



Digitizing Environmental Social Governance (ESG) Disclosures

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Topics

Digitizing ESG Data US regulatory updates	Michelle Savage, VP Communications, XBRL US
IFRS Sustainability Disclosure Taxonomy Recent developments	Madhu Mathew, Director of Technology, Head of Data Science & Digital Solutions, IFRS Foundation
CPE Questions	
Digital Reporting for The GAP	Anand Padmanabhan, President, IRIS Business Services, LLC
Demonstration of ESG XBRL Preparation	Rohit Bansal, XBRL Subject Matter Expert, Iris Carbon
CPE Questions	



Digital ESG Data

Scope 1 GHG Emissions

Carbon Dioxide

Thousand metric tons

GHG Emissions Metrics ²⁰	2019	2020	2021
Scope 1 GHG Emissions CO ₂ e; thousand metric tons	516	1,057	1,548
Carbon Dioxide CO ₂ ; thousand metric tons	292	659	1,071
Methane CH ₄ ; thousand metric tons	8.94	15.86	19.06
Nitrous Oxide N ₂ O; thousand metric tons	0.002	0.003	0.004
GHG Emissions Intensity ²¹ kg CO ₂ e/MMBtu gas produced	0.52	0.86	0.78
Methane Intensity (Leak/Loss Rate) ^{22, 23} percent; SWN production operations only	0.055%	0.075% ²⁴	0.055%
Total Methane Emitted ²⁵ thousand metric tons; SWN production operations only	8.94	15.86	19.06
Scope 2 GHG Emissions CO ₂ e; thousand metric tons	-	-	5.91
Carbon Dioxide CO ₂ ; thousand metric tons	-	-	5.89
Methane CH ₄ ; thousand metric tons	-	-	0.00042
Nitrous Oxide N ₂ O; thousand metric tons	-	-	0.000059

Reporting entity

Period = 2021

XBRL to Digitize ESG Data

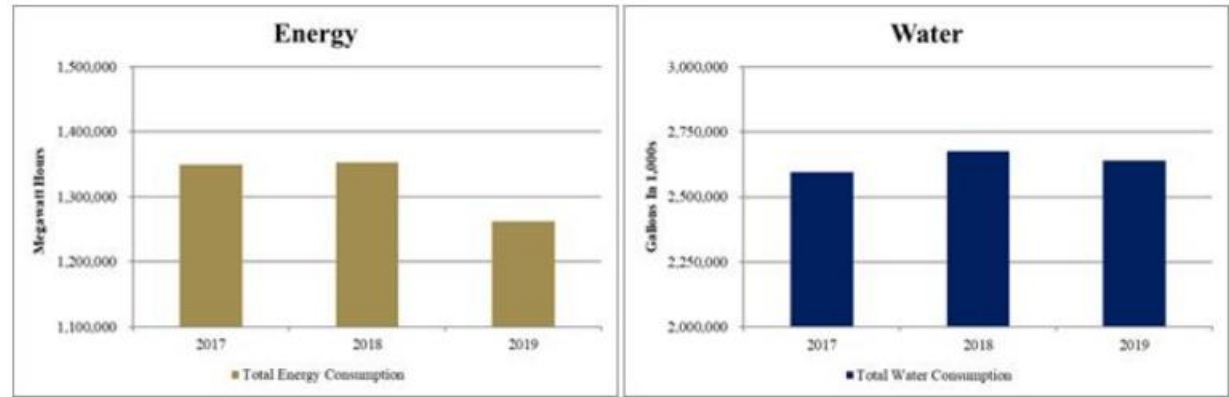
- Open, nonproprietary (no licensing fees)
- Consistently capture metadata for unambiguous shared understanding
- Already used for financial statement reporting by public companies, banks and public utilities
- Being adopted for global ESG reporting

Challenges with ESG data

- Data collection
- Multiple ESG frameworks
- Handling differences between industries
- Allowing companies to tell their own ESG story
- Providing sufficient information to different types of data consumers

Challenges with ESG data

- Rendering graphical illustrations into comparable facts
- Enable commingling of ESG facts with financial and other types of data
- Establish consistent metrics for comparability
- Minimize burden on reporting entities



