are likely to have an impact on their financial performance. The ESRS standards adopt a ‘double materiality’ approach whereby companies must report on their impacts on people and the environment in addition to financially relevant issues.
- 2. Disclosure on sustainability topics other than climate:** The ESRS standards set specific requirements on nine sustainability topics beyond climate, each of them covered by a dedicated reporting standard. By contrast, the ISSB standards are not prescriptive about what sustainability issues companies should report on. IFRS S1 stipulates that it is at the discretion of the company to determine whether the specific issue could affect the entity’s financial prospects. IFRS S1 does, however, state that a company may refer to and consider the applicability of ESRS as a source of guidance.

- 3. Target audience or intended users:** Users of general-purpose financial reporting (e.g. investors, lenders and other creditors) are the intended audience of the ISSB standards. ESRS caters for a wider spectrum of users from users of general-purpose financial reporting to governments, analysts, NGOs and academics.
- 4. Mandatory or voluntary:** The ISSB standards are voluntary unless incorporated by jurisdictions into their regulation, whereas the ESRS standards are mandatory and applicable in all EU member states under CSRD.

Interoperability between ESRS and ISSB?

Given that ESRS is a more comprehensive reporting framework than ISSB, adapting ESRS reporting to ISSB requirements will likely involve minimal additional work. However, to meet ISSB’s strong focus on financial materiality of sustainability issues, companies might need to reframe how they approach and disclose against certain issues. For example:

- **Quantified climate scenario analysis:** While both standards require scenario analysis to assess climate risks, ISSB S2 expects companies to provide quantitative financial projections under different climate scenarios, showing the potential effects on financial position and performance. ESRS E1 is less prescriptive about quantifying financial impacts, often focusing more on qualitative assessment.

- **Financial impacts of sustainability issues:** In relation to social and governance issues, ESRS requires detailed disclosures while ISSB S1 does not mandate specific disclosures on topics outside of climate change. Instead, it frames other disclosures in the context of ‘sustainability-related financial information’. This means that companies may need to invest time in translating their ESRS reporting into financial terms.
- **Integration with financial reporting:** ISSB requires that sustainability information be included in a single set of general-purpose financial reports in a way that allows investors to see the direct financial impacts of sustainability-related risks and opportunities. This includes specific guidelines on presenting sustainability data in formats that align with financial reporting, so stakeholders can evaluate sustainability factors within the context of overall financial performance. While ESRS does require links to financial statements, it does not prescribe this level of integration with financial metrics or formatting for investor-centric analysis.

Conversely, companies reporting against ISSB standards are unlikely to comply with the ESRS standards given that they require disclosure against a broader range of sustainability topics beyond climate. However, to assess how they can apply the ISSB standards to their ESRS reporting, companies can consult the [ESRS-ISSB Interoperability Guidance](#).

34 IFRS (2024), ESRS-ISSB Standards: Interoperability Guidance, <https://www.ifrs.org/content/dam/ifrs/supporting-implementation/issb-standards/esrs-issb-standards-interoperability-guidance.pdf>

# Appendices





# Appendix A: Greenhouse gas assessments using the Greenhouse Gas Protocol

The IFRS S2 Climate-related Disclosures<sup>35</sup> standard requires companies to disclose their Scope 1, 2 and 3 emissions in line with the Greenhouse Gas Protocol<sup>36</sup> (Table 2). The Greenhouse Gas Protocol is the most widely used framework for measuring and managing greenhouse gas (GHG) emissions. Established by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), it provides standardised guidelines that help organisations and governments quantify, understand and reduce their GHG emissions. When conducting their greenhouse gas assessments, companies must source data from across their operations and apply emission factors to the data in order to calculate total emissions in tCO<sub>2</sub>e per annum.

The Greenhouse Gas Protocol defines three scopes of emissions:

- **Scope 1:** Direct greenhouse gas emissions that occur from sources that are controlled or owned by an organisation.
- **Scope 2:** Indirect greenhouse gas emissions from the consumption of purchased electricity, heat, steam and cooling.
- **Scope 3:** Indirect greenhouse gas emissions that occur in a company’s value chain but are not directly controlled by the company.

