

Digital Climate Reporting for Measurable Results



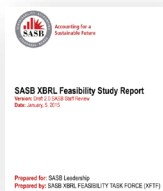
- Climate Reporting Mandates, US federal and state, global
- How data standards work
- Roundtable discussion: impact on business

Speakers

- Catherine Atkin, Chair, Stanford CodeX Climate Data Policy Initiative
- Karen Bodner, Head, Global Investor Relations Advisory, BNY Mellon
- Campbell Pryde, President and CEO, XBRL US
- Michelle Savage, Vice President, Communication, XBRL US
- Ann Tracy, Chief Sustainability Officer, Colgate-Palmolive
- John Turner, CEO of XBRL International
- Liv Watson, Senior Digitization Advisor, Capitals Coalition

Key Milestones for Digital Reporting in XBRL

May 2008
XBRL Goes Green!



Sept 2021
SASB XBRL Taxonomy



Jan 2015
SASB XBRL FEASIBILITY TASK FORCE (XFTF)



Oct 2021
Sustainability Digitisation Working Group (SDWG)



Others ?

Thank you to our sponsors:



Global adoption

Corporate Sustainability Reporting Directive (CSRD)

- Large companies and most listed companies phased in 2024 – 2030
- Digital (XBRL) formatting required in second year of phase
 - Phase 1 – public companies (XBRL requirements by 2026)
 - Phase 2 – public interest entities (large private companies and utilities doing business in Europe) (XBRL by 2027)
 - Phase 3 – smaller medium-size enterprises (XBRL by 2028)
 - Phase 4 – all other internationally operated entities (XBRL by 2029)

XBRL preparation using EFRAG Taxonomy

Now 20+ ISSB reporting countries are working towards endorsement/adoption. Majority will also be XBRL-mandates using the ISSB taxonomy. Timing remains fluid. ISSB disclosures not expected prior to Q1 2026

U.S. Securities and Exchange Commission

- Final rule published March 6, 2024
- Stay issued April 4, 2024, in response to cases challenging the rule
- Reporting requirements:
 - Disclosure reporting: material climate-related risks; mitigation activities; oversight and assessment activities; targets
 - Scope 1 and 2 emissions; attestation report
 - Financial statement impact of weather events and other natural conditions
- Phase-in by:
 - Company size
 - Type of disclosure
 - Formatting (tagging year 2)

Digital Reporting Requirements

- **CSRD** – Inline XBRL preparation begins in year 2 of each phase
(for example, digital data in Q1 2026)
- **SEC** – Inline XBRL preparation coincident with climate data reporting
- Other IFRS reporting countries' mandates accelerating throughout 2025, 2026, implementation timelines still fluid
- No structured data requirements in state initiatives (yet!)

Expressing Climate Data in Digital Format (XBRL)

- **Two taxonomies**
 - **IFRS Foundation:**
International Sustainability Standards Board (ISSB) Taxonomy
 - **EFrag:** European Sustainability Reporting Standards (ESRS) Taxonomy

ISSB Standards	ESRS
METRICS	
IFRS S2.29(a)(i)(1-2)**	ESRS E1.44(a)-(b)
IFRS S2.29(a)(i)(3)**	ESRS E1.44(c)
IFRS S2.B38-B57	ESRS 1.62-67 ESRS 1.QC5 ESRS 1.69 ⁶ ESRS E1.AR39(b) ESRS E1.AR46(g)
IFRS S2.29(a)(ii) ⁷	ESRS 1.62 ESRS E1.AR39(a)
IFRS S2.29(a)(iii)(1-3)	ESRS E1.AR39(b) ⁸ ESRS 2.77(a) ESRS 2.80(i)
IFRS S2.29(a)(iv)*	ESRS E1.50
IFRS S2.29(a)(v)	ESRS E1.49
IFRS S2.B30	ESRS E1.49(a)
IFRS S2.B31	ESRS E1.AR45(d)
IFRS S2.29(a)(vi)(1)	ESRS E1.51
IFRS S2.B32	ESRS E1.AR45(c) ESRS E1.AR46(c) ESRS E1.AR46(i)
IFRS S2.29(a)(vi)(2)*	ESRS 1.131(b) ESRS E1.AR46(b)
IFRS S2.B19	ESRS E1.AR42
IFRS S2.B56(a)	ESRS E1.AR46(g)
IFRS S2.B56(b) ⁹	ESRS E1.AR46

Aligning Digital Reporting Requirements

- **Goals**
 - Reduce reporting burden for issuers with responsibilities to file to multiple regulators against different standards
 - Produce timely, interoperable, actionable data for investors and other users including regulators
- **Efforts underway**
 - XBRL International Special Interest Group (SIG)
 - EFRAG, IFRS Foundation, SEC involved in ongoing dialogue to align technical aspects of digital sustainability disclosures
 - ESRB and ISSB working with XBRL International to explore options to create official mappings between the standards' respective XBRL taxonomies

