ISSB in *practice*

Reporting Examples and Insights

In this report

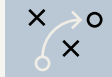
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Executive *summary*

Sustainability-related information creates value when it informs business decisions. Through practical examples of emerging practice, ISSB in Practice aims to help companies connect sustainability-related risks and opportunities to enterprise value, integrate sustainability into decision-making and create long-term value. In doing so, reporting becomes more than a compliance exercise; it becomes a tool for driving better performance and accountability."

Peter Bakker
President & CEO, WBCSD

Reporting insights: key takeaways



→ *Connection to specific business impacts*



→ *Transparency of method and uncertainty*



→ *Clarity and structure of presentation*



→ *Coherence across related disclosures*

Executive summary continued

The International Sustainability Standards Board's (ISSB) publication of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* in June 2023 marked a major step toward globally consistent, investor-focused sustainability-related reporting. This World Business Council for Sustainable Development (WBCSD) report aims to support preparers by providing practical, example-based insights into how early reporters are interpreting and applying the Standards in practice.

WBCSD is a strong supporter of the ISSB and its objective of establishing a globally consistent baseline for sustainability-related financial disclosures, even before the publication of IFRS S1 and IFRS S2 in June 2023. Following the release of the IFRS Sustainability Disclosure Standards, WBCSD welcomed IFRS S1 and S2 as a significant milestone towards enhancing the consistency, comparability and decision-usefulness of sustainability-related information and urged governments to adopt them as a global baseline. In May 2024, 121 investors, companies, industry associations and stock exchanges endorsed the call for global adoption developed by WBCSD together with the Principles for Responsible Investment (PRI), the United Nations Sustainable Stock Exchanges initiative (UN SSE) and the London Stock Exchange Group (LSEG).

Since then, WBCSD has supported high-quality adoption of the standards through initiatives such as the Preparer Forum for Sustainability Disclosure and the Corporate Reporting Connectivity Forum.

The scope of this report focuses on climate-related disclosures, reflecting the availability to companies of an optional transition relief per IFRS S1 that allows for a climate-first approach in the first annual reporting period. This also reflects the greater extent of established market practice and guidance for climate-related reporting, while reporting practices for other sustainability-related topics continue to evolve. It is of note that while climate-related reporting is more established than some other areas, practice remains somewhat uneven in terms of maturity.

The report is structured around eight topics that have been mapped to the IFRS S1 and S2 pillars of strategy, risk management, and metrics and targets, as well as the IFRS S1 conceptual foundations. It combines illustrative examples with technical and investor commentary, key observations and links to useful IFRS Foundation resources and market resources.

This report draws on selected examples from companies' general purpose financial reports, covering a range of sectors, geographies and market capitalizations. Examples were chosen to illustrate emerging practice rather than to assess overall compliance.

Observations from reporting examples

Across the reporting examples reviewed, several recurring patterns emerged that reflect both the early stage of IFRS S1 and S2 adoption and the uneven maturity of climate-related disclosures. Not all of the evaluated reports assert compliance with IFRS S1 or IFRS S2 at this stage, and these findings are expected to evolve over time as reporting practices mature and more companies comply with relevant aspects of the Standards.

Transparency about the maturity of analysis, and signaling planned improvements in future reporting cycles, was seen in some examples and aligned well with the emphasis on expected continuous improvement.

Genuine connectivity between sustainability information and the financial statements was uncommon; most entities observed limited themselves to high-level statements of alignment – same reporting period, same currency, issued together – rather than demonstrating whether and, if so, how climate related risks affect financial outcomes.

Disclosures that identified the specific sites, products or activities affected by climate-related physical risks and supported this with relevant figures, such as the percentage and amount of assets or business activities exposed, made disclosures stand out as more decision-useful. This is an IFRS S2 disclosure requirement where implementation appears to be still maturing, and not all entities demonstrated it consistently.

Transition-related information was generally easier to locate when companies presented information about their transition plans in a dedicated section. Detailed disclosures on how those plans would be resourced were often sparse or absent.

Climate-related risks and opportunities tended to be more developed than those on broader sustainability topics, potentially reflecting regulatory sequencing and the earlier market focus on climate.

Where information was considered material and therefore disclosed, **measurement approaches for Scope 1 and Scope 2** emissions were relatively consistent, with most entities aligning to the GHG Protocol. Scope 3 disclosures showed greater variability, influenced by transition reliefs and differing jurisdictional requirements.

Many metrics, targets and analytical approaches were still presented at a high level. As IFRS S2 builds on earlier frameworks such as TCFD, practice appears to be still evolving toward areas where there are more detailed requirements. This can limit users' ability to assess data quality or understand how values were derived.

Reporting insights: key takeaways

The following insights reflect themes observed directly in the reporting examples reviewed for this report. The commentary distinguishes information required by the Standards from additional information or actions requested by participating investors.



Connection to specific business impacts

Investors consistently emphasized the need for disclosures that clearly link climate-related risks to specific business and financial effects. They valued explanations of how physical hazards may disrupt operations, damage assets or increase costs, and how transition risks influence accounting estimates, demand forecasts and strategic responses. Disclosures were most decision-useful when entities connected risks to mitigation and adaptation strategies, scenario analysis outcomes and performance. This enabled investors to assess resilience, capital allocation and the credibility of management's judgments.



Transparency of method and uncertainty

Across topics, investors stressed that transparent methodology and explicit acknowledgement of uncertainty were essential for reliable decision-making. They valued disclosures that explained data sources, organizational boundaries, historical adjustments and the rationale for key assumptions, including materiality thresholds and value-chain scope. Clear justification for why certain figures could not be provided was preferable to speculative estimates, and enhanced confidence in the rigor and comparability of reported climate-related risks and emissions.



Clarity and structure of presentation

Presentation strongly influenced usability for investor reviewers. Text-heavy disclosures and unstructured lists made complex information difficult to interpret, whereas visual formats – such as tables, infographics and repeated templates – improved users' perceptions of navigation, comparability and coherence. Clear structuring of key points, concise summaries and consistent layouts helped prevent fragmentation and supported users' understanding of risk identification and strategic planning, including the resources management anticipates that it would need to execute on those plans. Effective presentation facilitates investors' understanding of material information without overwhelming them with information that is not material.



Coherence across related disclosures

Coherence improved when entities created a clear, logical flow across related strategy disclosures – from climate-related risks and opportunities to strategic planning, scenario analysis, risk management and financial effects. When these elements were connected, users could more easily understand how climate-related risks shape strategic choices, financial effects and resilience over time. A well-structured narrative strengthened interpretability and supported more consistent, decision-useful reporting.

Introduction

Key insights:

→ *Purpose* 07

→ *Scope* 07

→ *Structure* 07

→ *Methodology* 08

Introduction

The International Sustainability Standards Board (ISSB) published IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* in June 2023, marking a significant step toward globally consistent, investor-focused, sustainability-related reporting. These Standards establish a common language for corporates and investors to not only communicate sustainability-related risks and opportunities, but also to create a link to financial performance and prospects, with climate positioned as an immediate priority area.

IFRS S1 establishes the conceptual foundations and overarching disclosure requirements for communicating sustainability-related risks and opportunities and the effect on companies' prospects, over the short- medium- and long-term, while IFRS S2 sets out specific requirements for climate-related risks and opportunities. The Standards provide a common language for decision-useful reporting aligned with the four TCFD pillars – governance, strategy, risk management, and metrics and targets – and require companies to refer to and consider the applicability of industry-based disclosure topics.

Since publication, leading companies are starting to report in line with IFRS S1 and S2, thus actively working on enhancing the quality, completeness and decision usefulness of their sustainability and climate-related disclosures, laying the foundations for more comparable and reliable reporting over time. Comparable disclosures are critical not only for transparency, but also for assessing corporate climate performance, progress toward alignment with a low-carbon transition, and performance relative to sector peers.

Aiding the momentum and companies' efforts is the increasing number of jurisdictions around the world that have already taken steps to adopt or otherwise use the ISSB standards, including many in which the requirements have already come into effect. A list of ongoing and completed jurisdiction consultations on sustainability-related disclosures is available on the **IFRS Foundation website**.

Purpose

This report aims to provide preparers with practical insights into emerging reporting practices and to support high-quality implementation of IFRS S1 and S2.

Both investors and preparers have consistently emphasized the need for clearer, more practical guidance on how to disclose sustainability- and climate-related information in a way that meets investor expectations. This strengthening of investor-focused reporting is essential: decision-useful disclosures on sustainability-related governance, strategy, risk management and metrics and targets underpin comparability across companies, sectors, and can, more broadly, support capital allocation aligned with long-term resilience. The value of disclosure therefore extends beyond whether information has been reported: it also lies in whether the information is sufficiently decision-useful to support meaningful assessment, comparison and capital allocation decisions. Given that IFRS S1 and S2 adoption is still at an early stage, companies are simultaneously implementing new requirements and building internal capabilities. At this stage of adoption, illustrative examples can help organizations understand what reporting examples looks like at different stages of reporting maturity.

By combining technical commentary with investor perspectives, this report highlights how specific requirements are being interpreted in practice and what investors find most useful. The intention is to provide insights that help companies deepen their understanding of the standards and progressively enhance the clarity, completeness and relevance of their disclosures over time.

Scope

This report focuses on climate-related disclosures specifically. This reflects current market practice, with many first-year reporters using the transition relief that permits a climate-first approach, resulting in climate-related disclosures being the most developed and widely available.

All reports reviewed state some level of alignment with IFRS S1 and/or S2, or with jurisdictional equivalents, unless otherwise noted in the commentary for that disclosure (for example, where Hitachi's TCFD-aligned Scope 3 disclosures illustrate some components of the IFRS S2 requirements). The examples included are selected examples illustrating specific reporting practices for certain requirements; their inclusion does not indicate full compliance with IFRS S1 and/or S2, nor that the complete report has been reviewed or endorsed. Under IFRS S1.72, entities may state compliance only when all applicable requirements are met. Where companies report under local equivalents (such as HKFRS S1 and S2), under TCFD, or simply reference ISSB Standards, this report provides an example of disclosure relating to IFRS S1 and S2 requirements.

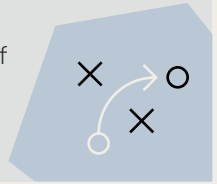
Structure

This report includes examples from the IFRS S1, and S2 pillars of strategy, risk management, and metrics and targets, as well as one of the IFRS S1 conceptual foundations. Governance-related disclosures are not included, reflecting preparer demand and stakeholder feedback indicating that the areas of greatest illustrative value and investor relevance currently sit within the remaining pillars.

Eight priority topics were identified where preparers expressed the strongest need for practical examples to support high-quality, decision-useful disclosures. These topics were also selected based on the maturity of available reporting and their importance for investor decision-making. Each topic is organized under the pillar to which it relates, providing a clear structure for preparers seeking to understand how IFRS S1 and S2 requirements are being interpreted in practice. Relevant illustrative examples are included for each of the following pillars and topics:

Introduction continued

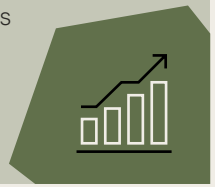
A. Strategy
- Topic 1: Climate-related physical risks
- Topic 2: Information about transition plans
- Topic 3: Financial effects of climate-related risks
- Topic 4: Scenario analysis



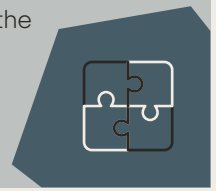
B. Risk management
- Topic 5: Risk management



C. Metrics and targets
- Topic 6: Metrics and targets
- Topic 7: Scope 3 emissions



D. Conceptual foundations
- Topic 8: Connectivity with the financial statements



Each of these eight topics is structured as follows:

1. Overview of ISSB requirements for each topic – summarizing the relevant IFRS S1 and S2 requirements and providing an illustrative mapping to the Standards' paragraphs.
2. A series of illustrative disclosures includes details of:
   - Company name
   - Market capitalization
   - Sector
   - Technical commentary on the example shown
   - Investor commentary on the example shown
3. Key observations – distils practical observations from the reviewed disclosures, highlighting findings that preparers may consider when drafting disclosures. Where relevant, observations also highlight disclosure practices that may support external assessment of climate performance and transition alignment.
4. Useful resources – provides links to supplementary IFRS Foundation and market guidance that may help preparers deepen their understanding of the reporting requirements for the topic, explore further practical examples, and educational materials.

Materiality is a foundational concept across IFRS S1 and S2, and the ISSB applies the same definition of materiality used in the IFRS Accounting Standards. Under IFRS S1.18, "Information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and provide information about a specific reporting entity." This definition applies to information about sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects – its cash flows, access to finance or cost of capital over the short, medium and long term. This report does not include materiality as a standalone topic, but readers can refer to the Additional References section for IFRS Foundation resources that provide deeper guidance on disclosing material information under IFRS S1 and S2.

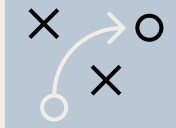
Note that where companies have asserted compliance with local equivalents of IFRS S1 and S2, e.g., Hong Kong's HKFRS S1 and S2, we still discuss disclosures in light of IFRS S1 and S2 requirements.

Methodology

A selection of report examples was drawn from across companies from a range of sectors, geographies and market capitalization values. This report does not assess the overall quality or effectiveness of reporting against IFRS standards for each of the companies. For more information about the selection process and full methodology please see **our website**.

Examples reflect varying levels of disclosure maturity and completeness. Some illustrate more established reporting practices, while others demonstrate specific aspects of IFRS S1 or IFRS S2 implementation, or areas where practice continues to evolve.

Pillar Overview



Strategy

The Strategy pillar of IFRS S1 and IFRS S2 covers disclosures that would enable the primary users to understand an entity's strategy for managing sustainability-related and climate-related risks and opportunities. This includes, among other things, describing those risks and opportunities that could reasonably be expected to affect the entity's prospects (cash flows, access to finance or cost of capital over the short-, medium- or long-term), their effects on the entity's business model and value chain, and how this informs the entity's strategy and decision-making.

The examples shown below demonstrate how entities disclose information on strategy by highlighting the following topics:

- **Topic 1:** Climate-related physical risks;
- **Topic 2:** Information about transition plans;
- **Topic 3:** Financial effects of climate-related risks; and
- **Topic 4:** Scenario analysis.



Risk management

The Risk management pillar of IFRS S1 and IFRS S2 requires disclosures on the processes used to identify, prioritize, assess and monitor sustainability- and climate-related risks and opportunities, and how these processes integrate with the broader risk management framework.

The examples shown below demonstrate how entities disclose information about risk management by highlighting the following topic:

- **Topic 5:** Risk management.



Metrics and targets

The Metrics and Targets pillar of IFRS S1 and IFRS S2 focuses on disclosures about an entity's performance. This includes progress against targets set by the entity and targets it is required to meet by law or regulation (IFRS S1.45; IFRS S2.27). These disclosures should set out the metrics used to measure sustainability- and climate-related risks and opportunities, including greenhouse gas emissions, industry-based metrics, and the targets set or required, together with progress over time.

This report provides examples of disclosures for the following topics that sit under this metrics and targets pillar:

- **Topic 6:** Metrics and targets; and
- **Topic 7:** Scope 3 emissions disclosure.



Conceptual foundations

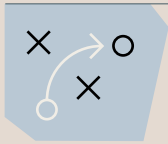
The 'Conceptual Foundations' of IFRS S1 and IFRS S2 set out the core principles – such as fair presentation, materiality, reporting entity and connected information – that underpin all sustainability-related financial disclosures.

This report provides examples of disclosures for the following topics that sit under this conceptual foundations pillar:

- **Topic 8:** Connectivity with the financial statements.

Highlights

Pillar overview



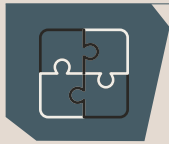
→ Strategy



→ Risk management



→ Metrics and targets



→ Conceptual foundations

Strategy | Risk management | Metrics and targets | Conceptual foundations

Climate-related *physical risks*

IFRS S2 requires entities to disclose information about climate-related risks that could reasonably be expected to affect **cash flows**, **access to finance** or **cost of capital** over the short-, medium- or long-term. These risks comprise both physical and transition risks.

This section of the report focuses on **climate-related physical risks** – these may be **acute**, arising from climate-related events such as storms, floods, droughts and heatwaves, or **chronic**, resulting from longer-term changes in climate patterns, including changes in temperature and precipitation, sea level rise, reduced water availability, etc.

For each climate-related risk, **IFRS S2.10** requires an entity to describe the risk, identify whether it is a **physical** or a **transition risk**, and specify the **time horizon** over which the risk is expected to occur. In addition, **IFRS S2.13** requires entities to specify where in the business model and value chain these risks arise, including any areas in which they are concentrated.

IFRS S2.29(c) requires disclosure of the **amount and percentage of assets or business activities that are vulnerable** to climate-related physical risks.

Strategy | Risk management | Metrics and targets | Conceptual foundations

Climate-related physical risks *Key observations*

Topic examples

The examples shown below highlight how entities identify and explain their exposure to climate-related physical risks, including the acute and chronic hazards that could reasonably be expected to affect the entities' prospects.

1. **Categorizing physical risks by specific hazard type** (e.g., flood, extreme heat, coastal inundation) and **linking these to the relevant part of the business model** provided deeper insight and helped users connect risks to operational realities and strategic responses. This also improves coherence across the annual report, helping users understand where risks are concentrated and how they may affect prospects.

2. Presentation influenced usability: text-heavy disclosures or simple lists were harder for users to interpret, whereas **more visual formats – such as structured tables or infographics – made complex information easier to navigate and compare.**

3. Similarly, entities that selected and organized information in a way that highlighted key points without overwhelming users produced clearer disclosures; **concise, well-structured summaries support accessibility without obscuring material information.**

4. Investors valued disclosures that explained **how physical climate hazards could lead to operational disruption, asset damage or increased costs**, noting that clear articulation of these pathways enhanced understanding of how climate events may affect an entity's prospects.

5. Investors highlighted the **importance of transparency on the scope and methodology used**, including whether assessments covered value chain exposure and how materiality thresholds were determined; this clarity would strengthen confidence in the rigor of the risk identification process.

6. More broadly, stronger practice may include linking significant climate hazards to adaptation actions and, where appropriate, time-bound adaptation targets. This can support assessment against resilience frameworks such as C-RAB and ResilienceArc.

Strategy | Risk management | Metrics and targets | Conceptual foundations

Topic: Climate-related physical risks
Example: 1.1

Technical insight

Tenaga, a Malaysian multinational electricity company, provides a clear summary of its top five climate-related physical risks in its 2025 integrated annual report by using a well-structured "Climate Hazard" table. **IFRS S2.13** requires entities **to identify climate-related risks** and **specify where** in the **business model** and **value chain** those **risks arise**. Tenaga describes and illustrates the operational and geographic areas affected, as well as the types of assets, and by indicating whether each risk is expected to materialize over the short-, medium- or long-term, is consistent with **IFRS S2.10(c) and (d).**

The qualitative descriptions of how these **physical risks** may affect the entity's prospects provide useful insight into operational disruption. This includes descriptions such as "costly repairs" and an earlier in the report reference to "higher operating costs resulting from damage recovery" together with high-level financial estimates.

Tenaga Nasional Berhad (Tenaga)

Region: Asia-Oceania | **Market-cap:** 10-20bn USD | **Sector:** Infrastructure
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Read more here

IFRS S2.10(a)(b), S2 13(b)

Type	Climate Hazard	Description	Geographical Boundary	Time Horizon That the Risk Is Expected to Occur
Acute Event-driven risks which are increasing in severity and frequency	Flood	Malaysia is exposed to monsoon rains, particularly from November to March, with low-lying areas along the east coast being highly vulnerable. Flooding can damage critical infrastructure such as substations and transformers, causing short circuits, equipment failure, and power outages. Access to affected sites may also be restricted, delaying repair and restoration efforts.	Peninsular Malaysia	S M L
	Extreme Heat	Rising ambient temperatures may affect thermal power plants' efficiency and increase fuel costs. Solar assets may operate sub-optimally in high temperatures or with insufficient sunlight, thus reducing output. Extreme heat may also affect grid system reliability by overloading the system.	Peninsular Malaysia	S M L
	Extreme Wind	Our assets, particularly transmission lattice towers and service poles, as well as solar power plants, are vulnerable to extreme wind. Extreme winds can cause the collapse of lattice towers, uprooting of poles, dislodging or breaking solar panels, leading to costly repairs and downtime.	Peninsular Malaysia	S M L
Chronic Risks arising from longer-term shifts in climatic patterns	Soil Movement	Soil movement, including landslides and ground subsidence, can destabilise asset foundations, causing tilting, misalignment, or structural collapse. This leads to asset damage such as line tension imbalance, conductor damage, leading to power outages and increased repair costs.	Peninsular Malaysia	S M L
	Coastal Inundation	Our coastal assets are exposed to the risk of rising sea levels. Seawater intrusion can contaminate freshwater supplies and corrode infrastructure. Assets submerged during high tides and storms can cause extensive damage, while prolonged exposure to saltwater accelerates metal erosion and compromising structural integrity.	Peninsular Malaysia	L

Investor insight

Tenaga Nasional Berhad's disclosure is a strong example of alignment with the **IFRS S2** approach to identifying, assessing and disclosing climate-related risks. The disclosure not only identifies climate-related hazards, geographical boundaries and time horizons, but also explains how physical risks may affect specific assets and business activities.

By describing how hazards such as floods, extreme heat and coastal inundation could result in operational disruptions, asset damage and increased costs, it helps investors better understand the relationship between climate events and potential impacts on enterprise value. Such disclosure enables a more systematic assessment of physical risk exposure and enhances confidence in the company's climate risk assessment.

Topic: Climate-related physical risks continued
Example: 1.1

Technical insight

Tenaga builds on its risk overview with a "Climate Resiliency" section explaining how it conducted climate scenario analysis using IPCC models (see the scenario analysis section for more details on scenarios). The company links coastal inundation exposure to scenario outcomes. It then assesses a subset of its assets (thermal plants, substations and high-voltage overhead lines) to quantify the percentage of these assets that are vulnerable to this risk, thus partially meeting the requirement of **IFRS S2. 29.** Disclosure of an amount in addition to the percentage, and clarifying the percentage this constitutes of total assets, would more fully illustrate the requirement in **IFRS S2. 29(c).**

ISSB disclosures should communicate the impacts on the company's prospects – **see Topic 4** for more detail on scenario analysis disclosures.

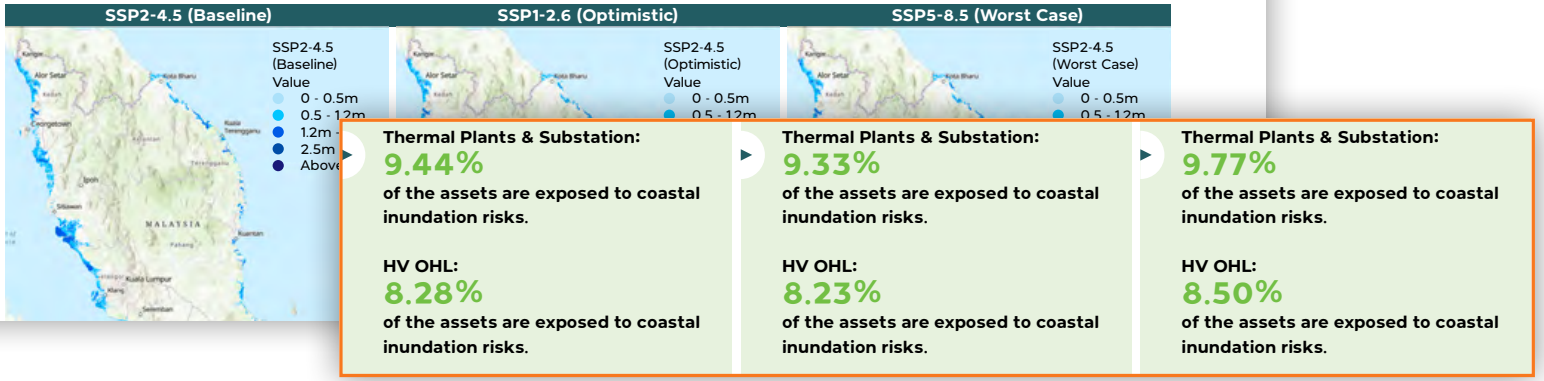
Tenaga Nasional Berhad (Tenaga) continued

Region: Asia-Oceania | **Market-cap:** 10–20bn USD | **Sector:** Infrastructure
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Read more here

IPCC Scenario	IPCC SSP1-2.6: High Transition Risk with Low Physical Risk	IPCC SSP2-4.5 Moderate Transition and Physical Risk	IPCC SSP5-8.5 Low Transition Risk with High Physical Risk
Description	Represents a sustainable development pathway with strong global cooperation on climate policy.	Represents a "middle-of-the-road" socio-economic trajectory where historical trends continue. Climate policies improve gradually but are not aggressive enough to achieve Paris targets.	Represents a world with rapid economic growth driven by fossil fuels, minimal climate policy, and energy-intensive lifestyles.
Temperature Increase	1.5°C - 2.0°C by 2100	2.6°C - 5.7°C by 2100	>4.4°C by 2100

TNB's asset exposure to coastal inundation was assessed across these three (3) scenarios using Geographic Information System (GIS) mapping. The scope of the assessment covers TNB thermal power plants, HV, MV and LV substations, and HV transmission lines located along the coasts of Peninsular Malaysia, to evaluate long-term risk exposure up to 2050. The key outcomes are summarised below:

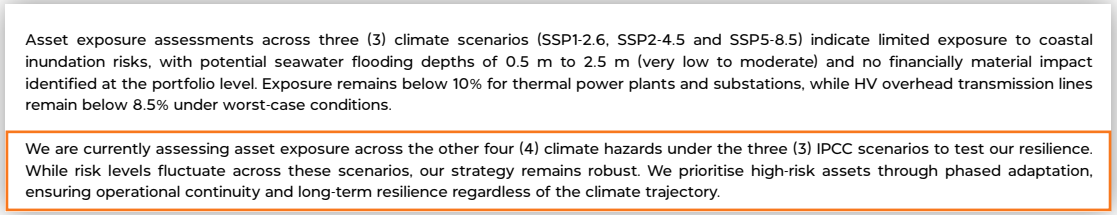


Topic: Climate-related physical risks continued
Example: 1.1

Tenaga Nasional Berhad (Tenaga) continued

Region: Asia-Oceania | **Market-cap:** 10–20bn USD | **Sector:** Infrastructure
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Read more here



Asset exposure assessments across three (3) climate scenarios (SSP1-2.6, SSP2-4.5 and SSP5-8.5) indicate limited exposure to coastal inundation risks, with potential seawater flooding depths of 0.5 m to 2.5 m (very low to moderate) and no financially material impact identified at the portfolio level. Exposure remains below 10% for thermal power plants and substations, while HV overhead transmission lines remain below 8.5% under worst-case conditions.

We are currently assessing asset exposure across the other four (4) climate hazards under the three (3) IPCC scenarios to test our resilience. While risk levels fluctuate across these scenarios, our strategy remains robust. We prioritise high-risk assets through phased adaptation, ensuring operational continuity and long-term resilience regardless of the climate trajectory.

Technical insight

Tenaga is transparent about the maturity of its analysis, noting plans to assess the remaining four **physical risks** using the same scenario-based approach next year. Enhanced disclosures in the future will provide important information about the additional risks, which are expected to affect the company over the short- and medium-term compared to the long-term effects of coastal inundation.

Investor insight

Tenaga's disclosure provides investors with reassurance that climate risk management is being approached in a pragmatic and targeted manner. The company's commitment to prioritizing high-risk assets through phased adaptation measures indicates that resources are being allocated to areas where climate risks are most likely to affect operations and asset performance.

This risk-based approach supports confidence in the company's resilience strategy and is unlikely to raise concerns from an investor perspective. To further strengthen the disclosure, the company could outline a more detailed implementation roadmap, including timelines and milestones for expanding its assessment of additional climate hazards, thereby enhancing transparency and investor confidence in its long-term risk management approach.

Strategy | Risk management | Metrics and targets | Conceptual foundations

Topic: Climate-related physical risks
Example: 1.2

Technical insight

As part of its "TSRS-Compliant Sustainability Report 2025", Şişecam, a Turkish glass manufacturing company, provides a disclosure of climate-related **physical risks** that shows a strong understanding of decision-useful information under **IFRS S2**. Although the company's aggregate financial exposure appears limited, it is highly concentrated in specific regions, and Şişecam explains how the financial implications relate to the distribution of assets across its operations. By choosing to disclose these concentrated risks, the company offers users more nuanced insight into where **climate-related impacts** could reasonably be expected to **affect** its **prospects**.

Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam)

Region: Europe | **Market-cap:** 5–10bn USD | **Sector:** Extractives and minerals processing
Page 20 of Türkiye Şişe ve Cam Fabrikaları A.Ş. TSRS-Compliant Sustainability Report 2025

Read more here



regional hazard intensity, the expansion of carbon pricing mechanisms, and location-specific pressures such as water stress may require a reassessment of results in future periods.

3.2.4. Material Climate-Related Risks and Opportunities

A comprehensive programme of analysis has been undertaken to identify and prioritise the Group's climate change–related risks and opportunities. Within the scope of these studies, physical and transition risks associated with climate change were assessed by taking into account the Group's lines of business, asset structure and geographical footprint, and risk areas deemed material for the Group were identified. Following this assessment, the identified risks were prioritised based on their potential financial impact levels, and those with a high impact potential were included in the scope of detailed analysis.

Climate-Related Physical Risks

The assessment of climate-related physical risks was based on selected scenarios with CMIP6 climate model projections (Coupled Model Intercomparison Project Phase 6) developed under the IPCC AR6 framework. The assessment utilised outputs from various climate models (Global Climate Models–Regional Climate Models, GCM-RCM) developed under the CMIP6 study. For physical risk analyses, median values were used for the relevant climate variables to manage uncertainties in model projections.

Based on these median values, the potential impacts of climate change–related physical risks on operations were quantitatively assessed. Within this context, the potential impacts of changes in specific climate variables on assets were calculated using damage functions. This approach enabled the systematic and comparable analysis of potential outcomes of climate-induced physical risks under different scenarios.

Quantitative risk analyses conducted as part of the study indicate that the financial impacts of physical risks remain below the defined threshold. However, given that the physical risks converted into financial impacts during the analysis exhibit relatively higher impact potential compared to other risk categories. Furthermore, these risks are concentrated on a limited number of assets across specific geographical regions, their inclusion within the reporting scope has been deemed necessary. Accordingly, this approach is intended not only to demonstrate the limited financial impacts of physical risks under current conditions, but also to evaluate their relationship with the Group's asset distribution and operational characteristics from an analytical, holistic and transparent standpoint.

Investor insight

The company's use of recognized climate science inputs, independent review of its methodology, and assurance over the full report provide investors with confidence in the robustness of its climate risk identification and assessment processes. However, even greater clarity on the scope of the assessment would be beneficial, particularly whether it considers risks and vulnerabilities across the broader value chain in addition to Şişecam's own operations.