Scope 3 emissions typically cover the majority of a company’s total emissions and are further broken down into 15 individual categories (Table 2).

35 ISSB (2023) ‘IFRS S2 Climate-related Disclosures’. <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s2-climate-related-disclosures>

36 WBCSD/WRI (2004). Greenhouse Gas Protocol: a Corporate Accounting and Reporting Standard.

Table 2: Categories of Scope 3 emissions

|            | #  | Category                                                            | Description                                                                                                                                                                                                                                              |
|------------|----|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UPSTREAM   | 1  | Purchased goods and services                                        | Extraction, production and transportation of goods and services purchased or acquired by the company                                                                                                                                                     |
|            | 2  | Capital goods                                                       | Extraction, production and transportation of capital goods purchased or acquired by the company                                                                                                                                                          |
|            | 3  | Fuel- and energy-related activities (not included in Scopes 1 or 2) | Extraction, production and transportation of fuels and energy purchased or acquired by the company, not already accounted for in Scopes 1 or 2.                                                                                                          |
|            | 4  | Upstream transportation and distribution                            | Transportation and distribution of products/services, whether purchased from tier 1 suppliers or facilitated through third-party services, covering inbound and outbound logistics and inter-facility transportation.                                    |
|            | 5  | Waste generated in operations                                       | Disposal and treatment of waste generated in the company’s operations (in facilities not owned or controlled by the reporting company)                                                                                                                   |
|            | 6  | Business travel                                                     | Transportation of employees for business-related activities (in vehicles not owned or operated by the reporting company)                                                                                                                                 |
|            | 7  | Employee commuting                                                  | Transportation of employees between their homes and their worksites (in vehicles not owned or operated by the reporting company)                                                                                                                         |
|            | 8  | Upstream leased assets                                              | Operation of assets leased by the company (lessee) and not included in Scopes 1 and 2 – reported by lessee                                                                                                                                               |
| DOWNSTREAM | 9  | Downstream transportation and distribution                          | Transportation and distribution of products sold by the company between the company’s operations and the end consumer (if not paid for by the company), including retail and storage (in vehicles and facilities not owned or controlled by the company) |
|            | 10 | Processing of sold products                                         | Processing of intermediate products sold by downstream companies (e.g. manufacturers)                                                                                                                                                                    |
|            | 11 | Use of sold products                                                | End use of goods and services sold by the company                                                                                                                                                                                                        |
|            | 12 | End-of-life treatment of sold products                              | Waste disposal and treatment of products sold b the company at the end of their life                                                                                                                                                                     |
|            | 13 | Downstream leased assets                                            | Operation of assets owned by the company (lessor) and leased to other entities, not included in Scopes 1 and 2 – reported by the lessor                                                                                                                  |
|            | 14 | Franchises                                                          | Operation of franchises, not included in Scopes 1 and 2 – reported by the franchisor                                                                                                                                                                     |
|            | 15 | Investments                                                         | Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in Scopes 1 or 2                                                                                                                |

Source: FTSE Russell, January 2024. Note: Adapted from The GHG Protocol, ‘The Corporate Value Chain (Scope 3) Accounting and Reporting Standard’ (2011).



### Determining which Scope 3 categories are relevant

In selecting which Scope 3 categories need to be included in the GHG assessment, companies may pose these questions:<sup>37</sup>

- 1. Size:** Is the activity expected to materially contribute to the company's total Scope 3 emissions?
- 2. Influence:** Can the company reasonably contribute to or encourage potential emissions reductions?
- 3. Risk:** Are these emissions meaningfully linked to the companies' risk profile (e.g. financial, regulatory, litigation or reputational risks)?
- 4. Stakeholders:** Is the type of emissions deemed critical by key stakeholders (e.g. customers, suppliers, investors, regulators or standard-setters)?
- 5. Outsourcing:** Do the emissions relate to outsourced activities that either were previously performed in-house or are typically performed in-house by sector peers?
- 6. Sector guidance:** Have the emissions been identified as significant by sector-specific guidance?
- 7. Other considerations:** Do the emissions meet any additional criteria for determining relevance developed by the company or industry sector?