Limited versus Reasonable Assurance

Limited Assurance

- Substantially less in extent than a reasonable assurance
- Focus on areas of increased risk
- Obtain an understanding of processes and controls through inquiry
- Evidence obtained primarily through inquiry and analytical procedures
- The practitioner's report includes a conclusion about whether any material modifications should be made to the subject matter

Reasonable Assurance

- Reasonable assurance is similar to an "audit"
- Identify risks of material misstatement and design an appropriate response
- Obtain an understanding of processes and controls, evaluate their design, and determine whether they have been implemented
- Evidence obtained through a combination of inquiry, analytical procedures, and substantive testing
- Additional testing of third-party information
- The practitioner's report includes an opinion of whether the subject matter is in accordance with the criteria, in all material respects

Assurance Requirements

	SEC Climate Rule	EU CSRD	California
Scope of Assurance	<ul style="list-style-type: none"> Limited Assurance - 3 years after first filing Reasonable Assurance - (only largest filers) 7 years after first filing 	<ul style="list-style-type: none"> Limited Assurance – first year of reporting Reasonable Assurance – to be assessed as feasible 	<ul style="list-style-type: none"> Limited Assurance – Scope 1 and 2 beginning in 2026. Scope 3 by 2030. Reasonable Assurance – Scope 1 & 2 in 2030
Subject Matter	Scope 1 & 2 emissions	Entire report, including underlying materiality assessment process	Scope 1, 2 and 3 emissions

Getting Ready for Assurance



California's New Disclosure Laws

Climate Corporate Data Accountability Act - California Health and Safety Code Sec. 38532 (SB 253)

- **Covered Entities** - US public and privately held companies with >\$1 billion in revenue that do business in California
- **What's required** - Reporting in conformance with the GHG Protocol (with CARB review every 5 years beginning in 2023); Yearly reporting to contracted emissions reporting organization
- **First Reporting** - Scopes 1 & 2 in 2026/Scope 3 in 2027
- **Assurance** - Limited assurance for Scopes 1 & 2 in 2026 moving to reasonable in 2030; Limited assurance for Scope 3 by 2030 with CARB option before
- **Fees** - Ongoing administrative costs covered by filing fee

Greenhouse gases: climate-related financial risk - California Health and Safety Code Sec. 38533 (SB 261)

- **Covered Entities** - US public and privately held companies with >\$500 million in revenue that do business in California
- **What's required** - Climate risk disclosure report in alignment with TCFD and successor frameworks and posted on company site
- **First Reporting** - On or before January 1, 2026 (biennially)
- **Fees** - Ongoing administrative costs covered by filing fee

SB 219 on the Governor Desk makes limited changes and does not change date of first reporting

- Grants the ARB up to an additional six months - until July 1, 2025 - to finalize regulations to implement SB 253
- Allows the the CARB to choose whether to contract with a third party reporting organization to receive emissions reports under SB 253
- Allows companies to consolidate their GHG emissions reporting at the parent company level

Regulation Hotspot - Digital Reporting

- **Goal:** Language in regulations requiring that emissions and climate risk information is electronically tagged in Inline XBRL to maximize international alignment for streamlined submissions.
- **Supportive Language - Climate Corporate Data Accountability Act - H&S Sec. 38532 (SB 253)**
 - “That a Reporting Entity’s public disclosure maximizes access for consumers, investors, and other stakeholders to comprehensive and detailed greenhouse gas emissions data..... is made in a manner that is easily understandable and accessible.” c(1)(B)
 - “That the emissions reporting is structured in a way that minimizes duplication of effort and allows a Reporting Entity to submit to the emissions reporting organization reports prepared to meet other national and international reporting requirements...as long as those reports satisfy all of the requirements of this section.” (c)(1)(D)(ii)
- **Supportive Language - Climate-related financial risk - H&S Sec. 38533 (SB 261)**
 - “Its climate-related financial risk, in accordance with the recommended framework and discloses contained in the Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures(2017)...or an successor thereto, or pursuant to an equivalent reporting requirement as described in paragraph (3).” (b)(1)(A)(i)
 - Paragraph (3) lists range of laws, regulation, or listing requirements by range of jurisdictions or voluntary frameworks.

Regulation Development Process and Timeline

Q 3 2024

- CARB conducts public workshops and consultations and develops draft regulations and Standardized Regulatory Impact Assessment.

