CLIMATE-RELATED FINANCIAL DISCLOSURES MATURITY MAP

To provide decision-useful information about your climate-related risks and opportunities (CRRO), what information are you currently disclosing in your financial filings?

The maturity map is designed to provide insight into the requirements of IFRS S2 Climate-related Disclosures, equipping finance teams with awareness of the organizational shifts needed to achieve complete reporting under this standard. Whilst full compliance requires disclosure in all areas, some may be more challenging depending on your maturity level in this space. You can use the maturity map to guide you in developing a roadmap to complete reporting in order to prepare for incoming mandatory reporting requirements in your jurisdiction where these apply.

The content is based on the reporting requirements set out within IFRS S2 but is not a comprehensive overview of the reporting standard. The standard itself, along with specific regional regulatory requirements, should be considered to ensure full and complete reporting for your organization.

IFRS S2 disclosure requirements	Basic: Requirements you may have within existing climate-related reporting disclosures	Moderate: Requirements which may need additional consideration	More challenging: Areas of IFRS S2 which are generally considered more complex
Governance	• The governance body or individual responsible for oversight of CRRO. • Management's role[1] in the governance processes, controls and procedures used to monitor, manage and oversee CRRO. • Responsibilities for CRRO are included within terms of reference, mandates, role descriptions and other related policies, as applicable.	• Measures exist to ensure the governance body or individual has the appropriate skills and competencies to oversee strategies designed to respond to CRRO. • How the governance body or individual is informed about CRRO through board papers or similar. • The governance body or individual oversees CRRO-related target-setting and monitors progress towards those targets.	• The governance body or individual takes CRRO into account when overseeing the entity's strategy, its decisions on major transactions, and its risk management processes and related policies. Trade-offs relating to CRRO are considered. • The governance body or individual oversees whether and how the relevant performance metrics are included within remuneration policies. • Management uses controls and procedures to support the oversight of CRRO and these are integrated into other internal functions.
Strategy	• Description of the CRRO and whether CRRO could reasonably be expected to affect the entity's prospects over the short, medium and long term. Distinguish between transition and physical risks. • Current and anticipated effects of CRRO on the entity's business model and value chain. • The effect of CRRO on the entity's strategy and decision making, including information about its climate-related transition plan. • The climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified CRRO. • Information about climate-related scenario analysis and how it has been used to assess organizational resilience, including information about uncertainty and the capacity of the entity to adjust or adapt in the short, medium and long term.	• Description of where in the entity's business model and value chain CRRO are concentrated (eg geographical areas, facilities and types of assets). • Definitions of 'short term', 'medium term' and 'long term' in relation to CRRO, and an explanation of how these definitions link to the entity's planning horizons for strategic decision making. • Information about the effects of CRRO on strategy and decision making, including details on how climate-related targets will be achieved and how climate considerations are integrated into decision making. • A clear and credible climate transition plan for current and anticipated mitigation and adaptation efforts, including key assumptions, dependencies, resource plans and progress made. • Information about the inputs, assumptions and parameters used for scenario analysis, such as time horizons, scope of operations, policies and macroeconomic trends, national and regional variations in energy use and mix, and developments in technology.	• How CRRO has affected the entity's financial position, financial performance and cash flows for the reporting period[2], and the anticipated future effects of CRRO over the short, medium and long term (including how CRRO have been considered in financial planning). • Current and anticipated changes to the entity's business model to address CRRO, including its resource allocation and planned sources of funding.[3] • Anticipated changes to the entity's financial position over the short, medium and long term, given its strategy to manage CRRO, taking into consideration investment and disposal plans.[4] • Anticipated changes to financial performance and cash flows over the short, medium and long term, given its strategy to manage CRRO.[5] • Implications of climate-related scenario analysis for the entity's strategy and business model, including details of the availability and flexibility in existing financial resources to respond to the effects identified in the climate-related scenario analysis and details of how the entity would adjust or adapt (through redeployment or repurposing of assets; investments and divestments etc), and any uncertainties in the analysis.
Risk Management	• The processes and related policies for identifying, assessing, prioritizing and monitoring CRRO. • How processes for identifying, assessing, prioritizing and monitoring CRRO are integrated into and inform the entity's overall risk management processes.	• The range of inputs and parameters used for identifying, assessing, prioritizing and monitoring CRRO (eg data sources and the scope of operations). • Whether and how climate-related scenario analysis is used to inform identification of CRRO.	• How assessments consider the nature, likelihood and magnitude of the effects of risks using a range of tailored criteria, such as qualitative factors and quantitative thresholds. • Whether and how the entity prioritizes climate-related risks relative to other types of risks. • Whether and how the entity has changed the processes it uses compared with the previous reporting period.
Metrics and Targets	• The metrics used to assess the entity's performance in relation to CRRO, including progress made towards targets. • The quantitative and qualitative climate-related targets the entity has set to monitor progress towards achieving its strategic goals. • Absolute gross greenhouse gas emissions (scope 1, 2 and 3) generated during the reporting period and associated targets, clarifying whether those targets are intensity-based or absolute targets. • Additional information about the entity's category 15 greenhouse gas emissions or those associated with its investments (financed emissions), if the entity's activities include asset management, commercial banking or insurance.	• Reference to the cross-industry metrics categories set out within IFRS S2, including the amount or percentage of assets or business activities vulnerable to climate-related transition risks, physical risks and opportunities, details of internal carbon pricing (and how it is used in decision making), remuneration, and capital deployed. • The metrics used to measure progress towards targets, and the part of the entity the target applies to (eg business unit or geography). • Measurement methodologies for greenhouse gas emissions, including inputs, assumptions and changes in the reporting period. • Disclosure of location-based scope 2 greenhouse gas emissions and relevant contractual agreements. • Details of the planned use of carbon credits to offset greenhouse gas emissions, the type of credits and third-party verifications obtained.	• Reference to and use of industry-based metrics as set out in the industry-based guidance on implementing IFRS S2. • The approach for setting, reviewing and revising targets and monitoring progress towards them, including how the targets align with science-based initiatives, and information about third-party validation. • Disaggregated scope 1 and 2 greenhouse gas emissions based on corporate reporting structures (as set out within IFRS S2). • Scope 3 greenhouse gas emissions are covered by a target and targets are derived using a sectoral decarbonization approach.
	Basic	Moderate	More challenging