<sup>37</sup> LSEG (2024), Solving the Scope 3 Conundrum



## Appendix B: Key climate scenarios

### IPCC scenario

The Intergovernmental Panel on Climate Change (IPCC) was established by the United Nations to provide policymakers with scientific assessments on climate change. It has developed a basis for the construction of comparable scenarios across research and modelling groups – Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs). RCPs are scenarios that measure different levels of greenhouse gas emissions, modelled as the level of radiative forcing (e.g. 2.6, 4.5, 6.0 and 8.5) in the atmosphere. These radiative forcing values are used by scientists to estimate potential future temperature rises.

SSPs were developed to complement the RCPs and analyse how various socioeconomic factors such as population growth, economic growth, urbanisation, trade, energy and agricultural systems, and other influences on greenhouse gas emissions, may change over the next century. There are five SSPs (see below), each representing an alternate socioeconomic and technological future:

- Sustainable development (SSP1)
- Middle-of-the-road development (SSP2)
- Regional rivalry (SSP3)
- Inequality (SSP4)
- Fossil-fuelled development (SSP5)

Although the SSP scenarios assume no explicit policies to mitigate or adapt to climate change, various mitigation actions can be ‘applied’ to these five baseline scenarios to evaluate their effectiveness in achieving various targets, such as the Paris temperature target of limiting temperature rise to well below 2°C above pre-industrial levels. For full descriptions of each of the SSPs please see [here](#).<sup>38</sup>

**Table 3. Mapping between SSPs and associated temperature rises in near, mid and long term<sup>40</sup>**

|          | Near term, 2021–2040 |                        | Mid-term, 2041–2060 |                        | Long term, 2061–2080 |                        |
|----------|----------------------|------------------------|---------------------|------------------------|----------------------|------------------------|
| Scenario | Best estimate (°C)   | Very likely range (°C) | Best estimate (°C)  | Very likely range (°C) | Best estimate (°C)   | Very likely range (°C) |
| SSP1–1.9 | 1.5                  | 1.2 to 1.7             | 1.6                 | 1.2 to 2.0             | 1.4                  | 1.0 to 1.8             |
| SSP1–2.6 | 1.5                  | 1.2 to 1.8             | 1.7                 | 1.3 to 2.2             | 1.8                  | 1.3 to 2.4             |
| SSP2–4.5 | 1.5                  | 1.2 to 1.8             | 2.0                 | 1.6 to 2.5             | 2.7                  | 2.1 to 3.5             |
| SSP3–7.0 | 1.5                  | 1.2 to 1.8             | 2.1                 | 1.7 to 2.6             | 3.6                  | 2.8 to 4.6             |
| SSP5–8.5 | 1.6                  | 1.3 to 1.9             | 2.4                 | 1.9 to 3.0             | 4.4                  | 3.3 to 5.7             |

The latest version of the SSP scenarios is presented in the 2021 IPCC Sixth Assessment Report (AR6).<sup>39</sup> Figure 10 on page 62 provides explicit mapping between the SSPs, and associated temperature rises in the near, mid and long term. The scenarios are expressed in the format of SSPx–y, where ‘SSPx’ refers to the socioeconomic trend underlying the scenario and ‘y’ refers to the level of radiative forcing resulting from the greenhouse gas emissions in the scenario.

38 Our World in Data, *IPCC Scenarios Data Explorer*, <https://ourworldindata.org/explorers/ipcc-scenarios>

39 IPCC, Sixth Assessment Report, Chapter 4: *Future Global Climate – Scenario-based Projections and Near-term Information*, [https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC\\_AR6\\_WGI\\_Chapter04.pdf](https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Chapter04.pdf)

40 UNEP FI, *The 2023 Climate Risk Landscape*, <https://www.unepfi.org/themes/climate-change/2023-climate-risk-landscape>

