



Environmental Reporting



Prifysgol Cymru
Y Drindod Dewi Sant
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Lecture Outline

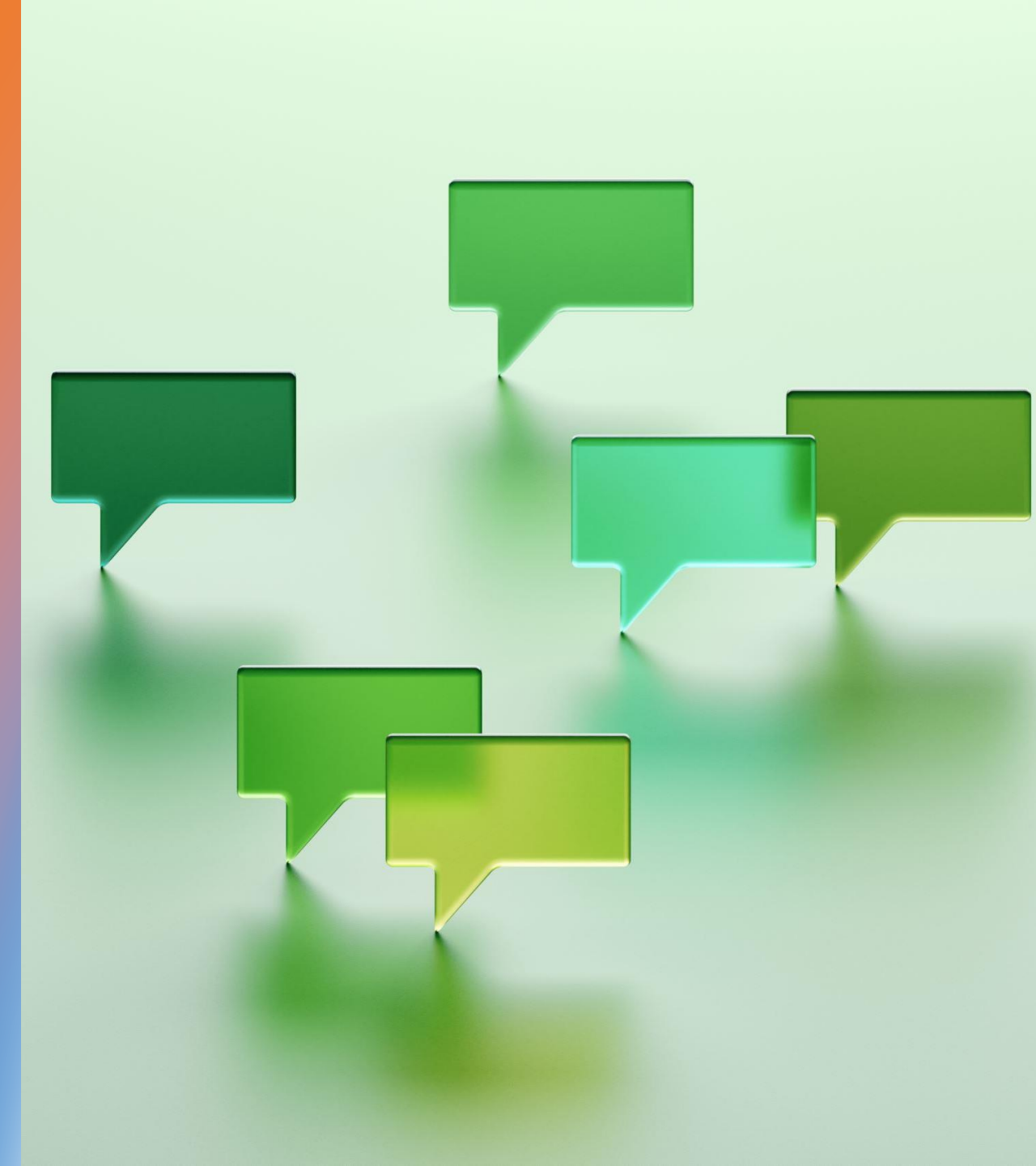


Grŵp Herio Cymru
Sero Net 2035

Wales **Net Zero 2035**
Challenge Group

- Have I got news for you? RECAP
- **ESG statements** and **Wales Net Zero 2035**.
- What is environmental reporting?
- Environmental Reporting at different levels
- Reporting Activity
- ESG Reporting (last week)





Recap on ESG?

Environmental, Social, and Governance (ESG) are crucial non-financial factors

Governments, investors, and supply chain partners are becoming increasingly interested in ascertaining the sustainability and efficacy of businesses.

Examples from last week?