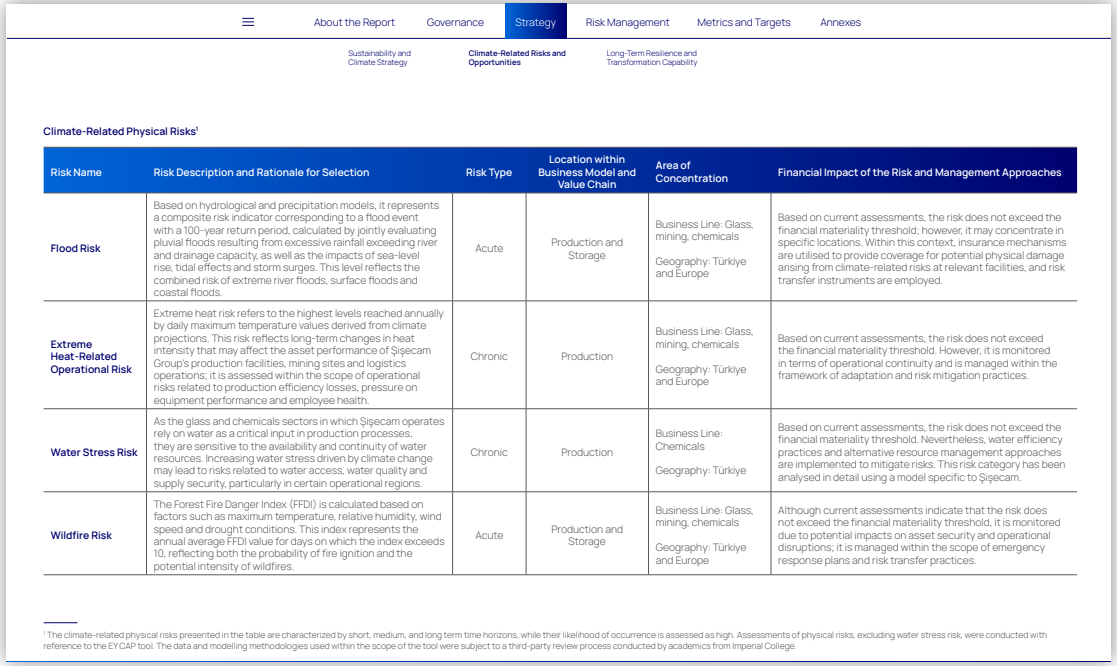
This is important because disruptions within the supply chain can have a significant impact on revenue and profitability, even when the company's owned assets are not directly affected. We also note that the revenue-based threshold used to assess materiality appears narrower than the ISSB's definition of materiality, which encompasses information that could reasonably be expected to influence investor decisions, including through effects on cash flows, access to finance, and the cost of capital, regardless of whether immediate financial impacts appear limited.

Topic: Climate-related physical risks continued
Example: 1.2

Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam) continued

Region: Europe | **Market-cap:** 5–10bn USD | **Sector:** Extractives and minerals processing
Page 21 of Türkiye Şişe ve Cam Fabrikaları A.Ş. TSRS-Compliant Sustainability Report 2025

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About the Report | Governance | Strategy | Risk Management | Metrics and Targets | Annexes

Sustainability and Climate Strategy | Climate-Related Risks and Opportunities | Long-Term Resilience and Transformation Capability

Climate-Related Physical Risks[1]

Risk Name	Risk Description and Rationale for Selection	Risk Type	Location within Business Model and Value Chain	Area of Concentration	Financial Impact of the Risk and Management Approaches
Flood Risk	Based on hydrological and precipitation models, it represents a composite risk indicator corresponding to a flood event with a 100-year return period, calculated by jointly evaluating pluvial floods resulting from excessive rainfall exceeding river and drainage capacity, as well as the impacts of sea-level rise, tidal effects and storm surges. This level reflects the combined risk of extreme river floods, surface floods and coastal floods.	Acute	Production and Storage	Business Line: Glass, mining, chemicals Geography: Türkiye and Europe	Based on current assessments, the risk does not exceed the financial materiality threshold; however, it may concentrate in specific locations. Within this context, insurance mechanisms are utilised to provide coverage for potential physical damage arising from climate-related risks at relevant facilities, and risk transfer instruments are employed.
Extreme Heat-Related Operational Risk	Extreme heat risk refers to the highest levels reached annually by daily maximum temperature values derived from climate projections. This risk reflects long-term changes in heat intensity that may affect the asset performance of Şişecam Group's production facilities, mining sites and logistics operations; it is assessed within the scope of operational risks related to production efficiency losses, pressure on equipment performance and employee health.	Chronic	Production	Business Line: Glass, mining, chemicals Geography: Türkiye and Europe	Based on current assessments, the risk does not exceed the financial materiality threshold. However, it is monitored in terms of operational continuity and is managed within the framework of adaptation and risk mitigation practices.
Water Stress Risk	As the glass and chemicals sectors in which Şişecam operates rely on water as a critical input in production processes, they are sensitive to the availability and continuity of water resources. Increasing water stress driven by climate change may lead to risks related to water access, water quality and supply security, particularly in certain operational regions.	Chronic	Production	Business Line: Chemicals Geography: Türkiye	Based on current assessments, the risk does not exceed the financial materiality threshold. Nevertheless, water efficiency practices and alternative resource management approaches are implemented to mitigate risks. This risk category has been analysed in detail using a model specific to Şişecam.
Wildfire Risk	The Forest Fire Danger Index (FFDI) is calculated based on factors such as maximum temperature, relative humidity, wind speed and drought conditions. This index represents the annual average FFDI value for days on which the index exceeds 10, reflecting both the probability of fire ignition and the potential intensity of wildfires.	Acute	Production and Storage	Business Line: Glass, mining, chemicals Geography: Türkiye and Europe	Although current assessments indicate that the risk does not exceed the financial materiality threshold, it is monitored due to potential impacts on asset security and operational disruptions; it is managed within the scope of emergency response plans and risk transfer practices.

[1] The climate-related physical risks presented in the table are characterized by short, medium, and long term time horizons, while their likelihood of occurrence is assessed as high. Assessments of physical risks, excluding water stress risk, were conducted with reference to the EY CAP tool. The data and modelling methodologies used within the scope of the tool were subject to a third-party review process conducted by academics from Imperial College.

Technical insight

The disclosure is clearly laid out, summarizing each physical risk alongside the relevant part of the business model and value chain affected, supporting **IFRS S2.13**.

The disclosure also provides connected information by explaining the relationship between the physical risks, the affected parts of the business model and value chain, and the entity's strategic response. It provides qualitative explanations of operational disruption, including insurance requirements, and identifies time horizons in line with **IFRS S2.10(c) and (d).**

Investor insight

This table is a clear, useful starting point for investors, making exposure intuitive to locate. Every risk is reported as below the materiality threshold, described quantitatively without magnitude or range. This is understandable given the proportionality mechanisms available under **IFRS S2**, but the end goal should be greater quantification, including expected changes to the company's financial model such as operating costs or capital structure.

Disclosing underlying assumptions (e.g. utilization-rate impacts) would show how physical risk feeds into financial and operating projections. The same principle applies to insurance (e.g. premium inflation, given yearly repricing versus decades-long capex) and to water stress, assessed only in aggregate rather than by basin.

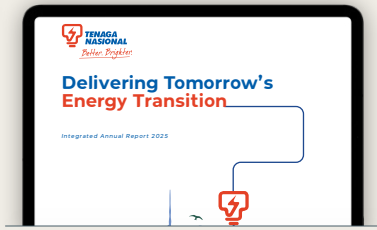
Climate-related physical risks - Useful resources

Useful resources

The following table provides useful resources for exploring this topic further.

Resource	Author/Category
Sustainability-related risks and opportunities and the disclosure of material information	IFRS: Educational material
Transition Implementation Group on IFRS S1 and IFRS S2: Responses to Questions Submitted (Relevant Categories – Q1, Q2 & Q13)	IFRS: Guidance
Physical Risk and Resilience in Value Chains – CEO Handbook on Executive Engagement	WBCSD and BCG: Guide
Physical Risk	WBCSD: Suite of resources
Executive Action Brief on Community Resilience	WBCSD: Executive Action Brief
From Physical Risk to Financial Decision-Making	WBCSD's Business Value Initiative discussion paper
Adaptation Planning for Business	WBCSD Guide
Corporate Resilience Alignment Benchmark (C-RAB)	Earth Capital Nexus
ResilienceArc	Arc

Companies



Tenaga Nasional Berhad (Tenaga)

Read more here



Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam)

Read more here

Strategy | Risk management | Metrics and targets | Conceptual foundations

Information about *transition plans*

IFRS S2 does not require an entity to have developed or published a transition plan. Rather, it requires that the entity disclose information about any climate-related transition plan it has.

- **IFRS S2.14** requires entities to explain how they have responded, and plan to respond, to climate-related risks and opportunities (CRROs) through **strategy** and **decision-making**, and how they plan to achieve any **climate-related targets**. This includes the following specific requirements:
  - **IFRS S2.14(a)(i)** requires an entity to disclose current and anticipated changes to the entity's business model and **resource allocation made/intended to address CRROs.**
  - **IFRS S2.14(a)(ii)–(iii) requires disclosure of** the entity's direct and indirect **mitigation and adaptation** efforts.
  - **IFRS S2.14(a)(iv)** requires disclosure of **material information about any transition plan** the entity has, including key assumptions and dependencies underpinning it, how planned activities will be resourced, and progress against plans disclosed in previous reporting periods. However, it does not require an entity to have a transition plan.
  - **IFRS S2.14(a)(v)** requires disclosure of how the entity plans to achieve any **climate-related targets.**
  - **IFRS S2.14(b)** requires disclosure of how the entity plans to **resource** the activities detailed in the requirements above.
  - **IFRS S2.14(c)** requires disclosure of **progress** of plans disclosed in previous reporting periods in accordance with **IFRS S2.14(a).**

Strategy | Risk management | Metrics and targets | Conceptual foundations

Information about transition plans *Key observations*

Topic examples

The examples shown below focus on information about transition plans and the actions that have been identified within sections that are labeled as transition plans or climate action plans (either as a section within a general purpose financial report or through a dedicated transition plan document).

1. Information was easier to locate when information about transition plans was brought together. In the reviewed examples, **a dedicated section on transition or climate action plans**, with clear signposting to any separate transition planning documents, helped make the information more accessible.

2. Actions were clearer when presented alongside progress and targets. Examples that linked descriptions of actions with current progress, anticipated next steps and related targets made it easier to see how any transition activities were being implemented and monitored.

3. Technical detail was easier to interpret when grouped clearly. In the reviewed examples, **grouping assumptions, funding requirements, data sources and other technical information together** made the detail easier to access and interpret.

4. Investors valued disclosures that provided **clear visibility of progress against interim and long-term targets**, including milestones, project timelines and any delays, noting that this level of transparency strengthened confidence in the credibility and execution of the transition plan.

5. Investors found disclosures more decision-useful when entities **explained the financial implications of transition activities,** including expected capital allocation, operating cost impacts and the extent to which planned investments are reflected in financial planning, as this helped assess transition feasibility and execution risk.

6. More broadly, assessments of transition alignment are supported by sufficiently granular disclosures on emissions, targets, governance, implementation and progress over time. Such disclosures can help investors and assessment organizations evaluate the credibility and execution of transition plans.

Topic: Information about transition plans
Example: 2.1

Technical insight

Deutsche Bank, a multinational investment bank and financial services company, makes reference to, and provides information about, its dedicated transition plan within their 2025 Annual Report.

In this example Deutsche Bank demonstrates alignment with **IFRS S2.14(a)(iv)**, which states that "the entity shall disclose information about...any climate-related transition plan the entity has,..." while not requiring the entity to have or to disclose a full transition plan itself.

This example from the Annual Report demonstrates aspects of:

- **IFRS S2.14(a)(iv)** by providing information about any climate-related transition plan the entity has (Excerpt 1), and
- **IFRS S2.14(a)(iii)** by disclosing information about current and anticipated indirect mitigation and adaptation efforts, in this case specifically referencing the need to work with clients (Excerpt 2)

To aid users of the annual report further, Deutsche Bank could consider providing a link and specific references to the relevant pages of the Transition Plan to provide detail on the key methods and assumptions.

Deutsche Bank

Region: Europe | **Market-cap:** 50–100bn USD | **Sector:** Financials

Read more here

Excerpt 1, page 265 of Deutsche Bank Annual Report 2025

Climate change

For Deutsche Bank, reaching net zero by 2050 means not only living up to its responsibilities, but also capitalizing on the business opportunities arising from the economy's low-carbon transition. Additionally, the bank is focused on managing climate-related rziks and impacts linked to its financing and investment activities. To support these objectives, Deutsche Bank's ambition level includes clear, quantifiable targets – both for decarbonizing portfolios in high-carbon amission industries and for growing sustainable business.

Transition Plan

ESRS E1-1
Since Deutsche Bank's Management Board made sustainability a strategic priority in 2019, the bank has made significant progress across all greenhouse gas emission scopes toward achieving its interim targets for 2030.

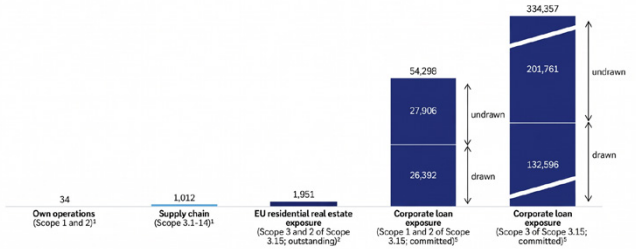
In compliance with requirement ESRS E1-1, Deutsche Bank hereby discloses that it is not excluded from EU Paris-aligned Benchmarks.

In October 2023, Deutsche Bank published its Initial Transition Plan which has been updated in 2025. The plan outlines the progress made and the strategy to reach its net zero commitment by 2030 (interim) and 2050, including the consolidation of the bank's definitions, methodologies, targets and achievements on its path, as well as the way forward. In addition, it adopts a holistic approach to the bank's net zero transition to support the Paris Agreement climate targets by focusing on three dimensions of decarbonization: the bank's own operations (Scope 1 and 2), Deutsche Bank's supply chain (Scope 3, Categories 1 to 14); and financing provided to clients (Scope 3, Category 15, excluding DWS).

By the end of 2025, carbon emissions across all three scopes were as follows:

Status quo of CO_2 emissions

in KtCO_2e



Numbers may not add up due to rounding
[1] Scope 1, Scope 2 (market-based) and Scope 3, Categories 1-14 include actual numbers for the period from 1 January to 30 September 2025 and best estimate numbers for the period from 1 October to 31 December 2025, which are based on prior year's fourth quarter
[2] As of year-end 2025
[3] As of year-end 2025, financed emissions calculations are based on disclosed Scope 1, 2 and 3 emissions of Deutsche Bank's clients

Excerpt 2, page 265 of Deutsche Bank Annual Report 2025

With 390.62 MtCO_2e and 99.74% of Deutsche Bank's total emissions, the largest share stemmed from Scope 3, Category 15 emissions linked to the bank's EU residential real estate and corporate loan portfolios. The primary lever for further reduction is addressing these Scope 3, Category 15 emissions by partnering with clients, introducing net zero pathways for the most carbon-intensive sectors and providing sustainable and transition finance as well as ESG investments opportunities. Details on the bank's methodologies, 2030 (interim) and 2050 targets, and the development of the emissions of each scope are outlined in the following sub-chapters of this "Climate change" chapter.

Strategy | Risk management | Metrics and targets | Conceptual foundations

Topic: Information about transition plans continued
Example: 2.1

Technical insight

This example from Deutsche Bank's 2025 Annual Report demonstrates aspects of:

- **IFRS S2.14(a)(ii)** current and anticipated **direct** mitigation and adaptation efforts illustrated in the key decarbonization levers for Scope 1 and 2
- **IFRS S2.14(a)(iii)** current and anticipated **indirect** mitigation and adaptation efforts (shown in Excerpt 3)

The example focuses on the section relating to key enablers.

The disclosure demonstrates connectivity between the Annual Report and the Transition Plan through multiple references in the document. This allows users to obtain an overview of information contained in the Transition Plan alongside other climate and ESRS disclosures in the Annual Report, while the Transition Plan document itself provides additional details.

Deutsche Bank continued

Region: Europe | **Market-cap:** 50-100bn USD | **Sector:** Financials

Read more here

Excerpt 3, page 266 of Deutsche Bank Annual Report 2025

	Scope 1 and 2	Scope 3, Categories 1-14	Scope 3, Category 15	
	Own operations	Supply chain	EU residential real estate	Corporate loan exposure
Key decarbonization levers	Efficiency measures to reduce overall energy consumption (e.g., via equipment upgrades, recommissioning building energy management systems) Long-term procurement of renewable energy and installation of onsite renewable energy sources Switching from high-emission fuels to low-carbon alternatives in areas such as heating, car fleet	Engage with the bank's strategic suppliers to support and monitor their decarbonization efforts	Empower private individuals by providing financial assistance and expert advice Collaborating with corporate clients in upstream industries that supply energy and materials Engagement with policymakers, governments, and peer banks to develop methodologies and priorities	Finance the development and scalability of clean energy infrastructure needed for transition away from fossil fuels in the economy Engage with high-emitting clients to support and finance their decarbonization and transition Review engagement with clients which are not willing or able to transition away from carbon-intensive activities and as a last resort, responsibly phase out high-emitting assets

Excerpt 4, page 11 of Deutsche Bank Transition Plan 2025

To manage the defined net-zero pathways for the eight industries, we focus on working at the level of individual clients, of individual transactions, and of assets.

This involves financing systematically the reduction of carbon-intensive activities and grow the financing of activities which support transition to net-zero, such as the development of renewable energy technologies.

Deutsche Bank has a three-pronged approach to systematically reduce the financing of carbon-intensive activities and growing the financing of activities which support transition to net-zero:

1. **Finance the development and scalability of clean energy infrastructure** needed for transition away from fossil fuels in the economy;
2. **Engage with high-emitting clients** to support and finance their decarbonization and transition in the real economy;
3. **Review engagement with clients which are not willing or able to transition** away from carbon-intensive activities and as a last resort, responsibly phase out high-emitting assets

Our aproach to engage with high-emitting clients

1 **Footprint analysis** — Identification of high-emitting clients
- Oil & Gas (Upstream)
- Power Generation
- Automotive (Light Duty Vehicle)
- Steel
- Coal Mining
- Cement
- Shipping
- Commercial Aviation

2 **Assessment of transition strategies** — Categorization of clients' transition strategies
No disclosure / Minimal disclosure → First phase of engagement
Advanced disclosure / Best practice disclosure → Later phase of engagement

3 **Transition dialogue** — Address data gaps; Identify support opportunities; Agree follow-ups

4 **Further action** — Unwilling or unable to engage/commit: Case-by-case decisions (e.g. phase out/reduce exposure, limit maturities, agree corrective action plan); Willing to engage/commit: Monitor and regularly review progress

Investor insight

The consistency between the Annual Report and the Transition Plan is particularly valuable, as it demonstrates that transition planning is embedded within broader strategic planning processes rather than being treated as a standalone exercise.

The example provides a clear overview of the key decarbonization levers across Scope 1, 2 and 3 emissions and transparently highlights the actions expected to enable delivery of the company's objectives. This focus on implementation measures, rather than solely on long-term aspirations or targets, helps investors better understand the practical steps being taken to support the transition.

The disclosure could be strengthened further by providing additional information on the expected financial implications of these key levers. For example, greater insight into their potential impact on earnings, cash flows and capital allocation decisions would help investors assess how the transition strategy may influence the company's financial performance and investment priorities over time.

Topic: Information about transition plans continued

Example: 2.2

Technical insight

Rio Tinto is an international mining company. While **IFRS S2** does not require entities to develop a separate transition plan, Rio Tinto has included examples from its standalone Climate Action Plan (which reflects key principles of the Transition Plan Taskforce (TPT) Framework) in its 2025 Annual Report. This information in the annual report sets out:

- The company's current Scope 1 and 2 emissions reductions to date, the baseline applied, and 2030 targets for reduction by focus area (Excerpt 1). This presents current progress alongside future ambitions and targets, enabling users to understand progress and demonstrating aspects of **IFRS S2 requirements** to provide quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).
- The future actions the company will take over the near term to reduce Scope 1 and 2 emissions (Excerpt 2 on the following page), demonstrating aspects of **IFRS S2.14(a)(ii)**, which requires disclosure of information about current and anticipated direct mitigation and adaptation efforts.

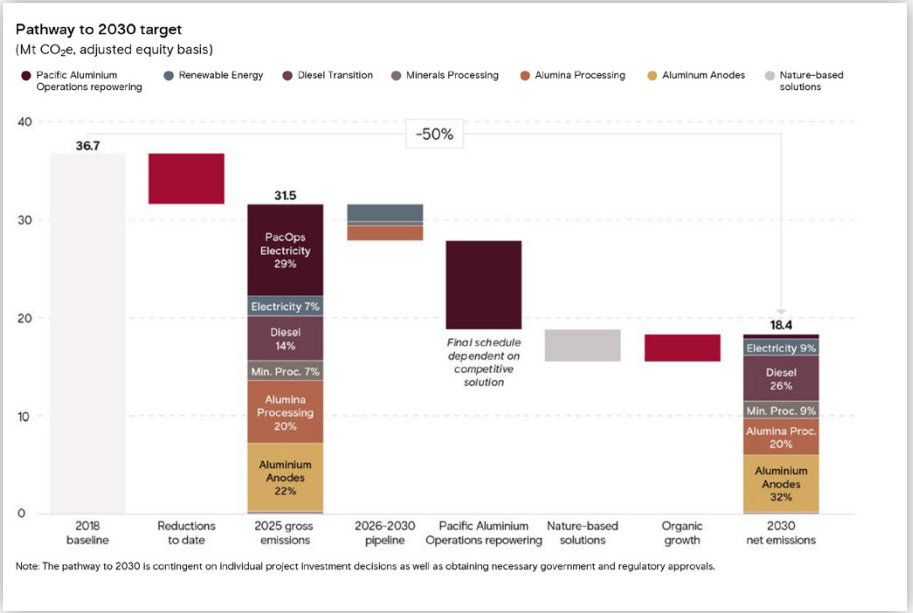
The annual report makes reference to the 2025 Climate Action Plan throughout the text.

Rio Tinto

Region: Europe and Asia and Oceania | **Market-cap:** >100bn USD | **Sector:** Extractives & Minerals Processing

Read more here

Excerpt 1, page 56 of Rio Tinto Annual Report 2025



Investor insight

This disclosure is particularly useful because it presents current performance alongside future ambitions and targets, allowing investors to assess progress against commitments in a clear and accessible way. In doing so, it aligns well with the requirements of **IFRS S2.14**, which emphasizes disclosure of both climate-related targets and progress toward achieving them.

The graphic is especially effective as it addresses several of the key factors typically considered when assessing the credibility of a climate transition plan. In particular, it demonstrates that:

- The 2030 target is aligned with the company's longer-term net-zero ambition.
- A clearly defined interim target has been established and reconciled with longer-term objectives.
- Key decarbonization levers have been identified, providing insight into how the targets are expected to be achieved.

While these disclosures are valuable, additional information would further strengthen investors' understanding of the plan's credibility and execution risk. In particular, a significant proportion of the anticipated emissions reduction appears to rely on PacOps repowering, competitive solutions and nature-based solutions. Further disclosure regarding the assumptions, dependencies and risks associated with these measures would therefore be beneficial.

Investors may also benefit from greater insight into the role of scenario analysis and value-chain considerations in informing the transition plan. In addition, information on the associated capital expenditure requirements, including any potential variability in investment needs under different scenarios, would provide a more complete understanding of the financial implications and resilience of the transition strategy.

Topic: Information about transition plans continued

Example: 2.2

Technical insight

The detailed tables (Excerpt 2 and 3) taken from Rio Tinto's Annual Report shows an example of the actions taken for two focus areas prior to the reporting year and the key actions planned for 2026. In this case Rio Tinto has reproduced this table from its 2025 Climate Action Plan with updated information for actions completed in 2025 and actions for 2026. This disclosure expands on the details provided in Excerpt 1 and demonstrates the requirements set out in **IFRS S2.14(a)(ii).**

Rio Tinto continued

Region: Europe and Asia and Oceania | **Market-cap:** >100bn USD |
Sector: Extractives & Minerals Processing

Read more here

Excerpt 2, page 61 of Rio Tinto Annual Report 2025

Action to reduce our emissions

The 3 main areas of our abatement work are: developing renewable electricity solutions at our Pacific Aluminium Operations and other assets that rely on gas or coal-based power; transitioning away from diesel in trucks, trains and mobile equipment; and tackling hard-to-abate emissions from processing minerals and metals. Additionally, we are developing and investing in nature-based solutions projects.

Progress in 2025	Action in 2026
Renewable electricity	
Repowering Pacific Aluminium Operations • Executed agreements with Edify Energy for Smoky Creek and Guthrie's Gap Solar Power Stations (600 MW solar, 2,400 MWh BESS with 90% Rio Tinto offtake). • Progressed further procurement of renewable energy and storage projects. • Progressed engagement with state and federal governments to secure support agreements for BSL. • Announcement from state and federal governments to explore energy pathway for Tomago beyond 2028.	• Complete remaining renewable energy sourcing, support energy projects progression to financial close, and develop market operations capability to support operationalisation at BSL. Finalise support arrangements with State and Federal governments. • Progress QAL options review to repower existing load with renewable energy. • Continue Tomago discussions.

Excerpt 3, page 62 of Rio Tinto Annual Report 2025

Progress in 2025	Action in 2026
Other renewable electricity developments • Commissioning was successfully completed at Gove (10 MW) in November, while Amrun (22 MW) has experienced some delays and will now achieve commercial operations in 2026. • Construction completed and commercial operations achieved at Kennecott solar phase 2 (25 MW) in December 2025. • Construction completed at QIT Madagascar Minerals (QMM) wind facility (16 MW) with commercial operations expected in 2026. • Construction commenced at Richards Bay Minerals (RBM) Overberg wind PPA (230 MW). • Completed construction at the RBM Bolobedu solar project (130 MW), grid connection now pending. • Executed the Jinbi solar (75 MW) agreement with Yindjibarndi Energy Corporation. • Karratha solar (80 MW) approval deferred to 2026. • Commercial operations achieved for the Monte Cristo VPPA (78.5 MW) wind project with an additional 179 MW wind PPA executed. • Secured 100 MW of renewable energy at Resolution Copper through a Green Tariff agreement with local utility Salt River Project. Delivery scheduled to begin in mid-2028.	• Begin feasibility study to support the construction of a 10 MW onsite solar farm at Simandou. • Execute the 150 MW Oyu Tolgoi wind PPA and a BESS. • Commercial operations set to begin at the 140 MW RBM Khangela wind farm. • Commercial operations set to begin at RBM Bolobedu. • Received notice to proceed for the 56 MW Winu hybrid PPA. • Begin construction on a 179 MW wind VPPA. • Begin construction on the 75 MW Jinbi Solar farm.
Diesel transition • BEHT: In the Pilbara, Caterpillar trials started at Jimblebar. • Oyu Tolgoi: Battery swap truck trial initiated with full system commissioning on site. • Pongamia: Development progressed in Queensland, with the first 100,000 plantings.	• BEHT: Progress Caterpillar trial at Jimblebar (two CAT 793 BEHT), finalise Komatsu BEHT design, validation and commercialisation planning, and collaborate on the broader program activities required to support a pilot commencing from 2029. • Oyu Tolgoi: Full battery equipment and system testing and validation of 8 battery electric trucks, battery swapping station, static charger and associated infrastructure. • Pongamia: Continue initial farm operations, including research and development, and planting across the 2,500 ha properties.

Investor insight

The disclosure provides an excellent level of granularity on both progress achieved to date and actions currently underway, enabling investors to clearly understand how current performance aligns with the Pathway to 2030 target.

As noted above, the transition plan also relies on two other significant sources of emissions reduction – while not captured in this example (for simplicity of presentation), including information on a whole set of contributors provides a more complete picture of the pathway to achieving the target and helps investors better understand the relative contribution, dependencies and execution risks associated with each element of the plan.

Strategy | Risk management | Metrics and targets | Conceptual foundations

Topic: Information about transition plans continued
Example: 2.2

Technical insight

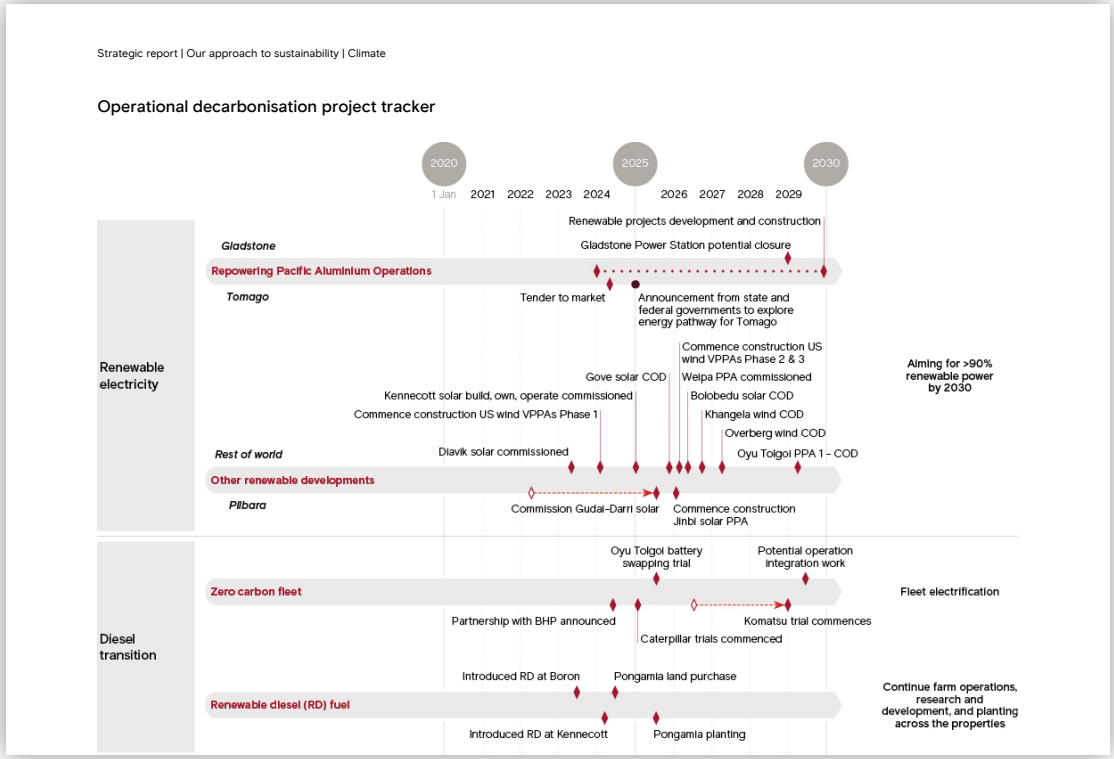
Finally, the report brings together the high-level overarching plan (Excerpt 1), the near-term detailed actions (Excerpt 2 and 3), and sets them out in an overall project tracker across each focus area (Excerpt 4). This allows the user to see when key decarbonization projects are being tackled, providing information about how Rio Tinto plans to achieve climate-related targets **(IFRS S2.14(a)(v))**, specifically actions relating to current and anticipated direct mitigation and adaptation efforts **(IFRS S2.14(a)(ii)).**

Rio Tinto continued

Region: Europe and Asia and Oceania | **Market-cap:** >100bn USD |
Sector: Extractives & Minerals Processing

Read more here

Excerpt 4, page 63 of Rio Tinto Annual Report 2025



Investor insight

The explicit disclosure of key milestones, progress achieved and project delays is particularly valuable, as it provides investors with a clear view of implementation progress and the factors influencing delivery of the transition plan.