NGFS scenarios

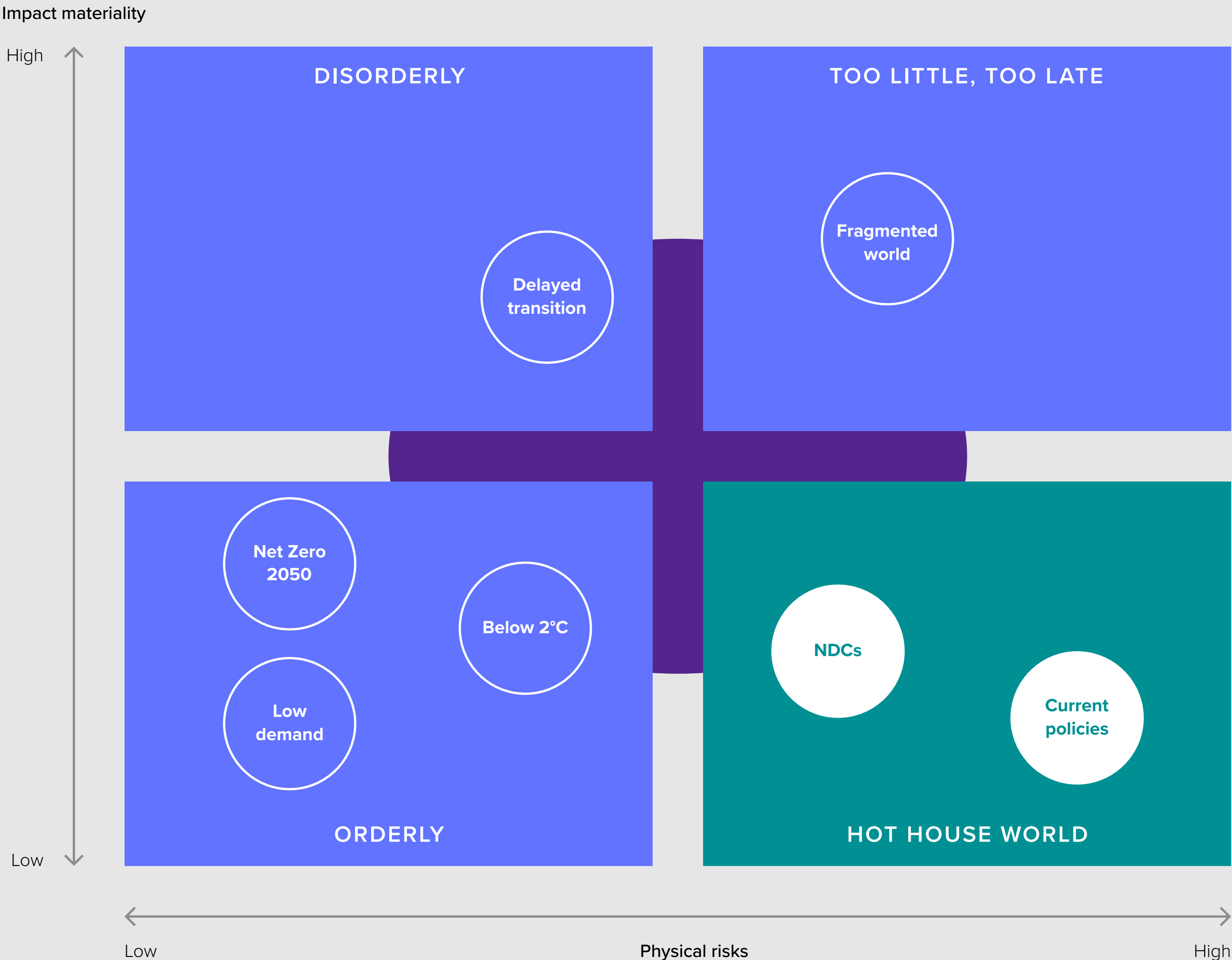
The Network for Greening the Financial System (NGFS) is a group of over 80 central banks focused on addressing climate risks. NGFS has worked with an academic consortium from the Potsdam Institute, IIASA, University of Maryland, Climate Analytics and the Swiss Federal Institute of Technology (ETHZ) to develop the NGFS climate scenarios. These scenarios were designed to complement the IEA and IPCC scenarios, by providing a common-starting point for analysing how climate physical and transition risks could evolve in different policy futures. They were developed primarily for use by central banks and supervisors but may also be used by the broader private sector, government and academia.