A low-angle, upward-looking photograph of several modern skyscrapers. The buildings are covered in glass and steel, reflecting the ambient light. The sky is filled with soft, wispy clouds, and the overall color palette is dominated by blues, purples, and oranges, suggesting a sunset or sunrise. The perspective creates a sense of height and scale.

What is reporting?

Development of International Sustainability Standards Board (ISSB)



Introduction

- Sustainability reporting and disclosure on environmental, social, and governance (ESG) issues is increasing globally. In 2011, 20 percent of S&P 500 companies [published](#) sustainability reports; by 2019, that number reached 90 percent.
- This dramatic increase reflects how sustainability reporting is increasingly seen as a way for companies and their stakeholders to see a changing world more clearly and create long-term value.



Sustainability reporting allows:

1. Business transformation and performance improvement at companies, by enabling investment in resilient business strategies that improve company performance.
2. Better outcomes for sustainability, by focusing board and management attention on how the company can help achieve the Sustainable Development Goals, accomplish the Paris Agreement targets, and fulfill international human rights standards.
3. Decision-making that accelerates progress toward an equitable and sustainable economy, by eliciting information from companies needed by investors, customers, civil society organizations, and governments to make informed decisions that support a rapid transition to sustainability.

[Five Steps to Good Sustainability Reporting | Reports | Sustainable Business Network and Consultancy | BSR](#)



Benefits of environmental reporting

There are direct benefits to your organisation in the measuring and reporting of environmental performance as it will benefit from **lower energy and resource costs**, gain a better understanding of **exposure to the risks of climate change** and **demonstrate leadership**, which will help strengthen your **green credentials** in the marketplace. You should find it helpful to use environmental KPIs to capture the link between environmental and financial performance

Environmental Reporting at different scales

- Climate change affects everyone in the world and requires a collective response.
- Companies increasingly **need** to have the systems and processes to monitor the impact of climate change, including any government action, on their businesses.



- The TCFD recommendations guide all market players in terms of **disclosing information about the financial ramifications of climate-related risks and emerging opportunities** so that they may be included into business and investment choices.

[Example Disclosures | Task Force on Climate-Related Financial Disclosures \(fsb-tcfd.org\)](https://www.fsb-tcfd.org/)

- The TCFD recommendations guide all market players in terms of **disclosing information about the financial ramifications of climate-related risks and emerging opportunities** so that they may be included into business and investment choices.
- Over 1,600 enterprises and organisations in almost 80 countries and six continents — with a combined market value of nearly \$16 trillion — support or have already implemented the TCFD. Investors have begun to use it lately to evaluate the success of their own holdings.
- The G7 nations (Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States) have made TCFD-aligned reporting obligatory.

TCFD Themes



TCFD Themes

Figure 4

Recommendations and Supporting Recommended Disclosures

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	a) Describe the organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	b) Describe the organization's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Environmental Reporting at different scales

- At the [COP26 conference](#), the International Financial Reporting Standards (IFRS) Foundation Trustees announced the creation of the International Sustainability Standards Board (ISSB)



International Sustainability Standards Board (ISSB)



TCFD Risks

Opportunity for positive impact
on climate protection through direct and
indirect greenhouse gas reductions

Risk of negative impact on climate
through greenhouse gas emissions



**Climate Action –
where do we need
better understanding,
where do we need
better solutions?**



TCFD

Physical risks on companies:
Acute (e.g. extreme weather events)
Chronical (e.g. average high temperatures)

Transition risks and opportunities for companies
by socio-economic response to climate threats via:
— Public policy/regulation
— Market and technology developments
— Reputational impacts

Environmental Reporting at different scales

- This announcement is good news for investors, who told us in [PwC's 2021 Global Investor ESG Survey](#) that their decision making would be better informed if companies applied a single set of ESG reporting standards (74% agreed). They also said (73%) they want companies to use a [recognised framework](#) when preparing their ESG reporting.

The ISSB's standards should help provide globally consistent, trusted, non-financial reporting that is as robust as financial reporting today. They can also enable investors to have a better understanding of a company's long-term performance and value creation prospects

ISSB Standards

- FRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium, and long term, while **IFRS S2** sets out specific climate-related disclosures and is designed to be used with **IFRS S1**.