Securities and Exchange Commission

- March 2021 - Request for comment published
- March 21, 2022 – rule proposal: The Enhancement and Standardization of Climate-Related Disclosures for Investors
 - *“...require a registrant to disclose certain climate-related information, including **information about its climate-related risks that are reasonably likely to have material impacts on its business or consolidated financial statements**, and **GHG emissions metrics** that could help investors assess those risks. A registrant may also include disclosure about its climate-related opportunities... would include an **attestation requirement for accelerated filers and large accelerated filers regarding certain proposed GHG emissions metrics disclosures**....”*

Securities and Exchange Commission

- *...require certain **climate-related financial statement metrics** and related disclosure to be included in a note to a registrant’s audited financial statements. The proposed financial statement metrics would **consist of disaggregated climate-related impacts on existing financial statement line items**. As part of the registrant’s financial statements, the financial statement metrics would be **subject to audit by an independent registered public accounting firm**, and come within the scope of the registrant’s internal control over financial reporting (“ICFR”).*
- *...The proposed rules would require a registrant ...to electronically tag both narrative and quantitative climate-related disclosures in Inline XBRL...”*
- Timing phase-in:
 - Large accelerated filers first, followed by accelerated and non-accelerated filers, then SRCs, based on the effective date of the final rule
 - Registrants subject to Scope 3 emissions disclosures would have these disclosures delayed one year
- Final rule expected around Spring 2023

Structure

Public accountability

IFRS Foundation Monitoring Board

Governance, strategy, oversight

IFRS Foundation Trustees

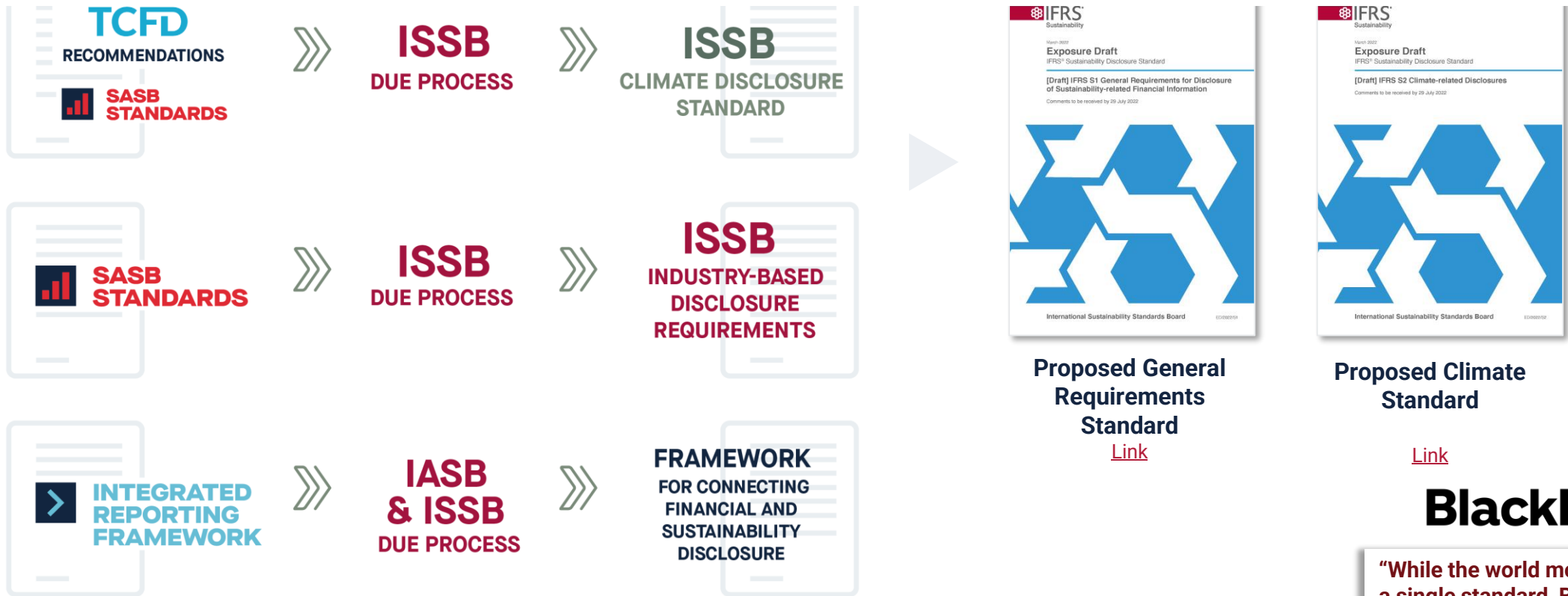
Independent standard-setting

International Accounting
Standards Board (IASB)