ADDITIONAL CONSIDERATIONS FOR CLIMATE-RELATED REPORTING:

- When thinking about the elements included within the strategy section and the metrics and targets section, it is important to consider the applicability of cross industry metrics and the disclosure topics defined in the industry-based guidance on implementing IFRS S2.
- Climate-related reporting should avoid unnecessary duplication, in accordance with IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.
- Refer to IFRS S2 Strategy section 11, and 17-21 for further information around the identification and quantification of risks and opportunities and financial impacts, and to Metrics and Targets section 30 for further information on reporting metrics.

Footnotes

1. Including the specific management-level position or committee, where responsibility is delegated.
2. Including whether there is a significant risk of a material adjustment within the next annual reporting period to the carrying amount of assets and liabilities reported in the financial statements (see IFRS - Webcasts: Current and anticipated financial effects for more information).
3. For example, these changes could include plans to manage or decommission carbon-, energy- or water-intensive operations; resource allocations resulting from demand or supply chain changes; resource allocations arising from business development through capital expenditure or additional expenditure on research and development; and acquisitions or divestments.
4. Such as capital expenditure, major acquisitions and divestments, joint ventures, business transformations, innovation, new business areas and asset retirements, and the entity's planned sources of funding to implement its strategy.
5. For example, increased revenue from products and services aligned with a lower-carbon economy, costs arising from physical damage to assets from climate events, and expenses associated with climate adaptation or mitigation.