Q1 2025

- CARB submits regulation package to OAL
- OAL publishes Notice of Proposed Action in Notice Registry
- 45-day public comment period which may include public hearing(s)

Q2 2025

- CARB reviews and summarizes public comments, revises regulation as needed and creates Final Statement of Reasons
- CARB members vote on the proposed regulation
- CARB submits rulemaking package to OAL
- OAL conducts final review and approves regulation

How XBRL digitizes data

- Machine-readable data can be automatically consumed, more timely
- Shared understanding of facts reported facilitates agreed action steps to reduce climate impact
- Globally reported data is interoperable and comparable

How XBRL digitizes data

Concept

- (direp) Emissions, direct, total

Dimensions

Reporting Region [Dimension]

UK

Properties

Date 1 Jan 2023 to 31 Dec 2023

Fact Value 6,082 t

Accuracy ones

Scale Unscaled

Change 7.1% decrease on 1 Jan 2022 to 31 Dec 2022

Entity [UK CRN] 02468686

Concept direp:EmissionsDirectTotal

Taxonomy <http://xbrl.frc.org.uk/reports/2023-01-01/direp>

Non-financial and sustainability information statement

Operational emissions

	UK	Overseas	2023 ^(AR) Total	UK	Overseas	2022 (re-presented) ¹ Total
Emissions (market-based)²						
Scope 1 (tCO ₂ e) ³	6,082	1,421	7,503	6,550	1,976	8,526
Scope 2 (tCO ₂ e) ⁴	—	429	429	—	563	563
Scope 3 (tCO ₂ e) ⁵	6,045	3,409	9,454	3,172	1,697	4,869
Total market-based emissions (tCO ₂ e)	12,127	5,259	17,386	9,722	4,236	13,958
Carbon offsets for which credits have been purchased and retired during the year (tCO ₂ e) ⁶	(12,127)	(5,259)	(17,386)	(9,722)	(4,236)	(13,958)
Total net market-based emissions (tCO ₂ e)	—	—	—	—	—	—

Network Browser <<

Network: Lang:

- ⊕ [200000] General requirements for disclosure of sustainability-related financial information
- ⊕ [210000] Climate-related disclosures
 - ⊖ Climate-related disclosures [abstract]
 - ⊕ Governance [abstract]
 - ⊕ Strategy [abstract]
 - ⊕ Risk management [abstract]
 - ⊖ Metrics and targets [abstract]
 - ⊕ Metrics for risks and opportunities [abstract]
 - ⊖ Cross-industry climate-related metrics [abstract]
 - ⊖ Greenhouse gases [abstract]
 - ⊖ Scope 1 and 2 GHG emissions [abstract]
 - ⊖ Scope 1 and 2 GHG emissions [table]
 - ⊖ GHG emissions disclosure basis [axis]
 - ⊖ GHG emissions disclosure basis [domain]
 - ⊖ Consolidated accounting group [member]
 - ⊖ Other investees excluded from consolidated accounting
 - ⊖ Scope 1 and 2 GHG emissions [line items]
 - Absolute gross Scope 1 GHG emissions**
 - Absolute gross location-based Scope 2 GHG emissions
 - Absolute gross Scope 1 and 2 GHG emissions
 - Absolute gross Scope 3 GHG emissions
 - Absolute gross Scope 1, 2 and 3 GHG emissions
 - ⊕ Approach used to measure GHG emissions [text block]
 - Any contractual instruments that inform understanding of Scope 2 GHG emissions
 - Absolute gross market-based Scope 2 GHG emissions
 - ⊕ Details of inclusion within Scope 3 GHG emissions [text block]
 - Effects of significant events and changes in circumstances relevant to the reporting period

Details Relationships Tree Locations

Absolute gross Scope 1 GHG emissions

Properties

| Property | Value |
|--------------------|--|
| Name | AbsoluteGrossScope1GHGEmissions |
| Namespace | https://xbrl.ifrs.org/taxonomy/2024-04-26/ifrs-sds |
| Data Type | dtr-2022:ghgEmissionsItem |
| XBRL Type | decimalItemType |
| Substitution Group | xbrli:item |
| Period Type | duration |
| Abstract | false |
| Nilable | true |

Labels

| Type | Lang | Label |
|----------------------|------|--|
| Standard Label | en | Absolute gross Scope 1 GHG emissions |
| Documentation | en | Absolute gross scope 1 greenhouse gas emissions generated during the reporting period. Direct greenhouse gas emissions that occur from sources that are owned or controlled by the entity. |
| Measurement Guidance | en | Metric tons (t) CO ₂ -e [utr:tCO ₂ e] |

References

| Type | Reference | |
|----------------------|--------------|------------|
| Disclosure Reference | Name | IFRS |
| | Number | S2 |
| | IssueDate | 2023-06-26 |
| | Paragraph | 29 |
| | Subparagraph | a |
| | Clause | i |

How XBRL digitizes data

- Clarity in reporting - taxonomy contains concrete definitions, data types, clear guidance on what can be reported
- Facilitates reporting for companies with a global footprint (CSRD estimated to affect 3,000 US companies)
- Reduces duplicate reporting to different stakeholders

Roundtable discussion

Karen Bodner

Head, Global Investor Relations Advisory, BNY Mellon

Ann Tracy

Chief Sustainability Officer, Colgate-Palmolive

John Turner

CEO of XBRL International