International Sustainability
Standards Board (ISSB)

IFRS Interpretations Committee

Simplifying the disclosure landscape towards a global baseline of sustainability disclosures that meet the information needs of investors



 **2,600 organizations** have expressed their support for the **TCFD** recommendations

 **1,700 businesses** disclose using **SASB Standards**

BlackRock

“While the world moves towards a single standard, BlackRock continues to endorse TCFD- and SASB-aligned reporting.”
2021 Letter to CEOs

ISSB objectives



Develop standards for global baseline of sustainability disclosures



Meet information needs of investors

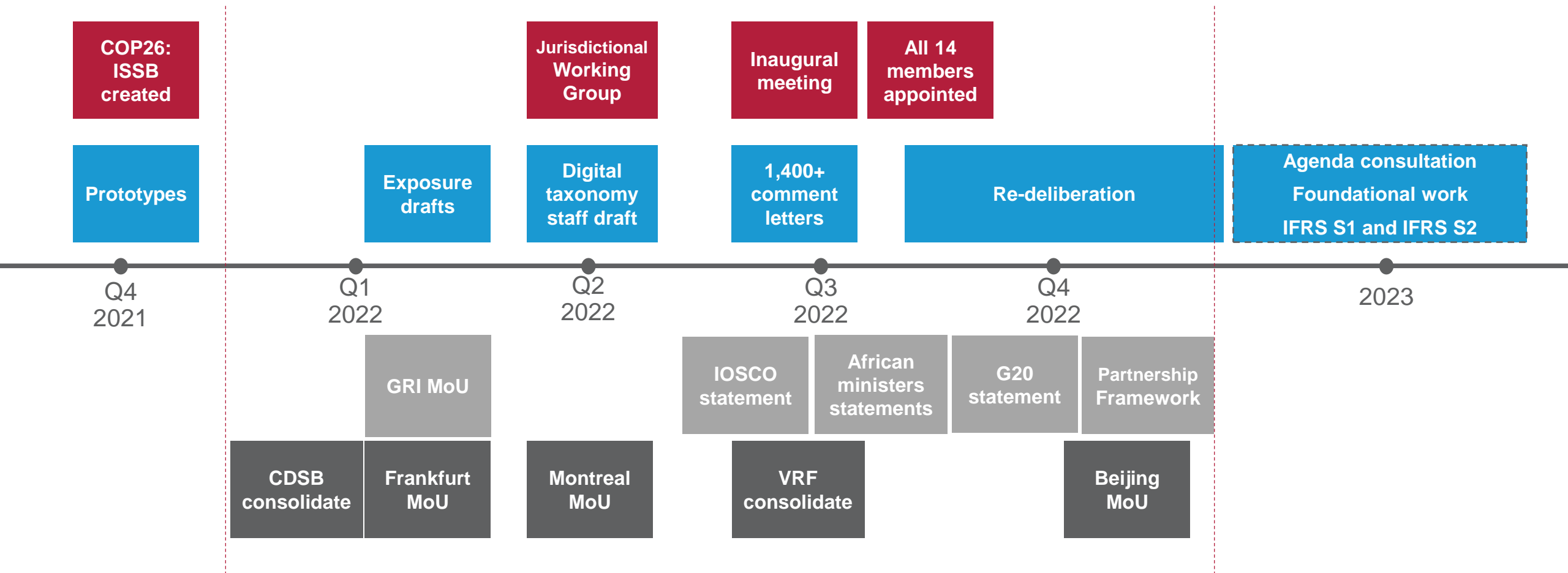


Enable companies to provide comprehensive sustainability information to global capital markets

