بورصة عمان
Amman Stock Exchange

Climate-Related Disclosure Guidance

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Contents

Abbreviations

Abbreviation	Term
ACA	Absolute Contraction Approach
APS	Announced Pledges Scenario
ASE	Amman Stock Exchange
CBJ	Central Bank of Jordan
CO_2e	CO_2 equivalent
GEC Model	Global Energy & Climate Model
GHG	Green House Gas
IEA	International Energy Agency
IPCC	Intergovernmental Panel on Climate Change
ISSB	International Sustainability Standards Board
KPI	Key Performance Indicator
MT	Metric Ton
NDCs	Nationally Determined Contributions
NGFS	Network for Greening the Financial System
NZE	Net Zero Emissions
PRI	Principles for Responsible Investment
SBTi	Science Based Targets Initiative
SDA	Sectoral Decarbonization Approach
STEPS	Stated Policies Scenario
TCFD	Task Force on Climate-related Financial Disclosures
TPI	Transition Pathway Initiative
UN SSE	United Nations Sustainable Stock Exchanges Initiative

Foreword (By ASE CEO, Mr. Mazen Wathaifi)

The Amman Stock Exchange (ASE) takes its responsibilities seriously in realizing the visions of His Majesty King Abdullah II Ibn Al Hussein, may God protect him, and achieve the goals of Jordan's Economic Modernization Vision. Consequently, ASE is constantly taking steps to attract foreign investment, as well as stimulate national investment, to improve economic growth and quality of life, whilst observing the latest global sustainability standards and practices. To complement this, ASE's efforts are guided by a strategic plan to enhance the competitiveness of both the Exchange and its listed companies, as well as to develop the necessary technical and legislative frameworks to achieve such goals.

ASE is committed to achieving the national sustainable development goals set out not only in the Economic Modernization Vision but also in Jordan›s Vision ٢٠٢٥ for Sustainability and the UN's international Sustainable Development Goals (SDGs). As such, the Exchange has undertaken several initiatives in recent years, including updating guidance on preparing sustainability reports and the requirement for companies listed in the ASE٢٠ index to submit an annual sustainability report. Furthermore, in collaboration with the International Finance Corporation (IFC), ASE launched an initiative regarding the disclosure of climate-related information, which enables the Exchange to receive information about the actions of companies to address the challenge of climate change, as well as the opportunities and risks that may arise from this challenge. This Climate-Related Disclosure Guidance is a continuation of ASE's commitment to achieving Jordan's sustainable development goals, enabling listed companies to align with global best practices and meet the growing demands for comparable, high-quality climate-related disclosure.

The Guidance is a practical tool for Jordanian companies to enhance their ability to measure and report the financial and non-financial impact of climate change. Developed with international standards in mind, such as the International Sustainability Standards Board's IFRS S١ and S٢ standards, it aims to provide ASE-listed companies with the resources to integrate climate considerations into their business strategies and strengthen their investment decisions.

The urgency for climate action is particularly significant for Jordan, which is the second-most water-scarce country in the world. Besides water scarcity, our country faces other distinct environmental challenges, such as shifting climatic patterns, which demand proactive measures to ensure the resilience of our economy and our communities. By following this guidance, companies can position themselves better to navigate such challenges, capitalize on emerging opportunities in the green economy, and increase investor confidence through transparent and standardized climate-related disclosures.

We at ASE are committed to facilitating Jordan›s transition towards a sustainable future, and we invite all companies to join us in embracing this responsibility. Together, we can foster an environment where financial stability and environmental stewardship go hand in hand, setting a leading example for markets across the region.

Mazen Wathaifi
Chief Executive Officer
Amman Stock Exchange

Executive Summary

Climate change presents unprecedented risks and opportunities for businesses globally. In response to the growing demand for transparent, reliable climate-related information by investors, regulators, and stakeholders, the Amman Stock Exchange, prepared this "**Climate-Related Disclosure Guidance**".

This guidance is designed to assist companies listed on the Amman Stock Exchange in developing high-quality climate-related financial and non-financial disclosures. Adhering to international standards, including the recent IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures standards by the International Sustainability Standards Board (ISSB), where it aims to enhance the comparability and consistency of climate-related disclosures.

This climate guidance is intended to communicate the financial and non-financial impact of climate change to current and potential investors. It is focused on providing businesses with strategies and practices to mitigate their carbon footprint and enhance their climate disclosure efforts – the essential pre-requisites for high-quality disclosure. It is crucial to understand that the guidance is designed to deliver recommendations and resources that assist companies in managing their exposure to climate risk, capitalizing on the opportunities presented by the transition to a **low-carbon** business model.

Jordan, facing significant climatic shifts, recognizes the imperative to integrate robust climate strategies into corporate governance and reporting. While the 2022 guidance on sustainability reporting primarily focused on the societal and environmental impacts as per the GRI standards, this document offers a structured pathway to help the eventual adoption of the ISSB standards, with a particular focus on how companies may establish internal structures and processes as a prerequisite to reporting, as well as how climate change affects financial companies' performance.

Key aspects covered in this guidance include:

1. Strategic Reporting Context: Establishing the necessity and framework for climate-related disclosures.

2. Preparation for Reporting: Guidelines on governance, materiality, risk management, and the setting of science-based targets towards net-zero emissions.

3. Execution of Reporting: Detailed procedures for documenting and communicating climate strategies and their financial impacts.

4. Review and Building Capabilities: Tools and checklists to assess and enhance the quality and completeness of climate disclosures.

How to use this guidance:

Following an overview of the requirements, this guidance outlines a four-stage process, as listed in table 1, to aid in integrating Climate-Related Disclosures into existing reporting processes, ensuring that organizations can meet both current and future regulatory and market expectations effectively. The guidance provides additional practical guidance on establishing robust climate governance and risk management within an organization that is not covered by the requirements – a prerequisite for high-quality disclosures.

By implementing these practices, companies will not only adhere to some national and international climate commitments but also position themselves favorably in a global market that increasingly values sustainability. The Climate-related Disclosures Regulatory Framework requires companies on the ASE 20 will be required to report on the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information[1] and IFRS S2 Climate-related Disclosures[2] standards set forth by the International Sustainability Standards Board (ISSB). While this guidance serves as a supportive resource for the shift to climate reporting and is not mandatory, adherence to the regulatory framework is obligatory. Additionally, companies that use the Task Force on Climate-related Financial Disclosures (TCFD) framework can refer to the ISSB-TCFD comparison to pinpoint any discrepancies and facilitate their move towards reporting in accordance with IFRS S1 and S2 standards[3].

This guidance aims to aid in the implementation and application of ISSB standards, yet it does not overwrite them. Therefore, companies are advised to use the original IFRS S1 and S2 standards, available on the **IFRS Foundation website** (freely available, but login required), for comprehensive disclosure requirements.

1 IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information – International Sustainability Standards Board (ISSB)

2 IFRS S2 Climate-related Disclosures – ISSB

3 ISSB – TCFD-IFRS S2 Comparison – ISSB

Table 1: Four-stage process for implementation of the climate related disclosure guidance.

Process Step	Purpose	Relevant Guidance Section
1. Define Reporting Context	Establish the strategic context for climate reporting by understanding the broader environmental and regulatory landscape, identifying key stakeholders who will use the organization's disclosures, and defining the importance of detailed reporting on climate issues.	Chapter 1: Climate Disclosure: Strategic Outlook
2. Prepare for Reporting	Ensure that governance structures support climate-related disclosure and manage climate risks effectively. Determine material climate issues and set clear reporting principles.	Chapter 2. Preparation
3. Execute Reporting	Document governance structures, strategic approaches, and risk management in line with climate disclosure requirements. Clearly, detailed metrics and KPIs used to measure and manage climate impacts.	Chapter 3. Reporting
4. Review and Build Capabilities	Employ self-assessment checklists to evaluate reporting completeness and quality. Use reporting templates and roles outlined to streamline the disclosure process.	Chapter 4. Tools and Enablers

Overview of the requirements

Applicability of the ASE Climate-Related Disclosures Regulatory Framework

The Climate-Related Disclosures Regulatory Framework will initially apply to companies listed on the ASE20 Index of the Amman Stock Exchange. These companies are the largest by market capitalization and play a significant role in the Jordanian market. Other listed companies not currently in the ASE20 are also encouraged to voluntarily adopt this guidance to enhance their reporting practices.

Focusing on ASE20 companies ensures that disclosures are aligned with global standards and provides a benchmark for other companies. This targeted approach aims to enhance transparency and help investors make informed decisions based on reliable climate-related information.

Future phases will consider expanding the application to additional listed companies, promoting broader market transparency and sustainability. As such, other companies listed on the ASE are encouraged to make use of this guidance.

The Use of IFRS Sustainability Disclosure Standards (IFRS S1 and S2)

The Climate-Related Disclosures Regulatory Framework issued by the Amman Stock Exchange is designed to help companies prepare for the implementation of the IFRS Sustainability Disclosure Standards, specifically IFRS S2 and the requirements in IFRS S1 that are necessary to implement IFRS S2. These standards set out comprehensive requirements for sustainability-related financial disclosures, including climate-related risks and opportunities.

If a company goes beyond climate and fully complies with IFRS S1 and S2 in their reporting, the Climate-related Disclosures Regulatory Framework considers the company as fully compliant with its requirements. By adopting these international standards, companies not only meet the local requirements but also align with global best practices, ensuring consistency, comparability, and transparency in their sustainability-related financial disclosures. This approach supports companies in their transition towards more robust climate-related reporting and enhances investor confidence in the information provided.

Range of mechanisms to support the application of IFRS S1 and IFRS S2

The ISSB Standards provide a range of mechanisms to support companies in their application. Transition reliefs support companies in their first years of applying the standards. Proportionality provisions take into account the information the company has available to it without undue cost or effort to inform its reporting, as well as the skills, capabilities, and resources the company has available to it when preparing its disclosures. The ISSB Standards are also accompanied by guidance, educational material, and other resources to support their application, which are available on the IFRS Foundation website.