International Sustainability Standards Board (ISSB)

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[IFRS - IFRS S2 Climate-related Disclosures](#)

[IFRS - IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information](#)



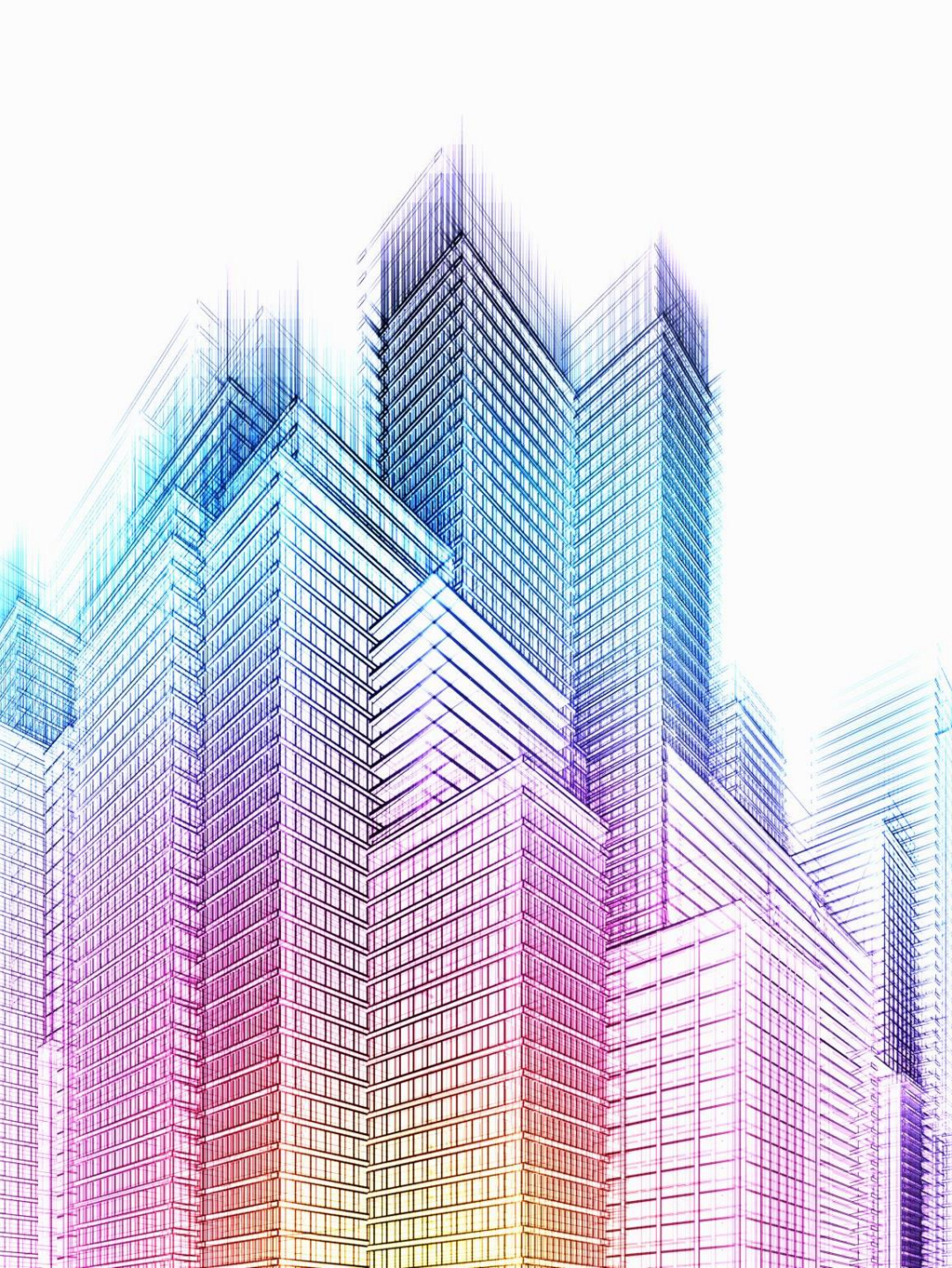
International Sustainability Standards Board (ISSB)

ISSB Standards

- In the year since it was announced (on 3 November 2021 – at COP 26) it has progressed significantly in developing those standards, commendably swiftly from a standing start, and has done a great deal to generate an international consensus for greater global alignment of sustainability standards. It continues to gather support at global bodies such as the G20 and G7 for its stated aim to develop – in the public interest – a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' information needs*



International Sustainability Standards Board (ISSB)