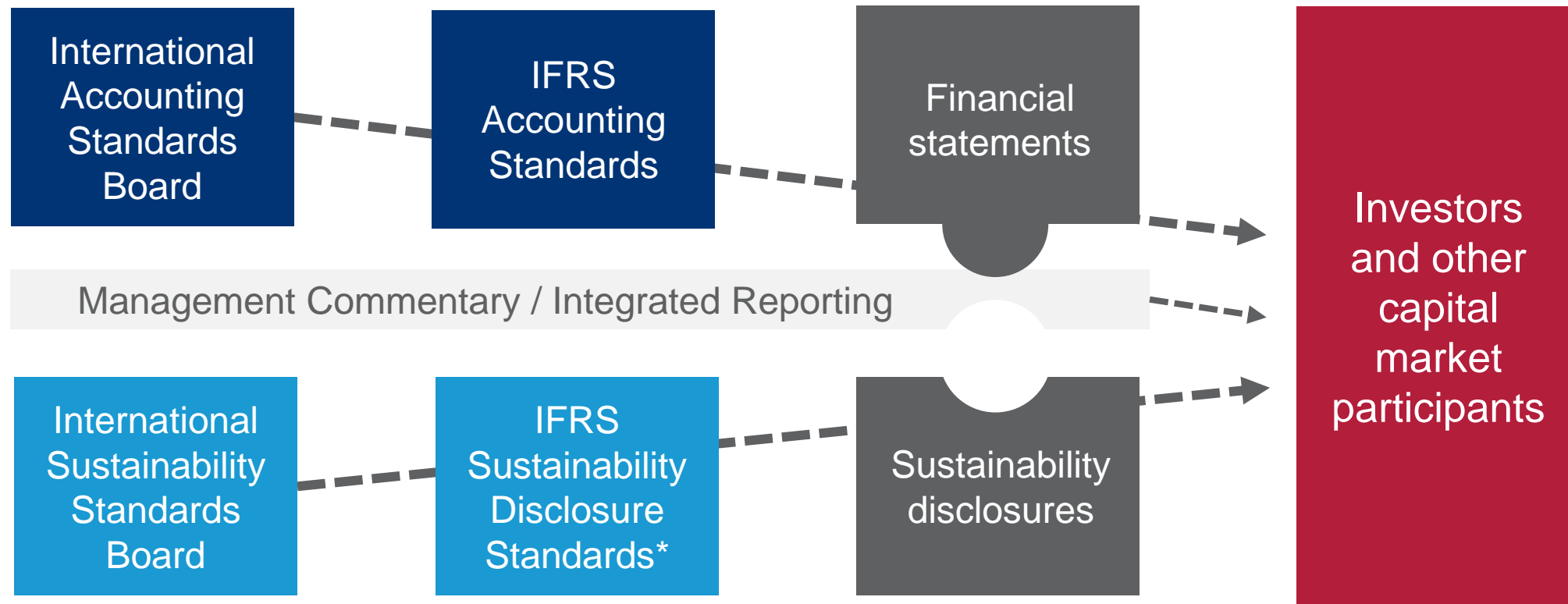


Facilitate addition of disclosures that are jurisdiction-specific / aimed at broader stakeholder groups

ISSB milestones



Designed for communication to investors



Comprehensive global baseline for capital markets

BUILDING BLOCKS:



- Possible additional requirements mandated by jurisdictions
- Voluntary standards adopted to meet broader multi-stakeholder needs (eg GRI Standards)

BASELINE:

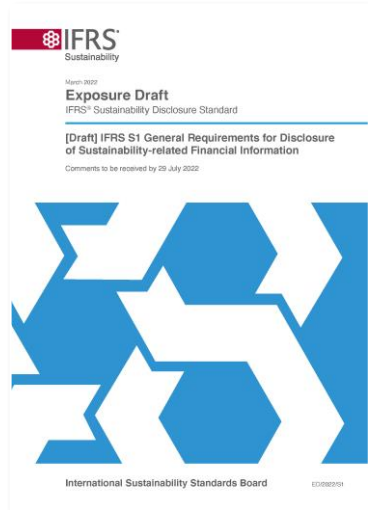
IFRS Sustainability Disclosure Standards

- Act as a comprehensive foundation
- Common language to deliver comparable, decision-useful disclosures
- For global capital markets, meeting investor needs globally

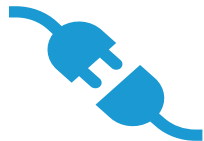
IFRS Standards within the broader reporting landscape