Transition Reliefs for Initial Application of Climate-Related Disclosure

To ease the transition to the new Climate-Related Disclosure Guidance for companies listed on the Amman Stock Exchange, specific transition reliefs are provided for the initial application. These reliefs are designed to accommodate the varying levels of readiness and resources among companies, ensuring a smooth implementation process.

Timing of Reporting for the First Annual Period[4]

During the initial voluntary reporting (i.e. for annual reports published on or after 1 January 2026) and in the first year of application of the standards[5], companies are allowed to publish their sustainability-related financial disclosures after they have released their related financial statements. These disclosures must be provided within six months of the end of their 2025 annual reporting period, giving companies extra time to prepare and ensure the accuracy of their sustainability data.

If an entity elects to use this transition relief, it must clearly disclose in its annual report. This transparency ensures that stakeholders are informed of the scope of the disclosures provided and the entity's plans for full compliance in subsequent reporting periods.

Location of the disclosures

In line with the ISSB Standards, the regulatory framework requires companies to disclose climate-related financial information as part of their annual report. This ensures that the reported information is easily available and timely to support investors in their use of this information.

Exemption from Comparative Information[6]

In the first mandatory reporting period (i.e. for annual reports published on or after 1 January 2027) in which companies apply the requirements, they are not required to provide comparative information for the disclosures specified IFRS S2 standard for any period before the date of initial application, including about its climate-related risks and opportunities. This exemption allows companies to focus on collecting and reporting current data without the additional burden of providing historical comparisons.

Method for Greenhouse Gas Measurement

If, in the annual reporting period immediately preceding the date of initial application of this Standard, the company used a method for measuring its greenhouse gas emissions other than the Greenhouse

Gas Protocol: A Corporate Accounting and Reporting Standard (2004), it is permitted to continue using that other method in the first annual reporting period in which an entity applies IFRS S2.

Scope 3 disclosure

In the first year of a company's application of IFRS S2, it is not required to disclose its Scope 3 greenhouse gas emissions[7]. This also relates to companies who participate in asset management, commercial banking or insurance activities, and the additional information about their financed emissions[8].

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[4] See IFRS S1, paragraph E4 (c)

[5] See IFRS S1, paragraph E2

[6] IFRS S1 Paragraphs E3 and E6 (a).

[7] See IFRS S2 paragraph 29(a)

[8] See IFRS S2 paragraph 29(a)(vi)(2) and paragraphs B58–B63

Proportionality in Climate-related Disclosure

In developing the Climate-Related Disclosure Guidance for the Amman Stock Exchange, we recognize that companies vary in their resources, capabilities, and readiness to implement comprehensive reporting in accordance with international standards. To ensure that these disclosures are both practical and valuable, our guidance explains the proportionality mechanisms set out in the IFRS Sustainability Disclosure Standards (ISSB Standards).

There are two main types of proportionality mechanisms in the ISSB Standards that relate to specific disclosures:

• The information used to prepare the specific disclosure is limited to what is reasonable, supportable, and available without undue cost or effort – which avoids requiring the company to take unreasonable cost and effort to obtain information. For example, when disclosing information relevant to the amount and percentage of assets or business activities vulnerable to climate-related transition risks, the Company shall use all reasonable and supportable information that is available to it at the reporting date without undue cost or effort.

• Qualitative approaches are allowed in certain cases if an entity lacks skills, capabilities, or resources. For example, a company does not need to provide quantitative information about the anticipated financial effects of a climate-related risk or opportunity if the company does not have the skills, capabilities, or resources to provide that quantitative information.

These proportionality mechanisms are limited to certain disclosures, which are summarized in the table below:

Table 1 – Mechanisms related to proportionality. Source: IFRS Foundation

	Information used limited to what is reasonable, supportable and available without undue cost or effort	Qualitative approaches allowed if an entity lacks skills, capabilities or resources
Determination of anticipated financial effects	Yes	Yes
Climate-related scenario analysis	Yes	Yes
Measurement of Scope 3 greenhouse gas (GHG) emissions	Yes	-
Identification of risks and opportunities	Yes	-
Determination of the scope of the value chain	Yes	-
Calculation of metrics in some cross-industry categories	Yes	-

Relationship to Sustainability Reporting

The ASE has published its updated Guidance on Sustainability Reporting[9], which outlines how companies can prepare standalone sustainability reports, which are aimed to support a broad range of stakeholders. In contrast, the requirements of the Climate-related Disclosures Regulatory Framework focus on climate-related financial disclosures for primarily an investor audience, to be reported in companies' annual reports.

Both types of reporting are important to a company's stakeholders. As such, companies are encouraged to continue preparing standalone sustainability reports in line with the Guidance on Sustainability Reporting alongside the new requirements.

[9] Guidance on Sustainability Reporting – ASE

Chapter 1: Climate Disclosure: strategic Outlook

1.1 Background and Context

The Hashemite Kingdom of Jordan is increasingly impacted by the effects of climate change, characterized by rising temperatures and decreasing precipitation levels. Since the 1960s, Jordan has faced significant climatic shifts, amplifying challenges across multiple sectors of the economy and affecting national financial stability, thus exacerbating its position as one of the world's most water-scarce countries[10].

Global climate commitments, including Jordan's participation in the Paris Agreement, highlight the need for urgent climate action. Jordan has pledged to cut its greenhouse gas emissions by 31% by 2030, which emphasizes the importance of implementing comprehensive strategies to boost sustainability and resilience.

1.2 The Strategic Nature of Climate Disclosures

Effective climate disclosures are not merely regulatory compliance but a strategic imperative. They provide critical information that helps companies anticipate and mitigate risks, capitalize on opportunities, and build resilience against climate-related impacts.

This section examines the strategic value of climate disclosure across several key themes indicating a need for accelerated action[11].

• Investor Influence:

Investors and asset managers are increasingly focusing on companies with solid climate change strategies and transparent disclosures. Insufficient climate-related disclosure can lead investors to view a company as unprepared for climate challenges, potentially shifting investments toward firms with clearer and more proactive policies. Additionally, there is a growing trend of investors

Jordan is proactively aligning its climate strategies with global initiatives and domestic priorities, illustrated through key national policies and frameworks:

- The Economic Modernization Vision: Drives sustainable economic development with innovative practices.
- National Climate Change Policy: Sets comprehensive strategies for climate impact mitigation and adaptation.
- Nationally Determined Contributions: Details Jordan's commitments under the Paris Agreement to reduce greenhouse gas emissions.
- National Green Growth Plan: Focuses on harmonizing economic growth with environmental stewardship.
- National Green Finance Strategy: Aims to mobilize financial resources for environmentally sustainable projects.

These policies collectively underscore a regulatory push towards sustainable development. This strategic direction is complemented by the Amman Stock Exchange's (ASE) active participation in the UN Sustainable Stock Exchanges Initiative, further promoting sustainable business practices among listed companies through mandatory ESG guidance and ongoing sustainability-focused training and discussions.

[10] Green Finance Strategy – Central Bank of Jordan (CBJ)

[11] Model Guidance on Sustainability-Related Financial Disclosures – UN Sustainable Stock Exchanges Initiative

coordinating to evaluate and engage with companies on their climate performance, underscoring the need for clear and actionable climate disclosures.

• Navigating the Evolving Regulatory Landscape

Regulatory bodies, including securities, regulators and central banks, have intensified their focus on sustainability issues. For example, the Principles for Responsible Investment (PRI) identified over 730 policy changes in the world's 50 largest economies, designed to integrate long-term value drivers such as environmental, social, and governance (ESG) factors into investment decisions[12].

• Legal and Reputational Considerations

As climate change intensifies, legal and reputational risks are becoming more prominent. These risks represent two out of the four main categories of transition risks that firms need to assess in line with the TCFD recommendations. As of May 2023, there were 2,550 climate change-related legal cases filed globally[13], continuing a trend of rising litigation in this area. Beyond litigation, reputational risks can adversely affect sales, impact investor relations, and influence the opinions of potential future employees. Furthermore, shareholder resolutions on climate-related issues are becoming more frequent, exerting additional pressure on companies to adjust their business strategies and operations significantly. By steering clear of legal risks and bolstering their reputation, companies can set themselves apart from the competition and establish their identity as sustainable and responsible companies. This approach not only aids in complying with regulations in export markets but also opens doors to new market opportunities.

• Leveraging Climate Opportunities

To remain competitive, organizations can leverage significant opportunities by implementing resource efficiencies, adopting low-emission energy sources, innovating new products and services, exploring new markets, and enhancing supply chain resilience. These initiatives not only mitigate risks but often allow companies to yield substantial financial returns, outweighing the costs of climate change adaptation and mitigation.

• Financing in a Green Economy

The financial sector is actively expanding support for climate-related initiatives, evidenced by the robust growth of the green bonds market. In 2023, the issuance of Climate Bonds exceeded USD 300 billion[14], highlighting strong investor interest in green finance. This trend emphasizes the need for organizations to provide clear and relevant climate disclosures that align with global financial market dynamics. Green finance offers numerous benefits, including potentially lower borrowing costs and greater access to capital in general.

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12 Taking Stock: Sustainable Finance Policy Engagement and Policy Influence – UN-Supported Principles for Responsible Investment

13. Climate Change Litigation Update, July 2023 – Norton Rose Fulbright

14 Climate Bonds Certification surges past USD300bn milestone in 2023: driving green finance forward – Climate Bonds Initiative

The Jordan Green Finance Strategy outlines the financial sector's sustainability commitments, with green financing currently representing a small but growing portion of financial services. The strategy targets a 30% increase in green finance volume over the next five years, supporting the growth of sustainable financial services and environmental objectives[15].