The disclosure could be enhanced further through a visual indication of whether individual projects are ahead of schedule, on track or behind schedule. This would give investors greater visibility into both overall progress toward the 2030 target and the performance of the individual initiatives underpinning its achievement. Such an approach would also help investors better understand execution risks, dependencies and the likelihood of delivering the planned outcomes within the stated timeframe.

Strategy | Risk management | Metrics and targets | Conceptual foundations

Topic: Information about transition plans continued

Example: 2.3

Technical insight

Unilever is a multinational consumer packaged goods company headquartered in Europe. The company's 2025 Annual Report sets out:

- Information about how they are responding to, and planning to respond to, climate-related risks and opportunities, including how it plans to achieve its climate-related targets, aligning with the requirements set out in **IFRS S2.14(a)(v)** – Box A
- Their current and anticipated direct mitigation and adaptation efforts **IFRS S2.14(a)(ii)** – Box A
- Their current and anticipated indirect mitigation and adaptation efforts **IFRS S2.14(a)(iii)** – Box A
- Information about their climate-related transition plan, which is referenced as Unilever's Climate Transition Action Plan (CTAP), meeting aspects of **IFRS S2.14(a)(iv)** – Box B

Further details about key assumptions used in developing the transition plan and dependencies on which it relies are provided in the CTAP but are not specifically set out in the annual report.

Unilever

Region: Europe | **Market-cap:** >100bn USD | **Sector:** Consumer Goods
Page 222 of Unilever Annual Report and Accounts 2025

Read more here

A

Climate mitigation actions

We have identified the following decarbonisation levers and actions that will contribute to the delivery of our climate targets across our operations and our value chain:

Decarbonisation lever	Key action	Details
Scope 1 and 2 (our operations)		
Thermal and electrical energy	Improving efficiency and using alternative sources	Improving thermal and electrical efficiency. Introducing more solar thermal technology, electrifying thermal processes and transitioning to sustainably sourced biofuels.
Renewable power	Increasing on-site and enabling off-site renewable energy generation	Increasing on-site renewable electricity generation and enabling off-site generation through large-scale physical and virtual power purchase agreements (PPAs).
Refrigeration[a]	Reducing emissions from refrigeration	Phasing-out high-impact systems and training teams to identify, report and prevent leaks from existing systems.
Scope 3 (value chain)		
Supplier Climate Programme	Scaling the programme	Building supplier capability through best-practice sharing, innovative partnerships and access to technical assistance and financing. Embedding climate goals into procurement strategies to drive supplier-level climate actions at scale, and engage on industry initiatives that advance standardised, transparent approaches to scope 3 decarbonisation.

Climate

GOVERNANCE

Sustainability performance and incentives

We continue to formally link remuneration for management employees, including the ULE, to performance against our sustainability goals. We have outlined the details of this in the General Information section on page 215 and the Directors' Remuneration Report on pages 97 and 99. Within this framework, progress against our climate goal in 2025 is measured on the reduction of our scope 1 and 2 greenhouse gas (GHG) emissions.

B

Climate Transition Action Plan

Our second Climate Transition Action Plan (CTAP) was approved by shareholders in 2024. It outlines our 2030 climate targets and the mitigation, adaptation and advocacy actions we will take to achieve them. These actions are integrated into the annual three-year strategic planning cycle of each Business Group.

B

The CTAP sets out our long-term ambition to achieve net zero GHG emissions by 2039. The CTAP has not been revised in 2025 as a result of the demerger of our Ice Cream business; impacts on our decarbonisation levers and actions will be reviewed in 2026.

Climate targets

We have set near-term climate targets to reduce absolute GHG emissions from our operations (scope 1 and 2) and our value chain (scope 3). Our scope 1 and 2 target was set versus a 2015 baseline using the market-based approach. It was first validated in 2017 by the Science Based Targets initiative (SBTi) as compatible with a 1.5°C pathway in line with the Paris Agreement. In 2024, SBTi validated that our proposed scope 3 targets conform with the SBTi Criteria and Recommendations for Near-Term Targets version 5.1. We selected a 2021 baseline date for our scope 3 targets, for which we have more accurate data. We regularly review our approach with SBTi.

Strategy | Risk management | Metrics and targets | Conceptual foundations

Topic: Information about transition plans continued
Example: 2.3

Technical insight

Although transition plans are not required by **IFRS S2**, we have included an example from Unilever's standalone Climate Transition Action Plan (CTAP). Publication of a standalone transition plan is beyond the disclosure requirements in **IFRS S2.**

The 2024 CTAP sets out the percentage decrease of Scope 3 emissions for each aspect of the business's value chain. This provides further detail in addition to the annual report disclosures shown above, complementing and expanding upon the information on how they plan to achieve any climate-related targets **IFRS S2.14(a)(iii)** (Excerpt 2). In addition, the example discloses estimates relating to how volume growth is likely to contribute to future emissions.

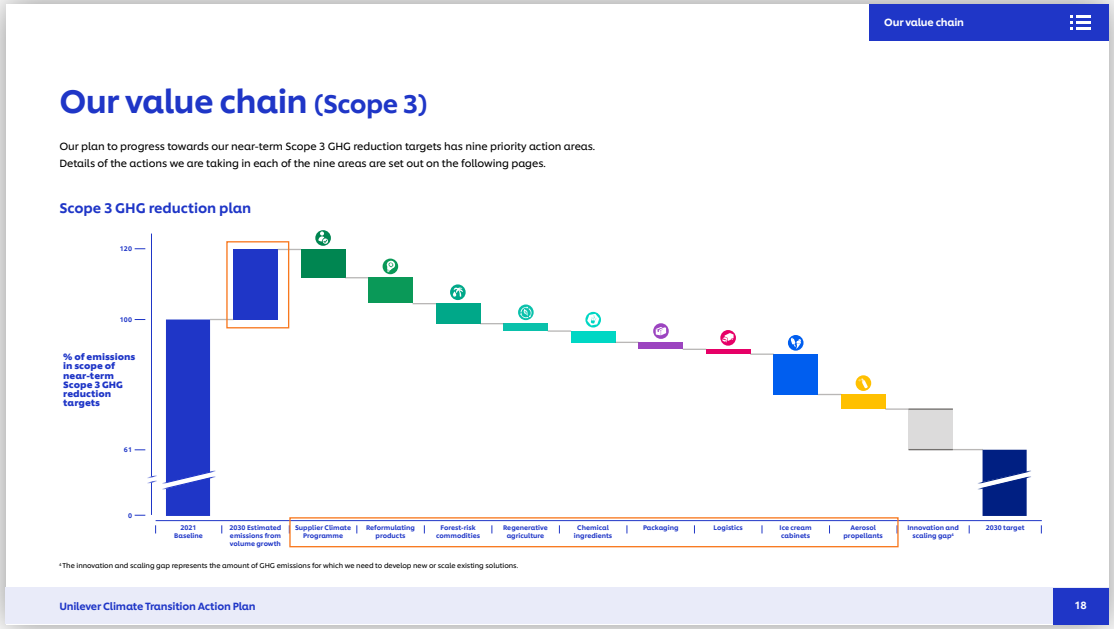
The CTAP would be further strengthened by presenting current progress against targets alongside the Scope 3 emissions reduction plan.

Unilever continued

Region: Europe | **Market-cap:** >100bn USD | **Sector:** Consumer Goods
Page 18 of Unilever Climate Transition Action Plan (Updated 2024)

Read more here

Excerpt 2



Investor insight

This graphic effectively highlights where the greatest decarbonization opportunities exist across the value chain, providing investors with important context for understanding the company's Scope 3 emissions reduction ambitions. By illustrating the relative contribution of different value-chain activities, it helps investors assess both the focus and potential effectiveness of the company's decarbonization strategy.

The inclusion of the "Innovation and Scaling Gap" is a particular strength of the disclosure, demonstrating a high degree of transparency regarding the gap between Unilever's stated ambitions and the emissions reductions expected from initiatives currently underway. By explicitly acknowledging this gap, the company provides investors with a more balanced and realistic view of the challenges associated with achieving its targets, while also highlighting the extent to which future innovation, technological development and scaling of solutions will be necessary to deliver its long-term objectives.

Strategy | Risk management | Metrics and targets | Conceptual foundations

Topic: Information about transition plans continued
Example: 2.3

Technical insight

The CTAP also sets out key actions for each element of the value chain (Excerpt 2). This example shows the key actions for dealing with Scope 3 emissions associated with forest risk commodities. This example also includes a reference to planned investment, aligning with **IFRS S2.14(a)(i).**

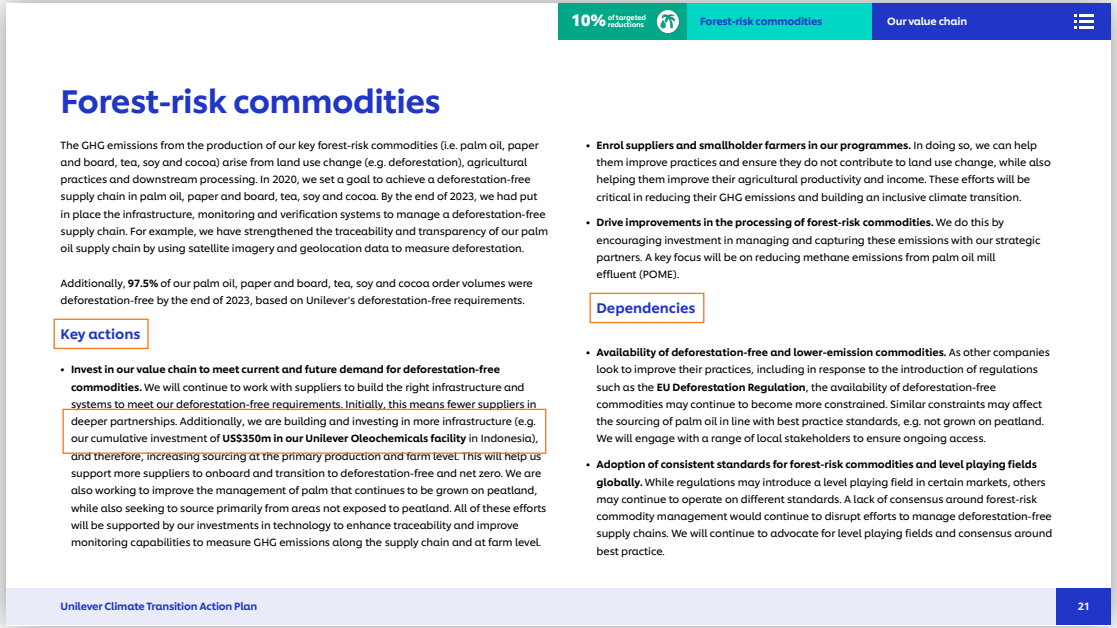
In addition to the actions, the dependencies that the actions rely on or might be affected by are provided and give the context and potential barriers to progress demonstrating aspects of **IFRS S2.14(a)(iv)**, which are not included in the annual report disclosure.

Unilever continued

Region: Europe | **Market-cap:** >100bn USD | **Sector:** Consumer Goods
Page 21 of Unilever Climate Transition Action Plan (Updated 2024)

Read more here

Excerpt 3



10% of targeted reductions | Forest-risk commodities | Our value chain

Forest-risk commodities

The GHG emissions from the production of our key forest-risk commodities (i.e. palm oil, paper and board, tea, soy and cocoa) arise from land use change (e.g. deforestation), agricultural practices and downstream processing. In 2020, we set a goal to achieve a deforestation-free supply chain in palm oil, paper and board, tea, soy and cocoa. By the end of 2023, we had put in place the infrastructure, monitoring and verification systems to manage a deforestation-free supply chain. For example, we have strengthened the traceability and transparency of our palm oil supply chain by using satellite imagery and geolocation data to measure deforestation.

Additionally, **97.5%** of our palm oil, paper and board, tea, soy and cocoa order volumes were deforestation-free by the end of 2023, based on Unilever's deforestation-free requirements.

Key actions

- **Invest in our value chain to meet current and future demand for deforestation-free commodities.** We will continue to work with suppliers to build the right infrastructure and systems to meet our deforestation-free requirements. Initially, this means fewer suppliers in deeper partnerships. Additionally, we are building and investing in more infrastructure (e.g. our cumulative investment of **US$350m in our Unilever Oleochemicals facility** in Indonesia), and therefore, increasing sourcing at the primary production and farm level. This will help us support more suppliers to onboard and transition to deforestation-free and net zero. We are also working to improve the management of palm that continues to be grown on peatland, while also seeking to source primarily from areas not exposed to peatland. All of these efforts will be supported by our investments in technology to enhance traceability and improve monitoring capabilities to measure GHG emissions along the supply chain and at farm level.
- **Enrol suppliers and smallholder farmers in our programmes.** In doing so, we can help them improve practices and ensure they do not contribute to land use change, while also helping them improve their agricultural productivity and income. These efforts will be critical in reducing their GHG emissions and building an inclusive climate transition.
- **Drive improvements in the processing of forest-risk commodities.** We do this by encouraging investment in managing and capturing these emissions with our strategic partners. A key focus will be on reducing methane emissions from palm oil mill effluent (POME).

Dependencies

- **Availability of deforestation-free and lower-emission commodities.** As other companies look to improve their practices, including in response to the introduction of regulations such as the **EU Deforestation Regulation**, the availability of deforestation-free commodities may continue to become more constrained. Similar constraints may affect the sourcing of palm oil in line with best practice standards, e.g. not grown on peatland. We will engage with a range of local stakeholders to ensure ongoing access.
- **Adoption of consistent standards for forest-risk commodities and level playing fields globally.** While regulations may introduce a level playing field in certain markets, others may continue to operate on different standards. A lack of consensus around forest-risk commodity management would continue to disrupt efforts to manage deforestation-free supply chains. We will continue to advocate for level playing fields and consensus around best practice.

Unilever Climate Transition Action Plan 21

Investor insight

The disclosure enhances investor confidence that implementation is progressing beyond high-level commitments and into tangible action. Investor decision-making could be further supported through additional insight into the strategy's financial implications, including expected capital allocation, operating cost impacts, and the extent to which these investments have been incorporated into financial planning.

While the example of the Indonesian facility is informative, a broader discussion of planned expenditures and associated uncertainties would strengthen investors' ability to assess the feasibility of the transition strategy and the related execution risks.

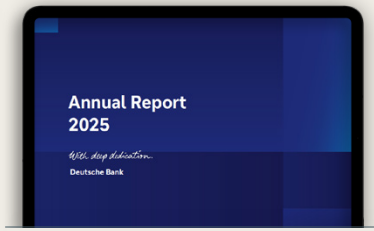
Information about transition plans – Useful resources

Useful resources

The following table provides useful resources for exploring this topic further.

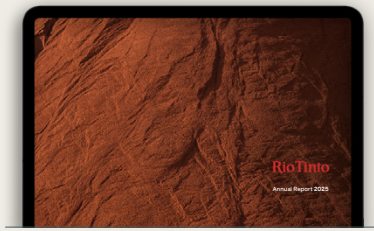
Resource	Author/Category
Disclosing information about an entity's climate-related transition, including information about transition plans, in accordance with IFRS S2	IFRS Foundation: Educational material
Transition Plan Taskforce Disclosure Framework	TPT: Framework
Transition Plan Taskforce Sector Summary	TPT: Guidance
TNFD Guidance on nature in transition plans	TNFD: Guidance
Moving Transition from Plans to Action: A Transition Planning Primer	WBCSD and ERM: Primer
A Practical Guide on Transition Plan Dependencies	WBCSD and Oxford Sustainable Finance Group: Guide
Integrated Transition Planning: A Short Introduction	WBCSD and ERM: Primer
Implement Climate Transition Plans	WBCSD and Carbon Trust: Insight
Business Leaders Guide to a Just Climate Transition	WBCSD and ERM: Guide
Assessing Climate Transition (ACT) Core methodology	ACT Initiative
ACT Sectoral methodologies	ACT Initiative
TPI Management Quality and Carbon Performance Methodology	Transition Pathway Initiative (TPI)
TransitionArc: Integrated Company Transition Data and Insights	Arc
Carbon Tracker Research and Assessment Resources	Carbon Tracker Initiative

Companies



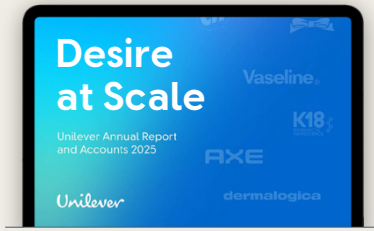
Deutsche Bank

Read more here



Rio Tinto

Read more here



Unilever

Read more here

Strategy | Risk management | Metrics and targets | Conceptual foundations

Financial effects of *climate-related risks*

IFRS S2.15–21 require entities to disclose information that enables users to understand the **current and anticipated effects** of climate-related risks and opportunities on **financial position, financial performance and cash flows**, taking into account how the CRROs are included in financial planning.

This includes providing **quantitative and qualitative** information about:

- CRROs that have affected the entity's financial position, financial performance and cash flows in the reporting period,
- CRROs that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next reporting period, and
- expected changes to the entity's financial position, financial performance and cash flows in the short-, medium- and long-term given its strategy to manage these CRROs.

As **IFRS S2.16(c) and (d)** make clear, anticipated financial effects encompass the broader financial implications of climate-related risks and opportunities, taking into account the entity's strategy to manage them, including the effects of adaptation and mitigation actions.

IFRS S2 offers some exceptions in this area. Quantitative information need not be provided if the effects are not separately identifiable, or if the estimation uncertainty is too high for the resulting information to be useful.

In preparing **anticipated effects** disclosures, entities use all reasonable and supportable information available at the reporting date without undue cost or effort, and quantitative information need not be provided if the entity lacks the skills, capabilities and resources to do so.

If quantitative information cannot be provided, entities must explain the **reasons**, identify the affected **financial statement line items** through qualitative disclosures, and provide quantitative information on **combined financial effects**, unless this would not be useful.

Strategy | Risk management | Metrics and targets | Conceptual foundations

Financial effects of climate-related risks *Key observations*

Topic examples

The examples shown below illustrate how entities disclose the financial effects of climate-related risks, highlighting both recognized impacts and anticipated changes to financial position, performance and cash flows.

1. Reports were most effective when they presented technically detailed information in an **engaging, concise and accessible way**; long, dense narrative sections made it more difficult for users to identify the key messages and understand the implications of the disclosure. This could be by, for example, using clear headings to distinguish between short-, medium- and long-term effects, and between current and anticipated financial effects, and when qualitative descriptions provide clear analysis and well-supported conclusions.

2. Coherence improved when entities created a **logical flow across related strategy disclosures** – information about transition plans, financial effects of climate-related risks and opportunities, and scenario analysis – enabling users to see how these elements collectively inform the entity's assessment of climate-related financial effects.

3. Investors found disclosures more decision-useful when entities **flagged the financial statement line items likely to be affected**, supported by clear references to relevant notes or asset breakdowns, and, where possible, structured links between specific climate-related risks, business impacts and financial statement effects.

4. Investors valued disclosures that acknowledged uncertainty in quantitative measures and explained the basis for not providing certain figures, noting that **transparent justification was preferable to speculative estimates**. Sensitivity analysis, even when backward-looking, provided helpful context for assessing potential future financial exposure.

Strategy | Risk management | Metrics and targets | Conceptual foundations

Topic: Financial effects of climate-related risks
Example: 3.1

Technical insight

Sunway Berhad, a Malaysia-based conglomerate operating across property development, construction, healthcare and education, provides a visually clear and accessible disclosure of the current and anticipated financial effects of climate-related risks, broadly consistent with **IFRS S2.15–21** as part of their 2025 Sustainability Report.

The presentation supports readability, usability and analysis through the use of separate headers for short-, medium- and long-term impacts together with distinct icons for financial position, performance and cash flows, which are combined with concise qualitative descriptions of how climate-related risks may impact Sunway over the different time horizons.

Sunway Berhad

Region: Asia-Oceania | **Market-cap:** 5–10bn USD | **Sector:** Infrastructure
Page 42 of Sunway Sustainability Report 2025

Read more here

SUNWAY

Climate Report

IFRS S2

RIVERINE/RAINFALL-DRIVEN FLOODING RISK

Short term to long term

Arises from the properties' locations and the design limitations of their drainage and gutter systems.

Legend: Financial Position | Financial Performance | Cash Flow

Changes in Financial Performance and Cash Flows

Short Term	Medium Term	Long Term
Increased repair costs for waterproofing, cracks and water accumulation. Minor impact on property value.	Ongoing repairs, potential moderate decline in property valuation, more resources allocated to manage risks	Significant repair costs, severe property value impairment, major resource allocation affecting asset stability
Minor profitability impact due to immediate repairs and resource allocation	Higher repair costs and impairments reduce profitability, ongoing resource allocation affects performance	Notable profitability declines if vulnerabilities remain unaddressed, sustained resource allocation weakens performance
Slight cash flow strain from initial repairs and improvements	Increased strain from higher repair costs and mitigation efforts	Major liquidity challenges due to large-scale structural improvements

Mitigation Strategies

Investing in flood resilience (e.g. flood barriers, drainage improvements) may incur initial costs but will save long-term costs by reducing repair needs, stabilising property values, and improving financial performance and cash flow

Direct Mitigation and Adaptation Efforts

To better manage excess water and reduce flood risk, many properties have implemented measures such as sump pits, submersible pumps and regular maintenance of drainage and gutter systems. Some properties are also planning to expand their drainage systems to further improve flood resilience.

Indirect Mitigation and Adaptation Efforts

Actively collaborating with local governments to address flooding issues caused by inadequate drainage systems. These efforts aim to minimise traffic disruptions affecting visitors to Sunway Big Box Retail and Sunway Big Box Hotel in Johor and Sunway Winstar Kuching in Sarawak.

Current Effects

- Increased Maintenance Costs: Frequent repairs due to inadequate drainage and gutter systems
- Reputation Risk: Frequent water issues may harm reputation, affecting tenant retention and leasing

Anticipated Effects

- Rising Repair Costs: Increased repair expenses as climate risks like heavy rainfall and flooding worsen
- Capital Allocation for Upgrades: Significant investments needed for drainage and gutter system improvements
- Value Chain Impact: Specialised contractors and stricter building codes may affect supply chains and future property strategies
- Portfolio Shift: Long-term properties with outdated systems may be phased out for more resilient assets

Technical insight

The use of bullet-pointed categories for the qualitative information on current and anticipated effects helps users understand the **types of financial effects** considered, covering effects across financial position, performance and cash flow.

To meet the full requirements set out under **IFRS S2**, Sunway would need to **explain why** it has not been able to provide quantitative information on the current and anticipated financial effects, and if relevant, quantify the combined financial effects of CRROs. In addition, including references to specific financial statement line items that have been/are likely to be affected by the financial effects described – such as maintenance costs, revenue and asset values – would strengthen connectivity with the related financial statements, as envisaged by **IFRS S2.21.**

Topic: Financial effects of climate-related risks continued
Example: 3.1

Sunway Berhad continued

Region: Asia-Oceania | **Market-cap:** 5–10bn USD | **Sector:** Infrastructure
Page 42 of Sunway Sustainability Report 2025

Read more here

Current Effects

- During the financial year, water leakage rectification works were undertaken at selected office properties:
  - Menara Sunway: RM245,000
  - Sunway Pinnacle: RM80,000
- These costs, totalling RM325,000, were recognised under Sunway REIT's operating expenses. An estimated 0.05% per annum effect has been considered for anticipated future impacts associated with water leakage risks.

Technical insight

In Sunway's disclosure relating to "direct rainfall damage risk", current **financial effects are quantified**, with the financial effect of RM325,000 cross-referenced to the Sunway REIT's operating expenses.

As the REIT is a Sunway investment, this provides a useful way of identifying the relevant financial statement line item and supports the connectivity between sustainability-related financial disclosures and the related financial statements.

Investor insight

Sunway provides a decision-useful example of the current financial effects of a climate-related risk by quantifying RM325,000 of water leakage rectification costs across two office properties and linking these costs to a specific financial statement line item, Sunway REIT operating expenses. This aligns well with the current-effects disclosure requirements in **IFRS S2.15–21.**

The company also discloses an anticipated financial effect, estimated at 0.05% per annum. However, without specifying the metric to which this percentage relates, investors are unable to assess its significance or materiality. The disclosure could be strengthened further by providing greater context on the broader implications for capital allocation across the portfolio. For example, investors would benefit from understanding whether expenditure on drainage upgrades and flood resilience measures is increasing across Sunway's wider property portfolio or whether the example reflects a more isolated investment. Such information would provide a clearer view of the scale of the risk and the company's response strategy.

Topic: Financial effects of climate-related risks continued
Example: 3.2

Technical insight

Lojas Renner, a Brazil-based fashion and retail company, provides a clear and user-friendly disclosure of the current and anticipated financial effects of climate-related risks and opportunities in its 2025 Sustainability-related Financial Information Report, consistent with **IFRS S2.15-21**.
The presentation stands out as key facts and figures are summarized in the margin alongside the main narrative, improving accessibility and helping users quickly identify the financial statement line items where climate-related risks may have an impact, in line with **IFRS S2.21**.

The qualitative explanations of current and future effects are concise and insightful, describing how **climate-related risks** may **influence sales performance, future investment needs** and **operational efficiency**, including why potential increases in electricity consumption are not financially material. This narrative provides useful context for users interpreting the financial effects disclosed.

Lojas Renner S.A.

Region: Latin America | **Market-cap:** 1–5bn USD | **Sector:** Consumer Goods
Page 17 of Lojas Renner S.A. Sustainability-related financial information report 2025

Read more here



INTRODUCTION GOVERNANC

R1: Heat waves

S2H3-2, S2H3-3, S2H3-10

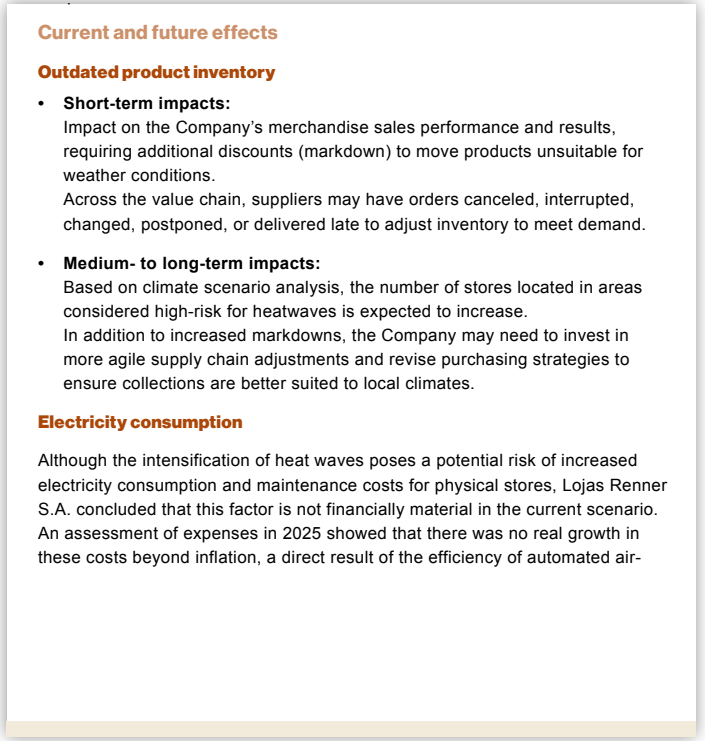
Corporate Risk:
Adverse Climate Events

Physical Risk Factor:
Heat Waves Affecting People, Operations, and Infrastructure

Consequence of the Physical Risk Factor's materialization:
Outdated product inventory due to reduced demand for cold weather clothing, caused by higher-than-expected temperatures

Potential impact on financial statements:

- Accounts receivable (BP)
- Inventory (BP)
- Net goods revenue (DRE)
- Selling expenses (DRE)



Current and future effects

Outdated product inventory

- **Short-term impacts:**
  Impact on the Company's merchandise sales performance and results, requiring additional discounts (markdown) to move products unsuitable for weather conditions.
  Across the value chain, suppliers may have orders canceled, interrupted, changed, postponed, or delivered late to adjust inventory to meet demand.
- **Medium- to long-term impacts:**
  Based on climate scenario analysis, the number of stores located in areas considered high-risk for heatwaves is expected to increase.
  In addition to increased markdowns, the Company may need to invest in more agile supply chain adjustments and revise purchasing strategies to ensure collections are better suited to local climates.

Electricity consumption

Although the intensification of heat waves poses a potential risk of increased electricity consumption and maintenance costs for physical stores, Lojas Renner S.A. concluded that this factor is not financially material in the current scenario. An assessment of expenses in 2025 showed that there was no real growth in these costs beyond inflation, a direct result of the efficiency of automated air-

Investor insight

This disclosure is clear, concise and transparent in its presentation of the climate-related risk, enabling investors to readily understand its potential implications for the company's financial performance and supplier relationships.

The summary provided in the margin is particularly effective, especially in highlighting the financial statement line items that may be affected. This upfront linkage helps investors quickly identify where climate-related impacts may be reflected in the financial statements and also supports greater connectivity between sustainability-related and financial disclosures.

Topic: Financial effects of climate-related risks continued
Example: 3.2

Lojas Renner S.A. continued

Region: Latin America | **Market-cap:** 1–5bn USD | **Sector:** Consumer Goods
Page 19 of Lojas Renner S.A. Sustainability-related financial information report 2025

Read more here

Technical insight

Lojas Renner distinguishes between **current** and **projected financial effects** and sets out **expected short- medium- and long-term impacts** on cash flows. The report is transparent in areas where risks are not expected to be material – for example, stating that there is no significant risk of a material adjustment to assets and liabilities in the next reporting period, consistent with **IFRS S2.16(b).**

While the dedicated section on judgments and uncertainties is helpful, acknowledging measurement uncertainty and explaining where projected values cannot reliably quantify financial effects, the disclosure would be further strengthened by explaining why cash flows are the only financial aspect quantified. Linking these uncertainties more explicitly to the areas where only qualitative information is provided may support this explanation.

Current financial impacts

For the fiscal year ended December 31, 2025, the Company recorded a negative impact on operating results of approximately R$ 10 million.