Key concepts in IFRS S1



- Asks for disclosure of material information about sustainability-related risks and opportunities
- Sets out general reporting requirements; other IFRS Sustainability Disclosure Standards (eg Climate Standard) set out specific disclosures
- Points to other standards and frameworks in absence of a specific IFRS Standard
- Equivalent to IFRS Accounting Standards IAS 1 and IAS 8



Emphasises need for **consistency and connections** between financial statements and sustainability disclosures



Financial statements and sustainability disclosures published **at the same time**, but with transitional relief



Does **not specify a location** for disclosure within general purpose financial reporting and **allows for additional information**, to facilitate application in different jurisdictions

Climate-related Disclosures Standard: IFRS S2



- Disclosure of material information about climate-related risks and opportunities
- Incorporates TCFD Recommendations
- Includes SASB Standards climate-related industry-based requirements
- Requires disclosure of information about:
 - Physical risks (eg flood risk)
 - Transition risks (eg regulatory change)
 - Climate-related opportunities (eg new technology)



Transition planning

Emissions targets
and use of carbon
offsets



Climate resilience

Resilience of
business strategy
in multiple
scenarios



Scope 1-3 emissions

Requirement to disclose
GHG emissions in
accordance with the GHG
Protocol Corporate
Standard

Sustainability Disclosure Taxonomy

Element

- P Presentation Link
 - [200000] General Requirements for Disclosure of Sustainability-related Financial Information
 - General requirements for disclosure of sustainability-related financial information [Abstract]
 - Governance [Abstract]**
 - Strategy [Abstract]
 - Risk management [Abstract]
 - Metrics and targets [Abstract]
 - General Features [Abstract]
 - [210000] Climate-related disclosures
 - Climate-related disclosures [Abstract]
 - Governance [Abstract]
 - Strategy [Abstract]
 - Risk management [Abstract]
 - Metrics and targets [Abstract]
 - Appendices [Abstract]
 - [700000] Governance
 - [710000] Strategy
 - [720000] Risk management
 - [730000] Metrics and targets
 - [805100] Industry Metrics - Consumer Goods - Apparel, Accessories & Footwear (CG-AA)
 - [805200] Industry Metrics - Consumer Goods - Appliance Manufacturing (CG-AM)
 - [805300] Industry Metrics - Consumer Goods - Building Products & Furnishings (CG-BF)
 - [805400] Industry Metrics - Consumer Goods - E-Commerce (CG-EC)
 - [805500] Industry Metrics - Consumer Goods - Household & Personal Products (CG-HP)
 - [805600] Industry Metrics - Consumer Goods - Multiline and Specialty Retailers & Distributors (CG-MR)
 - [810100] Industry Metrics - Extractives & Minerals Processing - Coal Operations (EM-CO)
 - [810200] Industry Metrics - Extractives & Minerals Processing - Construction Materials (EM-CM)
 - [810300] Industry Metrics - Extractives & Minerals Processing - Iron & Steel Producers (EM-IS)
 - [810400] Industry Metrics - Extractives & Minerals Processing - Metals & Mining (EM-MM)
 - [810500] Industry Metrics - Extractives & Minerals Processing - Oil & Gas - Exploration & Production (EM-EP)

General Requirements

Climate-related Requirements

Industry Specific Metrics

[Download IFRS Sustainability Taxonomy \(Staff Draft\)](#)