Chapter 2: Preparation

2.1 Ensuring Good Governance

While the IFRS Sustainability Disclosures do not prescribe any specific governance measures, effective governance is crucial for integrating climate-related concerns into an organization›s strategic framework. Ensuring these issues receive proper attention involves structuring governance across various organizational levels, from the board of directors to management operations. This section details essential governance components that support effective climate action.

Board Committees

- A specific committee should be responsible for climate strategy oversight or incorporate these duties into existing committees, such as Risk, Audit or sustainability Committees.
- Board committees should conduct regular high-level reviews of climate-related strategies.
- Board committees should ensure that strategic decisions consider climate-related risks.

Strategic Oversight and Board Engagement in Climate Governance

Effective climate governance requires that climate-related issues be consistently included in board agendas to ensure strategic focus. Providing board members with ongoing training on industry-specific climate issues is essential for maintaining effective oversight. Additionally, having at least one board member with experience in managing climate-related risks enhances the board's capacity for informed decision-making. This structured approach supports robust climate governance, facilitating strategic discussions and decisions. If the board has not yet participated in climate-related activities and capacity-building training is still pending, appointing a climate issues advisor to the board may serve as an effective initial measure.

[15] Green Finance Strategy – CBJ

Executive Management Committees

• Play a key role in implementing the strategies approved by the board.

• Ensure climate considerations are woven into daily management practices and decision-making processes.

• Align operations with the organization's climate objectives.

Charters and Policies

• Organizations need to revise existing or create new charters and policies that explicitly include climate-related goals.

• Define roles and responsibilities related to climate oversight and action for both the board and management committees[16].

• Standardize climate governance across the organization.

Procedures for Wider Adoption

• Establish procedures that embed climate considerations, monitoring, and reporting into all organizational layers.

• Include guidelines for integrating climate risks and opportunities into project planning, procurement, and business strategies.

• Ensure comprehensive organizational alignment with climate goals.

Link to Compensation and Incentive Plans[17]

• Connect executive compensation and incentives to climate performance.

• Clearly articulate, measure, and directly connect incentives to achieving specific short-term and long-term climate objectives (E.g. sustainability milestone awards, carbon reduction bonuses, or annual climate performance scorecards)

[16] For reference, if any roles have been delegated to management, this should be disclosed as well – see IFRS S2 paragraph 6(b)(i).

[17] Executive Compensation Guidebook for Climate Transition – WTW

How to Link Climate Performance with Executive Compensation?

Integrating climate considerations into executive compensation can powerfully align leadership objectives with a company's long-term sustainability goals. Here's a structured guide to effectively incorporate climate performance metrics into executive compensation plans:

Step-by-step guide to embedding climate in executive compensation

2.2 Identifying Material Information Materiality:

IFRS S1 requires that an entity disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect its cash flows, its access to finance, or cost of capital over the short, medium, or long term. This begins with first identifying information about sustainability-related risks and opportunities that have the potential to be material, followed by assessing whether the potentially material information is in fact material.

In the context of sustainability-related financial disclosures, **information is considered material if its omission, misstatement, or obscuring could reasonably be expected to influence the decisions of primary users of general-purpose financial reports**[18]. These primary users, including existing and potential investors, lenders, and other creditors, rely on the combination of financial statements and sustainability-related financial disclosures to make informed decisions about a specific reporting entity. Therefore, companies should ensure that all material information is transparently disclosed to provide a complete picture of the sustainability-related factors that could affect their business.

How May Material Information Influence Primary Users?

Information influences the decisions of primary users of general-purpose financial reports when it informs their decisions about:

- Providing resources to the company;
- Buying, selling, or holding equity and debt instruments;
- Providing or settling loans and other forms of credit; and
- Exercising rights to vote on, or otherwise influence, the company's management's actions that affect the use of the company's economic resources (IFRS S1.B14).

The decisions depend on users' expectations about returns—for example, dividends, principal and interest payments, or market prices (IFRS S1.B15). When assessing whether information could influence the decisions of primary users of general-purpose financial reports, management considers the characteristics of the users of information and works on the assumption that they have reasonable knowledge of the business and economic activities and will review and analyze the information diligently (IFRS S1.B16-B17). Primary users of general-purpose financial reports may have varying and sometimes conflicting information needs, but IFRS S1 is designed for companies to disclose sustainability-related financial information that meets the common information needs of primary users (IFRS S1.B18).

[18] IFRS S1 Paragraphs 17-19

Materiality Assessment [19]

Conducting a materiality assessment is essential for aligning with organizational goals by identifying material information about sustainability-related risks and opportunities that could reasonably be expected to affect an entity's cash flows, its access to finance or cost of capital over the short, medium or long term (an entity's prospects). This process is crucial for setting objectives, targets, and programs, and results in useful reporting by determining what information is material.

Determining what information might be material can be broken down into four steps:

Step 1: Identify information about sustainability-related risks and opportunities that has the potential to be material

Step 2: Assess whether the potentially material information identified in Step 1 is material

Step 3: Organize the information within the draft sustainability-related financial disclosures

Step 4: Review the draft sustainability-related financial disclosures

For more guidance on determining materiality in this context, see the ISSB's Education material: Sustainability-related risks and opportunities and the disclosure of material information[20].

When judging whether information about possible future events with uncertain outcomes is material, the company must consider:

- All pertinent facts and circumstances that could affect possible outcomes (IFRS S1.B23).
- The potential effects of the events on the amount, timing, and uncertainty of the company's future cash flows over the short, medium, and long term—that is, the possible outcome, the range of possible outcomes, and the likelihood of the possible outcomes within that range (IFRS S1.B22).
- Low-probability and high-impact outcomes and possible future events judged to be more likely to occur and with significant potential effects. Low-probability and high-impact outcomes might be material either individually or in combination with information about other such outcomes (IFRS S1.B23).
- The effect of potential risks individually and in aggregate (IFRS S1.B23).

A company reassesses materiality judgments at each reporting date so that management can regularly take account of changes in the company's circumstances or in the external environment (IFRS S1.B28).

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19 Adapted from Model Guidance on Sustainability-Related Financial Disclosures – UN Sustainable Stock Exchanges Initiative

20 Sustainability-related risks and opportunities and the disclosure of material information, IFRS Foundation

Consideration of Socio-Economic Impacts in assessing material topics

It can often be the case that a company's impact on the external environment could reflect back to the company, enhancing the potential of a financial materiality consideration. A vital aspect uncovered through a materiality assessment, requiring attention and consideration is the socio-economic impact. The socio-economic impact of climate change encompasses its effects on human societies, economies, and communities. For businesses and investors, socio-economic variables shape consumer behavior, influence demand for goods and services, dictate regulatory compliance, determine labor expenses, modulate investment risks, govern access to finance and impact the quality of infrastructure. These factors collectively have the power to alter profit margins, risk profiles, and strategic decision-making processes.

Key socio-economic impacts of climate change include:

- **Human Health:** Climate change can worsen health risks by increasing exposure to heatwaves, air pollution, and infectious diseases.
- **Food Security & Agriculture:** Changes in temperature, precipitation, and extreme weather events can reduce crop yields, disrupt water availability, and lead to food shortages and price volatility, posing challenges for farmers and rural communities.
- **Water Resources:** Climate change affects water availability and quality, impacting drinking water supplies, agricultural irrigation, and ecosystems dependent on water, which can result in water scarcity and conflicts over resources.
- **Economic Disruptions:** Climate-related events such as floods, hurricanes, and wildfires can cause extensive damage to infrastructure, homes, and businesses, disrupting economic activities and leading to financial losses.
- **Migration and Displacement:** Climate change contributes to forced migration and displacement as people flee areas affected by sea-level rise, droughts, or other climate impacts, straining resources in receiving areas and potentially causing social tensions.
- **Ecosystems and Biodiversity:** Climate change threatens ecosystems and biodiversity, affecting natural resources crucial for livelihoods, tourism, and cultural heritage.
- **Global Trade and Supply Chains:** Climate change disrupts global trade and supply chains due to more frequent extreme weather events, affecting industries dependent on international markets

2.3 Managing Climate-Related Risks and Opportunities

Climate Risks

Climate risk encompasses the potential for climate change to adversely affect public health, ecosystems, infrastructure, and the economy. For organizations, it manifests as exposure to events that could lead to fiscal repercussions or revenue declines, ranging from short-term disruptions to catastrophic events that may devastate assets or halt operations entirely. These events can also have prolonged financial impacts on communities.

Specific Challenges in Jordan

In Jordan, both transition and physical risks associated with climate change present significant challenges.

Transition risks include fluctuating energy prices, stricter environmental regulations increasing operational costs, shifts in consumer preferences towards sustainable alternatives, and the emergence of cleaner technologies which could obsolete traditional methods. Financially, increased credit risk, liquidity challenges, and market volatility tied to carbon-intensive assets further threaten economic stability.

Physical risks are equally pressing in Jordan. Persistent droughts and chronic water shortages exacerbate water scarcity, significantly affecting agriculture, industry, and daily life. Extreme weather events like floods inflict major damage on infrastructure, homes, and businesses.

Understanding Climate Risks

Climate risks fall into two primary categories: **Transition Risks and Physical Risks.**

Transition risks are associated with the economic and financial adjustments required as societies move towards a lower-carbon economy.

Transition risks can be classified into 4 main categories: policy and legal, technology, reputation, and market shifts.

Physical risks stem directly from the environmental impacts of climate change. Understanding both types of risks is crucial for effective climate risk management and strategic planning.

Physical risk types are:

Acute Risks: Event-driven impacts such as hurricanes and heatwaves, which are often severe and immediate.

Chronic Risks: Long-term changes in climate patterns, including rising sea levels and prolonged droughts, which can gradually degrade physical assets and resource availability.