The seven scenarios assess the overall level of physical and transition risk which is driven by the level of policy ambition, policy timing, coordination and technology levers. Each scenario falls into one of four categories:

- **Orderly scenarios** assume climate policies are introduced early and become gradually more stringent. Both physical and climate risks are relatively subdued. The orderly scenarios include ‘Net Zero 2050’, ‘Low Demand’ and ‘Below 2°C’.
- **Disorderly scenarios** explore the implications of policies being delayed or divergent across countries and sectors. In this scenario – ‘Delayed Transition’ – carbon prices are typically higher for a given temperature outcome.
- **Hot house world** scenarios assume that some climate policies are implemented in some jurisdictions, but that global efforts are insufficient to halt significant global warming. These scenarios – ‘NDCs’ and ‘Current Policies’ – assume that critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise.
- **Too little, too late** scenarios reflect delays and international divergences in climate policy ambition that imply elevated transition risks in some countries and high physical risks in all countries due to the overall ineffectiveness of the transition. There is one too little, too late scenario – ‘Fragmented World’.

41 NGFS, *Scenarios Portal*, <https://www.ngfs.net/ngfs-scenarios-portal/explore>

Figure 10. Updated NGFS scenarios (Phase IV, 2023)<sup>41</sup>



Source: NGFS (see footnote).

IEA (International Energy Agency) scenarios

Updated in 2023, the IEA scenarios explore how the energy system might evolve under three different policy scenarios, namely:

- **STEPS (Stated Policies Scenario):** This scenario reflects current energy-related policy settings that have been firmly communicated or committed to by national authorities as of the end of August 2023. The scenario also considers currently planned capacities for clean energy technologies.
- **APS (Announced Pledges Scenario):** This scenario assumes that all climate commitments made by governments and industries around the world as of end of August 2023 will be met on time. These commitments include longer-term net-zero targets, Nationally Determined Contributions (countries’ self-defined national climate pledges detailing what they will do to help meet the 1.5°C goal), as well as targets for access to electricity and clean cooking.
- **NZE2050 (Net Zero Emissions by 2050 Scenario):** This scenario sets out a pathway for the global energy sector to achieve net-zero CO<sub>2</sub> emissions by 2050 without relying on emissions reductions from sectors outside of energy. It assumes universal access to electricity and clean cooking by 2030. This scenario was comprehensively updated in 2023.

In summary: comparing the scenarios

Table 4. Scenario overview

| Scenario                                         | Decision factors to consider                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                      |                                                                                                                                                   | Resources                                             |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
|                                                  | Focus and purpose                                                                                                                                                                                                                                                                                                                                                                                                                                | Number of scenarios                                                                                                                                                                                                                                  | Coverage                                                                                                                                          |                                                       |
| NGFS (Network for Greening the Financial System) | The scenarios focus on the economy and financial sector.<br><br>They assess both physical and transition risk.                                                                                                                                                                                                                                                                                                                                   | NGFS provides seven scenarios that cover a wide range of policy and technological dimensions.                                                                                                                                                        | Global coverage                                                                                                                                   | <a href="#">NGFS Scenarios Portal</a>                 |
| IEA (International Energy Agency)                | The scenarios focus on the implications of transition policy and technological changes for the energy system (e.g. how the energy system will look).<br><br>The scenarios exclude physical risk and only include fuel sources that are commercially available or at an advanced stage of development.                                                                                                                                            | There are three main IEA scenarios, each of which is built on a different set of underlying assumptions about how the energy system might evolve over time.                                                                                          | The scenarios cover 29 regions that can be aggregated to produce global results.<br><br>The scenarios cover all sectors within the energy system. | <a href="#">IEA's Global Energy and Climate Model</a> |
| IPCC (Intergovernmental Panel on Climate Change) | The IPCC's RCP (Representative Concentration Pathway) scenarios describe different levels of greenhouse gases and warming that might occur in the future. The SSP (Shared Socioeconomic Pathways) scenarios look at different future socioeconomic pathways.<br><br>The two sets of scenarios were designed to be integrated to better understand how different socioeconomic futures could influence climate under various emissions scenarios. | Companies and investors commonly use the five SSP scenarios which differ in their assumptions about socioeconomic and technological development in the coming decades.<br><br>Companies looking for a Paris-aligned scenario often use the SSP1–1.9. | Global coverage                                                                                                                                   | <a href="#">Our World in Data – SSP Scenarios</a>     |



