

Sustainability DIY

IFRS Sustainability Disclosure Standards

Journey 3






DIY your report in accordance to the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards

Journey 3

Identifying the disclosures made by your sustainability report and gathering data



Disclaimer: This resource has been developed by Sustain Labs Paris & Microsoft to support using IFRS Sustainability Disclosure Standards for sustainability reporting. It is not an initiative of ISSB or IFRS Foundation, or endorsed by these parties.

Step 1. Set your boundaries

Use the reporting boundary that your organization has set for its general-purpose financial reporting.¹



Include your value chain boundaries.



Please note: Your organization is required to disclose information about climate or sustainability-related risks and opportunities arising throughout your organization's **value chain boundaries**.²

1 - IFRS. (2023, June 26). *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information*. (pg. 8)

2 - IFRS. (2022, March 31). *Basis for Conclusions on [Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information*. (pg. 15-16)

Step 2. Set your methodology for measuring GHG emissions

Is this the first year that your organization is applying IFRS S2?³

If yes, then answer the following 2 questions:

1. Has your organization set up a methodology to measure GHG emissions?
2. Is it required by regulation or stock exchange guidelines applicable to your organization to use a specific GHG emissions measurement method?

If your answer is yes to 1 or both of the above questions

Then continue with same methodology

If no, then

Your organization will use:

GHG Protocol: A Corporate Accounting and Reporting Standard (2004), to measure GHG emissions (for Scope 1 and Scope 2).

GHG Protocol Corporate Value Chain Accounting and Reporting Standard (2011). (for Scope 3)

Step 3. Check if “transition reliefs” apply to your organization

If your organization is reporting on sustainability “using the IFRS Sustainability Disclosure Standards” for the first time, apply the following temporary transition reliefs available to all organizations in their **first annual reporting period**:⁴

Climate-first reporting

Organizations are permitted to disclose only the climate-related risks and opportunities (applying for both IFRS S1 and S2)

Disclosure of Scope 3 GHG emissions

Organizations are permitted to delay disclosure of Scope 3 GHG emissions by 1 year as per temporary transition relief provided in IFRS S2.

Timing of reporting

Organizations can publish annual sustainability-related financial disclosures after they publish their related financial statements.

Comparative information

Comparative information is the information compared with the preceding period. It is not required to be disclosed in the first year of reporting.

GHG protocol methodology

Organizations already using a different measurement method can continue to use that method in the first year of reporting.

4 - IFRS. (n.d.). *IFRS - Introduction to ISSB and IFRS Sustainability Disclosure Standards*.

<https://www.ifrs.org/sustainability/knowledge-hub/introduction-to-issb-and-ifrs-sustainability-disclosure-standards/>



Step 4 a. Identify material information for “sustainability-related risks and opportunities”

Identification

Identify material information for **sustainability-related risks and opportunities of your organization**⁵, including both direct and indirect risks and opportunities in the value chain.

IFRS S1 provides guidance to identify the sustainability-related risks and opportunities in the Application guidance (Appendix B).⁶

NOTE: Material information about sustainability-related risks and opportunities are those that could reasonably be expected to affect your organization’s prospects. Materiality of information is judged in relation to whether omitting, mis-stating or obscuring that information could reasonably be expected to influence decisions of primary users of general-purpose financial reports. The organization will need to disclose material sustainability-related financial information, even if law or regulation permits the entity not to disclose such information.

Outcome

The outcomes of sustainability-related risks and opportunities to be expressed in terms of short, medium, long term⁷

Outcomes may include the implications, impact, time for resolutions (as the case might be) for your organization’s sustainability-related risks and opportunities.

5 - IFRS. (2023, June 26). *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information*. (pg. 28-30)

6 - IFRS. (2023, June 26). *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information*. (pg. 25-27)

7 - IFRS. (2023, June 26). *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information*. (pg. 6)

Step 4 b. Identify material information for climate-related risks and opportunities

Guidance questions:

- What are the climate-related physical risks to which your organization is exposed to?
- What are the climate-related transition risks to which your organization is exposed to?
- What are the climate-related opportunities available to your organization?

Identify information about your organization's climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to your organization.⁸

