

ENHANCING CORPORATE REPORTING

SUSTAINABILITY BUILDING BLOCKS: ENCOURAGING CONSISTENT, COMPARABLE AND ASSURABLE SUSTAINABILITY INFORMATION

BUILDING BLOCK APPROACH

2

MULTI-STAKEHOLDER FOCUSED
SUSTAINABILITY REPORTING



INTEROPERABILITY

1

INVESTOR FOCUSED
SUSTAINABILITY INFORMATION MATERIAL TO ENTERPRISE VALUE



BLOCK 1

Enables enterprise value reporting for investors & other providers of financial capital:

Identifies those sustainability factors material to short, medium, long-term **enterprise value**

Establishes a consistent baseline of assurable information for investors and global capital markets (i.e., through standards to be set by an IFRS International Sustainability Standards Board – “ISSB”)

Includes qualitative information about governance, strategy and risk management of material sustainability factors

Includes performance targets and quantitative metrics for material sustainability factors, both cross industry (e.g., similar to WEF core metrics) and industry specific (e.g., similar to SASB)

BLOCK 2

Enables multi-stakeholder reporting on sustainable development:

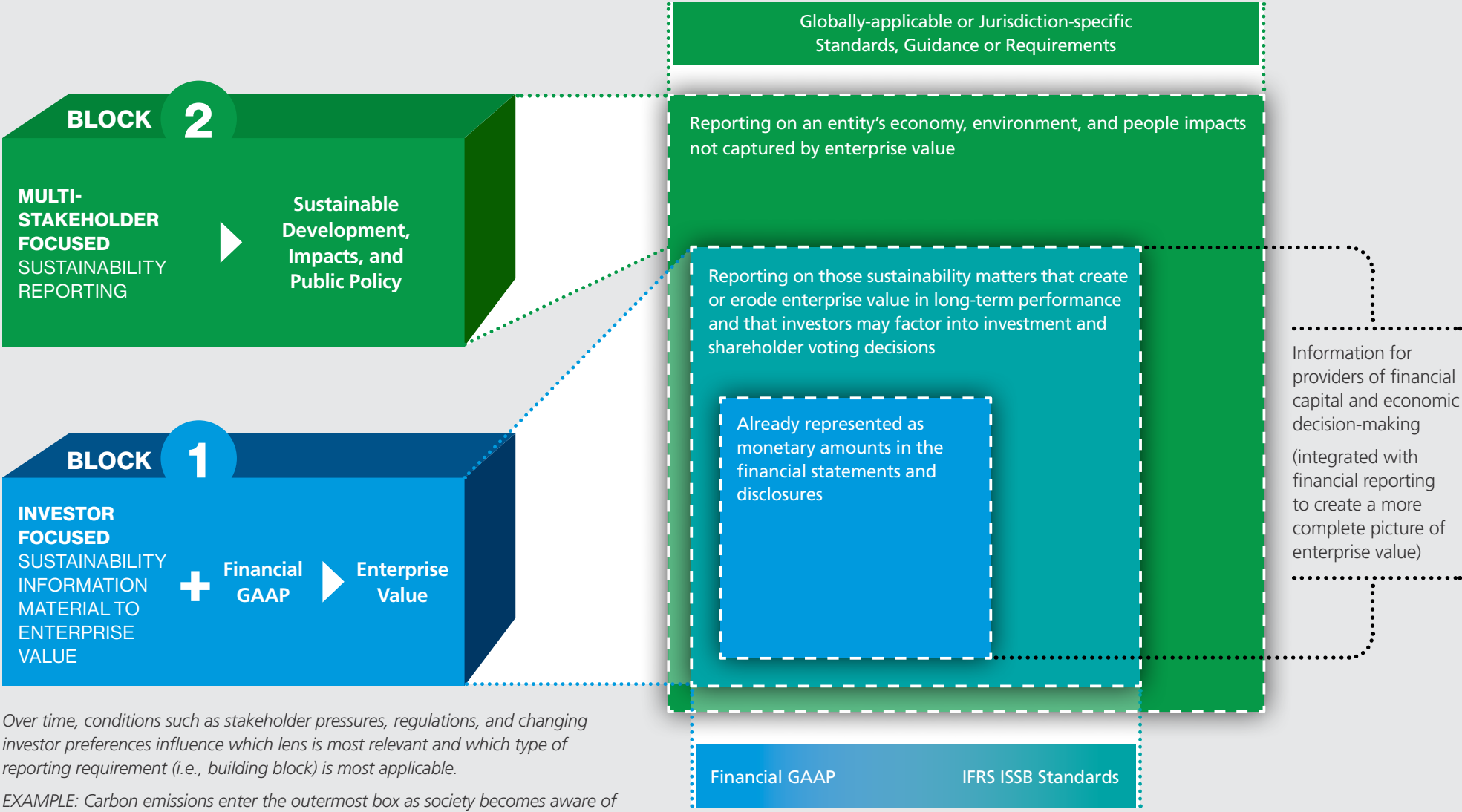
Captures **impacts** of a reporting entity on economy, environment, and people that are not already in Block 1

May be required by jurisdictions in support of the UN SDGs or specific public policy objectives (e.g., EU Green Deal)

Could be globally applicable standards or guidance (using widely accepted sustainability reporting initiatives such as GRI) and/or jurisdiction-specific requirements

Interoperability between Multi-Stakeholder Focused Sustainability Reporting and Investor-Focused Sustainability Information Material to Enterprise Value allows companies to collect specific information on a given sustainability matter once, and to use that same information to serve reporting requirements under either Block 1 or Block 2.

SUSTAINABILITY MATTERS CAN BE VIEWED THROUGH DIFFERENT LENSES: ENABLING A COMPREHENSIVE CORPORATE REPORTING SYSTEM



Over time, conditions such as stakeholder pressures, regulations, and changing investor preferences influence which lens is most relevant and which type of reporting requirement (i.e., building block) is most applicable.

EXAMPLE: Carbon emissions enter the outermost box as society becomes aware of climate change; the middle box as investors start to factor a net zero transition into their asset allocation decisions; and the small box as financial consequences are required (under financial GAAP) to be reflected in the financial statements.