Additionally, we report that no significant risk of a material impact on the accounting values of assets and liabilities for the financial statements of the subsequent period has been identified.

Projected financial impacts

Based on studies conducted by the Company, the following table compares the estimated negative financial impact of this risk on cash flow, net of taxes:

		2024	2025
Short	Up to 1 year	R$ 7 MM to 8 MM	R$ 9 MM to 10 MM
Medium	1 to 3 years	R$ 13 MM to 15 MM	R$ 17 MM to 20 MM
Long	3 to 10 years	R$ 44 MM a 51 MM	R$ 68 MM to 80 MM

Concluding remarks

Although it does not reach the financial materiality threshold, the issue is considered qualitatively relevant to the Company.

Judgments and Uncertainties

Variables such as sales strategies, changes in consumer behavior, remaining inventory management and promotional activities also directly influence markdown. Therefore, the ability to isolate the effects of heat waves on consumer behavior, sales performance, and markdown is limited, and projected values cannot accurately predict the impact.

Investor insight

The disclosure is particularly valuable because it quantifies both the actual and potential financial effects of climate-related risks, enabling investors to better assess their significance and relevance to the business. The presentation of financial effects across different time horizons is also helpful, providing insight into how the magnitude of the risk may evolve over the medium and long term.

The information is communicated in a clear and straightforward manner, with the company's conclusions regarding the materiality of the risk transparently explained. The inclusion of information on the atypical climate conditions experienced during the baseline year is especially useful, as it provides important context for interpreting the results. Similarly, the disclosure of the scenarios, assumptions and methodologies used to estimate future financial effects enhances transparency and supports investors' understanding of the analysis.

The disclosure could be strengthened further by considering the financial implications of any planned changes to supply chain relationships referenced elsewhere in the discussion of the current and anticipated effects of the risk. This would provide investors with a more comprehensive understanding of the potential costs, benefits and trade-offs associated with the company's risk response strategy.

Topic: Financial effects of climate-related risks continued
Example: 3.3

Technical insight

Vale S.A., a metals and mining company headquartered in Brazil, provides a very clear and well-balanced disclosure of the **current** and **anticipated financial effects of climate-related risks** in its *Sustainability Related Financial Information 2025* report, consistent with **IFRS S2.15-21**. The disclosure refers to the financial statements clearly, with a summary table highlighting the main line items potentially affected. Linking these items more explicitly to the current and anticipated financial effects would further strengthen connectivity and help users understand how changes in climate patterns might influence specific financial statement line items.

Vale S.A.

Region: Latin America | **Market-cap:** 20–50bn USD | **Sector:** Extractives & Minerals Processing
Page 43 of Vale S.A. Sustainability related financial information report 2025

Read more here

Main items potentially impacted in the Financial Statements

- Sales revenue (Note 3(b) in the Financial Statements)
- Cost of goods sold and services rendered (Note 4(a) in the Financial Statements)
- Expenses due to operational stoppages (Note 14 in the Financial Statements)
- Impairment and write-offs of non-current assets (Note 12 in the Financial Statements)
- Property, plant and equipment (Note 13 in the Financial Statements)
- Provisions for legal and administrative proceedings (Note 27 to the Financial Statements)

Investor insight

The explanation of the concentration of assets in potentially climate-vulnerable locations, together with the reference to the related fixed asset disclosures in the financial statements, provides valuable context for investors assessing the company's exposure to climate-related risks.

The clear linkage to specific financial statement line items is particularly decision-useful and supports the connectivity in reporting envisaged by the IFRS Sustainability Disclosure Standards. The disclosure could be strengthened further through a mapping table that more explicitly links individual climate-related risks to their corresponding business impacts and financial statement effects, enabling investors to more easily trace how risks translate into financial outcomes.

The example also highlights an important consideration for preparers: as data quality improves and information asymmetries reduce over time, investors are likely to gain greater confidence in climate-related disclosures. This can support more informed capital allocation decisions and a more accurate assessment of climate-related risks and opportunities.

Topic: Financial effects of climate-related risks continued
Example: 3.3

Technical insight

- The disclosure balances detail with accessible presentation, which enables users to quickly understand that increased rainfall has not resulted in any material current financial effects.
- The explanation of why quantitative information is not appropriate is transparent and well reasoned. Vale provides useful supplementary information here, using sensitivity analysis to illustrate how quantitative impacts could look under different assumptions. This offers informative context for users assessing potential financial exposure. The usefulness of the disclosure could be further enhanced by distinguishing more clearly between short-, medium- and long-term effects, which are currently presented collectively.

Vale S.A. continued

Region: Latin America | **Market-cap:** 20–50bn USD | **Sector:** Extractives & Minerals Processing
Page 44 of Vale S.A. Sustainability related financial information report 2025

Read more here

c) Current and anticipated financial effects

In the first quarters of 2025 and 2024, sporadic events related to increased rainfall levels in the Northern System affected pellet feed moisture levels and resulted in shipment restrictions. Nevertheless, the Company did not identify any material financial impacts arising from these climatic events for the years ended December 31, 2025 and 2024.

The potential impacts of changes in climate patterns may be identified at different stages of Vale's production process, including , but not limited to: increased shipping disruptions due to intense rainfall; a reduction in average effective payload on specially constructed cargo ships, resulting in the procurement of additional freight capacity and higher costs; capital investments in structural reinforcements or drainage systems; and damage to infrastructure and other assets. The Company concluded that any quantitative estimate would not constitute material information at this time, given the current stage of analyses related to physical risks, the inherent uncertainties associated with the topic, and the difficulty of attributing potential financial effects exclusively to changes in climate patterns.

The occurrence of extreme weather events may result in operational shutdowns, impacting the Company's production volume and, consequently, reducing adjusted EBITDA. For reference, a sensitivity analysis applied a 5% reduction in the volumes sold of Iron Ore and Vale Base Metals products reflected in sales revenue and the respective associated variable costs, would have represented a reduction of US$745, or 4.8% in relation to Vale's adjusted EBITDA for the year ended December 31, 2025, which totaled US$15,458 (note 3(a) to the Financial Statements). For the 2024 financial year, the same sensitivity would have represented a reduction of US$1,234, or 8.3% of the year's adjusted EBITDA.



Alegria Mine effluent treatment plant – Minas Gerais, Brazil. Photo: Ricardo Teles

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Investor insight

Acknowledging the uncertainty associated with quantitative estimates and transparently explaining the decision not to disclose them at this stage is a strength of the reporting. This approach is preferable to providing highly speculative figures that could be misinterpreted or accorded undue weight by investors, particularly where disclosures may be extracted and analyzed by data providers and automated models.

The inclusion of sensitivity analysis is also valuable. Although inherently based on historical assumptions and observations, it provides useful context for investors seeking to understand potential financial exposures under different conditions and supports their own forward-looking assessment of climate-related risks.

Financial effects of climate-related risks – Useful resources

Useful resources

The following table provides useful resources for exploring this topic further.

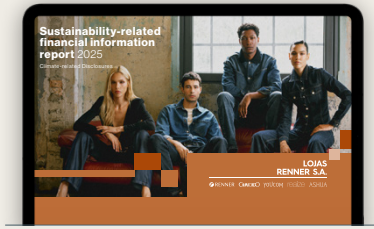
Resource	Author/Category
Webcasts: Current and anticipated financial effects	IFRS Foundation: Webcast
Disclosing information about anticipated financial effects applying ISSB Standards	IFRS Foundation: Educational material
Climate-related financial impact guide	WBCSD: Guide
Quantifying Climate-related Financial Impacts in the Oil and Gas Sector	WBCSD: Report
From Physical Risk to Financial Decision-Making	WBCSD's Business Value Initiative discussion paper
Managing uncertainty in sustainability disclosure	WBCSD: Report

Companies



Sunway Berhad

Read more here



Lojas Renner S.A.

Read more here



Vale S.A.

Read more here

Strategy | Risk management | Metrics and targets | Conceptual foundations

Scenario *Analysis*

IFRS S2.22 requires entities to disclose information that enables users to understand the **resilience** of their **strategy** and **business model** to climate-related changes, developments and uncertainties, as at the reporting date. This assessment must be informed by climate-related **scenario analysis** using an approach that is commensurate with the entity's circumstances.

IFRS S2.22(a) requires entities to explain the implications of the resilience assessment for the entity's strategy and business model and **significant uncertainties** considered. Entities must also describe the entity's **capacity to adapt** its strategy and business model to climate change over the **short-, medium- and long-term**, including the availability and flexibility of its **financial resources**, the ability to redeploy, repurpose, upgrade or decommission assets, and the impact of **current and planned investments** in climate-related mitigation and adaptation.

IFRS S2.22(b) requires entities to disclose information about **how and when** the climate-related scenario analysis was performed, including the scenarios used and their sources, whether a **diverse range of scenarios** was used, whether they relate to transition or physical risks, whether they include a scenario aligned with the latest international climate agreement, the rationale for using the scenarios, the **time horizons** and **operational scope** considered, and the **key assumptions** underpinning the analysis. These assumptions should address relevant policy, macroeconomic, regional, energy and technological factors.

In addition, **IFRS S2.25** asks for information on whether the entity has used climate-related scenario analysis to inform its **identification** of **climate risks and opportunities.**

Strategy | Risk management | Metrics and targets | Conceptual foundations

Scenario analysis *Key observations*

1. Scenario information was easier to follow when key details were brought together. In the report examples reviewed, disclosures that **summarized assumptions, assessment scope, time horizons and relevant sources in a single location** made the scenario analysis easier to access and interpret.

2. The basis for scenario selection was clearer where explanations were provided. In some of the reviewed examples, companies explained **why particular scenarios had been selected**, which helped set out the context for the analysis and aid interpretation.

3. Scenario analysis results were easier to compare when presented consistently. In the examples reviewed, **templates or repeated structures helped organize complex information**, particularly where scenario analysis results were linked to specific risks.

4. Investors valued **disclosure of the underlying inputs and assumptions**, including macro drivers, regional demand trends, carbon pricing assumptions and third-party scenario sources. This transparency enabled investors to test the company's views against their own models and strengthened confidence in the robustness of the analysis.

5. Investors found scenario analysis more decision-useful when entities **linked scenario outcomes directly to management responses and potential financial effects**, including quantified estimates. Clear articulation of how strategic measures support resilience under different temperature pathways enhanced understanding of both risk magnitude and planned mitigation.

Topic examples

Several of the examples in this section are from the Asia-Oceania region. Here the focus is on two areas i) the presentation of each scenario and the details underpinning these and
ii) the actions and outcomes expected over different time horizons under different scenarios.
For more details on other connected areas see the Physical Risks and Connectivity sections.

Topic: Scenario analysis
Example: 4.1

Technical insight

Dalrymple Bay Infrastructure Limited provides infrastructure for Australian coal exports. This excerpt from the company's annual & sustainability report for 2025 provides a one-page **summary of the scenario descriptions** and the references underpinning these. It demonstrates several of the **IFRS S2** requirements including setting out the **assumptions underpinning each scenario**, along with providing information about the **global and regional trends** considered (**IFRS S2.22(b)(i)(1)** and **IFRS S2.22(b)(ii)(2) and (3)**). The disclosure could be enhanced further by providing additional quantitative data, if available, on the global trends described.

The disclosure illustrates selected aspects of **IFRS S2.22** by enabling users to understand the inputs the entity used including which climate scenarios were used for analysis **(IFRS S2.22(b)(i)(1))** and the key assumptions made including climate-related policies **(IFRS S2.22(b)(ii)(1))**, macroeconomic trends **(IFRS S2.22(b)(ii)(2))** and regional-level variables **(IFRS S2.22(b)(ii)(3)).**

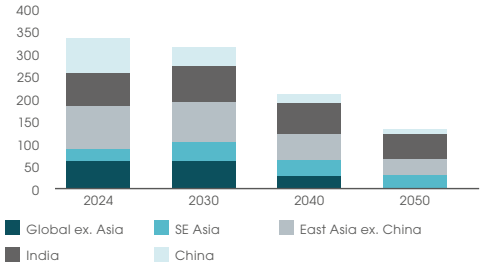
Dalrymple Bay Infrastructure Limited

Region: Asia-Oceania | **Market-cap:** 1–5bn USD | **Sector:** Services
Page 128 of Dalrymple Bay Infrastructure Limited 2025 Annual Report and Sustainability Report

Read more here

Demand

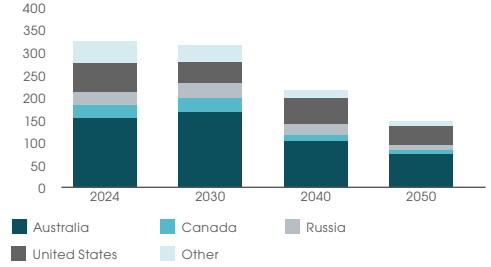
Global seaborne metallurgical coal demand – Lower Warming Scenario



In a Lower Warming Scenario where global temperatures rise by 1.5°C by 2100, seaborne traded metallurgical coal volumes are expected to decline. Wood Mackenzie expects demand would contract by approximately 65% between 2024 and 2050. The reduced demand in this scenario correlates with a shift in metallics consumption from 2030, with declining global hot metal production replaced by scrap. Hydrogen injection is likely to have some impact as a replacement for Pulverized Coal Injection coal (PCI).

Supply

Global seaborne metallurgical coal supply – Lower Warming Scenario



Seaborne metallurgical HCC supply is expected to be less impacted under this scenario (compared to other coal types) with initial decarbonisation efforts focused on optimising coke oven efficiency for lower emissions which relies on a greater proportion of HCC. Australian coal suppliers are expected to maintain their current market share, seeing the lowest reductions in supply compared to other regions given its abundant reserves of high-quality HCC. In this scenario, seaborne HCC supplies from existing operations are expected to be sufficient to meet demand, with no additional capacity required. Mines within DBT's supply catchment are among the highest quality and most profitable globally, supporting their ability to maintain a strong share of the seaborne HCC market.

Regional impacts

- **China:** Steel production via blast furnace–basic oxygen route is expected to decline from around 91% today to approximately 35% of total output. China is projected to become the largest consumer of hydrogen.
- **East Asia:** Demand for metallurgical coal is expected to decrease in line with reduced hot metal output as hydrogen-based direct reduced iron (DRI) becomes dominant. Remaining blast furnaces are expected to require Carbon Capture, Utilisation and Storage (CCUS).
- **Southeast Asia:** Seaborne metallurgical coal imports predicted to increase by about 21% by 2050.
- **India:** Expected to be the largest consumer, with demand only expected to reduce by 27% by 2050 compared to current levels.
- **Global ex. Asia:** Hot metal production in Europe is expected to fall due to investment in green steel, while U.S. exports are expected to decrease as European demand weakens.

Topic: Scenario analysis continued
Example: 4.1

Dalrymple Bay Infrastructure Limited continued

Region: Asia-Oceania | **Market-cap:** 1–5bn USD | **Sector:** Services
Page 117 of Dalrymple Bay Infrastructure Limited 2025 Annual Report and Sustainability Report

Read more here

R2: Sustain viable economic return

Relevant time horizon: Long

Business model concentration: Revenue, Customer, Asset

Main items where there is potential impact in the Financial Report:

- Note 4 – Revenue and Operating Costs
- Note 13 – Intangible Assets

Technical insight

Another element of note is **the structure of information**, i.e., each section describing a risk starts with a summary statement on the **concentration of the effect of the risk on the current business model (IFRS S2.13)** along with links to the **potential impact on the financial report** (see right-hand example). For more information about connecting risks to financial statements, see the Connectivity section.

Investor insight

What makes this disclosure particularly valuable from an investor perspective is that it provides visibility into the underlying assumptions and inputs, rather than simply presenting the company's conclusions. The key macro trends are broken down by driver, including policy, resource demand, socio-economic factors, technology and physical climate risks, with the relevant reference scenarios and external sources clearly identified. This allows investors to compare the company's assumptions with their own views and analytical frameworks, supporting a more informed assessment of the disclosures.

The regional analysis is equally valuable. By distinguishing trends across China, East Asia, Southeast Asia, India and non-Asian markets, the disclosure reflects the differing transition pathways and market dynamics across geographies. This is particularly important given the contrast between blast furnace retirements in more mature markets and continued steel demand growth in other regions, enabling investors to better understand the assumptions underpinning the company's outlook and strategy.

Topic: Scenario analysis continued
Example: 4.2

Dutch Lady Milk Industries Berhad (DLMI)

Region: Asia-Oceania | **Market-cap:** 0.1–0.5bn USD | **Sector:** Food and beverage
Page 83 of Dutch Lady Milk Industries Integrated Annual Report 2025

Read more here

Technical insight

DLMI is a Malaysia-based food and beverage company with a focus on dairy products. The disclosure below, taken from the company's integrated annual report for 2025, shows a summary associated with one specific climate risk. The disclosure illustrates aspects of the **IFRS S2** requirements by explaining the **implications of the scenario analyses** for the entity's **strategy and business model (IFRS S2.22(b)(i)).**

It also provides a summary risk rating for each scenario, followed by an explanation of how DLMI has incorporated carbon pricing considerations into strategic planning across the business (see second excerpt on the following page).

Excerpt 1

Effects on Business Model and Value Chain

Potential impacts on DLMI's business model and value chain before considering DLMI's mitigation measures include:

Direct operational effects

- Higher operating costs due to carbon tax or increased electricity tariffs.
- Increased fuel and energy costs for production and logistics.
- Higher compliance and reporting requirements (audits, verification, monitoring).

Impact on supply chain & procurement

- Upstream ingredient suppliers may pass through carbon-related costs.
- Imported dairy ingredients from jurisdictions with carbon pricing may experience cost inflation.
- Higher logistics costs as transporters face fuel-related carbon charges.

Downstream impacts

- Retailers may adjust listing fees or prefer suppliers demonstrating low-carbon credentials.
- Potential cost impacts for cold chain partners.

Effects on Strategy, Decision Making and Resilience Planning

DLMI's energy efficiency performance and modern manufacturing facility provide high adaptive capacity, reducing sensitivity to potential carbon pricing impacts across both the 1.5°C and 4.0°C scenarios. These operational strengths help moderate overall transition risk, supporting the medium-to-low risk ratings reflected in the scenario assessment.

Scenario Assessment

Scenario	Medium Term (2030)	Long Term (2050)
1.5°C →	Medium Risk	Medium Risk
4.0°C →	Low Risk	Medium Risk

Investor insight

A notable feature of DLMI's climate scenario disclosure is the clear linkage between scenario outcomes and management responses. In particular, for carbon pricing risk, the company presents an easy-to-understand assessment under both the 1.5°C and 4.0°C scenarios across medium- and long-term time horizons, while also explaining the specific strategic measures that support its resilience assessment.

In addition, DLMI provides quantified estimates of potential financial effects, enabling investors to understand not only the magnitude of the risk but also how management intends to mitigate and manage future financial implications. This significantly enhances the decision-usefulness of the disclosure (see Excerpt 2).

Topic: Scenario analysis continued
Example: 4.2

Dutch Lady Milk Industries Berhad (DLMI) continued

Region: Asia-Oceania | **Market-cap:** 0.1–0.5bn USD | **Sector:** Food and beverage
Page 85 of Dutch Lady Milk Industries Integrated Annual Report 2025

Read more here

Technical insight

The second excerpt shows details of the **baseline and two additional scenarios** along with **source references** and **key assumptions** consistent with aspects of **IFRS S2.22(b)(i) and (ii)**. In addition, the example includes the range of **financial effects predicted** for the company addressing aspects of **IFRS S2.16(a), (c) and (d).**

Overall details about each risk are set out under the same template each time allowing the user to easily evaluate the information provided for each risk in a straightforward way.

Excerpt 2

Carbon pricing and taxes (RM million)	Baseline		1.5°C scenario		4.0°C scenario	
	Current financial effects	Short term financial effects (per annum)	Medium term financial effects (per annum)	Long term financial effects (per annum)	Medium term financial effects (per annum)	Long term financial effects (per annum)
Financial performance						
Cost of sales	0	0	0	0	0	0
Other expenses	0	0	(1.8) to (2.2)	(2.8) to (4.5)	(0.4) to (0.5)	(1.2) to (1.5)
Profit	0	0	(1.8) to (2.2)	(2.8) to (4.5)	(0.4) to (0.5)	(1.2) to (1.5)
Financial position						
	0	0	0	0	0	0
Cash flows						
Cash flow from operating activities	0	0	(1.8) to (2.2)	(2.8) to (4.5)	(0.4) to (0.5)	(1.2) to (1.5)

The key assumptions are presented below:

1.5°C Scenario

IEA World Energy Outlook 2024
2030: RM 386, 2035: RM 536, 2040: RM 686, 2050: RM 858

4.0°C scenario

Singapore Carbon Pricing Act
2029 – 2030: RM 82.5
2030 – 2050: RM 264

- The estimates are subject to measurement uncertainty due to evolving policy design and the lack of Malaysia-specific carbon pricing parameters. These estimates are indicative and may change once RUUPIN is finalised, particularly with respect to sector coverage, exemptions, emissions thresholds and phase-in timelines.
- No emissions threshold was applied when estimating potential carbon pricing exposure, reflecting a conservative approach in the absence of confirmed thresholds in Malaysia's proposed RUUPIN. If thresholds were introduced, our assessment is that DLMI's financial exposure would likely be lower as only emissions above the threshold would be subject to carbon tax.
- Carbon pricing exposure in this section applies to Scope 1 emissions only. Indirect cost impacts from carbon pricing passed through electricity tariffs are captured separately under Climate Transition Risk 2: Energy Pricing and Compliance.

Investor insight

A particularly useful aspect of this disclosure is the high level of transparency around the assumptions underpinning the estimated financial effects. DLMI not only quantifies the effects of carbon pricing on specific financial statement line items, but also clearly discloses the carbon price assumptions applied under each scenario, the treatment of emissions thresholds, and the scope of emissions included in the analysis. This enables investors to assess the reasonableness and conservatism of the estimates and to understand how different policy outcomes could affect the company's financial exposure. Such transparency enhances the credibility of the climate scenario analysis.

Topic: Scenario analysis continued
Example: 4.3

Technical insight

Zenith Bank is part of the financial services sector and is headquartered in Nigeria. The example shown here is from the bank's 2025 annual report, in this example of scenario analysis the disclosure includes a clear description of **three scenarios** and the carbon pricing **assumptions** used. It is particularly transparent as it details the Carbon values used **under each scenario** and **time period** meeting aspects of **IFRS S2.22b(i).**

The input **parameters** are clearly identified alongside the **scope of the scenario model** aligning with aspects of **IFRS S2.22(b)(i) and (ii).**

Zenith Bank Plc

Region: Middle East & Africa | **Market-cap:** 1–5bn USD | **Sector:** Financials
Page 91 of Zenith Bank PLC Group Annual Report 2025

Read more here

Scenario Model Scope

The model in our analysis was developed to quantify the potential financial impacts of climate change on the Bank's portfolio and inform strategic decision-making, enabling the Bank to respond proactively to an evolving risk environment. The model covers the following risk types and exposures:

Credit Risk

Loan portfolio: Probability of default (PD), loss given default (LGD), and expected credit loss (ECL) are stressed under each scenario.

Sectoral focus: High-carbon sectors (oil, gas, coal, cement), agriculture, real estate, and other sectors relevant to the Nigerian and African context.

Geographic focus: Nigeria (with emphasis on Lagos, Port Harcourt, and the Northern agricultural belt), broader African markets, and international exposures.

Market Risk:

Equity portfolio: Revaluation based on sector-specific transition and physical risk shocks.

FGN bond portfolio: Revaluation using scenario-driven interest rate and inflation shocks, with duration and convexity effects explicitly modelled.

Market data incorporated in the scenario analysis includes bond yields, equity market indices, sectoral performance data, and macroeconomic indicators.

CARBON PRICING

Scenario	Time Horizon	Carbon Price (USD/tCO2e)
Orderly	Short	50
Orderly	Medium	120
Orderly	Long	200
Disorderly	Short	20
Disorderly	Medium	180
Disorderly	Long	250
Hothouse	Short	10
Hothouse	Medium	15
Hothouse	Long	20

The carbon-price values used in the model are sourced from the global (worldwide) NGFS region under the NGFS Climate Scenarios.

Investor insight

The use of three distinct scenarios, supported by clear, plain-language explanations of the relevant NGFS pathways, underlying assumptions and primary risk focus, makes the analysis transparent and accessible. Mapping these scenarios directly to their potential implications for Zenith Bank further enhances the disclosure by helping investors understand the relevance of the analysis to the business.

The additional detail provided on scenario inputs, modeling parameters and scope beneath the summary table is also valuable. It enables investors seeking a deeper understanding of the methodology to assess the robustness of the analysis and compare it with other approaches. The transparent disclosure of carbon pricing assumptions across multiple scenarios and time horizons is particularly useful, as it allows investors to evaluate the reasonableness of these assumptions and benchmark them against their own expectations and peer practices.

Topic: Scenario analysis continued
Example: 4.3

Technical insight

This excerpt shows the resulting mitigation and adaptation actions under each scenario and across time periods, providing Zenith with a plan of key steps to undertake for different eventualities. This is consistent with **IFRS S2.22(a)(i)**. Note risks are also presented across each time period for each scenario and rated in other parts of the report (not shown here).

This disclosure illustrates aspects of the **IFRS S2** scenario analysis requirements, including disclosing whether the scenarios used are associated with transition or **physical risks (IFRS S2.22(b)(i)(3))** and the time horizons used in the analysis **(IFRS S2.22(b)(i)(6)).**

Note: The information from the scenario analysis may be used as an input for the risk management topic which will set out what the company's current actions are and rationale for them. To enhance the disclosure more details about the actions being taken forward could be provided.

Zenith Bank Plc continued

Region: Middle East & Africa | **Market-cap:** 1–5bn USD | **Sector:** Financials
Page 97 of Zenith Bank PLC Group Annual Report

Read more here

Mitigation and Adaptation of Identified Climate-Related Risks

The Bank has adopted the following approach for the mitigation and adaptation of identified climate-related risks. These risks have been assessed across short, medium, and long-term horizons and within our selected climate scenarios.

Horizon	Low-Carbon Emission (Orderly Transition)	Moderate Emission (Disorderly Transition)	High Emission (Hot House World)
Short term (1–3 years)	• Embed climate risk in credit underwriting, pricing, and limits. • Scale green and transition finance products. • Strengthen climate governance, data, and disclosures. • Invest in digital channels to reduce physical disruption exposure.	• Implement sector-specific lending caps for carbon-intensive and flood-exposed sectors. • Adjust pricing to reflect carbon taxes and transition risk. • Increase capital and liquidity buffers. • Enhance stress testing and early-warning indicators.	• Activate business continuity and disaster-recovery strategies. • Temporarily restrict lending in highly exposed regions. • Protect critical IT, data centers, and staff safety. • Prioritise liquidity preservation.
Medium term (3–10 years)	• Rebalance portfolios towards low-carbon, climate-resilient sectors. • Expand sustainable finance, ESG advisory, and carbon-market services. • Partner with development finance institutions on climate projects. • Optimise branch footprint through digitalisation.	• Accelerate divestment from high-risk carbon-intensive assets • Tighten risk appetite and revise sector strategies • Increase use of guarantees, insurance, and risk-sharing mechanisms • Focus on earnings stability over balance-sheet growth	• Consolidate branch network and exit persistently flood-prone locations • Reduce concentration risks across sectors and geographies • Shift strategy towards capital protection and loss containment • Reprice products to reflect elevated physical risk
Long term (10–30 years)	• Position Zenith Bank as a leading sustainable and climate-resilient bank • Embed climate considerations into long-term capital allocation and growth strategy. • Leverage strong reputation to attract long-term, low-cost capital	• Operate a smaller but more resilient balance sheet • Maintain selective growth in climate-aligned sectors • Continuously adapt strategy as policies and technologies evolve	• Adopt a defensive, resilience-first business model • Potential strategic retreat from high-risk markets • Focus on long-term viability rather than expansion

Investor insight

It is extremely useful for an investor to see the identification of mitigation and adaptation responses across scenarios and multiple time horizons. An investor is likely to be extremely interested in management response to potential risks and feed this into their own risk assessment and valuation expectations.

It is positive to see both physical and transition risks and associated management responses considered. An improvement in the accessibility and transparency of the disclosure would be to clearly label these as such within the "Mitigation and Adaptation..." table.

It would be good to see some consideration of opportunities as the example largely focuses on risks. There are opportunities mentioned e.g. scaling of green and transition finance products, but risks and opportunities could be more clearly differentiated.

In the mitigation and adaptation section, there is no explicit consideration or explanation of the entities' capacity to meet these measures in terms of availability and flexibility of financial resources and impact on capital allocation. Discussion of this aspect would better align with the requirements of **IFRS S2.22.**

Scenario analysis – Useful resources

Useful resources

The following table provides useful resources for exploring this topic further.

Resource	Author/Category
Climate resilience and climate-related scenario analysis requirements in IFRS S2	IFRS Foundation: Webcast
Scenario Explorer and Database hosted by IIASA	International Institute for Applied Systems Analysis: Scenario Explorer and Database
IPCC Third Assessment Report: Chapter 13	IPCC: Report
NGFS Scenarios Portal	NGFS: Scenarios portal
TNFD Guidance on Scenario Analysis	TNFD: Guidance
UNEP FI Climate Pathways Navigator	UNEP FI: Free tool
RMI Transition Pathways Repository	RMI: Repository
Climate Scenario Catalogue	WBCSD: Catalogue
Demystifying Climate Transition Scenarios	WBCSD and PwC UK: Report
Integrate climate into strategic planning	WBCSD and BCG: Insight

Companies



Dalrymple Bay Infrastructure Limited

Read more here



Dutch Lady Milk Industries Berhad (DLMI)

Read more here



Zenith Bank Plc

Read more here

Risk *management*

Requirements for risk management are included in **IFRS S1 and IFRS S2** depending on the subject matter. Below is a high-level summary of the relevant requirements.

IFRS S1.43 and 44 require entities to explain their internal processes for **identifying, assessing, prioritizing and monitoring sustainability-related risks and opportunities**, including the inputs, data sources and assumptions used.

IFRS S1.44 follows the same structure and requirements as **IFRS S2.25**, but is applied to sustainability rather than climate-related risks and opportunities.

IFRS S2.24 and 25 require entities to disclose information that allows users to understand an entity's processes to **identify, assess, prioritize and monitor climate-related risks and opportunities**, and how these processes are integrated into the entity's overall risk management framework.

Disclosures should describe:

IFRS S2.25(a) the **policies and processes** applied to climate-related risks, including:

(i) the **inputs, data sources** and **operational scope** used;

(ii) whether and how **scenario analysis** informs risk identification;

(iii) the methods used to assess the **nature, likelihood and magnitude** of risks;

(iv) how climate-related risks are **prioritized** relative to other risks;

(v) how they are **monitored**; and

(vi) **any changes** to these processes since the previous reporting period.

IFRS S2.25(b) and (c) set out similar, but less detailed requirements for disclosures that explain the processes used to identify, assess, prioritize and monitor climate-related **opportunities**, including whether and how scenario analysis has been used, and whether and how the process is integrated into the entity's overall risk management process.