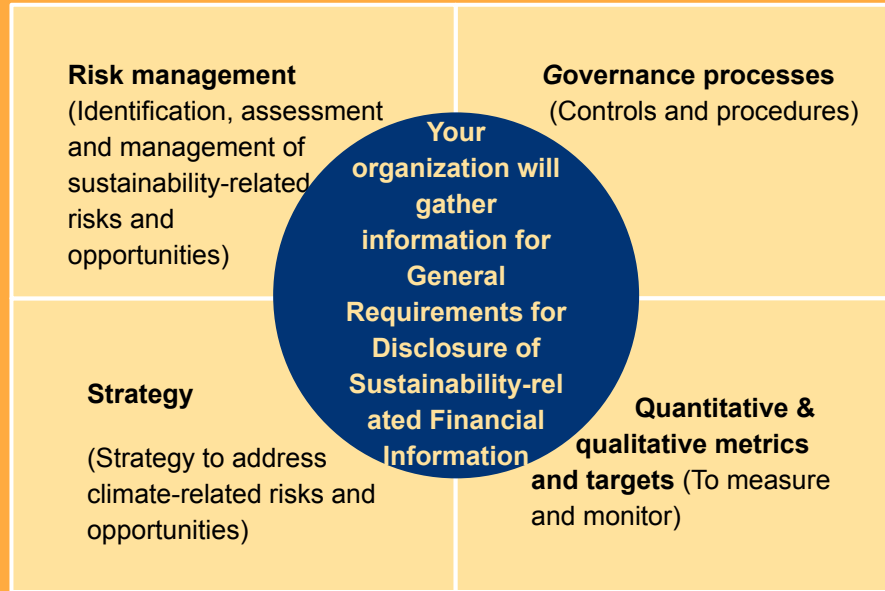
Select the material information about climate-related risks and opportunities, i.e., those that could reasonably be expected to affect the entity's prospects. Your organization will be required to disclose information if it concludes that the information is material to primary users in making decisions relating to providing resources to your organization.⁹

In the sustainability report, your organization will be required to describe material information about those climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium, or long term.¹⁰

Note that the disclosure topics and associated metrics in the industry-based guidance of IFRS S2 are not exhaustive. Your organization will need to consider the full range of climate-related risks and opportunities it faces, including any not identified in the IFRS guidance documents.

Step 5: Provide sustainability disclosures for IFRS S1

Disclosures in paragraphs 25 to 53 IFRS S1 include the following 4 types of disclosures, each inclusive of specific strategic disclosures about your organization as well as disclosures related to sustainability-related risks and opportunities as identified in Step 4a.¹¹



Provide reasonable and supportable information for all disclosures

Use the Data gathering Tool - IFRS Sustainability Disclosure Standards:
<https://query.prod.cms.rt.microsoft.com/cms/api/am/binary/RW1glkq>

Watch the video on how to use the tool:
<https://www.microsoft.com/en-us/video/player/embed/RW1giQU>

Step 6: Provide sustainability disclosures for IFRS S2

Disclosures in paragraphs 5 to 37 IFRS S2 include the following 4 types of disclosures for material information about climate-related risks and opportunities as identified in Step 4b.¹²



Provide reasonable and supportable information for all disclosures

Use the Data gathering Tool - IFRS Sustainability Disclosure Standards:
<https://query.prod.cms.rt.microsoft.com/cms/api/am/binary/RW1glkq>

Watch the video on how to use the tool:
<https://www.microsoft.com/en-us/videooplayer/embed/RW1giQU>

Step 7. Report your omissions

Is your organization unable to comply with the requirements of IFRS sustainability disclosures?

If yes, then choose from the following 2 reasons for permitted omissions:¹³

a) **Commercially sensitive information** - If any information about a sustainability-related opportunity is commercially sensitive in the limited circumstances.

b) **Legal or regulatory prohibitions** - If law or regulation prohibits the organization from disclosing that information.

Your organization will then disclose the fact that it has used exemption and will explain the source that restricts the organization from making the disclosure of the information as per legal or regulatory requirements. It will reassess at each reporting date whether the information qualifies for the exemption.

13 - IFRS. (2023, June 26). *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information*. (pg. 31)



Best practices for gathering relevant data



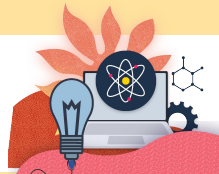
Establish a cross-functional sustainability team and champions for specific data owners.



Work closely with different departments within your organization to gather relevant data.



Identify the designated responsible member within your organization with respect to data collection, data entry, and data validation.



Leverage tool for data collection and management such as [Microsoft Sustainability Manager](#) to streamline data gathering, analysis, and reporting.¹⁴ For more information on Microsoft Sustainability Manager, please click [here](#).

A practical data gathering process for your sustainability report

Formulate team structure :

Designate a team leader or coordinator responsible for overseeing the team's activities and ensuring effective communication.

Identify data owners

Establish communication plans :

Establish regular communication channels and meetings around data gathering initiatives.

Training and capacity building :

- Impart necessary skills and knowledge around ISSB standards
- Familiarise responsible teams with financial and non-financial jargons around ISSB standards.

Implementing a data management tool / sustainability software platform:

- Evaluate the organization's existing systems and processes. Do you already have a relevant tool in place?
- If not, develop a plan for integrating a data management tool such as [Microsoft Sustainability Manager](#), considering compatibility and data transfer challenges.¹⁵

Standardize data collection processes:

Develop clear guidelines and procedures for data collection