The increasing frequency and severity of such events, along with rising temperatures, strain water resources and agricultural productivity, which in turn challenges energy consumption and economic sectors. Effective adaptation and mitigation strategies are essential to safeguard Jordan's economic and environmental stability.

Climate-Related Opportunities

While managing these risks, transitioning to a more sustainable and low-carbon economy presents significant opportunities for innovation, competitiveness, and market expansion.

For instance, investing in renewable energy sources not only reduces dependency on fossil fuels but also leverages financial incentives provided for green energy projects. Companies can benefit from increased energy efficiency, which lowers operational costs and reduces greenhouse gas emissions. The development of new products and services designed to meet changing consumer preferences towards sustainability can also open up lucrative markets and improve brand loyalty. Additionally, improving supply chain resilience against climate impacts helps ensure business continuity and can provide a competitive edge in industries where supply chain vulnerabilities are a significant risk. Recognizing and capitalizing on these opportunities enables companies to align with global sustainability goals while promoting long-term economic growth and stability[21].

Embracing **climate related opportunities** allows companies to align with global sustainability goals and drive long-term economic growth and stability, demonstrating a proactive approach to climate change challenges and benefits. Key opportunities include:

- Investments in renewable energy sources reduce reliance on fossil fuels and capitalize on financial incentives for green energy projects.
- Enhanced energy efficiency lowers operational costs and cuts greenhouse gas emissions.
- Development of new products and services that align with consumer preferences for sustainability opens up new markets and enhances brand loyalty.
- Strengthening supply chain resilience against climate impacts ensures business continuity and provides a competitive advantage in vulnerable industries.

[21] Recommendations of the Task Force on Climate-related Financial Disclosures – Task Force on Climate-related Financial Disclosures

Implementing a Climate Risk Management Process

Effective management of climate-related risks and opportunities is essential for safeguarding organizational value and capitalizing on new market potentials. This section provides a structured approach to identifying, assessing, and managing these risks and opportunities, ensuring they are integrated into the overall corporate risk management framework[22].

Step 1: Define goals of risk management in the organization (Objectives and scope)

i. Objectives and Scope: Establish the overarching goals of the risk assessment, focusing on both physical and transition factors.

ii. Material Risk Drivers: Based on an initial materiality assessment, identify key physical and transition risks, and define the appropriate time horizon for analysis. Typical horizons are categorized as "Short-term" (0-3 years), "Medium-term" (3-10 years), and "Long-term" (10+ years), tailored to align with the organization's business cycles. However, these time horizons are not prescribed and ultimately, it is up to the company to disclose what it considers as short-term, medium-term and long-term and the IFRS Sustainability Disclosure Standards do not define these time periods.

Determine the scope of climate risks (transition and physical) and assess their materiality based on financial impact, regulatory compliance, reputational effects, operational disruptions, strategic alignment, and stakeholder concerns.

iii. Stakeholder Identification: Determine the target audience for risk management outcomes, including banks, insurers, investors, suppliers, regulators, customers, the public, government companies, asset managers, and other relevant stakeholders.

Step 2: Understand the possible future scenarios of climate change

Develop an understanding of how climate change could potentially alter operational and strategic frameworks within the organization.

i. Scenario Analysis: Select a minimum of two scenarios to capture a range of potential future

The Importance of Defining Goals and Considering Stakeholders in Risk Management

Defining goals and establishing a proper scope in climate risk management is essential, as the absence of comprehensive strategies to address climate-related risks can severely impact operational efficiency, financial stability, and long-term viability.

By setting clear objectives, identifying material risk drivers, and engaging key stakeholders, organizations can ensure that all pertinent risks are thoroughly evaluated and managed.

Climate Risk Scenarios & Scenario Analysis

Climate change presents immediate risks for some organizations, while for many, significant impacts will unfold over the medium to long term with uncertain timing and scale. This uncertainty complicates the assessment of climate change's potential effects on

[22] Climate risks: scenario analysis – Executive Summary – BIS

states, defining the granularity and time intervals of the assessment.

ii. Assumptions and Stress Testing: Establish assumptions for stress testing, including considerations for static vs. dynamic balance sheet assumptions.

iii. Discount Rates: Identify appropriate discount rates, especially for long-term horizons and dynamic balance sheet analyses.

Static Balance Sheet: Assumes the balance sheet composition remains unchanged over the testing horizon. This approach is simpler to implement but less realistic.

Dynamic Balance Sheet: Assumes changes in the balance sheet composition and an evolving business model over time. This method is more realistic but more complex to model[23].

Step 3: Assess the Severity of Climate Impacts

i. Financial Impact Assessment: Evaluate the potential financial impacts on revenues, profitability, and product margins.

Consider wider Impacts related to climate change, for example, wider impacts on unemployment, inflation, and productivity which may affect business performance.

operations and finances. To address this, organizations evaluate how climate risks and opportunities may develop under various conditions across a range of plausible future states., using scenario analysis as a key tool.

How to conduct Scenario Analysis?

1. Select Scenarios: Use IPCC, IEA, NGFS scenarios, or create custom ones. Ensure they cover best-case, worst-case, and baseline futures.

2. Define Parameters: Set the scope and time horizons, identify key variables and assumptions, and determine the necessary granularity.

3. Conduct Analysis: Model the operational, financial, and strategic impacts while evaluating both transition and physical risks.

4. Assess Results: Quantify financial and non-financial impacts and compare scenarios to identify vulnerabilities and priorities.

ii. Exposure and Loss Metrics: Analyze financial impacts arising from corporate and household exposures and select relevant metrics for potential loss or damage based on relevance, objectives, data availability, and materiality.

Step 4: Integrate Climate Risk Management into Overall Risk Management Process[24]

i. General understanding: Ensure there is a general understanding across the company of climate change concepts and its potential impacts.

ii. Identify areas for adjustment: Identify the specific risk management processes and elements that may need to be adjusted for the integration of climate-related risk as well as the functions and departments responsible for those processes and elements.

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23 Recommendations of the Task Force on Climate-related Financial Disclosures – Task Force on Climate-related Financial Disclosures

24 Guidance on Risk Management Integration and Disclosure – TCFD.

iii. Incorporate: Incorporate climate-related risks into the existing risk taxonomy and risk inventory used in the company. This includes mapping climate-related risks to existing risk categories and types.

iv. Adapt: Adapt existing risk management processes and key elements based on information gained in the previous steps and the characteristics of climate-related risk.

For more detailed guidance on integrating climate risk management, please see Enterprise Risk Management–Applying Enterprise Risk Management to Environmental, Social and Governance-Related Risks by COSO and WBCSD[25].

Step 5: Use and Communicate Results

i. Methodology Description: Describe the methodologies used, main scenarios considered, key assumptions, sensitivities, and limitations of the results.

ii. Utilization of Results: Apply the results to enhance risk awareness, improve risk management practices, and foster further research.

iii. Impact on Supervisory Practices: Consider how the results can influence supervisory practices, improve the organization's strategy, and impact investments by central banks.

More on Climate Risk Scenarios

Scenario analysis is a well-established method for developing strategic plans that are more flexible or robust to a range of plausible future states. The disclosure of forward-looking assessments of climate-related issues is important for investors and other stakeholders in understanding how vulnerable individual organizations are to transition and physical risks and how such vulnerabilities are or would be addressed[26].

Companies may use either existing publicly available scenarios such as the Intergovernmental Panel on Climate Change (IPCC), International Energy Agency (IEA)[27], Network for Greening the Financial System (NGFS)[28], or other published scenarios, or develop their own scenarios. Publicly available scenarios are typically developed by governmental or international research bodies. Additionally, companies could consider scenarios that may be more widely used by certain industries as using them may lead to greater comparability.

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25 Enterprise Risk Management–Applying Enterprise Risk Management to Environmental, Social and Governance-Related Risks – COSO and WBCSD

26 Recommendations of the Task Force on Climate-related Financial Disclosures – Task Force on Climate-related Financial Disclosures

27 Global Energy and Climate Model – International Energy Agency

28 NGFS Climate Scenarios Technical Documentation – Network for Greening the Financial System

Examples of Climate Scenarios: Network for Greening the Financial System (NGFS)

The NGFS scenarios explore the impacts of climate change and climate policy with the aim of providing a common reference framework.

The NGFS scenarios explore a set of seven climate scenarios that can be grouped into four categories (quadrants): orderly transition, disorderly transition, hot house world, and too little, too late. Each scenario is characterized by its overall level of physical and transition risk, which are driven by the level of policy ambition, policy timing, coordination, and technology levers.

• **Orderly: Low Demand** explores the global efforts needed to be able to limit global warming to below 1.5°C by 2050 in an orderly fashion, aligned with the Paris Agreement, driven by lower energy demands. Given the policy delays, this orderly scenario shows that achieving these targets will require even greater ambition in future compared with the previously published 'orderly transition' scenarios.

Net Zero 2050 limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO2 emissions around 2050. Some jurisdictions such as the US, EU, UK, Canada, Australia, and Japan reach net zero for all GHGs.

Below 2°C Below 2°C gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C. Additionally, countries with net zero targets reach them partially (80% of the target).

• **Disorderly: Delayed Transition** assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. Negative emissions are limited.

• **Hot House World: Nationally Determined Contributions (NDCs)** include all pledged targets even if not yet backed up by implemented effective policies.

Current Policies assume that only currently implemented policies are preserved, leading to high physical risks.

• **Too Little, Too Late:** Fragmented World assumes a delayed and divergent climate policy response among countries globally, leading to high physical and transition risks. Countries without zero targets follow current policies, while other countries achieve them only partially (80% of the target).

Examples of Climate Scenarios: The International Energy Agency (IEA) Global Energy & Climate Model (GEC)

The GEC model developed by the International Energy Agency (IEA) is a comprehensive tool used to analyze long-term energy and climate scenarios. This model integrates various aspects of the energy system, including energy demand, supply, and emissions, along with economic factors and technological developments.