Strategy | Risk management | Metrics and targets | Conceptual foundations

Risk management *Key observations*

1. Complex risk management information was easier to access where visual formats were used. In the report excerpts reviewed, **icons**, **tables** and **structured layouts** helped make dense or multi-step information more accessible.

2. **The links between process steps were easier to follow where the disclosure was ordered clearly.** In the report excerpts reviewed, disclosures were easier to interpret where the sequence from identifying and assessing sustainability- or climate-related risks and opportunities through to prioritization, management response and actions, was presented in a connected and coherent way.

3. Investors valued disclosures that **explained how climate-related risks fit within the wider enterprise risk-management framework.** Clarity on which teams are responsible for applying the various tools and methodologies, how outputs are reviewed, and what actions result made the risk-management system more tangible and credible.

Topic examples

The examples shown below focus more on the IFRS S2 requirements as these were more prevalent in the reports reviewed.

Topic: Risk management
Example: 5.1

Technical insight

CIMB Group is a leading universal bank across the Association of Southeast Asian Nations (ASEAN). The example shown is from the group's 2025 Sustainability Report and sets out the inputs, tools and methodologies that underpin the group's risk management approach. This illustrates aspects of **IFRS S2.25** by providing a description of each **tool/methodology** alongside the **stage of the risk management process** it relates to, and the time-horizon considered. **The use of scenario analysis** as part of the Risk Measurement stage is consistent with **IFRS S2.25(a)(ii)** requirements to disclose whether and how an entity uses climate-related scenario analysis to inform its identification of climate-related risks. The full disclosure example illustrates broader aspects of **IFRS S2.25** and helps to enable users of general purpose financial reports to understand an entity's processes to identify, assess, prioritize and monitor climate-related risks and opportunities.

5.1 CIMB Group

Region: Asia-Oceania | **Market-cap:** 10-20bn USD | **Sector:** Financials
Page 60-61 of CIMB Sustainability Report 2025

Read more here

CIMB About the CIMB Group Sustainability Report | CIMB at a Glance | Sustainability Progress Report from Leadership | 2025 Sustainability Highlights | Sustainability Framework and Approach

Securing Our Future

Operationalising Climate Risk Management

To manage climate risk alongside other risk types in a consistent and integrated way, from frontline teams to the Board, we build on existing risk processes and controls to include climate risk. As set out in the Group's Climate Risk Management Standard, a suite of tools and methodologies are embedded across different stages of the risk management process to identify, assess, manage, monitor and report climate risk.

Stage	Tool/Methodology	Time Horizon Considered
Risk Identification and Assessment	**Climate Risk Heatmapping** • Identifies material climate risk areas based on exposure profiles across the Group • Maintains a list of sectoral and regional heatmaps identifying "pockets of risk" for focused management	Short to long-term
	Annual Material Risk Assessment (MRA) • Forms a part of the Group's Internal Capital Adequacy Assessment Process (ICAAP), where business units conduct annual self-assessments of non-measurable risks including sustainability (and climate) risks in significant business activities • Facilitates discussions between Sustainability, Climate Risk and business units to evaluate sustainability risk exposure and effectiveness of controls • Compares estimated capital from the MRA against internal Pillar 2 risk buffers, and sets aside capital as part of ICAAP	Short-term
	Risk Hotspots and Emerging Risks Assessment (RHER) • Identifies, analyses and monitors sustainability (and climate) risk hotspots and emerging risks while evaluating the adequacy of internal controls in providing appropriate risk response actions where required • Enables early detection of developing or evolving material climate risk drivers which may be difficult to quantify	Short-term
	Financed Emissions Inventory • Calculates the carbon footprint of the Group's financing and investment assets, which can be used as a proxy for transition risk exposure	Short to medium-term
	Alignment to Sector-specific 2030 Interim Targets • Measures the alignment of progress against the Group's sector-specific interim Net Zero goals to gauge exposure to transition and reputational risks	Short to long-term
Risk Measurement	**Climate Scenario Analysis/Climate Risk Stress Testing (CSA/CRST)** • Evaluates climate-driven impacts on credit and non-credit parameters using quantitative and/or qualitative methods	Short to long-term

Stage	Tool/Methodology	Time Horizon Considered
Risk Management	**Integrated Sustainability Assessment Tool (ISAT)** • Evaluates climate risk of non-retail customers and transactions, and develops action plans to mitigate or adapt as needed	Short to long-term
	Green, Social, Sustainable Impact Products and Services (GSSIPS) • Mobilises climate finance (e.g., climate-supporting financing, transition finance) to help clients decarbonise	Short to medium-term
	Country Sector Limit Methodology (CSLM) • Manages the Group's exposure to climate risk through the Sustainability Overlay, developed based on sector sensitivities to transition risk using the Transition Risk Heatmap from the United Nations Environment Programme Finance Initiative (UNEP FI)	Short to medium-term
	Operational Risk Management • Manages the Group's operational risk impacts caused by physical or transition risk-driven events	Short to medium-term
Risk Monitoring and Reporting	**Risk Appetite Dashboard (RAD)** • Monitors the Group's performance against established climate risk appetite metrics and facilitates mitigating actions	Short to long-term
	Regulatory Reports/Disclosures • Communicates the Group's climate risk management approach and performance in line with regulatory requirements and standards (e.g., CRMSA, IFRS S2)	Short to long-term

Investor insight

This disclosure effectively explains how climate-related risks are integrated into the bank's broader risk management framework. The connection between risk management and strategy is particularly evident in the recognition of financed emissions targets as a risk assessment tool, demonstrating how climate considerations inform both risk oversight and strategic decision-making.

The range of tools and methodologies described provides investors with a useful overview of the bank's approach and offers insight into the maturity and sophistication of its climate risk management capabilities. The disclosure could be strengthened further by providing greater clarity on governance and accountability, including which teams are responsible for applying the various tools and methodologies, who reviews and challenges the outputs, and how the results influence decision-making. Such information would make the operation of the risk management framework more tangible and enable investors to better understand how climate-related risks are identified, assessed and managed in practice.

Topic: Risk management
Example: 5.2

Technical insight

Tech Mahindra Ltd. (TechM) is an Indian multinational technology services and consulting company. In TechM's 2025 Annual Report, a high-level overview of the Enterprise Risk Management (ERM) process, together with reference to sustainability and climate-specific processes, is provided. This illustrates selected elements of the **IFRS S1.44 and IFRS S2.25** requirements. The more detailed commentary here focuses on **IFRS S2** requirements.

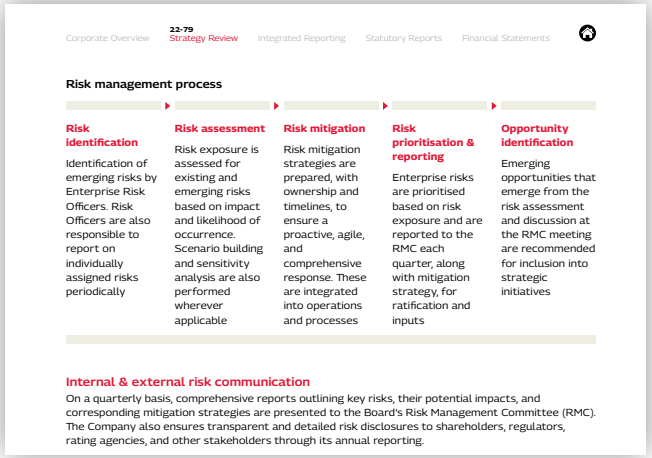
The first two excerpts illustrate selected elements of the requirements set out in **IFRS S2.25(a)(iv) and (v)** by explaining the overarching risk management process and how the ESG risk management process fits within this to both identify and monitor ESG and climate-related risks through quarterly reviews. Some detail on how it prioritizes sustainability/climate-related risks is provided in the third excerpt, with further detail on how these are prioritized relative to other types of risks being needed to fully meet the disclosure requirements.

Tech Mahindra Ltd.

Region: Asia-Oceania | **Market-cap:** 10-20bn USD | **Sector:** Technology & Communications

Read more here

Excerpt 1, page 57 of Tech Mahindra Integrated Annual Report 2025-26



Corporate Overview | 22-79 Strategy Review | Integrated Reporting | Statutory Reports | Financial Statements

Risk management process

Risk identification	Risk assessment	Risk mitigation	Risk prioritisation & reporting	Opportunity identification
Identification of emerging risks by Enterprise Risk Officers. Risk Officers are also responsible to report on individually assigned risks periodically	Risk exposure is assessed for existing and emerging risks based on impact and likelihood of occurrence. Scenario building and sensitivity analysis are also performed wherever applicable	Risk mitigation strategies are prepared, with ownership and timelines, to ensure a proactive, agile, and comprehensive response. These are integrated into operations and processes	Enterprise risks are prioritised based on risk exposure and are reported to the RMC each quarter, along with mitigation strategy, for ratification and inputs	Emerging opportunities that emerge from the risk assessment and discussion at the RMC meeting are recommended for inclusion into strategic initiatives

Internal & external risk communication

On a quarterly basis, comprehensive reports outlining key risks, their potential impacts, and corresponding mitigation strategies are presented to the Board's Risk Management Committee (RMC). The Company also ensures transparent and detailed risk disclosures to shareholders, regulators, rating agencies, and other stakeholders through its annual reporting.

Excerpt 2, page 62 of Tech Mahindra Integrated Annual Report 2025-26



Navigating ESG risks and unlocking opportunities

(GRI Disclosure 201-2 and IFRS S1 Disclosure 44(b), 44(c))

Our ESG risk management framework & process

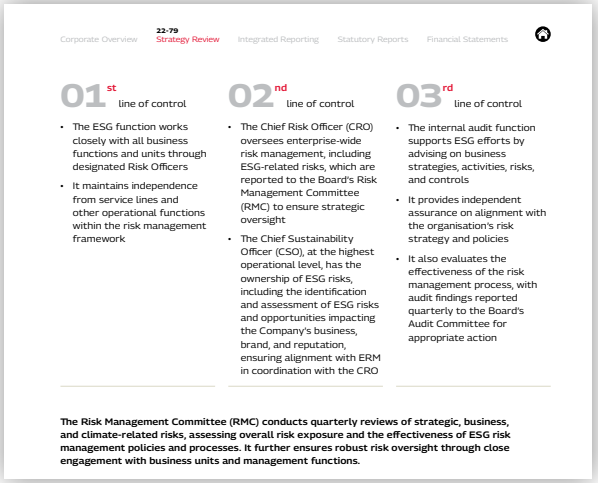
TechM prioritises identification, assessment, and mitigation of ESG-related risks, while actively pursuing associated opportunities through its Enterprise Risk Management (ERM) framework. This approach integrates risk evaluation across geographies, business verticals, and time horizons, covering financial, legal, strategic, management, and climate dimensions, supported with structured mitigation planning.

Our ESG risk management structure

The Board-led Risk Management Committee (RMC) provides oversight of the Company's risk management framework. At TechM, the ESG team is responsible for the ongoing identification, assessment, monitoring, and reporting of internal and external risks, including their impacts across short-, medium-, and long-term horizons.

To manage ESG risks, we have established a three-level control system, operationalised at the unit level under executive and senior leadership oversight and periodically reviewed for effectiveness by an independent audit team.

Excerpt 3, page 63 of Tech Mahindra Integrated Annual Report 2025-26



Corporate Overview | 22-79 Strategy Review | Integrated Reporting | Statutory Reports | Financial Statements

01st line of control

- The ESG function works closely with all business functions and units through designated Risk Officers
- It maintains independence from service lines and other operational functions within the risk management framework

02nd line of control

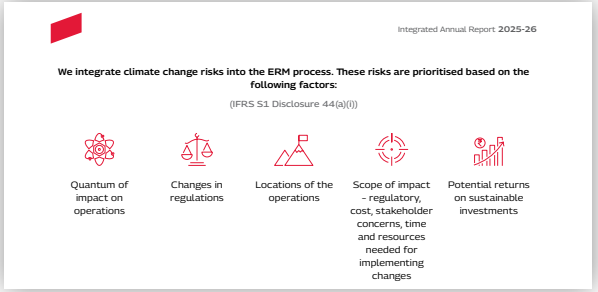
- The Chief Risk Officer (CRO) oversees enterprise-wide risk management, including ESG-related risks, which are reported to the Board's Risk Management Committee (RMC) to ensure strategic oversight
- The Chief Sustainability Officer (CSO), at the highest operational level, has the ownership of ESG risks, including the identification and assessment of ESG risks and opportunities impacting the Company's business, brand, and reputation, ensuring alignment with ERM in coordination with the CRO

03rd line of control

- The internal audit function supports ESG efforts by advising on business strategies, activities, risks, and controls
- It provides independent assurance on alignment with the organisation's risk strategy and policies
- It also evaluates the effectiveness of the risk management process, with audit findings reported quarterly to the Board's Audit Committee for appropriate action

The Risk Management Committee (RMC) conducts quarterly reviews of strategic, business, and climate-related risks, assessing overall risk exposure and the effectiveness of ESG risk management policies and processes. It further ensures robust risk oversight through close engagement with business units and management functions.

Excerpt 4, page 64 of Tech Mahindra Integrated Annual Report 2025-26



Integrated Annual Report 2025-26

We integrate climate change risks into the ERM process. These risks are prioritised based on the following factors:

(IFRS S1 Disclosure 44(a)(i))

Quantum of impact on operations	Changes in regulations	Locations of the operations	Scope of impact - regulatory, cost, stakeholder concerns, time and resources needed for implementing changes	Potential returns on sustainable investments

Topic: Risk management continued
Example: 5.2

Technical insight

In stating that "To understand our climate risk exposure, we conduct scenario analysis aligned with the TCFD in line with IFRS S2", TechM illustrates aspects of the disclosure requirement set out in **IFRS S2.25(a)(ii).**

This disclosure explains that TechM has used climate-related scenario analysis to inform its identification of climate-related risks. However, further detail on how it has applied this approach would be useful for investors and provide additional context.

Tech Mahindra Ltd. continued

Region: Asia-Oceania | **Market-cap:** 10-20bn USD | **Sector:** Technology & Communications

Read more here

Excerpt 5, page 73 of Tech Mahindra Integrated Annual Report 2025-26

Quantitative assessment of risks

We apply sensitivity analysis and stress testing as part of quantitative risk assessment to support informed decision-making. The outcomes are integrated into the risk management framework, wherever applicable. These methods assess the potential impact of financial, environmental, social, and governance business risks across relevant time horizons. Evaluating changes in key variables or external factors helps identify vulnerabilities and guide mitigation strategies.

To understand our climate risk exposure, we conduct scenario analysis aligned with the TCFD in line with IFRS S2, which helps us assess the impact on our business and formulate effective mitigation and adaptation strategies.

Excerpt 6, page 64

ESG risks classification

(IFRS S1 Disclosure 44(a)(iii))

TechM classifies risks into 25 risk zones based on:

Severity: Severe, serious, moderate, minor, insignificant

Likelihood: Most probable, probable, possible, unlikely, rare

These 25 risk zones are depicted through an ERM Risk Zone Heat Map, which visualises risks through red, amber, yellow, and green, as shown below.

Risk Exposure	Insignificant	Minor	Moderate	Serious	Severe
Most Probable					
Probable					
Possible					
Unlikely					
Rare					

Technical insight

In this disclosure example, TechM explains that it assesses the likelihood and severity of the effects of the ESG risks identified, including a visual heat map to illustrate the risk categorization. This demonstrates elements of **IFRS S2.25(a)(iii)**, but should include further detail for **how** the nature, likelihood and severity are assessed.

Topic: Risk management continued
Example: 5.2

Tech Mahindra Ltd. continued

Region: Asia-Oceania | **Market-cap:** 10–20bn USD | **Sector:** Technology & Communications
Page 64-65 of Tech Mahindra Integrated Annual Report 2025-26

Read more here

Key ESG Risks in FY26

(IFRS S1 Disclosure 30(a), 30(b), 33(a), 34(a), 34(b), 35(a), 35(b), 44(a)(v))

Physical risk of extreme weather events

Description

TechM operates in regions exposed to extreme weather events such as floods and cyclones, posing risks to:

- Safety of our personnel
- Physical assets integrity
- Our service delivery ability

Moreover, protecting these people and assets may lead to higher operational costs for the business.

Mitigation strategy

- Our disaster recovery framework and business continuity plan safeguard physical and technological infrastructure
- An occupational health and safety framework ensures a safe working environment
- Regular training and mock drills enhance employee awareness on safety standards
- Vulnerability assessments and penetration testing help secure corporate network operations

Impacted capitals:

Risk impact: Threat to lives, damaged physical assets, disrupted operations and increased financial impact

Horizon:

Likelihood: Most Probable

Magnitude of impact: Low

Financial capital | Intellectual capital | Human capital | Service capital | Social and relationship capital | Natural capital

Short-term | Medium-term | Long-term

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Technical insight

In this excerpt, each of the company's key ESG risks are set out in a table alongside the business' mitigation strategy, the impacted capitals, the risk impact, the time horizon, and likelihood and magnitude of each risk. Using the heat mapping visual in these disclosures, alongside the narrative "likelihood" and "magnitude of impact", would be useful for users of the report to quickly understand the risk assessment of each identified ESG risk.

TechM's disclosures include a mapping against IFRS Foundation requirements. This is not a requirement of **IFRS S1** or **IFRS S2** but could be helpful when seeking to clarify where the entity perceives it has met disclosure requirements. However, self-mapping does not by itself demonstrate that the underlying disclosure fully satisfies relevant requirements.

The quality and completeness of the supporting disclosure would still need to be assessed. The references illustrated here do not always accurately reflect the disclosure requirements met and so will not be useful for users of the report.

Investor insight

This disclosure provides a clear and structured framework for communicating key ESG risks. Presenting the time horizon, likelihood and potential magnitude of impact alongside a concise description of each risk and its associated mitigation strategy makes the information accessible and decision-useful for investors.

The disclosure could be strengthened through greater alignment between the framework used for key ESG risks and that applied to the principal enterprise risks discussed elsewhere in the report. Using different frameworks makes it more difficult for investors to compare the nature, likelihood and potential impact of risks across the two categories and to understand their relative significance.

The reporting would also benefit from showing the color classification of each ESG risk against the TechM ERM Risk Zone Heat Map within the individual risk disclosures. This would provide additional context and enable investors to more readily assess the risk profile and prioritization of each ESG risk within the broader enterprise risk management framework.

Risk management - Useful resources

Useful resources

The following table provides useful resources for exploring this topic further.

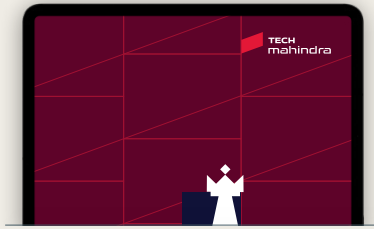
Resource	Author/Category
Sustainability-related risks and opportunities and the disclosure of material information	IFRS Foundation: Educational material
Sustainability-related risks and opportunities and the disclosure of material information	IFRS Foundation: Webcast
Fostering long-term resilience through a dynamic approach to ESG risk management	WBCSD: Report
Embedding ESG and sustainability considerations into the Three Lines Model	WBCSD and Institute of Internal Auditors (IIA): Report
Guidance on improving the quality of ESG information for decision-making	WBCSD and FSR: Guidance
Applying Enterprise Risk Management to Environmental, Social and Governance-related Risks	WBCSD and COSO: Guidance
TCFD Guidance on Risk Management Integration and Disclosure	TCFD

Companies



CIMB Group

Read more here



Tech Mahindra Ltd.

Read more here

Metrics *and targets*

Requirements for metrics and targets are set out in both **IFRS S1 and IFRS S2** depending on the subject matter. Here we provide a high-level summary of the requirements across **IFRS S2**, focusing on a climate-first approach as noted earlier in the report.

IFRS S2.27–32 require entities to disclose **cross-industry and industry-based metrics** that enable users to understand the entities' **performance** in relation to climate-related risks and opportunities.

Cross-industry metrics

Cross-industry metrics include greenhouse gas emissions (Scopes 1, 2 and 3), the entity's **exposure** to climate-related transition and physical risks, climate-related opportunities, capital deployment, internal carbon pricing, and whether and how climate-related considerations are factored into **executive remuneration.**

Information about how greenhouse gas emissions have been measured is required[1]. For Scope 1 and Scope 2 emissions disclosures, entities are required to **disaggregate** emissions from the consolidated accounting group and other investees. Entities are also required to disclose their **location-based Scope 2 emissions.**

Industry-based metrics

IFRS S2.32 requires an entity to disclose industry-based metrics and to refer to and consider the applicability of the Industry-based Guidance on Implementing **IFRS S2**.

IFRS S2.33–37 require entities to disclose any **climate-related targets** they have set, and any targets required by law or regulation. The disclosures should enable users to understand the scope, objectives, timeframes, relevant metrics, methodologies and governance of those targets, and how progress is monitored and reviewed. They should allow users to understand entities' **performance against each target.**

For greenhouse gas emissions targets, entities are required to provide additional information on the **emissions covered**, the Scope (1, 2 or 3) whether targets are gross or net, whether the target was derived using a sectoral decarbonization approach and a description of the planned use of **carbon credits** where relevant.

1 This report applies the requirements in IFRS S2 Climate-related Disclosures (June 2023), rather than the amended version issued in December 2025. On 11 December 2025, the ISSB issued 'Amendments to IFRS S2'. These amendments include jurisdictional relief from applying the GHG Protocol Standard, and IPCC GWP values, if an entity is required to use a different measurement method. The entities featured in the 'metrics and targets' examples have not specifically stated that they have opted to early-adopt these amendments.

Strategy | Risk management | Metrics and targets | Conceptual foundations

Metrics and targets *Key observations*

1. Metrics were easier to interpret when definitions and methods were presented clearly and signposted/linked to any high-level summary of metrics. In the excerpts reviewed, bespoke metrics were more readily understood when definitions and methodological explanations were grouped together in a dedicated methods section, particularly where calculation approaches had changed over time.

2. Scope 1 and Scope 2 measurements were generally underpinned by the GHG Protocol. In the excerpts reviewed, disclosures were **most useful where entities explained changes in calculation methods or noted discrepancies,** supporting transparency and alignment with **IFRS S2** requirements.

3. Investors valued disclosures that set out **how targets were established, reviewed and verified,** and noted that clarity on exclusions (such as carbon credits or Scope 3 coverage) strengthened confidence in the credibility of the targets. This information can also support assessments of target credibility and transition alignment.

Topic examples

As for 'Risk management' and as noted above, the examples shown below focus more on the IFRS S2 requirements.

Topic: Metrics and targets
Example: 6.1

Technical insight

Karoon Energy Limited is an international oil and gas exploration company headquartered in Australia. The excerpt from the company's 2025 Sustainability Report shows Karoon's climate targets alongside the baseline for each target and the associated metric. The table also provides a high-level description of each target and indicates the methodology used to calculate the figures.

The associated text describes how targets were informed by the Paris Agreement, UN Sustainable Development Goals and local legislation, and apply to operated and non-operated assets (unless noted otherwise), illustrating disclosures aligned with the requirements in **IFRS S2.33(a)–(c), (e), (g) and (h).** More detailed explanations are provided elsewhere in the report.

Karoon Energy Limited

Region: Asia-Oceania | **Market-cap:** 0.1-0.5bn USD | **Sector:** Extractives & Minerals Processing
Page 54 of Karoon Energy 2025 Sustainability Report

Read more here

TABLE 13: CLIMATE-RELATED TARGETS AND INITIATIVES[1]

Target	Description of Target	Methodology to calculate	Baseline	Metric	Short	Medium	Long
30% Reduction in Emissions intensity[2,3]	Reduce Scope 1 and Scope 2 emission intensity by 30% by end-2032 from a 2021 baseline.	Absolute emissions per barrel of oil equivalent (boe)	2021	$KgCO_2e$/boe (Intensity; Gross GHG emissions)			
Carbon Neutral for Scope 1 & 2 emissions[3]	Achieved from CY2021 onwards via use of verified carbon units (VCU's). From 2024 onwards this includes joint venture emissions on a NWI basis.	Number of verified carbon credits surrendered against absolute emissions	2021	tCO_2e (Absolute; Net GHG emissions)			
<1.5% Flaring[4]	<1.5% of flaring as a percentage of gas produced.	Ongoing	–	% (Absolute)			
Near Zero fugitive methane[4]	Align on an industry near zero fugitive methane initiative.	2030	–	$KgCO_2e$/boe (Intensity)			
Net Zero by 2050 or sooner[4]	'Net Zero by 2050 or sooner' for Scope 1 and Scope 2 emissions aligns Karoon with industry and global standards.	Absolute emissions produced from operationally controlled assets	2021	tCO_2e (Absolute; Net GHG emissions)			

1. A target is a specific, measurable outcome to be achieved within a defined timeframe, whereas an initiative is a coordinated set of actions or projects undertaken to achieve that target.
2. Emissions intensity calculated based on total Scope 1 and Scope 2 (Market basis) emissions.
3. Operated and non-operated assets.
4. Operated assets.

Investor insight

The disclosure clearly sets out Karoon's climate targets across five distinct metrics: emissions intensity, carbon neutrality, flaring, fugitive methane, and net zero, each anchored to a baseline year, calculation methodology and associated metric, meeting **IFRS S2** requirements for target description and methodology. The accompanying narrative adds valuable governance context, noting that targets were set in 2021, reviewed in 2024, aligned to the Paris Agreement, the UN Sustainable Development Goals (SDGs), AASB S2 (Australian Sustainability Reporting Standard) and **IFRS S2**, overseen by Karoon's Management Team, and subject to annual limited assurance over underlying emissions data. The disclosure could be further strengthened by disclosing membership of the Oil and Gas Methane Partnership (OGMP); quantifying the capital expenditure required to meet stated targets; clarifying that carbon credits, including VCUs, are excluded from progress measured against science-based targets; extending third-party verification to cover both underlying data and the targets themselves; and better explaining the absence of a Scope 3 target, given it typically represents the largest share of emissions for an exploration and production company.

Topic: Metrics and targets continued
Example: 6.2

Technical insight

Santos is a global energy company headquartered in Australia with operations across Papua New Guinea, Timor-Leste and the United States of America (USA). This example, from the company's 2025 Annual Report, discloses information about the company's climate-related metrics. This aligns with aspects of the requirements set out in:

- **IFRS S2.29(a)(i)** in relation to greenhouse gas emissions generated during the reporting period, i.e., Scope 1, 2 and 3;
- **IFRS S2.29(a)(ii)** to measure GHGs in accordance with the GHG Protocol unless required by jurisdictional authority to use a different method – in this case Australia and the US are mentioned; and
- **IFRS S2.29(a)(iv)** to disaggregate emissions between the consolidated accounting group and other investees.

Santos Ltd

Region: Asia-Oceania | **Market-cap:** 10-20bn USD | **Sector:** Extractives & Minerals Processing
Page 68 of Santos Annual Report 2025

Read more here

Emissions data[1, 2, 3]

Scope 1 and 2[4]

Santos' equity share gross emissions were 3.81 million tonnes of carbon dioxide equivalent (MtCO2e). This included 3.55 MtCO2e Scope 1 and 0.26 MtCO2e Scope 2 (location-based).[1] 67% of the Santos' Scope 1 and 2 GHG emissions are in Australia and calculated in accordance with NGER, and 1.8% from Alaska in accordance with US EPA Code. The remainder of Santos' Scope 1 and 2 GHG emissions are calculated in accordance with the GHG Protocol, which primarily relates to emissions from PNG of 30%. Santos' equity share gross emissions reflect emissions after CO2e has been captured and stored by Moomba CCS operations.

Scope 3[5]

Santos' Scope 3 equity share gross emissions were 28.4 MtCO2e. A breakdown by material category is provided in the table below.

Scope 1 equity share greenhouse gas emissions[5]

	2025	2024	2023	2022	2021
Emissions - equity share (MtCO2e)					
Equity share emissions (MtCO2e)	**3.55**	4.12	4.60	4.86	4.69
Consolidated accounting group	**2.97**	3.54	NPR	NPR	NPR
Other investees	**0.58**	0.58	NPR	NPR	NPR
Equity share intensity (ktCO2e/mmboe)[7]	**46**	47	50	47	51

Scope 2 equity share greenhouse gas emissions[6]

	2025	2024	2023	2022	2021
Emissions - equity share (MtCO2e)					
Equity share emissions	**0.26**	0.26	0.21	0.21	0.22
Consolidated accounting group	**0.26**	0.26	NPR	NPR	NPR
Other investees	**0.00**	0.00	NPR	NPR	NPR

Scope 1 and 2 equity share greenhouse gas emissions

	2025	2024	2023	2022	2021
Emissions - equity share					
Equity share emissions (MtCO2e)	**3.81**	4.38	4.81	5.07	4.91
Consolidated accounting group	**3.23**	3.80	NPR	NPR	NPR
Other investees	**0.58**	0.58	NPR	NPR	NPR
Equity share intensity (ktCO2e/mmboe)[7]	**44**	50	52	49	53

Scope 3 equity share greenhouse emissions[8, 10]

	2025
Emissions - equity share by category (MtCO2e)	
Category 1: Purchased goods and services	**2.1**
Category 10: Processing of sold products	**4.3**
Category 11: Use of sold products	**20.8**
Other upstream	**0.7**
Other downstream	**0.4**
Total	**28.4**

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Investor insight

The disclosure provides useful transparency on the role of carbon capture and storage and carbon credits within Santos' emissions reduction strategy. Investors would benefit from a clearer distinction between gross and net emissions over time, including how these relate to the company's targets. This would help users better understand the relative contribution of emissions reductions, i.e., the extent to which progress reflects reductions in underlying emissions, carbon capture and storage, or carbon credits.

Additional explanation of any material departures from the GHG Protocol would further support comparability and interpretation.

Topic: Metrics and targets
Example: 6.3

Technical insight

QNB is the biggest bank in Qatar and the largest financial institution in the Middle East and Africa. The following excerpt from the company's 2025 Sustainability Report discloses information about the company's climate-related metrics.