Sustainability Disclosure Taxonomy

Element
[-] Governance [Abstract]
[-] Strategy [Abstract]
[-] Disclosure of strategy for addressing significant sustainability-related risks and opportunities [Text Block]
[-] Risks and opportunities [Abstract]
[-] Disclosure of significant sustainability-related risks and opportunities that could reasonably be expected to affect entity's business model, strategy and financial performance [Text Block]
[-] Disclosure of current and anticipated effects of significant sustainability-related risks and opportunities on business model [Text Block]
[-] Strategy and decision-making [Abstract]
[-] Financial position, financial performance and cash flows [Abstract]
[-] Resilience [Abstract]
[-] Risk management [Abstract]
[-] Metrics and targets [Abstract]
[-] General features [Abstract]
[+] [210000] Climate-related disclosures
[-] Climate-related disclosures [Abstract]
[-] Governance [Abstract]
[-] Strategy [Abstract]
[-] Risk management [Abstract]
[-] Metrics and targets [Abstract]
[-] Disclosure of performance in managing significant sustainability-related risks and opportunities [Text Block]
[+] Cross industry climate metrics [Abstract]
[-] Greenhouse gas emissions [Abstract]
[-] Disclosure of amount and percentage of assets or business activities vulnerable to transition risks [Text Block]
[-] Disclosure of amount and percentage of assets or business activities vulnerable to physical risks [Text Block]
[-] Disclosure of amount and percentage of assets or business activities aligned with climate-related opportunities [Text Block]
[-] Disclosure of amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities [Text Block]
[-] Internal carbon prices [Abstract]
[-] Remuneration disclosure [Abstract]
[-] Disclosure of climate-related targets [Text Block]
[-] Appendices [Abstract]

S1: General Requirements / Strategy

S2: Climate-related Requirements / Metrics & Targets

CPE questions

Why GAP, Inc. chose digital reporting for ESG Disclosures

Problem Statement:

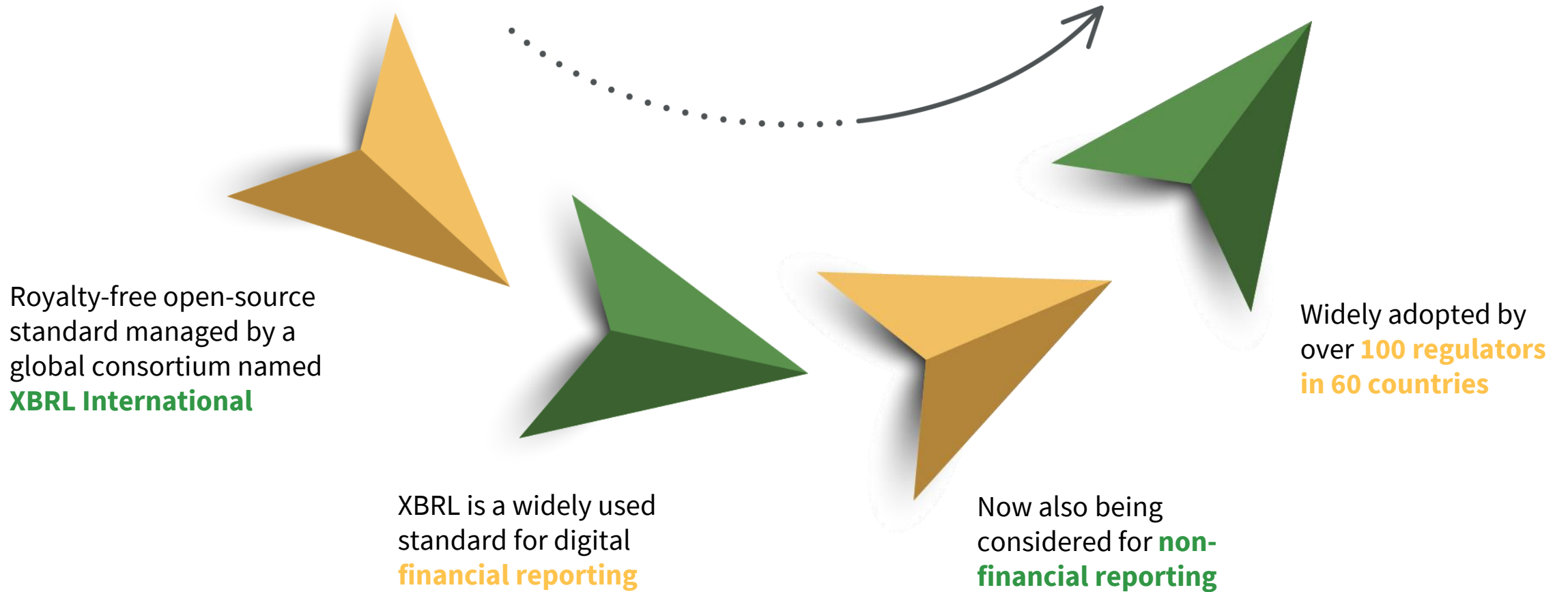
- Information accessibility to stakeholders
- Information comparability
- Different stakeholders (investors, consumers, data aggregators, and rating agencies) accessing ESG information in different formats.
- Mandates by Regulators in several countries including US have been announced. GAP wanted to assess effort and challenges in generating an iXBRL document of its reports.