Environmental Reporting

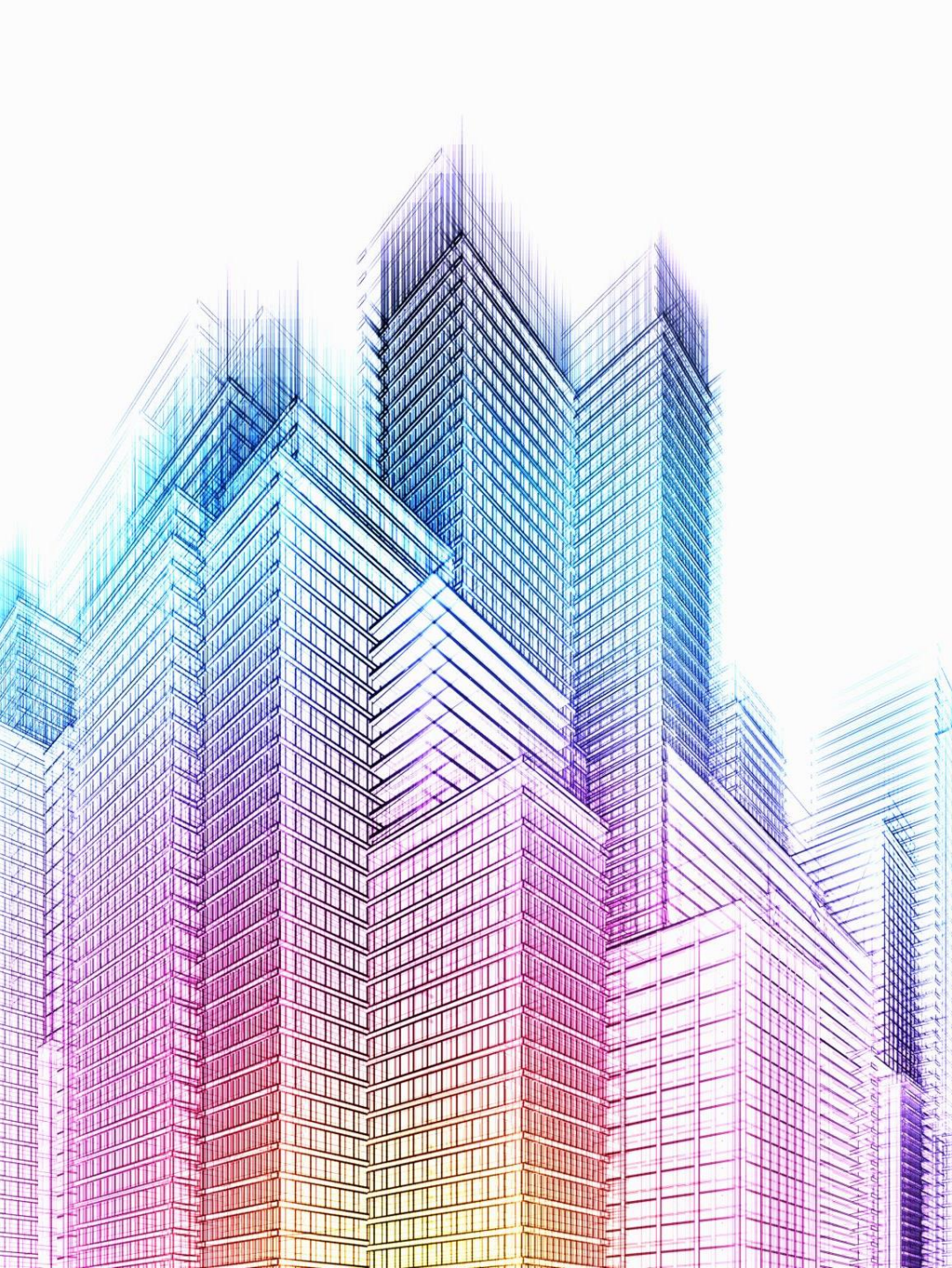
- Company Level
- City
- Region
- Country



Activity

Click on the following link:

- [2023-Boeing-Sustainability-Report.pdf](#)
- Provide a summary of the reporting approach used in this Sustainability report.
- What ESG data is provided? (pg. 73) What reporting indexes are being used?
- Provide a Powerpoint slide to describe one of the reporting indexes.



Environmental Reporting

- Company Level
- City
- Region
- Country



Environmental reporting in UK / Wales

[Natural Resources Wales / Corporate Environmental Report 2021-22](#)

[Natural Resources Wales / Measuring our performance](#)



UK Environmental reporting (example)

[Environmental Reporting Guidelines
\(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Guidance

Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting requirements

Guidance to help companies comply with the Streamlined Energy and Carbon Reporting regulations, including greenhouse gas (GHG) reporting.



State of Natural Resources Reporting (Wales)

[Home](#) > [Evidence and data](#) > [Research and reports](#)