The IEA's World Energy Outlook, Energy Technology Perspectives and their related reports explore different aspects of three scenarios, all of which are fully updated to include the latest energy market and cost data.

Table 1.1 : Definitions and objectives of the GEC Model 2023 scenarios

	Net Zero Emissions by 2050 Scenario (NZE Scenario)	Announced Pledges Scenario (APS)	Stated Policies Scenario (STEPS)
Definitions	A scenario which sets out a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. It does not rely on emissions reductions from outside the energy sector to achieve its goals. Universal access to electricity and clean cooking are achieved by 2030. The scenario was fully updated in 2023.	A scenario which assumes that all climate commitments made by governments and industries around the world by the end of August 2023, including Nationally Determined Contributions (NDCs) and longer-term net zero targets, as well as targets for access to electricity and clean cooking, will be met in full and on time.	A scenario which reflects current policy settings based on a sector- by-sector and country-by-country assessment of the energy-related policies that were in place by the end of August 2023, as well as those that are under development. The scenario also takes into account currently planned manufacturing capacities for clean energy technologies.
Objectives	To show what is needed across the main sectors by various actors, and by when, for the world to achieve net zero energy-related and industrial process CO_2 emissions by 2050 while meeting other energy related sustainable development goals such as universal energy access.	To show how close current pledges get the world to the target of limiting global warming to 1.5 °C. The differences between the APS and the NZE Scenario highlight the "ambition gap" that needs to be closed to achieve the goals of the Paris Agreement adopted in 2015. It also shows the gap between current targets and achieving universal energy access.	To provide a benchmark to assess the potential. achievements (and limitations) of recent developments in energy. and climate policy. The differences between the STEPS and the APS highlight the "implementation gap" that needs to be closed for countries to achieve their announced decarbonisation targets.

2.4 Setting Net Zero Targets

While not required by the IFRS Sustainability Disclosure Standards, net-zero targets can help a business align with global agreements and support de-risking its operations from the risks associated with the transition to a net zero economy.

1. Measure Greenhouse Gas (GHG) Emissions

The first step in setting net zero targets is to measure your company's GHG emissions. This includes Scope 1 (direct emissions), Scope 2 (indirect emissions from electricity), and Scope 3 (all other indirect emissions in the value chain) emissions as per the GHG Protocol[29]. Highlighting the importance of Scope 3 emissions is crucial, as they often represent the largest share of a company's carbon footprint.

2. Set Clear Targets

Develop a comprehensive plan that includes specific, measurable targets for reducing emissions. This plan should encompass energy efficiency upgrades, renewable energy adoption, sustainable supply chains, and other relevant strategies. For example, setting a target to reduce emissions by a specific percentage by 2030 or 2050, aligning with global climate goals.

3. Reduction, Avoidance & Offsetting:

Focus on both reducing existing emissions and avoiding future emissions. Reduction involves minimizing current emissions through adjustments in practices, while avoidance implies preventing activities that would result in emissions. Both are necessary to strive for net zero.

Setting Science-Based Targets[30]

The Science Based Targets initiative (SBTi) provides a global standard for companies to set net-zero targets based on the latest climate science. Companies can use SBTi-endorsed methods, which include a greenhouse gas budget, emission scenarios, and an allocation approach, to set reduction targets.

The SBTi offers two main target-setting methods:

- **Absolute Contraction Approach (ACA):** Ensures companies achieve absolute emissions reductions in line with global decarbonization pathways.
- **Sectoral Decarbonization Approach (SDA):** Allows industry-specific carbon-intensity metrics and targets based on global mitigation pathways for carbon-intensive activities.

Offsetting excess emission refers to the method by which companies compensate for their greenhouse gas emissions by purchasing carbon credits. Each credit represents a reduction of one metric ton of carbon dioxide or its equivalent through sustainable projects like renewable energy developments or reforestation. By buying these credits, organizations can effectively neutralize their emissions.

Handle with care: Offsetting is only for emissions that cannot be further reduced.

29 GHG Protocol

30 Science Based Targets

After all possible efforts to eliminate or minimize emissions, offsetting can be applied to any residual emissions to reach net zero. Use high-quality carbon credits from projects that meet standards of additionality and permanence and are compliant with globally recognized carbon standards such as those Verra or the Gold Standard.

4. Monitoring and Reporting:

Regularly monitor progress towards net zero targets and report on this progress transparently. Disclosures should include Scope 1, Scope 2, and, if appropriate, Scope 3 emissions, calculated in line with the GHG Protocol to allow for aggregation and comparability. Historical data should be provided to enable trend analysis, and the methodologies used for calculation should be clearly described.

5. Continuous Improvement:

Net zero strategies should be dynamic, allowing for continuous improvement and adjustment as new technologies and methods become available. Regularly review and update your plan to ensure it remains aligned with scientific advancements and regulatory requirements.

Internal Carbon Pricing as a tool to drive emissions reductions.

Internal carbon pricing is a management tool used by companies to account for the cost of carbon emissions in their business operations. By assigning a monetary value to each ton of carbon dioxide emitted, companies can make more informed decisions that prioritize sustainability and emission reductions.

How is Internal Carbon Pricing Implemented?

1. Determine the Carbon Price: Establish a price per ton of carbon dioxide that reflects the true cost of carbon emissions in your sector. This price can be based on market trends, regulatory guidelines, or the social cost of carbon.

2. Integrate into Decision-Making: Incorporate the internal carbon price into various business processes, such as budgeting, project evaluation, and strategic planning. This helps to highlight the financial impact of carbon emissions and guide decisions towards more sustainable practices.

3. Regular Review and Adjustment: Periodically review and adjust the internal carbon price to ensure it remains relevant and aligned with current market conditions and regulatory changes. This ensures that the price continues to drive effective emission reductions.

Key Considerations: The internal carbon price should accurately represent the impact of emissions within the specific industry. Ensuring consistency and effectiveness, it should be incorporated into decision-making processes to enhance sustainability efforts and responsibly manage the company's carbon footprint.

Chapter 3: Reporting

3.1 Getting Started

The quality and depth of the disclosures that companies are expected to make will depend on their level of maturity and capacity. Companies may use three stages of reporting to continually improve their reporting:

First stage: Focuses on setting up the processes and building the capacities necessary to disclose relevant information. This stage is typically undertaken by companies that are embarking on sustainability reporting for the first time or when adding new disclosures to their existing reporting processes.

Second stage: Focuses on outputs, where companies disclose measurable KPIs that are direct results of reporting processes. Examples of such outputs can include the amount of GHG emissions produced, policies created, training hours conducted, or the number of risks identified. At this stage, companies must make sure that they already comply with IFRS S2 and the elements of IFRS S1 needed to implement IFRS S2.

Third stage: Focuses on outcomes, where companies disclose the long-term value created from their business activities. Such outcomes can include de-risking business operations, improving employee health, empowering communities, and enhancing access to green technology.

As companies work to implement climate-related reporting, they may disclose the required information within the stage or stages that most accurately reflect their current practices.

This approach is intended to encourage companies to fully disclose their climate-related performance and take steps toward transitioning to more environmentally friendly and resilient operations while also providing a broad outline of the future direction of reporting as each disclosure topic progresses through the stages of reporting.

While these stages are intended to guide companies in continually improving their disclosure as their expertise and experience improve, companies covered by the regulatory framework must comply fully with IFRS S2 and the climate-relevant portions of IFRS S1. This section of the guidance may therefore be especially useful to businesses that might be covered by the regulatory framework in the near future.

3.2 Reporting Conceptual Foundations

In order to ensure consistency and reliability of sustainability-related information, maintain global standards, and achieve the dissemination of climate-related information, companies should adopt the conceptual foundations established by the International Sustainability Standards Board. For sustainability-related financial information to be useful, it must be relevant and faithfully represent what it purports to represent[31].

Fundamental qualitative characteristics of useful sustainability-related financial information:

- **Fair presentation (see IFRS S1 paragraphs 11-16)**

To be useful, the information must faithfully represent the topic that it purports to represent. To be a

[31] IFRS S1 Paragraph 10

faithful representation, a depiction would be complete, neutral, and accurate and includes material information necessary for primary users to understand that risk or opportunity.

• Materiality (see IFRS S1 paragraphs 17-19)

Information is material if omitting, misstating, or obscuring that information could reasonably be expected to influence decisions that the primary users of general purpose financial reports make on the basis of those reports, which provide information about a specific reporting entity.

• Reporting entity (see IFRS S1 paragraph 20)

The climate-related financial disclosures made must be for the same reporting entity as the related financial statements.

• Connected information (see IFRS S1 paragraphs 20-24)

Connections between disclosures helps the users of your report. These might include among others connections between various sustainability-related risks and opportunities, between different elements of disclosure (e.g.: risks identified under the strategy and associated metrics and targets to manage the risk), or between the sustainability-related financial information and information in the financial statements. It is also important to ensure that assumptions and other variables such as currencies and units of measure are kept consistent across the annual report.

Enhancing qualitative characteristics of useful sustainability-related financial information:

• Comparability

In order to support the users of the reported information in their decision-making (e.g.: selling or holding an investment, or investing in one company or another), it is important that the information is comparable, both between the company's current and previous reports, but also between the reports of other companies – especially those with similar activities or in the same industry.

• Verifiability

Verifiability gives users confidence that information is complete, neutral, and accurate. Information is verifiable if it is possible to corroborate either the information itself or the inputs used to derive it.

• Timeliness

Timeliness means having information available to decision-makers in time to be capable of influencing their decisions.

• Understandability

Sustainability-related financial information shall be clear and concise.

See Appendix D of IFRS S1 for a helpful summary of Fundamental and Enhancing characteristics.

3.3 Governance Disclosures

Disclosures on governance are expected to explain the governance processes, controls, and procedures used to manage and oversee climate-related risks and opportunities.