The Solution

XBRL - Digital data reporting format

What is XBRL?

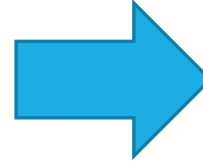
XBRL- eXtensible Business Reporting Language



What does this mean?

2 SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX

Topic	Accounting Metric	Category	Unit of Measure	Code	Data	Reference															
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements	Quantitative	Percentage (%)	CG-AA-430a.1	For more than 15 years, we have required our denim laundries to participate in our Water Quality Program, which allows us to actively monitor and improve wastewater quality.	ESG Report: Water Stewardship p. 35 Sustainability Webpages: Chemicals Management Water Stewardship															
					In 2021, out of 53 priority denim laundries that conducted wastewater testing per the ZDHC Wastewater Guidelines, 100 percent achieved Foundational level or better for all Conventional parameters and 94 percent met all ZDHC MRSL parameters.																
					<table border="1"> <thead> <tr> <th>Year</th> <th>Total participants</th> <th>% facilities meeting Conventional parameters</th> <th>% meeting ZDHC MRSL parameters</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>54</td> <td>94</td> <td>89</td> </tr> <tr> <td>2021</td> <td>53</td> <td>100</td> <td>94</td> </tr> </tbody> </table>		Year	Total participants	% facilities meeting Conventional parameters	% meeting ZDHC MRSL parameters	2020	54	94	89	2021	53	100	94			
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Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Index Facility Module (Higg FEM) assessment or an equivalent environmental data assessment.	Quantitative	Percentage (%)	CG-AA-430a.2	By the end of 2022, 99 percent of our Tier 1 and 91 percent of our strategic Tier 2 suppliers completed the Sustainable Apparel Coalition's Higg Index 3.0 Facility Environmental Module (FEM) self-assessment to communicate their water and energy use, along with chemicals and waste management from 2020. 64 percent of facilities verified their responses. In total, 89 percent of facilities participated in our resource efficiency programs.	ESG Report: Resource Efficiency and Manufacturing p. 37 Sustainability Webpages: Chemicals Management Water Stewardship																
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Inline XBRL Viewer User Guide [Download XBRL Report](#) Facts: <

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Positive Number Negative Number Text Data Paragraph Boolean And Fixed Clear

Selected Elements Hidden Elements Meta Information

Tagged Values

Label	XBRL Tag	Value	Unit	Scale	Start Date	End Date	Dimension	Anchoring concept
Supplier Facilities, Percentage With Wastwat...	sasb:SupplierFacilitiesPercentage...	100	Pure	Percent	2021-01-31	2022-01-29	sasb:SupplierTL...	

Information is discoverable / searchable for investors / analysts



Traditional PDF

Information is locked in PDF format



Digital Reports- XBRL/iXBRL

Information is discoverable and also highly searchable both for machines and humans

Benefits of going digital way

- Validated and improved ESG Disclosure Reporting
- Easy access and highly searchable data
- Facilitates easy processing and evaluation of ESG data for various stakeholders

The Approach: Gap's way of Going Ahead

- Dry run on 2020 SASB index report using SASB taxonomy
- Publication of 2021 SASB index in digital format on their corporate website
- Click here to access GAP's 2021 [Interactive ESG Data](#)

What GAP has to say?

“Gap Inc. chose to make digital disclosures in XBRL to make its ESG report more **accessible** to various **stakeholders**.”

“Having that machine-readable (XBRL) element is another way to ensure our disclosures are accessible to key stakeholders who are **processing** and **evaluating** our ESG performance. We believe it’s important to make information available in a **useful, comparable, reliable, and importantly, accessible manner** and in a format where investors and stakeholders increasingly process information – in the digital format.”

Marvin Smith, Director of ESG



DEMONSTRATION OF ESG XBRL PREPARATION

ROHIT BANSAL

XBRL SUBJECT MATTER EXPERT, IRIS
CARBON

Limitations for granular data reporting

- Data provided as references – leading multiple reports / sources
- Same data source linked to S1 and S2

CPE questions