State of Natural Resources Report (SoNaRR) for Wales 2020

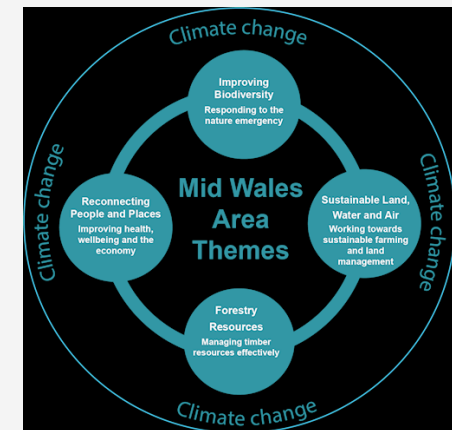
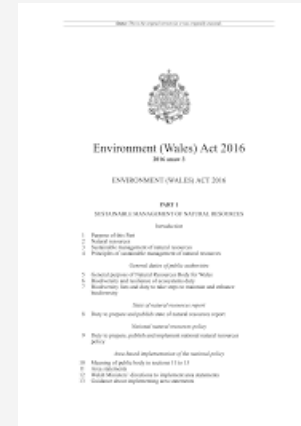
This is our second assessment of Wales's sustainable management of natural resources, including Wales's impact globally

SoNaRR assesses Wales's sustainable management of natural resources and sets out a range of opportunities for action. The Bridges to the Future section proposes a transformational approach for how Wales can bridge the gap between where it is now and where it needs to be to achieve a sustainable future. SoNaRR assesses sustainable management of natural resources (SMNR) against the four long-term aims of SMNR. These are: safeguarded and enhanced natural resources, resilient ecosystems, healthy places for people, and a regenerative economy. The report presents the best available evidence to support the assessment in eight cross-cutting theme chapters and eight broad ecosystem chapters. The key pressures, impacts and opportunities are summarised in the natural resource registers and can be explored using interactive infographics.

Watch our video - a short animation presenting the main messages of SoNaRR2020

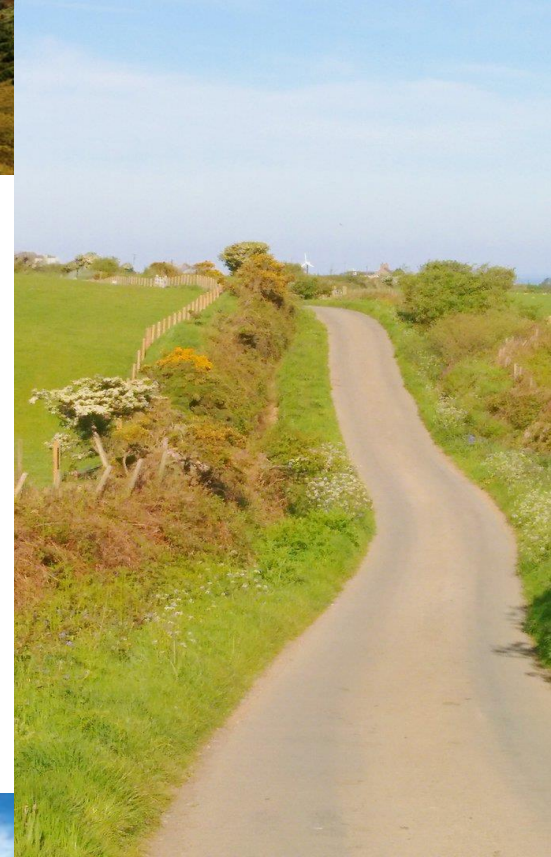
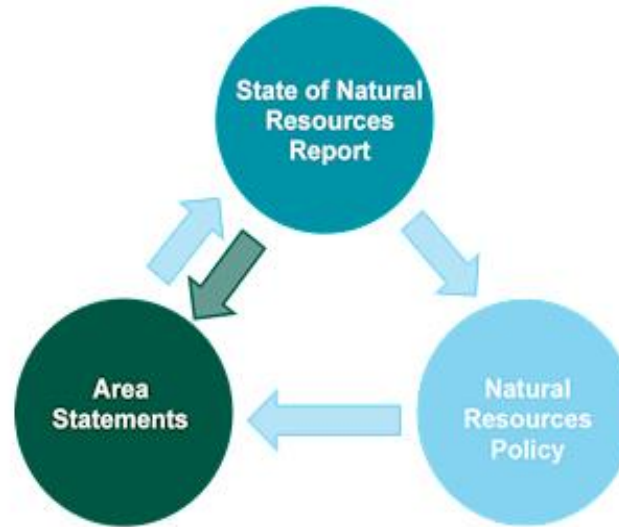
[SoNaRR2020 quick links](#)

[Full structure and contents](#)



What SoNaRR can do?