Under the relevant IFRS Sustainability Disclosure Standards, companies are required to provide information on the disclosures below on governance-related matters. Under the requirements in Jordan, only climate-related matters are required to be disclosed under the broader umbrella of sustainability, but the disclosure of other sustainability-related matters in compliance with the standards.

The Governance Body:	**Refer to**
1. The body that is responsible for oversight of sustainability-related risks and opportunities, including: • How are responsibilities for sustainability-related risks and opportunities reflected in the terms of reference, mandates or policies applicable to the governance body? • Are the skills and competencies of the individuals on the governance body appropriate for overseeing sustainability-related risks and opportunities? • How and how often is the governance body informed about sustainability-related risks and opportunities? • How does the governance body take account of sustainability-related risks and opportunities when overseeing the company's strategy, making decisions and setting targets for managing sustainability-related risks and opportunities?	IFRS S2.6 (a)
Management's role in governance:	
2. The controls and procedures used to manage and oversee sustainability-related risks and opportunities, including: • How are roles delegated and to whom/which management bodies? • Which controls and procedures are used to support oversight of sustainability-related risks and opportunities and how are they integrated with other control functions?	FRS S2.6 (b)

[32] Model Guidance on Sustainability-Related Financial Disclosures – UN Sustainable Stock Exchanges Initiative

3.4 Strategy Disclosures

Climate-related issues may affect an organization's businesses, strategy, and financial planning over the short, medium, and long term. Such information is used to inform expectations about the future performance of an organization.

Under the relevant IFRS Sustainability Disclosure Standards, companies are required to provide information on the disclosures below on strategy-related matters. Under the requirements in Jordan, only climate-related matters are required to be disclosed under the broader umbrella of sustainability, but the disclosure of other sustainability-related matters in compliance with the standards.

Sustainability-related risks and opportunities:	**Refer to**
3. Companies applying the IFRS Sustainability Disclosure Standards are required to disclose information about sustainability-related risks and opportunities they have identified, including:	
• The sustainability-related risks and opportunities that could reasonably be expected to affect the company's prospects;	IFRS S2.9
• The time horizons — short, medium or long term – over which the effects of the sustainability-related risks and opportunities could reasonably be expected to occur	IFRS S1.30(b)
• How the company defines short, medium and long term and how those definitions are linked to the planning horizons used by the company for strategic decision-making	IFRS S1.30(c)
• Climate-related risks include physical and transition risks. To comply with IFRS S2, a company is required to disclose whether it considers the risks it identified as physical or transition risks	IFRS S2.3
• When identifying climate-related risks and opportunities, a company shall refer to and consider the applicability of disclosure topics defined in Industry-based Guidance on Implementing IFRS S2	IFRS S2.12
Current and anticipated effects on business model and value chain	
4. A company is required to describe the current and anticipated effects of sustainability-related risks and opportunities on the company's business model and value chain, including where the effects of these risks and opportunities are concentrated (for example, in geographical areas, facilities and types of assets).	IFRS S2.13
A value chain encompasses the interactions, resources and relationships a company uses and on which it depends to create products and services across their whole life cycle from conception to delivery, consumption and end of life.	IFRS S1 Appendix A

Effect on strategy and decision-making	Refer to
5. A company is required to disclose information about:	
• Its actual and planned response to sustainability-related risks and opportunities in its strategy and decision-making	IFRS S2.14(a)
• How the entity is resourcing, and plans to resource, the activities disclosed	IFRS S2.14(b)
• Progress toward any plans previously disclosed, including qualitative and quantitative information	IFRS S2.14(c)
• Trade-offs* between sustainability-related risks and opportunities *the concept of trade-offs refers to situations where there is a need to balance disadvantages in some aspects against gains in other aspects.	IFRS S1.33(c)
6. Details of how the company plans to achieve any climate-related targets including greenhouse gas emissions targets it has set and any targets it is required to meet by law or regulation	IFRS S2.14(a) and 14(a)(v)
7. Current and anticipated changes to the business model attributable to climate-related risks and opportunities including changes in resource allocation, plans to manage or decommission carbon, energy or water-intensive operations, changes in demand or supply chain, or investments and expenditure, including on research and development, acquisitions and divestments	IFRS S2.14(a)(i)
8. Current and anticipated direct mitigation and adaptation efforts, for example, changes in production processes or equipment, relocation of facilities, workforce adjustments and changes in product specifications	IFRS S2.14(a)(ii)
9. Current and anticipated indirect mitigation and adaptation efforts, for example, through working with customers and supply chains	IFRS S2.14(a)(iii)
Effects on financial position, financial performance and cash flows	
10. A company may disclose quantitative and qualitative information about the financial effects of sustainability-related risks and opportunities:	
• For the reporting period (current and anticipated financial effects), including: - the effect on financial position, performance and cash flows; and - how those effects might give rise to the risk of a material adjustment to the carrying amounts of assets and liabilities reported in the next annual reporting period.	IFRS S2.16(a) and (b)
• Over the short, medium and long term, including how the financial position is expected to change and taking into consideration: - the strategy to manage sustainability-related risks and opportunities; and	IFRS S2.16(c)

- investment and disposal plans, including plans to which the company is not contractually committed; and - planned sources of funding to implement the strategy. • Over the short, medium and long term, including how the financial performance is expected to change given the company's strategy to manage sustainability-related risks and opportunities. A company is required to disclose information about climate-related financial flows. Such information could include, 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.	IFRS S2.16(d)
Resilience, including climate scenario analysis	
11. A company is required to disclose information that enables investors to understand the company's capacity to adjust to the uncertainties arising from sustainability-related risks. That disclosure includes a qualitative or quantitative assessment of the resilience of its strategy and business model and explains how and when the company carried out that assessment.	
12. A company is required to use climate-related scenario analysis to assess the resilience of its strategy and business model to climate-related risks and opportunities.	IFRS S2.22
13. The company is required to disclose information that enables users of general-purpose financial reports to understand:	
a. the implications of the company's resilience assessment, including potential responses to the possible outcomes identified in the scenario analysis.	IFRS S2.22(a)(i)
b. areas of uncertainty that affect the company's resilience assessment.	IFRS S2.22(a)(ii)
c. the company's capacity to adjust its strategy and business model over the short, medium and long term. The company is required to include information about the availability and flexibility of financial resources, capacity to maximize opportunities, ability to redeploy, repurpose or decommission existing assets and the effect of current and planned investments in climate mitigation and adaptation.	IFRS S2.22(a)(iii)
d. how and when the company did its climate-related scenario analysis, including how many and what type of scenarios the company used and why (for example, a diverse range of scenarios covering both physical and transition risks and whether scenarios aligned with the latest international agreement on climate change were used). The disclosure is also required to include the time horizons and scope of operations to which the analysis is applied.	IFRS S2.22(b)(i) and (iii)
e. key assumptions used for the analysis	IFRS S2.22(ii)

[33] Model Guidance on Sustainability-Related Financial Disclosures – UN Sustainable Stock Exchanges Initiative

3.5 Risk Management Disclosures

The objective of climate-related financial disclosures on risk management is to enable users of general-purpose financial reports to understand an entity's processes to identify, assess, prioritize and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process[34].

Under the relevant IFRS Sustainability Disclosure Standards, companies are required to provide information on the disclosures below on risk management-related matters. Under the requirements in Jordan, only climate-related matters are required to be disclosed under the broader umbrella of sustainability, but the disclosure of other sustainability-related matters in compliance with the standards.

Risks	Refer to
14. The processes and related policies used to identify, assess, prioritize and monitor climate-related risks including information about:	IFRS S2.25(a)
• inputs and parameters used; • whether and how sustainability-related risks are prioritized relative to other types of risk; • how the nature, likelihood and magnitude of risks are assessed (for example, using qualitative factors or quantitative thresholds or other criteria); • whether and how scenario analysis is used to inform the identification of sustainability-related risks; • how sustainability-related risks are monitored; and • whether and how sustainability-related risk management processes have been changed since the last reporting period.	IFRS S2.25(a) (i)-(vi)
Opportunities • The process used for identifying, assessing, prioritizing and monitoring sustainability-related opportunities.	IFRS S2.25(b)
Integration	
1. The extent to which and how climate-related risk and opportunity identification, assessment, prioritization and monitoring processes have been integrated into the company's overall risk management process.	IFRS S2.25(c)[35]

[34] ISSB – IFRS S2

[35] Model Guidance on Sustainability-Related Financial Disclosures – UN Sustainable Stock Exchanges Initiative

3.6 Metrics & Targets

The goal of providing metrics and targets in climate-related financial reporting is to give users of general financial statements a clear picture of a company's standing concerning climate-related risks and opportunities. This includes insight into how well the company is doing in meeting its own climate-related goals and any legally or regulatorily mandated benchmarks[36].

Under the relevant IFRS Sustainability Disclosure Standards, companies are required to provide information on the disclosures below on metrics and targets-related matters. Under the requirements in Jordan, only climate-related matters are required to be disclosed under the broader umbrella of sustainability, but the disclosure of other sustainability-related matters in compliance with the standards.