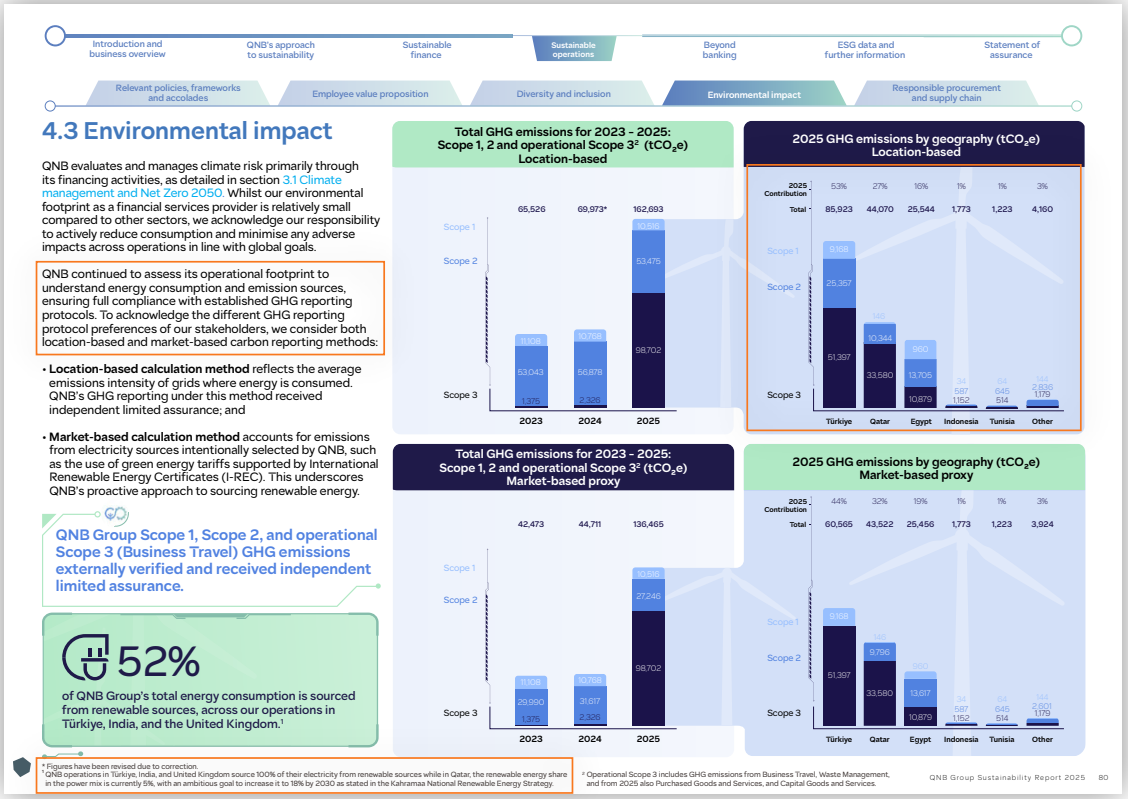
This excerpt demonstrates alignment with the requirements of **IFRS S2.29(a)(i)** in relation to Scope 1, 2 and 3 greenhouse gas emissions generated during the reporting period; **IFRS S2.29(a)(ii)** to measure GHGs in accordance with the GHG protocol unless required by jurisdictional authority to use a different method and **IFRS S2.29(a)(v)**, which requires the disclosure of location-based Scope 2 emissions and information about contractual instruments that is necessary to inform users' understanding of these emissions.

The disclosures are set out in an engaging way, making the information accessible with key messages pulled out. The use of graphs also makes it easier for users to interpret the data and gain high-level insights.

QNB Group

Region: Middle East & Africa | **Market-cap:** >100bn USD | **Sector:** Financials
Page 80 of QNB Group Sustainability Report 2025

Read more here



Investor insight

The disclosure appropriately reflects the importance of financed emissions to QNB's overall emissions profile, while also providing information on emissions from its own operations. The presentation of both location-based and market-based Scope 2 emissions supports transparency and comparability. Investors may see opportunities to streamline certain elements of the presentation where key differences can be communicated more concisely, for example where separate sets of graphs are used for location-based and market-based emissions.

Investors would benefit from focused commentary explaining significant movements and differences in reported emissions and the relative contribution of individual emissions sources. This would enhance understanding of the principal drivers of change without requiring substantially more disclosure.

Topic: Metrics and targets continued
Example: 6.3

Technical insight

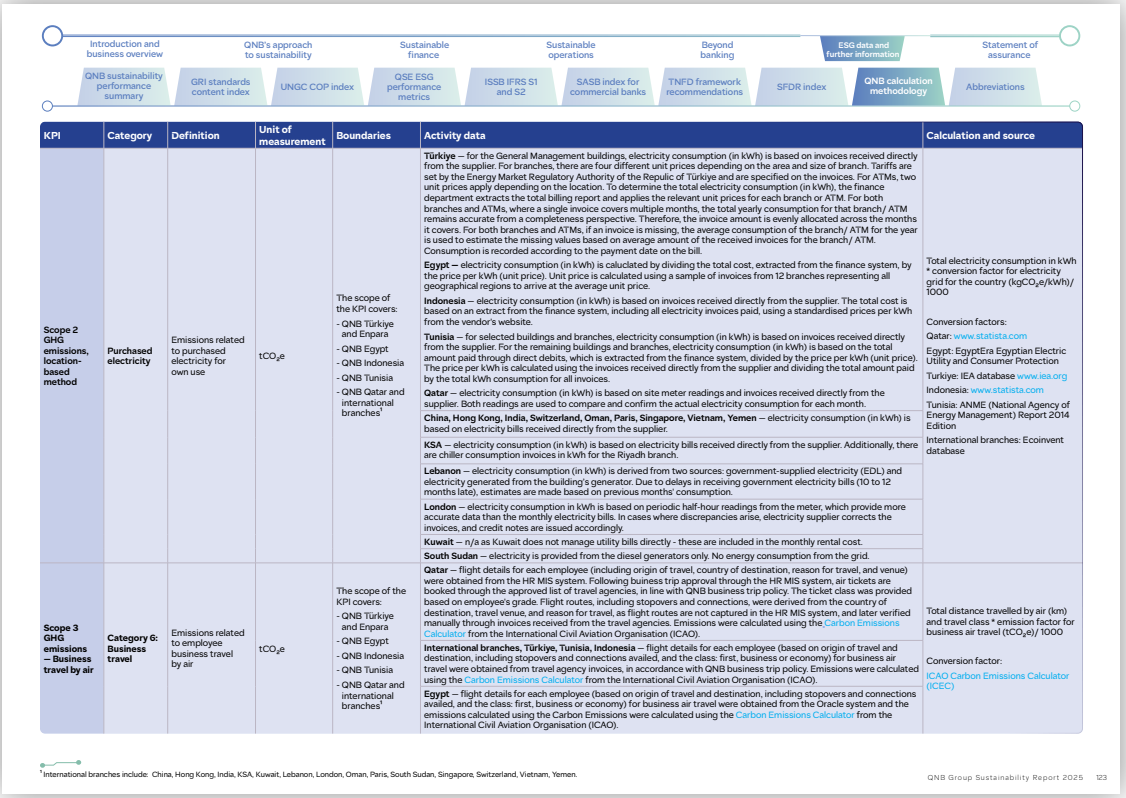
This excerpt shows a small part of the QNB calculation methodology section and demonstrates aspects of **IFRS S2.29(a)(iii) requirements** to disclose the approach used to measure GHGs.

The calculation methodology tables currently sit at the end of the report with no hyperlink or signposting from the main disclosure. Direct signposting that points users to these tables from the main disclosure shown above could improve accessibility and connectivity in the report.

QNB Group continued

Region: Middle East & Africa | **Market-cap:** >100bn USD | **Sector:** Financials
Page 123 of QNB Group Sustainability Report 2025

Read more here



Introduction and business overview | QNB's approach to sustainability | Sustainable finance | Sustainable operations | Beyond banking | ESG data and further information | Statement of assurance

QNB sustainability performance summary | GRI standards content index | UNGC COP index | QSE ESG performance metrics | ISSB IFRS S1 and S2 | SASB index for commercial banks | TNFD framework recommendations | SFDR index | QNB calculation methodology | Abbreviations

KPI	Category	Definition	Unit of measurement	Boundaries	Activity data	Calculation and source
Scope 2 GHG emissions, location-based method	**Purchased electricity**	Emissions related to purchased electricity for own use	tCO_2e	The scope of the KPI covers: - QNB Türkiye and Enpara - QNB Egypt - QNB Indonesia - QNB Tunisia - QNB Qatar and international branches[1]	**Türkiye** — for the General Management buildings, electricity consumption (in kWh) is based on invoices received directly from the supplier. For branches, there are four different unit prices depending on the area and size of branch. Tariffs are set by the Energy Market Regulatory Authority of the Repulic of Türkiye and are specified on the invoices. For ATMs, two unit prices apply depending on the location. To determine the total electricity consumption (in kWh), the finance department extracts the total billing report and applies the relevant unit prices for each branch or ATM. For both branches and ATMs, where a single invoice covers multiple months, the total yearly consumption for that branch/ ATM remains accurate from a completeness perspective. Therefore, the invoice amount is evenly allocated across the months it covers. For both branches and ATMs, if an invoice is missing, the average consumption of the branch/ ATM for the year is used to estimate the missing values based on average amount of the received invoices for the branch/ ATM. Consumption is recorded according to the payment date on the bill. **Egypt —** electricity consumption (in kWh) is calculated by dividing the total cost, extracted from the finance system, by the price per kWh (unit price). Unit price is calculated using a sample of invoices from 12 branches representing all geographical regions to arrive at the average unit price. **Indonesia** — electricity consumption (in kWh) is based on invoices received directly from the supplier. The total cost is based on an extract from the finance system, including all electricity invoices paid, using a standardised prices per kWh from the vendor's website. **Tunisia** — for selected buildings and branches, electricity consumption (in kWh) is based on invoices received directly from the supplier. For the remaining buildings and branches, electricity consumption (in kWh) is based on the total amount paid through direct debits, which is extracted from the finance system, divided by the price per kWh (unit price). The price per kWh is calculated using the invoices received directly from the supplier and dividing the total amount paid by the total kWh consumption for all invoices. **Qatar** — electricity consumption (in kWh) is based on site meter readings and invoices received directly from the supplier. Both readings are used to compare and confirm the actual electricity consumption for each month. **China, Hong Kong, India, Switzerland, Oman, Paris, Singapore, Vietnam, Yemen** — electricity consumption (in kWh) is based on electricity bills received directly from the supplier. **KSA** — electricity consumption (in kWh) is based on electricity bills received directly from the supplier. Additionally, there are chiller consumption invoices in kWh for the Riyadh branch. **Lebanon** — electricity consumption (in kWh) is derived from two sources: government-supplied electricity (EDL) and electricity generated from the building's generator. Due to delays in receiving government electricity bills (10 to 12 months late), estimates are made based on previous months' consumption. **London** — electricity consumption in kWh is based on periodic half-hour readings from the meter, which provide more accurate data than the monthly electricity bills. In cases where discrepancies arise, electricity supplier corrects the invoices, and credit notes are issued accordingly. **Kuwait** — n/a as Kuwait does not manage utility bills directly - these are included in the monthly rental cost. **South Sudan** — electricity is provided from the diesel generators only. No energy consumption from the grid.	Total electricity consumption in kWh * conversion factor for electricity grid for the country ($kgCO_2e$/kWh)/ 1000 Conversion factors: Qatar: www.statista.com Egypt: EgyptEra Egyptian Electric Utility and Consumer Protection Turkiye: IEA database www.iea.org Indonesia: www.statista.com Tunisia: ANME (National Agency of Energy Management) Report 2014 Edition International branches: Ecoinvent database
Scope 3 GHG emissions — Business travel by air	**Category 6: Business travel**	Emissions related to employee business travel by air	tCO_2e	The scope of the KPI covers: - QNB Türkiye and Enpara - QNB Egypt - QNB Indonesia - QNB Tunisia - QNB Qatar and international branches[1]	**Qatar** — flight details for each employee (including origin of travel, country of destination, reason for travel, and venue) were obtained from the HR MIS system. Following buiness trip approval through the HR MIS system, air tickets are booked through the approved list of travel agencies, in line with QNB business trip policy. The ticket class was provided based on employee's grade. Flight routes, including stopovers and connections, were derived from the country of destination, travel venue, and reason for travel, as flight routes are not captured in the HR MIS system, and later verified manually through invoices received from the travel agencies. Emissions were calculated using the Carbon Emissions Calculator from the International Civil Aviation Organisation (ICAO). **International branches, Türkiye, Tunisia, Indonesia** — flight details for each employee (based on origin of travel and destination, including stopovers and connections availed, and the class: first, business or economy) for business air travel were obtained from travel agency invoices, in accordance with QNB business trip policy. Emissions were calculated using the Carbon Emissions Calculator from the International Civil Aviation Organisation (ICAO). **Egypt** — flight details for each employee (based on origin of travel and destination, including stopovers and connections availed, and the class: first, business or economy) for business air travel were obtained from the Oracle system and the emissions calculated using the Carbon Emissions were calculated using the Carbon Emissions Calculator from the International Civil Aviation Organisation (ICAO).	Total distance travelled by air (km) and travel class * emission factor for business air travel (tCO_2e)/ 1000 Conversion factor: ICAO Carbon Emissions Calculator (ICEC)

[1] International branches include: China, Hong Kong, India, KSA, Kuwait, Lebanon, London, Oman, Paris, South Sudan, Singapore, Switzerland, Vietnam, Yemen.

QNB Group Sustainability Report 2025 123

Investor insight

The detailed methodology provides useful supporting information and is appropriately located in an appendix. Clear signposting from the main emissions disclosure would make this information easier to locate. Investors may place greater reliance on external assurance over detailed methodological information, allowing the main report to focus on the assumptions, changes and limitations most relevant to decision-making.

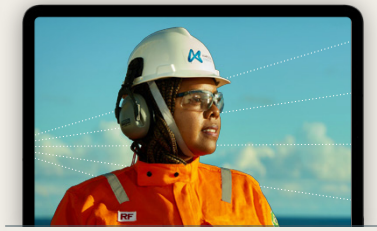
Metrics and targets - Useful resources

Useful resources

The following table provides useful resources for exploring this topic further.

Resource	Author/Category
Transition Implementation Group on IFRS S1 and IFRS S2: Responses to Questions Submitted (Relevant Categories – Q22, Q37)	IFRS Foundation: Guidance
Accelerating decarbonization by aligning the efforts of business and finance	WBCSD: Insight Paper
Avoided emissions: focus on the investment case	WBCSD
TCFD: Guidance on Metrics, Targets, and Transition Plans	TCFD
Guidance on Avoided Emissions v2.0	WBCSD: Guidance
The Climate Drive	WBCSD: Guide
SBTi Corporate Net-Zero Standard V2.0	SBTI: Standard

Companies



Karoon Energy Limited

Read more here



Santos Ltd

Read more here



QNB Group

Read more here

Strategy | Risk management | **Metrics and targets** | Conceptual foundations

Scope 3 *emissions*

IFRS S2.29(a)(vi), **B32** and **B57** require entities to disclose material Scope 3 greenhouse gas emissions, in a way that enables users to understand the sources of those emissions across the entity's upstream and downstream **value chain**. In doing so, entities are required to consider all 15 Scope 3 categories defined in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and disclose which categories are included in their reported Scope 3 emissions. In addition, entities operating in asset management, commercial banking or insurance are required to disclose their Category 15 **financed emissions[2].**

IFRS S2 does not specify the inputs to be used in measuring Scope 3 emissions. However, entities must prioritize inputs and assumptions using data that is based on **direct measurement**, from **specific activities** within the entity's value chain, timely data, and data that has been verified. This requires exercising judgment about the trade-offs of timely and verified data, and data that might be most relevant to the entity's specific circumstances.

Entities must reassess the scope of climate-related risks and opportunities across the value chain, including the Scope 3 categories and entities included in emissions measurements, when significant events or changes in circumstances occur. The scope of the value chain should be determined using all reasonable and supportable information available at the reporting date without undue cost or effort. The disclosures should enable the user to evaluate the **quality of the data.**

2 On 11 December 2025, the ISSB issued Amendments to IFRS S2 to allow entities to limit the measurement and disclosure of Scope 3 Category 15 emissions to financed emissions and provide flexibility in the disaggregation of financed emissions. The amendments also include jurisdictional relief from applying the GHG Protocol Standard, and IPCC GWP values, if an entity is required to use a different measurement method. The entities featured in the examples below have not specifically stated whether or not they have opted to early-adopt these amendments.

Strategy | Risk management | Metrics and targets | Conceptual foundations

Scope 3 emissions *Key observations*

Topic examples

The examples shown below demonstrate how entities disclose material Scope 3 emissions across their value chains, clearly identifying the relevant categories and explaining the quality, sources and limitations of the underlying data.

1. Scope 3 reporting remains a developing area, partly due to transition relief and differing regulatory requirements across jurisdictions, some of which do not mandate Scope 3 disclosures.

2. Methodology disclosures were often high-level, making it difficult for users to assess data quality or understand how values were derived. **Providing methodological detail in an appendix or separate document** – clearly cross-referenced in the main report offered essential context without disrupting flow and is part of the **IFRS S2** requirements. Concise explanations of how high-quality data has been prioritized also helped users understand the rigor of the process.

3. Scope 3 information was sometimes dispersed across multiple sections, leading to duplication and making navigation harder. A core location for emissions disclosures, with clear links to related sections such as performance targets and information about transition plans, enabled users to access the information they need more efficiently.

4. Investors valued disclosures that clearly explained the sources of data, the treatment of historical adjustments, and the rationale for methodological choices, as is required under **IFRS S2**. They note that this level of clarity improved the reliability and comparability of reported Scope 3 emissions.

5. Investors found it helpful when entities **linked category-level emissions to business divisions or major contributors**, enabling clearer reconciliation with divisional targets and providing better insight into where mitigation actions would have the greatest impact.

Topic: Scope 3 emissions
Example: 7.1

Technical insight

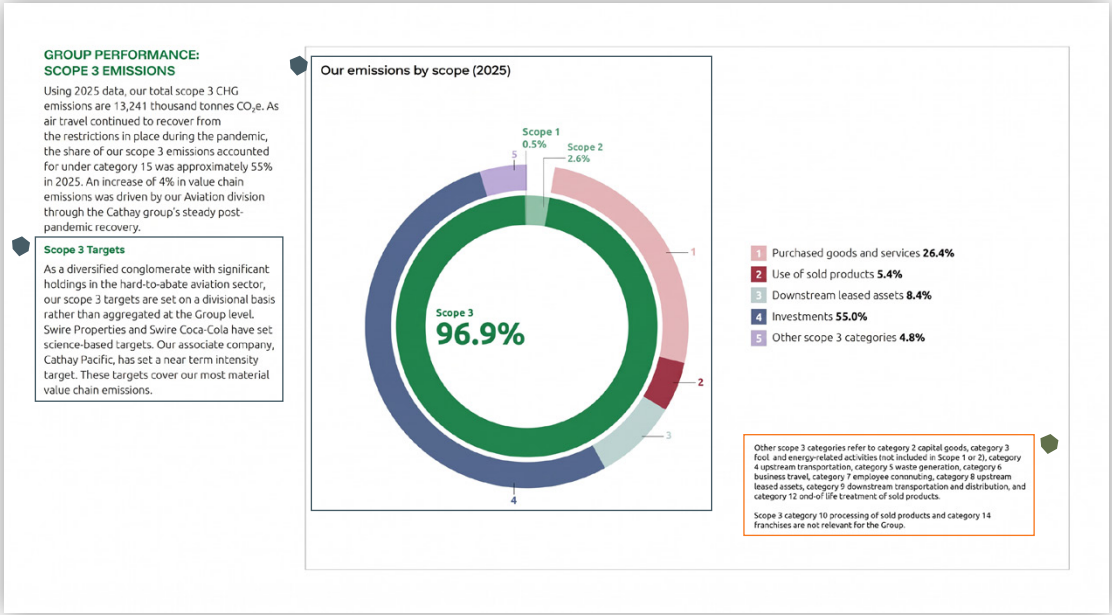
The Sustainability Report 2025 of Swire Pacific, a Hong Kong-based international conglomerate, provides a particularly strong example of enabling users to understand the **sources** of its **Scope 3 emissions**, consistent with the requirements of **IFRS S2.29(a)(vi).** The disclosure combines clear narrative with effective use of infographics, helping users navigate complex value chain information. The narrative also links **current-year emissions** to the group's Scope 3 targets and explains how Swire has addressed challenges specific to conglomerates when setting meaningful targets.

The page preceding the one shown below provides a link to a separate Reporting Methodology 2025 document, allowing Swire to keep the main report concise and accessible while offering robust supporting information for users who wish to understand the underlying methodology in more depth. Where required information is incorporated by cross-reference, the reference must identify a precisely specified part of the methodology document and meet the other conditions in **IFRS S1.B45-47.**

Swire Pacific Limited

Region: Asia-Oceania | **Market-cap:** 20–50bn USD | **Sector:** Conglomerate
Page 33 of Swire Pacific Ltd Sustainability Report 2025

Read more here



Technical insight

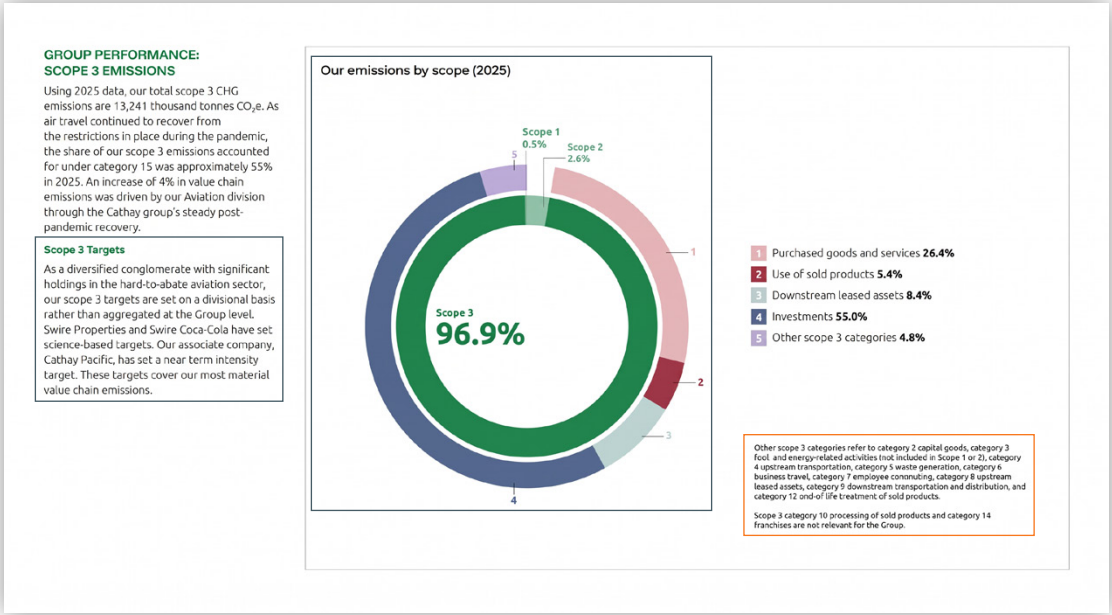
Those categories of emissions that make a smaller contribution to Swire Pacific's total Scope 3 emissions are listed in the small accompanying text, and the rationale for excluding two categories of emissions is explained. Clarity might be further strengthened by presenting the Scope 3 category numbers for the four principal categories of emissions in the legend to the infographic.

Topic: Scope 3 emissions continued
Example: 7.1

Swire Pacific Limited continued

Region: Asia-Oceania | **Market-cap:** 20–50bn USD | **Sector:** Conglomerate
Page 33 of Swire Pacific Ltd Sustainability Report 2025

Read more here



Investor insight

Swire Pacific's presentation and visualization of Scope 3 emissions is particularly strong and highly informative for investors.

- It clearly demonstrates the significance of Scope 3 emissions within the company's overall emissions profile and provides a detailed breakdown of the underlying categories. The accompanying commentary effectively highlights air travel as the principal contributor and candidly acknowledges the challenges associated with reducing emissions in this hard-to-abate area.
- This disclosure provides important context for the divisional Scope 3 emissions targets presented on the following page, helping investors understand the sources of emissions that those targets are intended to address.

Investor insight

- The graphic could be enhanced further by including an additional layer showing the broad allocation of Scope 3 emissions across the different business divisions. Given that targets are presented at a divisional level, this would help investors better understand the relationship between emissions sources and mitigation actions, particularly those aimed at reducing aviation-related emissions.
- It would also facilitate reconciliation with related disclosures elsewhere in the report, including the statement that 31% of Scope 3 emissions are currently covered by science-based targets (page 34), the indication that the Cathay group contributes approximately 60% of Scope 3 emissions (page 40), and the more detailed disclosures provided later in the report (page 107).

Topic: Scope 3 emissions continued
Example: 7.1

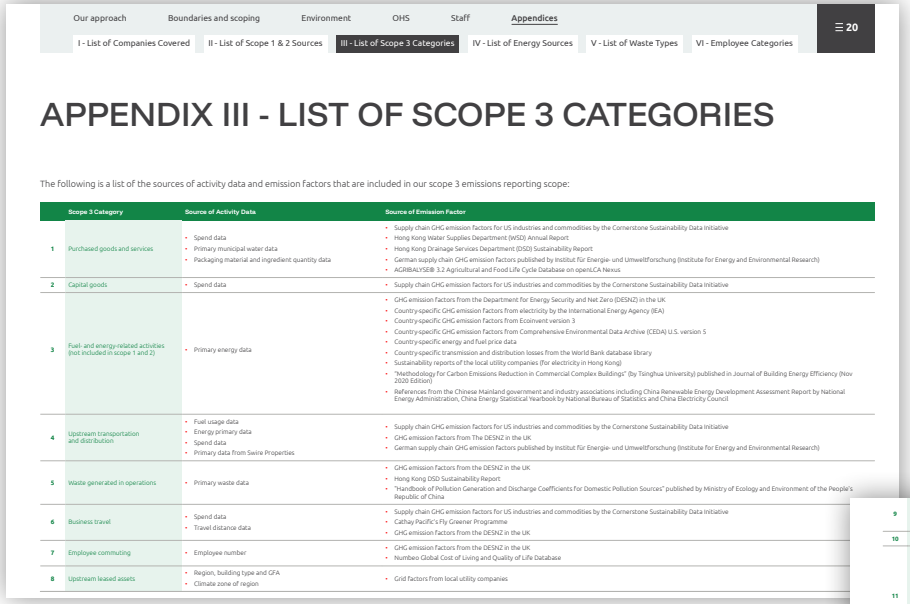
Swire Pacific Limited continued

Region: Asia-Oceania | **Market-cap:** 20–50bn USD | **Sector:** Conglomerate
Page 20-21 of Swire Pacific Reporting Methodology 2025

Read more here

Technical insight

The supporting 2025 Reporting Methodology document details the sources of data inputs and emission factors, enabling users to assess data quality for themselves, consistent with the requirement in **IFRS S2.29(a)(vi)** to disclose the inputs, assumptions and estimation techniques used in measuring greenhouse gas emissions.



Our approach | Boundaries and scoping | Environment | OHS | Staff | Appendices | ☰ 20

I - List of Companies Covered | II - List of Scope 1 & 2 Sources | III - List of Scope 3 Categories | IV - List of Energy Sources | V - List of Waste Types | VI - Employee Categories

APPENDIX III - LIST OF SCOPE 3 CATEGORIES

The following is a list of the sources of activity data and emission factors that are included in our scope 3 emissions reporting scope:

	Scope 3 Category	Source of Activity Data	Source of Emission Factor
1	Purchased goods and services	• Spend data • Primary municipal water data • Packaging material and ingredient quantity data	• Supply chain GHG emission factors for US industries and commodities by the Cornerstone Sustainability Data Initiative • Hong Kong Water Supplies Department (WSD) Annual Report • Hong Kong Drainage Services Department (DSD) Sustainability Report • German supply chain GHG emission factors published by Institut für Energie- und Umweltforschung (Institute for Energy and Environmental Research) • AGRIBALYSE® 3.2 Agricultural and Food Life Cycle Database on openLCA Nexus
2	Capital goods	• Spend data	• Supply chain GHG emission factors for US industries and commodities by the Cornerstone Sustainability Data Initiative
3	Fuel- and energy-related activities (not included in scope 1 and 2)	• Primary energy data	• GHG emission factors from the Department for Energy Security and Net Zero (DESNZ) in the UK • Country-specific GHG emission factors from electricity by the International Energy Agency (IEA) • Country-specific GHG emission factors from Ecoinvent version 3 • Country-specific GHG emission factors from Comprehensive Environmental Data Archive (CEDA) U.S. version 5 • Country-specific energy and fuel price data • Country-specific transmission and distribution losses from the World Bank database library • Sustainability reports of the local utility companies (for electricity in Hong Kong) • "Methodology for Carbon Emissions Reduction in Commercial Complex Buildings" (by Tsinghua University) published in Journal of Building Energy Efficiency (Nov 2020 Edition) • References from the Chinese Mainland government and industry associations including China Renewable Energy Development Assessment Report by National Energy Administration, China Energy Statistical Yearbook by National Bureau of Statistics and China Electricity Council
4	Upstream transportation and distribution	• Fuel usage data • Energy primary data • Spend data • Primary data from Swire Properties	• Supply chain GHG emission factors for US industries and commodities by the Cornerstone Sustainability Data Initiative • GHG emission factors from The DESNZ in the UK • German supply chain GHG emission factors published by Institut für Energie- und Umweltforschung (Institute for Energy and Environmental Research)
5	Waste generated in operations	• Primary waste data	• GHG emission factors from the DESNZ in the UK • Hong Kong DSD Sustainability Report • "Handbook of Pollution Generation and Discharge Coefficients for Domestic Pollution Sources" published by Ministry of Ecology and Environment of the People's Republic of China
6	Business travel	• Spend data • Travel distance data	• Supply chain GHG emission factors for US industries and commodities by the Cornerstone Sustainability Data Initiative • Cathay Pacific's Fly Greener Programme • GHG emission factors from the DESNZ in the UK
7	Employee commuting	• Employee number	• GHG emission factors from the DESNZ in the UK • Numbeo Global Cost of Living and Quality of Life Database
8	Upstream leased assets	• Region, building type and GFA • Climate zone of region	• Grid factors from local utility companies
9	Downstream transportation and distribution	• Fuel consumption data • Travel distance data and aircraft type • Revenue data	• Supply chain GHG emission factors for US industries and commodities by Cornerstone Sustainability Data Initiative • GHG emission factors from the DESNZ in the UK
10	Processing of sold products	Not Applicable[1]	
11	Use of sold products	• Type and quantity of sold products • Primary electricity data	• GHG emission factors from The Department for Energy Security and Net Zero (DESNZ) in the UK • Grid factors from local utility companies • International Energy Agency (IEA) database • Hong Kong's Climate Action Plan 2050 • COP26: ASEAN's Commitment in The Energy Sector • Sustainability reports of the local utility companies (for electricity in Hong Kong) • "Methodology for Carbon Emissions Reduction in Commercial Complex Buildings" (by Tsinghua University) published in Journal of Building Energy Efficiency (Nov 2020 Edition) • References from the Chinese Mainland government and industry associations including China Renewable Energy Development Assessment Report by National Energy Administration, China Energy Statistical Yearbook by National Bureau of Statistics and China Electricity Council
12	End-of-life treatment of sold products	• Type, quantity, and weight of sold products	• GHG emission factors from the DESNZ in the UK
13	Downstream leased assets	• Primary electricity data • Region, building type and GFA • Climate zone of region	• Grid factors from local utility companies • "Methodology for Carbon Emissions Reduction in Commercial Complex Buildings" (by Tsinghua University) published in Journal of Building Energy Efficiency (Nov 2020 Edition) • References from the Chinese Mainland government and industry associations including China Renewable Energy Development Assessment Report by National Energy Administration, China Energy Statistical Yearbook by National Bureau of Statistics and China Electricity Council • Country-specific GHG emission factors from electricity by the IEA
14	Franchises	Not Applicable[1]	
15	Investments	• Primary energy data	• Grid factors from local utility companies • Country-specific GHG emission factors from electricity by the IEA • GHG emission factors from Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong published by the EPD and the EMSD (For Hong Kong operations) • GHG emission factors from the DESNZ in the UK (For operations outside of Hong Kong)

Topic: Scope 3 emissions continued
Example: 7.2

Technical insight

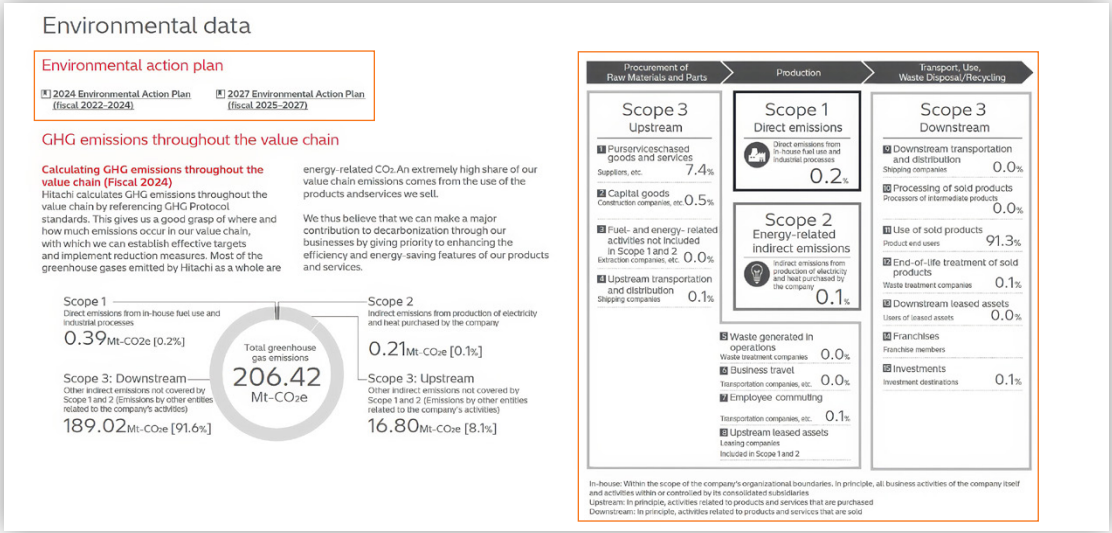
Hitachi is a multinational conglomerate headquartered in Japan, with operations spanning industries including digital systems, energy, railway systems and healthcare. **IFRS S1** and **S2** are not yet mandatory for listed Japanese entities in 2025, so while Hitachi's 2025 Sustainability Report references the Standards as a 'guideline', its climate-related disclosures are prepared in accordance with TCFD Recommendations. The excerpt below therefore illustrates practice relevant to selected **IFRS S2** requirements but is not evidence of **IFRS S2** compliance.