## Appendix C: What are the key assumptions to consider when completing climate scenario analysis?

The list opposite provides an overview of the range of assumptions typically used in climate scenario analysis. They are taken from the TCFD knowledge hub.<sup>42</sup>



| Assumption                                 | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Discount rate                              | What discount rate does the organisation apply to discount future value?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Carbon price                               | What assumptions are made about how carbon price(s) would develop over time (within tax and/or emissions trading frameworks), geographic scope of implementation, whether the carbon price would apply only at the margin or as a base cost, whether it is applied to specific economic sectors or across the whole economy and in what regions? Is a common carbon price used (at multiple points in time?) or differentiated prices? What assumptions are being made about the scope and modality of a CO <sub>2</sub> price via tax or trading scheme? |
| Energy demand and mix                      | What would be the resulting total energy demand and energy mix across different sources of primary energy e.g. coal/oil/gas/nuclear/renewables (sub-categories)? How does this develop over time assuming supply/end-used efficiency improvements? What factors are used for energy conversion efficiencies of each source category and for end-use efficiency in each category over time?                                                                                                                                                                |
| Price of key commodities/products          | What conclusions does the organisation draw, based on the input parameters/assumptions, about the development over time of market prices for key inputs, energy (e.g. coal, oil, gas, electricity)?                                                                                                                                                                                                                                                                                                                                                       |
| Macro-economic variables                   | What GDP rate, employment rate and other economic variables are used?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Demographic variables                      | What assumptions are made about population growth and/or migration?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Efficiency                                 | To what extent are positive aspects of efficiency gains/clean energy transition/physical changes incorporated into scenarios and business planning?                                                                                                                                                                                                                                                                                                                                                                                                       |
| Geographical tailoring of transition plans | What assumptions does the organisation make about potential differences in input parameters across regions, countries, asset locations and markets?                                                                                                                                                                                                                                                                                                                                                                                                       |
| Technology                                 | Does the organisation make assumptions about the development of performance/cost and resulting levels of deployment over time of various key supply and demand-side technologies (e.g. solar PV/CSP, wind, energy storage, biofuels, CCS/CCUS, nuclear, unconventional gas, electric vehicles and efficiency technologies in other key sectors including industrial and infrastructure)?                                                                                                                                                                  |
| Policy                                     | What are assumptions about strength of different policy signals and their development over time (e.g. national headline carbon emissions targets; energy efficiency or technology standards and policies in key sectors; subsidies for fossil fuels; subsidies or support for renewable energy sources and for CCS/CCUS)                                                                                                                                                                                                                                  |
| Climate sensitivity assumptions            | Assumptions of temperature increase relative to CO <sub>2</sub> increase                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

42 <https://www.tcfdhub.org>

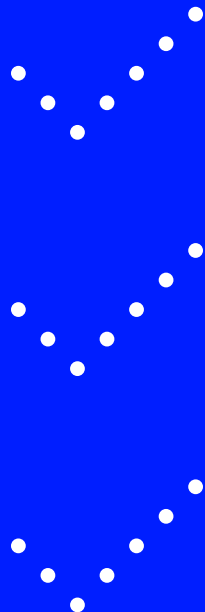
Appendix D: Comparing key sustainability reporting requirements<sup>43</sup>