Metrics and Targets Disclosures Overview [37]	Refer to
16. Metrics For each sustainability-related risk and opportunity that could reasonably be expected to affect the company's prospects, the company is required to disclose metrics. These metrics should: • enable investors to understand the company's performance in relation to sustainability-related risks and opportunities, including progress towards legal and company-specified targets; • report metrics as required by an applicable IFRS Sustainability Disclosure Standard, such as IFRS S2 for climate-related disclosures. When there is no applicable IFRS Sustainability Disclosure Standard, companies; • should apply judgment to identify relevant information; • must refer to and consider metrics associated with the disclosure topics included in the SASB Standards; • may refer to and consider the applicability of other sources (to the extent that these sources assist in meeting the objective of the disclosure and do not conflict with the IFRS Sustainability Disclosure Standards); • include metrics the company uses to measure and monitor sustainability-related risks and opportunities and associated performance in relation to targets; be associated with specific business models, activities and common features that characterize participation in an industry; • be reported consistently over time. If changes are made, such as redefinition or replacement of a metric, the company is required to disclose a revised comparative amount if practicable, explain the change and the reason for the change, including why it provides more useful information; and • be labeled using meaningful, clear and precise names and descriptions.	IFRS S1

[36] ISSB – IFRS S2

[37] Adapted from: Model Guidance on Sustainability-Related Financial Disclosures – UN Sustainable Stock Exchanges Initiative

Metrics and Targets Disclosures Overview	Refer to
17. Cross-industry climate-related metrics that companies are required to disclose, including: a. greenhouse gasses classified as scope 1, 2 and 3; b. approach and methodology for GHG emission reporting; c. climate-related transition risks d. climate-related physical risks; e. capital deployment; f. internal carbon prices; g. climate-related remuneration. h. Requirements related to industry-based climate-related metrics and targets associated with one or more particular business models, activities or other common features that characterize participation in an industry. For this purpose, companies are required to refer to and consider the applicability of the industry-based metrics described in the industry-based Guidance on Implementing IFRS S2;	IFRS S2.29-31
18. Industry-based metrics that are associated with particular business models, activities or other common features that characterise participation in an industry	IFRS S2.32 and 37
19. Targets Targets may be set by the company or may be required by law or regulation. A company is required to clearly label and define that target. For each target, the company is required to disclose: a. The target—whether qualitative or quantitative and whether set by the company or by law or regulation; b. The metric used to set the target and to monitor progress towards its achievement; c. The period to which the target applies; d. The base period from which progress is measured; e. Any milestones and interim targets; f. Performance against each target and an analysis of trends or changes in the company's performance; and g. Any revisions to the target together with an explanation about the revisions.	IFRS S1.51

Metrics and Targets Disclosures Overview	Refer to
20. Target-setting details, including: a. objective of the target (i.e.: mitigation, adaptation or conformance with science-based targets); b. part of the company the target applies to; c. how it is informed by the latest international agreements on climate change; d. process for reviewing, monitoring, revising and validating targets. 21. Climate-related targets required, including details regarding the measurement and use of: a. greenhouse gasses; b. carbon credits.	IFRS S2. 33-36

Metrics for reporting on climate related issues:

Metric	Definition	Unit of Measurement
GHG Emissions	Absolute Scope 1, Scope 2, and relevant material categories of Scope 3 emissions, as well as carbon intensity	MT of CO_2e
Internal Carbon Prices	Price on each ton of GHG emissions used internally by an organization	Price in local currency (JOD), per MT of CO_2e
Physical Risks	Amount and extent of assets or business activities vulnerable to physical risks	Percentage
Climate-Related Opportunities	Proportion of revenue, assets, or other business activities aligned with climate-related opportunities	Percentage
Capital Deployment	Amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities	Local currency (JOD)
Remuneration	Proportion of executive management remuneration linked to climate considerations	Percentage/amount in local currency (JOD) or weighting

Chapter 4: Tools and Enablers

4.1 Self-assessment Checklists

This section of the guidance provides three self-assessment checklists designed to assist companies in identifying gaps and opportunities for enhancing their capabilities, in accordance with the disclosure requirements outlined. The following checklists are recommended for companies to assess their disclosures and identify gaps and improvements.

Gap Assessment Checklist: This checklist compiled by UN SSE, helps companies diagnose their current reporting and create a path towards full implementation of IFRS S1 and S2 for both companies that have already started reporting as well as for those that are preparing to initiate their reporting process.

Maturity Checklist: Based on the UN SSE's ISSB checklist[38] and the Transition Pathway Initiative's (TPI) "4 Level Staircase" model, this checklist evaluates the maturity of a company's disclosures. It focuses on alignment with ISSB Standards and progression towards net-zero emissions.

Data Quality Checklist This checklist compiled by UN SSE, supports organizations in identifying data gaps and enhancing the accuracy and consistency of disclosed information.

[38] Gap Analysis Checklist for Sustainability-Related Financial Disclosures – UN Sustainable Stock Exchanges Initiative

Table 1: Gap Assessment Checklist [39]

Item	IFRS Mapping	Response
1.1 Governance	Reference	Yes/No
1.1.1 Do your current disclosures address the governance body responsible for oversight of sustainability-related risks and opportunities by explaining:		
- The individual(s), board, committee or equivalent body's oversight of sustainability-related risks and opportunities including:		
- Responsibilities as reflected in the terms of reference, mandates or policies?	S1.27(a)(i), S2.6(a)(i)	
- Their skills and competencies?	S1.27(a)(ii), S2.6(a)(ii)	
- Frequency and form of communication?	S1.27(a)(iii), S2.6(a)(iii)	
- Process of overseeing the company's strategy, making decisions, and setting targets for managing sustainability-related risks and opportunities?	S1.27(a)(iv)-(v), S2.6(a)(iv)-(v)	
1.1.2 Do your current disclosures address the management's role in governance by explaining:		
- The controls and procedures used to manage and oversee sustainability-related risks and opportunities, including:		
- Delegation of roles to management bodies?	S1.27(b)(i), S2.6(b)(i)	
- Which controls and procedures are used and how they are integrated with other control functions?	S1.27(b)(ii), S2.6(b)(ii)	
1.2 Strategy		
1.2.1 Do your current disclosures address sustainability-related risks and opportunities by explaining:		

[39] Gap Analysis Checklist for Sustainability-Related Financial Disclosures – UN Sustainable Stock Exchanges Initiative

Item	IFRS Mapping	Response
a) The sustainability-related risks and opportunities that could reasonably be expected to affect the company's prospects, including:		
- A description of the effects?	S1.30(a)	
- Time horizons (short, medium, or long term)?	S1.30(b), S1.30(c), S2.10(c),(d)	
- If it is a climate-related risk, is it physical or transition?	S2.10(b)	
- Are you using the industry-based Guidance on Implementing IFRS Sr to measure, monitor, and assess climate-related risks and opportunities?	S2.12	
1.2.2 Do your current disclosures address effects on the business model and value chain by explaining:		
a) The current and anticipated effects of sustainability-related risks and opportunities on the company's business model and value chain, including:		
- A description of the effects?	S1.32(a), S2.13(a)	
- Where in the business model and value chain it occurs?	S1.32(b), S2.13(b)	
1.2.3 Do your current disclosures address effects on the strategy and decision-making by explaining:		
a) Your company's actual and planned response to sustainability-related risks and opportunities and how this is reflected in its strategy and decision-making, including:		
- Past and planned future responses to risks and opportunities and to meet targets set or required?	S1.33(a), S2.14(a)	
- For climate-related risks and opportunities, current and anticipated:		

Item	IFRS Mapping	Response
- Changes to the business model and resource allocation;	S2.14(a)(i-v)	
- Direct and indirect mitigation and adaptation efforts; and	S2.14(a)(i-v)	
- Transition plans in place?	S2.14(a)(i-v)	
- How you plan to resource the above?	S2.14(b)	
- Progress against the plans you reported in your previous reporting?	S1.33(b), S2.14(c)	
- The trade-offs considered?	S1.33(c)	
1.2.4 Do your current disclosures address effects on financial position, financial performance and cash flows by explaining:		
a) Current financial effects of sustainability-related risks and opportunities, including:		
- How are the financial position, performance, and cash flows affected for the reporting period?	S1.34(a), S1.35(a), S2.15(a), S2.16(a)	
- Any significant risk of a material adjustment to the carrying amounts of assets and liabilities?	S1.35(b), S2.15(b), S2.16(b)	
b) Anticipated financial effects of sustainability-related financial risks and opportunities over the short-, medium-, and long-term, including:		
- The expected effects?	S1.34(b), S1.35(d), S2.15(b), S2.16(d)	
- The strategy used to manage the effects?	S1.35(c), S2.16(c)	

Item	IFRS Mapping	Response
- Planned sources of funding to implement the strategy and investment and disposal plans?	S1.35(c)(i-ii), S2.16(c)(iii)	
1.2.5 Do your current disclosures address organizational resilience by explaining:		
a) The company's capacity to adjust to the uncertainties arising from sustainability-related risks, including:	S1.41, S2.22(a)	
- The assessment used to determine resilience?	S2.22(a)(i-ii)	
- Your ability to adjust your strategy and business model?	S2.22(a)(iii)	
- How and when scenario analysis was used, including inputs used and key assumptions made?	S2.22(b)	
- What are the implications of the scenario analysis, including uncertainties, and potential responses to the outcomes identified?	S2.22(b)(i-iii)	
1.3 Risk Management		
1.3.1 Do your current disclosures address the identification, assessment, prioritization, and monitoring of sustainability-related risks and opportunities by explaining:		
a) The processes and related policies used to identify, assess, prioritize, and monitor sustainability-related risks including information about:		
- Inputs and parameters used?	S1.44(a)(i), S2.25(a)(i)	
- Whether and how scenario analysis is used?	S1.44(a)(ii), S2.25(a)(ii)	
- How they are assessed, prioritized, and monitored?	S1.44(a) (iii-v), S2.25(a)(iii-v)	
- If any changes to these processes have occurred?	S1.44(a)(vi), S2.25(a)(vi)	