The report provides a visually clear one-page overview of the conglomerate's GHG emissions, where the user can immediately understand the sources of its emissions. Hitachi has measured all 15 categories of Scope 3, but most of the emissions are Category 1 and Category 11 emissions. Absolute emissions by category are detailed on the subsequent page along with short footnotes on methodology.

Hitachi

Region: Asia-Oceania | **Market-cap:** >100bn USD | **Sector:** Resource Transformation
Page 129 of Hitachi Sustainability Report 2025

Read more here



Environmental data

Environmental action plan

2024 Environmental Action Plan (fiscal 2022–2024) | 2027 Environmental Action Plan (fiscal 2025–2027)

GHG emissions throughout the value chain

Calculating GHG emissions throughout the value chain (Fiscal 2024)

Hitachi calculates GHG emissions throughout the value chain by referencing GHG Protocol standards. This gives us a good grasp of where and how much emissions occur in our value chain, with which we can establish effective targets and implement reduction measures. Most of the greenhouse gases emitted by Hitachi as a whole are energy-related CO_2. An extremely high share of our value chain emissions comes from the use of the products andservices we sell.

We thus believe that we can make a major contribution to decarbonization through our businesses by giving priority to enhancing the efficiency and energy-saving features of our products and services.

Scope 1: Direct emissions from in-house fuel use and industrial processes — 0.39 Mt-CO_2e [0.2%]

Scope 2: Indirect emissions from production of electricity and heat purchased by the company — 0.21 Mt-CO_2e [0.1%]

Total greenhouse gas emissions: 206.42 Mt-CO_2e

Scope 3: Downstream: Other indirect emissions not covered by Scope 1 and 2 (Emissions by other entities related to the company's activities) — 189.02 Mt-CO_2e [91.6%]

Scope 3: Upstream: Other indirect emissions not covered by Scope 1 and 2 (Emissions by other entities related to the company's activities) — 16.80 Mt-CO_2e [8.1%]

Procurement of Raw Materials and Parts | Production | Transport, Use, Waste Disposal/Recycling

Scope 3 Upstream
1 Purserviceschased goods and services — Suppliers, etc. 7.4%
2 Capital goods — Construction companies, etc. 0.5%
3 Fuel- and energy- related activities not included in Scope 1 and 2 — Extraction companies, etc. 0.0%
4 Upstream transportation and distribution — Shipping companies 0.1%

Scope 1 Direct emissions — Direct emissions from in-house fuel use and industrial processes 0.2%

Scope 2 Energy-related indirect emissions — Indirect emissions from production of electricity and heat purchased by the company 0.1%

5 Waste generated in operations — Waste treatment companies 0.0%
6 Business travel — Transportation companies, etc. 0.0%
7 Employee commuting — Transportation companies, etc. 0.1%
8 Upstream leased assets — Leasing companies Included in Scope 1 and 2

Scope 3 Downstream
9 Downstream transportation and distribution — Shipping companies 0.0%
10 Processing of sold products — Processors of intermediate products 0.0%
11 Use of sold products — Product end users 91.3%
12 End-of-life treatment of sold products — Waste treatment companies 0.1%
13 Downstream leased assets — Users of leased assets 0.0%
14 Franchises — Franchise members
15 Investments — Investment destinations 0.1%

In-house: Within the scope of the company's organizational boundaries. In principle, all business activities of the company itself and activities within or controlled by its consolidated subsidiaries
Upstream: In principle, activities related to products and services that are purchased
Downstream: In principle, activities related to products and services that are sold

Technical insight

This disclosure supports Hitachi's strategic focus, referenced throughout the Sustainability Report, on reducing its Scope 3 category 1 and category 11 emissions. Hyperlinks are provided to Hitachi's environmental action plan, thus connecting Hitachi's current emissions to emission reduction actions and performance metrics. This supports the broader principle of connectivity, as articulated in **IFRS S1.21(b)(i).**

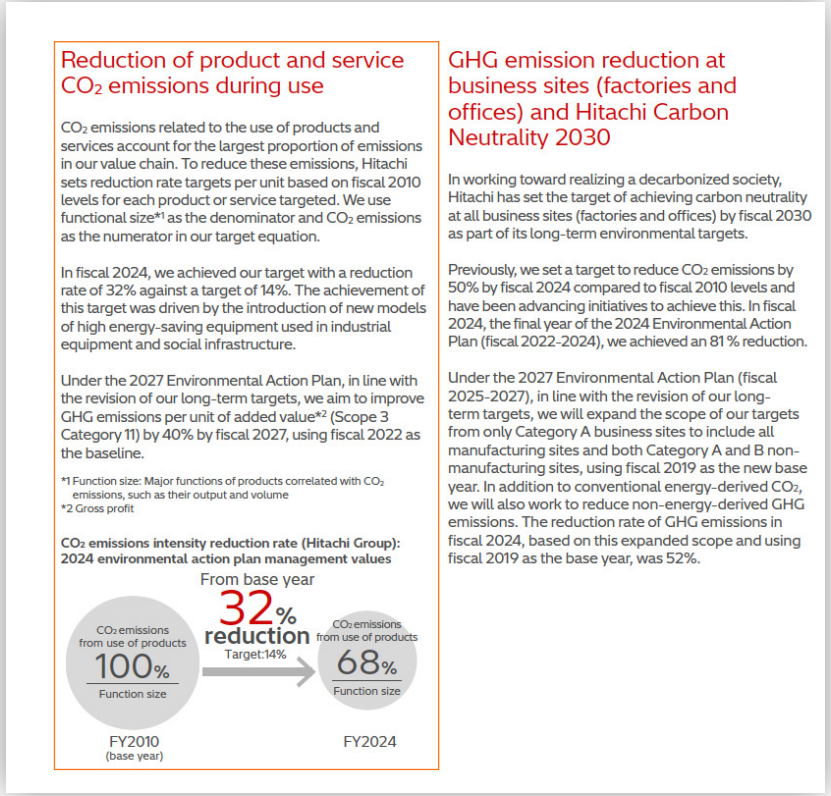
Hitachi's disclosure could be enhanced by including – potentially via cross reference – more specific descriptions of the approach it uses to measure emissions, in line with **IFRS S2.29(a)(vi).**

Topic: Scope 3 emissions continued
Example: 7.2

Hitachi continued

Region: Asia-Oceania | **Market-cap:** >100bn USD | **Sector:** Resource Transformation
Page 48 of Hitachi Sustainability Report 2025

Read more here



Reduction of product and service CO_2 emissions during use

CO_2 emissions related to the use of products and services account for the largest proportion of emissions in our value chain. To reduce these emissions, Hitachi sets reduction rate targets per unit based on fiscal 2010 levels for each product or service targeted. We use functional size*1 as the denominator and CO_2 emissions as the numerator in our target equation.

In fiscal 2024, we achieved our target with a reduction rate of 32% against a target of 14%. The achievement of this target was driven by the introduction of new models of high energy-saving equipment used in industrial equipment and social infrastructure.

Under the 2027 Environmental Action Plan, in line with the revision of our long-term targets, we aim to improve GHG emissions per unit of added value*2 (Scope 3 Category 11) by 40% by fiscal 2027, using fiscal 2022 as the baseline.

*1 Function size: Major functions of products correlated with CO_2 emissions, such as their output and volume
*2 Gross profit

CO_2 emissions intensity reduction rate (Hitachi Group): 2024 environmental action plan management values

GHG emission reduction at business sites (factories and offices) and Hitachi Carbon Neutrality 2030

In working toward realizing a decarbonized society, Hitachi has set the target of achieving carbon neutrality at all business sites (factories and offices) by fiscal 2030 as part of its long-term environmental targets.

Previously, we set a target to reduce CO_2 emissions by 50% by fiscal 2024 compared to fiscal 2010 levels and have been advancing initiatives to achieve this. In fiscal 2024, the final year of the 2024 Environmental Action Plan (fiscal 2022-2024), we achieved an 81 % reduction.

Under the 2027 Environmental Action Plan (fiscal 2025-2027), in line with the revision of our long-term targets, we will expand the scope of our targets from only Category A business sites to include all manufacturing sites and both Category A and B non-manufacturing sites, using fiscal 2019 as the new base year. In addition to conventional energy-derived CO_2, we will also work to reduce non-energy-derived GHG emissions. The reduction rate of GHG emissions in fiscal 2024, based on this expanded scope and using fiscal 2019 as the base year, was 52%.

Technical insight

The disclosure highlights Hitachi's Scope 3 targets for Category 11 Use of sold products, connecting the disclosure above to action. This notes that historically "The achievement of this target was driven by the introduction of new models of high energy-saving equipment used in industrial equipment and social infrastructure."

These disclosures could be better co-located to aid the user journey in understanding how Scope 3 emissions have influenced target setting and the business strategy.

Investor insight

Hitachi's Scope 3 waterfall presents a fairly standard category breakdown, showing that c.99% of its footprint is concentrated in category 11 (use of sold products, 91.3%) and category 1 (purchased goods, 7.4%), rather than operational emissions. While this is an appropriate lens for assessing transition risk, this disclosure demonstrates measurement maturity but is not yet showing evidence of how this measurement has changed strategy. The example links to an environmental action plan, however, it would be useful for investors to see how these risks are being managed in the business, for example through product redesign, R&D reallocation, or margin/revenue implications flowing from the finding that most emissions sit in use-phase.

Topic: Scope 3 emissions continued
Example: 7.3

Technical insight

PwC Network is a global professional services network incorporated in the US. It makes concise disclosures in its 2025 Sustainability Report (pages 30–33) that explicitly explain how high-quality data is prioritized, including the use of primary data where possible and the application of internal and external verification procedures. An internal hyperlink directs users to further methodological detail in Appendix 4. These disclosures address how primary data and verified data have been prioritized where possible, in line with **IFRS S2.B40**, thus supporting users to assess the quality of the Scope 3 emissions data.

PwC Network

Region: North America | **Market-cap:** NA (not publicly traded) | **Sector:** Services
Page 33 of 2025 PwC Network Sustainability Report

Read more here

We calculate Scope 3 using a combination of calculation methods using both primary and secondary data. We prioritise primary data and use it to calculate scope 3 category 1 (purchased goods and services), category 2 (capital goods), category 3 (upstream energy and fuel related emissions) and category 6 (business travel). We use secondary data in the calculation of scope 3 category 7 (employee commuting) through the use of a third-party model. We prioritise verified data in the calculation approach. We verify data internally through multi-round calculation reviews and cross-checking data with other sources. We verify data externally through the assurance of selected metrics. Please see the Assurance conclusion for more details.

The details of the methodologies, inputs and assumptions used for the reported emissions can be found in Appendix 4.

Investor insight

Although PwC Network explains which Scope 3 categories are not disclosed in Appendix 4, the accessibility and completeness of disclosures would be enhanced by including this information, or a clear cross-reference to it, within this section.

Topic: Scope 3 emissions continued
Example: 7.3

Technical insight

The Appendix to the PwC Network's Sustainability Report contains detailed and specific information about the methodology, data inputs and emissions factors used to measure each category of Scope 3 emissions.

Some emissions factors are drawn from an in-house model. While a brief description is provided of these emissions factors, more information about the rationale for developing an in-house model **(IFRS S2.29(a)(iii)(2))**, and the assumptions underlying the model **(IFRS S2.29(a)(iii)(1))**, would provide helpful context.

⬢ The footnote demonstrates how the PwC Network assesses DESNZ emission factors for relevance and applicability. Here, different sets of emission factors were used for different reporting periods, to reflect air travel conditions in these periods and to comply with US Environmental Protection Agency and GHG Protocol guidance.

PwC Network continued

Region: North America | **Market-cap:** NA (not publicly traded) | **Sector:** Services
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Read more here

	Definition	Method	Activity data	Emission factors
Scope 3, Category 2 - Capital goods	Emissions associated with all capital goods procured by the firm	Spend-based method for capital goods.	Financial value ($USD) of capital goods from internal finance and procurement systems	Produced by in house environmentally extended input output model incorporating the 2022 EXIOBASE v3 dataset adjusted for inflation and exchange rates.

⬢

25 The DESNZ 2023 emission factors (previously published by DEFRA) reflect passenger load data from reduced travel during the COVID 19 pandemic. We have therefore applied these to FY21 and FY22 to best reflect air travel emissions during this time. We have utilised 2022 emission factors for FY23-FY25 as these are the latest available factors that are not impacted by reduced passenger loads experienced during the pandemic. With each new release of the DESNZ factors, these adjustments are reassessed for relevance and applicability. This approach ensures that the impact of the COVID-19 pandemic during the relevant reporting periods is accounted for and provides a more relevant and accurate representation of our air travel emissions. It is in line with the approaches used by the US Environmental Protection Agency and GHG Protocol in the provision of their emission factor data sets.

Investor insight

The methodology disclosure clearly describes organizational boundaries and calculation methodologies, enabling investors to better assess the reliability and comparability of reported Scope 3 emissions. The explanation of adjustments to historical air travel further enhances confidence in data quality.

While PwC Network includes information related to assurance of selected metrics in a separate section, the methodology disclosures could be further enhanced by including specific information related to data assurance for each Scope 3 category.

Scope 3 emissions - Useful resources

Useful resources

The following table provides useful resources for exploring this topic further.

Resource	Author/Category
Greenhouse Gas Emissions Disclosure requirements applying IFRS S2 Climate-related Disclosures	IFRS Foundation: Educational material
Transition Implementation Group on IFRS S1 and IFRS S2: Responses to Questions Submitted (Relevant Categories – Q15, Q16, Q21 & Q32)	IFRS Foundation: Guidance
Corporate Value Chain (Scope 3) Standard	GHG Protocol: Standard
Technical Guidance for Calculating Scope 3 Emissions	GHG Protocol: Guidance

Companies



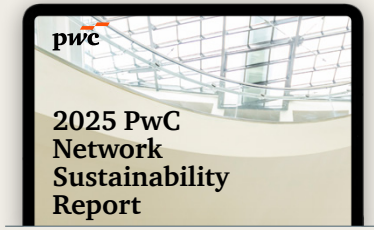
Swire Pacific Limited

Read more here



Hitachi

Read more here



PwC Network

Read more here

Strategy | Risk management | Metrics and targets | **Conceptual foundations**

Connectivity with *financial statements*

> **Investors need general purpose financial reports to give them a holistic, comprehensive and coherent picture of a company. They want to understand how matters reported in financial statements and in sustainability-related financial disclosures are connected."**
>
> Former IASB Chair Andreas Barckow and ISSB Chair Emmanuel Faber

The connected information requirements in **IFRS S1.21–24** are designed to support investor needs for holistic and connected reporting. This is done by requiring entities to make connections between risks and opportunities, between sustainability-related financial disclosures and other general purpose financial reports, and across sustainability-related financial disclosures relating to governance, strategy, risk management and metrics and targets. In this section, we will focus specifically on connectivity between the sustainability-related financial disclosures and the financial statements.

IFRS S1.21(b)(ii) requires entities to provide information in a way that enables users to understand the **connections** across their sustainability-related financial disclosures and their related **financial statements**.

The sustainability-related financial disclosures cover the same reporting entity as the related financial statements **(IFRS S1.20)** and are reported at the same time and for the same period **(IFRS S1.64).**

Entities must identify the financial statements to which the sustainability-related financial disclosures relate **(IFRS S1.22).** As much as possible, **data** and **assumptions** used in the sustainability-related financial disclosures should be consistent with those used in preparing the financial statements **(IFRS S1.23).**

The sustainability-related financial disclosures should also use the same **presentation currency** as the financial statements, where currency is specified as the unit of measure **(IFRS S1.24).**

Strategy | Risk management | Metrics and targets | Conceptual foundations

Connectivity with financial statements *Key observations*

Topic examples

The examples shown below highlight how entities demonstrate the connections between their sustainability-related financial disclosures and their financial statements, including the alignment of data, assumptions and presentation currency.

IFRS S1's connected information requirements relate to the preparation of sustainability-related financial disclosures. The first example includes extracts from an entity's financial statements to illustrate how the two reports can connect to form a coherent, integrated picture of the entity's performance and prospects.

1. Connectivity between sustainability-related financial disclosures and the financial statements is an area of evolving practice for many entities. The examples selected below primarily demonstrate connectivity through presentational mechanisms: signposting and cross-referencing. The inclusion of a section addressing connectivity at the start of reports, clearly identifying the relevant financial statements, can indicate a strong intent to provide connected information. As practice matures and reporting is supported by integrated business and reporting processes, connectivity should emerge more substantively throughout a report: for example, articulating how sustainability-related risks and opportunities, and the entity's actions to address them, relate to the entity's overarching strategy.

2. Connectivity was strongest where entities provided **clear signposting from sustainability disclosures to the specific financial statement notes** affected by sustainability-related risks and opportunities, and where those notes included explicit references to the relevant amounts or items discussed in the sustainability disclosures.

3. Reports that **used direct cross-references** (e.g., hyperlinks, note numbers or explicit navigation cues) made the relationship between sustainability disclosures and financial statements easier for users to follow and reduced the need to piece together information across documents.

4. Investors perceived disclosures to be more decision-useful when entities **explained how sustainability-related risks influence key financial statement items** — such as useful lives, recoverable amounts or provisions — and demonstrated consistency of data and assumptions across both reports.

5. Investors valued disclosures that set out **how climate-related risks and uncertainties inform critical accounting estimates**, particularly where entities outlined the underlying assumptions, scenario analyses and demand forecasts. This transparency supported investors' assessment of both asset resilience and the robustness of management's judgments.

Topic: Connectivity with financial statements
Example: 8.1

Dalrymple Bay Infrastructure Limited (Dalrymple)

Region: Asia-Oceania | **Market-cap:** 1–5bn USD | **Sector:** Services
Page 117 of Dalrymple Bay Infrastructure Limited 2025 Annual Report and Sustainability Report

Read more here

Technical insight

Dalrymple provides services and infrastructure for producers and consumers of Australian coal exports. The Annual & Sustainability Report is particularly effective in **enhancing users' understanding** of how sustainability-related risks and opportunities affect the **entity's prospects** by connecting sustainability information with the financial statements.

For each significant sustainability-related risk, Dalrymple Bay not only describes the nature of the risk and its anticipated financial effects but also identifies the specific note in the financial statements that would be impacted. This practice makes the connection between the two reports tangible and easy to navigate, supporting investor expectations for coherent, decision-useful reporting.

R2: Sustain viable economic return

Relevant time horizon: Long

Business model concentration: Revenue, Customer, Asset

Main items where there is potential impact in the Financial Report:

- Note 4 – Revenue and Operating Costs
- Note 13 – Intangible Assets

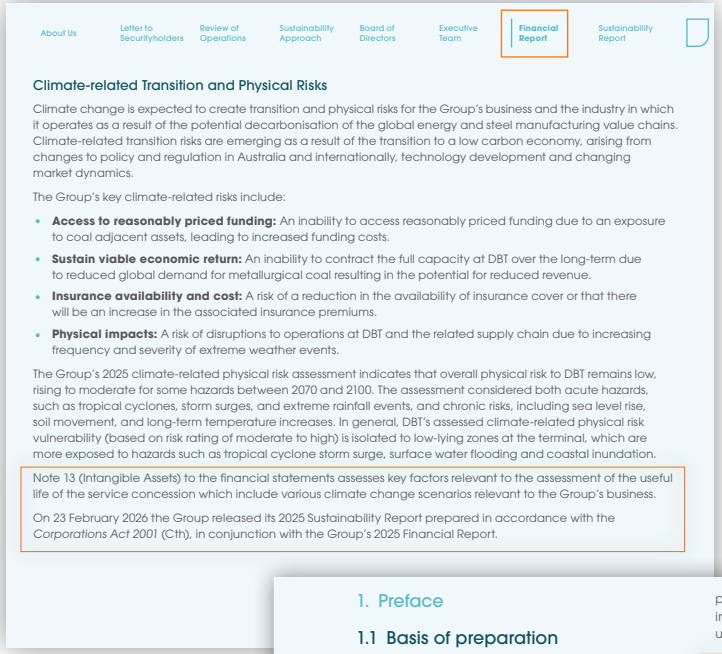
Topic: Connectivity with financial statements continued
Example: 8.1

Dalrymple Bay Infrastructure Limited (Dalrymple) continued

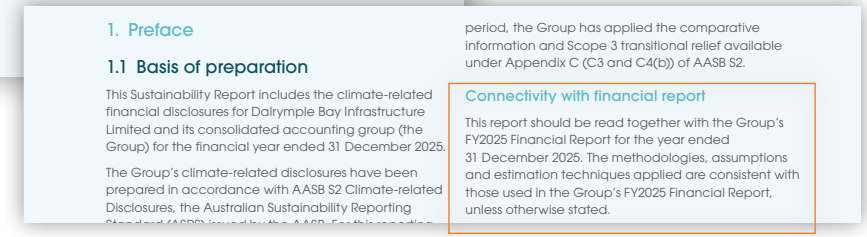
Region: Asia-Oceania | **Market-cap:** 1–5bn USD | **Sector:** Services

Read more here

Page 27 of Dalrymple Bay Infrastructure Limited 2025 Annual Report and Sustainability Report



Page 105 of Dalrymple Bay Infrastructure Limited 2025 Annual Report and Sustainability Report



Technical insight

In the Directors' Report, opening the financial statements, the company explicitly states that the Sustainability Report has been prepared alongside the Financial Report, signaling upfront that both documents form part of a coherent, integrated picture of performance and prospects.

This section of the Financial Report also highlights the most significant financial effects of sustainability-related risks – the useful life of the concession arrangement – and directs readers to Note 13, Intangible Assets, offering targeted insight into how environmental and regulatory settings, including climate policy developments, influence the valuation of this key asset.

This approach aligns with **IFRS S1.22** and **IFRS S1.23**, which require entities to identify the financial statements to which sustainability-related disclosures relate and ensure consistency of data and assumptions.

Investor insight

Dalrymple Bay Infrastructure provides a strong example of connected information by demonstrating connectivity between climate-related risks and their potential business and financial effects. The company explains how policy changes, shifting market demand, funding access, insurance availability and extreme weather events could affect operations, revenues and costs.

The disclosure also links qualitative risk descriptions to the outcomes of the physical risk assessment, including relevant time horizons and vulnerable operational areas within the terminal.

By linking to Note 13, this integrated approach provides investors with a clearer view of how climate-related risks are identified, assessed and reflected across both sustainability disclosures and the related financial information.

Topic: Connectivity with financial statements continued
Example: 8.1

Dalrymple Bay Infrastructure Limited (Dalrymple) continued

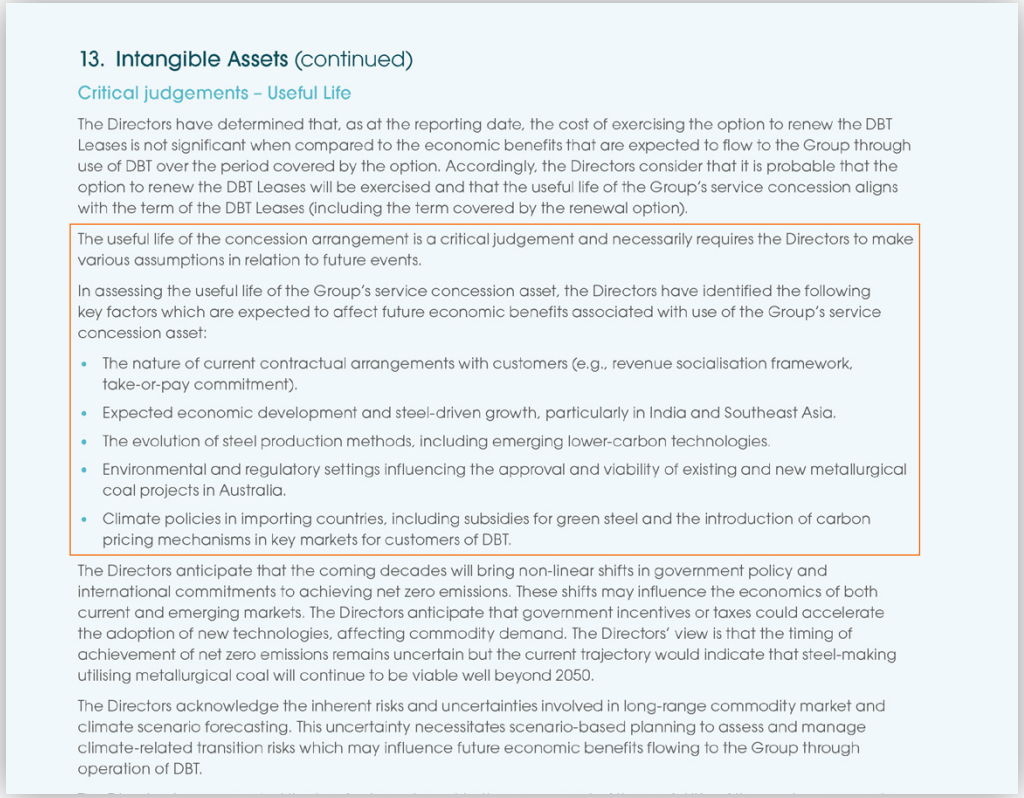
Region: Asia-Oceania | **Market-cap:** 1–5bn USD | **Sector:** Services
Page 66 of Dalrymple Bay Infrastructure Limited 2025 Annual Report and Sustainability Report

Read more here

Technical insight

Note 13 itself provides further clarity on how changes in environmental regulation, decarbonization pathways and broader climate policy may affect the concession's useful life and recoverable amount.

This analysis directly corresponds with the Sustainability Report's assessment of climate-related risks and opportunities, demonstrating that the financial implications discussed in the sustainability section are grounded in and traceable to the financial statements.



13. Intangible Assets (continued)

Critical judgements – Useful Life

The Directors have determined that, as at the reporting date, the cost of exercising the option to renew the DBT Leases is not significant when compared to the economic benefits that are expected to flow to the Group through use of DBT over the period covered by the option. Accordingly, the Directors consider that it is probable that the option to renew the DBT Leases will be exercised and that the useful life of the Group's service concession aligns with the term of the DBT Leases (including the term covered by the renewal option).

The useful life of the concession arrangement is a critical judgement and necessarily requires the Directors to make various assumptions in relation to future events.

In assessing the useful life of the Group's service concession asset, the Directors have identified the following key factors which are expected to affect future economic benefits associated with use of the Group's service concession asset:

- The nature of current contractual arrangements with customers (e.g., revenue socialisation framework, take-or-pay commitment).
- Expected economic development and steel-driven growth, particularly in India and Southeast Asia.
- The evolution of steel production methods, including emerging lower-carbon technologies.
- Environmental and regulatory settings influencing the approval and viability of existing and new metallurgical coal projects in Australia.
- Climate policies in importing countries, including subsidies for green steel and the introduction of carbon pricing mechanisms in key markets for customers of DBT.

The Directors anticipate that the coming decades will bring non-linear shifts in government policy and international commitments to achieving net zero emissions. These shifts may influence the economics of both current and emerging markets. The Directors anticipate that government incentives or taxes could accelerate the adoption of new technologies, affecting commodity demand. The Directors' view is that the timing of achievement of net zero emissions remains uncertain but the current trajectory would indicate that steel-making utilising metallurgical coal will continue to be viable well beyond 2050.

The Directors acknowledge the inherent risks and uncertainties involved in long-range commodity market and climate scenario forecasting. This uncertainty necessitates scenario-based planning to assess and manage climate-related transition risks which may influence future economic benefits flowing to the Group through operation of DBT.

Investor insight

This disclosure provides investors with valuable insight into how the Board evaluates climate-related risks and uncertainties when determining the useful life of a significant intangible asset.

By presenting the key assumptions underpinning the assessment and providing detailed explanations of multiple climate-related scenarios and the associated demand forecasts, the company enables investors to assess the reasonableness of the assumptions supporting a critical accounting estimate.

The disclosure also helps investors evaluate not only the resilience of the asset itself, but also the ability of the company and its Board to navigate long-term climate-related uncertainties.