- Can be used by anyone looking to lessen Wales' impact on natural resources at the same time as we benefit from them.
- Helps to influence Welsh Government's Natural Resources Policy.
- It enables progress against Wales' wellbeing goals.
- Used by the Public Service Boards as they work across all public services in each local authority area in Wales.
- Used by local planning authorities to help make local planning decisions.
- Informs the development of Area Statements



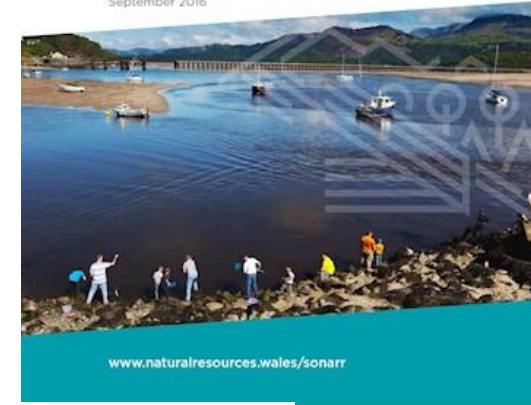
SoNaRR Interim report 2019

- Assess Wales' natural resources - air, land, water, wildlife, forests, fisheries, plants and soil.
- Measured how well they are managed in a sustainable way.
- In the interim report, they focused on the main challenges
- Outlined two integrated opportunities to manage resources
- Identified gaps in the evidence and proposed solutions
 - Climate change
 - Biodiversity
- The report sets out how the second state of natural resources report should have been developed (2020).
- DPSIR process
- Interim report 2019

A summary of the State of Natural Resources Report:

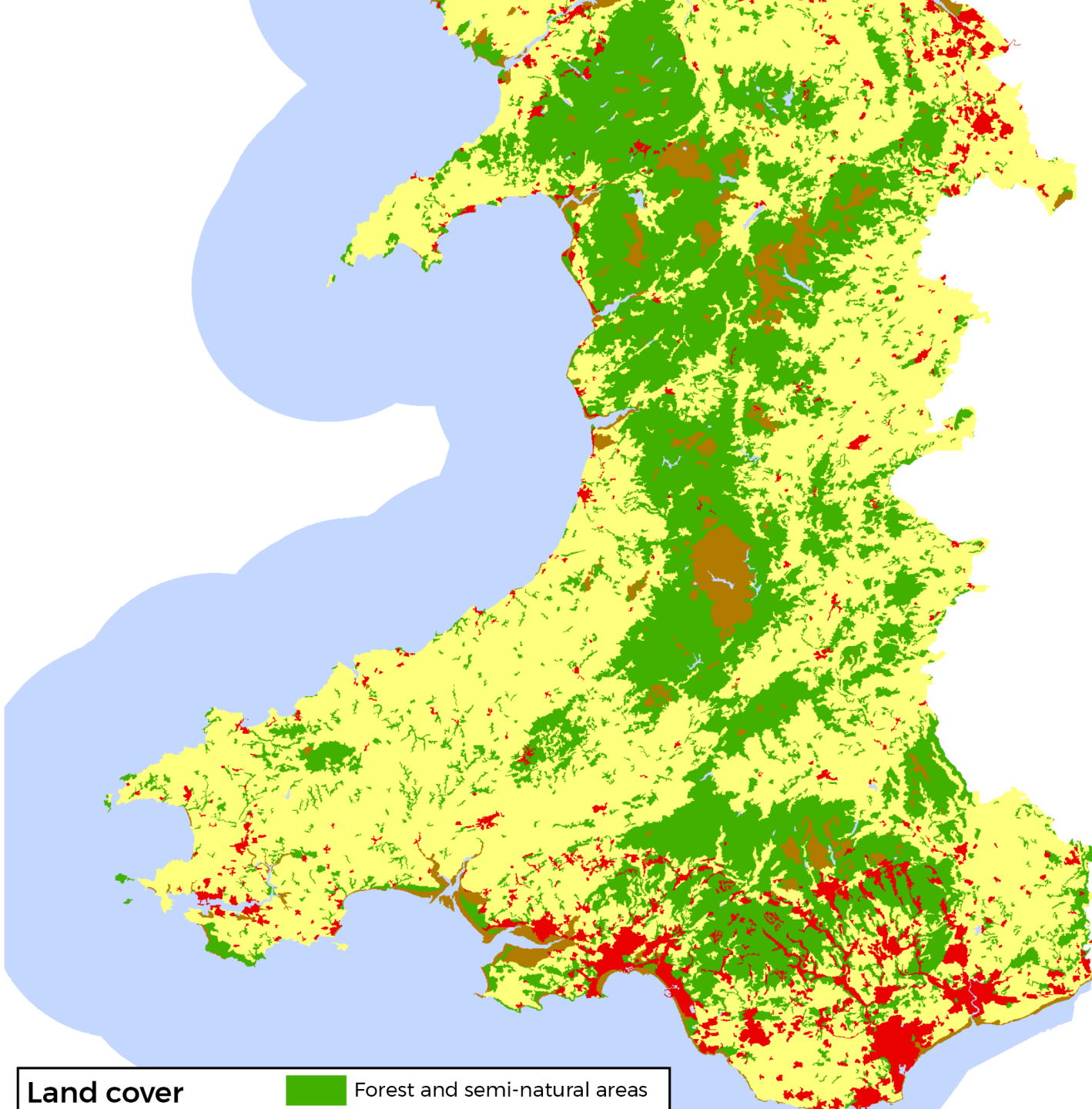
An assessment of the sustainable
management of natural resources