Item	IFRS Mapping	Response
b) The processes used for identifying, assessing, prioritizing, and monitoring sustainability-related opportunities?	S1.44(b), S2.25(b)	
c) How are these processes integrated into the company's overall risk management process?	S1.44(c), S2.25(c)	
1.4 Climate-related metrics and targets		
1.4.1 Do your current disclosures address progress and measurement of sustainability-related risks and opportunities by explaining:		
a) Performance on climate-related metrics, including:		
- Greenhouse Gas (GHG) emissions (Scopes 1, 2 & 3)	S2.29(a)	
- Amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	S2.29(b-d)	
- Amount and percentage of assets and business activities vulnerable to transition and physical climate risks and opportunities	S2.29(e)	
- Internal carbon price and method	S2.29(f)	
- Climate-linked remuneration	S2.29(g)	
- Performance on applicable industry-based metrics, as described in the industry-based Guidance on Implementing IFRS S2?	S2.32	
- For each sustainability risk or opportunity that could reasonably be expected to affect the company's prospects, and its performance in relation to it, the metrics used, how it's defined and how it is calculated, and performance in relation to it?	S1.46(b)	
1.4.2 Do your current disclosures address targets for sustainability-related risks and opportunities by explaining:		
a) Targets used to monitor progress to achieving strategic goals and those required by law or regulation, including:		

Item	IFRS Mapping	Response
- The target chosen, its objective, the metric used to set it and any revisions	S1.51(a,b,g), S2.33(a,b)	
- For climate-related targets, what part of the company the target applies to, measurement type and alignment to international agreements	S2.33(c,g,h)	
- The target period, base period, and milestones or interim targets	S1.51(c-e), S2.33(d-f)	

Table 2: Maturity Checklist

LEVEL 0: UNAWARE OF (OR NOT ACKNOWLEDGING) CLIMATE CHANGE AS A BUSINESS ISSUE		
Question	Criteria	Response
1	Does the company acknowledge climate change as a significant issue for the business?	Yes/No
LEVEL 1: ACKNOWLEDGING CLIMATE CHANGE AS A BUSINESS ISSUE		
2	Does the company recognize climate change as a relevant risk and/or opportunity for the business?	Yes/No
3	Does the company have a policy (or equivalent) commitment to action on climate change?	Yes/No
LEVEL 2: BUILDING CAPACITY		
4	Has the company set greenhouse gas emission reduction targets?	Yes/No
5	Has the company published information on its operational (Scope 1 and 2) greenhouse gas emissions?	Yes/No
LEVEL 3: INTEGRATING INTO OPERATIONAL DECISION-MAKING		
6	Has the company nominated a board member or board committee with explicit responsibility for oversight of the climate change policy?	Yes/No
7	Has the company set quantitative targets for reducing its greenhouse gas emissions?	Yes/No
8	Does the company report on Scope 3 emissions?	Yes/No
9	Has the company had its operational (Scope 1 and/or 2) greenhouse gas emissions data verified?	Yes/No
10	Does the company support domestic and international efforts to mitigate climate change?	Yes/No
11	Does the company have a process to manage climate-related risks?	Yes/No

Question	Criteria	Response
12	Does the company disclose materially important Scope 3 emissions?	Yes/No
LEVEL 4: STRATEGIC ASSESSMENT		
13	Does the company disclose its membership and involvement in organizations or coalitions dedicated specifically to climate issues?	Yes/No
14	Has the company set long-term quantitative targets for reducing its greenhouse gas emissions?	Yes/No
15	Does the company's remuneration for senior executives incorporate climate change performance?	Yes/No
16	Does the company incorporate climate change risks and opportunities in its strategy?	Yes/No
17	Does the company undertake climate scenario planning?	Yes/No
18	Does the company disclose an internal price of carbon?	Yes/No
19	Does the company ensure consistency between its climate change policy and the positions taken by trade associations of which it is a member?	Yes/No[40]

[40] Gap Analysis Checklist for Sustainability-Related Financial Disclosures – UN Sustainable Stock Exchanges Initiative

Table 3: Data Quality Checklist

Question	Details	IFRS References
Does the information help investors make decisions by being:	Relevant?	S1.D4-D7
	Material?	S1.D8
	Faithfully represented?	S1.D9-D15
	Comparable?	S1.D17-D20
	Verifiable?	S1.D21-D24
	Timely?	S1.D25
	Understandable?	S1.D26-D33
	Reported for the same period and the same company as the related financial statements?	S1.64
	Reported in the general-purpose financial statements?	S1.60-63
Does the information disclosed enable investors to understand connections between:	Various sustainability-related risks and opportunities.	S1.21-24, S1.21(a)
	Disclosure pillars (including governance, strategy, risk management, metrics, and targets).	S1.21-24, S1.21(b)(i)
	Disclosures provided by the company across all its sustainability-related financial disclosures and other general-purpose financial reports published by the company such as its related financial statements.	S1.21-24, S1.21(b)(ii)
Do sustainability-related financial disclosures include all material information about core content and any additional information needed to make the report understandable to investors, including standards, pronouncements, industry practices or other sources of guidance used to prepare sustainability-related financial information?	Has a statement of compliance been made?	S1.72-73[41]

[41] Gap Analysis Checklist for Sustainability-Related Financial Disclosures – UN Sustainable Stock Exchanges Initiative

4.2 Sample Table of Contents for a Compliant Climate-Related Disclosure in the Annual Report*

1. Introduction

- Overview of Climate-Related Disclosures
- Key Highlights and Findings
- Company-specific Climate Context

2. Materiality Assessment

- Approach to Determining Material Climate-Related Information
- Disclosure of Material Risks and Opportunities

3. Governance

- Board and Management Oversight of Climate-Related Issues
- Governance Structure and Responsibilities
- Integration of Climate Risks into Governance

4. Strategy

- Climate-Related Risks and Opportunities
- Impact on Business Strategy and Financial Planning
- Scenario Analysis and Strategic Resilience

5. Risk Management

- Processes for Identifying and Assessing Climate Risks
- Climate Risk Management Framework
- Integration with Enterprise Risk Management

6. Metrics and Targets

- Key Climate-Related Metrics
- Emission Reduction Targets and Progress
- Performance Against Climate Goals

7. Basis for preparation

- Alignment with Amman Stock Exchange Guidance
- Compliance with IFRS Sustainability Disclosure Standards (IFRS S1 and S2) and any other protocols and/or standards
- Transition Reliefs Utilized and Reporting Timeline
- Plans for Enhancing Climate Disclosures
- Continuous Improvement and Future Commitments

8. Appendices

- Glossary of Terms
- Links to Additional Data and Supplementary Information
- References and Supporting Information

* Sustainability-related financial disclosures may be integrated into the relevant sections of a company's general-purpose financial statements/annual report. For example, a company's disclosures about the governance of its sustainability-related financial risks and opportunities may be integrated with its overall governance disclosures.

Appendix: Supplementary Guidance

Topic	Author	Guidance	Description
Greenhouse Gas Accounting	WRI and WBCSD	The Greenhouse Gas Protocol	Methodology for calculating greenhouse gas emissions, for use under the Metrics and Targets section of IFRS S2.
	US EPA	GHG Equivalencies Calculator	A tool to convert emissions or energy data to the equivalent amount of carbon dioxide (CO2) emissions from using that amount
	US EPA	GHG Calculation References	A webpage that describes the calculations used to convert greenhouse gas emission numbers into different types of equivalent units.
	Verra	Verified Carbon Standard	The Verified Carbon Standard is a standard for certifying carbon credits to offset emissions.
	Gold Standard	Carbon Market Gold Standard	The Carbon Market Gold Standard is a standard and logo certification mark program for private emission reductions projects in the Clean Development Mechanism (CDM), the Voluntary Carbon Market and other climate and development interventions.
Setting Net Zero Targets and Transition Plans	UN SSE	Transition Plans Training Tool	An introduction to developing and disclosing net zero transition plans.
	Transition Pathway Initiative	Transition Pathway Initiative Methodology	The Transition Pathway Initiative (TPI)'s Methodology assesses preparedness by companies for transition to a low carbon economy. The TPI Methodology can therefore be a useful guidance on developing credible transition pathways.
	International Energy Agency (IEA)	Achieving net-zero emissions by 2050	An introduction to what would be needed over the next decade to achieve net-zero emissions by 2050.
	Science Based Targets initiative (SBTi)	SBTi Corporate Net Zero Standard	The Science Based Targets initiative (SBTi) developed the first global science-based standard for companies to set net-zero targets.
	Science Based Targets initiative (SBTi)	SBTi Sector-Specific Guidance (see "Sectors")	Tailored to the needs and context of some heavy emitting industries, these sector-specific guidances enable companies to develop ambitious and achievable science-based targets aligned with 1.5°C.

Topic	Author	Guidance	Description
Identifying Material Topics	UK FRC	Materiality in practice: applying a materiality mindset	Practical guidance on how companies can use materiality for better, not more reporting.
Implementing IFRS S1 & S2	UN SSE	Model Guidance on Sustainability-Related Financial Disclosures	This model guidance has been used as the source for sections of this guidance and contains further practical tips on implementing the ISSB's standards.
	UN SSE	Disclosing Climate-Related Metrics Training Tool	This tool provides a high-level overview of cross-industry climate metrics, GHG disclosure, GHG key concepts, GHG measurements and disaggregation of GHG emissions.
	UN SSE	Gap Analysis Checklist for Sustainability-Related Financial Disclosures	These checklists were compiled by SSE to help companies diagnose their current reporting and create a path towards full implementation of IFRS S1 and S2. They should however not be used as a replacement for the standards, rather the checklists in this document are tools to assess only what gaps may exist in an issuer's current reporting.
	IFRS Foundation	Comparison IFRS S2 Climate-related Disclosures with the TCFD Recommendations	A comparison of the requirements in IFRS Sr 'Climate-related Disclosures' and the TCFD recommendations.
Climate Risk	TCFD	TCFD Guidance on Risk Management	This guidance introduces the unique characteristics of climate risk, provides steps to integrate it into a company's existing risk management and provides guidance on decision-useful risk management disclosures.
	Ministry of the Environment, Government of Japan	Practical guide for Scenario Analysis in line with the TCFD recommendations 3rd edition	This practical guide outlines ٦ steps for conducting a climate-related scenario analysis and provides real-world case studies.

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Amman, Jordan