Topic: Connectivity with financial statements continued
Example: 8.2

Technical insight

Ford Otosan, a Turkish automotive manufacturer, provides a clear and deliberate demonstration of connectivity between its sustainability disclosures and its financial statements. Early in its 2025 Sustainability Report, the company states that the disclosures should be read in conjunction with the financial statements and provides a direct weblink, making explicit which financial statements the sustainability information relates to. It also confirms that both reports cover the same reporting period and use the same presentation currency, meeting some of the connectivity requirements in **IFRS S1.64** and **IFRS S1.24**. These elements reflect some of the expectations in **IFRS S1.22, 23** and **B42**, which emphasize identifying the relevant financial statements and ensuring consistency of data and assumptions across both reports.

Ford Otomotiv Sanayi A.Ş. (Ford Otosan)

Region: Europe | **Market-cap:** 5–10bn USD | **Sector:** Transportation
Page 281 of Ford Otosan Sustainability Report 2025

Read more here



About the Report | Governance | Risk Management | Strategy | Metrics and Targets | Annexes | Trade Name

About the Report

This report presents the consolidated sustainability-related financial disclosures of Ford Otomotiv Sanayi A.Ş. (the "Company" or "Ford Otosan") and its subsidiaries (collectively, the "Group"), prepared in accordance with the Turkish Sustainability Reporting Standards (TSRS) issued by the Public Oversight, Accounting and Auditing Standards Authority (POA). Ford Otosan is a publicly held company incorporated in Türkiye and listed on Borsa Istanbul (BIST). The report covers the financial reporting period of January 1, 2025 – December 31, 2025, and has been prepared in compliance with the TSRS, which was published in the Official Gazette on December 29, 2023, and became applicable for annual reporting periods beginning on or after January 1, 2024.

The TSRS framework references two core sustainability standards and sector-specific implementation guidelines issued by the POA:

- **TSRS 1:** General Provisions for Disclosure of Sustainability-Related Financial Information
- **TSRS 2:** Climate-Related Disclosures
- **Guidance on Sector-Based Implementation of TSRS 2:** Volume 63 – Automobiles

In line with TSRS 1 General Provisions for Disclosure of Sustainability-Related Financial Information and TSRS 2 Climate- Related Disclosures, this report discloses information on climate- related risks and opportunities that may be beneficial for users of general-purpose financial reports when making funding and investment decisions. It focuses on risks and opportunities that could reasonably be expected to affect Ford Otosan's cash flows, access to finance, or cost of capital over the short, medium, or long term. As outlined in the "Transition Exemptions" section, certain sustainability-related risks and opportunities are not included within the scope of this 2025 TSRS-Compliant Sustainability Report.

Climate-related risks and opportunities that may reasonably affect the Company's future financial position are discussed in the Strategy and Risk Management sections, which constitute the core content of this report based on their materiality levels. Conversely, climate-related risks and opportunities that fall below Ford Otosan's defined materiality thresholds and are not expected to impact its financial adequacy are excluded. Financial materiality assessments are based on adjusted EBITDA.

The financial and non-financial information disclosed in this report is designed to be comparable, verifiable, timely, and understandable, and is presented fairly in line with the principles set out in the TSRS.

The data and assumptions used for sustainability- and climate- related financial disclosures are consistent with Turkish Accounting Standards/Turkish Financial Reporting Standards and generally accepted accounting principles, as well as with the data and assumptions applied in the preparation of the Company's financial statements.

Connect to Financial Statements

The sustainability- and climate-related disclosures presented in this report pertain to Ford Otosan and should be assessed in conjunction with the Company's consolidated financial statements. Covering the 12-month period ending on December 31, 2025, this report is aligned with the same reporting period used for the consolidated financial statements.

Relevant financial information referenced in this report can be accessed through Ford Otosan's 2025 Consolidated Financial Statements. The currency used for all financial disclosures related to sustainability and climate is consistent with that used in the financial statements.

Assurance

In line with the independent audit requirements of the Public Oversight, Accounting and Auditing Standards Authority (POA), Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (EY) has issued a limited assurance statement in accordance with GDS 3000 "Assurance Engagements Other Than Independent Audits or Limited Independent Audits of Historical Financial Information." This limited assurance statement is provided in the **Annexes** of the report.

In addition, EY has conducted a limited assurance engagement pursuant to GDS 3410 "Assurance Engagements Regarding Greenhouse Gas Declarations." The corresponding assurance statement is included on page 236 of the 2025 Ford Otosan Sustainability Report.

Transition Exemptions

Pursuant to the POA Board Decision no. 01/38488 dated December 25, 2025, the period for the transition exemptions in paragraphs TSRS 1 E4, TSRS 1 E5 and TSRS 1 E6(b) has been extended by one year for companies preparing sustainability reports in accordance with TSRS for the first time in the 2024 reporting period.

Accordingly, Ford Otosan benefits from transition exemptions under TSRS 1 Article E5 and Article E4 in the relevant reporting period.

Ford Otosan 2025 TSRS Compliant Sustainability Report 281

Investor insight

Providing a link to the consolidated financial statements associated with the sustainability-related financial disclosures improves the accessibility and connectivity of information for investors.

To provide further clarity, Ford Otosan could explicitly state that, to the greatest extent possible, considering the requirements of the applicable GAAP, the data and assumptions used in its sustainability-related financial disclosures are consistent with those applied in the preparation of the financial statements.

Topic: Connectivity with financial statements continued
Example: 8.2

Technical insight

This disclosure of the current and anticipated financial effects of carbon pricing mechanisms demonstrates connectivity by identifying where medium and long term cost pressures may arise (from CBAM, the EU ETS and national carbon pricing mechanisms), and when no adjustments to recognized assets or liabilities are required, while also noting that a provision related to CO_2 Emission Performance Standards for Heavy Duty Vehicles was previously recognized. In doing so, Ford Otosan 's disclosure illustrates the application of **IFRS S1. B41** and **B44** regarding explaining how sustainability-related risks relate to recognition, measurement and assumptions in the financial statements. The explicit reference to a provision recognized in the 2025 financial statements for regulatory compliance risk further demonstrates the consistency of data and assumptions required by **IFRS S1. 23**, providing a clear and traceable link between sustainability related analysis and the audited financial results.

Ford Otomotiv Sanayi A.Ş. (Ford Otosan) continued

Region: Europe | **Market-cap:** 5–10bn USD | **Sector:** Transportation
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Read more here

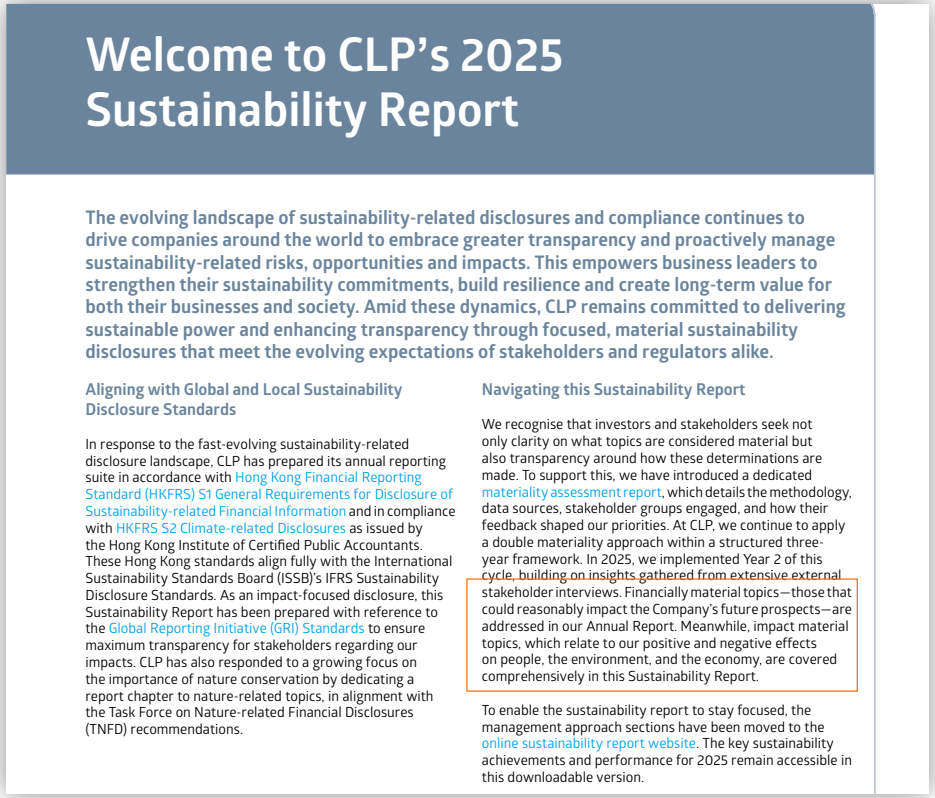
Risk Term	Medium, Long
Risk Probability	Possible
Risk Level	High
Impact Type	Anticipated
Risk Occurring in Country/Region	Türkiye (Kocaeli and Eskişehir Plants), Craiova Plant, Spare Parts Warehouses (Germany, Poland)
Impacted Value Chain	Upstream - Shipments
Anticipated Financial Impact	Increase in Operating Costs
Risk Description (Detail)	Changes in national and international carbon pricing mechanisms, the introduction of new regulations, and the expansion of existing systems pose transition risks for the Company. Increased carbon prices, reduced free allowances, and expanded sectoral obligations under CBAM, the EU Emissions Trading System (ETS), and potential future national carbon pricing mechanisms could lead to increased operational costs and compliance obligations.
Impact on Cash Flow, Access to Financing and Capital Cost	The financial impact of transitioning to Carbon Pricing Mechanisms, with potential policy and legal risks due to climate change in the future, cannot be quantified because of calculation uncertainties related to probability, timing, and impact. Transition scenario analyses indicate that cost pressure will remain limited in the short term but that operational risks related to reporting accuracy will come to the forefront. It is anticipated that the emissions arising from the shipment of vehicle parts to the Craiova Plant and the Spare Parts Warehouses in Poland and Germany will remain below the emission thresholds permitted under the CBAM regulation and will not have an impact on the financial statements. Developments related to national and international carbon pricing mechanisms are being closely monitored; however, due to uncertainties regarding scope and pricing, the financial impact has not yet been quantified. This assessment is consistent with scenario assumptions where free allocations continue gradually and carbon prices remain relatively low. However, in the medium and long term, the financial impact is expected to increase if the regulatory framework expands, free allocations are reduced or eliminated, and carbon prices rise. Transition scenario analyses suggest that if allocation schemes tighten and carbon pricing levels rise, production and purchasing costs would increase in the medium and long term due to carbon pricing mechanisms. CBAM and the EU Emissions Trading System are expected to affect the Craiova Plant and the Spare Parts Warehouses in Germany and Poland, while national carbon pricing mechanisms are expected to affect the locations in Türkiye. This risk would not require adjustments to the amounts of assets and liabilities in the financial statements to be carried over to the next financial reporting period. To comply with the CO_2 Emission Performance Standards for Heavy Duty Vehicles, VECTO (Vehicle Energy Consumption Calculation Tool), as addressed by the regulation, is used. In the previous TSRS-compliant sustainability report, stated that the regulation has the potential to directly affect the Company's export operations, product development strategies, and supply chain management, and a provision for the related financial risk was recognized in the 2025 Financial Statements. Following the actions implemented and homologation approvals obtained in the first quarter of 2026, the regulation is not expected to have a significant impact on the financial statements in the short and medium term.

Topic: Connectivity with financial statements continued
Example: 8.3

CLP Holdings Limited (CLP)

Region: Asia-Oceania | **Market-cap:** 24bn USD | **Sector:** Infrastructure
Page 3 of CLP 2025 Sustainability Report

Read more here



Welcome to CLP's 2025 Sustainability Report

The evolving landscape of sustainability-related disclosures and compliance continues to drive companies around the world to embrace greater transparency and proactively manage sustainability-related risks, opportunities and impacts. This empowers business leaders to strengthen their sustainability commitments, build resilience and create long-term value for both their businesses and society. Amid these dynamics, CLP remains committed to delivering sustainable power and enhancing transparency through focused, material sustainability disclosures that meet the evolving expectations of stakeholders and regulators alike.

Aligning with Global and Local Sustainability Disclosure Standards

In response to the fast-evolving sustainability-related disclosure landscape, CLP has prepared its annual reporting suite in accordance with Hong Kong Financial Reporting Standard (HKFRS) S1 General Requirements for Disclosure of Sustainability-related Financial Information and in compliance with HKFRS S2 Climate-related Disclosures as issued by the Hong Kong Institute of Certified Public Accountants. These Hong Kong standards align fully with the International Sustainability Standards Board (ISSB)'s IFRS Sustainability Disclosure Standards. As an impact-focused disclosure, this Sustainability Report has been prepared with reference to the Global Reporting Initiative (GRI) Standards to ensure maximum transparency for stakeholders regarding our impacts. CLP has also responded to a growing focus on the importance of nature conservation by dedicating a report chapter to nature-related topics, in alignment with the Task Force on Nature-related Financial Disclosures (TNFD) recommendations.

Navigating this Sustainability Report

We recognise that investors and stakeholders seek not only clarity on what topics are considered material but also transparency around how these determinations are made. To support this, we have introduced a dedicated materiality assessment report, which details the methodology, data sources, stakeholder groups engaged, and how their feedback shaped our priorities. At CLP, we continue to apply a double materiality approach within a structured three-year framework. In 2025, we implemented Year 2 of this cycle, building on insights gathered from extensive external stakeholder interviews. Financially material topics—those that could reasonably impact the Company's future prospects—are addressed in our Annual Report. Meanwhile, impact material topics, which relate to our positive and negative effects on people, the environment, and the economy, are covered comprehensively in this Sustainability Report.

To enable the sustainability report to stay focused, the management approach sections have been moved to the online sustainability report website. The key sustainability achievements and performance for 2025 remain accessible in this downloadable version.

Technical insight

CLP Holdings Limited is a Hong Kong-based electricity generation, distribution and energy retail company, with investments across Hong Kong, the Chinese Mainland, Australia, India, Taiwan Region and Southeast Asia. CLP's 2025 Annual Report contains its HKFRS S1 and IFRS S2 sustainability and climate-related financial disclosures within the main Annual Report, while impact material topics are presented in a separate Sustainability Report. Following an approach like this should help to keep material information about sustainability-related risks and opportunities together, and support a coherent suite of disclosures, reinforcing the connection between the HKFRS S1 and IFRS S2 information and the financial statements.

Both the Annual and Sustainability Reports provide clear cross-referencing to the full suite of CLP reports through QR codes and links to the company's download center. **IFRS S1** allows for cross-referencing under certain conditions, as described in **IFRS S1.63** and **IFRS S1.B45-47**. The example below shows how this is presented in CLP's Sustainability Report.

Investor insight

Overall, this is a strong example of connectivity: the HK$608 million impairment on the coal-fired JV (CSEC Guohua) is consistently linked across the narrative and financial statements, helping investors trace the relationship between the climate-related risk and its financial effects.

Investors could benefit from additional information in three areas:

- CLP has already modelled carbon-price scenarios (US$53-US$250/tonne by 2050), but the discussion of anticipated financial effects for 2026-2030 could provide greater specificity - insight into the potential sensitivity of equity income from carbon-exposed JVs would help investors better understand the potential financial implications.
- While coal-fired assets represent 35% of equity generation/storage capacity, the carrying value appears not to be disclosed. Providing this information alongside the HK$608 million impairment would help investors assess the scale of remaining exposure to potential stranded assets.
- Investors would also benefit from greater insight into how these climate-related risks and financial effects are reflected in board oversight, strategy and business planning.

Topic: Connectivity with financial statements continued
Example: 8.3

Technical insight

In CLP's Annual Report, the prominently placed CEO's Strategic Review helps to frame a holistic understanding of how sustainability informs CLP's strategy and operations. These opening remarks highlight that CLP's "strategy is anchored on five priorities: ensuring our core markets operate from a position of strength, pursuing opportunities beyond our core markets, capitalizing on long-term opportunities presented by decarbonization and technology developments, delivering on our Climate Vision 2050, and building organizational capabilities.

Together, they provide a clear framework for investment and decision-making." This sets the tone for a report where sustainability is integrated as a key strategic priority with financial implications.

CLP Holdings Limited (CLP) continued

Region: Asia-Oceania | **Market-cap:** 24bn USD | **Sector:** Infrastructure
Page 34 of CLP 2025 Annual Report

Read more here

Net-Zero Transition

Transition risks	Relevance to CLP	Financial effects in 2025	Anticipated financial effects (2026-2030)
Stranded asset risks	As of 31 December 2025, coal-fired assets comprised 35% of CLP's equity generation and energy storage capacity.	A related impairment provision of HK$608 million in respect of minority-owned coal-fired assets was recognised in 2025. [3]	Financial effects assessments involve significant uncertainty and the resulting quantitative information would offer limited utility for informed decision-making. [4]
Carbon pricing	As of 31 December 2025, 5% of CLP's equity generation and energy storage capacity was subject to carbon pricing.	CLP's minority-owned coal-fired assets on the Chinese Mainland are subject to carbon pricing exposure under China's national Emissions Trading Scheme. The risk from carbon pricing primarily affects the share of results of joint ventures if compliance costs arise. EnergyAustralia's assets are currently not considered exposed to carbon pricing risk. At present, total Australian energy sector emissions remain well below the Safeguard Mechanism baseline. EnergyAustralia will continue to monitor developments including the Australian Government's scheduled 2026 review of the mechanism. Scenario analysis indicates that carbon prices across CLP's markets could range from US$53 to US$250 per tonne in 2050. However, financial effects assessments involve significant uncertainty and the resulting quantitative information would offer limited utility for informed decision-making. [4]	
Potential exposure to litigation	All CLP markets	Financial costs, including those associated with legal claims over climate-related issues involve significant uncertainty, particularly as any legal action may incur substantial financial losses and costs in defending unsubstantiated claims, as well as reputational harm. Consequently, any quantitative estimate of such costs offers limited utility for informed decision-making. [4]	
Stigmatisation of the carbon intensive sectors	All CLP markets	Reputational damage due to fossil fuel operations may result in potential financial impact including higher operating costs related to compliance and stakeholder engagement. In addition, these risks could affect future revenue streams and asset valuations. However, financial effects assessments involve significant uncertainty and the resulting quantitative information would offer limited utility for informed decision-making. [4]	

Notes:

1 At this time, in regard to the climate-related transition risks, no significant risk of a material adjustment to the carrying amounts of assets and liabilities in 2026 has been identified.

2 Further information is provided in Items Affecting Comparability on page 22.

3 Further information is provided in Items Affecting Comparability on page 22 and Note 14 to the Financial Statements on page 208.

4 The financial effects relief under The Stock Exchange of Hong Kong Limited's ESG Reporting Code has been applied.

To meet the rising demand for low-carbon energy, the Group's capital investment in renewable energy reached HK$3,560 million in 2025, representing a 55% year-on-year increase. During the year, more wind and solar projects were commissioned on the Chinese Mainland, lifting the Group's renewable energy capacity to 4,953MW at the end of December, a year-on-year increase of 12%. This represents 21% of CLP's generation and energy storage portfolio. Energy storage is expected to account for a higher proportion of CLP's asset portfolio as new battery energy storage system (BESS) and pumped hydro projects are planned across Hong Kong, the Chinese Mainland and Australia. The Group also provides a growing range of energy services and solutions to enhance energy efficiency for customers, and supports the electrification of transport and other sectors of the economy.

Topic: Connectivity with financial statements continued
Example: 8.3

Technical insight

More specifically, CLP provides a clear example of connectivity through its disclosure of the current financial effects of climate-related risks. The company links a HK$608 million impairment provision, recognized on minority-owned coalfired assets due to lower demand and intense competition with new renewable energy capacity, to Note 14 of the financial statements and to the "Affecting Comparability" section of the Financial Review.

This approach reflects **IFRS S1.22-24**, which require entities to identify the financial statements to which sustainability-related disclosures relate and ensure consistency of data, assumptions and presentation currency (when specified). It also aligns with **IFRS S1.B39** and **B44**, which emphasize the importance of connected information across sustainability disclosures and financial statements.

CLP Holdings Limited (CLP) continued

Region: Asia-Oceania | **Market-cap:** 24bn USD | **Sector:** Infrastructure

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14. Interests in and Loans to Joint Ventures (continued)

Summarised financial information of joint ventures and the Group's share of results and net assets are as follows:

	Apraava Energy HK$M	CSEC Guohua* HK$M	HKLTL HK$M	OneEnergy Taiwan HK$M	SNGPC HK$M	Others HK$M	Total HK$M
For the year ended 31 December 2025							
Revenue	**6,788**	**11,825**	**788**	**–**	**850**	**978**	**21,229**
Depreciation and amortisation	**(405)**	**(957)**	**(288)**	**–**	**(264)**	**(468)**	**(2,382)**
Interest income	**83**	**2**	**–**	**–**	**3**	**5**	**93**
Interest expense	**(494)**	**(71)**	**(256)**	**–**	**(60)**	**(4)**	**(885)**
Other (expenses)/income	**(5,331)**	**(14,615)**	**(244)**	**8**	**(148)**	**(411)**	**(20,741)**
Share of results of joint ventures	**–**	**–**	**–**	**462**	**–**	**(4)**	**458**
Profit/(loss) before income tax	**641**	**(3,816)**	**–**	**470**	**381**	**96**	**(2,228)**
Income tax expense	**(170)**	**–**	**–**	**–**	**(124)**	**(44)**	**(338)**
Profit/(loss) for the year	**471**	**(3,816)**	**–**	**470**	**257**	**52**	**(2,566)**
Non-controlling interests	**–**	**1,793**	**–**	**–**	**–**	**(1)**	**1,792**
Profit/(loss) for the year attributable to shareholders	**471**	**(2,023)**	**–**	**470**	**257**	**51**	**(774)**
Profit/(loss) for the year	**471**	**(3,816)**	**–**	**470**	**257**	**52**	**(2,566)**
Other comprehensive income	**(2)**	**–**	**–**	**–**	**–**	**136**	**134**
Total comprehensive income	**469**	**(3,816)**	**–**	**470**	**257**	**188**	**(2,432)**
Group's share							
Profit/(loss) for the year	**235**	**(607)**	**–**	**235**	**103**	**22**	**(12)**
Other comprehensive income	**(1)**	**–**	**–**	**–**	**–**	**68**	**67**
Total comprehensive income	**234**	**(607)**	**–**	**235**	**103**	**90**	**55**
Dividends received from joint ventures	**266**	**13**	**–**	**205**	**83**	**62**	**629**
For the year ended 31 December 2024							
Revenue	6,207	13,083	785	–	838	3,058	23,971
Depreciation and amortisation	(436)	(889)	(267)	–	(255)	(909)	(2,756)
Interest income	118	3	–	–	6	6	133
Interest expense	(436)	(87)	(257)	–	(72)	(56)	(908)
Other expenses	(4,289)	(12,064)	(261)	(4)	(173)	(1,948)	(18,739)
Share of results of joint ventures	–	–	–	523	–	2	525
Profit before income tax	1,164	46	–	519	344	153	2,226
Income tax expense	(261)	(1)	–	–	(116)	(46)	(424)
Profit for the year	903	45	–	519	228	107	1,802
Non-controlling interests	–	(40)	–	–	–	–	(40)
Profit for the year attributable to shareholders	903	5	–	519	228	107	1,762
Profit for the year	903	45	–	519	228	107	1,802
Other comprehensive income	(1)	–	–	–	–	–	(1)
Total comprehensive income	902	45	–	519	228	107	1,801
Group's share of profit and total comprehensive income	451	1	–	260	91	42	845
Dividends received from joint ventures	345	59	–	136	163	67	770

* Due to the decrease in utilisation hours of certain coal-fired power plants under CSEC Guohua, primarily driven by lower demand and intense competition from new renewable energy capacity, an impairment assessment on CSEC Guohua's assets was performed and an impairment loss of HK$608 million (2024: nil) was recognised and included in the share of results in 2025.

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Items Affecting Comparability

	2025 Before Tax HK$M	2025 After Tax & NCI HK$M	2024 Before Tax HK$M	2024 After Tax & NCI HK$M
Hong Kong	**158**	**122**	–	(11)
Chinese Mainland	**(608)**	**(608)**	–	–
Australia	**(33)**	**45**	–	–
India	**–**	**–**	105	105
	(483)	**(441)**	105	94

- Hong Kong: Higher gain on sale of Argyle Street properties with more units sold in 2025; revaluation loss of retail portion of Laguna Mall in line with the property market trend
- Chinese Mainland: Due to lower demand and intense competition with new renewable energy capacity impacting the performance of certain minority-owned coal-fired assets, their carrying values were reassessed and an impairment provision of HK$608 million was recognised in 2025
- Australia:
  - In June 2025, EnergyAustralia introduced a 50% joint venture partner to its wholly-owned subsidiaries, which engaged in the development of an energy storage system, and the associated subsidiaries became a joint venture. The transaction resulted in a net gain of HK$460 million (after tax of HK$390 million)
  - Constructive obligation for the planned closure of Yallourn Power Station in 2028 existed and provision for the associated closure cost totalling HK$493 million (after tax of HK$345 million) was recognised in 2025
- India (Jhajjar): One-off income recognition in 2024 to recover compensation for additional costs incurred in prior years towards operating the flue gas desulfurisation unit not repeated

Connectivity with financial statements - Useful resources

Useful resources

The following table provides useful resources for exploring this topic further.

Resource	Author/Category
Connecting Accounting and IFRS Sustainability	IFRS Foundation: Commentary
The Heat is On: Disclosures of Climate-Related Matters in the Financial Statements	ESMA: Report
GAA Connectivity in Reporting Series	Global Accounting Alliance: Report
Climate-related financial impact guide	WBCSD: Guidance
Managing uncertainty in sustainability disclosure	WBCSD: Report

Companies



Dalrymple Bay Infrastructure Limited (Dalrymple)

Read more here



Ford Otomotiv Sanayi A.Ş. (Ford Otosan)

Read more here



CLP Group (CLP)

Read more here

Appendix

Contents:



→ *Corporate disclosure index*



→ *Additional References*



→ *Acknowledgments*

Corporate disclosure index

The table below provides a summary of which companies' disclosures were referenced across this Report, where they are headquartered, their industry, and where their disclosure is located.

Company	Jurisdiction	Sector	Disclosure
CIMB Group	Malaysia	Financials	CIMB Sustainability Report 2025
CLP Holdings Limited (CLP)	Hong Kong	Infrastructure	CLP 2025 Annual Report, CLP 2025 Sustainability Report
Dalrymple Bay Infrastructure Limited	Australia	Services	Dalrymple Bay Infrastructure Limited 2025 Annual Report and Sustainability Report Dalrymple Bay FY25 Full-Year Financial Results
Deutsche Bank	Germany	Financials	Deutsche Bank Annual Report 2025, Deutsche Bank Transition Plan Update 2025
Dutch Lady Milk Industries Berhad (DLMI)	Malaysia	Food & Beverage	Dutch Lady Milk Industries Integrated Annual Report 2025
Ford Otosan	Turkey	Transportation	Ford Otosan Sustainability Report 2025
Hitachi	Japan	Conglomerate	Hitachi Sustainability Report 2025
Karoon Energy Limited	Australia / Brazil	Extractives & Minerals Processing	Karoon Energy 2025 Sustainability Report
Lojas Renner S.A.	Latin America	Consumer Goods	Lojas Renner S.A. Sustainability-related Financial Information Report 2025
PwC Network	US	Services	PwC Network Sustainability Report 2025
QNB Group	Middle East & Africa	Financials	QNB Group Sustainability Report 2025
Rio Tinto	UK/Australia	Extractives & Minerals Processing	Rio Tinto 2025 Climate Action Plan, Rio Tinto Annual Report 2025
Santos Ltd	Asia-Oceania	Extractives & Minerals Processing	Santos Annual Report 2025
Sunway Berhad	Malaysia	Infrastructure	Sunway Berhad Sustainability Report 2025
Swire Pacific Limited	Hong Kong	Conglomerate	Swire Pacific Sustainability Report 2025 Swire Pacific Reporting Methodology 2025
Tech Mahindra Ltd.	India	Technology & Communications	Tech Mahindra Integrated Annual Report 2025-26
Tenaga Nasional Berhad	Malaysia	Infrastructure	Tenaga Nasional Berhad Integrated Annual Report 2025
Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam)	Turkey	Extractives & Minerals Processing	Şişecam TSRS-Compliant Sustainability Report 2025
Unilever	UK	Consumer Goods	Unilever 2024 Climate Transition Action Plan Unilever Annual Report and Accounts 2025
Vale S.A.	Brazil	Extractives & Minerals Processing	Vale S.A. 2025 Sustainability-Related Financial Information Report
Zenith Bank PLC	Nigeria	Financials	Zenith Bank PLC Annual Report 2025

*The sector classification follows the SASB Sustainable Industry Classification System (SICS). "Conglomerate" is included as a separate category for diversified companies and is not a SICS sector.

Additional references

Company	Jurisdiction
Climate Disclosure Standards Board (2021) TCFD Reporting examples Handbook 2nd Edition	CDSB: Handbook
Comparison of IFRS S2 Climate-related Disclosures with the TCFD recommendations (February 2026)	IFRS Foundation: Educational material
Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	WRI, WBCSD: Standard
WBCSD's TCFD Preparer Forums	WBCSD: Forum
IFRS Practice Statement 2: Making Materiality Judgements	IFRS: Guidance
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	IFRS: Standard
IFRS S2 Climate-related Disclosures	IFRS: Standard
Sustainability-related risks and opportunities and the disclosure of material information	IFRS: Educational material
Sustainability-related risks and opportunities and the disclosure of material information	IFRS Foundation: Webcast

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About ARC

Arc is a global non-profit organization that builds the shared pathways needed to turn climate and resilience ambitions into tangible investment flows. ARC works with local partners and global institutions to build the information infrastructure that connects fragmented transition efforts. The organization funds and develops missing transition pathways, integrates data and frameworks, and surfaces the evidence needed to unlock business action and policy across the world.

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About Blue Crane Consulting

Blue Crane Consulting supports sustainability and finance teams to act on sustainability by providing training, consultancy and practical guidance grounded in accounting expertise.

About Little Blue Research

Little Blue Research is an independent consultancy specializing in the provision of technical support on sustainability, environmental economics, and social impact valuation.

About Radley Yeldar (RY)

As an integrated communications agency with leading sustainability and regulatory expertise, we combine inspiration with evidence to create belief among all audiences. We help our clients define their strategy, bring it to life and report credibly.

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Member Companies

1. Arcadis
2. CLP Holdings Limited
3. Jardine Matheson Limited
4. The Siam Cement Public Company Limited (SCG)
5. Vale S.A.

Investors

1. Allianz Global Investors
2. Asset Management One
3. Boston Trust Walden National Association
4. California State Teachers' Retirement System (CalSTRS)
5. CPP Investments
6. Franklin Templeton
7. Generation Investment Management
8. Harvard Management Company
9. Neuberger
10. Norges Bank Investment Management

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