September 2016



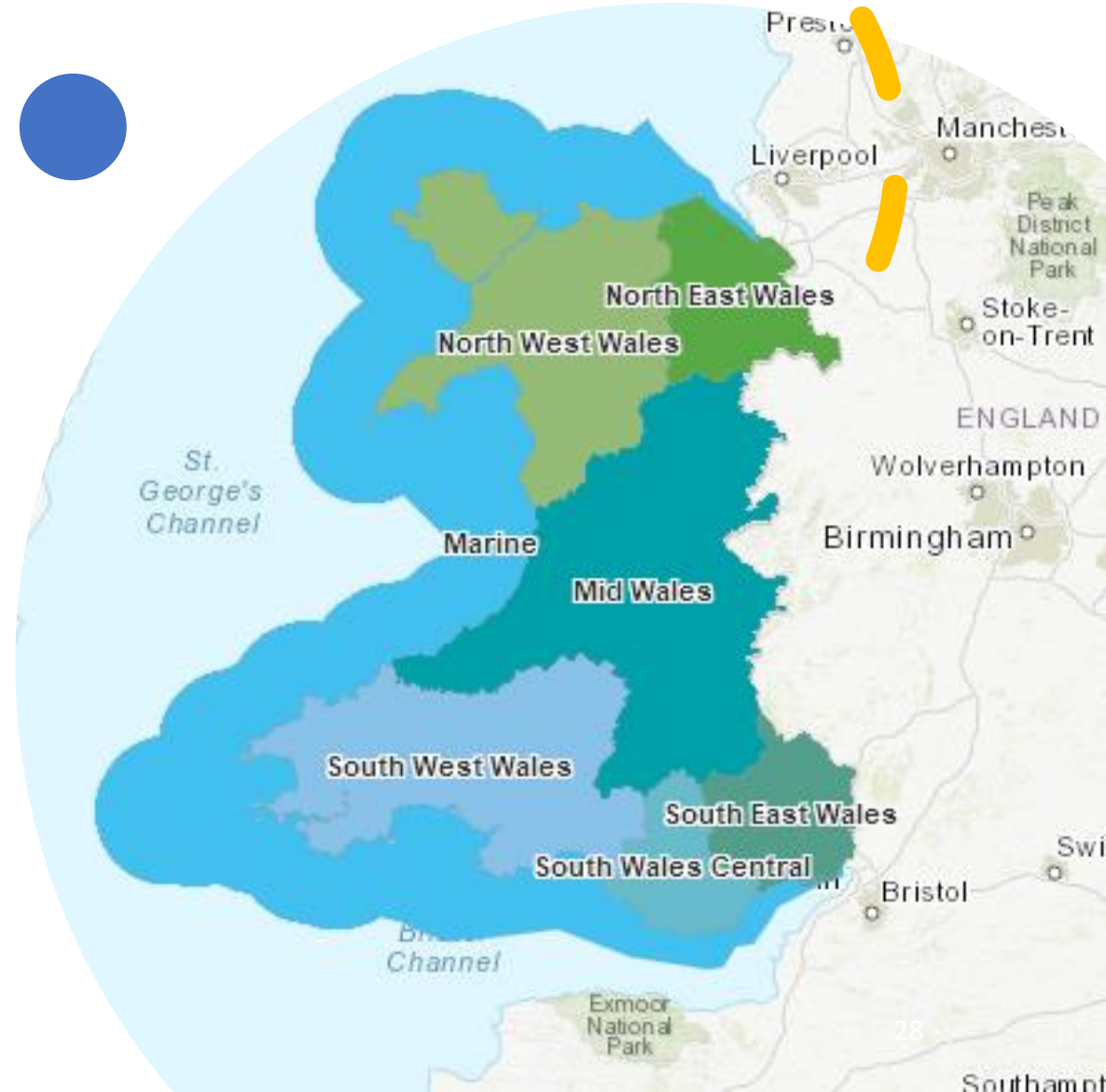
Area Statements

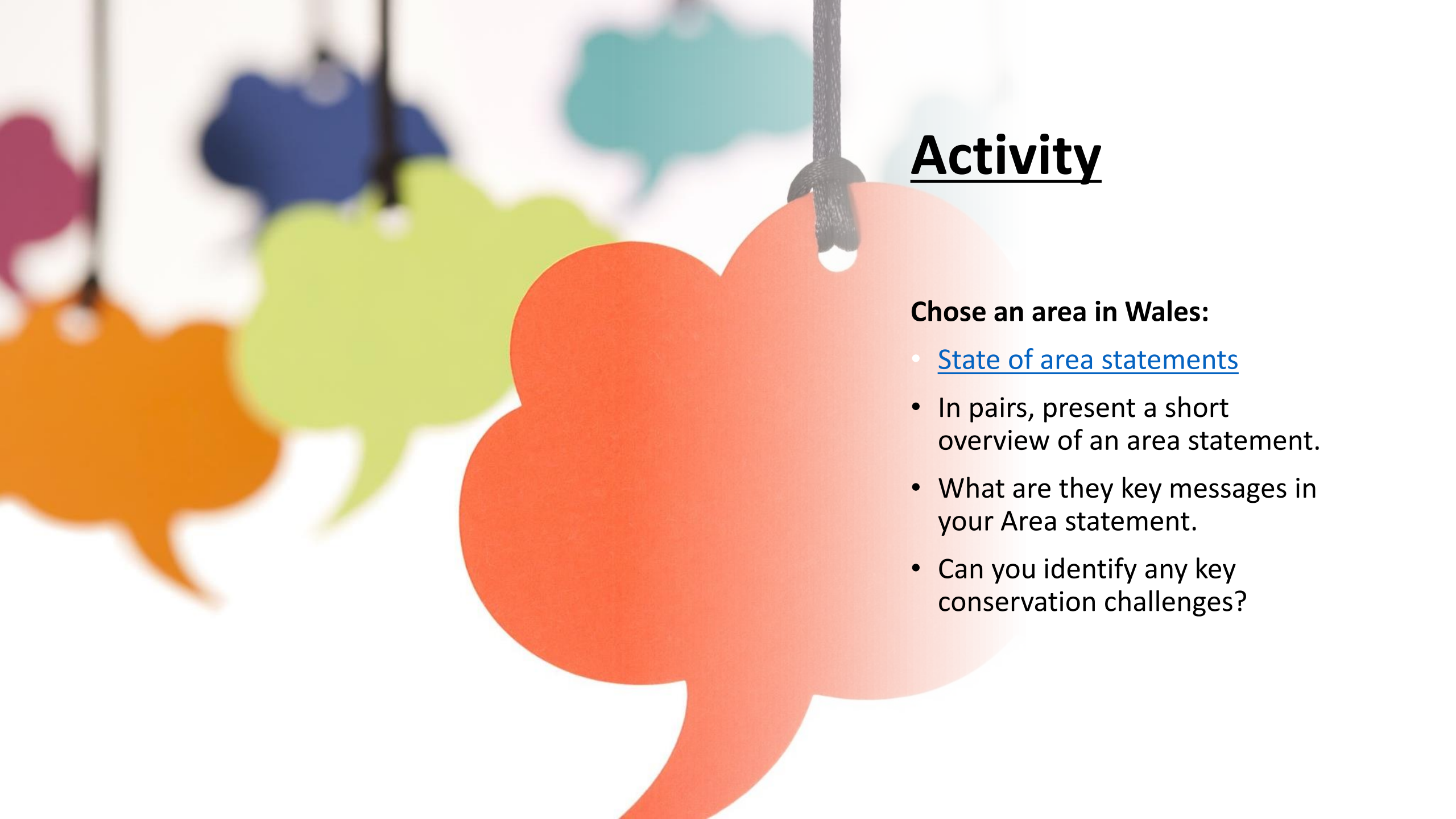
- Joined-up approach
- Collaborative response to the Natural Resources Policy 2017
- Innovative Area Statements
- 7 areas in Wales
- Aim
 - Key challenges facing that particular locality,
 - What we can all do to meet those challenges, and
 - How we can better manage our natural resources for the benefit of future generations
- [Wales environmental information GIS](#)



Structure

- South East
- South central
- South West
- Mid Wales
- North East
- North west
- Marine area
- Sector specific statement
- [State of area statements](#)





Activity

Chose an area in Wales:

- [State of area statements](#)
- In pairs, present a short overview of an area statement.
- What are they key messages in your Area statement.
- Can you identify any key conservation challenges?



Next Week (Finalise topic)

- 1. Action on Climate and SDGs
- 2. Adaptation and resilience
- 3. Capacity-building
- 4. Climate Finance
- 5. Climate Technology
- 6. Education & Youth
- 7. Gender
- 8. Global Stocktake
- 9. Innovation
- 10. Land Use
- 11. Local Communities and Indigenous Peoples Platform
- 12. Market and Non-Market Mechanisms
- 13. Mitigation
- 14. The Ocean
- 15. Pre-2020 Ambition and Implementation
- 16. Science



Environmental Management in the EU

Governance article should have an EU focus