Comparison of main sustainability disclosure frameworks and standards

|                        | GRI                                                                                                                                                                           | ESRS                                                                                                                          | ISSB                                                                                                                                                                                            | Consolidated into ISSB                                                                                              |                                                                                                                                                                                         |                                                                                                                                      |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
|                        |                                                                                                                                                                               |                                                                                                                               |                                                                                                                                                                                                 | Integrated reporting framework                                                                                      | SASB standards                                                                                                                                                                          | TCFD                                                                                                                                 |
| Type of guidance       | Standards                                                                                                                                                                     | Standards                                                                                                                     | Standards                                                                                                                                                                                       | Framework                                                                                                           | Standards                                                                                                                                                                               | Guidelines                                                                                                                           |
| Application            | Voluntary                                                                                                                                                                     | Mandatory for large companies and listed SMEs                                                                                 | Subject to national jurisdiction adoption                                                                                                                                                       | Voluntary                                                                                                           | Voluntary                                                                                                                                                                               | Voluntary                                                                                                                            |
| Coverage               | Global                                                                                                                                                                        | European Union (third countries in the future)                                                                                | Global                                                                                                                                                                                          | Global                                                                                                              | US, to be applicable globally                                                                                                                                                           | Global                                                                                                                               |
| Topics                 | Economic, environmental and social activities and impacts                                                                                                                     | Environmental, social and governance                                                                                          | General sustainability; climate, other topics to be added                                                                                                                                       | Six capitals: financial, manufactured, intellectual, human, social, natural                                         | Environment, social capital, human capital, business model and innovation, leadership and governance                                                                                    | Climate-related risks, opportunities, financial impacts and scenario analysis                                                        |
| Sector specific        | No                                                                                                                                                                            | Yes (forthcoming)                                                                                                             | Yes                                                                                                                                                                                             | No                                                                                                                  | Yes                                                                                                                                                                                     | Yes                                                                                                                                  |
| Target audience        | All stakeholders                                                                                                                                                              | All stakeholders                                                                                                              | Investors                                                                                                                                                                                       | Providers of financial capital                                                                                      | Investors                                                                                                                                                                               | Investors                                                                                                                            |
| Building blocks        |                                                                                                                                                                               | TCFD, GRI, CDP                                                                                                                | TCFD, SASB, CDSB                                                                                                                                                                                |                                                                                                                     |                                                                                                                                                                                         |                                                                                                                                      |
| Materiality type       | Impact materiality                                                                                                                                                            | Double materiality (financial + impact materiality)                                                                           | Single materiality (financial materiality)                                                                                                                                                      | Single materiality (financial materiality)                                                                          | Single materiality (financial materiality)                                                                                                                                              | Single materiality (financial materiality)                                                                                           |
| Materiality definition | Aspects that reflect the organisation’s significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders | Impact on people or the environment and financial effects on undertaking over the short-, medium- and long-term time horizons | Information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of general-purpose financial reporting | Matter that could substantively affect the organisation’s ability to create value in the short, medium or long term | A fact is material if there is a substantial likelihood that a reasonable investor would view its omission or misstatement as having significantly altered the total mix of information | Public companies’ legal obligation to disclose information in the financial filings – including material climate-related information |

43 <https://www.ifcbeyondthebalancesheet.org/understanding-global-reporting-frameworks>

Source: IFC, 2023





# Appendix E: Additional resources

## Useful guidance

- [Comparison IFRS S2 Climate-related Disclosures with the TCFD Recommendations](#)
- [PRI Driving meaningful data: financial materiality, sustainability performance and sustainability outcomes](#)
- [ESRS-ISSB Standards: Interoperability Guidance](#)

## Key standards referred to in this document

- [ISSB S1](#)
- [ISSB S2](#)
- [TCFD Recommendations](#)
- [GRI Standards](#)
- [ESRS Standards](#)

## Key scenarios referred to in this document

- [IEA Scenarios](#)
- [NGFS Scenarios](#)
- [IPCC Scenarios](#)

## Other resources

- [Call to Action: ISSB Global Adoption](#)
- [UK Government Technical Advisory Committee on Sustainability Disclosure Meeting Summaries](#)



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